

RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA, AMENDING AND SUPPLEMENTING RESOLUTION 88-28 OF THE COUNTY, AS AMENDED AND SUPPLEMENTED; AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$11,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF OPTIONAL GAS TAX REVENUE REFUNDING BONDS, SERIES 1992, IN ORDER TO ADVANCE REFUND NASSAU COUNTY'S OPTIONAL GAS TAX REVENUE BONDS, SERIES 1988 AND PROVIDE FOR FUNDING FOR THE CONSTRUCTION OF CERTAIN TRANSPORTATION CAPITAL IMPROVEMENTS; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; PROVIDING CERTAIN TERMS AND DETAILS OF SUCH BONDS, INCLUDING AUTHORIZING A NEGOTIATED SALE OF SAID BONDS AND THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT WITH RESPECT THERETO UPON COMPLIANCE WITH CERTAIN PARAMETERS; APPOINTING THE PAYING AGENT AND REGISTRAR WITH RESPECT TO SAID BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE EXECUTION AND DELIVERY OF AN ESCROW DEPOSIT AGREEMENT AND A DEBT SERVICE RESERVE FUND POLICY AGREEMENT; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. FINDINGS. It is hereby found and determined that:

(A) On January 12, 1988, the Board of County Commissioners of Nassau County, Florida (the "Issuer") duly adopted Resolution No. 88-28. Resolution 88-28 has been amended and supplemented by Resolution No. 89-32, adopted on May 20, 1989, and supplemented by Resolution No. 89-31, adopted on May 20, 1989. Resolution 88-28, as amended and supplemented prior to the date hereof, is referred to herein as the "Original Resolution."

(B) The Original Resolution authorized, among other things, the issuance of \$9,780,000 Optional Gas Tax Revenue Bonds, Series 1988 (the "Series 1988 Bonds"), of which \$9,015,000 remain outstanding.

(C) The Original Resolution, as amended and supplemented hereby, is referred to herein as the "Bond Resolution".

(D) The Original Resolution provides for the issuance of Additional Bonds for purposes of refunding the Series 1988 Bonds, upon meeting the requirements set forth in the Original Resolution.

(E) The Issuer deems it to be in the best interests of its citizens and taxpayers to issue its Optional Gas Tax Revenue Refunding Bonds, Series 1992 (the "Series 1992 Bonds") for the purpose of advance refunding the Series 1988 Bonds (the "Refunded Bonds") and for funding certain transportation-related capital improvements (the "1992 Project," as more fully defined herein).

(F) For the payment of said Refunded Bonds, the Issuer shall, as provided herein, deposit part of the proceeds derived from the sale of the Series 1992 Bonds in an irrevocable trust fund (the "Escrow Fund") which, together with other moneys deposited therein, shall be sufficient, at the time of such deposit, to pay and refund the Refunded Bonds as the same become due and payable or are redeemed prior to maturity, as provided in this Resolution and the Escrow Deposit Agreement (the "Escrow Agreement") between the Issuer and Barnett Banks Trust Company, N.A. (the "Escrow Agent").

(G) Except as expressly amended hereby, the covenants, pledges and conditions in the Original Resolution shall be applicable to the Series 1992 Bonds herein authorized to the same extent as the Series 1988 Bonds, and said Series 1992 Bonds shall constitute "Bonds" within the meaning of the Original Resolution.

(H) The principal of and interest on the Series 1992 Bonds and all required sinking fund, reserve and other payments shall be limited obligations of the Issuer, payable solely from the Pledged Funds, as provided in the Bond Resolution. The Series 1992 Bonds shall not constitute a general obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida, or any political subdivision thereof, within the meaning of any constitutional or statutory provisions. Neither the State of Florida, nor any political subdivision thereof, nor the Issuer shall be obligated (1) to exercise its ad valorem taxing power in any form on any real or personal property of or in the Issuer to pay the principal of the Series 1992 Bonds, the interest thereon, or other costs incidental thereto or (2) to pay the same from any other funds of the Issuer except from the Pledged Funds, in the manner provided in the Bond Resolution.

(I) Due to the present volatility of the market for tax-exempt obligations such as the Series 1992 Bonds, it is in the best interest of the Issuer to sell the Series 1992 Bonds by a negotiated sale, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date,

thereby permitting the Issuer to obtain the best possible price and interest rate for the Series 1992 Bonds. The Issuer acknowledges receipt of the information required by Section 218.385, Florida Statutes, in connection with the negotiated sale of the Series 1992 Bonds. A copy of the letter of the underwriter for said Series 1992 Bonds containing the aforementioned information is a condition precedent to the execution and delivery by the Issuer of the Purchase Contract referred to below.

(J) Raymond James & Associates, Inc. (the "Underwriter") expects to offer to purchase the entire aggregate principal amount of the Series 1992 Bonds from the Issuer and submit a Purchase Contract in the form attached hereto as Exhibit A (the "Purchase Contract") expressing the terms of such offer, and, assuming compliance with the provisions of Section 22 hereof, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that the terms expressed in the Purchase Contract be accepted by the Issuer.

(K) The Original Resolution establishes a Reserve Account as security for the Bonds, and requires that an amount equal to the Maximum Annual Debt Service Requirement be on deposit therein. The Original Resolution provides that, in lieu of the required deposits into the Reserve Account, the Issuer may cause to be deposited therein a reserve account insurance policy or reserve account letter of credit.

SECTION 2. AUTHORITY FOR THIS SUPPLEMENTAL RESOLUTION. This Supplemental Resolution is adopted pursuant to Section 5.06 of Resolution 88-28, the provisions of the Act (as defined in the Bond Resolution) and other applicable provisions of law. When used in this Supplemental Resolution, the terms defined in the Bond Resolution shall have the meanings therein stated, except as set forth below.

SECTION 3. DEFINITIONS. The following terms shall have the meanings as set forth below. To the extent such definitions conflict with definitions set forth in the Original Resolution, the Original Resolution shall be deemed amended hereby.

"Authorized Investments" shall mean any of the following if and to the extent the same are at the time legal for the investment of funds of the Issuer:

(1) direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee ("Direct Obligations");

(2) direct obligations and fully guaranteed certificates of beneficial interest of the Export-Import Bank of the United States; consolidated debt obligations and letter of credit-backed issues of the Federal Home Loan Banks; participation certificates and senior debt obligations of the Federal Home Loan Mortgage Corporation ("FHLMCs"); debentures of the Federal Housing Administration; mortgage-backed securities (except stripped mortgage securities which are valued greater than par on the portion of unpaid principal) and senior debt obligations of the Federal National Mortgage Association ("FNMA"); participation certificates of the General Services Administration; guaranteed mortgage-backed securities and guaranteed participation certificates of the Government National Mortgage Association ("GNMA"); guaranteed participation certificates and guaranteed pool certificates of the Small Business Administration; debt obligations and letter of credit-backed issues of the Student Loan Marketing Association; local authority bonds of the U.S. Department of Housing & Urban Development; guaranteed Title XI financings of the U.S. Maritime Administration; guaranteed transit bonds of the Washington Metropolitan Area Transit Authority; Resolution Funding Corporation securities.

(3) direct obligations of any state of the United States of America or any subdivision or agency thereof whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation, or any obligation fully and unconditionally guaranteed by any state, subdivision or agency whose unsecured, uninsured and unguaranteed general obligation debt is rated, at the time of purchase, "A" or better by Moody's Investors Service and "A" or better by Standard & Poor's Corporation;

(4) commercial paper (having original maturities of not more than 270 days) rated, at the time of purchase, "P-1" by Moody's Investors Service and "A-1" or better by Standard & Poor's Corporation;

(5) Federal funds, unsecured certificates of deposit, time deposits or bankers acceptances (in each case having maturities of not more than 365 days) of any domestic bank including a branch office of a foreign bank, which branch office is located in the United States, provided legal opinions are received to the effect that full and timely payment of such deposit or similar obligation is enforceable against the principal office or any branch of such bank, which, at the time of purchase, has a short-term "Bank Deposit" rating of "P-1" by Moody's Investors Service and a "Short-Term CD" rating of "A-1" or better by Standard & Poor's Corporation.

(6) deposits of any bank or savings and loan association which has combined capital, surplus and undivided profits of not less than \$3 million, provided such deposits are continuously and fully insured by the Bank Insurance Fund or the Savings Association Insurance Fund of the Federal Deposit Insurance Corporation;

(7) investments in money-market funds rated "AAAm" or "AAAm-G" by Standard & Poor's Corporation;

(8) repurchase agreements collateralized by Direct Obligations, GNMMAs, FNMMAs or FHLMMCs with any registered broker/dealer subject to the Securities Investors' Protection Corporation jurisdiction or any commercial bank insured by the FDIC, if such broker/dealer or bank has an uninsured, unsecured and unguaranteed obligation rated "P-1" or "A3" or better by Moody's Investors Service and "A-1" or "A-" or better by Standard & Poor's Corporation, provided:

a. a master repurchase agreement or specific written repurchase agreement governs the transaction; and

b. the securities are held free and clear of any lien by an independent third party acting solely as agent ("Agent") for the Bondholders, and such third party is (i) a Federal Reserve Bank, (ii) a bank which is a member of the Federal Deposit Insurance Corporation and which has combined capital, surplus and undivided profits of not less than \$50 million or (iii) a bank approved in writing for such purpose by Financial Guaranty Insurance Company, and the Issuer shall have received written confirmation from such third party that it holds such securities, free and clear of any lien, as agent for the Bondholders; and

c. a perfected first security interest under the Uniform Commercial Code, or book entry procedures prescribed at 31 C.F.R. 306.1, et seq., or 31 C.F.R. 350.0, et seq. in such securities is created for the benefit of the Bondholders; and

d. the repurchase agreement has a term of 180 days or less, and the Agent will value the collateral securities no less frequently than weekly and will liquidate the collateral securities if any deficiency in the required collateral percentage is not restored within two business days of such valuation; and

e. the fair market value of the securities in relation to the amount of the repurchase obligation,

including principal and interest, is equal to at least 103%.

(9) the Local Government Surplus Funds Trust Fund as described in Section 218.405, Florida Statutes.

"Fiduciary" shall have the meaning set forth in Section 6 of this Supplemental Resolution.

"Government Obligations" shall mean obligations described in paragraph (1) of the definition of Authorized Investments.

"Insurer" shall mean, with respect to the Series 1992 Bonds, Financial Guaranty Insurance Company, a New York stock insurance company, or any successor thereto. With respect to any other series of Bonds, "Insurer" shall mean such person as shall be in the business of insuring or guaranteeing the payment of principal of and interest on municipal securities.

"1992 Project" shall mean the acquisition and construction by the Issuer of certain road improvements consisting of the resurfacing of certain county roads within the Issuer, which shall constitute a portion of the "Project," as defined in the Original Resolution.

"Paying Agent" shall mean the entity or entities then serving as paying agent with respect to a series of Bonds pursuant to the Bond Resolution.

"Policy" shall mean the municipal bond new issue insurance policy issued by an Insurer that guarantees payment of a particular series of Bonds.

SECTION 4. VARIABLE RATE BONDS. No variable rate Bonds may be issued pursuant to the provisions of the Bond Resolution without the prior written consent of all Insurers.

SECTION 5. INFORMATION TO INSURERS. Each Insurer shall be provided with the following information:

(A) Within 180 days after the end of the Issuer's fiscal year, the budget for the new year, annual audited financial statements, a statement of the amount on deposit in the Reserve Account as of the last valuation (if not then satisfied by an insurance policy or surety bond), and, if not presented in the audited financial statements, a statement of the Pledged Funds pledged to payment of Bonds in such fiscal year;

(B) Official Statement or other disclosure, if any, prepared in connection with the issuance of additional debt, whether or not it is on a parity with the insured issue within 30 days after the sale thereof;

(C) Notice of any draw upon or deficiency due to market fluctuation in the amount, if any, on deposit or any insurance policy or surety bond deposited in the Reserve Account;

(D) Notice of the redemption, other than mandatory sinking fund redemption, of any of the Bonds, including the principal amount, maturities and CUSIP numbers thereof; and

(E) Such additional information as an Insurer may reasonably request from time to time.

SECTION 6. RESERVE ACCOUNT CREDIT INSTRUMENTS; RESERVE ACCOUNT REQUIREMENT. The provisions of Section 4.03D of the Original Resolution with regard to bond reserve insurance or letters of credit deposited into the Reserve Account are hereby amended as follows.

The Issuer may satisfy the Reserve Account Requirement by the deposit of a surety bond, insurance policy or letter of credit as set forth below.

(A) A surety bond or insurance policy issued to the entity serving as trustee or paying agent (the "Fiduciary"), as agent of the Bondholders, by a company licensed to issue an insurance policy guaranteeing the timely payment of debt service on the Bonds (a "municipal bond insurer") may be deposited in the Reserve Account to meet the Reserve Account Requirement if the claims paying ability of the issuer thereof shall be rated "AAA" or "Aaa" by Standard & Poor's Corporation or Moody's Investors Service, respectively.

(B) A surety bond or insurance policy issued to the Fiduciary, as agent of the Bondholders, by an entity other than a municipal bond insurer may be deposited in the Reserve Account to meet the Reserve Account Requirement if the form and substance of such instrument and the issuer thereof shall be approved by each Insurer.

(C) An unconditional irrevocable letter of credit issued to the Fiduciary, as agent of the Bondholders, by a bank may be deposited in the Reserve Account to meet the Reserve Account Requirement if the issuer thereof is rated at least "AA" by Standard & Poor's Corporation. The letter of credit shall be payable in one or more draws upon presentation by the beneficiary of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Bonds. The draws shall be payable within two days of presentation of the sight draft. The letter of credit shall be for a term of not less than three years. The issuer of the letter of credit shall be required to notify the Issuer and the Fiduciary, not later than 30 months prior to the stated expiration date of the

letter of credit, as to whether such expiration date shall be extended, and if so, shall indicate the new expiration date.

If such notice indicates that the expiration date shall not be extended, the Issuer shall deposit in the Reserve Account an amount sufficient to cause the cash or permitted investments on deposit in the Reserve Account together with any other qualifying credit instruments, to equal the Reserve Account Requirement on all outstanding Bonds, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the Reserve Account credit instrument is replaced by a Reserve Account credit instrument meeting the requirements in any of (A) - (C) above. The letter of credit shall permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Fiduciary is hereby directed to draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Reserve Account is fully funded in its required amount.

(D) The use of any Reserve Account credit instrument pursuant to this Section shall be subject to receipt of an opinion of counsel acceptable to each Insurer and in form and substance satisfactory to each Insurer as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to each Insurer. In addition, the use of an irrevocable letter of credit shall be subject to receipt of an opinion of counsel acceptable to each Insurer and in form and substance satisfactory to each Insurer to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against the issuer of the bonds (or any other account party under the letter of credit).

(E) The obligation to reimburse the issuer of a Reserve Account credit instrument for any fees, expenses, claims or draws upon such Reserve Account credit instrument shall be subordinate to the payment of debt service of the Bonds. The right of the issuer of a Reserve Account credit instrument to payment or reimbursement of its fees and expenses shall be subordinated to cash replenishment of the Reserve Account, and, subject to the second succeeding sentence, its right to reimbursement for claims or draws shall be on a parity with the cash replenishment of the Reserve Account. The Reserve Account credit instrument shall provide for a revolving feature under which the amount available

thereunder will be reinstated to the extent of any reimbursement of draws or claims paid. If the revolving feature is suspended or terminated for any reason, the right of the issuer of the Reserve Account credit instrument to reimbursement will be further subordinated to cash replenishment of the Reserve Account to an amount equal to the difference between the full original amount available under the Reserve Account credit instrument and the amount then available for further draws or claims. If (a) the issuer of a Reserve Account credit instrument becomes insolvent or (b) the issuer of a Reserve Account credit instrument defaults in its payment obligations thereunder or (c) the claims-paying ability of the issuer of the insurance policy or surety bond falls below a Standard & Poor's Corporation "AA," the obligation to reimburse the issuer of the Reserve Account credit instrument shall be subordinate to the cash replenishment of the Reserve Account.

(F) If (a) the revolving reinstatement feature described in the preceding paragraph is suspended or terminated or (b) the rating of the claims paying ability of the issuer of the surety bond or insurance policy falls below a Standard & Poor's Corporation "AAA" or a Moody's Investors Service "Aaa" or (c) the rating of the issuer of the letter of credit falls below a Standard & Poor's Corporation "AA," the Issuer shall either (i) deposit into the Reserve Account an amount sufficient to cause the cash or permitted investments on deposit in the Reserve Account to equal the Reserve Account Requirement on all outstanding Bonds, such amount to be paid over the ensuing five years in equal installments deposited at least semi-annually or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of (A) - (C) above within six months of such occurrence. In the event (a) the rating of the claims-paying ability of the issuer of the surety bond or insurance policy falls below "A" or (b) the rating of the issuer of the letter of credit falls below "A" or (c) the issuer of the Reserve Account credit instrument defaults in its payment obligations or (d) the issuer of the Reserve Account credit instrument becomes insolvent, the Issuer shall either (i) deposit into the Reserve Account an amount sufficient to cause the cash or permitted investments on deposit in the Reserve Account to equal the Reserve Account Requirement on all outstanding Bonds, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such instrument with a surety bond, insurance policy or letter of credit meeting the requirements in any of (A) - (C) above within six months of such occurrence.

(G) Where applicable, the amount available for draws or claims under the Reserve Account credit instrument may be reduced by the amount of cash or permitted investments deposited in the Reserve Account pursuant to clause (i) of the preceding subparagraph (F).

(H) If the Issuer chooses the above-described alternatives to a cash-funded Reserve Account, any amounts owed by the Issuer to the issuer of such credit instrument as a result of a draw thereon or a claim thereunder, as appropriate, shall be included in any calculation of debt service requirements required to be made pursuant to the Bond Resolution for any purpose, including the test for issuance of Additional Parity Bonds set forth in Section 5.06 thereof.

(I) The Fiduciary is hereby required to ascertain the necessity for a claim or draw upon the Reserve Account credit instrument and to provide notice to the issuer of the Reserve Account credit instrument in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Reserve Account credit instrument) prior to each interest payment date.

(J) Cash on deposit in the Reserve Account shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Reserve Account credit instrument. If and to the extent that more than one Reserve Account credit instrument is deposited in the Reserve Account, drawings thereunder and repayments of costs associated therewith shall be made on a pro rata basis, calculated by reference to the maximum amounts available thereunder.

(K) In connection with the Reserve Agreement entered into by the Issuer with respect to the Series 1992 Bonds pursuant to Section 27 of this Supplemental Resolution, the Issuer's repayment of any draws under the Reserve Policy (as defined therein) and related reasonable expenses incurred by Financial Guaranty Insurance Company (together with interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum and (ii) the highest rate permitted by law) shall enjoy the same priority as the obligation to maintain and refill the Reserve Account. Repayment of draws, expenses and accrued interest (collectively, "Policy Costs") shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12 of the aggregate of Policy Costs related to such draw. If and to the extent that cash has also been deposited in the Reserve Account, all such cash shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing under the Reserve Policy, and repayment of any Policy Costs shall be made prior to replenishment of any such cash amounts. If, in addition to the Reserve Policy, any other reserve fund substitute instrument ("Additional Reserve Policy") is provided, drawings under the Reserve Policy and any such Additional Reserve Policy, and repayment of Policy Costs and reimbursement of amounts due under the Additional Reserve Policy, shall be made on a pro rata basis

(calculated by reference to the maximum amounts available thereunder) after applying all available cash in the Reserve Account and prior to replenishment of any such cash draws, respectively. If the Issuer shall fail to repay any Policy Costs in accordance with the requirements of this paragraph, Financial Guaranty Insurance Company shall be entitled to exercise any and all remedies available at law or under the Bond Resolution other than (i) acceleration of the maturity of the Bonds or (ii) remedies which would adversely affect Bondholders.

(L) The amount required to be maintained in the Reserve Account shall be the lesser of (i) the Maximum Debt Service Requirement on the Bonds, (ii) 125% of the average annual Debt Service Requirement on the Bonds and (iii) 10% of the proceeds of the Bonds.

SECTION 7. ADDITIONAL OBLIGATIONS.

(A) Section 5.06(1)(c) of the Original Resolution is hereby amended to read as follows:

"stating that the Gas Tax Revenues for each of 2 consecutive 12 month periods of such 24 consecutive months are at least equal to 1.50 times the Maximum Debt Service Requirement to become due in any ensuing Bond Year on the Bonds then outstanding and the Additional Parity Bonds proposed to be issued, and at least 1.00 times all amounts then due and owing to the issuer of any Reserve Account insurance policy, surety bond or letter of credit."

(B) No Additional Parity Bonds may be issued without the consent of the issuer of any Reserve Account letter of credit, surety bond or insurance policy if amounts are past due and owing under such Reserve Account letter of credit, surety bond or insurance policy.

(C) Section 5.06 of the Original Resolution is hereby amended to provide that in the event any Additional Parity Bonds are issued for the purpose of refunding any Bonds then outstanding, the conditions of Section 5.06(1) shall not apply, provided that the issuance of such Additional Parity Bonds shall not result in an increase in the aggregate amount of principal of and interest on the outstanding Bonds becoming due in the current Fiscal Year and all subsequent Fiscal Years. The conditions of Section 5.06(1) shall apply to Additional Parity Bonds issued for refunding purposes which cannot meet the conditions of this paragraph.

SECTION 8. RESERVE ACCOUNT ACCUMULATION UPON ISSUANCE OF ADDITIONAL PARITY BONDS. Upon the issuance of Additional Parity

Bonds pursuant to the Bond Resolution, the Issuer shall deposit or cause to be deposited into the Reserve Account an amount of cash or Authorized Investments or a Reserve Account insurance policy or Letter of Credit as permitted hereby in an amount equal to the Reserve Account Requirement for such Additional Parity Bonds. Except as provided in the next succeeding sentence, such deposit may be made in 36 equal monthly installments so that the Reserve Account Requirement is met no later than three years after the issuance of such Additional Parity Bonds. If the Issuer chooses to fund the Reserve Account with the accumulation provision described above, such accumulation period shall not coincide with the time period for resetting the distribution of Gas Tax Revenues.

SECTION 9. NOTICE OF REDEMPTION. The provisions regarding notice of redemption of any Bonds contained in the Original Resolution are hereby amended to read as follows:

(A) Notice of any redemption, which shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Bond Registrar on behalf of the Issuer, and (A) shall be filed with the paying agents of such Bonds, (B) shall be mailed first class, postage prepaid, at least thirty (30) days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Bond Registrar, and (C) shall be mailed, registered or certified, postage prepaid, or by telecopy or facsimile transmission at least thirty-five (35) days prior to the redemption date to the registered securities depositories and two or more nationally recognized municipal bond information services. Failure to mail notice to the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings of redemption of such Bonds as to which no such failure or defect has occurred. Notice of any redemption of Bonds at the option of the Issuer, other than notice that refers to Bonds that are the subject of an advance or current refunding, shall be given only upon the prior deposit into the Sinking Fund of sufficient amounts to effect such redemption.

(B) Each notice of redemption shall state: (1) the CUSIP numbers of all Bonds being redeemed; (2) the original issue date of such Bonds; (3) the maturity date and rate of interest borne by each Bond being redeemed; (4) the redemption date; (5) the redemption price; (6) the date on which such notice is mailed; (7) if less than all Outstanding Bonds are to be redeemed the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed; (8) that on such redemption date there shall become due and payable upon each Bond to be redeemed the redemption price thereof, or the redemption price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be

payable; and that the Bonds to be redeemed, whether as a whole or in part, and to be surrendered for payment of the redemption price at the principal office of the paying agent at an address specified.

(C) Notice of the redemption of Bonds, other than mandatory sinking fund redemption and excepting any notice that refers to Bonds that are the subject of an advance refunding, shall be circulated only if sufficient funds have been deposited with the Paying Agent to pay the redemption price of the Bonds to be redeemed.

SECTION 10. USE OF ROAD IMPROVEMENTS CONSTRUCTION FUND AMOUNTS FOR DEBT SERVICE. The Paying Agent shall, to the extent there are no other available funds held pursuant to the Resolution, use the remaining funds in the Road Improvements Construction Fund to pay principal and interest on the Bonds to the Bondholders in the event of a payment default.

SECTION 11. PAYMENT DEFAULTS.

(A) In determining whether a payment default has occurred or whether a payment on the Bonds has been made under the Resolution, no effect shall be given to payments made under a Policy.

(B) Each Insurer shall receive immediate notice of any payment default and notice of any other default known to the Paying Agent within 30 days of the Paying Agent's knowledge thereof.

SECTION 12. INSURERS DEEMED SOLE HOLDER OF BONDS. The Original Resolution is hereby amended to provide that for all purposes thereof, except the giving of notices of default to Bondholders, each Insurer shall be deemed to be the sole holder of the Bonds it has insured for so long as it has not failed to comply with its payment obligations under its Policy.

SECTION 13. PAYING AGENT AND BOND REGISTRAR.

(A) Any successor paying agent or co-paying agent must have combined capital, surplus and undivided profits of at least \$50 million, unless each Insurer shall otherwise approve. No resignation or removal of the Paying Agent shall become effective until a successor has been appointed and has accepted the duties of Paying Agent. Each Insurer shall be furnished with written notice of the resignation or removal of the Paying Agent and the Bond Registrar and the appointment of any successor thereto.

(B) The Paying Agent shall not take any Policy into account in determining whether the rights of Bondholders are adversely affected by actions taken pursuant to the terms and provisions of the Bond Resolution.

SECTION 14. AMENDMENTS AND SUPPLEMENTAL RESOLUTIONS.

(A) Section 6.01 of the Original Resolution is hereby amended to provide that any rating agency rating the Bonds must receive notice of any amendment to the Bond Resolution and a copy thereof at least 15 days in advance of its execution or adoption.

(B) Each Insurer shall be provided with a full transcript of all proceedings relating to the execution of any supplemental resolution.

(C) The Bond Resolution shall not be amended or modified without the consent of each Insurer.

SECTION 15. NO IMPAIRMENT OF GAS TAX REVENUES. The Issuer hereby covenants and agrees that in the event it enters into any agreement, including but not limited to, an interlocal agreement, such agreement shall not diminish or reduce in any way the Issuer's share of the Gas Tax Revenues.

SECTION 16. DEFEASANCE. Only cash, direct non-callable obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, to which direct obligation or guarantee the full faith and credit of the United States of America has been pledged, Refcorp interest strips, CATS, TIGRS, STRPS or defeased municipal bonds rated AAA by Standard & Poor's Corporation or Aaa by Moody's Investors Service (or any combination thereof) shall be used to effect defeasance of the Series 1992 Bonds pursuant to Section 6.06 of the Original Resolution unless the Insurer otherwise approves. In the event of an advance refunding of any Bonds, the Issuer shall cause to be delivered a verification report of an independent nationally recognized certified public accountant. The Bond Resolution shall not be discharged until all amounts owed to the issuer of any Reserve Account insurance policy, letter of credit or surety bond have been paid.

SECTION 17. PAYMENT PURSUANT TO SERIES 1992 BOND INSURANCE POLICY.

(A) If, on the third day preceding any interest payment date for the Series 1992 Bonds there is not on deposit with the Paying Agent sufficient moneys available to pay all principal of and interest on the Series 1992 Bonds due on such date, the Paying Agent shall immediately notify the Insurer and Citibank, N.A., New York, New York or its successor as its Fiscal Agent (the "Fiscal Agent") of the amount of such deficiency. If, by said interest payment date, the Issuer has not provided the amount of such deficiency, the Paying Agent shall simultaneously make available to the Insurer and to the Fiscal Agent the registration books for the Bonds maintained by the Paying Agent. In addition:

(i) The Paying Agent shall provide the Insurer with a list of the Series 1992 Bondholders entitled to receive principal or interest payments from the Insurer under the terms of the Policy and shall make arrangements for the Insurer and its Fiscal Agent (1) to mail checks or drafts to Series 1992 Bondholders entitled to receive full or partial interest payments from the Insurer and (2) to pay principal of the Series 1992 Bonds surrendered to the Fiscal Agent by the Series 1992 Bondholders entitled to receive full or partial principal payments from the Insurer; and

(ii) The Paying Agent shall, at the time it makes the registration books available to the Insurer pursuant to (i) above, notify Series 1992 Bondholders entitled to receive the payment of principal of or interest on the Series 1992 Bonds from the Insurer (1) as to the fact of such entitlement, (2) that the Insurer will remit to them all or part of the interest payments coming due subject to the terms of the Policy, (3) that, except as provided in paragraph (B) below, in the event that any Series 1992 Bondholder is entitled to receive full payment of principal from the Insurer, such Series 1992 Bondholder must tender his Bond with the instrument of transfer in the form provided on the Bond executed in the name of the Insurer, and (4) that, except as provided in paragraph (B) below, in the event that such Series 1992 Bondholder is entitled to receive partial payment of principal from the Insurer, such Series 1992 Bondholder must tender his Series 1992 Bond for payment first to the Paying Agent, which shall note on such Series 1992 Bond the portion of principal paid by the Paying Agent, and then, with an acceptable form of assignment executed in the name of the Insurer, to the Fiscal Agent, which will then pay the unpaid portion of principal to the Series 1992 Bondholder subject to the terms of the Policy.

(B) In the event that the Paying Agent has notice that any payment of principal of or interest on a Series 1992 Bond has been recovered from a Series 1992 Bondholder pursuant to the United States Bankruptcy Code by a paying agent in bankruptcy in accordance with the final, nonappealable order of a court having competent jurisdiction, the Paying Agent shall, at the time it provides notice to the Insurer, notify all Series 1992 Bondholders that in the event that any Series 1992 Bondholder's payment is so recovered, such Series 1992 Bondholder will be entitled to payment from the Insurer to the extent of such recovery, and the Paying Agent shall furnish to the Insurer its records evidencing the payments of principal of and interest on the Series 1992 Bonds which have been made by the Paying Agent and subsequently recovered from Series 1992 Bondholders, and the dates on which such payments were made.

(C) The Insurer shall, to the extent it makes payment of principal of or interest on the Series 1992 Bonds, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Policy and, to evidence such subrogation, (1) in the case of subrogation as to claims for past due interest, the Paying Agent shall note the Insurer's rights as subrogee on the registration books maintained by the Paying Agent upon receipt from the Insurer of proof of the payment of interest thereon to the Series 1992 Bondholders of such Bonds and (2) in the case of subrogation as to claims for past due principal, the Paying Agent shall note the Insurer's rights as subrogee on the registration books for the Series 1992 Bonds maintained by the Paying Agent upon receipt of proof of the payment of principal thereof to the Series 1992 Bondholders of such Series 1992 Bonds. Notwithstanding anything in the Bond Resolution or the Series 1992 Bonds to the contrary, the Paying Agent shall make payment of such past due interest and past due principal directly to the Insurer to the extent that the Insurer is a subrogee with respect thereto.

(D) The notice addresses for the Insurer for the Series 1992 Bonds and the Fiscal Agent shall be as follows:

Financial Guaranty Insurance Company
115 Broadway
New York, New York 10006
Attention: Managing Counsel

Citibank, N.A.
20 Exchange Place -- 16th Floor
New York, New York 10005
Attention: Municipal Trust and Agency
Services Administration

SECTION 18. VALUATION OF INVESTMENTS. All Authorized Investments shall be valued by the Paying Agent as frequently as deemed necessary by the Insurers, but not less often than annually, at the market value thereof, exclusive of accrued interest. Deficiencies in the amount on deposit in any fund or account resulting from a decline in market value shall be restored no later than the succeeding valuation date.

SECTION 19. AUTHORIZATION AND DESCRIPTION OF THE SERIES 1992 BONDS. The Issuer hereby determines to issue a Series of Bonds in an aggregate principal amount of not exceeding \$11,000,000, to be known as "Optional Gas Tax Revenue Refunding Bonds, Series 1992," for the principal purpose of advance refunding the Refunded Bonds and funding the cost of the 1992 Project.

The Series 1992 Bonds shall be dated September 1, 1992; shall bear interest at the rates set forth in the Purchase Contract executed as authorized hereby; shall be issued as fully registered Bonds, numbered consecutively from one upward in order of maturity

with the prefix "R"; and shall consist of such amounts of Serial Bonds and Term Bonds, maturing in such years and amounts and payable on such dates as set forth in said Purchase Contract; and shall contain such redemption provisions as set forth in said Purchase Contract. The Series 1992 Bonds shall be issued in denominations of \$5,000 and any integral multiple thereof.

The principal of, or redemption price, as applicable, or maturity amount, as applicable, of the Series 1992 Bonds, shall be payable at the corporate trust office of the Paying Agent for the Series 1992 Bonds appointed in Section 24 hereof, or its successor, upon presentation of the Series 1992 Bonds. Payment of interest on the Series 1992 Bonds shall be made to the owner thereof and shall be paid by check or draft of the Paying Agent to the Holder in whose name the Series 1992 Bond is registered at the close of business on the 15th day of the month (whether or not a business day) next preceding the interest payment date, or, unless otherwise provided by Supplemental Resolution, at the option of the Paying Agent, and at the request and expense of such Holder, by bank wire transfer for the account of such Holder. All payments shall be made in accordance with and pursuant to the terms of the Bond Resolution and the Series 1992 Bonds and shall be payable in any coin and currency of the United States of America which, at the time of payment, is legal tender for the payment of public or private debts.

SECTION 20. APPLICATION OF SERIES 1992 BOND PROCEEDS. The proceeds derived from the sale of the Series 1992 Bonds, including accrued interest, shall, simultaneously with the delivery of the Series 1992 Bonds to the Underwriters thereof, be applied by the Issuer as follows:

(A) Accrued interest shall be deposited in the Sinking Fund and shall be used only for the purpose of paying the interest which shall thereafter become due on the Series 1992 Bonds.

(B) A sufficient amount of Series 1992 Bond proceeds shall be deposited or, together with the amount currently on deposit in the Reserve Account, used to procure a letter of credit for deposit into the Reserve Account in an amount such that amounts on deposit in the Reserve Account shall equal the Maximum Annual Debt Service Requirement.

(C) An amount of Series 1992 Bond proceeds shall be deposited irrevocably in trust in the Issuer's escrow fund under the terms and provisions of the Escrow Agreement. Such moneys shall be invested in Government Obligations in the manner set forth in the Escrow Agreement, which investments shall mature at such times and in such amounts as shall be sufficient to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds as the same mature and become due and payable or are redeemed prior to maturity.

(D) To the extent not paid or reimbursed by the Underwriter of the Series 1992 Bonds, proceeds shall be used to pay all costs and expenses in connection with the preparation, issuance and sale of the Series 1992 Bonds, including, without limitation, the fees and expenses of engineers, accountants, attorneys and financial advisors, and the premium for any municipal bond insurance and debt service reserve fund insurance policies, to those persons who shall be entitled to receive the same.

(E) Any remaining Series 1992 Bond proceeds shall be deposited into the Road Improvement Construction Fund and used to pay the costs of the acquisition and construction of the 1992 Project.

SECTION 21. TRANSFER OF AMOUNTS IN EXISTING RESERVE ACCOUNT. Upon deposit into the Reserve Account of an insurance policy or surety bond equal to the Reserve Account Requirement simultaneously with the issuance of the Series 1992 Bonds in accordance with the provisions hereof, amounts remaining in the Reserve Account shall be deposited into the escrow fund established pursuant to the Escrow Agreement.

SECTION 22. SALE OF THE SERIES 1992 BONDS. Upon delivery to the Chairman, the Clerk and the County Attorney of a Purchase Contract substantially in the form of Exhibit A attached hereto, evidencing:

- (A) Series 1992 Bonds in an aggregate principal amount not exceeding \$11,000,000;
- (B) The debt service on such Series 1992 Bonds not being greater than the debt service on the Refunded Bonds in any fiscal year;
- (C) Optional redemption of the Series 1992 Bonds beginning March 1, 2002 at a price not in excess of 102% of par; and
- (D) Evidence that the terms of the Series 1992 Bonds will provide for not less than \$500,000 being deposited into the Road Improvements Construction Fund for construction of the 1992 Project;

the Series 1992 Bonds shall be sold to the Underwriter pursuant to the Purchase Contract at the purchase price provided therein (including any original issue discounts), plus accrued interest on the Series 1992 Bonds from the date of the Series 1992 Bonds to the date of delivery and payment therefor; all terms and conditions set forth in said Purchase Contract being hereby approved. Upon compliance with the foregoing, the Chairman is hereby authorized

and directed to execute said Purchase Contract and to deliver the same to the Underwriter.

SECTION 23. OFFICIAL STATEMENT. The form, terms and provisions of the Official Statement, dated the date of execution of the Purchase Contract, in substantially the form attached hereto as Exhibit B, relating to the Series 1992 Bonds, be and the same hereby are approved with respect to the information therein contained. The Chairman and Clerk, upon execution of the Purchase Contract described above, are hereby authorized and directed to execute and deliver said Official Statement in the name and on behalf of the Issuer, and thereupon to cause such Official Statement to be delivered to the Underwriter with such changes, amendments, omissions and additions as may be approved by the Chairman. The Preliminary Official Statement dated September 15, 1992 and said Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Chairman, and the information contained therein are hereby authorized to be used in connection with the sale of the Series 1992 Bonds to the public. The Issuer hereby delegates to the Chairman and Clerk the responsibility to deem the Preliminary Official Statement "final" within the meaning of Rule 15c2-12 of the Securities and Exchange Commission. Execution by the Chairman of the Official Statement shall be deemed to be conclusive evidence of approval of such changes, amendments, modifications, omissions and additions.

SECTION 24. APPOINTMENT OF REGISTRAR AND PAYING AGENT. Barnett Banks Trust Company, N.A., Jacksonville, Florida, is hereby designated Registrar and Paying Agent for the Series 1992 Bonds. The Chairman and the Clerk are hereby authorized to enter into any agreement which may be necessary to effect the transactions contemplated by this Section 24.

SECTION 25. INSURER DESIGNATED THIRD PARTY BENEFICIARY. Each Insurer and issuer of a Reserve Account insurance policy, surety bond or letter of credit is hereby designated a third party beneficiary under the Resolution and is entitled to enforce those obligations which specifically benefit such Insurer and issuer of a Reserve Account insurance policy, surety bond or letter of credit.

SECTION 26. AUTHORIZATION OF EXECUTION OF ESCROW AGREEMENT. The Issuer hereby authorizes and directs the Chairman to execute, and the Clerk to attest under the corporate seal of the Issuer, the Escrow Agreement and to deliver the Escrow Agreement to Barnett Banks Trust Company, N.A., (the "Escrow Agent"), and does hereby authorize and direct the execution, sealing and delivery of the Escrow Agreement. All of the provisions of the Escrow Agreement, when executed and delivered by the Issuer as authorized herein and when duly authorized, executed and delivered by the Escrow Agent, shall be deemed to be a part of this Supplemental Resolution as

fully and to the same extent as if incorporated verbatim herein, and the Escrow Agreement shall be in substantially the form of the Escrow Agreement attached hereto as Exhibit C with such changes, amendments, modifications, omissions and additions, including the date of such Escrow Agreement, as may be approved by said Chairman. Execution by the Chairman of the Escrow Agreement shall be deemed to be conclusive evidence of approval of such changes. The Clerk is further authorized to approve the purchase, from proceeds of the Series 1992 Bonds and excess amounts transferred from the Reserve Account, of Government Obligations which, together with other funds to be deposited pursuant to the Escrow Agreement, shall be sufficient at the time of such deposit to pay and refund the Refunded Bonds as the same become due and payable or are redeemed prior to maturity.

SECTION 27. RESERVE ACCOUNT INSURANCE POLICY. The Original Resolution provides that, in lieu of the required deposits into the Reserve Account, the Issuer may cause to be deposited therein a reserve account insurance policy or reserve account letter of credit for the benefit of the Holders of the Bonds in an amount equal to the Reserve Account Requirement. The Issuer has determined that it is in its best interest to obtain a reserve account insurance policy consisting of a surety bond equal to the Maximum Annual Debt Service Requirement on the Series 1992 Bonds (and in substitution for amounts currently on deposit in the Reserve Account) pursuant to a Debt Service Reserve Fund Policy Agreement (the "Reserve Agreement") to be executed by and between the Issuer and Financial Guaranty Insurance Company, substantially in the form attached hereto as Exhibit D. The Chairman and Clerk are hereby authorized to execute and deliver the Reserve Agreement with such changes as may be approved by the Chairman and Clerk and to take such other action as may be necessary or convenient to obtaining the surety bond referenced in said Reserve Agreement.

SECTION 28. GENERAL AUTHORITY. The members of the Board of County Commissioners, the Clerk of the Issuer and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Supplemental Resolution or the Original Resolution, or desirable or consistent with the requirements hereof or the Original Resolution for the full punctual and complete performance hereof or thereof. Each member, employee, attorney and officer of the Issuer or the Board of County Commissioners and the Clerk is hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder. The Chairman and/or the Clerk are hereby authorized to execute such security purchase forms or agreements as shall be necessary to effect the transactions contemplated hereby, including designating the Financial Advisor and Bond Counsel to assist or act as agent in such security purchase.

SECTION 29. ORIGINAL RESOLUTION TO CONTINUE IN FORCE. Except as herein expressly provided, the Original Resolution and all the terms and provisions thereof, including the covenants contained therein, are and shall remain in full force and effect.

SECTION 30. SEVERABILITY AND INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provision of law or contrary to the policy of express law, even 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 or provisions and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or the Bonds issued hereunder.

SECTION 31. EFFECTIVE DATE. This Supplemental Resolution shall become effective immediately upon its adoption.

DULY ADOPTED, this 14th day of September, 1992.

NASSAU COUNTY, FLORIDA

(SEAL)

By: 
Chairman, Board of County
Commissioners

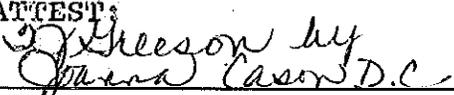
ATTEST:

Clerk, Board of County
Commissioners

EXHIBIT A

FORM OF BOND PURCHASE CONTRACT

BOND PURCHASE AGREEMENT

September 17, 1992

Board of County Commissioners
Nassau County, Florida
Fernandina Beach, Florida

Re: \$ _____ Nassau County, Florida
Optional Gas Tax Revenue Refunding Bonds,
Series 1992

Gentlemen:

Raymond James & Associates, Inc. (the "Underwriter"), hereby furnishes you (the "County") a disclosure statement, as required by Section 218.385, Florida Statutes, and attached as Exhibit A; and hereby offers to purchase all of the above-captioned Bonds from the County and to make a public offering of the Bonds, subject to the acceptance of this proposal by the County on or before 12:00 o'clock midnight local time then prevailing in Nassau County, Florida, on September 17, 1992, and the following provisions:

Section 1. Definitions. The following terms shall have the following meanings in this Bond Purchase Agreement unless another meaning is plainly intended:

(a) "Accountant" means Farmand, Farmand & Farmand, P.A., independent certified public accountants.

(b) "Board" means the Board of County Commissioners of Nassau County, Florida.

(c) "Bond Counsel" means Nabors, Giblin & Nickerson, P.A., Tampa, Florida.

(d) "Bond Insurance Policy" means, collectively, the policy of municipal bond insurance and Reserve Account surety policy issued by Financial Guaranty Insurance Company, New York, New York, with respect to the Bonds.

(e) "Bonds" means \$ _____ Nassau County, Florida, Optional Gas Tax Revenue Refunding Bonds, Series 1992. The Bonds shall be issued under and secured as provided in the Resolution and shall have the maturities and interest rates and be subject to redemption as set forth in Exhibit B.

(f) "Closing" refers to the transaction at which the Bonds are delivered by the County to the Underwriter, and paid for by the Underwriter, pursuant to this Bond Purchase Agreement.

(g) "Closing Documents" means the documents described in Section 10 hereof and required to be delivered to the Underwriter at the Closing.

(h) "Code" means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

(i) "Comfort and Consent Letters" means the letters from the Accountant to the Board and the Underwriter, in substantially the form attached hereto as Exhibit C.

(j) "County" means Nassau County, Florida, a political subdivision of the State of Florida.

(k) "County's Counsel" means the County Attorney, presently Michael S. Mullin.

(l) "DTC" means The Depository Trust Company.

(m) "Escrow Deposit Agreement" means the Escrow Deposit Agreement, dated as of _____, 1992, between the County and _____.

(n) "Final Official Statement" means the Official Statement of the County, relating to the Bonds, in substantially the form attached hereto as Exhibit D, with such changes as shall be approved by the Underwriter, to be delivered pursuant to Section 6 hereof.

(o) "Official Statement" means, collectively, the Preliminary Official Statement and the Final Official Statement.

(p) "Ordinance" means Ordinances Nos. 86-8 and 87-29, as amended, authorizing the County's Local Option Gas Tax (as described in the Official Statement).

(q) "Preliminary Official Statement" means the Preliminary Official Statement of the County, dated September 15, 1992, including the cover page and appendices thereto, related to the Bonds.

(r) "Reserve Agreement" means the Debt Service Reserve Fund Policy Agreement, dated as of September 1, 1992, between the County and Financial Guaranty Insurance Company.

(s) "Resolution" means the resolution of the Board, adopted by the Board on January 12, 1988, as amended and supplemented, and particularly as amended and supplemented by Resolution No. 92-_____, adopted by the Board on September 14, 1992, authorizing the issuance of the Bonds.

(t) "Underwriter" means Raymond James & Associates, Inc., and such other securities dealers, if any, as may from time to time be designated by the Underwriter.

(u) "Underwriter's Counsel" means Squire, Sanders & Dempsey, Jacksonville, Florida.

Any capitalized term not defined herein shall be ascribed the meaning set forth by the Resolution and/or the Official Statement.

Section 2. Purchase Price. Upon the terms and conditions and upon the basis of the representations, warranties, covenants and agreements herein set forth, the Underwriter shall purchase and the County shall sell all, but not less than all, of the Bonds at an aggregate purchase price of \$_____ plus accrued interest thereon from September 1, 1992, to the date of Closing. The discount of \$_____ represents an underwriting discount of \$_____ and an original issue discount of \$_____.

Section 3. Public Offering. The Underwriter shall make a bona fide public offering of the Bonds at prices not in excess of the initial offering price or prices (or at yields not lower than the yield or yields) set forth in the Final Official Statement, plus accrued interest on the Bonds. The Underwriter represents that, based on prevailing market conditions, it has no reason to believe that any of the Bonds will be initially sold to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at prices greater than the prices (or yields lower than the yields) shown on the cover of the Final Official Statement, plus accrued interest. The Underwriter shall sell at least 10% of the Bonds of each maturity to the public (excluding such bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at initial offering prices not greater than the respective prices shown on the cover of the Final Official Statement, or in the case of discount obligations sold on a yield basis, at yields no lower than the yields shown on such cover, plus accrued interest on the Bonds. The Underwriter reserves the right to change such public offering prices as the Underwriter deems necessary in connection with the marketing of the Bonds.

Section 4. Good Faith Check. Delivered to the County herewith is a corporate check (the "Good Faith Check") payable to the order of the County in the amount of \$100,000 as security for the performance by the Underwriter of its obligations to accept and pay for the Bonds on the date of the Closing referenced in Section 8 hereof (the "Closing Date"), in accordance with the provisions hereof. The County shall hold such check uncashed until the Closing Date. In the event of the Underwriter's compliance with its obligations hereunder, the Good Faith Check shall be returned to the Underwriter on the Closing Date upon payment to the County, as provided in Section 8 hereof, of the

purchase price of the Bonds. In the event of the County's failure to deliver the Bonds on the Closing Date, or if the County shall be unable on the Closing Date to satisfy the conditions to the obligations of the Underwriter contained herein, or if the obligations of the Underwriter shall be terminated for any reason permitted by this Bond Purchase Agreement, the Good Faith Check shall be immediately returned to the Underwriter. If the Underwriter fails (other than for a reason permitted hereunder) to accept and pay for the Bonds upon tender thereof by the County on the Closing Date as herein provided, the Good Faith Check shall be retained by the County as and for full liquidated damages to the County for such failure, and not as a penalty.

Section 5. Representations, Warranties, Covenants and Agreements of County. The County represents, warrants, covenants and agrees with the Underwriter that: (a) Between the date of this Bond Purchase Agreement and the time of Closing, the County will not execute any bonds, notes or obligations for borrowed money, other than the Bonds and private activity bonds for which no funds of the County are pledged for the payment thereof; (b) between the date of this Bond Purchase Agreement and the time of Closing, the County will not amend, modify, supplement or repeal either the Ordinance or the Resolution without the prior consent of the Underwriter; (c) the County is a political subdivision of the State of Florida, duly organized and validly existing under the constitution and laws of the State of Florida; (d) the County has full legal right, power and authority to: (i) enter into this Bond Purchase Agreement, the Reserve Agreement and the Escrow Deposit Agreement, (ii) adopt the Ordinance and the Resolution, (iii) sell, issue and deliver the Bonds to the Underwriter as provided herein, (iv) use the proceeds of the Bonds for the purposes specified by the Ordinance and the Resolution, (v) provide for the repayment of the Bonds in the manner specified by the Ordinance and the Resolution, and (vi) carry out and consummate the transactions contemplated by this Bond Purchase Agreement, the Ordinance, the Resolution and the Official Statement; and the County has complied, and at the Closing will be in compliance, in all respects with the terms of the Act and with the obligations on its part in connection with the issuance of the Bonds contained in the Ordinance, the Resolution, the Bonds and this Bond Purchase Agreement; (e) at the time of Closing, the County will be in compliance in all respects with the covenants and agreements contained in the Resolution, and no event of default and no event which, with the lapse of time or giving of notice, or both, would constitute a default or an event of default under the Ordinance and the Resolution will have occurred or be continuing; (f) all approvals, consents, authorizations and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the County of its obligations hereunder or under the Ordinance and the Resolution have been obtained and are in full force and effect, except for such approvals, consents and orders as may be required under the "blue sky" or securities law or legal investments law of any state in connection with the

offering and sale of the Bonds, or in connection with the registration of the Bonds under the federal securities laws; (g) distributions of the Local Option Gas Tax between the County and the municipalities within Nassau County, Florida, are made in accordance with Section 336.025(4), Florida Statutes, and as described in the Official Statement; (h) the Pledged Funds are lawfully pledged for payment of the principal of, redemption premium, if any, and interest on the Bonds; (i) since December 31, 1975, the County has not been in default on any bonds or other debt obligations of the County; (j) on the date hereof, the statements and information contained in the Final Official Statement are, and on the Closing Date the statements and information contained in the Final Official Statement will be, true and complete in all material respects, and the Final Official Statement did not as of its date, and will not on the Closing Date, omit any statement or information which is necessary to make the statements and information therein, in light of the circumstances under which they are made, not misleading; (k) the Preliminary Official Statement did not as of its date, and the Final Official Statement will not as of the Closing Date, omit any information with respect to the County or its business, properties and affairs which might in a material respect adversely or unfavorably affect the transactions described by the Final Official Statement; (l) the Preliminary Official Statement was deemed final within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, as of its date, except for omission of not more than the following information: the offering price(s), interest rate(s), selling compensation, aggregate principal amount, principal amount per maturity, delivery date and other terms depending on such matters; (m) when delivered to and paid for by the Underwriter at the Closing in accordance with the provisions of this Bond Purchase Agreement, the Bonds will have been duly authorized, executed, issued and delivered and will constitute valid and binding special obligations of the County of the character referred to in the Final Official Statement, in conformity with, and entitled to the benefit and security of, the Ordinance and the Resolution; (n) the execution and delivery of this Bond Purchase Agreement, the Escrow Deposit Agreement and the Bonds and compliance with the provisions thereof, under the circumstances contemplated herein and therein, will not in any material respect conflict with or constitute on the part of the County a breach of or default under any agreement or other instrument to which the County is a party, or any existing law, administrative regulation, court order or consent decree to which the County is subject; (o) subsequent to the date of the last audited financial statements of the County contained in the Final Official Statement, there have been no material adverse changes in the assets, liabilities or condition of the County, financial or otherwise, except as disclosed in or contemplated by the Final Official Statement, and neither the business, nor the properties, nor the affairs of the County have been adversely affected in any substantial way as the result of any fire, explosion, accident, strike, riot, flood, windstorm, earthquake, embargo, war or act of God or of any public enemy; (p) the County has not been notified

of any listing or proposed listing by the Internal Revenue Service to the effect that it is a bond issuer whose arbitrage certificates may not be relied upon; (q) there is no litigation pending or, to the County's knowledge, threatened to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting or affecting the Pledged Funds or any authority for the issuance of the Bonds, or the validity of the Bonds, the Ordinance, the Resolution, or this Bond Purchase Agreement, or in any way contesting the existence or the powers of the County; and (r) except as disclosed in the Final Official Statement, there is no litigation pending or, to the County's knowledge, threatened against or affecting the County or involving any of the businesses, properties or affairs of the County which concerns the possibility of any judgment or liability which may result in any material adverse change in the properties, businesses or assets or in the condition, financial or otherwise, of the County, other than routine litigation of the type which normally accompanies operations of the County.

Section 6. Final Official Statement; Public Offering.

The County shall prepare, and shall deliver, or cause to be delivered, to the Underwriter within 7 business days after the acceptance by the County of this Bond Purchase Agreement, and within time to accompany any sale confirmations of the Underwriter for the Bonds, a reasonable number of copies, not to exceed 500, of the Final Official Statement, in form and substance satisfactory to the Underwriter and the County, executed on behalf of the County by the Chairman and Clerk of its Board of County Commissioners. In determining whether the number of copies to be delivered by the County are reasonably necessary, at a minimum the number shall be sufficient to enable the Underwriter to comply with the requirements of Rule 15c2-12, all applicable rules of the Municipal Securities Rulemaking Board ("MSRB") and to fulfill its duties and responsibilities under Florida and federal securities laws, generally. The County agrees that the Preliminary Official Statement, the Final Official Statement and copies of the Ordinance, the Resolution and comparative financial statements prepared by or on behalf of the County may be used by the Underwriter in the public offering of the Bonds, and that it will cooperate with the Underwriter if the Underwriter decides to qualify the Bonds under the securities acts of any state; provided, however, the County shall not be required to register as a dealer or broker in any such state or to qualify to do business in connection with any such qualification of the Bonds for sale in any state.

The Underwriter agrees to file the Final Official Statement with a Nationally Recognized Municipal Securities Information Repository ("NRMSIR") which has been so designated by the Securities and Exchange Commission pursuant to Rule 15c2-12, and with the MSRB (accompanied by a completed form G-36), not later than 2 business days after the Closing, and will furnish the County the name and address of the NRMSIR receiving a copy. The filing of the Final Official Statement with a NRMSIR shall be in

accordance with the terms and conditions applicable to such NRMSIR. The County hereby agrees and covenants, to the extent required by law, to file with each NRMSIR and the MSRB a copy of the County's Board of County Commissioner's Audited General Purpose Financial Statements and its Comprehensive Annual Financial Report, if one is prepared, during the term of the Bonds.

Section 7. Comfort and Consent Letters. The County will cause the Comfort and Consent Letters to be dated and delivered to the Underwriter on the date of Closing.

Section 8. Closing, Delivery and Payment. The Bonds shall be printed or reproduced in definitive form as fully registered Bonds in the denominations of the aggregate par amount of each maturity and shall be made available to DTC, 55 Water Street, New York, New York, which shall act as securities depository for the Bonds, not less than one business day prior to the Closing. The Underwriter may inspect the Bonds at DTC prior to the Closing.

The Closing shall be held beginning at 9:00 a.m., September 29, 1992, at the offices of William R. Hough & Co., Jacksonville, Florida, or at such later time and other place as is mutually agreeable to the Underwriter and the County. At the Closing, the Underwriter shall accept the delivery of the Bonds from the County and shall make payment therefor in federal funds upon delivery by the County to the Underwriter of all the Closing Documents.

Section 9. Closing Conditions. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the representations, warranties, covenants and agreements of the County herein contained, and the performance by the County of its obligations hereunder, both as of the date hereof and as of the time of Closing. The obligations of the Underwriter under this Bond Purchase Agreement are and shall be subject to the following conditions:

(a) The representations, warranties, covenants and agreements of the County contained herein shall be true and correct and complied with as of the date hereof and as of the date of the Closing, as if made on the date of the Closing.

(b) At the time of the Closing, the Ordinance and the Resolution shall be in full force and effect in accordance with their respective terms, and shall not have been amended, modified or supplemented, and the Official Statement shall not have been supplemented or amended, except to the extent that such amendments have been agreed to in writing by the Underwriter.

(c) At the time of the Closing, all official action of the County relating to this Bond Purchase Agreement, the Official Statement and the Bonds shall be in full force and effect in accordance with their respective terms, and shall not have been amended, modified or supplemented in any material respect, except in each case as may have been agreed to by the Underwriter.

(d) At or prior to the date of the Closing, the Underwriter shall receive all of the documents described in Section 10 hereof.

If the County shall be unable to satisfy the conditions to the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds contained in this Bond Purchase Agreement, and the Underwriter does not waive such inability in writing, or if the obligations of the Underwriter to purchase, accept delivery of and pay for the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, then the Underwriter shall not be under any further obligation hereunder, except that the obligations of the Underwriter set forth in Section 14 hereof shall continue in full force and effect and the County shall return the Good Faith Check.

Section 10. Closing Documents. The Closing Documents shall consist of the following, each properly executed, certified or otherwise verified, dated as of the Closing Date, and in such form as may be satisfactory to Bond Counsel, the Underwriter and Underwriter's Counsel, including, but not limited to, the matters hereinafter set forth:

(a) Certified copies of the Resolution and the Ordinance.

(b) The Final Official Statement, as printed, and any supplements, amendments or modifications, if any, thereto, executed on behalf of the County by the Chairman of the Board and the ex officio Clerk of the Board.

(c) A copy of the Bond Insurance Policy.

(d) The County's closing certificate(s), signed by the Chairman of the Board and ex-officio Clerk of the Board, confirming (i) the representations made by the County herein; (ii) the application of the proceeds of the sale of the Bonds and certain other amounts as described in the Final Official Statement; (iii) the adoption and present effectiveness of all resolutions and ordinances considered necessary, in the opinion of Bond Counsel, in connection with the transactions described herein, together with certified copies of such resolutions and ordinances to the extent not furnished in accordance with Section 10(a) above; and (iv) that the Ordinance and the Resolution have not been amended since the date of this Bond Purchase Agreement, except as may have been consented to in writing by the Underwriter.

(e) The final approving opinion of Bond Counsel, dated the date of Closing, substantially in the form attached to the Final Official Statement as Appendix F thereto.

(f) A supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriter to the effect that the Underwriter may rely on the opinion of Bond Counsel described in Section 10 (e) above as if such opinion was addressed to it.

(g) A supplemental opinion of Bond Counsel, dated the date of Closing, addressed to you and to the Underwriter, to the effect that, (i) the Official Statement has been duly authorized, executed and delivered by the County, and the County has consented to the use thereof by the Underwriter; (ii) this Bond Purchase Agreement has been duly authorized, executed and delivered by, and (assuming due authorization, execution and delivery by the Underwriter) constitutes a legal, valid and binding agreement of the County in accordance with its terms, except to the extent that the enforceability of the rights and remedies set forth herein may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws affecting creditors' rights generally and subject, as to enforceability, to general principles of equity and the exercise of judicial discretion; (iii) the Bonds are exempt securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended, and it is not necessary in connection with the sale of the Bonds to the public to register the Bonds under the Securities Act of 1933, as amended; (iv) all approvals, consents, authorization and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the County of its obligations hereunder and under the Ordinance, the Resolution and the Bonds have been obtained and are in full force and effect; and (v) the County is lawfully empowered to grant a pledge of and lien upon the Pledged Funds to pay debt service on the Bonds.

(h) An opinion of Bond Counsel, dated the date of Closing, addressed to you and to the Underwriter, in form and substance acceptable to the Underwriter, as to the federal tax effects of any original issue discount on the Bonds.

(i) An opinion of the County's Counsel, addressed to you and to the Underwriter, to the effect that (i) the County is a political subdivision of the State of Florida and has all the necessary power and authority to issue the Bonds and enter into this Bond Purchase Agreement; (ii) this Bond Purchase Agreement, the Escrow Deposit Agreement, the Reserve Agreement and the Bonds have been duly authorized, executed and delivered by the County and constitute legal, valid and binding special obligations of the County enforceable in accordance with their respective terms, except as the enforceability thereof may be limited by applicable bankruptcy, reorganization, insolvency and other similar laws affecting the enforcement of creditors' rights generally (but no opinion need be expressed as to the availability of any discretionary equitable remedy); (iii) the County has approved the

Final Official Statement and the execution and delivery of the Final Official Statement to the purchasers of the Bonds; (iv) the execution and delivery of the Bonds, this Bond Purchase Agreement and, the adoption of the Ordinance and the Resolution and the issuance of the Bonds pursuant to the Ordinance and the Resolution and compliance with the provisions of the Ordinance and the Resolution under the circumstances contemplated thereby, do not and will not in any material respect conflict with or constitute on the part of the County a breach of or default under any existing law, regulation, court order or consent decree to which the County is subject; (v) nothing has come to his attention which would lead him to believe that the Final Official Statement (with the exception of financial and statistical information and information contained therein with respect to Financial Guaranty Insurance Company) contains an untrue statement of a material fact, or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (vi) no litigation or proceeding is pending or to the best of his knowledge is threatened against or affecting the County to restrain or enjoin the issuance or delivery of the Bonds or in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, this Bond Purchase Agreement or the Escrow Deposit Agreement, or in any way contesting the corporate existence or the powers of the County; (vii) except as may be disclosed in the Final Official Statement, no litigation or proceeding is pending or to the best of his knowledge is threatened against or affecting the County or involving any of the business, property or affairs of the County which involves the possibility of any judgment or liability which may result in any material adverse change in the properties, business, assets or in the condition, financial or otherwise, of the County; (viii) the County has obtained the consents, approvals, authorizations or other orders of all municipal, state or regulatory authorities required for the consummation of the transactions described herein; and (ix) the issuance and sale of the Bonds to the Underwriter will not be subject to any transfer, documentary stamp or other excise taxes of the State of Florida or any political subdivision thereof.

(j) The opinion of Underwriter's Counsel, dated the date of Closing, in substantially the form attached hereto as Exhibit E.

(k) A copy of all historical financial statements included in the Final Official Statement, together with the report issued in connection therewith, manually signed by the Accountant and the Accountant's consent to the use of its report in the Final Official Statement and to the references to it therein; and its Comfort and Consent Letters.

(l) Appropriate arbitrage certifications and tax covenants by the County in form and substance satisfactory to Bond Counsel.

(m) Appropriate evidence that the Bonds have been assigned ratings of "Aaa" by Moody's Investors Service and "AAA" by Standard & Poor's Corporation.

(n) An executed copy of the Escrow Deposit Agreement.

(o) An opinion of counsel to the Bond Insurer in form and substance satisfactory to the Underwriter.

(p) A certificate of the financial advisor to the County, to the effect that nothing has come to its attention which would lead it to believe that the Official Statement, as of the date thereof and hereof, contains any untrue statement of a material fact or omits to state a material fact necessary to be included therein in order to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

(q) A verification report of a firm acceptable to the Underwriter showing the sufficiency of the escrow to pay the Refunded Bonds, as defined in the Resolution, and supporting the conclusion that the refunding aspects of the Bonds will not cause the Bonds to be "arbitrage bonds" within the meaning of the Code.

(r) Such additional legal opinions, certificates, instruments and other documents and such multiple copies of the above listed documents as the Underwriter, Underwriter's Counsel or Bond Counsel may reasonably request to evidence compliance by the County with legal requirements; the truth and accuracy, as of the date of Closing, of the respective representations contained herein and in the Final Official Statement; and the due performance or satisfaction by the County of all agreements to be performed by it and all conditions to be satisfied by it at or prior to the Closing.

Section 11. Termination by Underwriter. This Bond Purchase Agreement may be terminated prior to the Closing by the Underwriter, if any of the following shall occur subsequent to the execution hereof: (i) the signed Final Official Statement shall not have been provided within the time required by this Bond Purchase Agreement; (ii) the Bonds and all of the Closing Documents shall not have been delivered to the Underwriter, and the escrow securities shall not have been delivered to the escrow holder as required by the Escrow Deposit Agreement, by 12:00 noon, local time then prevailing in New York, New York, on the date of the Closing; (iii) (a) legislation shall have been enacted by the Congress, or introduced in the Congress, or recommended to the Congress for passage by the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, or favorably reported for passage to either House of Congress by any Committee or such House to which such legislation has been referred for consideration, or (b) a decision shall have been rendered by a court established under Article III of the Constitution of the

United States, or the United States Tax Court, or (c) an order, ruling, regulation or communication (including a press release) shall have been issued by the United States Department of the Treasury, the Internal Revenue Service or the Securities and Exchange Commission, or (d) any action shall be taken or statement made by or on behalf of the President of the United States or the United States Department of the Treasury or the Internal Revenue Service or any member of the United States Congress, which indicates or reasonably implies that interest on the Bonds may not be excludable from gross income for federal income tax purposes, or that legislation will be introduced in the next scheduled session of the United States Congress, in each case referred to in clauses (a), (b), (c) and (d), with the purpose or effect, directly or indirectly, of (x) imposing federal income taxation upon interest to be received by any holders of the Bonds or (y) requiring the offer or sale of the Bonds to be registered under the Securities Act of 1933, or the Ordinance or the Resolution to be qualified as an indenture under the Trust Indenture Act of 1939; (v) there shall exist any event or circumstance which, in the opinion of the Underwriter, either makes untrue or incorrect in a material respect any statement or information contained in the Final Official Statement, or any event or circumstance is not reflected in the Final Official Statement but should be reflected therein in order to make the statements and information contained therein not misleading in a material respect; (vi) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis, the effect of such outbreak, calamity or crisis on the financial markets of the United States of America being such as in the opinion of the Underwriter, would make it impracticable for the Underwriter to sell the Bonds; (vii) there shall be in force a general suspension of trading on the New York Stock Exchange, or any other major United States stock exchange, or minimum or maximum prices for trading shall have been fixed and be in force; (viii) in the judgment of the Underwriter the market price of the Bonds, or the market price generally of obligations of the general character of the Bonds, might be adversely affected because: (a) additional material restrictions not in force as of the date hereof shall have been imposed upon trading in securities generally by any governmental authority or by any national securities exchange, or (b) the New York Stock Exchange or other national securities exchange, or any governmental authority, shall impose as to the Bonds or similar obligations, any material restrictions not now in force, or increase materially those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, the Underwriter; or (ix) a general banking moratorium shall have been declared by either federal, New York or Florida authorities having jurisdiction, and shall be in force.

Section 12. Termination by County. In the absence of a termination of this Bond Purchase Agreement by the Underwriter as permitted by Section 11 hereof, this Bond Purchase Agreement may be terminated by the County in the event that the Underwriter

shall fail to accept delivery and pay the purchase price of the Bonds at the Closing, upon tender thereof to the Underwriter by the County and delivery to the Underwriter of all of the Closing Documents.

Section 13. Changes Affecting the Final Official Statement After the Closing. After the Closing, and so long as the Underwriter or any participating dealer shall be offering Bonds which constitute the whole or a part of their unsold participations, but in no event later than 90 days after the Closing, the County will not adopt any amendment of or supplement to the Final Official Statement except with the written consent of the Underwriter, which consent shall not be unreasonably withheld; and during such period of time, if any event relating to or affecting the County shall occur, the result of which shall make it necessary, in the reasonable opinion of (i) the County and (ii) the Underwriter or Underwriter' Counsel, to amend or supplement the Final Official Statement in order to make it not misleading in the light of the circumstances existing at that time, the County shall forthwith prepare and furnish to the Underwriter, at the County's expense, a reasonable number of copies, not to exceed 500, of an amendment of or supplement to the Final Official Statement in form and substance satisfactory to the Underwriter (and file, or cause to be filed, the same with each NRMSIR having the Final Official Statement on file), so that it then will not contain an untrue statement of material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances existing at that time, not misleading. The County will promptly notify the Underwriter of the occurrence of any event of which it has knowledge, which, in its opinion, is an event described in the preceding sentence. The amendments or supplements that may be authorized for use with respect to the Bonds are hereinafter included within the term "Official Statement."

Section 14. Expenses. The Underwriter shall pay its own out-of-pocket expenses, the fees and expenses of Underwriter's Counsel and the fees and expenses in connection with the preparation of any legal investment memorandum and/or blue sky survey, and the registration of the Bonds for "Blue Sky" purposes.

The County shall pay all of the other costs and expenses in connection with the financing contemplated by this Bond Purchase Agreement, including, but not limited to: (i) the fees and expenses of Bond Counsel and the County's Counsel, and the expenses of the County, if any; (ii) fees and expenses incurred for filing and the preparation of the Comfort and Consent Letters, and the fees and expenses of any other experts or consultants; (iii) the cost of preparation and printing of the Bonds; (iv) the cost of printing and duplication for the Preliminary Official Statement and Final Official Statement and any amendments or supplements thereto; (v) bond rating agency fees; and (vi) an amount equal to one day's accrued interest on the Bonds, payable to the Underwriter, for each day that the Closing is delayed from

the agreed Closing date due to the failure of the financial advisor to the County to provide the escrow securities, as described in the Escrow Deposit Agreement, in sufficient time to accomplish the Closing by 12:00 noon on the agreed Closing date.

Section 15. Notices. Any notice or other communication to be given to the County under this Bond Purchase Agreement may be given by delivering the same in writing to the address set forth above; and any such notice or other communication to be given to the Underwriter may be given by delivering the same in writing to the Underwriter at 1405 N.W. 13th Street, Gainesville, Florida 32601, Attention: Stanley L. Livengood, V.P.-Public Finance.

Section 16. Parties and Interests; County's Undertakings; Survival of Representations, Warranties, Covenants and Agreements. This Bond Purchase Agreement is made solely for the benefit of the County and the Underwriter, including the successors and assigns of the Underwriter, and no other person, partnership, association or corporation shall acquire or have any rights hereunder or by virtue hereof except as provided in Section 12 hereof. All representations, warranties, covenants and agreements by the County in this Bond Purchase Agreement shall remain in full force and effect regardless of any investigation made by or on behalf of the Underwriter, and shall survive the delivery of and payment for the Bonds.

Section 17. Waiver. Notwithstanding any provision herein to the contrary, the performance of any and all obligations of the County hereunder and the performance of any and all conditions contained herein for the benefit of the Underwriter may be waived by the Underwriter, in its sole discretion, and the approval of the Underwriter when required hereunder or the determination of its satisfaction as to any document referenced herein shall be in writing, signed by an appropriate officer of the Underwriter and delivered to you.

Section 18. Counterparts. This Bond Purchase Agreement may be executed in several counterparts, each of which be regarded as an original and all of which shall constitute one and the same document.

Section 19. Governing Law. This Bond Purchase Agreement, and the terms and conditions herein, shall constitute the full and complete agreement between the County and the Underwriter with respect to the purchase and sale of the Bonds, and shall be governed by and construed in accordance with the laws of the State of Florida.

RAYMOND JAMES & ASSOCIATES, INC.

By: _____
Vice President

Accepted by the Board of
County Commissioners of
Nassau County, Florida
on September 17, 1992

(SEAL)

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

ATTEST:

Clerk of the Circuit Court,
ex officio Clerk of the
Board of County Commissioners
of Nassau County, Florida

Approved as to Form and
Correctness:

By: _____
County Attorney

Exhibit A

September __, 1992

Board of County Commissioners
of Nassau County, Florida

Re: Nassau County, Florida, Optional Gas Tax Revenue
Refunding Bonds, Series 1992

Gentlemen:

In connection with the proposed issue by Nassau County, Florida (the "County"), of \$ _____ original aggregate principal amount of its Optional Gas Tax Revenue Refunding Bonds, Series 1992, referred to above (the "1992 Bonds"), Raymond James & Associates, Inc. (the "Underwriter"), is underwriting a public offering of the 1992 Bonds. Arrangements for underwriting the 1992 Bonds will include a Bond Purchase Agreement (the "Purchase Contract") between the County and the Underwriter, which will embody the terms in respect thereof.

The purpose of this letter is to furnish, pursuant to the provisions of Section 218.385(6), Florida Statutes, the following information with respect to the 1992 Bonds:

1. The nature and estimated amounts of expenses to be incurred by the Underwriter in connection with the purchase and reoffering of the 1992 Bonds are as set forth below:

Underwriter's Expenses

Per \$1,000

Breakdown of Underwriting Spread:

Management Fee	\$
Risk	
Takedown	
Expenses	
Total Spread	\$

Expenses:

Clearance
Federal funds
Good faith check and day loan
MSRB, PSA, CUSIP

Travel and out-of-pocket
Advertising
Computer

Total Expenses

_____ \$

2. No person has entered into an understanding with the Underwriter, or to the knowledge of the Underwriter, 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 Underwriter or to exercise or attempt to exercise any influence to effect any transaction in the purchase of the 1992 Bonds.

3. The underwriting spread, the difference between the price at which the 1992 Bonds will be initially offered to the public by the Underwriter and the price to be paid to the County of the 1992 Bonds, exclusive of accrued interest in both cases, will be \$ _____ per \$1,000 of 1992 Bonds.

4. No other fee, bonus or other compensation is estimated to be paid by the Underwriter in connection with the issue of the 1992 Bonds, to any person not regularly employed or retained by the Underwriter (including any "finder" as defined in Section 218.386(1)(a), Florida Statutes), except as specifically enumerated as expenses to be incurred by the Underwriter in Paragraph 1 above.

5. The name and address of the Underwriter is:

Raymond James & Associates, Inc.
1405 N.W. 13th Street
Gainesville, Florida 32601

6. Additionally, for purposes of Section 218.385(2) and (3), Florida Statutes, the Underwriter submits the following truth-in-bonding statement with respect to the 1992 Bonds:

(a) The County is proposing to issue \$ _____ of debt or obligation (herein, the "1992 Bonds") for the purpose of refunding certain outstanding obligations of the County. This debt or obligation is expected to be repaid over a period of _____ years. At the interest rates set forth in the Purchase Contract (_____ % NIC rate based on reoffering price), total interest paid over the life of the debt or obligation will be \$ _____.

(b) The source of repayment or security for the 1992 Bonds is the six cent local option gas tax of the County upon motor fuel and other fuel sold in the County, levied, collected and distributed in accordance with the provisions of Chapter 206 and Section 336.025, Florida Statutes, and certain funds and accounts established by the resolution, as amended and supplemented, authorizing the issuance of the 1992 Bonds.

Authorizing this debt will not result in any adverse change in the amount of County money available to finance the other services of the County each year.

We understand that you do not require any further disclosure from the Underwriter pursuant to Section 218.385(6), Florida Statutes.

Very truly yours,

RAYMOND JAMES & ASSOCIATES,
INC.

By: _____
Vice President

Exhibit B

\$ _____ Nassau County, Florida, Optional Gas Tax Revenue Refunding Bonds, Series 1992, maturing on March 1 in the years and amounts, bearing interest and subject to redemption prior to their stated dates of maturity as follows:

<u>Years</u>	<u>Amounts</u>	<u>Interest Rates</u>
1993		
1994		
1995		
1996		
1997		
1998		
1999		
2000		
2001		
2002		
2003		
2004		
2005		
2006		
2007		
2009		

Optional Redemption

Bonds or portions thereof maturing in the years _____ are not subject to optional redemption prior to their respective dates of maturity. The Bonds or portions thereof maturing in the year _____ and thereafter are subject to redemption at the option of the County, on and after March 1, _____, in whole at any time or in part on any interest payment date, in such manner as shall be determined by the County and by lot within a maturity, at the following redemption prices (expressed as a percentage of the principal amount to be redeemed), plus accrued interest to the date of redemption:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
	%

Mandatory Redemption

The Bonds maturing on March 1, _____, are subject to mandatory redemption prior to maturity, in part by lot on March 1 in the years and amounts set forth below, at a redemption price of par plus accrued interest thereon to the date fixed for redemption:

<u>Year</u>	<u>Principal Amount</u>
	\$

*

*Maturity

Exhibit C

[on letterhead of Farmand, Farmand & Farmand, P.A.]

September 29, 1992

TO: Board of County Commissioners
of Nassau County, Florida

Raymond James & Associates, Inc.,
as Underwriter
Gainesville, Florida

Squire, Sanders & Dempsey
as Underwriter's Counsel
Jacksonville, Florida

Gentlemen:

We have audited the General Purpose Financial Statements of the Board of County Commissioners of Nassau County, Florida (the "County"), as of and for the fiscal year ended September 30, 1991, included in the Official Statement dated September 14, 1992 (the "Official Statement"), for the \$ _____ Nassau County, Florida, Optional Gas Tax Revenue Refunding Bonds, Series 1992 (the "Bonds").

In connection with the Official Statement:

1. We are independent certified public accountants with respect to the the County within the meaning of Rule 101 of the Code of Professional Ethics of the American Institute of Certified Public Accountants.

2. On March __, 1992, we issued our Report of Independent Certified Public Accountants, relating to our audit of the General Purpose Financial Statements of the County, as of September 30, 1991 (the "Report").

3. We have not audited any financial statements of the County as of any date or for any period subsequent to September 30, 1991. Although we have conducted an audit for the year ended September 30, 1991, the purpose (and, therefore, the scope) of the audit was to enable us to express our opinion on the financial statements as of September 30, 1991, and for the year then ended, but not on the financial statements of the County for any interim period subsequent to that fiscal year.

4. For purposes of this letter, we have read the 1991 and 1992 (both calendar years) minutes of meetings of the Board of County Commissioners of the County as set forth in the minutes

books on September __, 1992. Officials of the County advised us that the minutes of all such meetings through that date were set forth therein, and we have carried out other procedures to September __, 1992 as follows:

With respect to the period from September 30, 1991, to September __, 1992, we have:

- a. Read the unaudited combined balance sheet of the Board of County Commissioners of the County as of September __, 1992, and related unaudited combined statement of revenues, expenditures, and changes in fund balances, and the unaudited combined statement of assets and liabilities; officials of the County having advised us that no such financial statements as of any date or for any period subsequent to September __, 1992, were available.
- b. Made inquiries of certain officials of the County who have responsibility for financial and accounting matters regarding whether the unaudited combined financial statements of the County described in (a) above were prepared in conformity with generally accepted governmental accounting principles, applied on a basis substantially consistent with that of the audited combined General Purpose Financial Statements included in the Official Statement.

The foregoing procedures do not constitute an audit conducted in accordance with generally accepted auditing standards. Also, they would not necessarily reveal matters of significance with respect to the comments in the following paragraph. Accordingly, we make no representations regarding the sufficiency of the foregoing procedures for your purposes.

5. Nothing came to our attention as a result of the foregoing procedures that caused us to believe that the unaudited combined financial statements of the County referred to in paragraph 3. above are not in conformity with generally accepted governmental accounting principles, applied on a basis substantially consistent with that of the audited combined financial statements.

6. County officials have advised us that no financial statements as of any date or for any period subsequent to September __, 1992, are available; accordingly, the procedures carried out by us with respect to changes in financial statement items after September __, 1992, have, of necessity, been even more limited than those with respect to the periods described in paragraph 3. above. We have made inquiries of certain County officials who have responsibility for financial and accounting matters regarding whether:

a. there was any change as of September __, 1992, in the long-term debt of the County or any decreases in the total current assets or net assets as compared with amounts shown on the September 30, 1991, General Purpose Financial Statements included in the Official Statement; or

b. for the period from September 30, 1991, to September __, 1992, there were any decreases as compared with the corresponding period in the preceding year, in the excess of revenues over expenditures.

On the basis of these inquiries and our reading of the minutes as described in paragraph 3., nothing came to our attention that caused us to believe that there was any such change or decrease, except in all instances for changes or decreases that the Official Statement discloses have occurred or may occur.

7. We hereby consent to the inclusion of the Report as Appendix B to the Official Statement, and the reference to us as the County's independent certified public accounting firm for its fiscal years ended September 30, 1991, and 1992.

8. This letter is solely for the information of the addressees and to assist the Underwriter and its counsel in conducting and documenting its investigation of the affairs of the County in connection with the offering of the Bonds covered by the Official Statement; and it is not to be used, circulated, quoted or otherwise referred to within or without the underwriting group for any other purpose, including, but not, limited to the purchase or sale of the Bonds; nor is it to be filed with or referred to in whole or in part in the Official Statement or any other document, except that reference may be made to it in the underwriting agreement or in any list of closing documents pertaining to the offering of the Bonds covered by the Official Statement.

Respectfully submitted,

Farmand, Farmand & Farmand, P.A.

Exhibit D
FINAL OFFICIAL STATEMENT

Exhibit E

[on SS&D letterhead]

_____, 1992

Raymond James & Associates, Inc.
Gainesville, Florida

Re: \$ _____ Nassau County, Florida
Optional Gas Tax Revenue
Refunding Bonds, Series 1992

We have acted as counsel to you (the "Underwriter") in connection with your purchase of the above-referenced bonds (the "Bonds") from Nassau County, Florida (the "County"). As such counsel, we have reviewed (a) a copy of the Preliminary Official Statement, dated _____, 1992; (b) a copy of the final Official Statement, dated _____, 1992 (hereinafter, collectively, the "Official Statement"), both relating to the Bonds; (c) the Bond Purchase Agreement, dated _____, 1992, by and between the Underwriter and the County (the "BPA"); and (d) the Resolution (as defined in the BPA). We have also reviewed the Securities Act of 1933, as amended, and the rules, regulations and interpretations thereunder, and the Securities Exchange Act of 1934, as amended, and the rules, regulations and interpretations thereunder, including, particularly, Rule 15c2-12 promulgated thereunder. In addition, we have examined originals or copies, certified or otherwise identified to our satisfaction, of such other documents, records and instruments as we have considered necessary or appropriate for the purpose of rendering this opinion.

In accordance with our understanding with you, we have rendered legal advice and assistance to you in the course of preparation of the Official Statement. That assistance involved, among other things, making inquiries concerning various legal and related matters, a review of certain records, documents and proceedings, and participation in discussions and conferences with representatives of the County, William R. Hough & Co., as financial advisor to the County, Farmand, Farmand & Farmand, P.A., as the County's independent certified public accountants, and Nabors, Giblin & Nickerson, P.A., as bond counsel, concerning the contents of the Official Statement and other related matters.

In further accordance with our understanding with you, we are not passing upon, and do not assume responsibility for, the accuracy, completeness or fairness of the contents of the Official Statement. However, we can advise, in our capacity as your counsel and on the basis of the information that has come to our attention, and in reliance on the certificates, opinions and

documents we have reviewed, that in the course of our performance of the services referred to above and without having undertaken to verify independently the accuracy, completeness or fairness thereof or of the contents of the Official Statement, nothing has come to our attention which leads us to believe that the Official Statement (excluding those portions noted in the following paragraph), at its date or as of this date, contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Reference in this opinion to the Official Statement does not include (a) the general information regarding the County included as Appendix A to the Official Statement; (b) the County's General Purpose Audited Financial Statements for the Fiscal Year Ended September 30, 1991, included as Appendix B to the Official Statement; (c) the summary of certain provisions of the Resolution, included as Appendix C to the Official Statement; (d) the form of bond counsel opinion, included as Appendix D to the Official Statement; (e) the information concerning _____ and its municipal bond insurance policy and reserve insurance account policy set forth in the Official Statement, or the specimen municipal bond insurance policy and reserve account insurance policy included as Appendices E and F, respectively, to the Official Statement; or (f) or any other graphic, engineering, financial, technical, demographic or statistical data included in the Official Statement and its appendices; as to all of which we express no opinion.

In accordance with our understanding with you, for purposes of this opinion we have relied on the opinion dated as of this date of Nabors, Giblin & Nickerson, P.A., as Bond Counsel, as to the validity of the Bonds and the exclusion from gross income for federal income tax purposes and other tax treatment of the interest on the Bonds.

This opinion is rendered to you solely for your benefit and may not be relied on by any other person or entity, except as expressly provided by us in writing. We have not been engaged by the County to undertake any continuing investigation or disclosure responsibilities after the date of issuance of the Bonds with respect to the matters set forth herein.

Respectfully submitted,

Squire, Sanders & Dempsey

EXHIBIT B

OFFICIAL STATEMENT

Type set

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 15, 1992

NEW ISSUE

Ratings: Moody's:

Standard & Poor's:

Fitch:

(Financial Guaranty Insured)

See "BOND RATINGS" and "MUNICIPAL
BOND INSURANCE" herein

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Such interest will be includable in the calculation of a corporation's alternative minimum taxable income and may be subject to other federal income tax consequences described under the caption "TAX EXEMPTION" herein. In the opinion of Bond Counsel, the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220.

\$10,115,000*

NASSAU COUNTY, FLORIDA

OPTIONAL GAS TAX REVENUE REFUNDING BONDS, SERIES 1992

Dated: September 1, 1992

Due: March 1 in each year,
as shown below

Nassau County, Florida (the "County"), is issuing its Optional Gas Tax Revenue Refunding Bonds, Series 1992 (the "Bonds"), in fully registered form without coupons, in denominations of \$5,000 each or integral multiples thereof. Interest (March 1 and September 1, commencing March 1, 1993) will be payable by check mailed (or, under certain circumstances, by wire transfer) on each interest payment date to the registered owners by Barnett Banks Trust Company, N.A., Jacksonville, Florida, as registrar and paying agent (collectively, the "Registrar"), to their addresses as they appear on the registration books at 5:00 p.m. on the 15th day (whether or not a business day) next preceding the applicable interest payment date. Principal of the Bonds is payable, when due, to the registered owners at the corporate trust office of the Registrar.

Certain of the Bonds are subject to redemption prior to maturity, as more fully described herein.

The Bonds and the interest thereon are payable solely from and secured by a prior lien upon and pledge of payments received by the County derived from the six cent local option gas tax upon motor fuel and other fuel sold in the County and taxed under the provisions of Chapter 206, Florida Statutes, imposed by and distributed monthly to the County in accordance with the provisions of Section 336.025, Florida Statutes (the "Gas Tax Revenues");

and, to the extent not required to be rebated to the United States Treasury, all money, securities and instruments held in the funds and accounts created by the Resolution, described herein (collectively, the "Pledged Funds"). For a more particular description of the security and sources of payment for the Bonds see "SECURITY FOR THE BONDS" herein.

The Bonds shall not be or constitute general obligations or indebtedness of the County as "bonds" within the meaning of the Constitution of the State of Florida, but shall be payable solely from and secured by a prior lien upon and pledge of the Pledged Funds. No registered owner of any Bonds 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 real or personal property therein to pay the Bonds, or to compel the County to pay the Bonds from any funds of the County, except the Pledged Funds.

The Bonds are being issued for the purpose of providing funds (i) to advance refund certain outstanding obligations of the County, (ii) to finance the construction of certain transportation improvements within the County, (iii) to purchase a municipal bond debt service reserve fund policy; and (iv) to pay the costs of issuance of the Bonds.

Payment of the principal of and interest on the Bonds, when due, will be guaranteed by a municipal bond insurance policy to be issued simultaneously with the delivery of the Bonds by Financial Guaranty Insurance Company.

[LOGO]

MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS OR PRICES
 \$_____ Serial Bonds

<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>	<u>Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield or Price</u>
-----------------	-------------------------	----------------------	-----------------------	-----------------	-------------------------	----------------------	-----------------------

\$_____ % Term Bonds due _____ - Yield or Price ____%
 (Plus Accrued Interest)

(Red-Herring Text)

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO COMPLETION AND AMENDMENT. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**NASSAU COUNTY, FLORIDA
OFFICIALS**

BOARD OF COUNTY COMMISSIONERS

Thomas D. Branan, Jr., Chairman
James E. Testone, Vice Chairman
James B. Higginbotham, Commissioner
John A Crawford, Commissioner
Jimmy L. Higginbotham, Commissioner

CLERK OF CIRCUIT COURT

T.J. "Jerry" Greeson

CHIEF OPERATIONS OFFICER

Joanna Cason

COUNTY ATTORNEY

Michael S. Mullin

BOND COUNSEL

Nabors, Giblin & Nickerson, P.A.
Tampa, Florida

FINANCIAL ADVISOR

William R. Hough & Co.
Jacksonville, Florida

CERTIFIED PUBLIC ACCOUNTANTS

Farmand, Farmand & Farmand, P.A.
Fernandina Beach, Florida

No dealer, broker, salesman or other person has been authorized by the County to give any information or to make any representation with respect to the Bonds other than those contained in this Official Statement, and if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the County, and other sources which are believed to be reliable, and while not guaranteed as to completeness or accuracy, is believed to be correct. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of the County since the date hereon.

Upon issuance the Bonds will not be registered under the Securities Act of 1933, will not be listed on any stock or other securities exchange and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the County, will have passed upon the accuracy or adequacy of this Official Statement or approved the Bonds for sale.

IN CONNECTION WITH THE OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS OFFERED HEREBY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

TABLE OF CONTENTS

	<u>PAGE</u>
INTRODUCTION	1
Nassau County, Florida	1
Sources and Security of Payment for the Bonds	1
Gas Tax Revenues	2
Purpose of the Bonds	2
The Refunding Program	2
Description of the Bonds	2
Reserve Account	3
Municipal Bond Insurance	3
Tax Exemption	3
Professionals Involved in the Offering	3
Authority for Issuance	4
Offering and Delivery of the Bonds	4
Bondowners' Risks	4
Other Information	4
PURPOSE OF THE BONDS	6
REFUNDING PROGRAM	6
THE 1992 PROJECT	7
SOURCES AND USES OF FUNDS	7
DEBT SERVICE SCHEDULE	8
SECURITY FOR THE BONDS	8
General	8
Gas Tax Revenues	9
Eligibility for Distributions	9
Historical Gasoline Sales in the County	10
Gas Tax Receipts	10
Distribution of Local Option Gas Tax Between Nassau County and All Municipalities Within the County.....	11
Coverage of Maximum Annual Debt Service Requirement	12
Reserve Account	12
Additional Parity Bonds.....	14
Accounting Records	15
No Impairment of Contract	15
Remedies	15
DESCRIPTION OF THE BONDS	16
General	16
Optional Redemption	16
Mandatory Redemption	16
Notice and Effect of Redemption	17
Registration, Transfer and Exchange	18
MUNICIPAL BOND INSURANCE	18
FLOW OF FUNDS	20
NASSAU COUNTY, FLORIDA	21
Background	21
County Government	21
Budgetary Process	21
Description of Financial Practices	22

TABLE OF CONTENTS - Continued

	<u>PAGE</u>
LITIGATION	22
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS	22
SECONDARY MARKET DISCLOSURE	23
TAX EXEMPTION	23
OPINION OF BOND COUNSEL	23
INTERNAL REVENUE CODE OF 1986	23
ALTERNATIVE MINIMUM TAX ON CORPORATIONS	23
ENVIRONMENTAL TAX	24
FINANCIAL INSTITUTIONS	24
COLLATERAL TAX CONSEQUENCES	24
FLORIDA TAXES	24
TREATMENT OF ORIGINAL ISSUE DISCOUNT	24
LEGALITY	25
BONDOWNERS' RISKS	26
GENERAL	26
ECONOMIC TRENDS	26
CERTAIN CLOSING CERTIFICATES	26
UNDERWRITING	26
FINANCIAL ADVISOR	27
VERIFICATION OF ARITHMETICAL COMPUTATIONS	27
BOND RATINGS	27
MISCELLANEOUS	28
AUTHORIZATION OF OFFICIAL STATEMENT	28
Appendix A:	Information Concerning Nassau County, Florida
Appendix B:	Audited Financial Statements of Nassau County, Florida, for the Fiscal Year ended September 30, 1991
Appendix C:	Copy of the Bond Resolution
Appendix D:	Form of Bond Counsel Opinion
Appendix E:	Specimen of Municipal Bond Insurance Policy
Appendix F:	Specimen of Reserve Account Policy

OFFICIAL STATEMENT
relating to the issuance of
\$10,115,000*
NASSAU COUNTY, FLORIDA
OPTIONAL GAS TAX REVENUE REFUNDING BONDS, SERIES 1992

INTRODUCTION

This Official Statement, including the cover page and the Appendices hereto, is furnished with respect to the sale of \$10,115,000* aggregate principal amount of Optional Gas Tax Revenue Refunding Bonds, Series 1992 (the "Bonds").

This introduction is not a summary of this Official Statement. It is only a brief description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of the Bonds is made only by means of this Official Statement and is subject in all respects to the information contained herein. For a complete description of the terms and conditions of the Bonds, reference is made to the form of resolution in Appendix C of this Official Statement.

Nassau County, Florida

Nassau County, Florida (the "County"), is located in northeast Florida. Fernandina Beach, the County seat, is approximately 30 miles north of the Jacksonville, Florida, metropolitan area. The County contains approximately 649 square miles and, according to the 1990 U.S. Census, had a population of 43,941. See "APPENDIX A - CERTAIN INFORMATION CONCERNING NASSAU COUNTY, FLORIDA" herein.

Sources and Security of Payment for the Bonds

The Bonds are limited and special obligations of the County payable solely from and secured by a prior lien upon and pledge of the Pledged Funds as further described herein. The term "Pledged Funds" means (i) the payments received by the County derived from the six cent optional gas tax upon motor fuel and other fuel sold in the County and distributed monthly to the County by the Florida Department of Revenue, and (ii) amounts on deposit from time to time in the funds and accounts created by the Resolution, defined below (except such amounts as are needed to pay the costs of certain transportation improvements or that are required to be rebated to the United States government under the Internal Revenue Code of 1986, as amended); all in the manner and to the extent provided in the Resolution, a copy of which is included herein as Appendix C. See "SECURITY FOR THE BONDS - Gas Tax Revenues" herein.

*Preliminary, subject to change

Gas Tax Revenues

Section 336.025, Florida Statutes, authorizes counties in Florida to impose, for a period not to exceed 30 years, a tax of not exceeding six cents (the "Local Option Gas Tax") on every gallon of motor fuel and special fuels sold in the County and taxed under Chapter 206, Florida Statutes. The Florida Department of Revenue collects and deposits the Local Option Gas Tax into the Local Option Gas Tax Trust Fund (the "Gas Tax Fund"). After deducting a 7.13% service charge, moneys in the Gas Tax Fund are distributed monthly to each county in which the tax was collected, and to eligible municipalities within each such county.

Purpose of the Bonds

The net proceeds to be received by the County from the sale of the Bonds will be used by the County pursuant to the Resolution to provide funds for the purpose of (i) advance refunding the Refunded Bonds (as defined herein); (ii) financing the cost of the construction or reconstruction of certain transportation improvements within the County (the "1992 Project"); (iii) funding the purchase of a Reserve Account insurance policy; and (iv) to pay the costs and expenses of issuing the Bonds. See "PURPOSE OF THE BONDS" and "SOURCES AND USES OF FUNDS" herein.

The Refunding Program

Simultaneously with the delivery of the Bonds, the County will, from the proceeds of the sale of the Bonds, and certain other legally available funds of the County, purchase direct obligations of the United States of America (the "Escrow Securities") and deposit those obligations in escrow with Barnett Banks Trust Company, N.A., Jacksonville, Florida, as escrow holder, pursuant to an escrow deposit agreement. _____ (the "Escrow Verifier") will verify the accuracy of the arithmetical computations of the adequacy of the maturing principal amount of, and interest on the Escrow Securities, together with any uninvested amounts, to be held in the Escrow Fund to pay the principal, interest and redemption premium on the Refunded Bonds. See "REFUNDING PROGRAM" herein.

Description of the Bonds

Denominations. The Bonds are being issued in fully registered form in denominations of \$5,000 or integral multiples. Interest on the Bonds is payable by check or draft mailed to the registered owners thereof. Principal of and premium, if any, on the Bonds will be paid upon presentation and surrender, when due, at the principal corporate trust office of Barnett Banks Trust Company, N.A., Jacksonville, Florida, the Registrar.

Redemption. Certain of the Bonds are subject to redemption prior to their maturity. For more complete information, see "DESCRIPTION OF THE BONDS" herein.

Registration and Transfers. The Registrar shall be responsible for maintaining the books for the registration and transfer of the Bonds. The Bonds may be transferred upon the registration books of the County, upon delivery to the Registrar, together with a written instrument or instruments of transfer or authorization for exchange, in form and with guaranty of signature satisfactory to the County or the Registrar, duly executed by the registered owner or by his duly authorized attorney.

For a more complete description of the Bonds and the basic documentation pursuant to which Bonds are issued, see "DESCRIPTION OF THE BONDS" herein.

Reserve Account

The County will purchase for the Reserve Account, an insurance policy issued by Financial Guaranty Insurance Company in a principal amount equal to the maximum annual debt service requirement for the Bonds, See "SECURITY FOR THE BONDS - Reserve Account."

Municipal Bond Insurance

Payment of the principal of and interest on the Bonds, when due, will be insured by a municipal bond insurance policy to be issued simultaneously with the delivery of the Bonds by Financial Guaranty Insurance Company (the "Insurer"). For a discussion of the terms and provisions of the municipal bond insurance policy, including the limitations thereof, see "MUNICIPAL BOND INSURANCE" herein.

Tax Exemption

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds (a) is excludable from gross income for federal income tax purposes, and (b) is not a specific item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest will be includable in the calculation of a corporation's alternative minimum taxable income and may be subject to other federal income tax consequences described under the caption "TAX EXEMPTION" herein. In the opinion of Bond Counsel, the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in said Chapter 220.

Professionals Involved in the Offering

Barnett Banks Trust Company, N.A., Jacksonville, Florida, will act as registrar and paying agent (herein, the "Registrar"), and William R. Hough & Co., Jacksonville, Florida, will act as the County's financial advisor with respect to the Bonds. All proceedings in connection with the issuance of the Bonds are subject to the approval of Nabors, Giblin & Nickerson, P.A., Bond Counsel. Certain legal matters will be passed on for the Underwriter by Squire, Sanders & Dempsey, Jacksonville, Florida, and for the County by

Michael S. Mullin, the County Attorney. The County's financial statements included in Appendix B hereto have been audited by Farmand, Farmand & Farmand, P.A., independent certified public accountants.

For information concerning respects in which certain of the above-mentioned professionals, advisors, counsel and agents may have a financial or other interest in the offering of the Bonds, see "MISCELLANEOUS" herein. See "FINANCIAL ADVISOR" herein for a summary of the County's contractual relationship with William R. Hough & Co.

Authority for Issuance

The Bonds are being executed and delivered pursuant to Section 336.025(1)(e), Florida Statutes, and other applicable provisions of law, including Ordinance Nos. 86-8 and 87-29, as amended (collectively, the "Ordinance"), and pursuant to Resolution No. 88-28, duly adopted by the Board of County Commissioners (the "Board") of the County on January 12, 1988, as amended and supplemented, and particularly as amended and supplemented by Resolution No. 92-____, duly adopted by the Board on September 14, 1992 (collectively, the "Resolution").

Offering and Delivery of the Bonds

The Bonds are offered when, as and if issued, subject to the opinion on certain legal matters relating to their issuance by Bond Counsel, and the satisfaction of certain other conditions. It is anticipated that the Bonds in definitive form will be available for delivery in New York, New York, on or about September 29, 1992.

Bondowners' Risks

Investment in any municipal security involves some degree of risk. Political, economic and regulatory factors may affect the issuers of Florida municipal securities, including the County. The ability of the County to repay the Bonds will depend upon the continued receipt of the Pledged Funds in substantially the amounts projected by the County. The continued strength of these revenues is dependent upon the national, state and local economies and the overall fiscal strength of the County. See "BONDOWNERS' RISKS" herein.

Other Information

This Official Statement and any continuing disclosure documents of the County are intended to be made available through the Clerk of the Circuit Court. The County has not, however, entered into any contractual commitment to provide information on a continuing basis to investors or any other party, except to the extent such information is required to be provided pursuant to the County's contracts with nationally-recognized statistical rating organizations.

Copies of the Resolution and other documents and information are available, upon request and upon payment to the County of a charge for copying, mailing and handling, from the Office of the Clerk of the Circuit Court, 416 Centre Street, Fernandina Beach, Florida 32034, telephone number (904) 261-6127.

End of Introduction

[Remainder of page intentionally left blank]

PURPOSE OF THE BONDS

The Bonds are being issued to provide funds for the purpose of (i) financing the cost of advance refunding the Refunded Bonds (as defined herein); (ii) financing the construction of certain transportation improvements within the County (the "1992 Project"); (iii) purchasing a Reserve Account insurance policy; and (iv) paying certain costs associated with the issuance and delivery of the Bonds.

For a complete description of the terms and conditions of the Bonds, reference is made to the form of Resolution included in Appendix C to this Official Statement. The description of the Resolution and the Bonds and information from reports contained herein do not purport to be comprehensive or definitive.

REFUNDING PROGRAM

The County has determined that it is desirable to provide for the advance refunding of its Optional Gas Tax Revenue Bonds, Series 1988, in the outstanding principal amount of \$9,015,000 (the "Refunded Bonds"). To provide the funds necessary to effect such refunding, certain of the proceeds of the Bonds will be deposited with Barnett Banks Trust Company, N.A., Jacksonville, Florida, the Escrow Agent, pursuant to the Escrow Deposit Agreement to be entered into between the County and the Escrow Agent on the date the Bonds are delivered to their initial purchasers (the "Escrow Agreement"). Such amount, together with an amount to be transferred from the debt service and reserve funds for the Refunded Bonds, will be applied pursuant to the Escrow Agreement to purchase obligations of the United States of America (the "Escrow Securities"), as described therein. See "SOURCES AND USES OF FUNDS" herein. The Escrow Securities and the income therefrom will be held by the Escrow Agent pursuant to the Escrow Agreement, and such amounts are calculated to be sufficient to make all payments of principal and interest on the Refunded Bonds when due, whether at maturity or earlier redemption, but will not be available to pay debt service on the Bonds. In the opinion of Bond Counsel, in reliance upon the verification report described below, upon the purchase of such Escrow Securities pursuant to the Escrow Agreement, the Refunded Bonds will no longer be outstanding under the provisions of the Resolution and the lien of the holders of the Refunded Bonds on the Pledged Funds will be extinguished.

The accuracy of (a) the mathematical computation of the adequacy of the maturing principal amounts and interest earnings thereon of the Escrow Securities to pay, when due, the principal of, premium, if any, and interest on the Refunded Bonds, and (b) the mathematical computation supporting the conclusion that the Bonds are not "arbitrage bonds" within the meaning of the Internal Revenue Code of 1986, as amended (collectively, the "Code"), will be verified for the County by the Escrow Verifier.

The Escrow Securities will be purchased from William R. Hough & Co., financial advisor to the County, at interest rates and prices which will cause the yield thereon, computed in accordance with the provisions of Section 148 of the Code, not to exceed the applicable yield permitted by such provisions.

THE 1992 PROJECT

The amount of Bond proceeds deposited into the Construction Fund will be used by the County for the resurfacing of County roads in accordance with a continuing maintenance program. Those roads that will be resurfaced have not been selected by the County at the present time, although the County Engineer has provided the Board a list of roads in need of such repair.

SOURCES AND USES OF FUNDS

The proceeds to be received from the sale of the Bonds shall be applied as follows:

SOURCES OF FUNDS

Par Amount of Bonds	\$
Accrued Interest	
Original Issue Discount	()
Sinking Fund and Reserve Account for Refunded Bonds	
TOTAL SOURCES	\$ <u> </u>

USES OF FUNDS

Deposit to Escrow Fund	\$
Construction Fund Deposit	
Accrued Interest to Sinking Fund	
Underwriter's Discount Costs of Issuance(1)	
TOTAL USES	\$ <u> </u>

(1) Includes bond insurance premium and Reserve Account surety bond premium, administrative expenses and other costs of issuance.

DEBT SERVICE SCHEDULE

The following table sets forth the debt service payments on the Bonds.

Maturity Date (<u>March 1</u>)	<u>Principal</u>	<u>Amortization Installments</u>	<u>Interest</u>	<u>Total Debt Service</u>
	\$	\$	\$	\$
Totals	\$ _____	\$ _____	\$ _____	\$ _____

SECURITY FOR THE BONDS

General

The principal of and interest on the Bonds are payable from and secured by a prior lien upon and a pledge of payments received by the County derived from the six cent optional gas tax upon motor fuel and other fuel sold in the County and taxed under the provisions of Chapter 206, Florida Statutes, imposed by and distributed monthly to the County in accordance with the provisions of Section 336.025, Florida Statutes; and until applied in accordance with the provisions of the Resolution and to the extent not required to be rebated to the United States Treasury, all monies, including investment earnings thereon, in the funds and accounts established under the Resolution (collectively, the "Pledged Funds").

THE BONDS SHALL NOT BE OR CONSTITUTE GENERAL OBLIGATIONS OR INDEBTEDNESS OF THE COUNTY AS "BONDS" WITHIN THE MEANING OF THE CONSTITUTION OF THE STATE OF FLORIDA, BUT SHALL BE PAYABLE SOLELY FROM AND SECURED BY A PRIOR LIEN UPON AND A PLEDGE OF THE PLEDGED FUNDS. NO REGISTERED OWNER OF ANY BONDS 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 REAL OR PERSONAL PROPERTY THEREIN TO PAY THE BONDS, OR TO COMPEL THE COUNTY TO PAY THE BONDS FROM ANY OTHER FUNDS OF THE COUNTY, EXCEPT THE PLEDGED FUNDS.

Gas Tax Revenues

Section 336.025, Florida Statutes, authorizes counties to impose, for a period not to exceed 30 years, the Local Option Gas Tax upon every gallon of motor fuel and special fuel sold in each such county and taxed under Chapter 206, Florida Statutes. "Motor fuel" is statutorily defined as gasoline and fuels containing a mixture of gasoline and other products. "Special fuel" is statutorily defined as any liquid product or gas product used in an internal combustion engine to propel any form of vehicle, including diesel fuel but excluding kerosene. The Local Option Gas Tax is remitted by gasoline and special fuels dealers to the Florida Department of Revenue (the "Department") each month. In the next month, the Department deposits the tax into the Local Option Gas Tax Trust Fund (the "Gas Tax Fund") and the following month the Department, after subtracting a service charge of 7.13% distributes moneys in the Gas Tax Fund to the counties that impose the tax and to eligible municipalities within such counties. The amount distributed by the Department for a given month is based on preliminary computations by the Department and may be increased or decreased based upon the Department's later final computations. Any such increase or decrease is added to or subtracted from the amount otherwise distributable in the month within which such final computations are made.

Disbursements from the Gas Tax Fund may be used only for the following programs: (1) public transportation operations and maintenance; (2) roadway and right-of-way maintenance and equipment; (3) roadway and right-of-way drainage; (4) street lighting; (5) traffic signs, traffic engineering, signalization and pavement markings; (6) bridge maintenance and operation; and (7) debt service and current expenditures for transportation capital projects in the foregoing areas, including construction and reconstruction of roads.

The Board by Ordinance Nos. 86-8 and 87-29, as amended (herein collectively, the "Ordinance"), levied a Local Option Gas Tax totalling six cents; two cents from September 1, 1986, and four cents from September 1, 1987, ending on March 1, 2009. In the Resolution the County pledged its entire portion of the Local Option Gas Tax Revenues received from the Department as security for the Bonds.

Eligibility for Distributions

Chapter 336.025, Florida Statutes, provides that only those municipalities and counties eligible for participation in the distribution of moneys under Chapter 218, Part II, Florida Statutes (the "State Revenue Sharing Act"), are eligible to receive Local Option Gas Tax Revenues.

The State Revenue Sharing Act provides, in effect, that local governments shall be eligible to receive distributions thereunder only if they comply with certain statutory requirements concerning financial reporting, auditing, levying of taxes and raising of revenues, as well as certifying compliance with statutes governing the employment of law enforcement officers and firefighters.

The County represents that it has had no difficulty in complying with the statutory eligibility requirements under the State Revenue Sharing Act in the past, and that it anticipates no difficulty doing so in the future.

Historical Gasoline Sales in the County

The volume of gasoline, gasohol, and special fuel sold in the County is set forth below for the years indicated:

Number of Gallons(1)

State Fiscal Year Ended June 30	Gasoline	Special Fuel	Gasohol	Total
1981	18,973,469	5,760,032	70,618	24,804,119
1982	18,790,947	7,385,046	454,022	26,630,015
1983	18,774,810	6,479,564	838,028	26,092,402
1984	20,175,412	9,011,882	1,332,951	30,520,245
1985	20,798,804	9,116,565	1,663,031	31,578,400
1986	21,455,800	9,642,836	2,019,235	33,117,871
1987	22,146,341(2)	9,834,561	-	31,980,902
1988	25,936,369(2)	8,622,069	-	34,558,438
1989	26,945,448(2)	9,578,403	-	36,523,851
1990	27,824,316(2)	9,970,039	-	37,794,355
1991	26,594,609(2)	10,474,358	-	37,068,967
1992	27,030,877(2)	9,591,514	-	36,622,391

Source: State of Florida, Department of Revenue, Office of Tax Research

(1) Rounded

(2) Represents amount of Gasoline and Gasohol combined.

Gas Tax Receipts

State Fiscal Year Ending June 30(1)	Total Gallons	Gas Tax Pledged at \$.06 Per Gallon	Less Service Charge to State of Florida(2)	Less 1.3% Dealer Florida(3)	Total Available for Distribution to Nassau County and Eligible Municipalities	Distribution to Nassau County
1987	31,980,902	\$ 639,618(4)	\$115,131	\$24,945	\$ 499,542	\$ 433,931(4)
1988	34,558,438	2,073,506(4)	124,410	26,955	1,922,141	1,224,996(4)
1989	36,523,851	2,191,431	131,486	28,488	2,031,457	1,639,613
1990	37,794,355	2,267,661	136,693	29,617	2,101,351	1,674,824
1991	37,068,967	2,224,138	162,362	28,914	2,032,862	1,685,968
1992	36,622,391	2,197,343	160,406	24,420	2,012,517	1,625,832

Source: State of Florida Department of Revenue, Tax Research

- (1) Records of fuel consumption are maintained on a State of Florida fiscal year basis.
- (2) Pursuant to Sections 215.20 and 215.22, Florida Statutes.
- (3) Average discounts permitted under Section 206.43, Florida Statutes.
- (4) 2-cent portion levied from 9/1/86; 4-cent portion from 9/1/87

Distribution of Local Option Gas Tax Between Nassau County and All Municipalities Within the County

The Local Option Gas Tax is distributed among the County and its underlying municipalities in accordance with Section 336.025(4), Florida Statutes, which states in part:

"If the tax is imposed under the circumstances of subparagraph (3)(a)2, or paragraph (3)(b), the proceeds of the tax shall be distributed among the county government and eligible municipalities based on the transportation expenditures of each for the immediately preceding 5 fiscal years, as a proportion of the total of such expenditures for the county and all municipalities within the county. After the initial imposition of the tax ... the proportions shall be recalculated every 10 years based upon the transportation expenditures of the immediately preceding 5 years. However, ... the amounts distributed to the county government and each municipality shall not be reduced below the amount necessary for the payment of principal and interest and reserves ... as required under the covenants of any bond resolution outstanding on the date of recalculation."

Pursuant to the Ordinance, the County levied the two cents portion of the Local Option Gas Tax on September 1, 1986, and the four cents portion of the Local Option Gas Tax on September 1, 1987. Transportation expenditures for the 5 fiscal years preceding the years in which the respective portions of the Local Option Gas Tax were authorized is as follows:

<u>Fiscal Year</u>	<u>City of Fernandina Beach</u>	<u>Town of Callahan</u>	<u>Town of Hilliard</u>	<u>County of Nassau</u>	<u>Total</u>
1981	\$401,634	\$34,125	\$342,179	\$3,051,016	\$3,828,954
1982	425,249	23,677	71,536	2,893,351	3,413,813
1983	382,235	37,170	203,383	2,523,433	3,146,221
1984	281,305	83,042	497,225	2,330,329	3,191,901
1985	290,933	18,092	60,492	2,181,186	2,550,703
1986	354,389	36,288	115,958	3,249,715	3,756,350

Based on the above transportation expenditures, the percentage of the Local Option Gas Tax allocated to the County and each of the eligible municipalities for the first 10 years of each respective levy is as follows:

City of Fernandina Beach	10.7748%
Town of Callahan	1.2293
Town of Hilliard	7.1548
County of Nassau	<u>80.8375</u>
TOTAL	100.0000%

Coverage of Maximum Annual Debt Service Requirement

State Fiscal Year Ended June 30,

	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>
Local Option Pledged Gas Tax Revenues	\$1,224,996	\$1,639,613	\$1,674,824	\$1,685,968
Maximum Annual Debt Service Requirement	\$	\$	\$	\$
Debt Service Coverage Ratio				

Reserve Account

Concurrently with the issuance of the Bonds, Financial Guaranty Insurance Company (herein "Financial Guaranty" or the "Insurer") will issue its Municipal Bond Debt Service Reserve Fund Policy (the "Reserve Policy"). The Reserve Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the County, provided that the aggregate amount paid under the Reserve Policy may not exceed the maximum amount set forth in the Reserve Policy, which maximum amount represents maximum annual debt service on the Bonds. Financial Guaranty will make such payments to the paying agent (the "Paying Agent") for the Bonds on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice subsequently confirmed in writing or written notice by registered or certified mail from the Paying Agent of the nonpayment of such amount by the County. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final nonappealable order of a court having competent jurisdiction.

The Reserve Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Reserve Policy covers failure to pay principal of the Bonds on their respective stated maturity dates, or dates on which the same shall have been called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been accelerated, and covers the failure to pay an installment of interest on the stated date for its payment. The Reserve Policy shall terminate on the earlier of the final maturity date of Bonds and the date on which Bonds are no longer outstanding under the Resolution.

Generally, in connection with its issuance of a Reserve Policy, Financial Guaranty requires, among other things, (i) that, so long as it has not failed to comply with its payment obligations under the Reserve Policy, it be granted the power to exercise any remedies available at law or under the Resolution other than (A) acceleration of the Bonds or (B) remedies which would adversely affect holders in the event that the County fails to reimburse Financial Guaranty for any draws on the Reserve Policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its issuance of the Reserve Policy are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the County is required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section regarding the ratings assigned to the Bonds and references should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the County for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

The Policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a wholly-owned subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of June 30, 1992, the total capital and surplus of Financial Guaranty was approximately \$579,000,000. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number: (212) 607-3000) or to the New York State Insurance Department at 160 West Broadway, 18th Floor, New York, New York 10013, Attention: Property Companies Bureau (telephone number: (212) 602-0389).

A copy of the form of the Reserve Policy is included herein as Appendix F.

For a summary of certain provisions of the Resolution relating to the Reserve Account and the application of amounts on deposit therein, see "FLOW OF FUNDS" herein.

Additional Parity Bonds

Pursuant to the Resolution, the County may issue Additional Parity Bonds, payable on a parity from the Pledged Funds with the Bonds, upon the following terms and conditions:

1. There shall have been obtained and filed with the County a statement of an independent certified public accountant of reasonable experience and responsibility: (a) stating that the books and records of the County relating to the collection and receipt of the Gas Tax Revenues have been examined by him; (b) setting forth the amount of the Gas Tax Revenues received by the County for 24 consecutive months out of the 30 month period immediately preceding the proposed date of delivery of such Additional Parity Bonds; and (c) stating that the Gas Tax Revenues received for each of 2 consecutive 12-month periods of such 24 consecutive months are at least equal to 1.50 times the Maximum Debt Service Requirement to become due in any ensuing Bond Year on the Bonds then outstanding, and the Additional Parity Bonds proposed to be issued, and at least 1.00 times all amounts then due and owing to the issuer of a Reserve Account insurance policy or letter of credit.

2. The resolution authorizing the Additional Parity Bonds will recite that all applicable covenants contained in the Resolution apply to the Additional Parity Bonds.

3. The Ordinance shall be amended, as necessary, to impose the Local Option Gas Tax until final maturity of the Additional Parity Bonds proposed to be issued.

4. The County shall not be in breach of the covenants and obligations assumed under the Resolution, and all payments required to have been made into funds and accounts created under the Resolution shall be made to the full extent required.

5. If the issuance of the proposed Additional Parity Bonds is for the purpose of partial refunding, and does not increase the debt service in the current or any subsequent fiscal year that would otherwise be payable on the bonds to be refunded, then the conditions stated in paragraph 1 above shall not apply.

6. No Additional Parity Bonds may be issued without the consent of the issuer of any Reserve Account insurance policy or letter of credit, if amounts are past due and owing under such instruments.

7. Upon the issuance of Additional Parity Bonds, the County shall deposit an amount of cash or authorized investments or, upon compliance with the provisions of the Resolution, a Reserve Account insurance policy or letter of credit, equal to the Reserve Account requirement for such Bonds. Under certain circumstances such amount may be accumulated within 3 years after the issuance of such Bonds.

Accounting Records

The County shall maintain separately identifiable accounting records for receipt of the Pledged Funds, by the use of a fund established in accordance with generally accepted accounting practices, and any Bondholder shall have the right at all reasonable times to inspect all records, accounts and data of the County relating thereto. Within 180 days of the close of each fiscal year, the County shall have its books and records related to the Pledged Funds audited by an independent certified public accountant.

No Impairment of Contract

The County has full power and authority to irrevocably pledge the Pledged Funds to the payment of the principal of and interest on the Bonds. The pledge of such Pledged Funds, in the manner provided in the Resolution, shall not be subject to repeal, modification or impairment by any subsequent resolution, ordinance or other proceedings of the County or by any subsequent act of the Legislature of the State of Florida, unless the County shall have provided, or such Legislature shall have made immediately available to the County, such additional or supplemental funds which shall be sufficient to retire the Bonds and the interest thereon in accordance with their terms. The County shall take all actions necessary and pursue such legal remedies which may be available to it either in law or in equity to prevent or cure any impairment. Furthermore, the County agrees that if it enters into any subsequent agreement with respect to the distribution of Gas Tax Revenues, such agreement shall not diminish or reduce in any way the County's current share of the Gas Tax Revenues.

Remedies

Any trustee or any registered owner of Bonds acting for the registered owners of all Bonds may by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights, including the right to the appointment of a receiver, existing under the laws of the State of Florida, or granted and contained in the Resolution, and may enforce and compel the performance of all duties required by the Resolution or by any applicable statutes to be performed by the County or by any officer thereof. Nothing in the Resolution, however, shall be construed to grant to any registered owner of such Bonds any lien on any property of or within the corporate boundaries of the County, except as provided in the Resolution. No registered owner of Bonds, however, shall have any right in any manner whatever to affect, disturb or prejudice the security of the Resolution or to enforce any right thereunder except in the manner therein provided, and all proceedings at law or in equity shall be instituted and maintained for the benefit of all registered owners of Bonds.

If any payments of debt service requirements are made by a municipal bond insurer with respect to bonds which have not been defeased in accordance with the provisions of the Resolution, the lien upon and pledge of the Pledged Funds and all covenants and other obligations of the County to the registered owners shall continue to exist and the insurer shall be subrogated to the rights of the registered owners of such bonds with respect to the debt service requirements paid or insured by such municipal bond insurer.

DESCRIPTION OF THE BONDS

General

The Bonds shall be dated September 1, 1992, shall be issued in fully registered form, without coupons, in the denominations of \$5,000 each or integral multiples thereof, and shall bear interest at the rates and mature on the dates set forth on the cover page of this Official Statement. Interest on the Bonds (first payment due March 1, 1993, and semiannually thereafter on September 1 and March 1 in each year) will be payable by check (or, under certain circumstances, by wire transfer) of Barnett Banks Trust Company, N.A., Jacksonville, Florida, registrar and paying agent (herein, the "Registrar"), made payable to and mailed to the registered owners, as shown on the bond registration books of the County on the 15th day (whether or not a business day) of the month next preceding each interest payment date. Principal of the Bonds is payable, when due, to the registered owners upon presentation at the principal corporate trust office of the Registrar.

Optional Redemption

Bonds or portions thereof maturing in the years ____ are not subject to optional redemption prior to their respective dates of maturity. The Bonds or portions thereof maturing in the year ____ and thereafter are subject to redemption at the option of the County, on and after March 1, ____, in whole at any time or in part on any interest payment date, in such manner as shall be determined by the County and by lot within a maturity, at the following redemption prices (expressed as a percentage of the principal amount to be redeemed), plus accrued interest to the date of redemption:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
	%

Mandatory Redemption

The Bonds maturing on March 1, ____, are subject to mandatory redemption prior to maturity, in part by lot on March 1 in the years and amounts set forth below, at a redemption price of par plus accrued interest thereon to the date fixed for redemption:

<u>Year</u>	<u>Principal Amount</u>
	\$

*

*Maturity

Notice and Effect of Redemption

Notice of such redemption shall, at least 30 days prior to the redemption date, be given by the Registrar, be filed with the paying agent for the Bonds and be mailed first class, postage prepaid, by the Registrar to all registered owners of Bonds to be redeemed at their addresses as they appear of record on the books of the Registrar; and shall be mailed or telecopied at least 35 days prior to the redemption date to the registered securities depositories and 2 or more nationally recognized municipal bond information services; provided, however, that failure to mail such notice of redemption to a registered owner, or any defect in such notice, shall not affect the validity of the redemption proceedings regarding such Bonds as to which no such failure or defect has occurred. Interest shall cease to accrue on any Bond duly called for prior redemption on the redemption date, if payment thereof has been duly provided. No notice of redemption, other than mandatory Sinking Fund redemption, will be circulated unless sufficient funds have been deposited with the paying agent for the Bonds to pay the redemption price of the Bonds to be redeemed.

Each notice of redemption shall state the date such notice was mailed; the date of issue of the Bonds; the redemption date; the redemption price; the place or places of redemption (including the name and appropriate address or addresses of the paying agent); the dates of maturity and interest rates borne by the Bonds to be redeemed; the CUSIP number (if any) of the maturity or maturities to be redeemed; and, if less than all of any such maturity, the distinctive certificate numbers of the Bonds of such maturity to be redeemed, and, in the case of Bonds to be redeemed in part only, the respective portions of the principal amount thereof to be redeemed. Each such notice shall also state that on such date there will become due and payable on each of such Bonds, the redemption price thereof, or of such specified portion of the principal amount thereof in the case of a Bond to be redeemed in part only, together with interest accrued thereon to the redemption date; and that from and after such redemption date, interest thereon shall cease to accrue, and shall require that such Bonds be then surrendered at the address or addresses of the paying agent specified in the redemption notice.

Registration, Transfer and Exchange

The Bonds shall be and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, subject to the provisions for registration, exchange and transfer contained in the Resolution and in the Bonds. So long as any of the Bonds shall remain outstanding, the County shall maintain and keep, at the office of the Registrar, books for the registration of the Bonds.

The Bonds will be issued in fully registered form and will be transferable only upon the bond registration books kept for such purpose at the corporate trust office of the Registrar.

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

The Registrar or the County may require payment from the registered owner or transferee of a sum sufficient to cover any tax, fee or other governmental charge that may be imposed in connection with any exchange or transfer of the Bonds. Such charges and expenses shall be paid before any new Bond shall be delivered.

New Bonds delivered upon any transfer or exchange shall be valid obligations of the County, evidencing the same debt as the Bonds surrendered, shall be secured by the Resolution and shall be entitled to all of the security and benefits hereof to the same extent as the Bonds surrendered.

The County and the Registrar may treat the registered owner of any Bond as the absolute owner thereof for all purposes, whether or not such Bond shall be overdue, and shall not be bound by any notice to the contrary.

MUNICIPAL BOND INSURANCE

The following information has been furnished by Financial Guaranty Insurance Company (herein "Financial Guaranty" or the "Insurer") for use in this Official Statement. Reference is made to Appendix E for a specimen of the Insurer's insurance policy.

Concurrently with the issuance of the Bonds, Financial Guaranty will issue its Municipal Bond New Issue Insurance Policy for the Bonds (the "Policy"). The Policy unconditionally guarantees the payment of that portion of the principal of and interest on the Bonds which has become due for payment, but shall be unpaid by reason of nonpayment by the County. Financial Guaranty will make such payments to Citibank, N.A., or its successor as its agent (the "Fiscal Agent"), on the later of the date on which such principal and interest is due or on the business day next following the day on which Financial Guaranty shall have received telephonic or telegraphic notice, subsequently confirmed in writing, or written notice by registered or certified mail, from an owner of Bonds or the Paying Agent

of the nonpayment of such amount by the County. The Fiscal Agent will disburse such amount due on any Bond to its owner upon receipt by the Fiscal Agent of evidence satisfactory to the Fiscal Agent of the owner's right to receive payment of the principal and interest due for payment and evidence, including any appropriate instruments of assignment, that all of such owner's rights to payment of such principal and interest shall be vested in Financial Guaranty. The term "nonpayment" in respect of a Bond includes any payment of principal or interest made to an owner of a Bond which has been recovered from such owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction.

The Policy is non-cancellable and the premium will be fully paid at the time of delivery of the Bonds. The Policy covers failure to pay principal of the Bonds on their respective stated maturity dates, or dates on which the same shall have been duly called for mandatory sinking fund redemption, and not on any other date on which the Bonds may have been otherwise called for redemption, accelerated or advanced in maturity, and covers the failure to pay an installment of interest on the stated date for its payment.

Generally, in connection with its insurance of an issue of municipal securities, Financial Guaranty requires, among other things, (i) that it be granted the power to exercise any rights granted to the holders of such securities upon the occurrence of an event of default, without the consent of such holders, and that such holders may not exercise such rights without Financial Guaranty's consent, in each case so long as Financial Guaranty has not failed to comply with its payment obligations under its insurance policy; and (ii) that any amendment or supplement to or other modification of the principal legal documents be subject to Financial Guaranty's consent. The specific rights, if any, granted to Financial Guaranty in connection with its insurance of the Bonds are set forth in the description of the principal legal documents appearing elsewhere in this Official Statement. Reference should be made as well to such description for a discussion of the circumstances, if any, under which the County is required to provide additional or substitute credit enhancement, and related matters.

This Official Statement contains a section regarding the ratings assigned to the Bonds and references should be made to such section for a discussion of such ratings and the basis for their assignment to the Bonds. Reference should be made to the description of the County for a discussion of the ratings, if any, assigned to such entity's outstanding parity debt that is not secured by credit enhancement.

This policy is not covered by the Property/Casualty Insurance Security Fund specified in Article 76 of the New York Insurance Law.

The insurance provided by the Municipal Bond Insurance Policy is not covered by the Florida Insurance Guaranty Association.

Financial Guaranty is a wholly-owned subsidiary of FGIC Corporation (the "Corporation"), a Delaware holding company. The Corporation is a wholly-owned subsidiary of General Electric Capital Corporation ("GE Capital"). Neither the Corporation nor GE Capital is obligated to pay the debts of or the claims against Financial Guaranty. Financial Guaranty is a monoline financial guaranty insurer domiciled in the State of New York and subject to regulation by the State of New York Insurance Department. As of June 30, 1992, the total capital and surplus of Financial Guaranty was approximately \$579,000,000. Financial Guaranty prepares financial statements on the basis of both statutory accounting principles, and generally accepted accounting principles. Copies of such financial statements may be obtained by writing to Financial Guaranty at 115 Broadway, New York, New York 10006, Attention: Communications Department (telephone number: (212) 607-3000) or to the New York State Insurance Department at 160 West Broadway, 18th Floor, New York, New York 10013, Attention: Property Companies Bureau (telephone number: (212) 602-0389).

FLOW OF FUNDS

Pursuant to the Resolution, the County has covenanted that the Gas Tax Revenues shall be deposited, as received, to the credit of the Revenue Fund. The moneys in the Revenue Fund will be disposed of on or before the 25th day of each month as follows:

(a) First to the Sinking Fund, such amount as will be sufficient to pay one-sixth of all interest becoming due on the Bonds on the next semi-annual interest payment date and one-twelfth of all principal maturing on the serial Bonds on the next maturity date. If the first interest payment date or the first principal maturity date occurs either more or less than 6 months or 12 months, as the case may be, after delivery of the Bonds to the original purchaser, then the foregoing payments shall be adjusted accordingly to provide for such interest or first principal payment.

(b) On a parity with the Sinking Fund payments, Gas Tax Revenues shall simultaneously be applied and allocated to the Bond Amortization Account, to the extent required, in such sums as will be equal to one-twelfth of the Amortization Installment, as defined in the Resolution, required to be made on the next annual payment date for term Bonds, plus the amount of any prior deficiencies.

(c) Next to the Reserve Account, an amount sufficient to (i) reinstate any Reserve Account insurance policy or letter of credit claims or draws, (ii) to replenish any cash withdrawals and (iii) reimburse the issuer of any Reserve Account insurance policy or letter of credit for its fees and expenses.

(d) The balance of the Gas Tax Revenues remaining after the above required payments (including any deficiencies in prior payments) and interest owed on any amounts advanced under a Reserve Account insurance policy or letter of credit have been made, may be used for any lawful purpose.

NASSAU COUNTY, FLORIDA

Background

The County is one of 4 counties comprising the Jacksonville Metropolitan Statistical Area. Located in the extreme northeast corner of Florida, the County is 34 miles north of Jacksonville. It is bordered on the north by the State of Georgia, on the east by the Atlantic Ocean, and on the south by Duval County. Fernandina Beach, the County seat, is situated at the confluence of the St. Marys River and the Atlantic Ocean.

Callahan, Fernandina Beach, and Hilliard are the incorporated areas in the County. Yulee, Bryceville, and Amelia Island are among the largest of the unincorporated areas.

County Government

The Board of County Commissioners of Nassau County, Florida (the "Board"), is the principal legislative and governing body of the County, as provided by the Florida Constitution and Chapter 125, Florida Statutes. The Board consists of 5 commissioners elected by the voters for staggered terms of 4 years. The Chairman and Vice-Chairman are elected by the Board. The present commissioners and their terms of office are as follows:

<u>Member</u>	<u>Term Began</u>	<u>Term Ends</u>
James B. Higginbotham	November 1988	November 1992
James E. Testone	November 1990	November 1994
John A. Crawford	November 1990	November 1994
Thomas D. Branan, Jr.	November 1988	November 1992
Jimmy L. Higginbotham	November 1988	November 1992

Budgetary Process

Chapter 129, Florida Statutes, requires that the County's annual fiscal year budget be legally adopted at the fund level, and that any expenditures or contract for the expenditures of the fiscal year for more than the amount budgeted in each fund's budget is unlawful. Pursuant to this legal requirement, an annual appropriated budget is adopted by resolution of the Board, subject to public hearing. Such resolution sets the budget appropriations on a fund-by-fund basis for the governmental and proprietary fund types. Budgets for the capital improvements program and the debt service fund are legally required. Budgets for agency and fiduciary funds are not legally required or adopted. At the close of the fiscal year, all budget appropriations lapse to the extent that they have not been expended. Outstanding encumbrances also lapse, but may be re-established in the succeeding fiscal year budget.

The Clerk of the Circuit Court prepares and submits the annual budget for the succeeding fiscal year, beginning October 1, to the Board. Prior to presentation to the Board, the various departments submit budget requests and prepare recommendations for the Clerk's consideration. A summary of the tentative budget is advertised, publicly reviewed and revised

prior to approval and adoption by the Board before the end of the prior fiscal year. The total appropriation for a fund may only be changed by resolution of the Board. Only the Board may approve an increase to a fund's budget and may transfer funds from an appropriated reserve to an expenditure appropriation, or change the amounts budgeted for a Constitutional Officer (Clerk of the Circuit Court, Supervisor of Elections and Sheriff).

If a budget is not enacted by October 1, Florida law provides for continued operation under the previous year's budget, subject to any amendments.

For additional information regarding the County, see Appendix A hereto.

Description of Financial Practices

The financial statements of the County are prepared in conformity with generally accepted accounting principles as applied to government units. The County uses funds and account groups to report on its financial position and the results of its operations. A summary of the more significant accounting policies of the County is included in the notes to the County's financial statements included in Appendix B hereto.

LITIGATION

The County is a defendant from time to time in various lawsuits, including, in particular, litigation related to zoning and other land use regulation matters. It is the opinion of the County Attorney that none of the actions presently pending will have a material effect upon the finances of the County or its right to receive the Pledged Funds in the full amount as provided by law. There is no pending or, to the knowledge of the County, threatened litigation against the County which in any way questions or affects the validity of the Bonds, or any proceedings or transactions relating to their issuance, sale, delivery or payment.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Section 517.051, Florida Statutes, and the regulations promulgated thereunder, require that the County make full and fair disclosure of any bonds or other debt obligations of such entity that have been in default as to payment of principal or interest at any time after December 31, 1975 (including bonds or other debt obligations for which it has served only as a conduit issuer). The County is not and has not since December 31, 1975, been in default as to payment of principal and interest on its bonds or other debt obligations.

SECONDARY MARKET DISCLOSURE

The County will provide financial statements and other pertinent credit information, including the comprehensive annual financial report, if one is prepared, upon request and payment of postage and photocopying charges by the party requesting the same. Copies of all periodic reports may also be made available by any other means maintained by the County to provide information to persons wishing to receive them.

TAX EXEMPTION

Opinion of Bond Counsel

In the opinion of Bond Counsel (See Appendix D), the interest on the Bonds is excludable from gross income and is not a specific item of tax preference for purposes of federal income taxation under existing law. Interest on the Bonds received by certain corporations will, however, be includable in the computation of the alternative minimum tax and environmental tax imposed on corporations by the Internal Revenue Code of 1986, as amended (the "Code") (as hereinafter discussed). Failure by the County to comply subsequent to the issuance of the Bonds with certain requirements of the Code regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States may cause interest on the Bonds to become includable in gross income for Federal income tax purposes retroactive to their date of issue. The County has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Bonds for purposes of Federal income taxation. In rendering its opinion, Bond Counsel has assumed compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Bonds, including, among other things, restrictions relating to the use of investment of the proceeds of the Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Bonds being included in gross income for federal income tax purposes retroactive to their date of issue.

Alternative Minimum Tax on Corporations

A corporation's alternative minimum taxable income will include 75% of the amount by which "adjusted current earnings" of such corporation (excluding S Corporations, Regulated Investment Companies, Real Estate Investment Trusts and REMIC's) exceeds its alternative minimum taxable income (before such adjustment item and the alternative tax net operating loss deduction). Interest on the Bonds would be includable in the "adjusted net current earnings" of a corporation for purposes of such alternative minimum tax.

Environmental Tax

The Code imposes an environmental tax on a corporation's "modified alternative minimum taxable income." The tax is imposed for taxable years before January 1, 1996, and is imposed even if a corporation pays no alternative minimum tax. Interest on the Bonds would be includable in the "modified alternative minimum taxable income" of a corporation for purposes of such environmental tax.

Financial Institutions

Banks and thrift institutions are generally unable to deduct any portion of the interest expense allocable to purchasing or carrying tax exempt obligations (except "qualified tax-exempt obligations") if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds acquired after August 7, 1986. An exception is provided for "qualified tax-exempt obligations" specifically designated as such by the issuer. The Bonds do not qualify for the exception.

Collateral Tax Consequences

Prospective purchasers of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. In addition, certain foreign corporations doing business in the United States may be subject to the new "branch profits tax" on their effectively connected earnings and profits, including tax-exempt interest such as interest on the Bonds. Prospective purchasers of the Bonds should consult their tax advisors as to the applicability and impact of these consequences.

Florida Taxes

In the opinion of Bond Counsel, the Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except as to estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, as defined in Chapter 220.

Treatment of Original Issue Discount

The initial offering price of the Bonds maturing in years other than _____ (the "Discounted Bonds") is less than the stated principal amount thereof. Accordingly, the difference between the initial public offering price, as set forth on the cover page of this Official Statement, for the Discounted Bonds (assuming it is the first price at which a substantial amount of that maturity is sold) and the stated principal amount thereof will be treated as "original issue discount" and will constitute "tax-exempt" interest to the extent accrued as described below.

The original issue discount on each Discount Bond is treated as accruing over the term of such Discounted Bond on the basis of a constant interest rate compounded at the end of each six-month period (or shorter period from the date of original issue) ending on March 1 and September 1 (with straight line interpolation between compounding dates).

Section 1288 of the Code provides, with respect to tax-exempt obligations such as the Discounted Bonds, that the amount of original issue discount accruing each period will be added to the owner's tax basis for the Discounted Bonds. Such adjusted basis will be used to determine gain or loss upon disposition of the Discounted Bonds (including sale, redemption or payment at maturity).

Owners who do not purchase Discounted Bonds in the initial offering at the initial offering price at which a substantial amount of such Discounted Bonds were sold should consult their own tax advisors with respect to the tax consequences of the subsequent ownership of the Discounted Bonds.

The Code contains certain provisions relating to the accrual of original issue discount in the case of subsequent purchasers of bonds such as the Discounted Bonds. Subsequent purchasers of Discounted Bonds should consult their own tax advisors with respect to the tax consequences of the ownership of the Discounted Bonds.

Owners of the Discounted Bonds should consult their own tax advisors with respect to the state and local tax consequences of owning the Discounted Bonds. It is possible that under the applicable provisions governing determination of state and local income taxes, accrued interest on the Discounted Bonds may be deemed to be received in the years of accrual even though there will not be a corresponding cash payment.

LEGALITY

All legal matters incident to the validity of the Bonds, including their authorization, issuance and sale by the County are subject to the approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, whose approving opinion (in substantially the form attached hereto as Appendix D) will be furnished to the purchasers of the Bonds at the time of their delivery.

Certain matters will be passed upon for the Underwriter by its counsel, Squire, Sanders & Dempsey, Jacksonville, Florida, and for the County by the County Attorney, Michael S. Mullin.

BONDOWNERS' RISKS

General

Investment in any municipal security involves some degree of risk. Political, economic and regulatory factors may affect the issuers of Florida municipal securities, including the County. The following information constitutes only a brief summary of a number of complex factors affecting the financial situation in Florida generally and the County in particular.

Economic Trends

Florida state and local government obligations may be adversely affected by political and economic conditions and developments within Florida and the nation as a whole. While the Florida economy is experiencing strong population growth, there is no assurance this trend will continue. In addition, various limitations on the state, its governmental agencies and local governments, including municipalities, may inhibit the ability of these issuers to repay existing indebtedness and issue additional indebtedness.

The ability of the County to repay the Bonds will depend upon the continued receipt of the Pledged Funds in an amount sufficient to meet debt service requirements on the Bonds. The continued strength of these revenues is dependent upon economic factors which affect the sales of motor fuel in the County.

CERTAIN CLOSING CERTIFICATES

At the time of delivery of the Bonds to the Underwriter, the County will provide to the Underwriter a certificate (which may be included in a consolidated closing certificate of the County), signed by those County officials who signed this Official Statement, relating to the accuracy and completeness of this Official Statement and to its being a "final official statement" in the judgement of the County for the purposes of SEC Rule 15c2-12(b)(3).

UNDERWRITING

The Underwriter, as shown on the cover page hereof, has agreed, subject to the proceedings authorizing the issuance of the Bonds and its bond purchase agreement with the County, to purchase the Bonds from the County, at a price of \$_____ (representing the par amount of the Bonds, less an original issue discount of \$_____ and an underwriter's discount of \$_____) plus accrued interest from their date, for the purpose of resale. The Underwriter has furnished the information in this Official Statement pertaining to the public offering price of and redemption provisions for the Bonds. The public offering price of the Bonds may be changed from time to

time by the Underwriter, and the Underwriter may allow a concession from the public offering price to certain dealers. None of the Bonds will be delivered by the County to the Underwriter unless all of the Bonds are so delivered.

FINANCIAL ADVISOR

The County has retained William R. Hough & Co., Jacksonville, Florida, as financial advisor (the "Financial Advisor") with respect to the authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement. Although William R. Hough & Co. is also engaged in the business of underwriting, marketing, and trading of municipal securities and other negotiable instruments, it acted solely in its capacity of financial advisor to the County with respect to the issuance and sale of the Bonds, and provided the Escrow Securities.

VERIFICATION OF ARITHMETICAL COMPUTATIONS

The accuracy of (i) the arithmetical computation of the adequacy of the maturing principal amounts and interest earnings thereon of the Escrow Securities deposited under the Escrow Agreement to pay when due all principal of, applicable redemption premium, and interest on the Refunded Bonds and (ii) the arithmetical computation supporting the conclusion that the Bonds are not "arbitrage bonds" within the meaning of Section 148 of the Code will be verified for the Board by _____ (herein, the "Escrow Verifier"). Such verification will be based on certain information supplied to the Escrow Verifier by the Financial Advisor and the Board.

BOND RATINGS

Fitch Investors Service, Inc., Moody's Investors Service and Standard & Poor's Corporation assigned the Bonds the ratings of "___", "___" and "___," respectively, on the understanding that the standard policy of municipal bond insurance insuring the timely payment of the principal of and interest on such Bonds will be issued by Financial Guaranty Insurance Company. There is no assurance that such ratings will continue for any given period of time or that they will not be lowered or withdrawn entirely by the rating agencies, or either of them, if in their judgment circumstances so warrant. A downward change in or withdrawal of such ratings, or either of them, may have an adverse effect on the market price of the Bonds. An explanation of the significance of the ratings can be received from the rating agencies.

MISCELLANEOUS

The references, excerpts and summaries of all documents, resolutions and ordinances referenced herein do not purport to be complete statements of the provisions of such documents, resolutions and ordinances, and reference is directed to all such documents, resolutions and ordinances for full and complete statements of all matters of fact relating to the Bonds, the security for and the repayment of the Bonds and the rights and obligations of the holders thereof.

The information contained in this Official Statement has been compiled from official and other sources believed by the County to be reliable and, while not guaranteed as to completeness or accuracy, is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement that may have been made verbally or in writing is to be construed as a contract with the owners of the Bonds.

The Appendices hereof are integral parts of this Official Statement and must be read in their entirety together with all foregoing statements.

AUTHORIZATION OF OFFICIAL STATEMENT

The execution and delivery of this Official Statement by the Chairman of the Board of County Commissioners of Nassau County, Florida, and the ex officio Clerk of the Board have been duly authorized by the Board.

NASSAU COUNTY, FLORIDA

By: /s/ Thomas D. Branan, Jr.
Chairman, Board of County
Commissioners

By: /s/ T. J. "Jerry" Greeson
ex officio Clerk, Board of
County Commissioners

EXHIBIT C

FORM OF ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT

ESCROW DEPOSIT AGREEMENT, dated as of September 1, 1992, by and between Nassau County, Florida (the "County") and Barnett Banks Trust Company, N.A. (the "Escrow Agent"), a national banking association organized and existing under the laws of the United States of America, having its principal place of business in Jacksonville, Florida, as escrow agent hereunder.

WHEREAS, the County has heretofore issued its Optional Gas Tax Revenue Bonds, Series 1988 (the "Series 1988 Bonds"), pursuant to Resolution No. 88-28, as amended and supplemented (the "Original Resolution"); and

WHEREAS, the County has determined to issue its \$_____ Optional Gas Tax Revenue Refunding Bonds, Series 1992 (the "Series 1992 Bonds"), and desires to utilize certain proceeds of the Series 1992 Bonds to buy the Escrow Securities (hereinafter defined) in order to provide payment for the Series 1988 Bonds maturing on and after _____ (the "Refunded Bonds") and discharge and satisfy the pledges, liens and other obligations of the County under the Original Resolution in regard to such Refunded Bonds; and

WHEREAS, the purchase by the Escrow Agent of the Escrow Securities, the deposit of the Escrow Securities into an Escrow Fund to be held by the Escrow Agent and the discharge and satisfaction of the pledges, liens and other obligations of the County under the Original Resolution in regard to the Refunded Bonds shall occur as a simultaneous transaction; and

WHEREAS, this Agreement is intended to effectuate such simultaneous transaction;

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants hereinafter set forth, the parties hereto agree as follows:

1. Receipt of the Original Resolution, certified by the Clerk to the Board of County Commissioners to be true and correct, is hereby acknowledged by the Escrow Agent. The Escrow Agent also acknowledges receipt of the verification report of _____, dated September __, 1992 (the "Verification Report"). Reference herein to or citation herein of any provisions of the Original Resolution or the Verification Report shall be deemed to incorporate the same as a part hereof in the same manner and with the same effect as if the same were fully set forth herein.

2. The County by this writing exercises the option to have the pledges, liens and obligations to the holders of the Refunded Bonds discharged and satisfied.

3. There is hereby created and established with the Escrow Agent a special, segregated and irrevocable escrow fund designated the "Nassau County Optional Gas Tax Revenue Bonds, Series 1988 Escrow Deposit Fund" (the "Escrow Fund") to be held in the custody of the Escrow Agent as a trust fund for the benefit of the holders of the Refunded Bonds, separate and apart from other funds of the County and the Escrow Agent. The Escrow Agent hereby accepts the Escrow Fund and acknowledges the receipt of and deposit to the credit of the Escrow Fund of the sum of \$_____ in immediately available funds. The County represents that \$_____ of such funds constitute proceeds of the Series 1992 Bonds and \$_____ of such funds constitute moneys on deposit in the sinking fund established for the Refunded Bonds. For purposes of this Agreement, the Escrow Fund shall consist of a single fund with no subaccounts.

4. The Escrow Agent represents and acknowledges that, concurrently with the County's deposit, it has used \$_____ of such moneys to purchase on behalf of and for the account of the County, certain interest-bearing non-callable United States Treasury Obligations (the "Open Market Securities") which are direct obligations of the United States of America (the "Initial Escrow Securities"), in the aggregate principal or par amount of \$_____, which are described in Schedule A hereto, and the Escrow Agent will deposit such obligations in the Escrow Fund. The Escrow Agent acknowledges that \$_____ of the moneys deposited by the County will be held in the Escrow Fund as cash (the "Cash Deposit"). Any securities which shall be on deposit in the Escrow Fund, including the Initial Escrow Securities, shall herein be referred to as the "Escrow Securities."

5. In reliance upon the Verification Report, the County represents that the interest on and the principal amounts successively maturing on the Escrow Securities in accordance with their terms (without consideration of any reinvestment of such maturing principal and interest), together with the Cash Deposit, are sufficient such that moneys will be available to the Escrow Agent in amounts sufficient and at the times required to pay the amounts of principal of, redemption premium, if any, and interest due and to become due on the Refunded Bonds as described in Schedule B attached hereto. If the Escrow Securities shall be insufficient to make such payments, the County shall timely deposit in the Escrow Fund, solely from legally available funds of the County, such additional amounts as may be required to pay the Refunded Bonds as described in Schedule B hereto. Notice of any insufficiency shall be given by the Escrow Agent to the County as promptly as possible, but the Escrow Agent shall in no manner be responsible for the County's failure to make such deposits.

6. The deposit of the Escrow Securities in the Escrow Fund shall constitute an irrevocable deposit of federal securities in trust solely for the payment of the principal, redemption premium,

if any, and interest on the Refunded Bonds at such times and amounts as set forth in Schedule B hereto, and the principal of and interest earnings on such Escrow Securities, together with the Cash Deposit, shall be used solely for such purposes.

7. The County hereby directs, and the Escrow Agent hereby agrees, that it will take all actions required to be taken by it under the Original Resolution, including the timely transfer from the Escrow Fund of money to the paying agent for the Refunded Bonds as provided in the Original Resolution and the publishing of notice of redemption of the Refunded Bonds as contemplated by Schedule C hereto, in order to effectuate this Agreement and to pay the Refunded Bonds in the amounts and at the times provided in Schedule B hereto. The liability of the Escrow Agent for the payment of the principal of, redemption premium, if any, and interest on the Refunded Bonds pursuant to this Agreement shall be limited to the application of the proceeds of the Escrow Securities and the interest earnings thereon, together with the Cash Deposit, available for such purposes in the Escrow Fund.

8. Money deposited in the Escrow Fund shall be invested only in the Escrow Securities listed in Schedule A hereto, and, except as provided in this Section 8, neither the County nor the Escrow Agent shall otherwise invest or reinvest any money in the Escrow Fund.

The Escrow Agent may not sell or otherwise dispose of any or all of the Escrow Securities in the Escrow Fund and reinvest the proceeds thereof in other securities nor may it substitute securities for any of the Escrow Securities, except upon written instructions of the County and prior written approval of any municipal bond insurer then insuring the Series 1992 Bonds, and where, prior to any such reinvestment or substitution, the Escrow Agent and such insurer have received from the County the following:

- (a) a written report of an independent certified public accountant or firm of independent certified public accountants, of recognized standing, appointed by the County, to the effect that after such reinvestment or substitution the principal amount of Escrow Securities, together with the interest thereon, will be sufficient to pay the Refunded Bonds as described in Schedule B hereto; and
- (b) an unqualified, written opinion of nationally recognized bond counsel to the effect that (i) such investment will not cause the Refunded Bonds or the Series 1992 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986 and the regulations promulgated thereunder or otherwise cause the interest on the Refunded Bonds or the Series 1992 Bonds to be included in gross income for purposes of federal income

taxation, and (ii) such investment does not violate any provision of Florida law or of any documents, ordinance or resolution of the County relating to the Refunded Bonds or the Series 1992 Bonds.

In connection with any such substitution of Escrow Securities, liquidation of the Escrow Securities on deposit in the Escrow Fund shall be contingent upon receipt of the new Escrow Securities to be substituted therefor.

In the event the above-referenced verification concludes that there are surplus moneys in the Escrow Fund, the Escrow Agent shall notify the County in writing of the calculation of such surplus moneys, and such surplus shall be released, upon written request, to the County. The Escrow Fund shall continue in effect until the date upon which the Escrow Agent makes the final payment to the paying agent for the Refunded Bonds in an amount sufficient to pay the Refunded Bonds as described in Schedule B hereto, whereupon the Escrow Agent shall sell or redeem any Escrow Securities remaining in the Escrow Fund, and shall remit to the County the proceeds thereof, together with all other money, if any, then remaining in the Escrow Fund.

9. The parties hereto have been advised by counsel that, concurrently with the deposit of the Initial Escrow Securities and Cash Deposit set forth in Section 4 hereof, the Refunded Bonds are hereby deemed to have been paid and discharged within the meaning and with the effect expressed in the Resolution.

10. The Escrow Fund hereby created shall be irrevocable and the holders of the Refunded Bonds shall have an express lien on all Escrow Securities and cash on deposit in the Escrow Fund pursuant to Section 4 hereof and the interest earnings thereon until paid out, used and applied in accordance with this Agreement.

11. This Agreement is made for the benefit of the County and the holders from time to time of the Refunded Bonds and it shall not be repealed, revoked, altered or amended without the written consent of all such holders and the written consent of the Escrow Agent; provided, however, that the County and the Escrow Agent may, without the consent of, or notice to, such holders, enter into such agreements supplemental to this Agreement as shall not adversely affect the rights of such holders and as shall not be inconsistent with the terms and provisions of this Agreement, for any one or more of the following purposes:

- (a) to cure any ambiguity or formal defect or omission in this Agreement;
- (b) to grant, or confer upon, the Escrow Agent for the benefit of the holders of the Refunded Bonds, any additional rights, remedies, powers or authority that

may lawfully be granted to, or conferred upon, such holders or the Escrow Agent; and

- (c) to subject to this Agreement additional funds, securities or properties.

The Escrow Agent shall be entitled to rely exclusively upon an unqualified opinion of nationally recognized bond counsel with respect to compliance with this Section 11, including the extent, if any, to which any change, modification or addition affects the rights of the holders of the Refunded Bonds, or that any instrument executed hereunder complies with the conditions and provisions of this Section 11.

12. In consideration of the services rendered by the Escrow Agent under this Agreement, the County agrees to and shall pay to the Escrow Agent as a one time, up-front fee of \$_____, and reasonable, customary and ordinary expenses, charges, attorneys' fees and other disbursements incurred by it in connection with publication of notices of redemption, substitutions of Escrow Securities and appointment of a successor Escrow Agent hereunder. The Escrow Agent shall have no lien whatsoever upon any of the Escrow Securities in said Escrow Fund for the payment of such proper fees and expenses. The County hereby assumes liability for, and hereby agrees (whether or not any of the transactions contemplated hereby are consummated) to indemnify, protect, save and keep harmless the Escrow Agent and its respective successors, assigns, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements (including reasonable legal fees and disbursements), which may be imposed on, incurred by, or asserted against, at any time, the Escrow Agent (whether or not also indemnified against the same by the County or any other person under any other agreement or instrument) and in any way relating to or arising out of the execution and delivery of this Agreement, the establishment of the Escrow Fund established hereunder, the acceptance of the funds and securities deposited hereunder, the purchase of the Escrow Securities, the retention of the Escrow Securities or the proceeds thereof and any payment, transfer or other application of funds or securities by the Escrow Agent in accordance with the provisions of this Agreement; provided, however, that the County shall not be required to indemnify the Escrow Agent against its own negligence or willful misconduct. In no event shall the County be liable to any person by reason of the transactions contemplated hereby other than to the Escrow Agent as set forth in this Section. The indemnities contained in this Section shall survive the termination of this Agreement.

13. On or before the first day of _____ of each year, commencing in _____, so long as the Escrow Fund is maintained under this Agreement, the Escrow Agent shall forward to the County, to the attention of the Clerk to the Board of County Commissioners,

a written statement in detail of the Escrow Securities held, and the income and maturities thereof, and withdrawals of money from the Escrow Fund, since the last statement furnished pursuant to this Section 13.

14. The Escrow Agent, at the time acting hereunder, may at any time resign and be discharged from the duties and obligations hereby created by giving not less than sixty (60) days' written notice to the County and mailing notice thereof, specifying the date when such resignation will take effect to the holders of all Refunded Bonds then outstanding, but no such resignation shall take effect unless a successor Escrow Agent shall have been appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding or by the County as hereinafter provided and such successor Escrow Agent shall have accepted such appointment, in which event such resignation shall take effect immediately upon the appointment and acceptance of a successor Escrow Agent.

The Escrow Agent may be removed at any time by an instrument or concurrent instruments in writing, delivered to the Escrow Agent and to the County and signed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding, or be removed by the County alone in the event of the dissolution or liquidation of the Escrow Agent.

In the event the Escrow Agent hereunder shall resign or be removed, or be dissolved, or shall be in the course of dissolution or liquidation, or otherwise become incapable of acting hereunder, or in case the Escrow Agent shall be taken under the control of any public officer or officers, or of a receiver appointed by a court, a successor may be appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding by an instrument or concurrent instruments in writing, signed by such holders, or by their attorneys in fact, duly authorized in writing; provided, nevertheless, that in any such event, the County shall appoint a temporary Escrow Agent to fill such vacancy until a successor Escrow Agent shall be appointed by the holders of a majority in aggregate principal amount of the Refunded Bonds then outstanding in the manner above provided, and any such temporary Escrow Agent so appointed by the County shall immediately and without further act be superseded by the Escrow Agent so appointed by such holders. The County shall mail notice of any such appointment made by it at the times and in the manner described in the first paragraph of this Section 14.

In the event that no appointment of a successor Escrow Agent or a temporary successor Escrow Agent shall have been made by such holders or the County pursuant to the foregoing provisions of this Section 14 within sixty (60) days after written notice of resignation of the Escrow Agent has been given to the County, the holder of any of the Refunded Bonds or any retiring Escrow Agent may apply to any court of competent jurisdiction for the

appointment of a successor Escrow Agent, and such court may thereupon, after such notice, if any, as it shall deem proper, appoint a successor Escrow Agent.

No successor Escrow Agent shall be appointed unless such successor Escrow Agent shall be a corporation with trust powers organized under the banking laws of the United States or any State, and shall have at the time of appointment capital and surplus of not less than \$20,000,000.

Every successor Escrow Agent appointed hereunder shall execute, acknowledge and deliver to its predecessor and to the County an instrument in writing accepting such appointment hereunder and thereupon such successor Escrow Agent, without any further act, deed or conveyance, shall become fully vested with all the rights, immunities, powers, trusts, duties and obligations of its predecessor; but such predecessor shall nevertheless, on the written request of such successor Escrow Agent or the County execute and deliver an instrument transferring to such successor Escrow Agent all the estates, properties, rights, powers and trust of such predecessor hereunder; and every predecessor Escrow Agent shall deliver all securities and moneys held by it to its successor; provided, however, that before any such delivery is required to be made, all fees, advances and expenses of the retiring or removed Escrow Agent shall be paid in full. Should any transfer, assignment or instrument in writing from the County be required by any successor Escrow Agent for more fully and certainly vesting in such successor Escrow Agent the estates, rights, powers and duties hereby vested or intended to be vested in the predecessor Escrow Agent, any such transfer, assignment and instruments in writing shall, on request, be executed, acknowledged and delivered by the County.

Any corporation into which the Escrow Agent, or any successor to it in the trusts created by this Agreement, may be merged or converted or with which it or any successor to it may be consolidated, or any corporation resulting from any merger, conversion, consolidation or tax-free reorganization to which the Escrow Agent or any successor to it shall be a party shall, if satisfactory to the County, be the successor Escrow Agent under this Agreement without the execution or filing of any paper or any other act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

In the event the Escrow Agent resigns or is removed pursuant to the provisions hereof, the total fee paid to the Escrow Agent as provided in Section 12 hereof shall be prorated on a straight line basis from the date hereof until the final payment is scheduled to be made for the Refunded Bonds, and the unearned portion of such fee shall be rebated and returned to the County.

15. This Agreement shall terminate when all transfers and payments required to be made by the Escrow Agent under the

provisions hereof shall have been made. Upon such termination, all moneys remaining in the Escrow Fund shall be released to the County.

16. This Agreement shall be governed by the applicable laws of the State of Florida.

17. If any one or more of the covenants or agreements provided in this Agreement on the part of the County or the Escrow Agent to be performed should be determined by a court of competent jurisdiction to be contrary to law, such covenant or agreement shall be deemed and construed to be severable from the remaining covenants and agreements herein contained and shall in no way affect the validity of the remaining provisions of this Agreement.

18. This Agreement may be executed in several counterparts, all or any of which shall be regarded for all purposes as one original and shall constitute and be but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have each caused this Escrow Deposit Agreement to be executed by their duly authorized officers and appointed officials and their seals to be hereunder affixed and attested as of the date first above written.

NASSAU COUNTY, FLORIDA

(SEAL)

By: _____
Chairman
Board of County Commissioners

ATTEST:

Clerk to the Board

BARNETT BANKS TRUST COMPANY, N.A.

(SEAL)

By: _____
Title:

ATTEST:

Title:

SCHEDULE A

INITIAL ESCROW SECURITIES

SCHEDULE B

REFUNDED BONDS

<u>Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
-------------	------------------	-----------------	--------------

NOTICE OF REDEMPTION

EXHIBIT D

FORM OF DEBT SERVICE RESERVE FUND POLICY AGREEMENT

DEBT SERVICE RESERVE FUND POLICY AGREEMENT

AGREEMENT, dated as of _____, 19____, by and between the _____ (the "Issuer"), and FINANCIAL GUARANTY INSURANCE COMPANY (the "Insurer").

In consideration of the issuance by the Insurer of its Municipal Bond Debt Service Reserve Fund Policy (the "Reserve Policy") with respect to the Issuer's Bonds, Series _____ (the "Series _____ Bonds") issued under [authorizing document] dated _____, 19____ (the "Authorizing Document") and the Issuer's payment to the Insurer of the insurance premium for the Reserve Policy, the Insurer and the Issuer hereby covenant and agree as follows:

1. Upon any payment by the Insurer under the Reserve Policy, the Insurer shall furnish to the Issuer written instructions as to the manner in which repayment of amounts owed to the Insurer as a result of such payment shall be made.
2. The Issuer shall repay the Insurer the principal amount of any draws under the Reserve Policy and related reasonable expenses incurred by the Insurer and shall pay interest thereon at a rate equal to the lower of (i) the prime rate of Morgan Guaranty Trust Company of New York in effect from time to time plus 2% per annum and (ii) the highest rate permitted by law.
3. Repayment of draws, expenses and the interest thereon (collectively, "Policy Costs") shall enjoy the same priority as the obligation to maintain and refill the reserve fund.
4. Payment of Policy Costs shall commence in the first month following each draw, and each such monthly payment shall be in an amount at least equal to 1/12th of the aggregate of Policy Costs related to such draw.
5. Amounts paid to the Insurer shall be credited first to interest due under the Reserve Policy and hereunder, then to the expenses due hereunder and then to principal due under the Reserve Policy and hereunder. As and to the extent that payments are made to the Insurer on account of principal due under the Reserve Policy and hereunder, the coverage under the Reserve Policy will be increased by a like amount.

owing. Furthermore, no additional bonds may be issued under the Authorizing Document without Financial Guaranty's prior written consent if any Policy Costs are past due and owing to Financial Guaranty.

13. The Issuer shall provide Financial Guaranty with the following information:
 - (i) Budget for each year and annual audited financial statements, within 180 days after the end of its fiscal year;
 - (ii) Official statement or similar disclosure document, if any, prepared in connection with the issuance of additional debt;
 - (iii) Notice of the redemption, other than mandatory sinking fund redemption, of any of the above-referenced Bonds; and
 - (iv) Such additional information as Financial Guaranty may reasonably request from time to time; and
14. Notices to the Insurer shall be sent to the following address (or such other address as the Insurer may designate in writing): Financial Guaranty Insurance Company, 115 Broadway, New York, New York 10006
Attention: Managing Counsel.
15. This Agreement may be executed in counterparts, each of which alone and all of which together shall be deemed one original Agreement.
16. If any one or more of the agreements, provisions or terms of this Agreement shall be for any reason whatsoever held invalid, then such agreements, provisions or terms shall be deemed severable from the remaining agreements, provisions or terms of this Agreement and shall in no way affect the validity or enforceability of the other provisions of this Agreement.
17. All capitalized terms used herein and not otherwise defined shall have the meanings ascribed to them in the Authorizing Document.
18. This Agreement and the rights and obligations of the parties of the Agreement shall be governed by and

construed and interpreted in accordance with the laws
of the State of .

IN WITNESS WHEREOF, the parties hereto have set their
hands as of the date written above.

[]

By: _____
Name: _____
Title: _____

FINANCIAL GUARANTY INSURANCE
COMPANY

By: _____
Name: _____
Title: _____

1010C