

RESOLUTION NO. 93-105

**A RESOLUTION PROVIDING FOR THE ISSUANCE BY NASSAU COUNTY, FLORIDA OF UP TO \$10,680,000 POLLUTION CONTROL REFUNDING REVENUE BONDS, SERIES 1993 (ITT RAYONIER INCORPORATED PROJECT), TO PAY THE COST OF REFUNDING \$15,000,000 POLLUTION CONTROL REVENUE BONDS, 1979 SERIES (ITT RAYONIER PROJECT), OF THE OCEAN HIGHWAY AND PORT AUTHORITY; PROVIDING FOR THE LOAN OF THE PROCEEDS FROM THE SALE OF SUCH BONDS TO THE BORROWER TO PAY THE COST OF SUCH REFUNDING; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH BONDS; PROVIDING FOR THE PAYMENT THEREOF; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH BONDS; AUTHORIZING EXECUTION AND DELIVERY OF A TRUST INDENTURE AND A LOAN AGREEMENT; APPOINTING A TRUSTEE; AWARDED THE BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT AND APPROVING THE USE OF SUCH OFFICIAL STATEMENT IN CONNECTION WITH THE SALE OF THE BONDS; AND PROVIDING AN EFFECTIVE DATE.**

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

**SECTION 1. AUTHORITY FOR THIS RESOLUTION.** This resolution, hereinafter called "instrument," is adopted pursuant to the provisions of Chapter 159, Part II, Florida Statutes (the "Act"), and other applicable provisions of law.

**SECTION 2. DEFINITIONS.** Unless the context otherwise requires, the terms used in this resolution shall have the meanings specified in the Trust Indenture dated as of June 1, 1993 (the "Trust Indenture") between Nassau County, Florida (the "County") and Barnett Banks Trust Company, N.A., as Trustee, the Loan Agreement dated as of June 1, 1993 (the "Loan Agreement") between the County and the Borrower (defined herein), the Bond Purchase Agreement among the County, Raymond James & Associates, Inc. and Lazard Freres & Co. as Underwriters (the "Purchase Agreement"), and the Preliminary Official Statement, each on file in the office of the Secretary of the County as Exhibits "A", "B", "C" and "D", respectively, and referred to herein together as the "Bond Documents".

**SECTION 3. FINDINGS.** It is hereby ascertained, determined and declared as follows:

A. The County is authorized and empowered by the Act to finance and refinance capital projects in the manner provided by the Act, for the purpose of fostering the economic development of the County, increasing opportunities for gainful employment and otherwise aiding in improving the prosperity and welfare of the inhabitants of the County and the State of Florida, and to provide such financing through the issuance of revenue bonds.

B. The Ocean Highway and Port Authority previously issued its Pollution Control Revenue Bonds, 1979 Series (ITT Rayonier Project) (the "Refunded

Bonds") in the principal amount of \$15,000,000 for the purpose of constructing certain air and water pollution control facilities at the mill of ITT Rayonier Incorporated in Nassau County, Florida.

C. ITT Rayonier Incorporated (the "Borrower") has requested the County to issue its Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project)" (the "Bonds") in an aggregate principal amount of up to \$10,680,000 for the purpose of financing the cost of refunding the Refunded Bonds as set forth in the Trust Indenture (the "Project").

D. The County, by due action, has duly authorized the execution and delivery of the Trust Indenture and the issuance thereunder of the Bonds, and the execution and delivery of a Loan Agreement dated as of June 1, 1993, wherein the proceeds of the Bonds will be loaned to the Borrower and pursuant to which the Borrower has agreed to the terms of the Trust Indenture and has committed itself to the repayment of amounts sufficient to repay the Bonds when due, upon and subject to the terms and conditions hereinafter set forth; and

E. Adequate provision is made under the provisions of the Loan Agreement for the payment of the principal of, premium, if any, and interest on the Bonds at the expense of the Borrower.

F. The principal of and premium, if any, and interest on the Bonds and all payments required under the Loan Agreement and the Trust Indenture shall be payable solely from the Trust Estate as defined in the Trust Indenture, and the County shall never be required to (i) levy ad valorem taxes on any property within its territorial limits to pay the principal of and premium, if any, and interest on the Bonds or to make any other payments provided for under the Loan Agreement and the Trust Indenture; (ii) pay the same from any funds of the County other than the Trust Estate; or (iii) require or enforce any payment or performance by the Borrower as provided by the Trust Indenture or the Loan Agreement unless the County's expenses in respect thereof shall be paid from moneys derived under the Loan Agreement or shall be advanced to the County for such purpose, and the County shall receive indemnity to its satisfaction. Such Bonds shall not constitute a lien upon any property owned by or situated within the territorial limits of the County except the Trust Estate in the manner provided in the Loan Agreement and the Trust Indenture.

G. The payments to be made by the Borrower to the Trustee under the Loan Agreement will be sufficient to pay all principal of and interest on and premium, if any, for the Bonds, as the same shall become due, and to make all other payments required by the Loan Agreement and the Trust Indenture.

H. The costs to be paid from the proceeds of the Bonds will be costs of a "project" within the meaning of the Act.

**SECTION 4. REFUNDING AUTHORIZED.** The refunding of the Refunded Bonds in the manner provided in the Trust Indenture is hereby authorized.

**SECTION 5. AUTHORIZATION OF BONDS.** Obligations of the County to be known as "Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project)" (the "Bonds"), are hereby authorized to be issued in an aggregate principal amount of Ten Million Six Hundred Eighty Thousand Dollars (\$10,680,000), in the form and manner described in the Purchase Agreement and the Trust Indenture. The Bonds shall be dated such date and mature in such years and

amounts, will contain such redemption provisions, will bear interest at such rates (not exceeding the maximum interest rate permitted by the Act or by other applicable provision of law), and will be payable on such dates, as provided in the Trust Indenture and the Purchase Agreement.

**SECTION 6. AUTHORIZATION, EXECUTION AND DELIVERY OF THE LOAN AGREEMENT.** The Loan Agreement, in substantially the form on file in the office of the Clerk of the County as Exhibit "B", with such changes, alterations and corrections as may be recommended by counsel to the County and as may be approved by the Chairman or Vice Chairman and the Clerk or Deputy Clerk of the County, such approval to be presumed by their execution thereof, is hereby approved by the County, and the County hereby authorizes and directs said Chairman or Vice Chairman to execute and said Clerk or Deputy Clerk to attest under the seal of the County the Loan Agreement and to deliver to the Borrower the Loan Agreement, all of the provisions of which, when executed and delivered by the County as authorized herein and by the Borrower duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

**SECTION 7. AUTHORIZATION, EXECUTION AND DELIVERY OF THE TRUST INDENTURE.** As security for the payment of the principal of and premium, if any, and interest on the Bonds, pro rata and without preference of any one of the Bonds over any other thereof, the Trust Indenture, in substantially the form on file in the office of the Clerk of the County as Exhibit "A", with such changes, alterations and corrections as may be recommended by counsel to the County and as may be approved by the Chairman or Vice Chairman and Clerk or Deputy Clerk of the County, to be presumed by their execution thereof, is hereby approved by the County, and the County hereby authorizes and directs said Chairman or Vice Chairman to execute and said Clerk or Deputy Clerk to attest under the seal of the County the Trust Indenture and to deliver to the Trustee the Trust Indenture, all of the provisions of which, when executed and delivered by the County as authorized herein and by the Trustee duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein. The County does hereby provide in the Trust Indenture the terms, conditions, covenants, rights, obligations, duties and agreements to and for the benefit of the owners of the Bonds, the County, the Borrower and the Trustee.

**SECTION 8. APPOINTMENT OF TRUSTEE AND PAYING AGENT.** Barnett Banks Trust Company, N.A is hereby appointed to serve as Trustee and Paying Agent under the Trust Indenture. Such bank shall perform the duties set forth in the Trust Indenture.

**SECTION 9. NO PERSONAL LIABILITY.** No covenant, stipulation, obligation or agreement herein contained or contained in the Bond Documents shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, member, agent or employee of the County or its governing body in his individual capacity, and neither the officers of the County nor any official executing the Bonds shall be liable personally thereon or be subject to any personal liability or accountability by reason of the issuance thereof.

**SECTION 10. NO THIRD PARTY BENEFICIARIES.** Except as herein or in the Bond Documents otherwise expressly provided, nothing in this instrument or in the Bond Documents, expressed or implied, is intended or shall be construed to confer upon any person or firm or corporation other than the County, the Borrower, the owners of the Bonds and the Trustee any right, remedy or claim, legal or equitable.

under and by reason of this instrument or any provision thereof or of the Bond Documents; this instrument and the Bond Documents intended to be and being for the sole and exclusive benefit of the County, the Borrower, the owners from time to time of the Bonds and the Trustee.

**SECTION 11. PREREQUISITES PERFORMED.** All acts, conditions and things relating to the adoption of this instrument, to the issuance of the Bonds, and to the execution of the Bond Documents, required by the Constitution or laws of the State of Florida to happen, exist and be performed precedent to the adoption hereof, and precedent to the issuance of the Bonds, and to the execution and delivery of the Bond Documents, have happened, exist and have been performed as so required.

**SECTION 12. GENERAL AUTHORITY.** The members of the governing body of the County and its officers, attorneys, or other agents or employees are hereby authorized to do all acts and things required of them by this instrument and Bond Documents, or desirable or consistent with the requirements thereof, for the full, punctual and complete performance of all the terms, covenants and agreements contained in the Bonds, the Bond Documents, and this instrument.

**SECTION 13. AUTHORIZATION, EXECUTION AND DELIVERY OF PURCHASE AGREEMENT.** The Bond Purchase Agreement (the "Purchase Agreement"), in substantially the form on file in the office of the Clerk of the County as Exhibit "C", with such changes, alterations and corrections as may be recommended by counsel to the County and as may be approved by the Chairman or Vice Chairman and the Clerk or Deputy Clerk of the County, such approval to be presumed by their execution thereof, is hereby approved by the County, and the County hereby authorizes and directs said Chairman or Vice Chairman to execute and said Clerk or Deputy Clerk to attest under the seal of the County the Purchase Agreement and to deliver to the Underwriters the Purchase Agreement, all of the provisions of which, when executed and delivered by the County as authorized herein and by the Underwriters (appointed herein) duly authorized, shall be deemed to be a part of this instrument as fully and to the same extent as if incorporated verbatim herein.

**SECTION 14. OFFER OF SALE OF BONDS AT NEGOTIATED SALE.** It is hereby found, ascertained, determined and declared by the County that a negotiated sale of the Bonds is in the best interest of the County and is found to be necessary on the basis of the following reasons as to which specific findings are hereby made:

(1) Industrial development revenue bonds are traditionally sold on a negotiated basis and consequently a competitive sale of the Bonds would in all probability not produce better terms than a negotiated sale particularly in view of the timing of such an offering and the current instability of the bond market.

(2) The Bonds are payable solely from the proceeds of the Loan Agreement and therefore the Issuer does not have a direct interest in the terms of sale. The Borrower has expressed its unwillingness to undertake the risks and expenses attendant a public sale of the Bonds.

**SECTION 15. AWARD OF BONDS.** The Bonds, in an aggregate principal amount not to exceed \$10,680,000 with the terms as set forth in the form of Purchase Agreement attached hereto and at an average interest rate not to exceed 8.00%, shall be sold to the Underwriters at the price of par less original issue discount plus premium and accrued interest, and the County hereby authorizes and directs the delivery of the Bonds to the Underwriters upon the execution and delivery of the

Purchase Agreement in accordance with Section 13 hereof and the payment by the Underwriters of the purchase price therefor. The negotiated sale of the Bonds to the Underwriters, is hereby authorized pursuant to Section 218.385, Florida Statutes.

**SECTION 16. ARBITRAGE.** The County covenants that it will not direct the Trustee to make any investments pursuant to or under the Loan Agreement or the Trust Indenture which could cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended and the applicable regulations issued thereunder.

**SECTION 17. OFFICIAL STATEMENT.** The use of an Official Statement relating to the Bonds (hereinafter called "Official Statement"), in substantially the form of the Preliminary Official Statement on file in the office of the Clerk to the County as Exhibit "D" and made a part hereof and the delivery of an Official Statement with such revisions and modifications as shall hereafter be approved by the Chairman or Vice Chairman of the County and counsel to the County, such approval to be evidenced either by the execution thereof or execution of a certificate to such effect by the Chairman or Vice Chairman, is hereby authorized and approved in connection with the marketing of the Bonds, and the proper officers of the County are hereby authorized to execute the Official Statement and to deliver same to the Underwriters. The circulation of the Preliminary Official Statement by the Underwriters in connection with the offering of the Bonds is hereby ratified and such document is hereby "deemed final" for the purposes of Rule 15(c)212 of the Securities and Exchange Commission.

**SECTION 18. EXECUTION OF BONDS AND AUTHORIZATION OF ALL OTHER NECESSARY ACTION.** The proper officers of the County are hereby authorized and directed to execute the Bonds when prepared and to deliver the same to the Trustee for authentication and delivery to the Underwriters upon payment of the purchase price of the Bonds pursuant to the conditions stated in the Trust Indenture. The Chairman or Vice Chairman, Clerk or Deputy Clerk and Attorney for the County, and Livermore & Klein, P.A., bond counsel to the County, are each designated agents of the County in connection with the issuance and delivery of the Bonds, and are authorized and empowered, collectively or individually, to take all actions and steps to execute and deliver any and all instruments, documents or contracts on behalf of the County which are necessary or desirable in connection with the execution and delivery of the Bonds and which are not inconsistent with the terms and provisions of this resolution and other actions relating to the Bonds heretofore taken by the County.

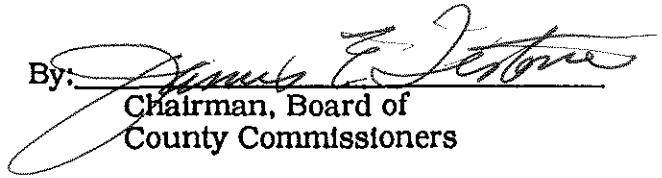
**SECTION 19. THIS INSTRUMENT CONSTITUTES A CONTRACT.** The County covenants and agrees that this instrument shall constitute a contract between the County and the owners from time to time of any of the Bonds then outstanding and that all covenants and agreements set forth herein and in the Loan Agreement and the Trust Indenture to be performed by the County shall be for the equal and ratable benefit and security of all owners of the Bonds without privilege, priority or distinction as to lien or otherwise of any of the Bonds over any other of the Bonds.

**SECTION 20. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof or of the Bonds issued hereunder.

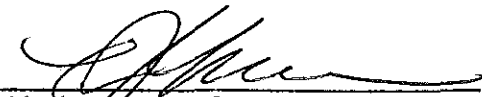
**SECTION 21. REPEALING CLAUSE.** All resolutions or parts thereof of the County in conflict with the provisions herein contained are, to the extent of such conflict, hereby superseded and repealed.

**SECTION 22. EFFECTIVE DATE.** This instrument shall take effect immediately upon its adoption.

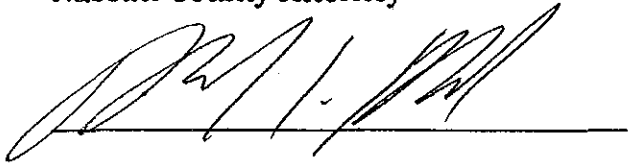
NASSAU COUNTY, FLORIDA

By:   
Chairman, Board of  
County Commissioners

ATTEST:

By:   
Clerk, Board of  
County Commissioners

Approved as to form by the  
Nassau County Attorney



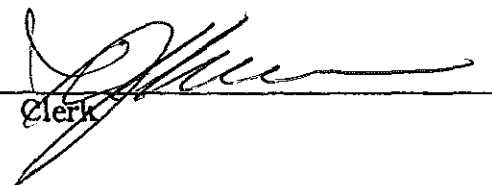
ADOPTED: May 10, 1993

**STATE OF FLORIDA**

**COUNTY OF NASSAU**

The undersigned Clerk of the Board of County Commissioners of Nassau County, Florida, hereby certifies that the above and foregoing is a true and correct copy of a resolution as the same was duly adopted and passed at a Regular Meeting of the Issuer on May 10, 1993, and as the same appears on record in my office.

**IN WITNESS WHEREOF**, I hereunto set my hand this 10<sup>th</sup> day of May, 1993.

By:   
Clerk



**EXHIBIT A**

**TRUST INDENTURE**

between

**NASSAU COUNTY, FLORIDA**

and

**BARNETT BANKS TRUST COMPANY, N.A.**

Dated as of June 1, 1993

Securing  
\$10,680,000  
Pollution Control Refunding Revenue Bonds,  
Series 1993  
(ITT Rayonier Incorporated Project)

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**THIS TRUST INDENTURE** dated as of June 1, 1993, between **NASSAU COUNTY, FLORIDA**, a political subdivision of the State of Florida (the "Issuer"), and **BARNETT BANKS TRUST COMPANY, N.A.** (the "Trustee"), as trustee;

**WITNESSETH:**

**WHEREAS**, the Issuer is authorized under Chapter 159, Part II, Florida Statutes, and other applicable provisions of law, to make and execute financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing and refinancing of certain projects, including air and water pollution control facilities, machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Issuer may be able to promote the economic development of the State of Florida, increase opportunities for gainful employment and otherwise aid in improving the prosperity and welfare of said State and its inhabitants, and to provide such financing through the issuance of revenue bonds; and

**WHEREAS**, the Ocean Highway and Port Authority (the "Authority") has previously issued \$15,000,000 aggregate principal amount of the its Pollution Control Revenue Bonds, 1979 Series (ITT Rayonier Project) (the "Refunded Bonds") to construct certain air and water pollution control facilities at the mill (the "Mill") of ITT Rayonier Incorporated in Nassau County, Florida; and

**WHEREAS**, the Company has requested the Issuer to issue bonds for the purpose of providing funds which, together with other funds provided by the Company, shall be sufficient to refund the Refunded Bonds, all as authorized by the Act; and

**WHEREAS**, the Issuer has determined to issue the 1993 Bonds, for the purpose set forth above; and

**WHEREAS**, the Issuer and the Company have entered into the Loan Agreement, wherein the Issuer has agreed to loan the proceeds of the 1993 Bonds to the Company and the Company has agreed to make loan payments to the Issuer in amounts sufficient to effect payment in full of the principal of and interest and redemption premium, if any, on the 1993 Bonds; and

Accordingly, the Issuer and the Trustee agree as follows for the benefit of the other and for the benefit of the Registered Owners of the Bonds issued pursuant to this Indenture.

Granting Clause

To secure the payment of principal, redemption premium, if any, and interest on the Bonds and, as herein provided, the Issuer does hereby convey, assign and pledge unto the Trustee and unto its successors in trust, and to it and its assigns forever:

I.

All rights and interests of the Issuer under and pursuant to the Note and the Loan Agreement, and all revenues derived therefrom, except only the Unassigned Rights,

II.

All right, title and interest of the Issuer in all funds and accounts established under this Indenture, subject to the provisions of this Indenture and the Loan Agreement permitting the application thereof for the purposes and on the terms and conditions set forth herein and therein.

III.

Any and all other real and personal property of every kind and nature from time to time hereafter by delivery or by writing of any kind conveyed, assigned or transferred, as and for additional security hereunder by the Issuer or by anyone in its behalf, or with its written consent, to the Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof.

**TO HAVE AND TO HOLD** all the same with all privileges and appurtenances hereby and hereafter conveyed and assigned, or agreed or intended so to be, to the Trustee and its respective successors in said trust and assigns forever;

**IN TRUST NEVERTHELESS**, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all Registered Owners of the Bonds, issued under and secured by this Indenture without privilege, priority or distinction as to the lien or otherwise of any of the Bonds over any of the other Bonds.

**PROVIDED, HOWEVER**, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of and redemption premium, if any, and interest on the Bonds at the times and in the manner mentioned in the Bonds according to the true intent and meaning thereof, and shall cause the payments to be made into the various funds as required hereunder, or shall provide, as permitted hereby, for the payment thereof and shall well and truly keep, perform and observe all the covenants and conditions of this Indenture to be kept, performed and observed by it, and shall pay or cause to be paid to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon final payments or provision for such payments by the Issuer this Indenture and the rights hereby granted shall cease, determine and be void; otherwise this Indenture shall be and remain in full force and effect.

## ARTICLE I

### DEFINITIONS

For all purposes of this Indenture, unless the context requires otherwise, the following terms shall have the meanings set forth below, or if not defined herein, as set forth in the Loan Agreement:

"1993 Bonds" means the Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project), herein authorized to be issued.

"Act" means Chapter 159, Part II, Florida Statutes, as amended, and other applicable provisions of law.

"Additional Bonds" means any Bonds issued under the provisions of Sections 2.11 of this Indenture.

"Amortization Requirements" means the amount established with respect to payment of Term Bonds which are required to be retired pursuant to Section 3.01(b) hereof in each Bond Year. The aggregate amount of such Amortization Requirements (including the amount payable at maturity) for the Term Bonds of each series of Bonds shall be equal to the principal amount of such Term Bonds and the payment of the Amortization Requirements shall begin with the Bond Year set forth, with respect to the 1993 Bonds in Section 3.01(b) hereof, and with respect to any Additional Bonds in the Supplemental Indenture authorizing the issuance of such Additional Bonds and shall end with the Bond Year preceding the Bond Year in which such Bonds mature.

"Authority Bonds" means each series of bonds issued by the Ocean Highway and Port Authority to finance the Facilities, designated Pollution Control Revenue Bonds (ITT Rayonier Project).

"Bankruptcy Law" means Title 11 of the United States Code or any similar Federal, state or foreign law for the relief of debtors.

"Board" means the Board of County Commissioners of Nassau County, Florida.

"Bond Year" shall mean the period commencing on the second day of June of any year and ending on the first day of June of the following calander year.

"Bond Register" shall mean the registration books for the Bonds kept by the Registrar pursuant to Section 2.04 hereof.

"Bonds" means the 1993 Bonds and any Additional Bonds issued pursuant to this Indenture.

"Book Entry Form" or "Book Entry System" means, with respect to the 1993 Bonds, a form or system, as applicable, under which (i) the ownership of beneficial interests in the 1993 Bonds may be transferred only through a book entry and (ii) physical 1993 Bond certificates in fully registered form are registered only in the name of a Depository or its nominee as holder, with the physical 1993 Bond certificates "immobilized" in the custody of the Depository. The book entry maintained by the Depository is the record that identifies the owners of beneficial interests in those 1993 Bonds.



"Business Day" means any day except (a) a Saturday or Sunday, (b) a day on which the New York Stock Exchange is closed or (c) a day on which commercial banks in New York, New York, or the city or cities in which the Corporate Trust Office of the Trustee is located, are authorized or permitted by law to close.

"Code" means the Internal Revenue Code of 1986, as amended, and the Treasury regulations under it and under its predecessors.

"Company" means ITT Rayonier Incorporated, a Delaware corporation authorized to do business in the State of Florida, and its successors and assigns and any surviving, resulting or transferee corporation as provided in the Loan Agreement.

"Company Representative" means a person at the time designated to act on behalf of the Company by a written certificate furnished to the Trustee containing the person's specimen signature and signed on behalf of the Company by any of its officers. The certificate may designate an alternate or alternates. A Company Representative may be an employee of the Company.

"Corporate Trust Office" shall mean the office of the Trustee which, at any particular time, is the office at which its corporate trust business is conducted, which office as of the date hereof is located at 9000 Southside Blvd., Bldg. 100, Jacksonville, Florida 32256.

"Depository" means any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its participants or otherwise, a Book Entry System to record ownership of beneficial interests in the 1993 Bonds, and to effect transfers of the 1993 Bonds, in Book Entry Form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"Determination of Taxability" has the meaning set forth in Section 3.03 of this Indenture.

"Event of Default" is defined in Section 7.01.

"Facilities" means the water and air pollution control facilities financed with the proceeds of the Authority Bonds (including the Refunded Bonds) and installed at the Mill in the County, together with any future improvements, additions and extensions thereto.

"Indenture" means this Trust Indenture, as amended or supplemented from time to time in accordance with its terms.

"Interest Payment Date" means, with respect to the 1993 Bonds, January 1, 1994 and each January 1 and July 1 thereafter, and each date on which interest or principal is due and payable on all or part of the 1993 Bonds by reason of acceleration or redemption.

"Interest Period" means the period from and including any Interest Payment Date to and including the day immediately preceding the next following Interest Payment Date.

"Issuer" means the entity identified as such in the heading of this Indenture and any successor to its functions.

"Loan Agreement" means the Loan Agreement, dated as of the date of this Indenture, between the Issuer and the Company, as such Loan Agreement may be amended or supplemented from time to time in accordance with its terms and this Indenture.

"Opinion of Counsel" means a written opinion of counsel who is acceptable to the Trustee and the Company. The counsel may be an employee of or counsel to the Issuer, the Trustee or the Company.

"Opinion of Tax Counsel" means an Opinion of Counsel by counsel nationally recognized as being experienced in matters relating to the tax exemption of interest on obligations issued by states and their political subdivisions.

"Outstanding," when used with reference to Bonds, or "Bonds outstanding" means all Bonds which have been authenticated and delivered by the Trustee under this Indenture, except the following:

- (a) Bonds cancelled or purchased by or delivered to the Trustee for cancellation.
- (b) Bonds deemed paid pursuant to Section 3.10 hereof.
- (c) Bonds deemed paid by Section 6.01.
- (d) Bonds in lieu of which others have been authenticated under Section 2.04 (relating to registration and exchange of Bonds) or 2.06 (relating to mutilated, lost, stolen, destroyed or undelivered Bonds).

"Paying Agent" means the person designated by the Issuer to perform the functions of Paying Agent under this Indenture. The Paying Agent may appoint one or more co-paying agents for the purposes set forth herein.

"Person" means an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, a governmental body or a political subdivision, a municipal corporation, public corporation or any other group or organization of individuals.

"Rating Agency" means Moody's Investors Service, Inc. or Standard & Poor's Corporation and their respective successors and assigns, provided such corporation is maintaining a rating on the Bonds. If either such corporation ceases to act as a securities rating agency, the Company may appoint any nationally recognized securities rating agency as a replacement.

"Record Date" means the close of business on the fifteenth (15th) day (whether or not a Business Day) of the month immediately preceding the Interest Payment Date.

"Redemption Date" means the date fixed for redemption of Bonds subject to redemption in any notice of such redemption given in accordance with Section 3.07 hereof.

"Redemption Price" means the price at which the Bonds may be called for redemption and includes the principal amount of the Bonds to be redeemed, accrued interest thereon to the Redemption Date, plus the redemption premium, if any, required to be paid to effect such redemption by the terms of this Indenture.

"Refunded Bonds" means all of the Pollution Control Revenue Bonds, 1979 Series (ITT Rayonier Project) of the Ocean Highway and Port Authority, issued on January 30, 1979, which are outstanding on the date of issuance of the 1993 Bonds.

"Registered Owner" or "Owner" means the Person in whose name any Bond is registered on the registration books maintained by the Registrar pursuant to Article II hereof.

"Registrar" means the Person designated by the Issuer to maintain the Bond Register pursuant to Section 2.04, initially the Trustee.

"Responsible Officer" means any officer or assistant officer of the Trustee assigned by the Trustee to administer its corporate trust matters.

"State" means the State of Florida.

"Tax Exempt Bonds" means any Bonds issued with an Opinion of Tax Counsel that the interest on such Bonds is excludable from gross income of the Registered Owner thereof for purposes of Federal income taxation.

"Term Bonds" means the Bonds of a series, all of which shall be stated to mature on one date and which shall be subject to mandatory redemption pursuant to mandatory sinking fund redemptions established for such Bonds.

"Trust Estate" means the rights and interests conveyed pursuant to the granting clause of this Indenture.

"Trustee" means the entity named as such in the heading of this Indenture until a successor replaces it and after that means the successor.

"Unassigned Rights" means the rights of the Issuer under the Loan Agreement to be reimbursed for fees and expenses and the right to be indemnified.

"U.S. Government Obligations" means (a) direct obligations of the United States for which its full faith and credit are pledged, (b) obligations of a person controlled or supervised by and acting as an agency or instrumentality of the United States, the payment of which is unconditionally guaranteed as a full faith and credit obligation of the United States, or (c) securities or receipts evidencing ownership interests in obligations or specified portions (such as principal or interest) of obligations described in (a) or (b).

Except where indicated, references to Articles and Sections are to the Articles and Sections of this Indenture.

## ARTICLE II

### THE 1993 BONDS

**Section 2.01. Issuance of 1993 Bonds; Additional Bonds.** This Indenture secures an issue or issues of Bonds of the Issuer, the aggregate principal amount of which (exclusive of Bonds issued pursuant to Sections 2.04 and 2.06 hereof and Additional Bonds issued pursuant to Section 2.11 hereof) will not exceed \$10,680,000 to be designated generally as "Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project)" and to be issued as hereinafter provided, and creates a continuing pledge as provided by this Indenture to secure the full and final payment of the principal of and redemption premium, if any, and interest on all of the Bonds as the same shall become due and payable. The 1993 Bonds shall be substantially in the form of Exhibit A with such notations, legends or endorsements required by law or usage and shall be in denominations of \$5,000 or integral multiples thereof.

On the execution and delivery of this Indenture, the Issuer will execute and deliver the 1993 Bonds to the Trustee and the Trustee will authenticate the 1993 Bonds and deliver them as directed by the Issuer.

Upon the issuance of any Additional Bonds, the Trustee shall establish separate subaccounts for such Bonds in each of the funds created under this Indenture and the Trustee shall not commingle moneys deposited on account of such Additional Bonds with moneys held on account of the 1993 Bonds.

**Section 2.02. Description of 1993 Bonds; Payments of Principal, Redemption Price and Interest; Persons Entitled Thereto.** The 1993 Bonds shall be dated the first day of June, 1993, shall be stated to mature on July 1 in such years and amounts, subject to the right of prior redemption as hereinafter set forth, and bear interest from such date at the rates per annum set forth below:

<b>Principal Amount</b>	<b>Year</b>	<b>Interest Rate</b>	<b>Principal Amount</b>	<b>Year</b>	<b>Interest Rate</b>
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See Addendum

The 1993 Bonds are subject to optional and mandatory redemption as provided in Article III hereof upon such terms and in the manner provided therein.

The principal or Redemption Price of each 1993 Bond shall be payable upon surrender of such 1993 Bond at the Corporate Trust Office of the Trustee. Payments of principal or Redemption Price of the 1993 Bonds shall be payable in immediately available funds. Such payments shall be made to the person in whose name a 1993 Bond shall be registered on the Bond Register, with respect to payment of principal, on the date such principal is due.

The 1993 Bonds shall bear interest at the rates set forth above from June 1, 1993 or from the last Interest Payment Date to which interest has been paid. Interest due on any 1993 Bond on any Interest Payment Date shall be paid to the Registered

Owner of such 1993 Bond as shown on the registration books kept by the Registrar on the Record Date. The amount of interest so payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. All payments of interest on the 1993 Bonds shall be paid to the Persons entitled thereto by check mailed on the Interest Payment Date.

Notwithstanding the foregoing two paragraphs, any Registered Owner of at least \$1,000,000 in principal amount of 1993 Bonds may elect to have the principal of, redemption premium, if any, and interest on his 1993 Bonds paid by deposit to the account of such Registered Owner if such account is maintained with the Paying Agent or by wire transfer within the continental United States to or at the direction of such Registered Owner; provided that, written notice of any such election and designated account is given to the Paying Agent and Registrar prior to the Record Date as to which such election shall be effective. The notice may provide that it will remain in effect for later payments of principal of, redemption premium, if any, or interest until changed or revoked by another written notice.

The principal of and redemption premium, if any, on the 1993 Bonds in a Book Entry System registered in the name of a Depository or its nominee shall be payable in lawful money of the United States of America, in immediately available funds delivered or transmitted to the Depository or its authorized representative when due. Interest due on the 1993 Bonds in a Book Entry System registered in the name of a Depository or its nominee shall be payable in immediately available funds delivered or transmitted on any date interest is due to the Depository or nominee that was the Registered Owner of that 1993 Bond at the close of business on the Record Date applicable to that Interest Payment Date.

The principal, redemption premium, if any, and interest on the 1993 Bonds are payable in any coin or currency of the United States of America which on the date of payment thereof is legal tender for the payment of public and private debts.

**Section 2.03. Execution and Authentication.** The Bonds will be executed for the Issuer by the manual or facsimile signature of the Chairman of the Board and attested by the manual or facsimile signature of the Ex-Officio Clerk of the Board. The Issuer's seal (or a facsimile thereof) will be reproduced on the Bonds. If an officer of the Issuer whose signature is on a Bond no longer holds that office at the time the Trustee authenticates the Bond, the Bond will nevertheless be valid. Also, if a person signing a Bond is the proper officer on the actual date of execution, the Bond will be valid even if that person is not the proper officer on the nominal date of action.

A Bond will not be valid until the Trustee manually signs the certificate of authentication on the Bond. Such signature will be conclusive evidence that the Bond has been authenticated under this Indenture.

The Trustee shall authenticate the Bonds upon the written order of the Issuer signed by the Chairman of the Board. The Trustee may appoint an authenticating agent to authenticate Bonds. An authenticating agent may authenticate Bonds whenever the Trustee may do so.

**Section 2.04. Registration and Exchange of Bonds; Persons Treated as Owners.** Bonds may be transferred only on the Bond Register maintained by the Registrar. The Issuer hereby initially designates the Trustee as Registrar. The Registrar shall keep the sole register of Bonds and of their transfer and exchange. Upon surrender for transfer of any Bond to the Trustee, duly endorsed for transfer or

accompanied by an assignment duly executed by the Registered Owner or such Owner's attorney duly authorized in writing, the Trustee will authenticate a new Bond or Bonds of such series in an equal aggregate principal amount and registered in the name of the transferee.

Bonds of any series may be exchanged for an equal aggregate principal amount of Bonds of such series of different authorized denominations. The Trustee will authenticate and deliver Bonds that the Registered Owner making the exchange is entitled to receive, bearing numbers not then outstanding.

In the case of any Bond properly surrendered for partial redemption, the Trustee shall authenticate and deliver a new Bond in exchange therefor, such new Bond to be in a denomination equal to the unredeemed principal amount of the surrendered Bond; provided that, at the option of the Trustee, the amount and date of partial redemption may be certified upon the partial redemption certificate, if any, printed on the surrendered Bond and the Trustee shall return such surrendered Bond to the Registered Owner in lieu of an exchange.

Except as provided in the preceding paragraph, the Trustee shall not be required to effect any transfer or exchange during the fifteen (15) days immediately preceding the date of mailing of any notice of redemption or at any time following the mailing of any such notice in the case of Bonds called for such redemption. No charge shall be imposed upon Registered Owners in connection with any transfer or exchange, except for taxes or governmental charges related thereto. No transfers or exchanges shall be valid for any purposes hereunder except as provided above.

The Registered Owner of a Bond will be the absolute owner of the Bond for all purposes, and payment of principal of, redemption premium, if any, and interest will be made only to or upon the written order of the Registered Owner (in the case of an interest payment, on the applicable Record Date) or the Registered Owner's legal representative.

**Section 2.05. Book Entry.** The Issuer shall enter into an agreement in substantially the form attached hereto as Exhibit B (the "Book Entry Agreement") with the Paying Agent and with the Depository Trust Company ("DTC"), or any successor thereto, or other Depository, and make such other provision and perform such further acts as are necessary or appropriate to provide for the distribution of the Bonds in Book Entry Form.

Neither the Issuer, the Company nor the Trustee will have any responsibility or obligations to the DTC Participants, DTC Indirect Participants (as each is defined in the Book Entry Agreement) or the beneficial owners with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant or DTC Indirect Participant; (ii) the payment by DTC or any DTC Participant or DTC Indirect Participant of any amount due to any beneficial owner in respect of the principal amount of and redemption premium or interest on the Bonds; (iii) the delivery by DTC or any DTC Participant or DTC Indirect Participant of any notice to any beneficial owner that is required or permitted to be given to Registered Owners under the terms of this Indenture; (iv) the selection of the beneficial owners to receive payment in the event of any partial redemption of the Bonds; or (v) any consent given or other action taken by DTC as Registered Owner.

The Trustee shall issue 1993 Bonds directly to the beneficial owners of 1993 Bonds other than DTC, or its nominee, in the event that:

(a) DTC determines not to continue to act as Depository for the Bonds; or

(b) Upon the request of the Company.

Upon occurrence of the events described in (a) or (b) above, the Company shall attempt to locate another qualified securities depository. If the Company fails to locate another qualified Depository to replace DTC upon occurrence of the events described in (a) or (b) above, the Trustee shall mail a notice to DTC for distribution to the beneficial owners of the 1993 Bonds stating that DTC will no longer serve as Depository, the procedures for obtaining certificated 1993 Bonds and the provisions of this Indenture which govern the 1993 Bonds including, but not limited to, provisions regarding authorized denominations, transfer and exchange, principal, redemption premium and interest payments and other related matters.

The Trustee reserves the right to initially issue the Bonds directly to the beneficial owners of the Bonds if the Trustee receives an Opinion of Tax Counsel that determines that use of the Book Entry System would cause the interest on the Bonds to be included in gross income pursuant to Section 103 of the Code.

While the 1993 Bonds remain issued in Book Entry Form the provisions of this Indenture which conflict with the operation of such system shall not apply.

**Section 2.06. Mutilated, Lost, Stolen, or Destroyed Bonds.** If any Bond is mutilated, lost, stolen or destroyed, the Trustee will authenticate a new Bond of the same denomination if any mutilated Bond is first surrendered to the Trustee, or if, in the case of any lost, stolen or destroyed Bond, there is first furnished to the Issuer, Trustee and Company evidence of such loss, theft or destruction, together with an indemnity, satisfactory to them. If the Bond has matured or been called for redemption, instead of issuing a duplicate Bond, the Trustee may pay the Bond without requiring surrender of the Bond and make such requirements as the Trustee deems fit for its protection, including a lost instrument indemnity bond. The Issuer, Trustee and Company may charge their reasonable fees and expenses in this connection.

**Section 2.07. Cancellation of Bonds.** Whenever a Bond is delivered to the Trustee for cancellation (upon payment, redemption or otherwise), or for transfer or exchange pursuant to Section 2.04 hereof, or replacement pursuant to Section 2.06, the Trustee will promptly cause such Bond to be destroyed and deliver to the Company a certificate evidencing such destruction.

**Section 2.08. Temporary Bonds.** Until definitive Bonds are ready for delivery, the Issuer may execute and the Trustee will authenticate temporary Bonds substantially in the form of the definitive Bonds, with appropriate variations. The Issuer will, without unreasonable delay, prepare and the Trustee will authenticate definitive Bonds in exchange for the temporary Bonds. Such exchange shall be made by the Trustee without charge to the Registered Owner.

**Section 2.09. Special Agreement with Registered Owners.** Notwithstanding any provision of this Indenture or of any Bond to the contrary, with the approval of the Company, the Paying Agent may, but is not required to, enter into an agreement with any Registered Owner providing for making all payments to the Registered Owner of principal of, redemption premium, if any, and interest on that

Bond or any part thereof (other than any payment of the entire unpaid principal amount thereof) at a place and in a manner other than as provided in this Indenture and in the Bond, without presentation or surrender of the Bond, upon any conditions which shall be satisfactory to the Paying Agent and the Company; provided that payment in any event shall be made to the person in whose name a Bond shall be registered on the Bond Register, with respect to payment of principal or redemption premium, if any, on the date such principal or premium is due, and, with respect to the payment of interest, as of the applicable Record Date. The Paying Agent will furnish a copy of each of those agreements to the Issuer and the Company. Any payment of principal, redemption premium, if any, or interest pursuant to such an agreement shall constitute payment thereof pursuant to, and for all purposes of, this Indenture.

**Section 2.10. Acts of Registered Owners; Evidence of Ownership.** Any action to be taken by Registered Owners may be evidenced by one or more concurrent written instruments of similar tenor signed or executed by such Registered Owners in person or by their agents appointed in writing. The fact and date of the execution by any Person of any such instrument may be proved by acknowledgments or by an affidavit of a witness to such execution. Any action by the Registered Owner of any Bond shall bind all future Registered Owners of the same Bond in respect of anything done or suffered by the Issuer or the Trustee in pursuance thereof whether or not notation is made on the Bond.

**Section 2.11. Manner of Authorization and Issuance of Additional Bonds.**

A. Additional Bonds of the Issuer may be issued under and secured by this Indenture, at one time or from time to time, in addition to the 1993 Bonds issued under the provisions of Sections 2.01 hereof, and subject to the conditions hereinafter provided in this Section, for the purpose of providing funds, together with any other available funds, for paying the cost of any project proposed by the Company and approved by the Issuer, including refunding any Bonds or Authority Bonds.

B. Before any Additional Bonds shall be issued under the provisions of this Section, the Issuer shall adopt a resolution authorizing the issuance of such Additional Bonds, fixing the amount and the details thereof, describing in brief and general terms the project to be acquired or constructed or the Bonds or Authority Bonds to be refunded and estimating the cost thereof. Such Additional Bonds shall have a series designation, shall be dated, shall be stated to mature at such time or times, shall bear interest at such rate or rates not exceeding the maximum rate then permitted by law, and may be made redeemable at such times and prices all as may be provided by the resolution or supplemental indenture authorizing the issuance of such Additional Bonds. Except as to any differences in the maturities thereof or in the rate or rates of interest, security provided by a credit facility or reserve account, if any, or the provisions for redemption, such Additional Bonds shall be payable from payments made by the Company on a parity with the 1993 Bonds and any other Additional Bonds and shall be entitled to the same benefit and security of this Indenture as the 1993 Bonds and any other Additional Bonds.

C. Such Additional Bonds shall be executed substantially in the form and manner hereinabove set forth for 1993 Bonds with such changes as may be necessary or appropriate to conform to the provisions of the resolution or supplemental indenture authorizing the issuance of such Additional Bonds and shall be deposited with the Trustee for authentication, but before such Additional Bonds



shall be authenticated and delivered by the Trustee, there shall be filed with the Trustee the following:

(1) a copy, certified by the Clerk of the Board, of each resolution adopted by the Issuer authorizing the issuance of such Additional Bonds in the amount specified therein and fixing the maturities, the redemption dates and prices and the Amortization Requirements, if any, for such Additional Bonds;

(2) a copy, certified by the Clerk of the Board, of the resolution adopted by the Issuer awarding such Additional Bonds, designating the paying agents for such Additional Bonds, specifying the interest rate or rates of such Additional Bonds and directing the authentication and delivery of such Additional Bonds to or upon the order of the purchasers therein named upon payment of the purchase price therein set forth;

(3) if the Additional Bonds are being issued for a new project, a statement, signed by the consulting architect or other consultant, as appropriate, giving the consultant's estimate of the date on which such project will be placed in use and operation and certifying that, according to the consultant's estimate of the total amount required for paying the cost of such project, the proceeds of such Additional Bonds, together with other funds of the Company which the Company has represented will be used for such purpose, will be required and will be sufficient for paying such cost, including any financing charges;

(4) an opinion of counsel to the Issuer stating that the signer is of the opinion that the issuance, execution and delivery of such Additional Bonds and the execution and delivery of any modifications to the Loan Agreement and this Indenture have been duly and validly authorized by the Issuer, that such Additional Bonds and modifications to the Loan Agreement and this Indenture are in the forms so authorized and have been duly executed by the Issuer and that, assuming proper authorization and execution by the Company and Trustee or any other necessary party, any such modifications or amendments to the Loan Agreement and this Indenture are valid and binding in accordance with their respective terms, as so modified or amended;

(5) a certificate, signed by a Company Representative, stating that the Company has approved the issuance of such Additional Bonds, the payment of the additional amount of payments mentioned in clause C.(10) hereof and any other costs associated with such Additional Bonds, and the expenditure of funds, if any, required to complete any new projects as relied upon in the consultant's certificate required by clause c.(3);

(6) executed counterparts of any supplements modifying or amending the Loan Agreement;

(7) executed counterparts of any supplements modifying or amending this Indenture;

(8) an opinion of counsel for the Company and counsel to the Trustee with respect to any supplements to the Loan Agreement and Indenture, of similar tenor to the opinions furnished with respect to the Loan Agreement and this Indenture in connection with the issuance of the 1993 Bonds;

(9) an Opinion of Tax Counsel, addressed to the Issuer and to the Trustee, to the effect that such Additional Bonds are legal and valid and that under existing law, regulations, rulings and court decisions, the issuance and sale of such Additional Bonds will not result in interest on any Tax Exempt Bonds becoming includable in the gross income of the Registered Owners thereof for federal income tax purposes; and

(10) a certificate, signed by the Company Representative, stating that, in conformity with the provisions of the Loan Agreement, the Company has approved the issuance of such Additional Bonds and setting forth the additional amount of payments to be paid by the Company under the Loan Agreement upon the issuance of such Additional Bonds and the respective dates on which the installments of such additional payments shall be made and the additional payments shall be an amount sufficient to effect payment of the principal of, redemption premium, if any, and the interest on the Additional Bonds then proposed to be issued under this Section.

D. When the documents mentioned above in this Section shall have been filed with the Trustee and the requirements of this Section have been met and when the Additional Bonds described in the resolutions mentioned in clauses C.(1) and C.(2) of this Section shall have been executed and authenticated as required by this Indenture, the Trustee shall deliver such Additional Bonds at one time to or upon the order of the purchasers named in the resolution mentioned in said clause C.(2), but only upon payment to the Trustee of the purchase price of such Additional Bonds. The Trustee shall be entitled to rely upon such resolution as to the names of the purchasers, the interest rate of each of such Additional Bonds and the amount of such purchase price.

E. The proceeds of all Additional Bonds issued under the provisions of this Section shall be deposited as set forth in the supplemental indenture and held in trust for the purpose of paying the cost of such project to be acquired or constructed or the cost of refunding, except that (1) the accrued interest received shall be deposited to the credit of the Sinking Fund and (2) the amount, if any, authorized therefor under the resolution mentioned in clause C.(1) of this Section for the payment of interest during the period of construction of the project shall be deposited to the credit of the Sinking Fund.

**Section 2.12. Source of Payment of Bonds; Security.** The Bonds herein authorized and all payments by the Issuer hereunder are special obligations of the Issuer payable solely from the Trust Estate. The Bonds are secured by the Trust Estate in the manner provided herein. Neither the State nor any political subdivision or instrumentality thereof shall be liable for payment of the principal of, redemption premium, if any, or interest on the Bonds or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which is undertaken by the Issuer or the Company. Neither the Bonds nor any agreement of the Issuer shall be construed to constitute an indebtedness of the Issuer or the State within the meaning of any constitutional or statutory provision whatever.

Anything herein to the contrary notwithstanding, (a) neither the State nor any of its political subdivisions, including the Issuer, shall ever be required to (i) levy any ad valorem taxes on any property within its jurisdictional territorial limits to pay the principal of or premium, if any, or interest on the Bonds or to make any other payments provided for under the Loan Agreement or this Indenture, (ii) pay the same from any funds of the Issuer other than the Trust Estate, or (iii) require or enforce any

payment or performance by the Company as provided in this Article II or elsewhere in this Indenture or in the Loan Agreement unless the Issuer's expenses in respect thereof shall be available from any moneys derived under the Loan Agreement or shall be advanced to the Issuer for such purpose and the Issuer shall receive indemnity to its satisfaction; and (b) the Bonds shall not be or constitute general obligations of the Issuer or a lien upon any property owned by or situated within the jurisdictional territorial limits of the Issuer except upon the Trust Estate.

**ARTICLE III**

**REDEMPTION OF BONDS**

**Section 3.01. Optional and Mandatory Sinking Fund Redemption Provisions.**

(a) **Optional Redemption.** The 1993 Bonds maturing on or after July 1, \_\_\_\_ shall be subject to redemption prior to maturity on or after July 1, 2003, as a whole at any time or in part on any Interest Payment Date, at the option of the Company, upon payment in each case of the applicable Redemption Price (expressed as a percentage of principal amount of the 1993 Bonds to be redeemed), as set forth in the schedule below, together with unpaid interest accrued to the date fixed for redemption, all in the manner and subject to the provisions of Article III of this Indenture:

<b><u>Redemption Dates</u></b> <b><u>(Both Dates Inclusive)</u></b>	<b><u>Redemption</u></b> <b><u>Price</u></b>
July 1, 2003 through June 30, 2004	102.0%
July 1, 2004 through June 30, 2005	101.0%
July 1, 2005 and thereafter	100.0%

(b) **Mandatory Sinking Fund Redemption.** The 1993 Bonds maturing on July 1, 2008 are required to be retired by redemption prior to maturity, on July 1, in the years and amounts specified below at the principal amounts to be redeemed (without premium) plus accrued interest to the redemption date.

<b><u>Year</u></b>	<b><u>Amount</u></b>	<b><u>Year</u></b>	<b><u>Amount</u></b>
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See Addendum

**\* Maturity**

If in any Bond Year on or before the forty-fifth day next preceding the end thereof, Term Bonds have been optionally redeemed in part pursuant to this Article III or delivered by the Company to the Trustee for cancellation, the amount of the Amortization Requirements for such Term Bonds shall (i) be reduced in such Bond Years and in such amounts (totaling the aggregate principal amount of the Term Bonds optionally redeemed or otherwise surrendered for cancellation during such Bond Year) as directed in writing by the Company, or (ii) in the absence of written direction from the Company, be reduced in integral amounts of \$5,000 in inverse chronological order.

**Section 3.02. Extraordinary Optional Redemption.** The 1993 Bonds may be redeemed as a whole at any time at a Redemption Price equal to the principal amount of the 1993 Bonds to be redeemed together with unpaid interest accrued to the date fixed for redemption, all in the manner and subject to the provisions of this Article III, upon the happening of one of the events described in (a) or (b) below:

(a) Exercise by the Company of its option under Section 8.1(a) of the Loan Agreement to direct the Trustee to redeem the 1993 Bonds in whole if, as a result of any changes in the Constitution of the State of Florida or the Constitution of the United States of America or of any legislative or administrative action (whether state or federal) or of any final decree, judgment or order of any court or administrative body (whether state or federal), the payment obligations of the Company under the Loan Agreement or the Note shall have become unenforceable or impossible to perform in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan Agreement; or

(b) Exercise by the Company of its option under Section 8.1(b) of the Loan Agreement to direct the Trustee to redeem the 1993 Bonds in whole if (i) all or substantially all of the Facilities or the Mill shall have been damaged or destroyed, and the Company deems it not practicable or desirable to rebuild, repair and restore the Facilities or the Mill; or (ii) there occurs the condemnation of all or substantially all of the Facilities or the Mill or the taking by eminent domain of such use or control of the Facilities or Mill as to render either of them unsatisfactory to the Company for its intended use and the Company deems it not practicable or desirable to replace the Facilities or the Mill; or (iii) there occurs the permanent termination of operations of the Facilities or the Mill or the substantial curtailment of such operations due, in the reasonable judgment of the Company, primarily to the application of governmental air or water pollution control laws and regulations; or (iv) unreasonable burdens or excessive liabilities shall have been imposed upon the Company with respect to the Facilities or the Mill or the operation of either of them, including, but without being limited to, Federal, State or other ad valorem property, income or other taxes, other than ad valorem property, income or other taxes presently levied upon privately owned property used for the same general purposes as the Facilities or the Mill.

**Section 3.03. Extraordinary Mandatory Redemption Upon Determination of Taxability.** The 1993 Bonds shall be redeemed in whole within the time provided by Section 8.3 of the Loan Agreement upon the occurrence of a Determination of Taxability, all in the manner and subject to the provisions of this Article III. A "Determination of Taxability" shall mean (a) the receipt by the Company of notice of the issuance by the Internal Revenue Service of a technical advice memorandum or a statutory notice of deficiency (which notice shall include a copy of such statutory notice of deficiency) which holds in effect that the interest payable on any of the 1993 Bonds is includable in the gross income of the Registered Owner named therein (other than a Registered Owner who is a "substantial user" of the Facilities or a "related person," as such terms are defined in the Code) as a result of the 1993 Bonds having become arbitrage bonds within the meaning of Section 148 of the Code or (b) the issuance of a public or private ruling of the Internal Revenue Service to the effect that the interest payable on the 1993 Bonds is includable in the gross income for federal income tax purposes of the Registered Owners thereof (other than the Registered Owner who is a "substantial user" or a "related person" within the meaning of the Code) or receipt by the Trustee of an Opinion of Tax Counsel, to the effect that the interest on the 1993 Bonds has become includable in the gross income of the Registered Owners thereof (other than a "substantial user" or a "related person," as such terms are defined in the Code) for the purposes of federal income taxation.

Promptly upon learning of the existence of a "Determination of Taxability," the Trustee shall cause notice thereof to be given to the Registered Owners in the same manner as is provided in the Indenture for notices of redemption. In such notice, the Trustee may make provisions for obtaining advice from the Registered Owners, in such form as shall be deemed appropriate, respecting relevant assessments made on such

Registered Owners by the Internal Revenue Service, so as to be able, if appropriate, to verify the existence, present or future, of a Determination of Taxability.

**Section 3.04. Extraordinary Mandatory Redemption upon Failure to Pay Refunded Bonds.** The 1993 Bonds shall be redeemed in whole at a redemption price equal to 100% of the principal amount thereof together with unpaid interest accrued to the date fixed for redemption, in the event that all principal of, redemption premium, if any, and interest due on the Refunded Bonds have not been paid on or before the ninetieth day following issuance of the 1993 Bonds.

Upon having been notified by the Company that the Refunded Bonds have not been retired within the time provided above, the Trustee shall, as soon as is practicable, provide notice to the Registered Owners setting forth the Redemption Date and those matters required by Section 3.07 hereof.

**Section 3.05. Redemption Notices to Trustee.** If the Company wishes that any 1993 Bonds be redeemed pursuant to any optional or extraordinary redemption provision, the Company will, at least sixty (60) days prior to the redemption date, notify the Trustee of the applicable provision, the redemption date, the principal amount of 1993 Bonds to be redeemed and, if such redemption is pursuant to Section 3.02(a), 3.02(b) or 3.03, the event giving rise to the redemption right.

**Section 3.06. Selection of 1993 Bonds for Redemption.** 1993 Bonds to be redeemed pursuant to this Article shall be redeemed in the order of maturities designated by the Borrower or, in the absence of any such designation, in inverse order of maturity and by lot within a maturity as selected by the Depository for the 1993 Bonds so long as the 1993 Bonds are in a Book-Entry System, and otherwise by the Trustee by lot; provided, however, that the portion of any 1993 Bond to be redeemed shall be in the principal amount of \$5,000 or some integral multiple thereof, and that, in selecting 1993 Bonds for redemption, the Trustee or the Depository shall treat each 1993 Bond as representing that number of 1993 Bonds which is obtained by dividing the principal amount of such 1993 Bond by \$5,000.

**Section 3.07. Notice of Redemption.** The Trustee will mail, by first-class mail, notice to each Registered Owner of a 1993 Bond to be redeemed not more than 45 and not less than 30 days before each redemption. The notice will identify the 1993 Bonds or portions of 1993 Bonds to be redeemed and will state (1) the redemption date, (2) the Redemption Price, (3) that the 1993 Bonds called for redemption must be surrendered to collect the Redemption Price, (4) the address at which the 1993 Bonds must be surrendered, and (5) that interest on the 1993 Bonds called for redemption ceases to accrue on the redemption date.

Failure to give any notice of redemption as to any particular 1993 Bonds will not affect the validity of the call for redemption of any 1993 Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the 1993 Bonds will be conclusively presumed to have been given whether or not actually received by any Registered Owner.

**Section 3.08. Payment of 1993 Bonds Called for Redemption.** The Redemption Price of 1993 Bonds called for redemption shall be paid upon surrender of such 1993 Bonds at the Corporate Trust Office of the Trustee.

**Section 3.09. 1993 Bonds Redeemed in Part.** Upon surrender of a Bond redeemed in part, the Trustee will authenticate for the Registered Owner a new Bond or Bonds equal in principal amount to the unredeemed or unpurchased portion of the Bond surrendered.

**Section 3.10. Bonds Not Presented for Payment When Due; Moneys Held for the Bonds after Due Date.** Subject to the provisions of the next sentence of this paragraph, if any Bond shall not be presented for payment when the principal thereof shall become due, whether at maturity or at the Redemption Date, or otherwise, and if moneys or U.S. Government Obligations shall at such due date be held by the Trustee and Paying Agent therefor, in trust for that purpose sufficient and available to pay the principal of and the redemption premium, if any, on such Bond, together with all interest due on such principal to the due date thereof or to the Redemption Date thereof, all liability of the Issuer for such payment shall forthwith cease, determine and be completely discharged, and thereupon, it shall be the duty of the Trustee and Paying Agent to hold said moneys or U.S. Government Obligations without liability to the Registered Owner of such Bond for interest thereon, in trust for the benefit of the Registered Owner of such Bond who thereafter shall be restricted exclusively to said moneys or U.S. Government Obligations for any claim of whatever nature on his part on or with respect to said Bond including for any claim for the payment thereof. Any such moneys or U.S. Government Obligations held by the Trustee and Paying Agent remaining unclaimed by the Registered Owners of such Bonds for three (3) years after the maturity or Redemption Date with respect to which such moneys or U.S. Government Obligations have been so set aside, shall upon the written request of the Company be paid to the Company, against written receipt therefor, and the Registered Owners of such Bonds shall thereafter be entitled to look only to the Company for payment thereof. Before being required to make any such payment to the Company, the Trustee and Paying Agent may, at the expense of the Company, publish such notice as may be deemed appropriate by such Trustee and Paying Agent, listing the Bonds so payable and not presented and stating that such moneys remain unclaimed and that after a date set forth therein any balance thereof then remaining will be returned to the Company. Any moneys paid to the Company pursuant to this Section shall not be held by the Company as a fiduciary for the Registered Owner and need not be held in a separate trust fund.

## ARTICLE IV

### APPLICATION OF PROCEEDS; CREATION OF FUNDS

**Section 4.01. Application of 1993 Bond Proceeds.** The Issuer will deposit the proceeds of the 1993 Bonds with the Trustee. The Trustee will deposit such proceeds and the investment earnings thereon in separate accounts and will disburse the same for the following purposes:

1. The accrued interest received upon delivery of the 1993 Bonds, if any, shall be deposited in the Sinking Fund created and established in Section 4.02 hereof, and used for the purpose of paying interest on the Bonds on the first Interest Payment Date..

2. The balance of the proceeds of the 1993 Bonds shall be deposited with Barnett Banks Trust Company, N.A., as administering agent for Barnett Bank of Jacksonville, N.A., for the purpose of paying all principal of, redemption premium, if any, and interest due on the Refunded Bonds within 90 days, or, in the event of a failure of such redemption taking place, to redeem the 1993 Bonds as provided herein.

**Section 4.02. Sinking Fund.** A special fund is hereby created and designated the "Sinking Fund". The moneys in the Sinking Fund shall be held by the Trustee in trust and applied as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the Registered Owners of the Bonds issued and outstanding under this Indenture and for the further security of such Registered Owners until paid out or transferred as herein provided.

The Issuer covenants that it will cause to be paid by the Company, directly to the Trustee for deposit, as herein provided, to the credit of the Sinking Fund all payments payable by the Company to the Issuer under the Loan Agreement in the amounts, respectively, set forth in the Loan Agreement and this Indenture.

At the maturity date or the Redemption Date of each Bond and at the due date of each installment of interest on each Bond, the Trustee shall pay from the moneys in the Sinking Fund any principal of, redemption premium (if any) and/or interest then due and payable with respect to each such Bond. Moneys in the Sinking Fund shall not be invested in any manner but shall be held by the Trustee without liability on the part of the Trustee or the Issuer for interest thereon until actually paid out for the purposes intended, provided however, that the Trustee may invest monies held in the Sinking Fund representing accrued interest as provided in Section 4.04 below.

**Section 4.03. Payment of Interest and Principal.** The Trustee shall, on each Interest Payment Date and Redemption Date withdraw from the Sinking Fund and shall remit by mail or wire transfer, as applicable, to each Registered Owner of Bonds, the amount required for paying the principal of, redemption premium, if any, and interest on such Bonds as such amounts become due and payable.

**Section 4.04. Investment of Moneys.** The Trustee will invest and reinvest moneys held by it under this Indenture at the written or oral (promptly confirmed in writing) request of the Company (absent the occurrence and continuation of an Event of Default) in any of the following investments:

- (a) U.S. Government Obligations.



(b) Interest-bearing time deposits or savings accounts in banks organized under the laws of any state, including the Trustee and its affiliates, in national banks organized under the laws of the United States, in savings and loan associations which are under state supervision, or in Federal savings and loan associations organized under Federal law and Federal supervision if such deposits are insured by FDIC.

(c) Obligations of the Federal Farm Credit Banks, Federal Home Loan Mortgage Corporation or Federal Home Loan Banks or its district banks, including Federal Home Loan Mortgage Corporation participation certificates, or obligations guaranteed by the Government National Mortgage Association.

(d) Any repurchase agreement for U.S. Government Obligations between the Trustee and a bank or trust company (including the Trustee and its affiliates) or any securities dealer which is a member of the Securities Investors Protective Corporation; provided, however, that the Trustee must obtain a perfected security interest in such obligations by causing the obligations to be transferred to the Trustee or a third party agent by physical delivery or by an entry made on the records of the issuer of such obligations, and the collateral security must continually have a market value at least equal to the amount so invested and the collateral must be free of third party claims, and further provided that (i) in the case of a bank or trust company, such institution shall have, or be a member of a control group having a combined capital and surplus of not less than \$50,000,000 or have ratings from the Rating Agencies in one of the their three highest rating categories and (ii) in the case of a securities dealer, such dealer is a member of the National Association of Securities Dealers, Inc. Any investment in a repurchase agreement shall be considered to mature on the date the bank, trust company or recognized securities dealer providing the repurchase agreement is obligated to repurchase the U.S. Government Obligations.

(e) Money market funds consisting of obligations of the type specified in (a), (b) or (c) above.

(f) Obligations the interest on which is excludable from the gross income of a holder thereof for purposes of Federal income taxation under Section 103(a) of the Code which are assigned one of the two highest ratings for similar instruments by a Rating Agency.

The Trustee will invest the proceeds from the initial sale of the Bonds and the investment earnings on those proceeds as directed in writing by the Company provided, however, that any proceeds held for purposes of paying the principal of, premium, if any, or interest on the Refunded Bonds shall be invested only in U.S. Government Obligations.

The Trustee may make investments permitted by this Article through its own bond department or the bond department of any bank or trust company under common control with the Trustee. Investments will be made so as to mature or be subject to redemption at the option of the holder on or before the date or dates that the Company anticipates that moneys from the investments will be required. Investments will be registered in the name of the Trustee and held by or under the control of the Trustee. The Trustee will sell and reduce to cash a sufficient amount of investments whenever the cash held by the Trustee is insufficient. The Issuer agrees for the benefit of the Registered Owners that moneys held by the Trustee in connection with the Bonds, whether or not such moneys were derived from the proceeds of the sale of the Bonds, will not to its actual knowledge be used in a manner which will cause the Bonds to be classified as arbitrage bonds within the meaning of Section 148

of the Code and any regulations promulgated under that Section, including Temporary Treasury Regulation Section 1.103-15AT.

**Section 4.05. Rebate.** The 1993 Bond original proceeds will be spent within 90 days from the date of issuance and no reserve or sinking fund payments will be made with respect to the 1993 Bonds into accounts which will be subject to rebate under the Code. Other than its duty to invest moneys at the written direction of the Company, the Trustee shall have no responsibility for compliance with Section 148 of the Code or any regulations thereunder, including calculation or payment of any rebate amount.

**Section 4.06. Moneys Held in Trust.** The Trustee will hold in trust for the benefit of the Registered Owners the proceeds of the initial sale of the 1993 Bonds until they are applied as provided in Section 4.01 and all moneys held by it for any payment on or purchase of the Bonds. All moneys received by the Trustee pursuant to this Indenture shall be and constitute trust funds, to be applied solely as provided herein. The moneys at any time on deposit in the Sinking Fund and in any other fund created hereunder or under a supplemental indenture shall be and at all times remain funds impressed with a trust for the purpose for which each of said funds was created.

**Section 4.07. Payments to the Company from the Sinking Fund.** Any moneys remaining in the general account in the Sinking Fund after payment in full of all Bonds (taking into account Section 6.02 hereof), the fees, charges and expenses of the Trustee, the Paying Agent and the Registrar which have accrued and which will accrue and all other items required to be paid hereunder (other than moneys held to pay any principal of, redemption premium (if any) and/or interest due with respect to the Bonds) shall be paid to the Company upon payment in full of the Bonds.

## ARTICLE V

### COVENANTS

**Section 5.01. Payment of Bonds.** The Issuer will promptly pay the principal of, redemption premium, if any, and interest on the Bonds, at the place, on the dates and in the manner provided in the Bonds, but only from the amounts assigned to and/or held by the Trustee under this Indenture.

**Section 5.02. Further Assurances.** The Issuer will execute and deliver such supplemental indentures and such further instruments, and do such further acts, as the Trustee may reasonably require for the better assuring, assigning and confirming to the Trustee the amounts assigned under this Indenture for the payment of the Bonds.

**Section 5.03. Performance of Covenants by Issuer.** The Issuer will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings of the Issuer pertaining thereto.

**Section 5.04. Trustee May Enforce Loan Agreement.** The Loan Agreement, a duly executed counterpart of which has been filed with the Trustee, sets forth the covenants and obligations of the Issuer and the Company, including a provision therein that subsequent to the issuance of the Bonds and prior to the payment in full or provision for the payment in full of all Bonds issued and outstanding under this Indenture having been made in accordance with the provisions hereof, the Loan Agreement may not be amended, changed, modified, altered or terminated (other than as provided therein) without the concurring written consent of the Trustee and otherwise as provided in Article X of this Indenture and reference is hereby made to the Loan Agreement for a detailed statement of said covenants and obligations of the Company under the Loan Agreement, and the Issuer covenants and agrees that the Trustee in its name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Company under and pursuant to the Loan Agreement for and on behalf of the Registered Owners whether or not the Issuer is in default hereunder.

**Section 5.05. No Vacancy in Office of Trustee.** The Issuer, whenever necessary to avoid or fill a vacancy in the office of Trustee, will appoint in the manner provided in Section 8.08 a Trustee, so that there shall at all times be a Trustee hereunder.

**Section 5.06. Priority of Pledge and Security Interest.** The pledge herein made of the Trust Estate and the security interest created herein with respect thereto constitutes a first and prior pledge of, and a security interest in the Trust Estate, except for the pledge and lien in favor of the Refunded Bonds which pledge and lien shall be senior to the pledge and lien hereof. Said pledge and security interest shall at no time be impaired directly or indirectly by the Issuer or the Trustee, and the Trust Estate shall not otherwise be pledged and, except as provided herein and in the Loan Agreement, no persons shall have any rights with respect thereto.

## ARTICLE VI

### DISCHARGE OF INDENTURE

**Section 6.01. Discharge of Lien and Security Interests.** If the Issuer shall pay or cause to be paid the principal of, redemption premium, if any, and the interest on all Bonds Outstanding hereunder at the times and in the manner stipulated therein and herein, and if the Issuer shall keep, perform and observe all and singular the agreements in the Bonds and herein expressed as to be kept, performed and observed by it or on its part, then the lien hereof, these presents and the Trust Estate and the security interests shall cease, determine and be void, and thereupon the Trustee, upon receipt by the Trustee of an Opinion of Counsel stating that in the opinion of the signer all conditions precedent to the satisfaction and discharge of this Indenture have been complied with, shall cancel and discharge this Indenture and the security interests created hereby, and shall execute and deliver to the Issuer such instruments in writing as shall be required to cancel and discharge this Indenture and the security interests created hereby, and reconvey to the Issuer the Trust Estate, and assign and deliver to the Issuer so much of the Trust Estate as may be in its possession or subject to its control, except for moneys and U.S. Government Obligations held in the Sinking Fund for the purpose of paying Bonds which have not yet been presented for payment; provided, however, such cancellation and discharge of the Indenture shall not terminate the powers and rights granted to the Trustee with respect to the payment, transfer and exchange of the Bonds.

If and when the Bonds of any series shall have (i) become due and payable in accordance with their terms or through redemption proceedings as provided for in this Indenture or otherwise, and the whole amount of the principal of, redemption premium (if any) and interest so due and payable upon such Bonds shall be paid, or (ii) been deemed, in accordance with Section 6.02 hereof, to be paid, such Bonds shall cease to be entitled to any lien, benefit or security under this Indenture (except as contemplated in Section 6.02 hereof) and all covenants, agreements and other obligations of the Issuer to the Registered Owners of such Bonds shall thereupon cease, terminate and become void and be discharged and satisfied.

**Section 6.02. Provision for Payment of Bonds.** Bonds of any one or more series Outstanding hereunder shall be deemed to have been paid within the meaning of Section 6.01 if:

(a) there shall have been irrevocably deposited in the Sinking Fund either:

(i) sufficient moneys, or

(ii) U.S. Government Obligations of such maturities and interest payment dates and bearing such interest as will, without further instrument or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings to be held in trust also), be sufficient together with any moneys referred to in subsection (i) above,

for the payment at their respective maturities or Redemption Dates, of the principal of, redemption premium, if any, and interest to accrue on such Bonds to such maturity or Redemption Dates, as the case may be:

(b) there shall have been paid to the Trustee all Trustee's and paying agent's fees and expenses due or to become due in connection with the payment or redemption of such Bonds or there shall be sufficient moneys in the Sinking Fund to make said payments; and

(c) if any such Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by this Indenture have been given to irrevocable power authorizing the Trustee to give such redemption notices.

Limitations elsewhere specified herein regarding the investment of moneys held by the Trustee in the Sinking Fund shall not be construed to prevent the depositing and holding in the Sinking Fund of the obligations described in the preceding subparagraph (a)(ii) for the purpose of defeasing the lien of this Indenture as to any such Bonds which have not yet become due and payable.

**Section 6.03. Discharge of the Indenture.** Notwithstanding the fact that the lien of this Indenture upon the Trust Estate may have been discharged and cancelled in accordance with Section 6.01 with respect to any series of Bonds, this Indenture and the rights granted and duties imposed hereby, to the extent not inconsistent with the fact that the lien upon the Trust Estate may have been discharged and cancelled, shall nevertheless continue and subsist until the principal of, and the interest on, all of such Bonds shall have been paid in full or the Trustee shall have returned to the Company all funds theretofore held by the Trustee for payment of any Bonds not theretofore presented for payment.

## ARTICLE VII

### DEFAULTS AND REMEDIES

**Section 7.01. Defaults; Events of Default.** If any of the following events occurs and is continuing, subject to the terms of Section 7.12, it is hereby defined as and declared to be and to constitute an "Event of Default" hereunder:

(a) default in the due and punctual payment of any interest on any Bond and the continuation of such failure for a period of ten (10) days; or

(b) default in the due and punctual payment of the principal of any Bond, whether at the maturity date or the redemption date prior to maturity, or upon maturity thereof by declaration; or

(c) default in the performance or observance of any other of the agreements or conditions on the part of the Issuer herein or in the Bonds contained; or

(d) the occurrence of an "Event of Default" under the Loan Agreement as provided in Section 7.1 thereof.

**Section 7.02. Acceleration.** Upon the occurrence of an event of default and during the continuation thereof, the Trustee may, and upon the written requests of the Registered Owners of not less than twenty-five per centum (25%) in principal amount of Bonds Outstanding shall, by notice in writing delivered to the Issuer and the Company, declare the principal of all Bonds and the interest accrued thereon to the date of such acceleration immediately due and payable, and the same shall thereupon become and be immediately due and payable. Upon any declaration or acceleration hereunder, the Trustee shall declare the payments due under the Loan Agreement to be immediately due and payable in accordance with Section 7.2 of the Loan Agreement. The amounts due upon such a declaration of acceleration shall bear interest from the date of such declaration until paid at the rate per annum borne by the Bonds. Anything herein or in the Bonds to the contrary notwithstanding, upon the occurrence of any event of default referred to in subsection 7.1(f) or (g) of the Loan Agreement, all amounts payable under this Indenture and the Bonds, together with the accrued interest thereon, shall become immediately due and payable without any further act or action on the part of any person and the Trustee may thereupon take any one of the remedial steps set forth in this Article VII.

**Section 7.03. Other Remedies.** Upon the occurrence of an Event of Default and during the continuation thereof, the Trustee shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State, as it may deem best, including any suit, action or special proceedings in equity or at law for the specific performance of any agreement contained herein or for the endorsement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law, and the right to the appointment, as a matter of right and without regard to the sufficiency of the security afforded by the Trust Estate, of a receiver for all or any part of the Trust Estate; the rights herein specified are to be cumulative to all other available rights, remedies or powers and shall not exclude any such rights, remedies or powers. Without intending to limit the foregoing rights, remedies and powers by virtue of such specification, the Trustee is authorized to exercise any and all rights available from time to time under the Uniform Commercial Code of the State of Florida, including the

right to further assign the Issuer's right, title and interest in the Loan Agreement to a third party.

**Section 7.04. Rights of Registered Owners.** Upon the occurrence of an Event of Default and during the continuation thereof, if requested so to do by the Registered Owners of Twenty-five per centum (25%) in principal amount of Bonds then Outstanding and indemnified as provided in Section 8.06, the Trustee, subject to the provisions of Section 7.05, shall be obliged to exercise such rights and remedies conferred by this Article as the Trustee, being advised by counsel, shall deem most expedient in the interests of all Registered Owners.

No right or remedy by the terms hereof conferred upon or reserved to the Trustee (or to the Registered Owners of Bonds) is intended to be exclusive of any other right or remedy, but each and every such right and remedy shall be cumulative and shall be in addition to any other right or remedy given to the Trustee or to the Registered Owners or now or hereafter existing at law, in equity or by statute.

No delay or omission to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right and remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee or by the Registered Owners of Bonds, shall extend to or shall affect any subsequent event of default or shall impair any rights or remedies consequent thereon.

**Section 7.05. Rights of Registered Owners to Direct Proceedings.** Anything herein to the contrary notwithstanding, the Registered Owners of a majority in principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions hereof, or for the appointment of a receiver or any other proceedings hereunder; provided, that such direction shall not be otherwise than in accordance with the provisions hereof and of law.

**Section 7.06. Appointment of Receivers.** Upon the occurrence of an Event of Default and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights and remedies of the Trustee and of the Registered Holders hereunder, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

**Section 7.07. Application of Moneys.** All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Service Account in the Sinking Fund and all moneys in the Bond Service Account in the Sinking Fund shall be applied, as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

**FIRST** - to the payment to the persons entitled thereto of all installments of interest then due on the Bonds (other than installments of interest on Bonds with respect to the payment of which moneys and/or U.S. Government Obligations are set aside in the Sinking Fund), in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

**SECOND** - to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due (other than the principal of Bonds with respect to the payment of which moneys and/or U.S. Government Obligations are set aside in the Sinking Fund), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and the interest then due and unpaid upon the Bonds (other than principal of and the interest on Bonds with respect to the payment of which moneys and/or U.S. Government Obligations are set aside in the Sinking fund), without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the persons due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of paragraph (b) of this Section in the event that the principal of all the Bonds shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of paragraph (a) of this Section.

Whenever moneys are to be applied pursuant to the provisions of this Section, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the Registered Owner of any Bond until such Bond shall be presented to the Trustee.

Whenever all Bonds and the interest thereon have been paid under the provisions of this Section and all expenses and charges of the Trustee and paying agent have been paid, any balance remaining in the two accounts in the Sinking Fund shall be paid to the Company in accordance with the provisions of Section 4.07 hereof.



**Section 7.08. Rights and Remedies Vested in Trustee.** All rights and remedies of action (including the right to file proof of claims) hereunder or under any of the Bonds may be enforced by the Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Registered Owners of the Bonds, and any recovery of judgment shall be for the equal benefit of the Registered Owners of the Bonds.

**Section 7.09. Rights and Remedies of Registered Owners.** No Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement hereof, for the execution of any trust hereof or for the appointment of a receiver or to enforce any other right or remedy hereunder, unless a default has occurred and is continuing of which the Trustee has been notified, and unless also such default shall have become an Event of Default and the Registered Owners of twenty-five per centum (25%) in principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and unless also such Registered Owners have offered to the Trustee indemnity as provided in Section 8.01, and unless also the Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are hereby declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts hereof, and to any action or cause of action for the enforcement hereof, or for the appointment of a receiver or for any other right or remedy hereunder; it being understood and intended that no one or more Registered Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien hereof by its, his or their action or to enforce any right or remedy hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the equal benefit of the Registered Owners of all Bonds. Nothing herein contained shall, however, affect or impair the right of any Registered Owners thereof at the time, place, from the source and in the manner expressed in the Bonds.

**Section 7.10. Termination of Proceedings.** If the Trustee shall have proceeded to enforce any right or remedy hereunder by the appointment of a receiver, by entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case the Issuer and the Trustee shall be restored to their former positions and rights hereunder with respect to the Trust Estate, and all rights, remedies and powers of the Trustee shall continue as if no such proceedings had been taken.

**Section 7.11. Waivers of Events of Default.** The Trustee shall waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal upon the written request of the Registered Owners of a majority in principal amount of all Bonds then outstanding in the case of any Event of Default; provided, however, that there shall not be waived

(a) any Event of Default pertaining to the payment of the principal of any Bond at its maturity date or redemption date prior to maturity, or

(b) any Event of Default pertaining to the payment when due of the interest on any Bond,

unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate per annum borne by the Bonds in respect of which such Event of Default shall have occurred on overdue installments of interest, and all expenses of the Trustee in connection with such Event of Default, shall have been paid or provided for, and in case of any such waiver or rescission, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Registered Owners shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other Event of Default, or impair any right consequent thereon. The Trustee shall not have any discretion to waive any Event of Default hereunder and its consequences except in the manner and subject to the terms expressed above.

If a declaration of acceleration is made pursuant to Section 7.02, then and in every such case, the Trustee shall, upon the written request of the Registered Owners of a majority in principal amount of all Bonds then Outstanding, annul such declaration, and the consequences thereof, provided that at the time such declaration is annulled:

(A) no judgment or decree has been entered for the payment of any moneys due pursuant to the Bonds;

(B) all arrears of interest on all of the Bonds and all other sums payable under the Bonds (except as to principal of, and interest on, the Bonds which has become due and payable by reason of such declaration) shall have been duly paid; and

(C) each and every default hereunder shall have been waived pursuant to the preceding paragraph or otherwise made good or cured;

and, provided further, that no such annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereto. The Trustee shall not have any discretion to annul any declaration of acceleration made pursuant to Section 7.02 and its consequences except in the manner and subject to the terms expressed hereinabove.

**Section 7.12. Notice of Defaults; Opportunity of Issuer and Company to Cure Defaults.** No default specified in Section 7.01(c) shall constitute an Event of Default hereunder until notice of such default by registered or certified mail shall be given by the Trustee to the Issuer and the Company, and the Issuer shall have had thirty (30) days after receipt of such notice to correct said default or cause said default to be corrected, and shall not have corrected said default or caused said default to be corrected within the applicable period; provided, further, that if a default specified in said Section 7.01(c) be such that it can be corrected but not within the period specified herein, it shall not constitute the basis of an Event of Default hereunder (a) if corrective action capable of remedying such default is instituted by the Issuer within the applicable period and diligently pursued until the default is corrected, and (b) if the Issuer shall within the applicable period furnish to the Trustee a certificate certifying that said default is such that it can be corrected but not within the applicable period and that corrective action capable of remedying such default has been instituted and is being diligently pursued and will be diligently pursued until the default is corrected. The Issuer shall notify the Trustee by certificate executed as

above when such default has been corrected. The Trustee shall be entitled to rely upon any such certificate given pursuant to this Section.

With regard to any default of the Issuer, the Issuer hereby grants to the Company full authority to perform any obligation the performance of which by the issuer is alleged in said notice to be in default, such performance by the Company to be in the name and stead of the Issuer with full power to do any and all things and acts to the same extent that the Issuer could do and perform any such things and acts and with power of substitution.

## **ARTICLE VIII**

### **RESPECTING THE TRUSTEE**

#### **Section 8.01. Duties of Trustee.**

(a) If an Event of Default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs.

(b) Except during the continuance of an Event of Default,

(1) the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of this Indenture.

(c) The Trustee may not be relieved from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that

(1) this paragraph does not limit the effect of paragraph (b) of this Section,

(2) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts, and

(3) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 7.05.

(d) The Trustee may refuse to perform any duty or exercise any right or power unless it receives indemnity satisfactory to it against any loss, liability or expense, but the Trustee may not require indemnity as a condition to declaring the principal of and interest on the Bonds to be due immediately under Section 7.02 or to paying principal of, redemption premium, if any, and interest when due and payable.

(e) The Trustee shall not be liable for interest on any cash held by it except as the Trustee may agree with the Company or Issuer with the consent of the Company.

(f) Every provision of this Indenture that in any way relates to the Trustee is subject to all the foregoing paragraphs of this Section.

(g) The Trustee shall have no liability or responsibility for any loss resulting from investments made under the Indenture (except liability for its own negligent failure to follow Company's instructions) or from the redemption and sale of any such investment or failure to invest or to meet or achieve maximum earnings.

(h) The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Registered Owners of a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conduction of any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Indenture.

**Section 8.02. Rights of Trustee.** Subject to the foregoing Section:

(a) The Trustee may rely on any document believed by it to be genuine and to have been signed or presented by the proper person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may require a certificate of an officer or officers of the Issuer or the Company or an Opinion of Counsel. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on the certificate or Opinion of Counsel.

(c) The Trustee may perform any act permitted or required by this Indenture, including making any payment with respect to the Bonds or registering any transfer of any interest in the Bonds, through agents or co-trustees.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith which it believes to be authorized or within its rights or powers.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under this Indenture, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(f) The Trustee may consult with counsel, including bond counsel, who rendered the approving opinion on the Bonds and the written advice or opinion of such counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(g) The Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, coupon or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit.

(h) The Trustee shall have no duty to determine the genuineness of any signature, or the authority of any person to execute any certificate or other document.

(i) Whenever, in the administration of the trusts of this Indenture, the Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matters (unless other evidence in respect thereof be herein specifically prescribed) may be deemed conclusively proved and established by a certificate of the Registered Owner, and such certificate of the Registered Owner shall be full warranty to the Trustee for any action taken, suffered or omitted by it under the provisions of this Indenture upon the faith thereof.

(j) Whenever the Trustee is vested with a discretionary right hereunder, or in the Loan Agreement, it is expressly granted the right to seek direction or consent of 100% of the Registered Owners of the Outstanding Bonds and any action taken by the Trustee at the direction or consent of said Registered Owners shall be conclusively deemed prudent for all purposes.

**Section 8.03. Individual Rights of Trustee, etc.** The Trustee in its individual or any other capacity may become the owner or pledgee of Bonds and may otherwise deal with the Issuer or the Company or its affiliates with the same rights it would have if it were not Trustee.

**Section 8.04. Trustee's Disclaimer.** The Trustee makes no representation as to the validity or adequacy of this Indenture or the Bonds, it shall not be accountable for the Company's use of the proceeds from the Bonds paid to the Company, and it shall not be responsible for any statement in the Bonds other than its certificate of authentication.

**Section 8.05. Notice of Defaults.** If an event occurs which with the giving of notice or lapse of time or both would be an Event of Default, and if the event is continuing and if it is known to the Trustee, the Trustee shall mail notice of the event to each Registered Owner within 90 days after it occurs or, if later, promptly after it learns of such event. Except in the case of a default in payment on or purchase of any Bonds, the Trustee may withhold the notice to the Registered Owners if and so long as a committee of its responsible officers in good faith determines that withholding the notice is in the interest of Registered Owners.

**Section 8.06. Compensation and Indemnity of Trustee.** For acting under this Indenture, the Trustee shall be entitled to payment from the Company of reasonable fees for its services and reimbursement of advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee in connection with its services under this Indenture and for fees and expenses, including counsel fees, incurred in collecting such fees, advances and expenses.

To secure the payment or reimbursement to the Trustee provided for in this Section, the Trustee shall have a senior claim, to which the Bonds are made subordinate, on all money or property held or collected by the Trustee, except that held under Section 3.10 or Article VI held in trust to pay principal of and interest on particular Bonds called for redemption and not delivered.

Under Section 6.4 of the Loan Agreement, the Company has agreed to indemnify the Trustee for and hold it harmless against any loss, liability or expense incurred without negligence or bad faith on its part arising from or in connection with the acceptance or administration of the trust under this Indenture, including the costs and expenses of defending themselves against any claim or liability in connection with the exercise or performance of any of their powers or duties under the Indenture.

**Section 8.07. Eligibility of Trustee.** This Indenture shall always have a Trustee that is a corporation or national banking association organized and doing business under the laws of the United States or any state or the District of Columbia, is authorized under such laws to exercise corporate trust powers, is subject to supervision or examination by United States, state or District of Columbia authority and at the time of its appointment has, or is a member of a controlled group having a

combined capital and surplus of at least \$50,000,000 as set forth in its most recent published annual report of condition.

**Section 8.08. Replacement of Trustee.** The Trustee may resign by notifying the Issuer, the Company and the Paying Agent. The Registered Owners of a majority in principal amount of the Bonds may remove the Trustee by notifying the removed Trustee and may appoint a successor Trustee with the Issuer's and Company's consent. With the consent of the Issuer, the Company may remove the Trustee if (a) the Trustee fails to comply with the foregoing Section, (b) the Trustee is adjudged a bankrupt or an insolvent, (c) a receiver or other public officer takes charge of the Trustee or its property or (d) the Trustee otherwise becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Issuer, with the written consent of the Company, shall promptly appoint a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and Issuer. Immediately thereafter, upon payment of all sums due to the retiring Trustee, the retiring Trustee shall transfer all property held by it as Trustee to the successor Trustee, the resignation or removal of the retiring Trustee shall then (but only then) become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, Issuer, Company, or the Registered Owners of a majority in principal amount of the Bonds may petition any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee fails to comply with this Section, any Registered Owner or the Issuer at the request of the Company, with the consent of the Issuer, may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

Notwithstanding the foregoing, no resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee hereunder.

**Section 8.09. Successor Trustee or Paying Agent by Merger, etc.** If the Trustee or Paying Agent consolidates with, merges or converts into, or transfers all or substantially all its assets (or, in the case of a bank or trust company, its corporate trust assets) to another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Trustee or Paying Agent.

**Section 8.10. Appointment of Co-trustee.** The Trustee shall appoint a co trustee if such appointment is required by State law or found by the Trustee to be necessary, or in its discretion advisable, to enforce this Indenture.

**Section 8.11. Trustee not Responsible for Recitals and Certain Matters of Bonds or Security.** The recitals contained herein and in the Bonds, except the Trustee's certificate of authentication, shall be taken as the representations of the Issuer, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or sufficiency of this Indenture or of the Bonds. The Trustee is not responsible for the recording of this Indenture or the Loan Agreement, or for the payment of taxes, charges, assessments and liens upon the

Trust Estate, or for insuring the Trust Estate or the maintenance thereof, or for the sufficiency of the security for the Bonds issued hereunder or intended to be secured hereby, or for the value or title of any of the Trust Estate, or otherwise as to the maintenance of the security hereof.

**Section 8.12 Trustee May Hold Bonds.** The Trustee, in its individual or any other capacity, may become the owner or pledgee of Bonds and may otherwise deal with the Issuer or the Borrower with the same rights it would have if it were not Trustee.

**Section 8.13 Filing of Certain Continuation Statements.** From time to time, the Trustee shall file or cause to be filed continuation statements and amendments to financing statements for the purpose of continuing without lapse the effectiveness of (i) those Financing Statements which shall have been filed at or prior to the issuance of the Bonds in connection with the security for the Bonds pursuant to the authority of the Uniform Commercial Code of the State of Florida, and (ii) any previously filed continuation statements which shall have been filed as herein required. The Issuer and the Company shall sign and deliver to the Trustee or its designee such continuation statements as may be requested of it from time to time by the Trustee. Upon the filing of any such continuation statement the Trustee shall immediately notify the Issuer that the same has been accomplished. The Issuer hereby appoints the Trustee as its attorney in fact for the purpose of filing financing statements, continuation statements and amendments in connection with the Bonds. The Company shall pay all fees and expenses of the Trustee incurred in connection with this Section, including without limitation, the filing, continuation, termination and amendment of Financing Statements.

**Section 8.14 Supplying of Names and Addresses of Registered Owners Desiring Certain Financial Information.** The Trustee shall promptly notify the Company of the name and address of any Registered Owner who has notified the Trustee of his desire to receive the financial information referred to in Section 6.3(c) of the Loan Agreement, which information the Company has agreed to forward to each such Registered Owner at the specified address.



## ARTICLE IX

### AMENDMENTS OF AND SUPPLEMENTS TO INDENTURE

**Section 9.01. Without Consent of Registered Owners.** The Issuer and Trustee may amend or supplement this Indenture or the Bonds without notice to or consent of any Registered Owner, subject to Section 9.06 hereof (but with consent of the Company):

- (a) to cure any ambiguity, inconsistency or formal defect or omission,
- (b) to grant to the Trustee for the benefit of the Registered Owners additional rights, remedies, powers or authority,
- (c) to subject to this Indenture additional collateral or to add other agreements of the Issuer,
- (d) to modify this Indenture or the Bonds to permit qualification under the Trust Indenture Act of 1939 or any similar Federal statute at the time in effect, or to permit the qualification of the Bonds for sale under the securities laws of any state of the United States,
- (e) to provide for certificated Bonds,
- (f) to evidence the succession of a new Trustee or the appointment by the Trustee or Issuer of a co-trustee,
- (g) to make any change (including a change in Section 4.01 to reflect any amendment to the Code or interpretations by the Internal Revenue Service of the Code) that does not materially adversely affect the rights of any Registered Owner,
- (h) to secure an initial rating or maintain an existing rating on the Bonds from a Rating Agency, or
- (i) to provide for the issuance of Additional Bonds as provided in this Indenture.

**Section 9.02. With Consent of Registered Owners.** If an amendment of or supplement to this Indenture or the Bonds without any consent of Registered Owners is not permitted by the preceding Section, subject to Section 9.06 hereof, the Issuer and Trustee may enter into such amendment or supplement with the consent of the Registered Owners of at least a majority in principal amount of the Bonds then outstanding. However, without the consent of each Registered Owner affected, no amendment or supplement may (a) extend the maturity of the principal of, or interest on, any Bond, (b) reduce the principal amount of, or rate of interest on, any Bond, (c) effect a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (d) reduce the percentage of the principal amount of the Bonds required for consent to any amendment or supplement, (e) impair the exclusion from gross income of interest on any Tax Exempt Bond for purposes of Federal income taxation, (f) deprive any Registered Owner of the lien created by this Indenture, or (g) create a lien ranking prior to or on a parity with the lien of this Indenture on the property described in the Granting Clause of this Indenture. In addition, if moneys or U.S. Government Obligations have been deposited or set aside with the Trustee pursuant to Article VII for the payment of Bonds and those Bonds shall not have in fact been actually paid in

full, no amendment to the provisions of that Article shall be made without the consent of the Registered Owner of each of those Bonds affected.

**Section 9.03. Effect of Consents.** After an amendment or supplement becomes effective, it will bind every Registered Owner unless it makes a change described in any of the lettered clauses of the preceding Section. In that case, the amendment or supplement will bind each Registered Owner who consented to it and each subsequent holder of a Bond or portion of a Bond evidencing the same debt as the consenting Registered Owner's Bond.

**Section 9.04. Notation on or Exchange of Bonds.** If an amendment or supplement changes the terms of a Bond, the Trustee may require the Registered Owner to deliver it to the Trustee. The Trustee may place an appropriate notation on the Bond about the changed terms and return it to the Registered Owner. Alternatively, if the Trustee, Issuer and Company determine, the Issuer in exchange for the Bond will issue and the Trustee or Tender Agent will authenticate a new Bond that reflects the changed terms.

**Section 9.05. Signing by Trustee of Amendments and Supplements.** The Trustee will sign any amendment or supplement to the Indenture or the Bonds authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. If it does, the Trustee may, but need not, sign it. In signing an amendment or supplement, the Trustee will be entitled to receive and (subject to Section 8.01) will be fully protected in relying on an opinion of counsel stating that such amendment or supplement is authorized by this Indenture.

**Section 9.06. Company Consent Required.** An amendment or supplement to this Indenture for any purpose, including but not limited to, the issuance of Additional Bonds, or an amendment to the Bonds shall not become effective unless the Company delivers to the Trustee its prior written consent to the amendment or supplement.

**Section 9.07. Notice to Registered Owner of Amendments and Supplements.** The Trustee will notify each Registered Owner by first-class mail of the execution of each supplement or amendment to this Indenture or the Loan Agreement. The notice will briefly state the nature of the amendment or supplement and that copies of it are on file with the Trustee for inspection by Registered Owners.

## ARTICLE X

### AMENDMENTS OF AND SUPPLEMENTS TO LOAN AGREEMENT

**Section 10.01. Without Consent of Registered Owners.** The Issuer may enter into, and the Trustee may enter into or consent to, any amendment of or supplement to the Loan Agreement, without notice to or consent of any Registered Owner, if the amendment or supplement is required (a) by the provisions of the Loan Agreement or this Indenture, (b) to cure any ambiguity, inconsistency or formal defect or omission, (c) in connection with any authorized amendment of or supplement to this Indenture, (d) to secure an initial rating or maintain an existing rating on the Bonds from a Rating Agency or (e) to make any change that does not materially adversely affect the rights of any Registered Owner.

**Section 10.02. With Consent of Registered Owners.** If an amendment of or supplement to the Loan Agreement without any consent of Registered Owners is not permitted by the foregoing Section, the Issuer may enter into, and the Trustee may enter into or consent to, such amendment or supplement with the consent of the Registered Owners of at least a majority in principal amount of the Bonds then outstanding. However, without the consent of each Registered Owner affected, no amendment or supplement may result in anything described in the lettered clauses of Section 9.02.

**Section 10.03. Consents by Trustee to Amendments or Supplements.** The Trustee will enter into or consent to any amendment or supplement to the Loan Agreement authorized by this Article if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee, does not unduly prejudice the rights of other Registered Owners, and does not conflict with law. If it does, the Trustee may, but need not, sign it. In signing an amendment or supplement, the Trustee shall be entitled to receive and (subject to Section 8.01) shall be fully protected in relying on an Opinion of Counsel stating that such amendment or supplement is authorized by this Indenture.

## ARTICLE XI

### MISCELLANEOUS

#### **Section 11.01. Notices.**

(a) Any notice, request, direction, designation, consent, acknowledgment, certification, appointment, waiver or other communication required or permitted by this Indenture or the Bonds must be in writing except as expressly provided otherwise in this Indenture or the Bonds.

(b) Any notice or other communication shall be sufficiently given and deemed given when delivered by hand or mailed by first-class mail, postage prepaid, addressed as follows: if to the Issuer or the Company, as set forth in the Loan Agreement; if to the Trustee, Barnett Banks Trust Company, N.A., 9000 Southside Blvd., Bldg. 100, Jacksonville, Florida 32256, Attention Corporate Trust Department. Any addressee may designate additional or different addresses for purposes of this Section by giving notice as described above.

(c) The Trustee will give any Rating Agency then rating the Bonds notice of a change in the identity of the Trustee, any material amendment or supplement to the Indenture or the Loan Agreement or that all the Bonds have been redeemed or defeased.

**Section 11.02. Registered Owners' Consents, etc.** Any consent or other instrument required by this Indenture to be signed by Registered Owners may be in any number of concurrent documents and may be signed by a Registered Owner or by the Registered Owner's agent appointed in writing. Proof of the execution of such instrument or of the instrument appointing an agent and of the ownership of Bonds, if made in the following manner, shall be conclusive for any purposes of this Indenture with regard to any action taken by the Trustee under the instrument:

(a) The fact and date of a person's signing an instrument may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within that jurisdiction that the person signing the writing acknowledged before the officer the execution of the writing, or by an affidavit of any witness to the signing.

(b) The fact of ownership of Bonds, the amount or amounts, numbers and other identification of such Bonds and the date of holding shall be proved by the registration books kept pursuant to this Indenture.

In determining whether the Registered Owners of the required principal amount of Bonds outstanding have taken any action under this Indenture, Bonds owned by the Company or any person controlling, controlled by or under common control with the Company shall be disregarded and deemed not to be outstanding. In determining whether the Trustee shall be protected in relying on any such action, only Bonds which the Trustee knows to be so owned shall be disregarded.

**Section 11.03. Limitation of Rights.** Nothing expressed or implied in this Indenture or the Bonds shall give any person other than the Trustee, Issuer, the Company and the Registered Owners any right, remedy or claim under or with respect to this Indenture.

**Section 11.04. Severability.** If any provision of this Indenture shall be determined to be unenforceable, that shall not affect any other provision of this Indenture.

**Section 11.05. Payments Due on Holidays; Acts to be Performed.** Except as otherwise provided herein, if a payment date is not a Business Day, then payment may be made on the next succeeding Business Day, and no interest shall accrue for the intervening period. In any case where the last day by which an act may be performed hereunder shall not be a Business Day, then such act need not be performed by such day, but may be performed on the next succeeding Business Day with the same force and effect as if performed by the nominal date for such performance.

**Section 11.06. Governing Law.** This Indenture shall be governed by and construed in accordance with the laws of the State; provided, however, that the Trustee's immunities and its standard of care in the performance of its duties, rights and powers under this Indenture shall be governed by and construed in accordance with the laws of the state in which the Trustee's principal place of business is located.

**Section 11.07. Captions.** The captions in this Indenture are for convenience only and do not define or limit the scope or intent of any provisions or Sections of this Indenture.

**Section 11.08. No Recourse Against Issuer's or Trustee's Officers.**

(a) No officer, agent or employee of the Issuer or the Trustee shall be individually or personally liable for any payment on the Bonds or be subject to any personal liability or accountability by reason of the issuance of the Bonds, but this Section shall not relieve an officer, agent or employee of the Issuer or the Trustee from the performance of any official duty provided by law or this Indenture.

(b) Notwithstanding anything to the contrary contained herein or in any of the Bonds or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, no stipulation, covenant, agreement or obligation contained herein or therein shall be deemed or construed to be a stipulation, covenant, agreement, or obligation of any present or future member, officer, employee or agent of the Issuer or the Trustee, or of any incorporator, member, director, trustee, officer, employee or agent of any successor to the Issuer or the Trustee, in any such person's individual capacity, and no such person, in his individual capacity, shall be liable personally for any breach or nonobservance of or for any failure to perform, fulfill or comply with any such stipulations, covenants, agreements or obligations, nor shall any recourse be had for the payment of the principal of or interest on any of the Bonds or for any claim based thereon or on any such stipulation, covenant, agreement, or obligation, against any such person, in his individual capacity, either directly or through the Issuer or any successor to the Issuer or the Trustee, under any rule of law or equity, statute or constitution or by the enforcement of any assessment or penalty or otherwise, and all such liability of any such person, in his individual capacity, is hereby expressly waived and released.

(c) Notwithstanding anything to the contrary contained herein or in any of the Bonds or in any other instrument or document executed by or on behalf of the Issuer in connection herewith, (i) the Issuer shall have no obligation to take action under this Indenture, the Bonds or such other instruments or documents, unless the Issuer is reasonably requested in writing by an appropriate person to take such action

and is provided with indemnity and assurances satisfactory to it of payment of or reimbursement for any expenses (including reasonable attorneys' fees) in such action, (ii) neither the Issuer nor any officer, employee or agent of the Issuer shall be personally liable to the Company, the Trustee or any other person for any action taken by the Issuer or by its officers, agents or employees or for any failure to take action under this Indenture, the Bonds or such other instruments or documents, except that the Issuer agrees to take, or to refrain from taking, any action if so required by an injunction, other court order or judgment, or if required to comply with any final judgment and (iii) any judgment rendered against the Issuer for breach of its obligations under this Indenture, the Bonds or such other instruments or documents, shall be payable solely from the revenues derived by the Issuer under the Loan Agreement and the Indenture, and no personal liability or charge payable directly or indirectly from the general funds of the Issuer shall arise therefrom.

(d) In acting under this Indenture, the Bonds or such other instruments or documents, or in refraining from taking such action, the Issuer may conclusively rely on the advice of its counsel.

**Section 11.09. Counterparts.** This Indenture may be signed in several counterparts. Each will be an original, but all of them together constitute the same instrument.

IN WITNESS WHEREOF, the undersigned have set their hands as of the date first written.

NASSAU COUNTY, FLORIDA

(Seal)

By: *James E. Testone*  
Chairman, Board of County Commissioners

ATTEST:

By: *[Signature]*  
Ex-Officio Clerk,  
Board of County Commissioners

STATE OF FLORIDA

COUNTY OF NASSAU

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of June, 1993, by James E. Testone and *J. S. Greenawald*, as Chairman and Ex-Officio Clerk of the Board of County Commissioners, respectively, of Nassau County, Florida, a political subdivision of the State of Florida, on behalf of the County. They are personally known to me or who have produced their driver's license as identification

NOTARY PUBLIC

(SEAL)

*Margie J. Armstrong*  
MARGIE J. ARMSTRONG  
(Print Name) NOTARY PUBLIC, STATE OF FLORIDA  
State of Florida at *Wald* My commission expires Nov. 5, 1995  
My Commission Expires: Commission No. CC157999

**EXHIBIT B**

**LOAN AGREEMENT**

between

**NASSAU COUNTY, FLORIDA**

and

**ITT RAYONIER INCORPORATED**

Dated as of June 1, 1993

Securing  
\$10,680,000  
Pollution Control Refunding Revenue Bonds,  
Series 1993  
(ITT Rayonier Incorporated Project)



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**THIS LOAN AGREEMENT** dated as of June 1, 1993, between **NASSAU COUNTY, FLORIDA**, a political subdivision of the State of Florida (the "Issuer") and **ITT RAYONIER INCORPORATED**, a Delaware corporation authorized to do business in the State of Florida (the "Company").

**WITNESSETH:**

**WHEREAS**, the Issuer is authorized under the Act to make and execute financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing and refinancing of certain projects, including air and water pollution control facilities, machinery, equipment, land, rights in land and other appurtenances and facilities related thereto, to the end that the Issuer may be able to promote the economic development of the State of Florida, increase opportunities for gainful employment and otherwise aid in improving the prosperity and welfare of said State and its inhabitants, and to provide such financing through the issuance of revenue bonds; and

**WHEREAS**, the Ocean Highway and Port Authority (the "Authority") has previously issued \$15,000,000 aggregate principal amount of the its Pollution Control Revenue Bonds, 1979 Series (ITT Rayonier Project) (the "Refunded Bonds") to construct certain air and water pollution control facilities at the mill of ITT Rayonier Incorporated in Nassau County, Florida; and

**WHEREAS**, the Company has requested the Issuer to issue bonds for the purpose of providing funds which, together with other funds provided by the Company, shall be sufficient to refund the Refunded Bonds, all as authorized by the Act; and

**WHEREAS**, the Issuer has determined to issue the 1993 Bonds, for the purpose set forth above; and

**WHEREAS**, the 1993 Bonds are to be issued under and secured by the Indenture by and between the Issuer and Barnett Banks Trust Company, N.A., Jacksonville, Florida, as Trustee; and

**WHEREAS**, under and pursuant to the Indenture, the Issuer has assigned to the Trustee, as security for the payment of the principal of, redemption premium, if any, and interest on the 1993 Bonds and the fees, expenses, and advances of the Trustee, and any other sums payable by the Company pursuant to this Loan Agreement, the Issuer's right, title and interest in and to the Trust Estate, as defined in the Indenture, which includes, inter alia, this Loan Agreement (subject to certain reserved rights), and all payments to be made by the Company to the Issuer under this Loan Agreement and under the Note (herein defined).

**NOW, THEREFORE, THIS AGREEMENT WITNESSETH:**

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

## ARTICLE I

### DEFINITIONS, REPRESENTATIONS AND DEMISING CLAUSE

**SECTION 1.1. Definitions.** The following words, terms or phrases, when used in this Loan Agreement, have the following meanings. Unless the context clearly indicates a different meaning, capitalized terms used herein but not defined herein have the meanings set forth in the Indenture.

**"Bond Purchase Agreement"** mean that certain Bond Purchase Agreement, dated May 24, 1993 among the Issuer, Raymond James & Associates, Inc. and Lazard Freres & Co.

**"Company"** means (i) ITT Rayonier Incorporated and its successors and assigns and (ii) any surviving, resulting or transferee corporation as permitted in Section 6.3 of this Loan Agreement.

**"Corporate Trust Office"** shall mean the office of the Trustee which, at any particular time, is the office at which its corporate trust business is conducted, which office as of the date hereof is located at 9000 Southside Blvd., Bldg. 100, Jacksonville, Florida 32256.

**"County"** means Nassau County, a political subdivision of the State of Florida.

**"Default"** means an event or condition the occurrence of which would, with the lapse of time or the giving of notice or both, become an Event of Default.

**"Event of Default"** means one of the events so denominated and described in Section 7.1.

**"Facilities"** means the water and air pollution control facilities financed with the proceeds of the Authority Bonds (including the Refunded Bonds) and installed at the Mill in the County, together with any future improvements, additions and extensions thereto.

**"Fiscal Year"** means the fiscal year of the Company commencing on January 1 in any year and ending on December 31 of the same year unless the Company shall notify the Trustee and the Issuer of a change in such Fiscal Year.

**"Indenture"** means the Trust Indenture of even date herewith between the Issuer and Barnett Banks Trust Company, N.A., Jacksonville, Florida, as Trustee, including any indenture supplemental thereto.

**"Loan Agreement"** means this Loan Agreement by and between the Issuer and the Company and all supplements and amendments hereto.

**"Mill"** shall mean the Company's mill situated in the County known as the Fernandina pulp mill.

**"Net Worth"** of a corporation means the aggregate capital stock and surplus and retained earnings of such corporation which would be included on a balance sheet of such corporation prepared in accordance with generally accepted principles of accounting, less the cost of any treasury shares as included on such balance sheet.

**"Note"** means that Promissory Note in the form attached hereto as Exhibit "A" given to the Issuer by the Company as evidence of the indebtedness for the sums loaned to the Company hereunder and any supplemental notes executed in connection with the issuance of Additional Bonds.

**"Prime Rate"** means the daily interest rate publicly announced by Barnett Banks, Inc. or its successor, as its "prime rate," established at the discretion of Barnett Banks, Inc., which is not necessarily the rate charged any particular class or group of borrowers. Under this Agreement, any change in the Prime Rate will be effective as of the opening of business for Barnett Banks, Inc. on the date of the change.

**"Redemption Date"** means the date fixed for redemption of Bonds subject to redemption in any notice of such redemption given in accordance with the Indenture.

**"Resolution"** means that certain resolution of the Issuer, adopted on May 10, 1993, authorizing the issuance and sale of the 1993 Bonds.

**"Sinking Fund"** means the fund so named established pursuant to Section 4.02 of the Indenture.

**"State"** means the State of Florida.

**"Trustee"** means the trustee at the time serving as such under the Indenture.

**SECTION 1.2. Representations by the Issuer.** The Issuer makes the following representations:

(a) The Issuer is a political subdivision of the State of Florida and has the power pursuant to Chapter 159, Part II, to enter into the transactions contemplated by this Loan Agreement and to carry out its obligations hereunder.

(b) The Issuer is not in default under any provision of federal or State law which would impair its ability to perform under this Loan Agreement;

(c) The Issuer has, pursuant to the Resolution, duly authorized the execution and delivery of this Loan Agreement and the Indenture and the issuance and sale of the 1993 Bonds;

(d) The execution, delivery and performance of the agreements, documents and instruments referred to in paragraph (c) of this Section 1.2 will not conflict with or constitute a breach of any of the terms, conditions or provisions of any applicable law, constitutional provision, statute, rule or regulation, restriction or limitation, or any agreement, instrument or court or other governmental order to which the Issuer is now a party or by which it is bound, and does not and will not constitute a default under any of the foregoing, or result in the creation or imposition of any prohibited lien, charge or encumbrance on any assets of the Issuer under the terms of any of the foregoing.

(e) The Issuer has found and determined that the issuance of the 1993 Bonds in order to refinance of a portion of the Facilities (as defined herein) by the refunding of the Refunded Bonds for the benefit of the Company is appropriate to the needs and circumstances of the Issuer, and will further the public purposes of the Act in that it will promote and foster the economic growth and development of the Issuer

and the State of Florida, increase purchasing power and opportunities for gainful employment, improve living conditions and advance and improve the economic prosperity and the welfare of the State of Florida and its inhabitants, foster the industrial and business development of the Issuer and otherwise contribute to the health, safety and welfare of the people of the State of Florida.

(f) There is no litigation, administrative proceeding or investigation pending (nor, to the knowledge of the undersigned, is any such action threatened) which in any way affects, contests, questions or seeks to restrain or enjoin any of the following: (i) the validity of the Act; (ii) any of the proceedings had or action taken leading up to the issuance of the Refunded Bonds or the 1993 Bonds or the execution, delivery or performance of this Agreement; (iii) the delivery, validity or enforceability of the Refunded Bonds or the 1993 Bonds or any of the documents referred to in paragraph (c) of this Section 1.2; (iv) the corporate existence of the Issuer; or (v) the right of the Chairman, the Clerk or any member of the Board to hold his or her office.

(g) A public hearing was duly held by the Issuer on May 10, 1993, upon reasonable public notice, at which hearing members of the public were afforded reasonable opportunity to be heard on all matters pertaining to the refunding of the Refunded Bonds and to the issuance of the 1993 Bonds, and on which date the issuance of the 1993 Bonds was approved by the Board, which consists of elected public officials, and which is deemed to be the applicable elected representative of the Issuer.

(h) By the Resolution, the Issuer has authorized the issuance and sale of the 1993 Bonds to provide funds to refund the Refunded Bonds, and authorized and approved the Issuer's execution, delivery and performance of this Loan Agreement, the Indenture, the 1993 Bonds, and the other instruments contemplated hereby to be executed and delivered by the Issuer, which Resolution has not been amended, modified or rescinded and continues to be in full force and effect.

**SECTION 1.3. Representations by the Company.** The Company makes the following representations:

(a) The Company is a corporation duly incorporated and in good standing under the laws of the State of Delaware, is duly qualified and authorized to engage in business in and is in good standing under the laws of the State of Florida, has power to enter into this Loan Agreement and the Note and by proper corporate action has duly authorized the execution and delivery hereof and thereof.

(b) This Loan Agreement and the Note when executed and delivered, will be valid, binding and enforceable upon the Company in accordance with their respective terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws or equitable principles relating to or limiting creditors' rights generally.

(c) The Company presently operates the Mill, which includes the Facilities.

(d) There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality which would have a materially adverse effect on its ability to perform its obligations hereunder.

(e) All information furnished by the Company and used by the Issuer in preparing an information report on Form 8038 for filing with the Internal Revenue Service was true and complete as of the date of issuance of the 1993 Bonds.

(f) Since the date of the Official Statement prepared in connection with the sale of the 1993 Bonds and the documents referred to therein by reference (referred to in this Section as "disclosure documents"), there have been no changes in the assets or liabilities or financial condition of the Company, other than changes in the ordinary course of business, which in the aggregate are materially adverse with respect to the Company's ability to perform its obligations under this Loan Agreement and the Note. There were no material liabilities, contingent or otherwise, of the Company which were not reflected in such disclosure documents, and the Company has not entered into any commitments or contracts since the date of the disclosure documents which are not reflected in such disclosure documents, other than in the ordinary and normal course of its business, which might, in light of any fact or condition presently known to the Company, have a materially adverse effect upon the financial condition, operations or business of the Company or its ability to perform its obligations hereunder.

(g) Since December 31, 1992, the Company has not sustained any material loss or interference with its business from fire, explosion, flood, or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, which has had a materially adverse effect on the value of its assets, the results of its operations or its income.

(h) Except as set forth in the disclosure documents referred to in paragraph (f) above, there are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company, at law or in equity or before or by any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality which, if determined adversely to the Company, would likely have a materially adverse effect on the value of its assets, the results of its operations, its income, or its ability to perform its obligations hereunder.

(i) The Company is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any evidence of indebtedness or in any contract or lease to which it is a party, which would likely, individually or in the aggregate, have a materially adverse effect on the value of its assets, the results of its operations or its income. Neither the execution and delivery of this Loan Agreement by the Company, nor the consummation of the transactions herein contemplated by the Company, nor compliance by the Company with the terms and provisions of this Loan Agreement will violate the provisions of any applicable law or any applicable order or regulation of any governmental authority having jurisdiction of the Company, and will not conflict with or result in a breach of any of the terms, conditions or provisions of any agreement or instrument to which the Company is now a party, or constitute a default thereunder, or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the properties or assets of the Company, except as contemplated hereby.

(j) The Company has not incurred any material accumulated funding deficiency within the meaning of the Employees Retirement Income Securities Act of 1974, as amended nor incurred any material liability to the Pension Benefit Guaranty Corporation established under such Act (or any successor thereto under such Act) in connection with any employee benefit plan established or maintained by the Company,

which deficiencies and liabilities, would have a materially adverse effect on the value of the Company's assets, the results of its operations, or its income.

(k) The Company owns and possesses the Facilities and has not received any claim adverse to its title to the Facilities.

(l) The Company has not caused or will not cause the issuance of industrial development bonds on its behalf in any jurisdiction of the United States during the 60-day period commencing 30 days prior to the issuance of the 1993 Bonds.

(m) The Company covenants that the average weighted maturity of the 1993 Bonds does not exceed 120% of the average reasonably expected economic life of the Facilities financed by the Refunded Bonds, each as determined under Section 147(b) of the Code. The Company shall not permit the proceeds of the 1993 Bonds to be used in any manner, nor shall they make any expenditures with respect to the Facilities or perform or permit any act, which would cause the Series 1993 Bonds to fail to meet the requirements of Section 147(b) of the Code.

(n) The Facilities are located in whole within the corporate geographic limits of the Issuer.

(o) No authorization, approval, consent, permit or license of any regulatory body or authority, not already obtained, is required on the part of the Company for the valid and lawful execution and delivery of this Loan Agreement and the Note.

(p) To the best knowledge of the Company, no event has occurred which, with the lapse of time or the giving of notice or both, would give any creditor of the Company the right to accelerate the maturity of any of the Company's outstanding indebtedness for money borrowed.

(q) No significant portion of the proceeds of the Bonds will be used directly or indirectly to provide residential real property for family units.

(r) The certificates and all other documents delivered and to be delivered by the Company in connection with the transactions contemplated by this Loan Agreement as of their respective dates do not and will not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein and therein, in the light of the circumstances under which they are or will be made, not misleading. The certificates and all other documents delivered and to be delivered by the Company or its representatives in connection with the transactions contemplated by this Loan Agreement are or will be on the dates on which they are or will be delivered true and complete in all material respects.

**SECTION 1.4. Use of Words and Phrases.** "Herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter," and other equivalent words refer to this Agreement as a whole and not solely to the particular portion thereof in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders. Any percentage of Bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding.



## ARTICLE II

### THE LOAN

**SECTION 2.1. Principal Amount of the Loan.** The Issuer agrees to make and the Company agrees to accept and repay a loan in the principal amount of \$10,680,000. The Loan shall be evidenced by the Note in the principal amount of \$10,680,000 in the form attached hereto as Exhibit "A". The Company shall make payments in satisfaction of said Note as hereinafter set forth in Section 2.4 and as provided in the Indenture. The proceeds of the Loan shall be applied as provided in Section 4.01 of the Indenture. The term of this Loan Agreement and of the Loan herein made shall begin on the date of the delivery of this Loan Agreement, and subject to the provisions of this Loan Agreement, shall continue until the indebtedness secured or evidenced hereby and by the Indenture shall have been discharged and paid. Upon expiration of this Loan Agreement, and if the Company is not in Default hereunder and has fully complied with every provision hereof, the Trustee, as assignee of the Issuer, shall execute any documents necessary to evidence cancellation, satisfaction or return of all instruments or property given as security to the Issuer or the Trustee in connection herewith.

**SECTION 2.2. Total Loan Payment; Nature of Obligation.** The aggregate amount of the loan payments to be made by the Company in each Fiscal Year shall be the aggregate of the payment for the principal of and redemption premium, if any, on the Outstanding Bonds, plus the interest at the same rate or rates per annum as that payable on the Bonds, accruing or becoming due during such Fiscal Year as provided by the Indenture, administration expenses of the Issuer not theretofore provided for accruing and becoming payable, plus any additional sums which become payable to the Issuer or Trustee under the terms of this Loan Agreement or the Indenture.

The Company's obligation to repay the loan is absolute and unconditional and is not subject to any setoff, claim or event whatsoever, notwithstanding any change in the tax or other laws of the United States of America or of the State of Florida or any political subdivision of either thereof or any failure of the Issuer to perform and observe any agreement, whether expressed or implied, or any duty, liability or obligation arising out of or connected with this Loan Agreement. Nothing contained in this Section 2.2 shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained; and, in the event the Issuer should fail to perform any such agreement on its part, the Company may institute such action against the Issuer as the Company may deem necessary to compel performance or recover its damages for non-performance so long as such action shall not violate the agreements on the part of the Company contained in the preceding sentence, but in no event shall the Company be entitled to any diminution of the amounts payable under the Note as provided herein.

Until payment in full of the Bonds, the Company (i) will not suspend or discontinue any such payments except to the extent the same have been prepaid, (ii) will perform and observe all its other agreements contained in this Loan Agreement and (iii) except as provided in this Loan Agreement, will not terminate this Loan Agreement for any cause, including, without limiting the generality of the foregoing, any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction or damage of the Facilities, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State of Florida or any political subdivision of either, or any failure of the Issuer to

perform or observe any agreement, whether or express or implied, or any duty, liability or obligation arising out of or in connection therewith or with the Indenture.

**SECTION 2.3. Issuance of Supplemental Notes.** The Company shall issue Supplemental Notes in such principal amounts as shall be necessary to evidence further borrowings from the proceeds of any Additional Bonds that may be issued in accordance with this Loan Agreement and the Indenture to provide funds to pay any one or more of the following: (i) the costs of making at any time or from time to time such substitutions, additions, modifications and improvements in, on or to the Facilities as authorized by the Act and as the Company may deem necessary or desirable, (ii) the costs of refunding, to the extent permitted by law, any Bonds Outstanding or any outstanding Authority Bonds, and (iii) to the extent permitted by law, the costs of the issuance and sale of the Additional Bonds and capitalized interest and other costs reasonably related to the financing as shall be agreed upon by the Company and the Issuer; provided that the terms of such Additional Bonds, the purchase price to be paid therefor and the manner in which the proceeds therefrom are to be disbursed shall have been approved in writing by the Company; and provided further that the Issuer is not in default under the Indenture and the Company is not in default under this Loan Agreement or any provision hereof, and the issuance of Additional Bonds will not constitute a default under this Loan Agreement or cause any violation of the covenants or representations of the Company in this Loan Agreement; and provided further that the Company and the Issuer shall have entered into an amendment to this Loan Agreement to provide for such increase in the installment payments to be paid by the Company to the Issuer in such amounts as shall be necessary to pay the principal of, redemption premium, if any, and interest on the Additional Bonds as provided to be paid in the supplemental indenture with respect to the Additional Bonds required by Section 2.11 of the Indenture, and to extend the term of this Loan Agreement if the maturity of any of the Additional Bonds would otherwise occur after the expiration of the term of this Loan Agreement; and provided further that the Issuer shall have otherwise complied with the provisions of Sections 2.11 of the Indenture with respect to the issuance of such Additional Bonds.

**SECTION 2.4. Repayment of Loan; Prepayments.**

(a) The Company agrees to pay (or to cause to be paid) to the Issuer on or before 11:00 a.m. each Interest Payment Date, or the date any other payment, such as administration expenses, may be required pursuant to its terms to be made with respect to the Bonds or under this Loan Agreement or the Indenture (each of which is herein called a Payment Date), in federal or other funds immediately available on such date, the sum which, together with any moneys on deposit in the Sinking Fund available for such purpose, will equal the sum of the following:

(i) The interest to be paid on the Bonds on such Payment Date in accordance with the terms thereof; and

(ii) The principal amount (including Amortization Requirements) of all Bonds which shall mature or become due on such Payment Date whether by maturity, redemption, acceleration or otherwise; and

(iii) Any redemption premium or other premium which shall become due on such Payment Date; and

(iv) The administration expenses of the Issuer not theretofore paid or provided for in accordance with the provisions of the Indenture or this Loan

Agreement, and which shall have then accrued and have been presented for payment; and

(v) Any other amounts which will become due and payable to the Issuer or the Trustee on such date under this Loan Agreement, the Note or the Indenture.

(b) It is understood and agreed that all payments payable under Section 2.4(a) by the Company are assigned by the Issuer to the Trustee for the benefit of the Registered Owners of the Bonds. The Company assents to such assignment. The Issuer hereby directs the Company and the Company hereby agrees to pay or cause to be paid to the Trustee at its Corporate Trust Office all payments payable by the Company pursuant to Section 2.4(a).

(c) The Company will also pay the reasonable expenses of the Issuer related to the issuance of the Bonds.

(d) The Company will also pay the reasonable fees and expenses of the Trustee and any Paying Agents under the Indenture including the fees and expenses of counsel, such reasonable fees and expenses to be paid directly to the Trustee or any Paying Agents for the Trustee's or any such Paying Agent's own account as and when such reasonable fees and expenses become due and payable, and any reasonable expenses in connection with any redemption of the Bonds. Any amount not paid within 20 days of demand shall bear interest at the Prime Rate.

(e) In the event the Company should fail to make any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid.

(f) The Note is subject to mandatory and optional prepayment upon the same terms and conditions as the Bonds are subject to mandatory and optional redemption in accordance with the provisions of Article VIII of this Loan Agreement.

(g) Note payments have been calculated on the basis of providing funds sufficient to pay the principal of and interest on the Bonds as the same mature and come due and to redeem the Bonds according to provisions for redemption set forth in the Indenture and in this Loan Agreement and to provide funds for the payment of administration expenses, and other amounts which may become payable to the Issuer or the Trustee or with respect to the Bonds pursuant to the Indenture and this Loan Agreement. The Company recognizes, understands and acknowledges that it is the intention of the parties that the proceeds from the Note payments be available exclusively for the purposes aforesaid. This Loan Agreement shall be construed to effectuate this intent. If for any reason the above payments are not sufficient for all such purposes, the amount of such deficiency shall, immediately upon notification by the Trustee that such a deficiency exists, be paid by the Company to the Trustee as an additional payment hereunder. The payments in the amounts set forth above shall be made irrespective of any breach or any failure of compliance by the Issuer with any requirement of this Loan Agreement. All payments required to be made by the Company pursuant to this Loan Agreement shall be promptly made as herein set forth. Likewise, all payments made by or on behalf of the Company with respect to the Bonds shall be credited against sums due under the Note.

**SECTION 2.5. Payment to Trustee.** The Issuer hereby directs the Company and it is understood and agreed by the Company, that all payments by the

Company under this Loan Agreement are to be paid to the Trustee at the Corporate Trust Office. The Company further agrees that its obligations to make mandatory payments shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of setoff, counterclaim or recoupment arising in any manner or for any reason including, but not limited to, any breach by the Issuer of any obligations to the Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Issuer, or otherwise. All payments made hereunder by the Company to the Trustee shall be deemed to be payments to the Issuer.

**SECTION 2.6. Investments.** The Issuer shall not direct any investment to be made which may result in any Bond being considered an "arbitrage bond" within the meaning of Section 148 of the Code.

**SECTION 2.7. Notice of Redemption.** In the event that the Company desires to exercise its right to cause Bonds to be redeemed prior to maturity, it shall provide written notice to the Trustee, setting forth the matters described in Section 3.07 of the Indenture, at the time and in the manner provided therein.

## ARTICLE III

### ISSUANCE OF BONDS

**SECTION 3.1. Agreement to Issue 1993 Bonds; Additional Bonds; Application of Bond Proceeds.** In order to provide funds to make the Loan to the Company, the Issuer agrees that it will sell and cause to be delivered to the purchasers thereof, \$10,680,000 aggregate principal amount of 1993 Bonds. The proceeds from such sale shall be received by the Trustee and applied as required by Section 4.01 of the Indenture.

The Issuer may hereafter agree to authorize and issue pari passu Additional Bonds in one or more series in accordance with applicable provisions of the Indenture, upon adoption of a resolution of the Issuer containing a finding that the issuance of the Additional Bonds is in the public interest, and further containing findings with respect to the financial ability of the Company and other matters as required by the Indenture and the Act. The Issuer may thereafter issue such Additional Bonds in one or more series, in accordance with the applicable provisions of the Indenture; provided, however, that the inability or unwillingness of the Issuer to issue Additional Bonds shall not release the Company from any of the provisions of this Loan Agreement, regardless of the reason therefor. Nothing herein shall be deemed to require or obligate the Issuer to issue Additional Bonds.

## ARTICLE IV

### MANAGEMENT, OPERATION, MAINTENANCE, TAXES AND INSURANCE

**SECTION 4.1. Management, Operation, Maintenance and Repair of Facilities.** The Company will maintain, preserve and keep the Facilities or cause the Facilities to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Company will have no obligation to maintain, repair, replace or renew any element or unit of the Facilities, the maintenance, repair, replacement or renewal of which becomes uneconomic to the Company because of damage or destruction by a cause not within the control of the Company, or obsolescence (including economic obsolescence), or change in government standards and regulations, or the termination by the Company of the operation of the production facilities to which the element or unit of the Facilities is an adjunct.

**SECTION 4.2. Insurance.** The Company shall keep the Facilities continuously insured against such risks as are customarily insured against by businesses of like size and type, paying as the same become due and payable all premiums with respect thereto; provided, however, that the Company may self-insure against any of the foregoing risks to the extent and in the manner that it may legally do so and it is the general practice of the Company to self-insure against such risks. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Company. Insurance policies may be written with deductible amounts and exceptions and exclusions comparable to those of businesses of like size and type.

All proceeds of insurance against property damage shall be made payable to the Company alone and the Company shall collect and retain such proceeds and all claims under any insurance policy referred to in this Loan Agreement may be settled by the Company without the consent of the Issuer or the Trustee or its agents irrespective of whether they are named as insureds thereunder.

**SECTION 4.3. Condemnation.** In the event that title to or the temporary use of the Facilities, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, there shall be no abatement or reduction in the payments required hereunder to be made by the Company and any proceeds received from any award or awards in respect of the Facilities or any part thereof made in such condemnation or eminent domain proceedings, after payment of all expenses incurred in the collection thereof, shall be paid to the Company.

#### **SECTION 4.4. Payment of Taxes; Compliance with Laws.**

(a) The Company will: (i) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by the Federal, state or any municipal government upon the Company or the Issuer with respect to or upon the Facilities or any part thereof or upon any payments hereunder when the same shall become due; and (ii) duly observe and comply with all valid requirements of any governmental authority relative to the Facilities, including the securing of all licenses and permits necessary for operation of the Facility.

(b) The Company may, at its expense, contest in good faith any such levy, tax, assessment, claim or other charge, but the Company may permit the items so contested to remain undischarged and unsatisfied during the period of such contest and any appeal therefrom only if the Company shall notify the Issuer and the Trustee that in the Opinion of Counsel, by nonpayment of any such items, the rights of the Trustee with respect to this Loan Agreement and the Note created by the assignment under the Indenture, as to the rights assigned under this Loan Agreement, or any part of the payments to be made under this Loan Agreement or the Note, will not be materially endangered nor will the Facilities or any part thereof be subject to loss or forfeiture. If the Company is unable to deliver such an Opinion of Counsel, the Company shall promptly pay or bond and cause to be satisfied or discharged all such unpaid items or furnish, at the expense of the Company, indemnity satisfactory to the Trustee; but provided further, that any tax, assessment, charge, levy or claim shall be paid forthwith upon the commencement of proceedings to foreclose any lien securing the same. The Issuer and the Trustee, at the expense of the Company, will cooperate fully in any such permitted contest. If the Company shall fail to pay any of the foregoing items, the Trustee may (but shall be under no obligation to) pay the same and any amounts so advanced therefor by the Trustee shall become an additional obligation of the Company. The Company agrees to repay amounts, together with interest thereon at the Prime Rate from the date of payment.

**SECTION 4.5. Use of Facilities.** The Company agrees that so long as it operates the Facilities under this Loan Agreement, it will continue the operation of the Facilities as facilities for the control, abatement or prevention of water or air pollution.

**SECTION 4.6. Advances by Issuer or Trustee.** In the event that the Company fails to pay the premiums on policies to provide the full insurance coverage required by this Loan Agreement, fails to pay the taxes and other charges required to be paid by the Company at or prior to the time they are required to be paid, or fails to keep the Facilities in good order and repair and in as reasonably safe condition as its operations permit, the Issuer or the Trustee, after first notifying the Company of any such failure on its part, may (but shall not be obligated to) pay the premiums on such insurance, pay such taxes or other charges, or make such repairs, renewals and replacements as may be necessary to maintain the Facilities in as reasonably safe condition as the Company's operations permit and the Facilities in good order and repair, respectively; and all amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Company to the Issuer or to the Trustee, as the case may be, and, together with interest thereon at a rate per annum equal to the Prime Rate from the date the advance shall have been made. The Company hereby agrees to pay the same upon demand. Any remedy herein vested in the Issuer or the Trustee for the collection of amounts hereunder shall also be available to the Issuer and the Trustee for the collection of all such amounts so advanced.

**SECTION 4.7. Release and Indemnification of Issuer.** The Company releases the Issuer from, and covenants and agrees that, the Issuer and each and every member of the governing body, officer, official, employee or agent thereof, past, present and future, shall not be liable for, and covenants and agrees to defend, indemnify and hold harmless such parties, and each of them, from and against (a) any liability for loss or damage to property or any injury to or death of any person occurring at or resulting from the Facilities or any defect therein, the ownership thereof, the acquisition, construction or equipping thereof, or the possession, occupancy, use or operation thereof, or resulting from any act or omission of the Company or any of its agents, contractors, servants, employees, or licensees, and without limiting the foregoing, any and all actions, suits, proceedings, allegations,

claims and liabilities in any way arising out of or predicated upon any of the foregoing or this Loan Agreement, the Indenture or any instrument or document contemplated hereby or by the Indenture, including any expenses incurred by the Issuer in connection with the defense of any claim against it arising out of any such loss, damage, injury or death; provided, however, that such indemnity shall not be effective with respect to the Issuer to the extent of the Issuer's own gross negligence or intentional misconduct; (b) any loss, damage, cost or expense (including attorneys' fees) arising out of any breach or default on the part of the Company in the performance of any of its obligations under this Loan Agreement or the Note; (c) all claims arising from the negligent or intentional misconduct of the Company or any of its permitted assignees, lessees, sublessees or transferees, or the agents, contractors, servants, employees or licensees of any of the foregoing parties; and (d) any cost or expense (including attorneys' fees) incurred by the Issuer hereunder or under the Indenture.

Notwithstanding the fact that it is the intention of the parties that the Issuer shall not incur pecuniary liability by reason of the terms of this Loan Agreement, or the undertakings required of the Issuer hereunder, by reason of the issuance of the Bonds, by reason of the adoption of the Indenture, by reason of the performance of or failure to perform any act required of it by this Loan Agreement or the Indenture, or by reason of the performance of or failure to perform any act requested of it by Company, the Trustee or the Registered Owners of the Bonds, including all claims, liabilities or losses arising in connection with the violation of any statutes or regulations pertaining to the foregoing; nevertheless, if the Issuer should incur any pecuniary liability, then in such event the Company shall indemnify and hold harmless the Issuer (including any person at any time serving as a member of the governing body, officer, official, employee, or agent of the Issuer), against all claims by or on behalf of any person, firm, corporation or entity of any kind, arising out of the same, and all costs and expenses (including attorneys' fees) incurred in connection with any such claim or in connection with any action or proceeding brought thereon, and upon notice from the Issuer, the Company shall defend the Issuer (including any person serving at any time as a member of the governing body, officer, official, employee, or agent of the Issuer) in any such action or proceeding; provided, however, that such indemnity shall not be effective with respect to the Issuer to the extent of the Issuer's own gross negligence or intentional misconduct.

Promptly after receipt by the Issuer of notice of the commencement of any action against the Issuer or any member of the governing body, officer, official, employee or agent thereof (an "Indemnified Party") in respect of which indemnification may be sought against the Company, such Indemnified Party will notify the Company of the commencement thereof; but the omission so to notify the Company will not relieve the Company from any other liability which it may have to any Indemnified Party otherwise than under this Section 4.7. In case any such action is brought against any Indemnified Party, and it notifies the Company of the commencement thereof, the Company will be entitled to participate in and, to the extent that it may wish, to assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party. After notice from the Company to such Indemnified Party of its assumption of the defense thereof, the Company will not be liable to such Indemnified Party under this Section 4.7 for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof, unless the employment by an Indemnified Party of its own counsel shall have been authorized in writing by the Company in connection with the defense thereof, or the Company shall not have employed counsel to have charge of the defense of such action, or such Indemnified Party shall have reasonably concluded that there may be defenses available to it which



are different from or additional to those available to the Company (in which case the Company shall not have the right to assume the defense of such claim or action on behalf of the Indemnified Party), in any of which events such legal or other expenses shall be borne by the Company; provided that the Company shall be liable only for the reasonable expenses of a single legal counsel for all Indemnified Parties in connection with any single action, except to the extent that any Indemnified Party shall have reasonable concluded that there may be defenses available to it or them which are different from or additional to those available to any other Indemnified Party (in which case the Company shall be responsible for the separate legal and other expenses incurred by each such Indemnified Party, but only so long as such Indemnified Party continues to pursue such additional or separate defenses). Notwithstanding the foregoing, the Company shall not be liable for any settlement of any such claim or action effected without its written consent.

The release and indemnification covenants and agreements contained in this Section shall survive the termination of this Loan Agreement. The Issuer will not, without the prior written consent of the Company, but will promptly, upon the Company's written request, settle or consent to the settlement of any prospective or pending litigation for which the Company is obligated under the provisions of this Section to indemnify the Issuer.

**SECTION 4.8. Company Consent to Amendment of Indenture.** The Issuer shall not adopt any indenture supplemental to or amendatory of the Indenture which affects the rights or obligations of the Company without the prior consent of the Company as evidenced by a certificate in writing signed by an Company Representative.

## ARTICLE V

### PLEDGE OF AGREEMENT

**SECTION 5.1. Pledge of Loan Agreement Under Indenture; Trustee's Rights in Event of Default.** The Issuer shall pledge and assign this Loan Agreement (except for certain enumerated reserved rights), and the Note to the Trustee as security for the Bonds under and pursuant to the Indenture and, upon the occurrence of an Event of Default hereunder, the Trustee shall have all rights and remedies herein accorded to the Issuer as well as those accorded to the Trustee. The Trustee shall have the right to make any election which the Issuer has the right to make upon an Event of Default under this Loan Agreement or the Note and to exercise any remedy herein provided to the Issuer and the decision or action of the Trustee in respect of any such election upon an Event of Default shall supersede and control that of the Issuer so long as the Bonds are Outstanding. Whenever the Bonds and all sums due the Issuer and the Trustee shall have been paid in full, all rights and remedies provided herein or in the Indenture upon the occurrence of an Event of Default hereunder, including those granted to the Trustee hereunder or under the Indenture shall be exclusively those of the Issuer.

**SECTION 5.2. Company's Right to Remedy Issuer Defaults and Other Matters.** The Company shall have the privilege of remedying any failure by the Issuer to perform any of its agreements under the Indenture upon the payment of all costs and expenses incurred in the exercise of remedies under the Indenture prior to the time such default was so remedied, so long as such failure has not resulted in an acceleration under the Indenture, and further provided that in connection with a payment default any action must be in accordance with the terms of the Indenture. Prior to the payment in full of the Bonds (or provision for payment having been made in accordance with Article VI of the Indenture), the Issuer and the Company shall have no power to modify, alter, amend or terminate this Loan Agreement without the prior written consent of the Trustee and then only as provided in the Indenture. The Issuer will not amend the Indenture or any indenture supplemental thereto without the prior written consent of the Company. Neither the Issuer nor the Company will unreasonably withhold any consent herein or in the Indenture required of either of them.

## ARTICLE VI

### PARTICULAR COVENANTS OF THE COMPANY

**SECTION 6.1. General Covenants.** The Company covenants that it will not do or permit anything to be done on or about the Facilities that will affect, impair or contravene any policies of insurance that may be carried on the Facilities or any part thereof against loss or damage by fire, casualty or otherwise. The Company will, in the use of the Facilities and the public ways abutting the same comply with all lawful requirements of all governmental bodies; provided, however, the Company may, at its own expense, in good faith contest the validity or applicability of any such requirement.

**SECTION 6.2. Examination of Facilities.** The Company covenants that the Trustee and its agents and attorneys shall have the right at all reasonable times and upon reasonable notice to enter upon, examine and inspect the Facilities for the purposes of enforcing the obligations of the Company hereunder.

**SECTION 6.3. Special Covenants.** The Company covenants that so long as any of the Bonds are outstanding:

(a) The Company covenants that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another corporation or permit one or more other corporations (other than a subsidiary) to consolidate with or merge into it; provided, however, that the Company may consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all its assets as an entirety and thereafter may (but shall not be required to) dissolve if the successor corporation has a Net Worth at least equal to that of the Company prior to such merger or sale, assumes in writing all the obligations of the Company herein.

If a consolidation, merger or sale or other transfer is made as permitted by this Subsection, the provisions of this Subsection shall continue in full force and effect and no further consolidation, merger or sale or other transfer shall be made except in compliance with the provisions of this Subsection.

(b) The Company will at all times maintain an office in the State where notices, requests and demands in respect of this Loan Agreement may be served, and it will in writing notify the Issuer and the Trustee of the location of such office. In default of any such office or such notification thereof, the Company hereby agrees and consents that the Trustee shall be the agent of the Company for the purpose of accepting service upon the Company of such notices, requests and demands, and all such notices, requests and demands may be served upon the Trustee, as such agent, at the Corporate Trust Office of the Trustee.

(c) The Company shall mail copies of its statements 10-K, 10-Q and 8-K to the Trustee within 20 days of filing such statements with the Securities and Exchange Commission, and to any Registered Owner of the Bonds who shall request the same in writing. If for any reason the Company is no longer required to file such statements, it shall mail to the Trustee, and to any Registered Owner of the Bonds who shall request the same in writing, copies of its audited annual and unaudited quarterly financial statements (but only for the first three quarters in any Fiscal Year) promptly upon completion of such statements.

(d) The Company will immediately give the Trustee written notice of any Event of Default or an event which, with the passage of time, would become an Event of Default under this Loan Agreement, the Indenture or the Note of which it shall have actual knowledge or written notice.

(e) The Company shall pay to the Trustee for the Refunded Bonds, amounts sufficient, when added to the proceeds of the 1993 Bonds, to redeem the Refunded Bonds in full within 90 days from the date of issuance of the 1993 Bonds.

**SECTION 6.4. Indemnity and Reimbursement of Trustee.** The Company shall promptly pay any and all costs, expenses and judgments which may be incurred by, or rendered against, the Trustee or any of its officers, members, directors, employees or agents incurred without negligence or bad faith at any time or times during the term (i) in enforcing any of the terms, covenants, conditions or provisions of this Loan Agreement or (ii) in taking any action as a result of any default by the Company or (iii) in defending any action, suit or proceedings brought against the Trustee or any of its officers, members, directors, employees or agents as a result of the violation of, or noncompliance with, any present or future Federal, state or municipal law, ordinance, regulation or order, or as a result of any alleged failure, neglect, misfeasance, malfeasance or default on the part of the Company or any of its officers, members, directors, employees, servants, agents or independent contractors in connection with, arising from, or growing out of this Loan Agreement, the Indenture, the Bonds or the Facilities, or any operations conducted in or any use or occupancy of the Facilities.

The release and indemnification covenants and agreements contained in this Section shall survive the termination of this Loan Agreement. The Trustee will not, without the prior written consent of the Company, but will promptly, upon the Company's written request, settle or consent to the settlement of any prospective or pending litigation for which the Company is obligated under the provisions of this Section to indemnify the Trustee, except where the prospective or pending litigation results from an Event of Default by the Company.

## ARTICLE VII

### EVENTS OF DEFAULT AND REMEDIES

**SECTION 7.1. Events of Default Defined.** The following shall be Events of Default under this Loan Agreement and the term "Event of Default" shall mean, whenever it is used in this Loan Agreement, any one of the following events:

(a) Failure to make any payments with respect to principal on the Note when due and payable.

(b) Failure to make any payments with respect to interest on the Note when due and payable and the continuation of such failure for a period of ten (10) days.

(c) Failure of the Issuer to pay when due any payment of principal or interest on or other amounts payable under the Bonds, if such failure constitutes an Event of Default under the Indenture.

(d) Failure of the Company to perform any of its obligations under Section 8.3 or 8.4 hereof.

(e) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsections (a), (b), (c) and (d) of this Section, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the Issuer or the Trustee, unless the Issuer and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Company promptly upon receipt of the written notice and is diligently pursued until the default is corrected and such default can be corrected within a reasonable period of time.

(f) The commencement against the Company of an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or of any action or proceeding for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property, or for the winding-up or liquidation of its affairs and the continuance of any such case, action, or proceeding unstayed and in effect for a period of sixty (60) consecutive days.

(g) The commencement by the Company of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to, or its acquiescence in the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of or the consent by it to any assignment for the benefit of creditors, or the failure of the Company generally to pay its debts as such debts become due, or the taking of any action by the Company in furtherance of any of the foregoing.

(h) Any representation or warranty made by the Company herein or in the Letter of Representation from the Company dated July 31, 1993 or any writing

furnished in connection with or pursuant to this Loan Agreement, the Letter of Representation or any writing, furnished in connection with any of the foregoing being false, misleading or incomplete in any material respect on the date as of which made.

**SECTION 7.2. Remedies on Default.** Whenever any Event of Default shall have happened and be subsisting:

(a) The Issuer may, by written notice, declare all installments of principal repayable pursuant to the Note for the remainder of the term thereof to be immediately due and payable, whereupon the same, together with accrued interest thereon as provided for in the Note, shall become immediately due and payable without presentment, demand, protest or any other notice whatsoever, all of which are hereby expressly waived by the Company; provided, however, all such amounts shall automatically be and become immediately due and payable without notice upon the occurrence of any event described in Section 7.1(f) or 7.1(g) hereof, which notice the Company hereby expressly waives.

(b) The Issuer may take whatever other action at law or in equity may appear necessary or desirable to collect the amounts payable pursuant to the Note then due and thereafter to become due, or to enforce the performance and observance of any obligation, agreement or covenant of the Company under this Loan Agreement or the Indenture.

(c) In the enforcement of the remedies provided in this Section 7.2, the Issuer may treat all reasonable expenses of enforcement including, without limitation, legal, accounting and advertising fees and expenses, as additional amounts payable by the Company then due and owing and the Company agrees to pay such additional amounts upon demand, the amount of such legal fees to be without regard to any statutory presumption.

(d) In addition, the Trustee may proceed to protect and enforce its rights and the rights of the Registered Owners of the Bonds hereunder and under the Bonds, by a suit or suits, whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power granted herein or for the enforcement of any other proper, legal or equitable remedy hereunder or with respect to the Trust Estate, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce its rights and the rights of the Registered Owners of the Bonds.

**SECTION 7.3. No Remedy Exclusive.** No remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver thereof but any such right or power may be exercised from time to time and as often as may be deemed expedient.

**SECTION 7.4. Agreement to Pay Attorney's Fees and Expenses.** In the event the Company should default or otherwise fail to perform any of the provisions of this Loan Agreement or the Trustee has reason to believe that such a default or failure of performance has occurred and the Trustee (in its own name or on behalf of the Issuer) should employ attorneys or incur other expenses for the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company will on demand therefor pay to the Trustee the

reasonable fees of such attorneys and such other expenses so incurred including reasonable attorneys' fees and expenses incurred in the collection of such fees and expenses.

**SECTION 7.5. No Additional Waiver Implied by One Waiver.** In the event any agreement contained in this Loan Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

## ARTICLE VIII

### PREPAYMENT UNDER LOAN AGREEMENT AND NOTE

**SECTION 8.1. Option to Prepay in Certain Events.** The Company shall have, and is hereby granted, the option to prepay in whole the amounts required to be paid under the Note and to cancel or terminate this Loan Agreement and the Note if any of the following shall have occurred:

(a) If, as result of any changes in the Constitution of the State of Florida or the Constitution of the United States of America or of any legislative or administrative action (whether state or Federal) or of any final decree, judgment or order of any court or administrative body (whether state or Federal), the payment obligations of the Company under this Loan Agreement shall have become unenforceable or impossible to perform in any material respect in accordance with the intent and purpose of the parties as expressed in this Loan Agreement; or

(b) If (i) all or substantially all of the Facilities or the Mill shall have been damaged or destroyed, and the Company deems it not practicable or desirable to rebuild, repair and restore the Facilities or the Mill; or (ii) there occurs the condemnation of all or substantially all of the Facilities or the Mill or the taking by eminent domain of such use of control of the Facilities or the Mill as to render either of them unsatisfactory to the Company for its intended use and the Company deems it not practicable or desirable to replace the Facilities or the Mill; or (iii) there occurs the permanent termination of operations of the Facilities or the Mill or the substantial curtailment of such operations due, in the reasonable judgment of the Company, primarily to the application of governmental air or water pollution control laws and regulations; or (iv) unreasonable burdens or excessive liabilities shall have been imposed upon the Company with respect to the Facilities or the Mill or the operation of either of them, including, but without being limited to, Federal, State or other ad valorem property, income or other taxes, other than ad valorem taxes presently levied upon privately owned property used for the same general purposes as the Facilities or the Mill.

To exercise such option, the Company (i) shall, within ninety (90) days following the event giving rise to the Company's desire to exercise such option, deliver to the Issuer and to the Trustee a certificate, executed by an officer of the Company, stating (A) the event giving rise to the exercise of such option, (B) that the Company has directed the Trustee to redeem all of the Bonds in accordance with provisions of the Indenture, and (C) the date upon which such prepayment is to be made, which date shall not be less than forty-five (45) days nor more than ninety (90) days from the date such notice is mailed; and (ii) shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption.

The prepayment price which shall be paid to the Trustee by the Company upon its exercise of the option granted in this Section shall be the sum of the following:

(1) an amount of money which, when added to the amount then on deposit in the Sinking Fund, will be sufficient to pay and redeem all of the then outstanding Bonds on the earliest applicable Redemption Date set by the Trustee including, without limitation, principal plus accrued interest thereon to said Redemption Date, plus



(2) an amount of money equal to the Trustee's and paying agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds.

**SECTION 8.2. Other Options to Prepay Amounts Under Note.** On or after June 1, \_\_\_\_, the Company shall have, and is hereby granted, the option to prepay the amounts required to be paid under the Note in whole at any time or in part on any Interest Payment Date. To exercise the option granted in this paragraph, the Company shall, on or before the sixtieth day next preceding the desired prepayment date, give written notice to the Issuer and the Trustee of its intention to prepay the installment amounts required to be made under the Note, on such desired prepayment date and shall specify therein the aggregate principal amount of Bonds or portions thereof to be redeemed with the moneys received upon such prepayment. Upon the exercise of any such option, the Company shall direct the Trustee to redeem Bonds or portions thereof in the principal amount and on the date specified in the notice hereinabove referred to and shall make arrangements satisfactory to the Trustee for the giving of the required notice of redemption of Bonds. The prepayment price which shall be paid to the Trustee by the Company, in the event of its exercise of any option granted in this paragraph, shall be the sum of the applicable Redemption Price (as set forth in Section 3.01 of the Indenture) in effect on the Redemption Date for the Bonds or portions thereof to be redeemed plus accrued interest thereon to such Redemption Date plus all fees and expenses of the Trustee and any paying agents accrued and to accrue through such Redemption Date.

The Company shall also have the option to prepay the amounts required to be paid under the Note in whole, at any time, by (i) depositing irrevocably with the Trustee either moneys in an amount which shall be sufficient, or U.S. Government Obligations the principal of and interest on which when due will provide moneys which, together with the moneys, if any, deposited with or held by the Trustee at the same time and available for such purpose, shall be sufficient pursuant to the Indenture to pay the principal of and interest on all of the Bonds due and to become due on or prior to the Redemption Date (if the Bonds are to be redeemed) or maturity thereof, (ii) paying to the Trustee all fees and expenses due in connection with the redemption of any such Bonds, and (iii) if any Bonds to be redeemed on any date prior to their maturity, giving the Trustee irrevocable instructions to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notice required by the Indenture has been given or irrevocable power authorizing the Trustee to give such notice.

**SECTION 8.3. Obligation to Prepay Note on Determination of Taxability.** If there occurs a Determination of Taxability (as defined in the Indenture), the Company shall be obligated to prepay all amounts required to be paid under the Note and shall pay to the Trustee for deposit in the Sinking Fund, the following amounts:

(1) an amount of money which, when added to the amount then on deposit in the Sinking Fund, will be sufficient to pay and redeem all of the then outstanding Bonds on the date of final payment and redemption of the Bonds required by this Section, plus

(2) an amount of money equal to the Trustee's and Paying Agents' fees and expenses under the Indenture accrued and to accrue until such final payment and redemption of the Bonds.

The Company shall give prompt written notice to the Issuer and the Trustee of its receipt of any oral or written advice from the Internal Revenue Service or any other party that a Determination of Taxability has occurred.

Not later than six (6) months after the date of a Determination of Taxability, the Company shall pay those sums identified in (1) and (2) above into the Sinking Fund and instruct the Trustee to notify the Registered Owners of the Bonds that on a date certain, which shall be the earliest possible date after the giving of the required notice to the Registered Owners of redemption under the Indenture, the Trustee shall apply the moneys on deposit in the Sinking Fund to the redemption of Bonds. A copy of such instructions shall be forwarded by the Company to the Issuer.

Upon the Redemption Date contemplated by this Section, provided there has been deposited with the Trustee the total amount as required, such amount shall constitute the total compensation due the Issuer and the Registered Owners of the Bonds as a result of an occurrence of such Determination of Taxability and the Company shall not be deemed to be in default hereunder by reason of the occurrence of such Determination of Taxability.

The provisions of this Section shall survive the termination of this Agreement.

**SECTION 8.4. Obligation to Prepay Note on Failure to Pay Refunded Bonds.** The Company shall prepay the Note in whole at a prepayment price equal to 100% of the principal amount of Bonds Outstanding together with all unpaid interest to the Redemption Date pursuant to Section 3.04 of the Indenture, in the event that all principal of, redemption premium, and interest due and payable on the Refunded Bonds have not been paid on or before the ninetieth day following issuance of the 1993 Bonds.

The Company shall notify the Trustee on the ninetieth day following issuance of the 1993 Bonds in order to inform the Trustee whether or not the Refunded Bonds have been paid.

## ARTICLE IX

### INTERNAL REVENUE CODE

**SECTION 9.1. General Covenant with Respect to Tax Exemption.** The parties hereto recognize that the Bonds are being sold on the basis that the interest payable on the Bonds is excludable from gross income of the Registered Owner thereof (other than as specified in the opinion of bond counsel delivered in connection with the issuance of the Bonds) under the Code. The Company covenants to comply with all provisions of the Code, and any Treasury Regulations promulgated thereunder from the date of issuance of the Bonds until the Company receives an Opinion of Tax Counsel to the effect that noncompliance with any or all of such provisions specified in the opinion will not cause interest on the Bonds to become taxable. Reference to Treasury Regulations issued under the Internal Revenue Code of 1954, as amended, shall include equivalent regulations issued under the Code. This covenant includes, but is not limited to, the specific covenants described in Section 9.2 hereof. The Issuer covenants to cooperate with the Company in order to comply with any requirements of the Code.

**SECTION 9.2. Specific Requirements of Tax Exemption.** In addition to the general representations and warranties contained in Section 1.3 hereof, the Company represents and warrants as follows:

(a) The Company represents and covenants that it has not previously done any act that would cause the interest payable on the Refunded Bonds or the 1993 Bonds to be included in the gross income of the Registered Owners thereof for federal income tax purposes.

(b) The Company covenants that it will prepare and file, with copies to the Trustee, any statement required to be filed by it in order to maintain the tax exempt status of the interest on the Bonds.

(c) The Company shall not cause the proceeds of the Bonds to be used or applied in such a manner as to cause the Bonds to become "arbitrage bonds" as defined by the Code.

(d) The Company will take all required action to calculate and make all required payments to ensure compliance with applicable provisions of the Code and applicable regulations and rulings thereunder relating to rebate of amounts to the United States of America.

## ARTICLE X

### MISCELLANEOUS

**SECTION 10.1. Trust Indenture.** The Company hereby approves and accepts the terms of the Indenture and agrees to do and perform all acts and things contemplated in the Indenture to be done or performed by the Company.

**SECTION 10.2. No Liability on General Credit of Issuer.** No provision, covenant or agreement contained in this Loan Agreement, or any obligations herein imposed upon the Issuer, or the breach thereof, shall constitute or give rise to or impose upon the Issuer a pecuniary liability or a charge upon its general credit or taxing powers or a pecuniary liability upon a member of its governing body or upon the officers, agents and employees of the Issuer nor shall they be liable personally for any act or omission related to the authorization and execution of this Loan Agreement. Recourse to the Issuer hereunder is limited solely to the Trust Estate created under the Indenture.

**SECTION 10.3. Obligation of the Parties to Cooperate in Furnishing Documents to Trustee.** The Issuer agrees at the sole cost and expense of the Company to cooperate with the Company in furnishing to the Trustee all documents required by this Loan Agreement or the Indenture.

**SECTION 10.4. Execution Counterparts.** This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

**SECTION 10.5. Binding Effect.** This Loan Agreement shall inure to the benefit of, and shall be binding upon, the Issuer, the Company and their respective successors and assigns.

**SECTION 10.6. Severability.** In the event any provision of this Loan Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

**SECTION 10.7. Article and Section Captions.** The Article and Section headings and captions contained herein are included for convenience only and shall not be considered a part hereof or affect in any manner the construction or interpretation hereof.

**SECTION 10.8. Governing Law.** This Loan Agreement is made and entered into under, and shall be construed in accordance with, the laws of the State.

**SECTION 10.9. Notices.** All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered or certified mail, postage prepaid, addressed as follows: if to the Issuer at the Nassau County Courthouse, Fernandina Beach, Florida 32034; if to the Company at ITT Rayonier Incorporated, 1177 Summer Street, Stamford, Connecticut 06904, Attn: Corporate Secretary, with a copy to ITT Rayonier Incorporated, Southeast Legal Office, P.O. Box 723, Fernandina Beach, Florida 32034. A duplicate copy of each notice, certificate or other communication given hereunder by either the Issuer or the Company to the other shall also be given to the Trustee. The Issuer, the Company and the Trustee may, by notice given hereunder, designate any further or different

addresses to which subsequent notices, certificates or other communications shall be sent.

IN WITNESS WHEREOF, the Issuer has caused this Loan Agreement to be executed by its Chairman of the Board and its corporate seal to be affixed, attested by its Ex-officio Clerk of the Board, and the Company has caused this Loan Agreement to be executed and attested by its undersigned officers, all as of the day and year first above written.

NASSAU COUNTY, FLORIDA

(Seal)

By: *James E. Testone*  
Chairman, Board of County  
Commissioners

ATTEST:

*[Signature]*  
Ex-Officio Clerk, Board of County  
Commissioners

STATE OF FLORIDA

COUNTY OF NASSAU

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of June, 1993, by James E. Testone and T. S. Green, as Chairman and Ex-Officio Clerk of the Board of County Commissioners, respectively, of Nassau County, Florida, a political subdivision of the State of Florida, on behalf of the County. They are personally known to me or who have produced their driver's license as identification.

NOTARY PUBLIC

(SEAL)

*Margie J. Armstrong*  
(Print Name) **MARGIE J. ARMSTRONG**  
State of Florida at Large NOTARY PUBLIC, STATE OF FLORIDA  
My Commission Expires Nov. 5, 1995  
Commission No. 00167999

**ITT RAYONIER INCORPORATED**

By: \_\_\_\_\_  
Senior Vice President and  
Chief Financial Officer

ATTEST:

\_\_\_\_\_  
Secretary

**STATE OF CONNECTICUT**

**COUNTY OF FAIRFIELD**

The foregoing instrument was acknowledged before me this \_\_\_\_\_ day of June, 1993, by Gerald J. Pollack and John B. Canning, as Senior Vice President and Chief Financial Officer and Secretary, respectively, of ITT Rayonier Incorporated, a Delaware corporation, on behalf of the corporation. They are personally known to me or who have produced their driver's license as identification.

NOTARY PUBLIC

(SEAL)

\_\_\_\_\_  
Print Name: \_\_\_\_\_  
State of Connecticut  
My Commission Expires: \_\_\_\_\_

**EXHIBIT A**

**PROMISSORY NOTE**

Date: June \_\_, 1993

For value received, **ITT RAYONIER INCORPORATED**, a Delaware corporation (the "Company"), promises to pay to the order of **NASSAU COUNTY, FLORIDA**, a political subdivision of the State of Florida (the "Issuer"), the principal sum of Ten Million Six Hundred Eighty Thousand Dollars (\$10,680,000), together with interest and other amounts from the date hereof as specified in the Loan Agreement dated as of August 1, 1993, between the Company and the Issuer (the "Loan Agreement") and as specified in the Trust Indenture (the "Indenture") of even date between the Issuer and Barnett Banks Trust Company, N.A., Jacksonville, Florida, as Trustee under the Indenture.

This Note is evidence of the Loan described in the Loan Agreement and part of the Trust Estate created by the Indenture, all of which is provided for and set forth in the Loan Agreement and the Indenture. The Company irrevocably and unconditionally promises and agrees to make payments hereunder sufficient to pay all of the principal of, redemption premium, if any, and interest on the 1993 Bonds when and as the same become due and to timely pay all other sums required to be paid by the Company under the terms and provisions of the Loan Agreement and the Indenture, including, without limitation, all administrative expenses of the Issuer. It is expressly agreed that all definitions, covenants, conditions and agreements contained in the Loan Agreement and the Indenture executed in connection herewith are hereby incorporated by reference in this instrument as though fully set forth at length herein. In the event of conflict between this Note and the Loan Agreement or Indenture, the terms and conditions of the Loan Agreement and the Indenture shall control. This Note shall be deemed to be in default upon the occurrence of any Event of Default which under the terms of the Loan Agreement or Indenture has been so declared to constitute an Event of Default. Upon the occurrence of an Event of Default and such declaration of same, the holder of this Note may, at its option, declare all unpaid indebtedness evidenced by this Note and any modifications thereof immediately due and payable without notice regardless of the date of maturity and shall have all other rights and remedies as provided in the Loan Agreement and the Indenture. Failure at any time to exercise this option shall not constitute a waiver of the right to exercise the same at any other time.

The Company hereby waives presentment, protest and demand, notice of protest, demand and of dishonor and nonpayment of this Note.

This Note is assignable to the Trustee as aforesaid.

This Note shall be governed by the laws of the State of Florida, which laws shall be applicable in the interpretation, construction and enforcement hereof.



**ITT RAYONIER INCORPORATED**

By: \_\_\_\_\_  
Gerald J. Pollack  
Senior Vice President and  
Chief Financial Officer

**ATTEST:**

By: \_\_\_\_\_  
John B. Canning  
Secretary

**ASSIGNMENT TO TRUSTEE**

For value received the undersigned hereby sells, assigns and transfers unto Barnett Banks Trust Company, N.A., Jacksonville, Florida, as Trustee, without recourse, the within Note and all rights thereunder, pursuant to that certain Trust Indenture between Nassau County, Florida and Trustee, dated as of June 1, 1993.

**NASSAU COUNTY, FLORIDA**

By:   
Chairman, Board of  
County Commissioners

(SEAL)

Attest:


  
Ex-officio Clerk, Board  
of County Commissioners

EXHIBIT C

PRELIMINARY OFFICIAL STATEMENT DATED MAY 17, 1993

NEW ISSUE - Book-Entry-Only

In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under existing laws, regulations and court decisions except for interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the Facilities or a "related person" within the meaning of the Code. Moreover, in the opinion of Bond Counsel, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although it should be noted that, in the case of corporations, such interest is taken into account in determining current earnings for purposes of such alternative minimum tax. In the further opinion of Bond Counsel, the Bonds and the interest thereon are also exempt from taxation under present Florida law except estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations. See "Tax Matters" herein.

\$10,680,000  
Nassau County, Florida  
Pollution Control Refunding Revenue Bonds, Series 1993  
(ITT Rayonier Incorporated Project)

Dated: June 1, 1993

Due: July 1,  
as shown below

MATURITIES, AMOUNTS, INTEREST RATES AND PRICES\*

<u>Maturity</u>	\$ _____ <u>Principal</u> <u>Amount</u>	Serial Bonds <u>Interest</u> <u>Rate</u>	<u>Price</u>
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\$ \_\_\_\_\_ % Term Bonds due July 1, \_\_\_\_\_ @100%

The Bonds are special obligations of the Issuer and do not constitute a general obligation or indebtedness of Nassau County, Florida, or the State of Florida or of any political subdivision thereof within the meaning of the Constitution or laws of the State of Florida and shall not create or constitute a lien upon

\* Plus accrued interest from June 1, 1993.

any property owned by or situated within the geographical limits of the Issuer except for the Trust Estate. No owner of the Bonds shall ever have the right to compel the levy of ad valorem taxes for the payment of the Bonds or the interest thereon or redemption premium, if any, with respect to the Bonds. The Bonds are payable solely from, and secured by a pledge of, payments to be made under a Loan Agreement with and a Promissory Note of

### ITT Rayonier Incorporated

Interest on the Bonds will be payable January 1 and July 1, commencing [January 1, 1994] (subject to applicable grace periods described herein). The principal or redemption price of the Bonds is payable upon presentation or surrender thereof at the principal corporate trust office of Barnett Banks Trust Company, N.A., Jacksonville, Florida, as trustee and paying agent (the "Trustee"). Interest on the Bonds is payable by check or draft mailed to the registered owner of the Bonds as described herein; provided however, that the registered owner of a \$1,000,000 or more in principal amount of Bonds will be entitled under certain circumstances and upon proper request as described herein to receive interest payments by wire transfer. The Bonds are being issued only as fully registered Bonds and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of beneficial interest in the Bonds will be made in book-entry-only form in denominations of \$5,000 or any integral multiple thereof. Purchasers of such beneficial interest ("Beneficial Owners") will not receive certificates representing their beneficial interests in the Bonds. So long as Cede & Co. is the registered owner, as nominee of DTC, references herein to the registered owners shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. See the information herein under the caption "THE BONDS - Book-Entry-Only System."

Principal of, redemption premium, if any, and interest on the Bonds will be paid by the Trustee to Cede & Co. as long as Cede & Co. is the registered owner of the Bonds. Disbursement of such payments to the DTC Participants is the responsibility of DTC and is disbursements of such payments to the Beneficial Owners is the responsibility of DTC Participants and Indirect Participants, as more fully described herein under the caption "THE BONDS - Book-Entry-Only System."

The Bonds are subject to redemption (including mandatory sinking fund redemption) prior to maturity as more fully described herein.

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The Bonds are offered when, as and if issued by the Issuer and received by the Underwriters, subject to prior sale, to withdrawal or modification of the offer without notice, and subject to the approval of legality by Livermore & Klein, P.A.,

Jacksonville, Florida, Bond Counsel. Certain legal matters will be passed upon for the Issuer by its counsel, Michael Mullin, Esq., and for the Company by John B. Canning, Esq., Secretary and Associate General Counsel of the Company. Certain legal matters will be passed upon for the Underwriters by King & Spalding, Atlanta, Georgia, counsel to the Underwriters. It is expected that the Bonds in book-entry-only form will be available for delivery in New York on or about June 8, 1993, against payment therefor.

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LAZARD FRERES & CO.

RAYMOND JAMES ASSOCIATES, INC.

Dated: May 17, 1993

## Preliminary Legend

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment without notice. 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 a 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.

No dealer, broker, salesman or other person has been authorized by the Issuer, the Company or the Underwriters to give any information or to make any representations other than those contained this Official Statement in connection with the offering of the Bonds described herein, 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 of any securities other than the Bonds described on the cover page, or an offer to sell or 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 contained in this Official Statement has been furnished by the Issuer and the Company and other sources that are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Issuer, the Company or the Underwriters. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the matters referred to herein since the date hereof.

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

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## OFFICIAL STATEMENT

\$10,680,000  
NASSAU COUNTY, FLORIDA  
POLLUTION CONTROL REFUNDING REVENUE BONDS, SERIES 1993  
(ITT RAYONIER INCORPORATED PROJECT)

### INTRODUCTORY STATEMENT

This Official Statement, including the cover page, the table of contents page and the Appendices, is furnished to provide certain information in connection with the offer and sale of \$10,680,000 Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project) (the "Bonds"), issued by Nassau County, Florida, a political subdivision of the State of Florida (the "Issuer"). The Bonds will be issued pursuant to a Trust Indenture, dated as of June 1, 1993 (the "Indenture"), between the Issuer and Barnett Banks Trust Company, N.A., Jacksonville, Florida, as trustee (the "Trustee"). The Bonds will be payable from and secured solely by a pledge of payments under a Loan Agreement, dated as of June 1, 1993 (the "Loan Agreement"), between the Issuer and ITT Rayonier Incorporated, a Delaware corporation (the "Company") and a Promissory Note, dated as of June 1, 1993 (the "Note") delivered by the Company pursuant thereto.

The proceeds of the Bonds will be used to refund, within ninety (90) days of the date of issuance and delivery of the Bonds, the outstanding aggregate principal amount of Ocean Highway and Port Authority Pollution Control Revenue Bonds, 1979 Series (ITT Rayonier Project) (the "Refunded Bonds") issued on January 30, 1979, in the original aggregate principal amount of \$15,000,000 of which \$10,680,000 is currently outstanding. The Refunded Bonds were issued in order to finance a portion of the costs of the acquisition, construction and installation of certain air and water pollution control facilities (the "Facilities") to serve the existing pulp mill (the "Mill") of the Company located in Nassau County, Florida. Pursuant to the Loan Agreement, the Issuer will loan the proceeds of the Bonds to the Company for such purpose and the Company will be obligated to make payments in the amount of the principal of, redemption premium, if any, and interest on the Bonds. To evidence its obligation to make these payments, the Company will deliver the Note to the Trustee equal to the aggregate principal amount of the Bonds.

Brief descriptions of the Issuer, the Use of Proceeds, the Bonds, the Indenture and the Loan Agreement are included in this Official Statement and information concerning the Company is contained in Appendix A hereto. Such descriptions and information do not purport to be comprehensive or definitive. The descriptions and summaries herein of the Indenture and the Loan Agreement are qualified in their entirety by reference to such complete documents, which are available for inspection at the

principal corporate trust office of the Trustee. During the period of the offering, copies of such documents may be obtained from the Underwriters. Terms not defined herein have the meanings given them in the Indenture.

Certain information relating to The Depository Trust Company ("DTC") and the book-entry-only system has been furnished by DTC. Appendix A to this Official Statement has been furnished by the Company and contains and incorporates by reference certain financial statements and other information concerning the business of the Company. Appendix B to this Official Statement contains a proposed form of opinion of Bond Counsel to be delivered in connection with the issuance and delivery of the Bonds.

All references to the Bonds are qualified in their entirety by the definitive forms thereof and by the information with respect thereto included in the aforementioned documents.

#### THE FACILITIES

The Facilities consist of certain air and water pollution control facilities which have been acquired, constructed and installed by the Company as a part of the Mill located in the City of Fernandina Beach in Nassau County, Florida.

#### USE OF PROCEEDS

The proceeds from the sale of the Bonds, together with certain funds provided by the Company, will be used to redeem the Refunded Bonds in accordance with the provisions of the Indenture. The Issuer and the Company have irrevocably directed the redemption of the Refunded Bonds on July 1, 1993.

#### THE ISSUER

The Issuer is a political subdivision of the State of Florida (the "State") and is authorized and empowered by the provisions of the Constitution of the State and the Industrial Development Financing Act, Part II of Chapter 159, Florida Statutes, as amended (the "Act"), to issue the Bonds and to loan the proceeds of the Bonds to the Company to refund the Refunded Bonds. Nassau County, Florida, is one of four counties comprising the Jacksonville Metropolitan Statistical Area. Located in the extreme northeast corner of Florida, Nassau County is 34 miles north of Jacksonville. It is bordered on the north and west by the State of Georgia, on the east by the Atlantic Ocean, and on the south by Duval County, Florida. Fernandina Beach, the County Seat of Nassau County, is situated at the confluence of the St. Marys River and the Atlantic Ocean. The Issuer is governed by a five member Board of County Commissioners, one from each of five districts, elected at large for staggered terms of four years.

The Board of County Commissioners is authorized to issue bonds for all lawful purposes. The issuance of the Bonds was authorized by a resolution duly adopted by the Board of County Commissioners on May 24, 1993.

## THE BONDS

Certain provisions of the Bonds are described below. The following summary is not intended to be complete and reference is made to the Indenture and the Bonds for the detailed provisions thereof.

### General

The Bonds originally will be issued solely in book-entry-only form to DTC or its nominee, Cede & Co., to be held in DTC's book-entry-only system. So long as the Bonds are held in the book-entry-only system, DTC or its nominee will be the Registered Owner of the Bonds for all purposes of the Indenture, the Bonds and this Official Statement. See "THE BONDS - Book-Entry-Only System" below.

The Bonds will be issued in the aggregate principal amount, and will mature on the dates (subject to earlier redemption) and bear interest at the rates, set forth on the cover page of this Official Statement. The principal of and redemption premium, if any, on the Bonds will be payable at the principal corporate trust office of the Trustee. Interest on the Bonds will be payable by check drawn on the Trustee mailed on the applicable interest payment date to the registered owners thereof as of the close of business on the fifteenth (15th) day (whether or not a business day) of the month immediately preceding the interest payment date (the "Record Date"). Interest on the Bonds will be payable initially on [January 1, 1994], and semiannually thereafter on July 1 and January 1 of each year, subject to applicable grace periods. See "THE INDENTURE - Events of Default" herein.

The Trustee will act as Paying Agent and Registrar for the Bonds. The principal office of the Trustee is located at Barnett Banks Trust Company, N.A., 9000 Southside Boulevard, Building 100, Jacksonville, Florida 32256.

Any Registered Owner of at least \$1,000,000 in aggregate principal amount of Bonds may elect to have the principal of, redemption premium and interest on its Bonds paid by deposit to the account of such Registered Owner if such account is maintained with the Paying Agent or by wire transfer within the continental United States to or at the direction of such Registered Owner; provided that written notice of any such election and designated account is given to the Paying Agent and Registrar prior to the Record Date as to which such election shall be effective. The

notice may provide that it shall remain in effect for later payments of principal, redemption, if any, premium and interest.

While the Bonds are held in book-entry-only form by DTC, interest, principal and redemption price will be payable as described below under "THE BONDS - Book-Entry-Only System." Any interest on any Bond which is payable but it not punctually paid or provided for on any interest payment date ("Defaulted Interest") will cease to be payable to the registered owner on the relevant Record Date by virtue of having been such owner, and such Defaulted Interest will be paid to the person in whose name the Bond is registered at the close of business on a Special Record Date to be fixed by the Trustee.

### **Security**

The Bonds will be special obligations of the Issuer and, except to the extent payable from the proceeds of the Bonds or other moneys available therefor, will be payable from and be secured by a pledge of the payments to be made by the Company under the Loan Agreement and the Note. The payments required under the Loan Agreement and the Note will be sufficient, together with other moneys available therefor, to permit the Issuer to make payments, when due, of the principal of, redemption premium, if any, and interest on the Bonds. Payments of principal, redemption premium, if any, and interest required under the Loan Agreement and the Note will be made by the Company directly to the Trustee at its principal office.

The Facilities do not constitute security for the Bonds.

The Bonds will not constitute a general obligation or indebtedness of the Issuer or the State of Florida or any political subdivision thereof within the meaning of the Constitution or laws of the State of Florida, including, without limitation, Nassau County. No Registered Owners of the Bonds will have the right to compel the levy of ad valorem taxes for the payment of the Bonds or the interest thereon or the redemption premium, if any, with respect thereto. The Bonds will not create or constitute a lien upon any property owned by or situated within the boundaries of the Issuer except for the Trust Estate.

### **Book-Entry-Only System**

Portions of the following information concerning DTC and DTC's book-entry system have been obtained from DTC. The Issuer, the Company and the Underwriters make no representation as to the accuracy of such information.

DTC, New York, New York, will act as securities depository for the Bonds, and the Bonds initially will be issued solely in book-entry form to be held under DTC's book-entry-only system registered in the name of Cede & Co. (DTC's partnership nominee).

One fully registered Bond will be issued for the Bonds, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds

are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices will be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Paying Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer and the Trustee, or the Trustee, in certain circumstances with the approval of the Company, may remove DTC as the securities depository for the Bonds. Under such circumstances, Bond certificates are required to be delivered as described in the Indenture (see "THE BONDS - Revision of Book-Entry System; Replacement Bonds" below). The Beneficial Owner, upon registration of certificates held in the Beneficial Owner's name, will become the Registered Owner of the Bonds.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Registered Owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners. Under the Indenture, payments made by the Trustee to DTC or its nominee will satisfy the Issuer's obligations under the Indenture and the Company's obligations under the Agreement and the Note, to the extent of the payments so made. Beneficial Owners will not be, and will not be considered by the Issuer, the Company or the Trustee to be, and will not have any rights as, holders of Bonds under the Indenture.

THE ISSUER, THE COMPANY, THE UNDERWRITERS AND THE TRUSTEE WILL HAVE NO RESPONSIBILITY OR OBLIGATION TO ANY DIRECT PARTICIPANT, INDIRECT PARTICIPANT OR ANY BENEFICIAL OWNER OR ANY OTHER PERSON NOT SHOWN ON THE REGISTRATION BOOKS OF THE TRUSTEE AS BEING A REGISTERED OWNER WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT OF ANY AMOUNT DUE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR ANY PREMIUM ON THE BONDS; (3) THE DELIVERY OF ANY NOTICE BY DTC TO ANY DIRECT PARTICIPANT OR BY ANY DIRECT PARTICIPANT OR INDIRECT PARTICIPANT TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED TO BE GIVEN TO REGISTERED OWNERS UNDER THE TERMS OF THE INDENTURE; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS REGISTERED OWNER.

The Issuer, the Company and the Underwriters cannot and do not give any assurances that DTC will distribute payments of debt service on the Bonds made to DTC or its nominee as the registered owner, or any redemption or other notices, to the Participants, or that the Participants or others will distribute such payments or notices to the Beneficial Owners, or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Official Statement.

#### **Revision of Book-Entry System; Replacement Bonds**

The Indenture provides that the Company may remove or replace DTC as securities depository for the Bonds. DTC also may determine not to continue to act as securities depository for the Bonds. In either such event the Company shall attempt to have appointed a successor securities depository. If no successor securities depository is appointed, the Issuer will issue and the Trustee will authenticate and deliver fully registered Bonds, in denominations of \$5,000 or any integral multiple thereof, at the direction of DTC, at the expense (including printing and delivery costs) of the Company.

In the event that the book-entry-only system is discontinued, the principal or redemption price of and interest on the Bonds will be payable in the manner described above in the second and

fourth paragraphs under "THE BONDS - General," and the following provisions will apply: The Trustee, as Registrar, will keep the registration books for the Bonds at its principal corporate trust office. The Bonds may be transferred or exchanged for one or more Bonds of the same issue in different authorized denominations upon surrender thereof at the principal corporate trust office of the Trustee by the Registered Owners or their duly authorized attorneys or legal representatives. Upon surrender of any Bonds to be transferred or exchanged, the Trustee will record the transfer or exchange in its registration books and will authenticate and deliver new Bonds appropriately registered and in appropriate denominations at the expense of the person requesting such transfer or exchange. The Trustee will not be required to transfer or exchange any Bond for a period of 15 days immediately preceding the mailing of an notice of redemption of Bonds, nor any Bond all or part of which has been called for redemption after such Bond has been selected for redemption. The Issuer and the Trustee will be entitled to treat the Registered Owners of the Bonds, as their names appear in the registration books, as the Registered Owners of such Bonds for all purposes under the Indenture. No transfer or exchange made other than as described above and in the Indenture will be valid or effective for any purposes under the Indenture. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer, the Company and the Underwriters take no responsibility for the accuracy thereof.

#### **Optional Redemption**

The Bonds maturing in the years \_\_\_\_ and thereafter are subject to redemption prior to maturity on or after July 1, 2003, in whole at any time or in part on any interest payment date, at the option of the Company, at the applicable redemption price (expressed as a percentage of principal amount of the Bonds to be redeemed) set forth in the schedule below, together with unpaid interest accrued to the date fixed for redemption:

<u>Redemption Period</u> <u>(Both Dates Inclusive)</u>	<u>Redemption Price</u>
July 1, 2003 to June 30, 2004	
July 1, 2004 to June 30, 2005	
July 1, 2005 and thereafter	

#### **Extraordinary Optional Redemption**

The Bonds are subject to extraordinary optional redemption prior to maturity in whole at any time, at a redemption price equal to the principal amount thereof together with unpaid



interest accrued to the date fixed for redemption, upon the happening of one of the events described below:

(a) Exercise by the Company of its option under the Loan Agreement to direct the Trustee to redeem the Bonds in whole, if, as a result of any changes in the Constitution of the State of Florida or the Constitution of the United States of America or of any legislative or administrative action (whether state or Federal) or of any final decree, judgment or order of any court or administrative body (whether state or Federal), the payment obligations of the Company under the Loan Agreement or the Note shall have become unenforceable or impossible to perform in any material respect in accordance with the intent and purpose of the parties as expressed in the Loan Agreement; or

(b) Exercise by the Company of its option under the Loan Agreement to direct the Trustee to redeem the Bonds in whole if (i) all or substantially all of the Facilities or the Mill shall have been damaged or destroyed, and the Company deems it not practicable or desirable to rebuild, repair and restore the Facilities or the Mill; or (ii) there occurs the condemnation of all or substantially all of the Facilities or the Mill or the taking by eminent domain of such use or control of the Facilities or Mill as to render either of them unsatisfactory to the Company for its intended use and the Company deems it not practicable or desirable to replace the Facilities or said Mill; or (iii) there occurs the permanent termination of operations of the Facilities or the Mill or the substantial curtailment of such operations due, in the reasonable judgment of the Company, primarily to the application of governmental air or water pollution control laws and regulations; or (iv) unreasonable burdens or excessive liabilities shall have been imposed upon the Company with respect to the Facilities or the Mill or the operation of either of them, including, but without being limited to, Federal, State or other ad valorem, property, income or other taxes, other than ad valorem, property, income or other taxes presently levied upon privately owned property used for the same general purposes as the Facilities or the Mill.

#### **Mandatory Sinking Fund Redemption**

The Bonds maturing July 1, 2008 are subject to mandatory sinking fund redemption prior to maturity, in part, at 100% of the principal amount thereof, plus interest due thereon on the date of redemption, in the following principal amounts and on the dates set forth below (the 2008 amount to be paid rather than redeemed):

July 1 of the Year

Principal Amount

\*

If in any Bond Year on or before the forty-fifth day next preceding the end thereof, Bonds maturing July 1, 2008 have been optionally redeemed or delivered by the Company to the Trustee for cancellation, the amount of the amortization requirements for such Bonds shall (i) be reduced in such Bond Years and in such amounts (totaling the aggregate principal amount of the Bonds optionally redeemed or otherwise surrendered for cancellation during such Bond Year) as directed in writing by the Company, or (ii) in the absence of written direction from the Company, be reduced in integral amounts of \$5,000, in inverse chronological order.

**Extraordinary Mandatory Redemption Upon Determination of Taxability**

The Bonds will be redeemed prior to maturity in whole within six (6) months after the occurrence of a Determination of Taxability, at a redemption price equal to the principal amount thereof together with unpaid interest accrued to the date fixed for redemption. A "Determination of Taxability" shall mean (a) the receipt by the Company of notice of the issuance by the Internal Revenue Service of a technical advice memorandum or a statutory notice of deficiency (which notice shall include a copy of such statutory notice of deficiency) which holds in effect that the interest payable on any of the Bonds is includable in the gross income of the Registered Owner named therein (other than a Registered Owner who is a "substantial user" of the Facilities or a "related person," as such terms are defined in the Code) as a result of the Bonds having become arbitrage bonds within the meaning of Section 148 of the Code, or (b)(1) the issuance of a public or private ruling of the Internal Revenue Service to the effect that the interest payable on the Bonds is includable in the gross income for Federal income tax purposes of the Registered Owners thereof (other than a "substantial user" or a "related person" within the meaning of the Code) or (2) the receipt by the Trustee of an opinion of counsel nationally recognized as being experienced in matters relating to the tax exemption of interest on obligations issued by states and their political subdivisions, to the effect that the interest on such Bond has become includable in the gross income of the Registered Owner thereof (other than a "substantial user" or a "related person," as such terms are defined in the Code) for the purposes of federal income taxation.

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\*final maturity

A Determination of Taxability may not occur for a substantial period of time after interest on the Bonds first becomes includable in the gross income of the Registered Owners of the Bonds, and the Bonds may remain outstanding subsequent to the occurrence of a Determination of Taxability for a period of up to six months. In such event, the tax liability of Registered Owners of the Bonds may extend for the period for which interest was received on the Bonds and for which the relevant statute of limitations has not run. Moreover, Registered Owners of Bonds will not receive any additional interest, premium or other payment to compensate them for federal income taxes, interest and penalties which may be assessed with respect to such interest. See "TAX MATTERS".

#### **Extraordinary Mandatory Redemption Upon Failure to Pay Refunded Bonds**

The Bonds will be redeemed prior to maturity in whole at a redemption price equal to 100% of the principal amount thereof, together with unpaid interest accrued to the date fixed for redemption, in the event that the entire principal of, redemption premium, if any, and interest due on the Refunded Bonds have not been paid on or before the 90th day following the issuance of the Bonds. Such redemption shall be made as soon as practicable following notice by the Company to the Trustee of such failure to pay the Refunded Bonds.

#### **Selection of Bonds to be Redeemed**

Except when DTC or its nominee is the sole Registered Owner of the Bonds pursuant to the book-entry-only system, if fewer than all of the Bonds are to be redeemed, the Bonds to be redeemed shall be redeemed in the order of maturities designated by the Company or, in the absence of any such designation, in inverse order of maturity and by lot within a maturity as selected by the DTC, as Depository for the Bonds so long as the Bonds are in a book-entry system, and otherwise by the Trustee by lot; provided, however, that the portion of any Bond to be redeemed shall be in the principal amount of \$5,000 or an integral multiple thereof and that in selecting the Bonds for redemption, the Trustee or DTC, as the Depository shall treat each Bond as representing that number of Bonds which is obtained by dividing the principal amount of such Bond by \$5,000. Provisions of the Indenture that apply to Bonds called for redemption also apply to portions of Bonds called for redemption.

#### **Notice of Redemption**

The Trustee will mail, by first-class mail, notice to DTC, so long as DTC or its nominee is the sole Registered Owner of the Bonds under a book-entry-only system, and to each Registered Owner of a Bond to be redeemed not more than forty-five (45) and not less than thirty (30) days before each redemption date. The notice will identify the Bonds or portions of Bonds to be redeemed

and will state (1) the redemption date, (2) the redemption price, (3) that the Bonds called for redemption must be surrendered to collect the redemption price, (4) the address at which the Bonds must be surrendered, and (5) that interest on the Bonds called for redemption ceases to accrue on the redemption date.

Failure to give any notice of redemption as to any particular Bonds will not affect the validity of the call for redemption of any Bonds in respect of which no such failure has occurred. Any notice mailed as provided in the Bonds will be conclusively presumed to have been given whether or not actually received by any Registered Owner.

Any failure on the part on DTC or a Direct Participant or Indirect Participant to notify the Beneficial Owner so affected will not affect the validity of the redemption.

See "THE BONDS - Book-Entry-Only System" for a summary description of the limitations on the rights of Beneficial Owners to receive notice of redemption of the Bonds and of the manner in which a partial redemption will be allocated by DTC.

#### **Effect of Redemption**

If sufficient funds or U.S. Government Obligations (as defined in the Indenture) are held by the Trustee sufficient to pay the principal of, redemption premium, if any, and interest at maturity or on the redemption date therefor are deposited with the Trustee and held by the Trustee in trust for such purposes, all liability of the Issuer for such payment shall be discharged and the Trustee will hold such moneys or U.S. Government Obligations without any liability to the registered owners of such Bonds for interest thereon, in trust for the benefit of the registered owners who will thereafter be exclusively restricted to such moneys or U.S. Government Obligations for any claim with respect to such Bonds, including any claim for payment. Any such moneys or U.S. Government Obligations remaining unclaimed by the registered owners of such Bonds for three years after the maturity or Redemption Date shall at the request of the Company be paid to the Company and the registered owners of such Bonds will thereafter be entitled to look only to the Company for payment of such Bonds.

#### **THE LOAN AGREEMENT AND THE NOTE**

Certain provisions of the Loan Agreement and the Note are described below. The following summary is not intended to be complete and reference is made to the Loan Agreement and the Note for the detailed provisions thereof.

## **Principal Amount of the Loan**

The Issuer agrees to make and the Company agrees to accept and repay a loan in the principal amount equal to the principal amount of the Bonds. The loan will be evidenced by the Note. The proceeds of the loan will be deposited in the Redemption Fund created in the Indenture and applied to redeem the Refunded Bonds as provided in the Indenture. See "THE INDENTURE - Application of Bond Proceeds" herein.

## **Total Loan Payment; Nature of Obligation**

The aggregate amount of the loan payments to be made by the Company in each fiscal year shall be the aggregate of the payment for the principal of and redemption premium, if any, on the Outstanding Bonds, plus the interest at the same rate or rates per annum as that payable on the Bonds, accruing or becoming due during such fiscal year as provided by the Indenture, administration expenses of the Issuer not theretofore provided for accruing and becoming payable, plus any additional sums which become payable to the Issuer or Trustee under the terms of the Loan Agreement or the Indenture. The Company's obligation to repay the loan is absolute and unconditional and is not subject to any setoff, claim or event whatsoever.

## **Payment to Trustee**

All payments by the Company under the Loan Agreement are to be paid to the Trustee at its corporate trust office. The Company further agrees that its obligations to make mandatory payments shall be absolute and unconditional and shall not be subject to any defense (other than payment) or any right of setoff, counterclaim or recoupment arising in any manner or for any reason including, but not limited to, any breach by the Issuer of any obligations to the Company, whether under the Loan Agreement or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Issuer, or otherwise.

## **Management, Operation, Maintenance and Repair of Facilities**

The Company will maintain, preserve and keep the Facilities or cause the Facilities to be maintained, preserved and kept, with the appurtenances and every part and parcel thereof, in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Company will have no obligation to maintain, repair, replace or renew any element or unit of the Facilities, the maintenance, repair, replacement or renewal of which becomes uneconomic to the Company because of damage or destruction by a cause not within the control of the Company, or obsolescence (including economic obsolescence), or change in government standards and regulations, or the

termination by the Company of the operation of the production facilities to which the element or unit of the Facilities is an adjunct.

### **Insurance**

The Company will keep the Facilities continuously insured against such risks as are customarily insured against by businesses of like size and type, paying as the same become due and payable all premiums with respect thereto; provided, however, that the Company may self-insure against any of the foregoing risks to the extent and in the manner that it may legally do so and it is the general practice of the Company to self-insure against such risks. In lieu of separate insurance policies, such insurance may be in the form of a blanket insurance policy or policies of the Company. Insurance policies may be written with deductible amounts and exceptions and exclusions comparable to those of businesses of like size and type.

All proceeds of insurance against property damage shall be made payable to the Company alone and the Company shall collect and retain such proceeds and all claims under any insurance policy referred to in the Loan Agreement may be settled by the Company without the consent of the Issuer or the Trustee or its respective agents irrespective of whether they are named as insureds thereunder.

### **Condemnation**

In the event that title to or the temporary use of the Facilities, or any part thereof, shall be taken in condemnation or by the exercise of the power of eminent domain by any governmental body or by any person, firm or corporation acting under governmental authority, there shall be no abatement or reduction in the payments required under the Loan Agreement to be made by the Company and any proceeds received from any award or awards in respect of the Facilities or any part thereof made in such condemnation or eminent domain proceedings, after payment of all expenses incurred in the collection thereof, shall be paid to the Company.

### **Payment of Taxes; Compliance with Laws**

The Company will: (a) pay, or make provision for payment of, all lawful taxes and assessments, including income, profits, property or excise taxes, if any, or other municipal or governmental charges, levied or assessed by the federal, state or any municipal government upon the Company or the Issuer with respect to or upon the Facilities or any part thereof or upon any payments under the Loan Agreement or Note when the same shall become due; and (b) duly observe and comply with all valid requirements of any governmental authority relative to the

Facilities, including the securing of all licenses and permits necessary for operation of the Facilities.

#### **Use of Facilities**

The Company agrees that so long as it operates the Facilities under the Loan Agreement, it will continue the operation of the Facilities as facilities for the control, abatement or prevention of water or air pollution.

#### **Advances by Issuer or Trustee**

In the event that the Company fails to pay the premiums on policies to provide the full insurance coverage required by the Loan Agreement, fails to pay the taxes and other charges required to be paid by the Company at or prior to the time they are required to be paid, or fails to keep the Facilities in good order and repair and in as reasonably safe condition as its operations permit, the Issuer or the Trustee, after first notifying the Company of any such failure on its part, may (but shall not be obligated to) pay the premiums on such insurance, pay such taxes or other charges, or make such repairs, renewals and replacements as may be necessary to maintain the Facilities in as reasonably safe condition as the Company's operations permit and the Facilities in good order and repair, respectively; and all amounts so advanced therefor by the Issuer or the Trustee shall become an additional obligation of the Company to the Issuer or to the Trustee, as the case may be. The Company hereby agrees to pay the same upon demand.

#### **Pledge of Loan Agreement Under Indenture; Trustee's Rights In Event of Default**

The Issuer shall pledge and assign the Loan Agreement (except for certain enumerated reserved rights), and the Note to the Trustee as security for the Bonds under and pursuant to the Indenture and, upon the occurrence of an Event of Default under the Loan Agreement, the Trustee shall have all rights and remedies accorded in the Loan Agreement to the Issuer as well as those accorded to the Trustee. The Trustee shall have the right to make any election which the Issuer has the right to make upon an event of default under the Loan Agreement or the Note and to exercise any remedy provided in the Loan Agreement to the Issuer and the decision or action of the Trustee in respect of any such election upon an event of default shall supersede and control that of the Issuer so long as the Bonds are Outstanding.

#### **Company's Right to Remedy Issuer Defaults and Other Matters**

The Company shall have the privilege of remedying any failure by the Issuer to perform any of its agreements under the Indenture upon the payment of all costs and expenses incurred in the exercise of remedies under the Indenture prior to the time such default was so remedied, so long as such failure has not resulted

in an acceleration under the Indenture, and further provided that in connection with a payment default any action must be in accordance with the terms of the Indenture. Prior to the payment in full of the Bonds (or provision for payment having been made in accordance with the Indenture), the Issuer and the Company shall have no power to modify, alter, amend or terminate the Loan Agreement without the prior written consent of the Trustee and then only as provided in the Indenture. The Issuer will not amend the Indenture or any indenture supplemental thereto without the prior written consent of the Company. Neither the Issuer nor the Company will unreasonably withhold any consent in the Loan Agreement or in the Indenture required of either of them.

### Particular Covenants of the Company

1. **General Covenants.** The Company covenants that it will not do or permit anything to be done on or about the Facilities that will affect, impair or contravene any policies of insurance that may be carried on the Facilities or any part thereof against loss or damage by fire, casualty or otherwise. The Company will, in the use of the Facilities and the public ways abutting the same comply with all lawful requirements of all governmental bodies; provided, however, the Company may, at its own expense, in good faith contest the validity or applicability of any such requirement.

2. **Examination of Facilities.** The Company covenants that the Trustee and its agents and attorneys shall have the right at all reasonable times and upon reasonable notice to enter upon, examine and inspect the Facilities for the purposes of enforcing the obligations of the Company under the Loan Agreement.

3. **Special Covenants.** So long as any of the Bonds are outstanding:

(a) The Company covenants that it will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all its assets and will not consolidate with or merge into another corporation or permit one or more other corporations (other than a subsidiary) to consolidate with or merge into it; provided, however, that the Company may consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all its assets as an entirety and thereafter may (but shall not be required to) dissolve if the successor corporation has a net worth at least equal to that of the Company prior to such merger or sale, and assumes in writing all the obligations of the Company contained in the Loan Agreement.

(b) The Company will at all times maintain an office in the State of Florida where notices, requests and demands in respect of the Loan Agreement may be served, and it will in



writing notify the Issuer and the Trustee of the location of such office. In default of any such office or such notification thereof, the Company hereby agrees and consents that the Trustee shall be the agent of the Company for the purpose of accepting service upon the Company of such notices, requests and demands, and all such notices, requests and demands may be served upon the Trustee, as such agent, at the corporate trust office of the Trustee.

(c) The Company shall mail copies of its statements 10-K, 10-Q and 8-K to the Trustee within 20 days of filing such statements with the Securities and Exchange Commission, and to any Registered Owner of the Bonds who shall request the same in writing. If for any reason the Company is no longer required to file such statements, it shall mail to the Trustee, and to any Registered Owner of the Bonds who shall request the same in writing, copies of its audited annual and unaudited quarterly financial statements (but only for the first three quarters in any Fiscal Year) promptly upon completion of such statements.

(d) The Company will immediately give the Trustee written notice of any event of default or an event which, with the passage of time, would become an Event of Default under the Loan Agreement, the Indenture or the Note of which it shall have actual knowledge or written notice.

(e) The Company shall pay to the Trustee for the Refunded Bonds, amounts sufficient, when added to the proceeds of the Bonds, to redeem the Refunded Bonds in full within ninety (90) days from the date of issuance and delivery of the Bonds.

#### Events of Default

The following shall be Events of Default under the Loan Agreement:

(a) Failure to make any payments with respect to principal on the Note when due and payable.

(b) Failure to make any payments with respect to interest on the Note when due and payable and the continuation of such failure for a period of ten (10) days.

(c) Failure of the Issuer to pay when due any payment of principal of or interest on or other amounts payable under the Bonds, if such failure constitutes an Event of Default under the Indenture.

(d) Failure of the Company to perform any of its obligations under the Loan Agreement with respect to prepayment of the Note upon a Determination of Taxability or

upon the failure of the Company to redeem the Refunded Bonds within the time provided therein.

(e) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in subsections (a), (b), (c) and (d) above, for a period of thirty (30) days after written notice, specifying such failure and requesting that it be remedied, given to the Company by the Issuer or the Trustee, unless the Issuer and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Company promptly upon receipt of the written notice and is diligently pursued until the default is corrected and such default can be corrected within a reasonable period of time.

(f) The commencement against the Company of an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or of any action or proceeding for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for any substantial part of its property, or for the winding-up or liquidation of its affairs and the continuance of any such case, action, or proceeding unstayed and in effect for a period of sixty (60) consecutive days.

(g) The commencement by the Company of a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law, or the consent by it to, or its acquiescence in the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or of any substantial part of its property, or the making by it of or the consent by it to any assignment for the benefit of creditors, or the failure of the Company generally to pay its debts as such debts become due, or the taking of any action by the Company in furtherance of any of the foregoing.

(h) Any representation or warranty made by the Company in the Loan Agreement or in any writing furnished in connection with or pursuant to the Loan Agreement or any writing furnished in connection with any of the foregoing being false, misleading or incomplete in any material respect on the date as of which made.

## Remedies on Default

Whenever any event of default shall have happened and be continuing:

(a) The Issuer may, by written notice, declare all installments of principal repayable pursuant to the Note for the remainder of the term thereof to be immediately due and payable, provided, however, all such amounts shall automatically be and become immediately due and payable without notice upon the occurrence of any event described in subsections (f) or (g) under the heading "THE LOAN AGREEMENT - Events of Default".

(b) The Issuer may take whatever other action at law or in equity may appear necessary or desirable to collect the amounts payable pursuant to the Note then due and thereafter to become due, or to enforce the performance and observance of any obligation, agreement or covenant of the Company under the Loan Agreement or the Indenture.

(c) In addition, the Trustee may proceed to protect and enforce its rights and the rights of the Registered Owners of the Bonds under the Loan Agreement and under the Bonds, by a suit or suits, whether for the specific performance of any covenant or agreement contained in the Loan Agreement or in execution or aid of any power granted in the Loan Agreement or for the enforcement of any other proper, legal or equitable remedy under the Loan Agreement or with respect to the Trust Estate, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce its rights and the rights of the Registered Owners of the Bonds.

## General Covenant with Respect to Tax Exemption

The Company covenants to comply with all provisions of the Code, and any regulations promulgated thereunder from the date of issuance of the Bonds until the Company receives an opinion of counsel nationally recognized as being experienced in matters relating to the tax exemption of interest on obligations issued by states and their political subdivisions to the effect that noncompliance with any or all of such provisions specified in the opinion will not cause interest on the Bonds to become taxable.

## THE INDENTURE

Certain provisions of the Indenture are described below. The following summary is not intended to be complete and reference is made to the Indenture for the detailed provisions thereof.

## Issuance of Bonds

The Indenture secures the Bonds, and creates a continuing pledge as provided by the Indenture to secure the full and final payment of the principal of and redemption premium, if any, and interest on all of the Bonds as the same shall become due and payable.

## Application of Proceeds of Bonds

The Issuer will deposit the proceeds of the Bonds with the Trustee. The Trustee will deposit such proceeds and the investment earnings thereon in separate accounts and will disburse the same for the following purposes:

(a) the accrued interest received upon delivery of the Bonds will be deposited in the Sinking Fund established in the Indenture (see "THE INDENTURE - Funds" herein) and used for the purpose of paying interest on the Bonds on the first interest payment date therefor; and

(b) the balance of the proceeds of the sale of the Bonds will be irrevocably deposited with the Trustee in a separate account (the "Redemption Account") for the purpose of paying the principal of, redemption premium, if any, and interest due on the Refunded Bonds within ninety (90) days from the date of issuance of the Bonds.

## Funds

**Redemption Account** - The Indenture provides for the creation of a separate account with the Trustee into which will be deposited the net proceeds from the sale of the Bonds after payment of accrued interest into the Sinking Fund. The Redemption Account will be held in trust for the Registered Owners of the Bonds and will be used to pay the principal of, redemption premium, if any, and interest on the Refunded Bonds due on the date of redemption, which shall be a date not later than ninety (90) days from the date of issuance and delivery of the Bonds. Any additional amounts paid to the Trustee by the Company to redeem the Refunded Bonds also will be deposited by the Trustee into the Redemption Account.

**Sinking Fund** - The Indenture provides for the creation of a Sinking Fund. In addition to the deposit of accrued interest derived from the sale of the Bonds, there will be deposited into the Sinking Fund, as and when received, all payments payable by the Company to the Issuer under the Note. Moneys in the Sinking Fund will be used solely for the payment of the principal of, redemption premium, if any, and interest on the Bonds and will be subject to the lien of the Indenture.

## **Investments**

Moneys held as a part of the Redemption Account and the Sinking Fund will be reinvested by the Trustee in accordance with the Indenture at the direction of the Company.

## **Moneys Held in Trust**

The Trustee will hold in trust for the benefit of the Registered Owners the proceeds of the initial sale of the Bonds until they are applied as provided in the Indenture and all moneys held by it for any payment on or purchase of the Bonds. All moneys received by the Trustee pursuant to the Indenture shall be and constitute trust funds, to be applied solely as provided therein.

## **Trustee May Enforce Loan Agreement**

The Trustee in its name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Company under and pursuant to the Loan Agreement for and on behalf of the Registered Owners whether or not the Issuer is in default under the Indenture.

## **Issuance of Additional Bonds**

Additional Bonds of the Issuer may be issued under and secured by the Indenture, at one time or from time to time, in addition to the Bonds subject to the conditions set forth in the Indenture, for the purpose of providing funds, together with any other available funds, for paying the cost of any project proposed by the Company.

## **Discharge of Lien and Security Interests**

If the Issuer shall pay or cause to be paid the principal of, redemption premium, if any, and the interest on all Bonds Outstanding at the times and in the manner stipulated therein and in the Indenture, and if the Issuer shall keep, perform and observe all and singular the agreements in the Bonds and in the Indenture expressed as to be kept, performed and observed by it or on its part, then the lien of the Indenture, and the Trust Estate and the security interests shall cease, determine and be void, and thereupon the Trustee, upon receipt by the Trustee of an opinion of counsel stating that in the opinion of the signer all conditions precedent to the satisfaction and discharge of the Indenture have been complied with, shall cancel and discharge the Indenture and the security interests created thereby; provided, however, such cancellation and discharge of the Indenture shall not terminate the powers and rights granted to the Trustee with respect to the payment, transfer and exchange of the Bonds.

The Bonds shall be deemed to have been paid if:

(a) there shall have been irrevocably deposited with the Trustee either: (i) sufficient moneys, or (ii) U.S. Government Obligations (as defined in the Indenture) of such maturities and interest payment dates and bearing such interest as will; without further instrument or reinvestment of either the principal amount thereof or the interest earnings thereon (said earnings to be held in trust also), be sufficient together with any moneys referred to in subsection (i) above, for the payment at their respective maturities or redemption dates, of the principal of, redemption premium, if any, and interest to accrue on such Bonds;

(b) there shall have been paid to the Trustee all Trustee's and paying agent's fees and expenses due or to become due in connection with the payment or redemption of such Bonds; and

(c) if any such Bonds are to be redeemed on any date prior to their maturity, the Issuer shall have given to the Trustee in form satisfactory to the Trustee irrevocable instructions to redeem such Bonds on such date and either evidence satisfactory to the Trustee that all redemption notices required by the Indenture have been given to irrevocable power authorizing the Trustee to give such redemption notices.

#### Events of Default

The following events constitute an event of default under the Indenture:

(a) default in the due and punctual payment of any interest on any Bond and the continuation of such failure for a period of ten (10) days; or

(b) default in the due and punctual payment of the principal of any Bond, whether at the maturity date or the redemption date prior to maturity, or upon maturity thereof by declaration; or

(c) default in the performance or observance of any other of the agreements or conditions on the part of the Issuer in the Indenture or in the Bond contained, provided that notice of such default is given by the Trustee to the Issuer and the Company and the Issuer shall have had thirty (30) days after receipt thereof to correct the default or to cause the default to be corrected and shall not have corrected the default within the applicable period; and provided further that if the default is such that it can be corrected but not within the applicable period it shall not constitute the basis of an Event of Default (a) if corrective action capable of remedying such default is instituted by the

Issuer within the applicable period and diligently pursued until the default is corrected and (b) if the Issuer shall furnish to the Trustee within the applicable period a certificate certifying that the default is such that it can be corrected but not within the applicable period and the corrective action capable of remedying the default has been instituted and is being and will be diligently pursued); or

(d) the occurrence of an event of default under the Loan Agreement.

### **Acceleration**

Upon the occurrence of an event of default and during the continuation thereof, the Trustee may, and upon the written requests of the Registered Owners of not less than twenty-five per centum (25%) in principal amount of Bonds Outstanding shall, by notice in writing delivered to the Issuer and the Company, declare the principal of all Bonds and the interest accrued thereon to the date of such acceleration immediately due and payable, and the same shall thereupon become and be immediately due and payable. Upon any such declaration or acceleration, the Trustee shall declare the payments due under the Loan Agreement to be immediately due and payable. The amounts due upon such a declaration of acceleration shall bear interest from the date of such declaration until paid at the rate per annum borne by the Bonds. Anything in the Loan Agreement or in the Bonds to the contrary notwithstanding, upon the occurrence of any event of default resulting from a bankruptcy under the Loan Agreement, all amounts payable under the Indenture and the Bonds, together with the accrued interest thereon, shall become immediately due and payable without any further act or action on the part of any person and the Trustee may thereupon take any one of the remedial steps set forth in the Indenture.

### **Other Remedies**

Upon the occurrence of an event of default and during the continuation thereof, the Trustee shall have the power to proceed with any right or remedy granted by the Constitution and laws of the State, as it may deem best.

### **Rights of Registered Owners**

Upon the occurrence of an event of default and during the continuation thereof, if requested so to do by the Registered Owners of Twenty-five per centum (25%) in principal amount of Bonds then Outstanding and if indemnified as provided in the Indenture, the Trustee, subject to the provisions of the Indenture, shall be obliged to exercise such rights and remedies conferred by the Indenture as the Trustee, being advised by counsel, shall deem most expedient in the interests of the Registered Owners.

## **Rights of Registered Owners to Direct Proceedings**

Anything in the Indenture to the contrary notwithstanding, the Registered Owners of a majority in principal amount of Bonds then outstanding shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture, or for the appointment of a receiver or any other proceedings; provided, that such direction shall not be otherwise than in accordance with the provisions of the Indenture and of law.

## **Appointment of Receivers**

Upon the occurrence of an event of default and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights and remedies of the Trustee and of the Registered Holders of the Bonds, the Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the Trust Estate, pending such proceedings, with such powers as the court making such appointment shall confer.

## **Application of Moneys**

All moneys received by the Trustee pursuant to its enforcement of remedies provided under the Indenture, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be applied as follows:

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - to the payment to the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due, in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.



(b) If the principal of all the Bonds shall become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal and the interest then due and unpaid upon the Bonds, without preference or priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the persons due respectively for principal and interest, to the persons entitled thereto with any discrimination or privilege.

#### **Rights and Remedies of Registered Owners**

No Registered Owner of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Indenture, for the execution of any trust thereof or for the appointment of a receiver or to enforce any other right or remedy under the Indenture, unless a default has occurred and is continuing of which the Trustee has been notified, and unless also such default shall have become an event of default and the Registered Owners of twenty-five per centum (25%) in principal amount of Bonds then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted by the Indenture or to institute such action, suit or proceeding in its own name, and unless also such Registered Owners have offered to the Trustee indemnity as provided in the Indenture, and unless also the Trustee shall thereafter fail or refuse to exercise the powers granted in the Indenture, or to institute such action, suit or proceeding in its own name; it being understood and intended that no one or more Registered Owners of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of the Indenture by its, his or their action or to enforce any right or remedy under the Indenture except in the manner provided in the Indenture, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner provided in the Indenture and for the equal benefit of the Registered Owners of all Bonds.

#### **Waivers of Events of Default**

The Trustee shall waive any event of default under the Indenture and its consequences and rescind any declaration of maturity of principal upon the written request of the Registered Owners of a majority in principal amount of all Bonds then outstanding in the case of any event of default; provided, however, that there shall not be waived, (a) any event of default pertaining to the payment of the principal of any Bond at its maturity date or redemption date prior to maturity, or (b) any event of default pertaining to the payment when due of the interest on any Bond, unless prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate per annum borne by the Bond in respect of which such event of default shall have occurred on overdue installments

of interest, and all expenses of the Trustee in connection with such event of default, shall have been paid or provided for. The Trustee shall not have any discretion to waive any event of default under the Indenture and its consequences except in the manner and subject to the terms expressed above.

If a declaration of acceleration is made pursuant to the Indenture, then and in every such case, the Trustee shall, upon the written request of the Registered Owners of a majority in principal amount of all Bonds then Outstanding, annul such declaration, and the consequences thereof, provided that at the time such declaration is annulled, (A) no judgment or decree has been entered for the payment of any moneys due pursuant to the Bonds, (B) all arrears of interest on all of the Bonds and all other sums payable under the Bonds (except as to principal of, and interest on, the Bonds which has become due and payable by reason of such declaration) shall have been duly paid; and (C) each and every default under the Indenture shall have been waived pursuant to the preceding paragraph or otherwise made good or cured. The Trustee shall not have any discretion to annul any declaration of acceleration made pursuant to the Indenture and its consequences except in the manner and subject to the terms expressed in the Indenture.

#### **Duties of Trustee**

If an event of default has occurred and is continuing, the Trustee shall exercise its rights and powers and use the same degree of care and skill in its exercise as a prudent person would exercise or use under the circumstances in the conduct of such person's own affairs. Except during the continuance of an event of default, (1) the Trustee need perform only those duties that are specifically set forth in the Indenture and no others, and (2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed, upon certificates or opinions furnished to the Trustee and conforming to the requirements of the Indenture. However, the Trustee shall examine the certificates and opinions to determine whether they conform to the requirements of the Indenture.

#### **Notice of Defaults**

If a default occurs of which the Trustee is required to take notice or if notice of a default is given as provided in the Indenture, then the Trustee shall give written notice thereof by first class mail to the Registered Owners of all Bonds then outstanding and as to defaults on the part of the Issuer, to the Issuer.

#### **Amendments of and Supplements to the Indenture**

The Issuer and Trustee may amend or supplement the Indenture or the Bonds with the consent of the Company and without notice to

or consent of any Registered Owner, for the purpose, among others set forth in the Indenture, to make any change (including a change in the application of the proceeds of the Bonds to reflect any amendment to the Code or interpretations by the Internal Revenue Service of the Code) that does not materially adversely affect the rights of any Registered Owner.

If an amendment of or supplement to the Indenture or the Bonds without any consent of Registered Owners is not permitted by the preceding paragraph, the Issuer and Trustee may enter into such amendment or supplement with the consent of the Registered Owners of at least a majority in principal amount of the Bond then outstanding. However, without the consent of each Registered Owner affected, no amendment or supplement may (a) extend the maturity of the principal of, or interest on, any Bond, (b) reduce the principal amount of, or rate of interest on, any Bond, (c) effect a privilege or priority of any Bond over any other Bond, (d) reduce the percentage of the principal amount of the Bonds required for consent to any amendment or supplement, (e) impair the exclusion from gross income of interest on any Bond for purposes of federal income taxation, (f) deprive any Registered Owner of the lien created by the Indenture, or (g) create a lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate.

#### **Amendments of and Supplements to the Loan Agreement**

The Issuer may enter into, and the Trustee may enter into or consent to, any amendment of or supplement to the Loan Agreement, without notice to or consent of any Registered Owner, if the amendment or supplement is required (a) by the provisions of the Loan Agreement or the Indenture, (b) to cure any ambiguity, inconsistency or formal defect or omission, (c) in connection with any authorized amendment of or supplement to the Indenture, (d) to secure an initial rating or maintain an existing rating on the Bonds from a rating agency or (e) to make any change that does not materially adversely affect the rights of any Registered Owner.

If an amendment of or supplement to the Loan Agreement without any consent of Registered Owners is not permitted by the foregoing paragraph, the Issuer may enter into, and the Trustee may enter into or consent to, such amendment or supplement with the consent of the Registered Owners of at least a majority in principal amount of the Bonds then outstanding. However, without the consent of each Registered Owner affected, no amendment or supplement may result in anything described in the lettered clauses under "Amendments of and Supplements to the Indenture".

#### **UNDERWRITING**

Lazard Freres & Co. and Raymond James & Associates, Inc. (the "Underwriters") have agreed, jointly and severally, subject to certain conditions, to purchase the Bonds from the Issuer at a

purchase price of approximately 100% of the principal amount of the Bonds, plus accrued interest from June 1, 1993 to the date of delivery. The Underwriters do not have the right to purchase less than all of the Bonds. The Company has agreed to pay the Underwriters, from funds other than the proceeds of the Bonds, a fee of \$104,130.

The offering price may be changed from that set forth on the cover page hereof from time to time by the Underwriters. The Underwriters may offer and sell the Bonds to certain dealers and others at prices lower than the public offering price stated on the cover page hereof.

The Company has agreed to indemnify the Issuer and the Underwriters against certain liabilities, including certain liabilities under the federal securities laws.

#### RATINGS

Moody's Investors Service, Inc. and Standard & Poor's Corporation (individually, the "Rating Agency" or together, the "Rating Agencies") have assigned bond ratings of "Baa2" and "A+", respectively, to the Bonds. Such ratings reflect only the views of the respective Rating Agency and an explanation of the significance of such ratings may be obtained from the respective Rating Agency. There is no assurance that either or both of such ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by the Rating Agency furnishing the same if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds. Neither the Issuer, the Company nor the Underwriter have undertaken any responsibility either to bring to the attention of the Registered Owners of the Bonds any proposed revision, suspension or withdrawal of a rating or to oppose any such revision, suspension or withdrawal.

#### TAX MATTERS

Livermore & Klein, P.A, Bond Counsel, is of the opinion that interest on the Bonds is excluded from gross income for federal income tax purposes under existing laws, regulations and court decisions except for interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the Facilities or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended ("the Code"). Bond Counsel is further of the opinion that the Bonds and the interest thereon are also exempt from taxation under present Florida law except estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations.

## Alternative Minimum Tax Considerations

Except as described in this paragraph, in the opinion of Bond Counsel, under existing law, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Generally, a corporation's alternative minimum taxable income includes 75 percent of the amount by which a corporation's "adjusted current earnings" exceeds a corporation's alternative minimum taxable income. Because interest on tax-exempt obligations is included in a corporation's "adjusted current earnings," ownership of the Bonds could subject a corporation to alternative minimum tax consequences. The "Superfund Revenue Act of 1986" also imposes an 0.12 percent "environmental tax" on the alternative minimum taxable income of a corporation in excess of specified amounts, generally \$2,000,000, for taxable years beginning prior to 1996.

### General

The Code imposes a number of requirements that must be satisfied for interest on state and local obligations to be excluded from gross income for federal income tax purposes. These requirements include limitations on the use of bond proceeds and the source of repayment of bonds, limitations on the investment of bond proceeds prior to expenditure, a requirement that excess arbitrage earned on the investment of certain bond proceeds be paid periodically to the United States, except under certain circumstances, and a requirement that information reports be filed with the Internal Revenue Service. The Issuer and the Company have covenanted that they will comply with the requirement that information reports be filed with the Internal Revenue Service. The Issuer and the Company have covenanted that they will comply with the requirements of the Code in order to maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes.

The opinion of Bond Counsel will assume continuing compliance with the covenants of the Issuer and the Company pertaining to those sections of the Code which affect the exclusion from gross income of interest on the Bonds for federal income tax purposes and, in addition, will rely on representations by the Company with respect to matters solely within the knowledge of the Company which Bond Counsel has not independently verified. If the Issuer or the Company should fail to comply with their covenants or if the foregoing representations should be determined to be inaccurate or incomplete, interest on the Bonds could become taxable from the date of issuance of the Bonds, regardless of the date on which the event causing such taxability occurs. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Except as stated above, Bond Counsel will express no opinion as to any federal or state tax consequences resulting from the ownership of, receipt of interest on or disposition of the Bonds. However, owners of the Bonds should be aware that the ownership of tax-exempt obligations may result in collateral federal income tax consequences to financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, corporations with Subchapter C earnings and profits and passive investment income that exceeds 25 percent of their gross receipts 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 a "branch profits tax" on their effectively connected earnings and profits. These categories of owners should consult their own tax advisers as to the applicability of these consequences.

#### EXPERTS

The consolidated financial statements and financial statement schedules of the Company included in the Company's Annual Report on Form 10-K for the year ended December 31, 1992, listed in the Appendix to this Official Statement and incorporated by reference herein, have been audited by Arthur Andersen & Co., independent accountants, whose report thereon is also incorporated by reference herein, and have been so included in reliance upon the report of Arthur Andersen & Co. given upon their authority as experts in accounting and auditing in giving such reports.

#### LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the unqualified approval of Bond Counsel. Livermore Klein & Lott, P.A. will act in the capacity of Bond Counsel for the purpose of rendering an opinion with respect to the authorization, issuance, delivery, legality and validity of the Bonds and for the purpose of rendering an opinion on the exclusion from gross income of the interest on the Bonds for federal income tax purposes. Such firm has not been requested to examine, and has not investigated or verified, any statements, records, material or matters relating to the financial condition or capabilities of the Company, and has not assumed responsibility for the preparation of the Official Statement, except that, in its capacity as Bond Counsel, such firm has reviewed the information in this Official Statement under the captions "INTRODUCTORY STATEMENT," "THE BONDS," "THE LOAN AGREEMENT AND THE NOTE," "THE INDENTURE," and "TAX MATTERS." Certain legal matters will be passed upon for the Issuer by Michael Mullin, Esq., counsel for the Issuer. Certain legal matters will be passed upon for the Company by John B. Canning,

Esq., Secretary and Associate General Counsel. Certain legal matters will be passed upon for the Underwriters by King & Spalding, Atlanta, Georgia.

#### MISCELLANEOUS

The foregoing summaries do not purport to be complete and are expressly made subject to the exact provisions of the applicable documents. For details of all terms and conditions, reference is made to the Indenture and the Loan Agreement, copies of which may be obtained from the Company or, during the initial offering, from the Underwriters. Information concerning the Company is contained or incorporated by reference in Appendix A to this Official Statement. All the information contained or incorporated by reference in Appendix A has been furnished by the Company.

The form of legal opinion included as Appendix B has been prepared by Livermore Klein & Lott, P.A., Jacksonville, Florida, Bond Counsel, and is substantially in the form to be delivered in connection with the delivery of the Bonds.

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The execution, delivery and distribution of this Official Statement has been approved and authorized by the Issuer. The Issuer neither has nor assumed any responsibility as to the accuracy or completeness of the information in this Official Statement, other than that relating to the Issuer under the caption "THE ISSUER," all of which information has been furnished by others.

NASSAU COUNTY, FLORIDA

By: \_\_\_\_\_  
Chairman, Board of County  
Commissioners

## APPENDIX A

### THE COMPANY

The Company, a wholly owned subsidiary of ITT Corporation, is a leading forest products company engaged directly, and through subsidiaries and a master limited partnership, in the production and sale of pulp, timber and wood products. The Company operates three pulp mills and a sawmill and owns, leases or controls approximately 1.5 million acres of timber resources in the United States and New Zealand. With markets in over 60 countries, over half of the Company's approximately \$1 billion in sales are derived from export sales, with Asian and European markets contributing 31% and 15%, respectively, to net sales in 1992.

The Company's business segments are described below.

**Pulp Products** - The Company is a leading manufacturer of chemical cellulose, often called dissolving pulp, from which customers produce a wide variety of products, principally textile fibers, plastics and other industrial products. The Company also manufactures fluff pulps, specialty pulps and papermaking pulps which customers use to manufacture sanitary products and a variety of fine and specialty papers. In addition, the Company sells naval stores that are by-products of wood pulp processing. The Company believes that it is one of the world's largest suppliers of high grade chemical cellulose and fluff pulps.

**Timber and Wood Products** - The Company buys and harvests timber stumpage, as well as purchases delivered logs, in North America and subsequently sells severed timber into export markets (primarily to Japan, Korea and China), as well as to domestic pulp and lumber mills.

The Company also produces dimension and specialty lumber products for residential construction and industrial uses.

In the United States, the Company manages timberlands and sells timber stumpage directly and through Rayonier Timberlands, L.P. ("RTL"), a publicly traded master limited partnership. The Company and a wholly owned subsidiary are the general partners of RTL. The Company also owns 74.7% of the Class A limited partnership units and the remaining 25.3% are publicly held. RTL owns, leases and manages timberlands in the Southeastern and Northwestern United States previously owned or leased by the Company, sells timber stumpage from such timberlands and from time to time purchases and sells timberlands. RTL's timberlands are a substantial source of wood used in the Company's businesses.

The Company, through a separate real estate subsidiary, sells land to commercial and private developers.



ITT Rayonier New Zealand Limited ("RNZ"), a wholly owned New Zealand subsidiary, owns forest assets consisting primarily of standing timber and Crown forest licenses providing RNZ the right to utilize approximately 250,000 acres of plantation forests in New Zealand for a minimum period of 35 years. These assets and cutting rights were acquired in May 1992 and represent an important source of timber stumpage to service the Company's Pacific Rim and domestic New Zealand markets.

**Dispositions** - The Dispositions segment includes units and site facilities no longer considered integral to the Company's business strategy and for which a disposal plan is in effect. This segment includes operations of the Grays Harbor, Washington pulp mill and vanillin plant and other miscellaneous operations held for disposition.

CAPITALIZATION  
 March 31, 1993  
 (Unaudited)  
 (Thousands of Dollars)

	<u>Amount</u>	<u>Percent</u>
Short-Term Bank Loans		
Long-Term Debt, Including Current Maturities of \$1,563	\$95,000 \$302,601	8.5 27.0
Minority Interest	37,838	3.4
Stockholder Equity:		
Common Stock \$100 Par Value, 500 Shares Authorized, 79 Shares Issued and Outstanding	\$ 8	
Capital Surplus	157,418	
Retained Earnings	<u>525,478</u>	
	<u>682,904</u>	<u>61.1</u>
<b>TOTAL CAPITALIZATION</b>	<b>\$1,118,343</b>	<b><u>100.0</u></b>

**INCOME STATEMENT DATA(3)**  
(Thousands of Dollars)

	Year Ended December 31,					Quarter Ended March 31, (Unaudited)	
	1988	1989	1990	1991	1992	1992	1993
Sales	\$1,010,461	\$1,082,240	\$1,104,330	\$978,950	\$973,673	\$232,390	\$216,320
Operating Income (Loss)	172,141	226,428	189,975	96,745	(86,604) <sup>(1)</sup>	31,944	36,649
Income (Loss) from Continuing Operations Before Cumulative Effect of Accounting Changes	91,492	127,956	109,274	44,337	(81,520) <sup>(1)</sup>	13,669	16,820
Net Income (Loss)	\$ 61,492 <sup>(2)</sup>	\$ 127,956	\$ 65,874 <sup>(2)</sup>	\$ 44,337	\$(103,476) <sup>(3)</sup>	\$ (8,287) <sup>(3)</sup>	16,820
Ratio of Earnings to Fixed Charges <sup>(4)</sup>	7.52	11.52	13.04	5.37	*	7.15	6.48

\* Earnings are inadequate to cover total fixed charges and preferred dividend requirement by \$106,048.

- (1) In the fourth quarter of 1992, the Company provided \$180 million, pre-tax (\$115 million after-tax), for the loss on disposal of assets along with the costs for severance, demolition and other closedown items associated with the disposition of the Grays Harbor pulp mill and vanillin plant, and the associated Grays Harbor Paper Company. See "Discontinued Operations and Units Held for Disposition" in the Company's Form 10-K for the year ended December 31, 1992.
- (2) In 1986 the Company discontinued its Southern Wood Piedmont ("SWP") treated wood business segment. The Company is currently actively involved in implementing clean up and closure programs for Southern Wood Piedmont and in negotiations with state and environmental agencies on such programs. Net income reflects additions to reserves for discontinued operations in the amounts, net of taxes, of \$30 million in 1988 and \$43.4 million in 1990. See "Discontinued Operations and Units Held for Disposition" in the Company's Form 10-K for the year ended December 31, 1992.
- (3) Net income for 1992 reflects an after tax adjustment of \$22 million in the first quarter to record the cumulative effect of changes in accounting principles due to the adoption of Statement of Financial Accounting Standards ("SFAS") No. 106, "Employers' Accounting for Postretirement Benefits Other than Pensions" and SFAS No. 112, "Employers' Accounting for Postemployment Benefits." See "Changes in Accounting Principles" in the Company's Form 10-K for the year ended December 31, 1992.
- (4) For the purpose of computing the ratio of earnings to fixed charges, earnings consist of income from continuing operations before cumulative effect of accounting changes, adjusted to eliminate undistributed earnings or losses of a joint venture accounted for under the equity method, minority interest in consolidated partnerships, amortization of capitalized interest, the provision for income taxes and fixed charges. Fixed charges comprise interest on long-term and short-term debt, amortization of debt discount and

debt expense, the portion of rentals deemed representative of the interest factor and preferred dividends. For the year ended December 31, 1992, the Company's loss from continuing operations before cumulative effect of accounting changes, adjusted as described above, was \$81,244 including a provision of \$180 million, pre-tax, for the loss on disposal of assets along with the costs for severance, demolition and other closedown items associated with the disposition of the Grays Harbor pulp mill and vanillin plant, and the associated Grays Harbor Paper Company. Excluding the effects of such provision, the ratio of earnings to fixed charges would have been 3.98.

**CALCULATION OF RATIO OF EARNINGS TO FIXED CHARGES**  
(Thousands of Dollars)

	Year Ended December 31,					Quarter Ended March 31, (Unaudited)	
	1988	1989	1990	1991	1992	1992	1993
Earnings:							
Net Income (Loss) from Continuing Operations before Cumulative Effect of Accounting Changes	\$91,492	\$127,956	\$109,274	\$44,337	\$(81,520)	\$13,669	\$16,820
Add (Deduct):							
Adjustment for Undistributed Equity (Income) Loss	(3,405)	(32)	1,536	1,587	3,257	769	-
Income Taxes	48,444	63,595	48,121	19,557	(50,366)	7,279	8,594
Minority Interest	16,832	18,956	21,451	19,884	22,702	7,149	6,240
Amortization of Capitalized Interest	<u>1,089</u>	<u>1,180</u>	<u>1,061</u>	<u>1,134</u>	<u>1,486</u>	<u>284</u>	<u>385</u>
	154,452	211,655	181,443	86,499	(104,441)	29,150	32,039
Adjustment to Earnings for Fixed Charges:							
Interest and Other Financial Charges	21,296	17,827	12,394	13,942	21,327	3,676	5,374
Interest Factor Attributable to Rentals	<u>2,028</u>	<u>1,887</u>	<u>2,184</u>	<u>1,902</u>	<u>1,870</u>	<u>476</u>	468
	<u>23,324</u>	<u>19,714</u>	<u>14,578</u>	<u>15,844</u>	<u>23,197</u>	<u>4,152</u>	5,842
Earnings, As Adjusted	<u>\$ 177,776</u>	<u>\$ 231,369</u>	<u>\$ 196,021</u>	<u>\$ 102,343</u>	<u>\$ (81,244)</u>	<u>\$ 33,302</u>	<u>\$37,881</u>
Fixed Charges:							
Fixed Charges Above Capitalized Interest	\$ 23,324	\$ 19,714	\$ 14,578	\$ 15,844	\$ 23,197	\$ 4,152	\$ 5,842
Capitalized Interest	<u>328</u>	<u>362</u>	<u>460</u>	<u>3,214</u>	<u>893</u>	<u>504</u>	-
Total Fixed Charges	<u>\$ 23,652</u>	<u>\$ 20,076</u>	<u>\$ 15,038</u>	<u>\$ 19,058</u>	<u>\$ 24,090</u>	<u>\$ 4,656</u>	<u>\$ 5,842</u>
Dividends on Preferred Stock (Pre-tax income basis)	--	--	--	--	714	--	--
Total Fixed Charges and Preferred Dividend Requirement	<u>\$ 23,652</u>	<u>\$ 20,076</u>	<u>\$ 15,038</u>	<u>\$ 19,058</u>	<u>\$ 24,804</u>	<u>\$ 4,656</u>	<u>\$ 5,842</u>
Ratio of Earnings as Adjusted to Total Fixed Charges and Preferred Dividend Requirement	<u>7.52</u>	<u>11.52</u>	<u>13.04</u>	<u>5.37</u>	*	<u>7.15</u>	<u>6.48</u>
Effective Tax Rate	<u>35%</u>	<u>33%</u>	<u>31%</u>	<u>31%</u>	<u>(38%)</u>	<u>35%</u>	<u>34%</u>

\* Earnings are inadequate to cover total fixed charges and preferred dividend requirement by \$106,048.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have been filed by the Company with the Securities and Exchange Commission ("Commission") pursuant to the Securities Exchange Act of 1934, as amended ("1934 Act"), are incorporated herein by reference:

(a) Annual Report on Form 10-K for the year ended December 31, 1992.

(b) Quarterly Report on Form 10-Q for the quarter ended March 31, 1993.

All documents subsequently filed by the Company pursuant to Section 13(a), 13(c) or 15(d) of the 1934 Act and prior to the termination of the offering hereunder shall be deemed to be incorporated by reference in this Appendix A and to be a part hereof from the date of filing of such documents. The documents which are incorporated by reference in this Appendix A are sometimes hereinafter referred to as the "Incorporated Documents".

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for purposes of this Appendix A to the extent that a statement contained herein or in any other subsequently filed document which is deemed to be incorporated by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Appendix A.

The Company hereby undertakes to provide without charge to each person to whom a copy of the Official Statement to which this Appendix A is attached has been delivered, upon written or oral request of any such person, a copy of any and all of the Incorporated Documents (excluding exhibits thereto). Such requests should be directed to the Company at its principal executive offices, 1177 Summer Street, Stamford, Connecticut 06904, Attention: Corporate Secretary (telephone number 203-348-7000).

## AVAILABLE INFORMATION

The Company is subject to the information requirements of the 1934 Act, and in accordance therewith, files reports and other information with the Commission. Such reports and other information can be inspected and copied at the public reference facilities of the Commission located at Room 1024, Judiciary Plaza, 450 5th Street, N.W., Washington, D.C. and at the following regional offices of the Commission: Room 1204, Northwestern

Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois; and Seven World Trade Center, 13th Floor, New York, New York. Copies of such material can be obtained from the Public Reference Section of the Commission at 450 5th Street, N.W., Washington, D.C. 20549 at prescribed rates. Certain securities of the Company are listed on the New York Stock Exchange, and such reports and other information can also be inspected at its offices at 20 Broad Street, New York, New York 10005.

#### PARENT CORPORATION

All of the Company's common stock, its only issued and outstanding voting stock, is owned by ITT Corporation, a Delaware corporation ("ITT"). ITT is a diversified multinational enterprise engaged, either directly or through subsidiaries, in manufacturing and selling automotive, components, fluid technology, defense and forest products, and in providing and selling insurance, financial, communication and information, and hotel services.

The Bonds and the obligations of the Company under the Loan Agreement and the Note are not guaranteed by ITT.

APPENDIX B

FORM OF OPINION OF LIVERMORE & KLEIN, P.A.,  
BOND COUNSEL

Chairman  
Board of County Commissioners  
Nassau County, Florida

\$10,680,000  
NASSAU COUNTY, FLORIDA  
POLLUTION CONTROL REFUNDING REVENUE BONDS, SERIES 1993  
(ITT RAYONIER INCORPORATED PROJECT)

Gentlemen:

We have acted as bond counsel in connection with the issuance by Nassau County, Florida (the "Issuer") of \$10,680,000 Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project), dated May 1, 1993 (the "Bonds"), pursuant to the Constitution and laws of the State of Florida, particularly Chapter 159, Part II, Florida Statutes, as amended (the "Act"), and other applicable provisions of law, and a resolution duly adopted by the Issuer on May 10, 1993 (the "Resolution"), which Resolution authorizes the execution and delivery of (i) a Trust Indenture by and between the Issuer and Barnett Banks Trust Company, N.A., Jacksonville, Florida, as Trustee (the "Trustee"), dated as of June 1, 1993 (the "Indenture"), and (ii) a Loan Agreement between the Issuer and ITT Rayonier Incorporated (the "Corporation"), dated as of June 1, 1993 (the "Agreement"). We have examined the law and such certified proceedings of the Issuer and other proofs as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any financial or other information which may be supplied to the purchasers of the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Under the Agreement, the Corporation has agreed to make payments to be used to pay when due the principal of and premium (if any) and interest on the Bonds, and such payments and other revenues under the Agreement (collectively, the "Revenues") and the rights of the Issuer under the Agreement (except certain



rights to indemnification) are pledged and assigned by the Issuer as security for the Bonds. The Bonds are payable solely from the Revenues.

Reference is made to an opinion of even date of counsel to the Corporation, with respect, among other matters, to the corporate status, good standing and qualifications to do business of the Corporation, the corporate power of the Corporation to enter into and perform the Agreement and the authorization, execution and delivery of the Agreement by the Corporation and with respect to the Agreement being binding and enforceable upon the Corporation.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Corporation contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Corporation, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of opinion that, under existing law:

1. The Issuer is duly created and validly existing as a political subdivision of the State of Florida, with the power to adopt and perform the Resolution, the Indenture, and the Agreement, and to issue the Bonds.
2. The Resolution has been adopted and the Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer enforceable upon the Issuer.
3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the Revenues.
4. In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under existing laws, regulations and court decisions except for interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities financed with the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Moreover, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although it should be noted that, in the case of corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current income for purposes of such alternative minimum tax. In addition to the exception stated

therein, the opinion set forth in the first sentence of this opinion is subject to the condition that the Issuer and the Corporation comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the Corporation have covenanted in the Agreement to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except estate taxes and taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owed by corporations.

It is to be understood that the rights of the registered owners of the Bonds, and the enforceability of the Resolution, the Indenture, the Agreement and the Bonds, may be subject to the exercise of judicial discretion in accordance with general principles of equity, to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

Respectfully submitted,

EXHIBIT D

\$10,680,000  
NASSAU COUNTY, FLORIDA  
POLLUTION CONTROL REFUNDING REVENUE BONDS,  
SERIES 1993  
(ITT RAYONIER INCORPORATED PROJECT)

BOND PURCHASE AGREEMENT

May 24, 1993

Nassau County, Florida  
Nassau County Courthouse  
Fernandina Beach, Florida 32034

To the Addressee:

The Underwriters listed on Schedule 1 hereto (collectively, the "Underwriters"), for whom Lazard Freres & Co. (the "Representative") offers to enter into the following agreement with you, Nassau County, Florida (the "Issuer"), which upon your acceptance of this offer and upon this Bond Purchase Agreement (the "Bond Purchase Agreement") becoming effective in accordance with its terms will become binding upon the Issuer and the Underwriters. This offer is made subject to your execution of this Bond Purchase Agreement and its delivery to the Representative at or before 6:00 P.M., Eastern time, today. Delivered to the Issuer and the Underwriters herewith is a Letter of Representation dated the date hereof (the "Letter of Representation") executed by ITT Rayonier Incorporated (the "Company"), under which the Company undertakes certain obligations with respect to this Bond Purchase Agreement.

1. Background. The Issuer has agreed to issue \$10,680,000 aggregate principal amount of its Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project) (the "1993 Bonds"), pursuant to, and containing the terms set forth in, the Trust Indenture, dated as of June 1, 1993 (the "Indenture"), between the Issuer and Barnett Banks Trust Company, N.A., Jacksonville, Florida, as trustee (the "Trustee"), and a resolution adopted by the Issuer on May 10, 1993 (the "Resolution"). The proceeds of the 1993 Bonds will be used to refund, in whole, the Ocean Highway and Port Authority Pollution Control Revenue Bonds, 1979 Series (ITT Rayonier Project) issued on January 30, 1979 in the original aggregate principal amount of \$15,000,000 and outstanding in the aggregate principal amount of \$10,680,000 (the "Refunded Bonds"). The proceeds of the Refunded Bonds were used to acquire, construct and install certain air and

water pollution control facilities (the "Facilities") described in the Loan Agreement, dated as of June 1, 1993 (the "Loan Agreement"), between the Issuer and the Company.

The Company will be obligated to make payments pursuant to the Loan Agreement sufficient to pay when due the principal of and interest and any premium on the 1993 Bonds. To evidence its obligation to make such payments, the Company will deliver to the Trustee its Promissory Note, dated as of June 1, 1993 (the "Note"), in an amount equal to the aggregate principal amount of the 1993 Bonds.

The Company caused to be prepared and the Underwriters have circulated a Preliminary Official Statement, dated May 17, 1993 (such Preliminary Official Statement, including the cover page and all appendices, exhibits, reports and statements included therein or attached thereto or incorporated therein by reference and any amendments and supplements thereto that may be authorized by the Issuer for use with respect to the 1993 Bonds being called the "Preliminary Official Statement"), and the Issuer consents to and ratifies the use of the Preliminary Official Statement by the Underwriters prior to the date hereof in connection with the offering of the 1993 Bonds. The Issuer hereby authorizes the use and distribution of the Preliminary Official Statement and an Official Statement, dated the date hereof, substantially in the form of the Preliminary Official Statement, with only such changes therein or modifications thereof as shall have been accepted and approved by the Underwriters in their sole discretion (such Official Statement, including the cover page and all appendices, exhibits, reports and statements included therein or attached thereto or incorporated therein by reference and any amendments and supplements thereto that may be authorized by the Issuer for use with respect to the 1993 Bonds and being herein called the "Official Statement") and the delivery by the Company to the Underwriters of the Official Statement simultaneously with the acceptance and execution of this Bond Purchase Agreement. The Issuer further authorizes the 1993 Bonds, the Indenture, the Loan Agreement and the Note and other pertinent documents in connection with the offering and sale of the Bonds. The Issuer hereby agrees not to authorize, distribute or make use of any Official Statement relating to the 1993 Bonds unless such Official Statement contains a cover page that sets forth the name or names of the Underwriters.

The Issuer is advised by the Underwriters that they propose to make a public offering of the 1993 Bonds as soon as in their judgment it is advisable. The Issuer is further advised by the Underwriters that the 1993 Bonds will be offered for sale by the Underwriters not in excess of the offering price or prices (or yields) set forth on the cover page of the Official Statement, plus accrued interest from June 1, 1993. The Underwriters, however, reserve the right to change such offering price or prices (or yields) as the Underwriters shall deem necessary in connection with the marketing of the 1993 Bonds. The Underwriters may offer

and sell the 1993 Bonds to certain dealers (including dealers depositing the 1993 Bonds into investment trusts) and others at prices lower than the public offering prices stated on the cover page of the Official Statement.

The Underwriters further represent and warrant that they will offer the 1993 Bonds only pursuant to the Preliminary Official Statement and the Official Statement and only in states where the offer and sale of the 1993 Bonds are legal, either as exempt securities or exempt transactions or as a result of due registration or qualification of the 1993 Bonds for sale in any such state.

The 1993 Bonds have an average life of \_\_\_\_\_ years and are expected to be repaid over a period of fifteen (15) years on the dates in the principal amounts and at the interest rates as shown on the table below:

<u>Maturity or Sinking Fund Payment Date</u>	<u>Principal Amount (Not To Exceed)</u>	<u>Interest Rate (Not to Exceed)</u>
--	---	--

The total interest paid over the life of the 1993 Bonds will be \$ \_\_\_\_\_. The source of repayment of security for the 1993 Bonds are the payments to be made by the Company under and pursuant to the Loan Agreement and the Note, and the execution of the Loan Agreement by the Issuer and all other documents in connection with and authorizing the 1993 Bonds will not result in any moneys being not available to finance any other services of the Issuer in any year for the years to and including July 1, 2008, the final maturity of the 1993 Bonds.

2. Purchase, Sale and Closing. Upon the terms and conditions and in reliance on the representations, warranties and covenants hereinafter set forth, the Underwriters, jointly and severally, hereby agree to purchase from the Issuer for offering to the public, and the Issuer hereby agrees to sell to the Underwriters for such purpose, all (but not less than all) of the 1993 Bonds at a purchase price of \$10,680,000 (100% of par), plus accrued interest on the 1993 Bonds from (and including) the date

of the 1993 Bonds to (but not including) the date of such purchase and sale of the 1993 Bonds. The closing (the "Closing") of the purchase and sale of the 1993 Bonds shall be held at the offices of Livermore & Klein, P.A., Jacksonville, Florida, at 10:00 a.m., New York City time on June 8, 1993, or at such other time or at such other date as shall have been mutually agreed upon by the Issuer and the Representative in writing. The date of the Closing of the purchase and sale of the 1993 Bonds is referred to herein as the "Closing Date", and the time of the purchase and sale of the 1993 Bonds is referred to herein as the "Closing Time".

At the Closing, the Issuer will deliver, or cause to be delivered, to the Underwriters the 1993 Bonds, in book-entry-only form, as a single fully registered Bond for each maturity as designated by the Underwriters, and in a form acceptable to the Depository Trust Company, bearing proper CUSIP numbers, duly executed on behalf of the Issuer and authenticated by the Trustee under the Indenture, together with the other documents herein required, and subject to fulfillment of the conditions specified in Section 6 hereof, the Underwriters will accept such delivery and pay the purchase price of the 1993 Bonds as set forth in this Section 2. Payment for the 1993 Bonds shall be paid in clearinghouse funds by bank check or bank wire transfer payable to the Trustee on behalf of the Issuer. The 1993 Bonds to be delivered at the Closing will be made available to the Trustee for checking authentication and delivery as specified by the Underwriters and copies of the 1993 Bonds to be delivered at the Closing will be made available to the Underwriters for checking not less than forty-eight (48) hours prior to the Closing.

3. Representations of the Issuer. The Issuer represents to the Underwriters that:

(a) The Issuer is a political subdivision existing pursuant to the Constitution and laws of the State of Florida (the "State") and is authorized and empowered by the provisions of an act of the legislature of the State of Florida which as codified appears as Chapter 159, Part II, as amended (the "Act"), to issue and secure the 1993 Bonds under and pursuant to the Indenture.

(b) The information contained in the Preliminary Official Statement relating to the Issuer was at the date thereof, and the information contained in the Official Statement (as it may be amended or supplemented) relating to the Issuer is at the date hereof, and at all times subsequent hereto up to and including the Closing Time will be, true and correct in all material respects and such information in the Preliminary Official Statement did not, as of the date thereof, and such information contained in the Official Statement (as it may be amended or supplemented) does not at the date hereof and will not at all times subsequent hereto until and including the Closing Time, contain any untrue statement of a material fact or omit to state a material fact

required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(c) The Issuer has full legal right, power and authority (i) to adopt the Resolution, (ii) to enter into this Bond Purchase Agreement, the Indenture and the Loan Agreement, (iii) to issue, sell and deliver the 1993 Bonds to the Underwriters as provided herein, and (iv) to carry out, consummate and give effect to all other transactions contemplated by each of the aforesaid documents to be carried out and consummated by the Issuer, and the Issuer has complied with all applicable provisions of law, including the Act, in all matters relating to such transactions.

(d) The Issuer has duly authorized (i) the issuance and sale of the 1993 Bonds upon the terms set forth herein and in the Indenture, (ii) the execution, delivery and due performance of this Bond Purchase Agreement, the 1993 Bonds, the Indenture and the Loan Agreement, and (iii) the taking of any and all such action by the Issuer as may be required to carry out, give effect to and consummate the transactions contemplated by such documents.

(e) The Resolution has been duly adopted by the Issuer and constitutes the legal, valid and binding act of the Issuer and is in full force and effect. This Bond Purchase Agreement constitutes, and when executed and delivered by the Issuer, the Loan Agreement and the Indenture will constitute legal, valid and binding obligations of the Issuer.

(f) To the best of the knowledge of the Issuer, no approval, permit, consent or authorization of any governmental or public agency, authority or person not already obtained (other than any approvals that might be required to be obtained in connection with the acquisition, construction, installation and operation of the Facilities or under the Blue Sky laws of any jurisdiction, as to which no representation is made) is required in connection with the adoption of the Resolution and the issuance and sale of the 1993 Bonds pursuant to this Bond Purchase Agreement or the execution and delivery by the Issuer of, or the performance of its obligations under, the 1993 Bonds, the Resolution, the Indenture, the Loan Agreement and this Bond Purchase Agreement.

(g) To the best knowledge of the Issuer, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, pending against the Issuer or threatened against or affecting the Issuer (nor to the best of the knowledge of the Issuer is there any basis therefor), (i) which in any way questions the validity of the Act, the powers of the Issuer in connection with the issuance and sale of the 1993 Bonds, or the validity

of any proceedings taken by the Issuer in connection with the issuance of the 1993 Bonds, or (ii) wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by this Bond Purchase Agreement, or (iii) which, in any way, would adversely affect the use and distribution of the Preliminary Official Statement or the Official Statement or the validity or enforceability of this Bond Purchase Agreement, the 1993 Bonds, the Resolution, the Indenture, the Loan Agreement or any other agreement or instrument to which the Issuer is a party required or contemplated for use in consummating the transactions contemplated hereby or thereby, or the exclusion from gross income of the interest on the 1993 Bonds for federal income tax purposes.

(h) The adoption of the Resolution, the authorization, execution and delivery by the Issuer of this Bond Purchase Agreement, the 1993 Bonds, the Indenture, the Loan Agreement and any other agreements contemplated hereby or thereby and compliance with the provisions of the Resolution and of each of such instruments will not conflict with or result in a breach of any of the terms or provisions of, or constitute a default under, any material indenture, mortgage, deed of trust, loan agreement or other agreement or instrument to which the Issuer is a party or is subject, nor will such action result in any violation of the provisions of the Constitution or laws of the State, or any charter, resolution or regulation of the Issuer, or any existing statute, order, judgment, decree, rule or regulation applicable to the Issuer (or any of its officials or officers in their respective capacities as such) of any court or of any federal, state or other regulatory authority or other governmental body having jurisdiction over the Issuer (or such officials or officers as such).

(i) The Issuer has not been in default in the payment of principal of or premium, if any, or interest on, or otherwise been in default with respect to, any bonds, notes or other obligations which it has issued, assumed or guaranteed as to payment of principal, premium, if any, or interest.

(j) To the best of the Issuer's knowledge, neither the Securities and Exchange Commission nor any state securities commission has issued or threatened to issue any order preventing or suspending the use or distribution of the Preliminary Official Statement or the Official Statement.

(k) The Preliminary Official Statement was deemed "final" by the Issuer as of its date for purposes of Rule 15c2-12 of the Securities and Exchange Commission.



(1) Any closing certificate or other document signed by any authorized official of the Issuer and delivered to the Underwriters shall be deemed to be a representation and warranty by the Issuer to the Underwriters as to the truth of the statements therein contained.

4. Covenants and Agreements of the Issuer. (a) The Issuer covenants and agrees with the Underwriters:

(1) To cooperate with the Underwriters, at the expense of the Company in qualifying the 1993 Bonds for offer and sale under the securities or Blue Sky laws of such jurisdictions of the United States as the Underwriters may reasonably request, provided, however, that the Issuer will not be required to execute a special or general consent to service of process or qualify as a foreign entity in connection with any such qualification in any jurisdiction other than the State.

(2) To direct the Trustee to apply the proceeds from the sale of the 1993 Bonds as provided in and subject to all of the terms and provisions of the Indenture and the Loan Agreement.

(3) Not to take any action the taking of which will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the 1993 Bonds (or the revenues to be derived under the Loan Agreement or the Note).

(4) To notify the Underwriters if, prior to the delivery of and payment for the 1993 Bonds on the Closing Date or at any time within ninety (90) days of the Closing Date, any event occurs which is known to the Issuer and which makes any statement in the Official Statement regarding the Issuer, untrue in any material respect or which requires the making of any amendments or supplements to or modifications of the Official Statement in order to make any statement therein not misleading in any material respect.

(b) The Indenture and the Loan Agreement will be executed and delivered on the Closing Date in substantially the forms heretofore submitted to and approved by the Underwriters, with only such changes therein or modifications thereof as the Underwriters shall agree upon. If any changes in or modifications of the Indenture or the Loan Agreement shall not be acceptable to the Underwriters, the Underwriters shall have the right to cancel their obligations to purchase the 1993 Bonds hereunder.

(c) The 1993 Bonds will be issued, executed and delivered on the Closing Date in substantially the form heretofore submitted to and approved by the Underwriters with only such changes therein or modifications thereof as the Underwriters shall agree upon. If any changes in or modifications of the 1993 Bonds

shall not be acceptable to the Underwriters, the Underwriters shall have the right to cancel their obligation to purchase the 1993 Bonds hereunder.

(d) The agreements contained in this Section 4 and the representations and warranties of the Issuer set forth in Section 3 of this Bond Purchase Agreement shall remain operative and in full force and effect regardless of (i) any termination of this Bond Purchase Agreement, (ii) any investigation made by or on behalf of the Underwriters or any person controlling the Underwriters within the meaning of Section 15 of the Securities Act of 1933, as amended, and (iii) acceptance of, and payment for, the 1993 Bonds.

5. Conditions of the Underwriters' Obligations. (a) The obligations of the Underwriters hereunder shall be subject to (i) the Issuer's compliance with and performance of the obligations and agreements to be performed by it under the Resolution, the Indenture, the Loan Agreement and this Bond Purchase Agreement on or prior to the Closing Date; (ii) the Company's compliance with and performance of the obligations and agreements to be performed by it on or prior to the Closing Date under the Letter of Representation, the Indenture, the Loan Agreement and the Note; and (iii) the accuracy and completeness as of the date hereof of the representations and warranties of the Issuer contained herein and in the Loan Agreement and the representations and warranties of the Company contained in the Letter of Representation and the Loan Agreement.

(b) The obligations of the Underwriters hereunder are subject to the following further conditions:

(1) The Letter of Representation shall be in full force and effect at the Closing Date.

(2) On the Closing Date, the Underwriters shall receive:

(i) An executed counterpart of the Indenture.

(ii) An executed counterpart of the Loan Agreement.

(iii) A copy of the executed Note.

(iv) Specimen copies of the 1993 Bonds.

(v) A copy of the Resolution of the Issuer (and any amendments thereto), certified by the Clerk of the Board of Commissioners of the Issuer.

(vi) A transcript of the proceedings with respect to the 1993 Bonds and such other issues relating to the 1993 Bonds as shall be satisfactory to the Underwriters.

(vii) (a) The final approving opinion of Bond Counsel, dated the Closing Date, in form and substance satisfactory to the Underwriters upon which the Underwriters are entitled to rely, in substantially the form attached hereto as Exhibit A; (b) a supplemental opinion of Bond Counsel, dated the Closing Date, addressed to the Underwriters, in substantially the form attached hereto as Exhibit B; (c) an opinion of counsel to the Issuer, dated the Closing Date, addressed to the Underwriters, in substantially the form attached hereto as Exhibit C; (d) an opinion of counsel to the Company, dated the Closing Date, addressed to the Underwriters, in substantially the form attached hereto as Exhibit D; and (e) an opinion of counsel to the Underwriters, dated the Closing Date, addressed to the Underwriters, in substantially the form attached hereto as Exhibit E.

(viii) A letter of Arthur Andersen & Co. (the "Company's Accountants"), dated the date hereof, to the effect that (a) they are independent certified public accountants within the meaning of Rule 1.01 of the Code of Professional Ethics of the American Institute of Certified Public Accountants and (b) they consent to the incorporation by reference in the Preliminary Official Statement and the Official Statement of their report on the Company's financial statements contained in its Form 10-K for the year ended December 31, 1992 and to all references to such firm included in the Preliminary Official Statement and the Official Statement; and

(ix) A comfort letter of the Company's Accountants, addressed to the Underwriters, dated the date hereof, in substantially the form attached hereto as Exhibit F.

(x) A letter of the Company's Accountants, dated the Closing Date, addressed to the Underwriters, in substantially the form attached hereto as Exhibit G.

(xi) A certificate dated on and as of the Closing Date and signed by an authorized officer of the Company satisfactory to the Underwriters to the effect that (a) each of the representations and warranties of the Company in the Letter of Representation and the Loan Agreement is true and accurate in all material respects as if made on and as of the Closing Date; (b) all agreements to be complied with and obligations to be performed by the Company under the Letter of Representation, the Loan Agreement, the Note and this Bond Purchase Agreement on or prior to the Closing Date have been complied with and performed; and (c) the Letter of Representation has not been amended, modified or rescinded by the Company and is in full force and effect.

(xii) A certificate dated on and as of the Closing Date signed by an authorized officer of the Issuer satisfactory to the Underwriters, to the effect that (a) each of the representations and warranties of the Issuer in this Bond Purchase Agreement is true and accurate as if made on and as of the Closing Date and (b) all agreements to be complied with and obligations to be performed by the Issuer hereunder and under the Resolution, the Loan Agreement and the Indenture on or prior to the Closing Date have been complied with and performed.

(xiii) A certificate dated on and as of the Closing Date signed by an authorized officer of the Issuer and authorized officer of the Company, in form satisfactory to the Underwriters, to the effect that on the basis of facts, estimates and circumstances (including covenants of the Issuer and the Company contained in the Indenture and the Loan Agreement, respectively) in existence on the Closing Date, which facts, estimates and circumstances shall be set forth therein (and as to certain facts and estimates the Issuer may rely upon certain certifications of the Company not within the knowledge of the Issuer), it is not expected that the proceeds of the 1993 Bonds will be used in a manner that would cause the 1993 Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended, and any applicable Treasury Regulations issued thereunder.

(xiv) A certificate dated on and as of the Closing Date signed by an authorized officer of the Trustee satisfactory to the Underwriters, to the effect that (i) the Trustee is a banking association duly organized and existing under the laws of the United States of America and, under the applicable laws of the United States of America, is authorized and qualified to execute, deliver and perform its obligations under and to accept the trust imposed by the 1993 Bonds and the Indenture and to act as Trustee thereunder; (ii) the Trustee has duly authorized all necessary action for the authentication by the Trustee of the 1993 Bonds and the execution, delivery and performance by the Trustee of its obligations under the Indenture; and (iii) the Indenture has been duly executed and delivered by the Trustee.

(xv) Written evidence that Standard & Poor's Corporation and Moody's Investors Service, Inc. have issued a rating of A+ and Baa2, respectively, for the 1993 Bonds.

(xvi) Such additional and customary opinions, certificates, instruments or other documents (including, without limitation, appropriate non-litigation certificates) as shall be reasonably requested by the Underwriters to evidence performance of or compliance with the provisions of this Bond Purchase Agreement and the transactions contemplated hereby; all such opinions, evidence, certificates, instruments or other documents to be satisfactory in form and substance to the Underwriters.

(3) All matters relating to this Bond Purchase Agreement, the Official Statement, the 1993 Bonds, the Resolution, the Loan Agreement, the Note, the Indenture and the Letter of Representation, and the consummation of the transactions contemplated hereby and thereby, shall be satisfactory to and approved by the Underwriters and their counsel.

6. The Underwriters' Right to Cancel. The Underwriters shall have the right to cancel and terminate this Bond Purchase Agreement (such cancellation shall not constitute a default by the Underwriters for purposes of Section 7 hereof or for purposes of the Letter of Representation) by notifying the Issuer in writing or by telegram of its election to do so prior to the delivery and payment for the 1993 Bonds on the Closing Date, if:

(a) A tentative decision with respect to legislation shall be reached by a committee of the House of Representatives or the Senate of the Congress of the United States of America, or legislation shall be favorably reported by such a committee or be introduced, by amendment or otherwise, in, or be passed by, the House of Representatives or the Senate, or recommended to the Congress of the United States of America for passage by the President of the United States of America, or be enacted by the Congress of the United States of America, or a decision by a court established under Article III of the Constitution of the United States of America, or the Tax Court of the United States of America, shall be rendered, or a ruling, regulation or order of the Treasury Department of the United States of America or the Internal Revenue Service shall be made or proposed having the purpose or effect of including in gross income for federal income tax purposes or any other event shall have occurred which results in the inclusion in gross income for federal income tax purposes, of revenues or other income of the general character to be derived by the Issuer or by any similar body or of interest received on the 1993 Bonds or obligations of the general character of the 1993 Bonds which, in the Underwriters' reasonable opinion, materially adversely affects the market price of the 1993 Bonds;

(b) Any legislation, ordinance, rule or regulation shall be introduced in or be enacted by any governmental body, department or agency in the State or the United States, or a decision by any court of competent jurisdiction within the State or the United States shall be rendered which, in the Underwriters' reasonable opinion, materially adversely affects the market price of the 1993 Bonds;

(c) A ruling, regulation or official action by, or on behalf of, the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter shall be issued or made to the effect that the issuance, offering or sale of the 1993 Bonds or obligations of the general character of the 1993 Bonds, including all the underlying obligations, as contemplated hereby or by the Official Statement, is in violation or would be in violation of any provision of the federal securities laws, including the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or the Trust Indenture Act of 1939, as amended and as then in effect;

(d) Legislation shall be enacted by the Congress of the United States of America, or a decision by a court of the United States of America shall be rendered, to the effect that the 1993 Bonds or obligations of the general character of the 1993 Bonds, including all the underlying obligations, are not exempt from registration under or from other requirements of the Securities Act of 1933, as amended and as then in effect, or the Securities Exchange Act of 1934, as amended and as then in effect, or that the Indenture is not exempt from qualification under or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect;

(e) Any event shall have occurred, or information become known, which, in the Underwriters' reasonable opinion, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement as originally circulated contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading;

(f) 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;

(g) Any national securities exchange, or any governmental authority, shall impose, as to the 1993 Bonds or obligations of the general character of the 1993 Bonds, 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 Underwriters;

(h) A general banking moratorium shall have been established by federal, New York or Florida authorities;

(i) Any rating of the 1993 Bonds shall have been downgraded or withdrawn by Moody's Investors Service, Inc. or Standard & Poor's Corporation which, in the Underwriters' reasonable opinion, materially adversely affects the market price of the 1993 Bonds; or trading in any securities of the Company shall have been suspended on any national securities exchange; or any proceeding shall be pending or threatened by the Securities and Exchange Commission against the Company;

(j) A war involving the United States of America shall have been declared, or any conflict involving the armed forces of any country shall have escalated, or any other national emergency relating to the effective operation of government or the financial community shall have occurred, which, in the Underwriters' reasonable opinion, materially adversely affects the market price of the 1993 Bonds; or

(k) Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the 1993 Bonds or in any way contesting or questioning any authority for or the validity of the 1993 Bonds or the money pledged to the payment thereof or any proceedings of the Issuer taken with respect to the issuance and sale thereof.

If the Issuer is unable to satisfy the conditions to the obligations of the Underwriters contained in this Bond Purchase Agreement, or if the obligation of the Underwriters to purchase and accept the delivery of the 1993 Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and neither the Underwriters, the Issuer nor the Company shall be under any further obligation hereunder; except that the respective obligations to pay expenses, as provided in Section 7 hereof, shall continue in full force and effect. The Underwriters may, in their discretion, waive any one or more of the conditions imposed by this Bond Purchase Agreement for the protection of the Underwriters and proceed with the Closing.

7. Expenses. Whether or not the 1993 Bonds are delivered by the Issuer to the Underwriters (unless such delivery is prevented by the default of the Underwriters hereunder), the Underwriters shall be under no obligation to pay any expenses incident to the performance of the obligations of the Issuer hereunder. All expenses and costs to effect the authorization, issuance, printing, sale and delivery, as the case may be, of the 1993 Bonds, the Indenture, the Loan Agreement, the Note, the

Preliminary Official Statement, the Official Statement, the Letter of Representation and this Bond Purchase Agreement, including, without limitation, (i) fees and disbursements in connection with the qualification of the 1993 Bonds for sale under the securities laws of various jurisdictions and the determination of the eligibility of the 1993 Bonds for investment under the laws of various jurisdictions, (ii) the preparation and printing of any Blue Sky or legal investment memoranda, (iii) any documentary, stamp or other transfer taxes in connection with the transfer of the 1993 Bonds hereunder, (iv) all filing, registration and recording fees and expenses, (v) fees of rating agencies, (vi) fees of the Trustee (including without limitation attorneys' fees), (vii) the fees and disbursements of Bond Counsel, (viii) the fees and disbursements of Underwriters' Counsel, and (ix) the expenses of the Issuer (including, without limitation, attorneys' fees) reasonably incurred in connection with the issuance of the 1993 Bonds shall be payable out of the proceeds of the 1993 Bonds or otherwise shall be paid by the Company. The Underwriters shall pay all advertising expenses authorized by the Underwriters in connection with the public offering of the 1993 Bonds.

8. Representations, Warranties and Agreements to Survive Delivery. All of the Issuer's representations, warranties and agreements shall remain operative and in full force and effect, regardless of any investigations made by the Underwriters on its behalf, and shall survive delivery of the 1993 Bonds to the Underwriters.

9. Notices. Notice given pursuant to any of the provisions of this Bond Purchase Agreement shall be in writing and shall be delivered (a) to the Issuer at the Nassau County Courthouse, Fernandina Beach, Florida, 32034, or (b) to the Underwriters at Lazard Freres & Co., 1 Rockefeller Plaza, New York, New York 10020 and Raymond James & Associates, Inc., 2255 Glades Road, Suite 120A, Boca Raton, Florida 33431; with a copy to Ms. Ruth T. West, King & Spalding, 191 Peachtree Street, Atlanta, Georgia 30303-1763. Copies of each such notice shall be sent to the Company at ITT Rayonier Incorporated, 1177 Summer Street, Stamford, Connecticut 06904, Attn: Corporate Secretary, with a copy to ITT Rayonier Incorporated, Southeast Legal Office, P.O. Box 723, Fernandina Beach, Florida 32034.

10. Nonassignability. This Bond Purchase Agreement has been and is made solely for the benefit of the Underwriters, the Company and the Issuer and their respective successors and assigns, and no other person shall acquire or have any right under or by virtue of this Bond Purchase Agreement. The terms "successor" or "successors and assigns" as used in this Bond Purchase Agreement shall not include any purchaser of any of the 1993 Bonds from the Underwriters merely because of such purchase.



11. Governing Law. The validity, interpretation and performance of this Bond Purchase Agreement shall be governed by the laws of the State of New York.

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

13. Limited Obligations of Issuer. The 1993 Bonds are limited obligations of the Issuer, issued or to be issued under and are to be secured and entitled equally and ratably to the protection given by the Indenture. Neither the faith and credit nor the taxing power of the Issuer, the State of Florida or of any political subdivision thereof is pledged for the payment of the 1993 Bonds, nor shall the 1993 Bonds be deemed a debt, liability or obligation of the Issuer, the State of Florida or of any political subdivision thereof. No obligation, covenant or representation set forth in this Bond Purchase Agreement shall be deemed to be an obligation, covenant or representation of any officer or agent of the Issuer in his individual capacity, and no officer or agent executing this Bond Purchase Agreement or authorizing its execution shall be personally liable thereon; further, the Issuer's monetary liability under this Bond Purchase Agreement shall be limited to the extent of funds derived from the Company pursuant to the Letter of Representation or the Loan Agreement.

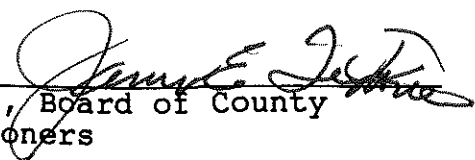
Very truly yours,

LAZARD FRERES & CO., as  
Representative of the Underwriters  
named in Schedule 1 hereto

By: \_\_\_\_\_  
Authorized Signatory

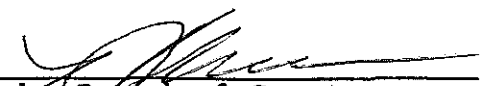
Accepted as of the date  
first above mentioned:

NASSAU COUNTY, FLORIDA

By:   
Chairman, Board of County  
Commissioners

(SEAL)

ATTEST:

By:   
Clerk, Board of County,  
Commissioners

Schedule 1

UNDERWRITERS

Lazard Freres & Co.

Raymond James & Associates, Inc.

EXHIBIT A

FORM OF OPINION OF LIVERMORE & KLEIN, P.A.,  
BOND COUNSEL

June 8, 1993

Chairman  
Board of County Commissioners  
Nassau County, Florida

\$10,680,000  
NASSAU COUNTY, FLORIDA  
POLLUTION CONTROL REFUNDING REVENUE BONDS, SERIES 1993  
ITT RAYONIER INCORPORATED PROJECT

Gentlemen:

We have acted as bond counsel in connection with the issuance by Nassau County, Florida (the "Issuer") of \$10,680,000 Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project), dated May 1, 1993 (the "Bonds"), pursuant to the Constitution and laws of the State of Florida, particularly Chapter 159, Part II, Florida Statutes, as amended (the "Act"), and other applicable provisions of law, and a resolution duly adopted by the Issuer on May 10, 1993 (the "Resolution"), which Resolution authorizes the execution and delivery of (i) a Trust Indenture by and between the Issuer and Barnett Banks Trust Company, N.A., Jacksonville, Florida, as Trustee (the "Trustee"), dated as of June 1, 1993 (the "Indenture"), and (ii) a Loan Agreement between the Issuer and ITT Rayonier Incorporated (the "Corporation"), dated as of June 1, 1993 (the "Agreement"). We have examined the law and such certified proceedings of the Issuer and other proofs as we deem necessary to render this opinion.

We have not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement or any financial or other information which may be supplied to the purchasers of the Bonds (except to the extent, if any, stated in the Official Statement) and we express no opinion relating thereto (excepting only the matters set forth as our opinion in the Official Statement).

Under the Agreement and the Promissory Note, dated as of June 1, 1993 (the "Note") issued by the Corporation pursuant thereto, the Corporation has agreed to make payments to be used to pay when due the principal of and premium (if any) and interest on the Bonds, and such payments and other revenues under the Agreement and the Note (collectively, the "Revenues") (together with the Note) and the rights of the Issuer under the Agreement

(except certain rights to indemnification) are pledged and assigned by the Issuer as security for the Bonds. The Bonds are payable solely from the Revenues.

Reference is made to an opinion of even date of counsel to the Corporation, with respect, among other matters, to the corporate status, good standing and qualifications to do business of the Corporation, the corporate power of the Corporation to enter into and perform the Agreement and the authorization, execution and delivery of the Agreement by the Corporation and with respect to the Agreement being binding and enforceable upon the Corporation.

As to questions of fact material to our opinion, we have relied upon representations of the Issuer and the Corporation contained in the Agreement, the certified proceedings and other certifications of public officials furnished to us, and certifications furnished to us by or on behalf of the Corporation, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of opinion that, under existing law:

1. The Issuer is duly created and validly existing as a political subdivision of the State of Florida, with the power to adopt and perform the Resolution, the Indenture, and the Agreement, and to issue the Bonds.

2. The Resolution has been adopted and the Agreement and the Indenture have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

3. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the Revenues.

4. In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under existing laws, regulations and court decisions except for interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities financed with the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Moreover, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although it should be noted that, in the case of corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current income for purposes of such alternative minimum tax. In addition to the exception stated

therein, the opinion set forth in the first sentence of this opinion is subject to the condition that the Issuer and the Corporation comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the Corporation have covenanted in the Agreement to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. The Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owed by corporations.

It is to be understood that the rights of the registered owners of the Bonds, and the enforceability of the Resolution, the Indenture, the Agreement and the Bonds, may be subject to the exercise of judicial discretion in accordance with general principles of equity, to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

Respectfully submitted,

EXHIBIT B

FORM OF SUPPLEMENTAL OPINION OF LIVERMORE & KLEIN, P.A.,  
BOND COUNSEL DATED

June 8, 1993

Lazard Freres & Co.  
New York, New York

Raymond James & Associates, Inc.  
Boca Raton, Florida

Re: \$10,680,000 Nassau County, Florida Pollution Control  
Refunding Revenue Bonds, Series 1993 (ITT Rayonier  
Incorporated Project)

To the Addressees:

We have acted as Bond Counsel in connection with the issuance by Nassau County, Florida, a political subdivision of the State of Florida (the "Issuer"), of \$10,680,000 in aggregate principal amount of Nassau County, Florida Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project) (the "Bonds"). We have examined the laws and such certified proceedings and other papers as deemed necessary to render this opinion.

The Bonds have been sold to Lazard Freres & Co. and Raymond James & Associates, Inc. (the "Underwriters"), pursuant to a Bond Purchase Agreement, dated May 24, 1993 (the "Bond Purchase Agreement"), between the Issuer and the Underwriters.

The Issuer has caused to be prepared an Official Statement dated June 8, 1993 (the "Official Statement") in connection with the offering and sale of the Bonds.

Based on our examination, we are of the opinion, as of the date hereof and under existing law, as follows:

(1) The Bond Purchase Agreement has been duly authorized, executed and delivered by the Issuer and is a valid and binding obligation of the Issuer enforceable upon the Issuer.

(2) The Bonds are exempt securities as described in Section 3(a)(2) of the Securities Act of 1933, as amended (the "1933 Act"), and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended (the "TIA"), to the extent provided in such Acts, respectively, and it is not necessary in connection with the sale of the Bonds to the public to register the Bonds under the 1933 Act or to qualify the Indenture under the TIA.

(3) The use and distribution of the Official Statement have been duly authorized by the Issuer.

(4) We have reviewed those portions of the Official Statement appearing under the captions "The 1993 Bonds," "The Loan Agreement and the Note," "The Indenture and "Tax Exemption" and are of the opinion that the statements made under such captions fairly summarize the matters purported to be summarized therein, but no further opinion is expressed with respect to the accuracy, completeness or sufficiency of the Official Statement, nor is any opinion expressed as to compliance by the Issuer or by the Underwriters with any Federal or state statute, regulation or ruling with respect to the sale (other than the initial sale) by the Issuer or distribution of the Bonds.

(5) The Bonds are exempt securities under \_\_\_\_\_ (the "Florida Act"), and it is not necessary in connection with the sale of the Bonds to public to register the Bonds under the Florida Act.

It is to be understood that the enforceability of the Bond Purchase Agreement may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that its enforcement may also be subject to the exercise of judicial discretion in appropriate cases.



Page 3

We refer you to our opinion, dated the date hereof delivered in connection with the issuance and delivery of the Bonds in caption. You are entitled to rely upon such opinion as if it were addressed to you.

Very truly yours,

LIVERMORE & KLEIN, P.A.

By: \_\_\_\_\_  
A Partner

EXHIBIT C

SUGGESTED FORM OF OPINION FOR  
COUNSEL TO THE ISSUER

June 8, 1993

ITT Rayonier Incorporated  
Stamford, Connecticut

Barnett Banks Trust Company, N.A.  
Jacksonville, Florida

Lazard Freres & Co.  
New York, New York

Raymond James & Associates, Inc.  
Boca Raton, Florida

Livermore & Klein, P.A.  
Jacksonville, Florida

Re: \$10,680,000 Nassau County, Florida Pollution Control  
Refunding Revenue Bonds, Series 1993 (ITT Rayonier  
Incorporated Project)

To the Addressees:

As counsel to Nassau County, Florida, a political subdivision duly created and existing under the Constitution and laws of the State of Florida (the "Issuer"), I have considered the validity of the above-captioned issue of \$10,680,000 Nassau County, Florida Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project) (the "Bonds"). The proceeds of the Bonds will be used to refund, in whole, the 1976 Installment of the Ocean Highway and Port Authority Pollution Control Revenue Bonds, 1979 Series (ITT Rayonier Project) issued on January 30, 1979 and outstanding in the aggregate principal amount of \$10,680,000 (the "Refunded Bonds"). The proceeds of the Refunded Bonds were used to acquire, construct and install certain air and water pollution control facilities (the "Facilities") described in the Loan Agreement hereinafter described. In this connection I have examined:

(a) the Trust Indenture, dated as of June 1, 1993 (the "Indenture"), between the Issuer and Barnett Banks Trust Company, N.A., Jacksonville, Florida, as trustee and paying agent (the "Trustee");

(b) the Loan Agreement, dated as of June 1, 1993 (the "Agreement"), between the Issuer and ITT Rayonier Incorporated, a Delaware corporation qualified to do business in the State of Florida (the "Company");

(c) the Bond Purchase Agreement, dated May 24, 1993 (the "Bond Purchase Agreement"), between the Issuer and Lazard Freres & Co., New York, New York and Raymond James & Associates, Inc., Boca Raton, Florida, as underwriters;

(d) a financing statement (Form UCC-1) designating the Issuer as Debtor, and the Trustee as Secured Party, covering the granting of a security interest in the Agreement, the Promissory Note described therein, the revenues recorded thereunder and all amounts on deposit from time to time in the "Sinking Fund" and the "Redemption Account" (as such terms are defined in the Indenture) (the "Financing Statement");

(e) the Constitution and laws of the State of Florida, including specifically Chapter 159, Part II, as amended, of the Florida Statutes (the "Act");

(f) the resolutions of the Issuer whereby the Issuer took affirmative official action providing for the financing and refinancing of the acquisition, construction and installation of the "Facilities" (defined in the Agreement) through the issuance of the Bonds;

(g) the resolution of the Issuer adopted May 10, 1993 (the "Bond Resolution");

(h) the Uniform Commercial Code records in the Office of the Redemption of Nassau County, Florida;

and such other documents and instruments and proceedings of the Issuer as I have deemed relevant.

Based on the foregoing, I am of the opinion that as of this date:

(1) The Issuer is a political subdivision validly created and existing under the Constitution and laws of the State of Florida, and has all requisite power and authority (i) to issue, sell and deliver the Bonds, (ii) to lend the proceeds thereof to the Company to enable the Company to refund the Refunded Bonds, (iii) to enter into the Indenture,

the Agreement and the Bond Purchase Agreement, and (iv) to carry out the transactions contemplated by the Indenture, the Agreement, and the Bond Purchase Agreement.

(2) Under the Constitution and laws of the State of Florida, including particularly the Act, the Indenture, the Agreement and the Bond Purchase Agreement have been authorized by all necessary action on the part of the Issuer, have been executed and delivered by the Issuer, and, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, constitute legal, valid, binding and enforceable obligations of the Issuer, except that the enforceability thereof may be subject to (a) the exercise of judicial discretion in accordance with general principles of equity, and (b) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable.

(3) The Bonds (a) have been authorized and executed by the Issuer and delivered to the Trustee for authentication, and (b) are legal, valid, binding and enforceable limited obligations of the Issuer, except that the rights of the registered owners of the Bonds and the enforceability thereof may be subject to (i) the exercise of judicial discretion in accordance with general principles of equity, and (ii) bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable, and (d) are entitled to the benefits and security of the Indenture, the Agreement and the Bond Purchase Agreement.

(4) The issuance and sale of the Bonds, the adoption of the Bond Resolution and the execution and delivery by the Issuer of the Indenture, the Agreement and the Bond Purchase Agreement and the compliance by the Issuer with the terms thereof and of the Bonds will not conflict with, or result in any breach of any of the provisions of, or constitute a default under, any charter instrument or by-law of the Issuer or any constitutional provision, statute, agreement, indenture, note, mortgage, deed of trust, resolution or other agreement or other instrument to which the Issuer is a party or by which it is bound, or any license, judgment, decree, order, law, statute, ordinance or governmental rule or regulation applicable to the Issuer, or result in the creation or imposition of any lien, charge, encumbrance or security interest on the property of the Issuer (other than as contemplated by the Indenture).

(5) To the best of our knowledge, the Issuer is not in default in any material respect under any material agreement or other instrument to which it is a party or by which it may be bound.

(6) All consents, approvals or authorizations, if any, of any governmental authority required on the part of the Issuer in connection with the adoption of the Bond Resolution, the execution and delivery of the Indenture, the Agreement, and the Bond Purchase Agreement, the offer, issue, sale or delivery of the Bonds and the consummation of the transactions contemplated thereby have been obtained, and to the best of my knowledge the Issuer has complied with all applicable provisions of law of the State of Florida requiring any designation, declaration, filing, registration and/or qualification with any governmental authority in connection with the foregoing and the offer, sale, execution or delivery of the Bonds.

(7) Except for the lien and security interests created by the Indenture, the Issuer has not created, or permitted to be created, any lien, charge, encumbrance or security interest in the Trust Estate created under the Indenture.

(8) All actions taken by the Issuer in connection with the Bond Resolution, the Indenture, the Agreement, the Bond Purchase Agreement and the Bonds are legal and valid in all respects and none of the proceedings had, or actions taken, with respect to any of the foregoing have been repealed, revoked or rescinded.

Very truly yours,

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SUGGESTED FORM OF OPINION FOR COMPANY COUNSEL

June 8, 1993

Lazard Freres & Co.  
New York, New York

Raymond James & Associates, Inc.  
Boca Raton, Florida

Nassau County, Florida  
Fernandina Beach, Florida

Livermore & Klein, P.A.  
Jacksonville, Florida

Barnett Banks Trust Company, N.A.  
Jacksonville, Florida

Subject: \$10,680,000 Nassau County, Florida Pollution Control  
Refunding Revenue Bonds, Series 1993 (ITT Rayonier  
Incorporated Project) (the "Bonds")

To the Addressees:

I am Secretary and Associate General Counsel of ITT Rayonier Incorporated, a Delaware corporation (the "Company"), and in that capacity, in order to render this opinion as provided in the Bond Purchase Agreement referred to in clause (d) below, I have examined:

(a) the Trust Indenture, dated as of June 1, 1993 (the "Indenture"), between the Nassau County, Florida (the "Issuer") and Barnett Banks Trust Company, N.A., Jacksonville, Florida, as Trustee and Paying Agent;

(b) the Loan Agreement, dated as of June 1, 1993 (the "Agreement"), between the Issuer and the Company, relating to the Bonds and the Promissory Note issued thereunder by the Company to the Issuer (the "Note");

(c) the Bond Purchase Agreement, dated May 24, 1993 (the "Bond Purchase Agreement"), between the Issuer and Lazard Freres & Co. and Raymond James & Associates, Inc. (collectively, the "Underwriters"), relating to the Bonds;

(d) The Letter of Representation, dated May 24, 1993 (the "Letter of Representation"), from the Company to the Issuer and the Underwriters; and

(e) the Preliminary Official Statement of the Issuer, dated May 17, 1993 relating to the Bonds (the "Preliminary Official Statement") and the Official Statement of the Issuer, dated June 8, 1993 relating to the Bonds (the "Official Statement").

I am familiar with the Restated Certificate of Incorporation and the By-Laws, as amended, of the Company and the corporate proceedings taken by the Company with respect to the transactions contemplated by the above-listed documents. I have also examined such other corporate documents and records, and other instruments, including certificates of public officials and officials of the Company given on its behalf as I have deemed relevant and necessary for the purposes of rendering this opinion. In giving such opinion, I have relied upon such certificates of public officials and officials of the Company as to factual matters set forth therein which I did not independently establish. Further, in giving my opinion I have assumed the due authorization, execution and delivery of each of the above listed documents by each of the parties thereto (other than the Company) and that each such party has full power, authority and legal right to enter into such of the aforesaid documents as it is party to and to perform its duties and obligations contained therein to be performed by it.

Based upon, and subject to, the foregoing, I am of the opinion that as of this date:

1. The Company is a corporation duly organized and validly existing and in good standing under the State of Delaware, and is in good standing under the laws of the State of Florida.

2. The Company has full corporate power and authority to enter into and perform its obligations under the Agreement and the Letter of Representation, and the Agreement and the Letter of Representation have been authorized by all necessary corporate action on the part of the Company, have been duly executed and delivered by the Company, and, assuming that they are the respective legal, valid, binding and enforceable obligations of the other parties thereto, constitute legal, valid, binding and enforceable obligations of the Company, except as enforceability may be limited by bankruptcy or other laws affecting the

enforcement of creditors' rights generally or by the application of general principles of equity and except as rights to indemnity thereunder may be limited by principles of public policy.

3. The execution and delivery by the Company of the Agreement, the Note and the Letter of Representation, the compliance by the Company with the respective terms thereof, and the consummation of the transactions contemplated by the Bond Purchase Agreement and the Official Statement do not conflict with or constitute on the part of the Company a violation of, breach of or default under the Restated Certificate of Incorporation or By-laws, as amended, of the Company, or, to my knowledge, (a) any indenture, mortgage, deed of trust, lease, note agreement or other agreement or instrument to which the Company is a party or by which the Company is bound, or (b) any constitutional provision or statute or any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Company or any of its activities or property.

4. All consents, approvals or authorizations, if any, of any governmental authority required to date on the part of the Company in connection with the execution and delivery of the Agreement and the Letter of Representation and the consummation by the Company of the transactions contemplated thereby have been obtained.

5. (i) The statements in the Company's Annual Report on Form 10-K for the year ended December 31, 1992 and in the Company's Report on Form 10-Q for the quarter ended March 31, 1993 (the "10-Q"), under the heading "Legal Proceedings" fairly summarize the matters described therein as of the respective date of such reports, and there has been no material adverse development with respect to any of such matters since the 10-Q, and (ii) there is no action, suit, legal proceeding or investigation pending against the Company, in any court or before any governmental authority, arbitration board or tribunal, that could reasonably be expected to result in an unfavorable decision, ruling or finding that would materially and adversely affect (i) the properties, business, affairs, prospects, profits or other condition (financial or otherwise) of the Company, or (ii) the transactions contemplated by the Bond Purchase Agreement, the Letter of Representation or the Official Statement, or which would materially adversely affect the validity or enforceability of the Agreement or the Letter of Representation.

6. The information contained or incorporated by reference in the Official Statement with respect to the Company and the documents to which the Company is a party did not, as of the date of the Official Statement, and does not, as of the date hereof, contain any untrue or misleading statement of a material fact or omit 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; provided that, no opinion is expressed as to the statements and information contained in the Official Statement under the captions "The Issuer," "Underwriting," "Ratings," "Tax Exemption" or "Experts".

Very truly yours,

Secretary and Associate General  
Counsel of ITT Rayonier Incorporated

EXHIBIT E

SUGGESTED FORM OF OPINION FOR COUNSEL  
TO THE UNDERWRITERS

June 8, 1993

Lazard Freres & Co.  
One Rockefeller Plaza  
New York, New York 10020

Raymond James & Associates, Inc.  
2255 Glades Road, Suite 120A  
Boca Raton, Florida 33431

Re: \$10,680,000 Nassau County, Florida Pollution Control  
Refunding Revenue Bonds, Series 1993 (ITT Rayonier  
Incorporated Project)

To the Addressee:

We have acted as Counsel to you (the "Underwriters") in connection with the issuance of Nassau County, Florida Pollution Control Refunding Revenue Bonds, Series 1993 (ITT Rayonier Incorporated Project), in the aggregate principal amount of \$10,680,000 (the "Bonds").

We have examined (1) the Trust Indenture, dated as of June 1, 1993, between Nassau County, Florida (the "Issuer") and Barnett Banks Trust Company, N.A., as trustee (the "Trustee"); (2) the Loan Agreement, dated as of June 1, 1993 (the "Agreement"), between the Issuer and ITT Rayonier Incorporated (the "Company"); (3) the Bond Purchase Agreement, dated May 24, 1993 (the "Bond Purchase Agreement"), between the Issuer and the Underwriters; (4) the Letter of Representation, dated May 24, 1993, from the Company to the Issuer and the Underwriters; and (5) the Official Statement dated June 8, 1993 (including the appendices thereto, collectively, the "Official Statement").

Capitalized terms used herein that are not otherwise defined shall have the meanings given such terms in the Agreement.

We have also examined and relied upon the original, certified, conformed or photographic copies of such other documents, records, agreements and certificates as we have deemed necessary or appropriate to enable us to render the opinions expressed below. In all such examinations, we have assumed the genuineness of signatures on original documents and the conformity

to original documents of all copies submitted to us as certified, conformed or photographic copies, and as to certificates of public officials, we have assumed the same to have been properly given and to be accurate.

In accordance with our understanding with you, we rendered legal advice and assistance to you in the course of the offering of the Bonds. Rendering such assistance involved, among other things, discussions and inquiries concerning various legal matters (including, without limitation, matters relating to the qualification of the Project for financing with the proceeds of the Bonds) and a review of the documents referred to above. We also participated in conferences with your representatives, conferences with representatives of the Issuer and its Counsel and representatives of the Company and its Counsel during which the contents of the Official Statement and related matters were discussed and reviewed. The limitations inherent in the independent verification of factual matters and the character of determinations involved in the preparation of the Official Statement are such that we do not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Official Statement.

On the basis of the information that was developed in the course of the performance of the services referred to above, considered in the light of our understanding of the applicable law and the experience we have gained through our practice thereunder, we advise you that nothing came to our attention that caused us to believe that the Official Statement (other than the financial statements and statistical data included or incorporated by reference in the Official Statement, as to which we express no view) as of the date thereof contained any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

We have reviewed the opinions, dated today, of Michael Mullin, Esq., Counsel to the Issuer, John B. Canning, Esq., Secretary and Associate General Counsel of the Company, and Livermore & Klein, P.A., Bond Counsel, furnished to you in accordance with the provisions of the Purchase Agreement. Such opinions appear on their faces to be appropriately responsive to the requirements of the Purchase Agreement and we believe that you may reasonably rely thereon.

This letter is furnished by us for the sole benefit of the Underwriters, and no other person or entity shall be entitled to rely upon this opinion without our express written consent.

KING & SPALDING

By: \_\_\_\_\_  
A Partner

EXHIBIT F

[FORM OF PRELIMINARY COMFORT LETTER]

EXHIBIT G

[FORM OF FINAL COMFORT LETTER]