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**NASSAU COUNTY, FLORIDA**

**PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2001  
RESOLUTION**

**ADOPTED April 23, 2001**

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**RESOLUTION NO. 2001-71**

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE OF NOT EXCEEDING \$36,000,000 IN AGGREGATE PRINCIPAL AMOUNT OF NASSAU COUNTY, FLORIDA PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2001, TO REFUND CERTAIN OUTSTANDING INDEBTEDNESS OF THE COUNTY AND TO FINANCE THE COST OF CERTAIN PUBLIC IMPROVEMENTS IN AND FOR THE COUNTY; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH BONDS; PROVIDING FOR THE TERMS AND DETAILS OF THE BONDS, INCLUDING AUTHORIZING A NEGOTIATED SALE OF SAID BONDS; COVENANTING TO BUDGET AND APPROPRIATE CERTAIN LEGALLY AVAILABLE NON-AD VALOREM FUNDS TO PAY DEBT SERVICE ON THE BONDS; DELEGATING CERTAIN AUTHORITY TO THE CHAIRMAN OR VICE-CHAIRMAN FOR THE AUTHORIZATION, EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT RELATING THERETO AND THE APPROVAL OF DETAILS OF SAID BONDS; APPOINTING A PAYING AGENT AND REGISTRAR FOR SAID BONDS; AUTHORIZING THE DISTRIBUTION OF A PRELIMINARY OFFICIAL STATEMENT AND THE EXECUTION AND DELIVERY OF AN OFFICIAL STATEMENT WITH RESPECT THERETO; AUTHORIZING THE ISSUANCE OF A MUNICIPAL BOND INSURANCE POLICY FOR SUCH BONDS; AUTHORIZING THE EXECUTION AND DELIVERY OF A CONTINUING DISCLOSURE CERTIFICATE; AND PROVIDING AN EFFECTIVE DATE.

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

## ARTICLE I

### GENERAL

**SECTION 1.01. DEFINITIONS.** When used in this Resolution, all capitalized terms shall have the meaning set forth below:

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

(A) Direct obligations of the United States of America (including obligations issued or held in book-entry form on the books of the Department of the Treasury, and CATS and TIGRS) or obligations the principal of and interest on which are unconditionally guaranteed by the United States of America;

(B) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following federal agencies and provided such obligations are backed by the full faith and credit of the United States of America (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership
- (ii) Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
- (iii) Federal Financing Bank
- (iv) Federal Housing Administration Debentures (FHA)
- (v) General Services Administration  
Participation certificates
- (vi) Government National Mortgage Association (GNMA or "Ginnie Mae")  
GNMA - guaranteed mortgage-backed bonds  
GNMA - guaranteed pass-through obligations  
(Not acceptable for certain cash-flow sensitive issues.)
- (vii) U.S. Maritime Administration  
Guaranteed Title XI financing

- (viii) U.S. Department of Housing and Urban Development (HUD)
  - Project Notes
  - Local Authority Bonds
  - New Communities Debentures - U.S. government guaranteed debentures
  - U.S. Public Housing Notes and Bonds - U.S. government guaranteed public housing notes and bonds

(C) Bonds, debentures, notes or other evidence of indebtedness issued or guaranteed by any of the following non-full faith and credit U.S. government agencies (stripped securities are only permitted if they have been stripped by the agency itself):

- (i) Federal Home Loan Bank System
  - Senior debt obligations
- (ii) Federal Home Loan Mortgage Corporation (FHLMC or "Freddie Mac")
  - Participation Certificates
  - Senior debt obligations
- (iii) Federal National Mortgage Association (FNMA or "Fannie Mae")
  - Mortgage-backed securities and senior debt obligations
- (iv) Student Loan Marketing Association (SLMA or "Sallie Mae")
  - Senior debt obligations
- (v) Resolution Funding Corp. (REFCORP) obligations
- (vi) Farm Credit System
  - Consolidated systemwide bonds and notes;

(D) Money market funds registered under the Federal Investment Company Act of 1940, whose shares are registered under the Federal Securities Act of 1933, and having a rating by Standard & Poor's of AAAm-G; AAA-m; or AA-m and if rated by Moody's rated Aaa, Aa1 or As2;

(E) Certificates of deposit secured at all times by collateral described in (A) and/or (B) above. Such certificates must be issued by commercial banks, savings and loan associations or mutual savings banks. The collateral must be held by a third party and the bondholders must have a perfected first security interest in the collateral;

(F) Certificates of deposit, savings accounts, deposit accounts or money market deposits which are fully insured by FDIC, including BIF and SAIF;

(G) Investment Agreements, including GIC's Forward Purchase Agreements and Reserve Fund Put Agreements acceptable to the Insurer;

(H) Commercial paper rated, at the time of purchase, "Prime - 1" by Moody's and "A-1" or better by Standard & Poor's;

(I) Bonds or notes issued by any state or municipality which are rated by Moody's and Standard & Poor's in one of the two highest rating categories assigned by such agencies;

(J) Federal funds or bankers acceptances with a maximum term of one year of any bank which has an unsecured, uninsured and unguaranteed obligation rating of "Prime - 1" or "A3" or better by Moody's and "A-1" or "A" or better by Standard & Poor's;

(K) Repurchase Agreements for 30 days or less must follow the following criteria. Repurchase Agreements which exceed 30 days must be acceptable to the Insurer (criteria available upon request).

Repurchase agreements provide for the transfer of securities from a dealer bank or securities firm (seller/borrower) to a municipal entity (buyer/lender), and the transfer of cash from a municipal entity to the dealer bank or securities firm with an agreement that the dealer bank or securities firm will repay the cash plus a yield to the municipal entity in exchange for the securities at a specified date.

1. Repos must be between the municipal entity and a dealer bank or securities firm
  - a. Primary dealers on the Federal Reserve reporting dealer list which are rated A or better by Standard & Poor's and Moody's, or
  - b. Banks rated "A" or above by Standard & Poor's and Moody's.
2. The written repo contract must include the following:
  - a. Securities which are acceptable for transfer are:
    - (1) Direct U.S. governments, or
    - (2) Federal agencies backed by the full faith and credit of the U.S. government (and FNMA & FHLMC)
  - b. The term of the repo may be up to 30 days
  - c. The collateral must be delivered to the municipal entity, trustee (if trustee is not supplying the collateral) or third party acting as agent for the trustee (if the trustee is supplying the collateral) before/simultaneous with payment (perfection by possession of certificated securities).



d. Valuation of Collateral

- (1) The securities must be valued weekly, marked-to-market at current market price plus accrued interest

- (a) The value of collateral must be equal to 104% of the amount of cash transferred by the municipal entity to the dealer bank or security firm under the repo plus accrued interest. If the value of securities held as collateral slips below 104% of the value of the cash transferred by municipality, then additional cash and/or acceptable securities must be transferred. If, however, the securities used as collateral are FNMA or FHLMC, then the value of collateral must equal 105%.

3. Legal opinion which must be delivered to the municipal entity:

- (a) Repo meets guidelines under state law for legal investment of public funds.

(L) Units of participation in the Local Government Surplus Trust Fund established pursuant to Part IV, Chapter 218, Florida Statutes, or any other similar common trust fund which is established pursuant to State law as a legal depository of public moneys.

(M) Other forms of investments (including repurchase agreements) approved in writing by the Insurer with notice to Standard & Poor's.

**"Authorized Issuer Officer"** shall mean the Chairman, the County Coordinator, the Clerk or their designee(s), and when used in reference to any act or document also means any other person authorized by resolution of the Issuer to perform such act or sign such document.

**"Bond Insurance Policy"** shall mean the municipal bond insurance policy issued by the Insurer insuring the payment, when due, of the principal of and interest on the Bonds as provided therein.

**"Bonds"** shall mean the Nassau County, Florida Public Improvement Revenue Bonds, Series 2001, authorized pursuant to Section 2.01 hereof.

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

**"Business Day"** shall mean any day other than a Saturday or Sunday or day on which banking institutions in the State of Florida or New York or on which the New York Stock Exchange is closed.

**"Chairman"** shall mean the Chairman of the Board of County Commissioners of the Issuer, or such other person authorized to act on his behalf, including in the Chairman's absence the Vice-Chairman of the Board of County Commissioners of the Issuer.

**"Clerk"** shall mean the Clerk of the Circuit Court, ex-officio Clerk of the Board of County Commissioners of Nassau County, Florida, or such other person authorized to act on his behalf.

**"Code"** shall mean the Internal Revenue Code of 1986, as amended, and the regulations and rules thereunder in effect or imposed.

**"Consulting Engineer"** shall mean the independent engineer selected by the Issuer with respect to the construction of the Project.

**"Cost" or "Costs"**, when used in connection with the Project, shall mean (1) the Issuer's cost of physical construction; (2) costs of acquisition by or for the Issuer of such Project; (3) costs of land and interests therein and costs of the Issuer incidental to such acquisition; (4) the cost of any indemnity and surety bonds and premiums for insurance during construction; (5) all interest due to be paid on the Bonds and other obligations relating to the Project during, and if advisable by the Issuer, for up to one (1) year after the end of, the construction period for such Project, including audits, fees and expenses of the Registrar and Paying Agent, the Insurer, or any depository; (6) engineering, architectural, legal and other consultant fees and expenses; (7) costs and expenses of the financing, including audits, fees and expenses of the Registrar and Paying Agent and Insurer; (8) payments, when due (whether at the maturity of principal or the due date of interest or upon redemption) on any indebtedness of the Issuer (other than the Bonds) incurred for such Project; (9) costs of machinery or equipment required by the Issuer for the commencement of operation of such Project; (10) any other costs properly attributable to such construction or acquisition, as determined by generally accepted accounting principles and shall include reimbursement to the Issuer for any such items of Cost heretofore paid by the Issuer. Any Supplemental Resolution may provide for additional items to be included in the aforesaid Costs.

**"County Coordinator"** shall mean the County Coordinator of the Issuer, or such other person authorized to act on his behalf.

**"Debt"** of the Issuer means at any date (without duplication) all of the following to the extent that they are general obligations of the Issuer or are payable in whole or in part from Non-Ad Valorem Funds: (1) all obligations of the Issuer for borrowed money or evidenced by bonds, debentures, notes or other similar instruments; (2) all obligations of the Issuer to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (3) all obligations of the Issuer as lessee under capitalized leases; and (4) all indebtedness of other persons to the extent guaranteed by, or secured by Non-Ad Valorem Funds of, the Issuer.

**"Essential Services"** shall mean those services identified by the Issuer in its annual audit as general government and public safety expenditures from governmental fund types.

**"Event of Default"** shall mean any Event of Default specified in Section 5.01 of this Resolution.

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

**"Holder" or "Bondholder" or "Registered Owner"** shall mean the owner of any Bond as set forth on the registration books of the Issuer.

**"Insurer"** shall mean MBIA Insurance Corporation, its successors and assigns.

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

**"Maximum Annual Debt Service"** shall mean the largest aggregate amount of the annual debt service becoming due in any Fiscal Year in which Bonds or Debt are Outstanding, excluding all Fiscal Years which shall have ended prior to the Fiscal Year in which the Maximum Annual Debt Service shall at any time be computed.

**"Moody's"** shall mean Moody's Investors Service, and any assigns or successors thereto.

**"Non-Ad Valorem Funds"** shall mean all revenues of the Issuer derived from any source whatsoever other than ad valorem taxation on real or personal property, which are legally available to make the payments required herein, but only after provision has been made by the Issuer for the payment of all essential or legally mandated services.

**"Outstanding,"** when used with reference to Bonds and as of any particular date, shall describe all Bonds theretofore and thereupon being authenticated and delivered except (1) any Bond in lieu of which another Bond or Bonds have been issued under agreement to replace lost, mutilated or destroyed Bonds pursuant to Section 2.06 hereof, (2) any Bond surrendered by the Holder thereof in exchange for another Bond or Bonds pursuant to Section 2.07 hereof, and (3) Bonds deemed to have been paid pursuant to Section 8.01 hereof.

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

**"Pledged Funds"** shall mean the amounts on deposit in the funds and accounts established hereby.

**"Project"** shall mean the acquisition and construction of a County judicial and governmental complex which shall include a jail, sheriff's department and emergency operations center.

**"Project Fund"** shall mean the Nassau County, Florida Public Improvement Revenue Bonds Series 2001 Project Fund established pursuant to Section 4.04 herof.

**"Rebate Fund"** shall mean the Nassau County, Florida Public Improvement Revenue Bonds, Series 2001 Rebate Fund established pursuant to Section 4.06 hereof.

**"Redemption Price"** shall mean, with respect to any Bond or portion thereof, the principal amount or portion thereof, plus the applicable premium, if any, payable upon redemption thereof pursuant to such Bond or this Resolution.

**"Refunded Obligations"** shall mean the amount of \$2,564,910 drawn and outstanding (including accrued interest through May 17, 2001) under that certain Loan Agreement, dated as of May 22, 2000, entered into by the Issuer and SunTrust Bank.

**"Refunding Securities"** shall mean any of the following:

- (A) U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series – "SLGS");
- (B) Direct obligations of the Treasury which have been stripped by the Treasury itself, CATS, TIGRS and similar securities;
- (C) Resolution Funding Corp. (REFCORP) securities (only the interest component of RECORP strips which have been stripped by request to the Federal Reserve Bank of New York in book entry form are acceptable);
- (D) Pre-refunded municipal bonds rated "Aaa" by Moody's and "AAA" by Standard & Poor's. If however, the issue is only rated by Standard & Poor's (i.e., there is no Moody's rating), then the pre-refunded bonds must have been pre-refunded with cash, direct U.S. or U.S. guaranteed obligations, or AAA rated refunded municipals to satisfy this condition;
- (E) Obligations issued by the following agencies which are backed by the full faith and credit of the U.S.:
  - (i) U.S. Export-Import Bank (Eximbank)  
Direct obligations or fully guaranteed certificates of beneficial ownership
  - (ii) Farmers Home Administration (FmHA)  
Certificates of beneficial ownership
  - (iii) Federal Financing Bank

- (iv) General Services Administration  
Participation certificates
- (v) U.S. Maritime Administration  
Guaranteed Title XI financing
- (vi) U.S. Department of Housing and Urban Development (HUD)  
Project Notes  
Local Authority Bonds  
New Communities Debentures - U.S. government guaranteed debentures  
U.S. Public Housing Notes and Bonds - U.S. government guaranteed  
public housing notes and bonds.

**"Registrar and Paying Agent"** shall mean the Registrar and Paying Agent appointed hereby and its successors or assigns, and any other person which may at any time be substituted in its place pursuant to this Resolution. The Registrar and Paying Agent shall initially be The Bank of New York, Jacksonville, Florida.

**"Standard & Poor's"** shall mean Standard and Poor's Ratings Group, a division of McGraw-Hill Companies, and any assigns and successors thereto.

**"Supplemental Resolution"** shall mean any resolution of the Issuer amending or supplementing this Resolution adopted and becoming effective in accordance with the terms of Sections 6.01, 6.02 or 6.03 hereof.

**"Underwriters"** shall mean, collectively, SunTrust Equitable Securities Corporation, A.G. Edwards & Sons, Inc. and First Union National Bank

**SECTION 1.02. AUTHORITY FOR RESOLUTION.** This Resolution is adopted pursuant to Chapter 125, Florida Statutes and other applicable provisions of law.

**SECTION 1.03. RESOLUTION TO CONSTITUTE CONTRACT.** In consideration of the purchase and acceptance of any or all of the Bonds by those who shall hold the same from time to time, the provisions of this Resolution shall be a part of the contract of the Issuer with the Holders of the Bonds and shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Bonds. The pledge made in this Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the equal benefit, protection and security of the Holders of any and all of said Bonds. All of the Bonds shall be of equal rank without preference, priority or distinction of any of the Bonds over any other thereof except as expressly provided in or pursuant to this Resolution.

**SECTION 1.04. FINDINGS.** It is hereby ascertained, determined and declared:

(A) The Issuer is issuing the Bonds in order to refund the Refunded Obligations which were previously incurred to finance Costs of the Project, and to finance and/or reimburse the Costs of the acquisition and construction of the Project, as more particularly described in the records and files of the Issuer.

(B) The principal of and interest on the Bonds will be secured solely by a covenant of the Issuer, with certain conditions as set forth herein, to budget and appropriate from Non-Ad Valorem Funds amounts necessary to pay the principal of and interest on the Bonds when due.

(C) Due to the potential volatility of the market for tax-exempt obligations such as the Bonds and the complexity of the transactions relating to such Bonds, it is in the best interest of the Issuer to sell the Bonds by a negotiated sale, allowing the Issuer to enter the market at the most advantageous time and conditions, thereby permitting the Issuer to obtain the best possible price and interest rate for the Bonds.

(D) The Issuer anticipates receiving a favorable offer to purchase the Bonds from the Underwriters, all within the parameters set forth herein.

(E) Inasmuch as the Board of the County Commissioners of the Issuer desires to sell the Bonds at the most advantageous time and not wait for a scheduled Board meeting, so long as the herein described parameters are met, the Issuer hereby determines to delegate the award and sale of the Bonds to the Chairman within such parameters.

## **ARTICLE II**

### **AUTHORIZATION, TERMS, EXECUTION AND REGISTRATION OF BONDS**

**SECTION 2.01. AUTHORIZATION OF BONDS.** The Issuer hereby authorizes the issuance of a series of Bonds in the aggregate principal amount of not exceeding \$36,000,000 to be known as the "Nassau County, Florida Public Improvement Revenue Bonds, Series 2001," for the principal purpose of the construction and acquisition of the Project and the refunding of the Refunded Obligations. The aggregate principal amount of Bonds to be issued pursuant to this Resolution shall be determined by the Chairman provided such aggregate principal amount does not exceed \$36,000,000. The Bonds shall be dated as of May 1, 2001, or such other date as the Chairman may determine, shall be issued in the form of fully registered Bonds in the denomination of \$5,000 or any integral multiple thereof, shall be numbered consecutively from one upward in order of maturity preceded by the letter "R", shall bear interest from their dated date, payable semi-annually, on May 1 and November 1 of each year, commencing on November 1, 2001.

The Bonds shall be payable as to interest by check or draft of the Registrar and Paying Agent mailed to the registered owners of the Bonds as evidenced on the registration books maintained by the Registrar and Paying Agent as of the close of business on the fifteenth day (whether or not a Business Day) of the calendar month next preceding an interest payment date; provided, that, at the request and expense of any registered owner of \$1,000,000 or more in aggregate principal amount of Bonds, interest on any Bond may be payable by bank wire transfer to such registered owner. The Bonds shall be payable as to principal at the designated corporate trust office of the Registrar and Paying Agent upon presentation and surrender of such Bonds on the maturity date thereof, or if such maturity date is a Saturday, Sunday, holiday, or any other day upon which the Registrar and Paying Agent is required to be closed, on the next succeeding Business Day without additional accrual of interest. Principal of and interest on the Bonds shall be payable in any coin or currency of the United States of America which, on the date of maturity of the Bonds, are legal tender for the payment of public and private debts.

The Bonds shall bear interest at such rates and have such yields, shall mature on May 1 of each of the years and in the principal amounts corresponding to such years as determined by the Chairman subject to the conditions set forth in Section 2.02 hereof. All of the terms of the Bonds will be included in a bond purchase contract which shall be in substantially the form attached hereto and made a part hereof as Exhibit A (the "Purchase Agreement"). The Chairman is hereby authorized to execute the Purchase Agreement in substantially the form attached hereto as Exhibit A with such modifications as he deems appropriate upon satisfaction of the conditions described in Section 2.02 hereof, execution thereof to constitute conclusive evidence of the Chairman's approval.

**SECTION 2.02. CONDITIONS TO EXECUTION OF PURCHASE AGREEMENT.**

The Purchase Agreement shall not be executed by the Chairman until such time as all of the following conditions have been satisfied:

(A) Receipt by the Chairman of a written offer to purchase the Bonds by the Underwriters substantially in the form of the Purchase Agreement attached hereto as Exhibit A, said offer to provide for or demonstrate, among other things, (i) not exceeding \$36,000,000 aggregate principal amount of Bonds, (ii) a deposit of not in excess of \$34,000,000 into the Project Fund established hereunder for the acquisition and construction of the Project, (iii) an underwriting discount (including management fee and all expenses) not in excess of \$7.00 per thousand dollars in principal amount of the Bonds, (iv) a true interest cost of the Bonds of not exceeding 5.50% per annum, and (v) the maturities of the Bonds, with the final maturity being not later than 2031.

(B) Receipt by the Chairman of a disclosure statement and a truth-in-bonding statement of the Underwriters dated the date of, or included in, the Purchase Agreement and complying with Section 218.385, Florida Statutes.

Upon satisfaction of all the requirements set forth in this Section 2.02, the Chairman is authorized to execute and deliver the Purchase Agreement containing terms complying with the provisions of this Section 2.02 and the Bonds shall be sold to the Underwriters in accordance with the terms and provisions thereof.

**SECTION 2.03. APPLICATION OF BOND PROCEEDS.** The proceeds derived from the sale, if any, of the Bonds shall, simultaneously with the delivery of the Bonds to the purchasers thereof, be applied by the Issuer as follows:

(A) A sufficient amount of the Bond proceeds shall be applied to the payment of costs and expenses relating to the issuance of the Bonds within six months of the issuance of the Bonds.

(B) Accrued interest shall be set aside to pay interest coming due on the Bonds on November 1, 2001.

(C) A sufficient amount of the Bond proceeds shall be applied to fully pay the principal of and interest on the amounts outstanding on the Refunded Obligations.

(D) The balance of proceeds of the Bonds, if any, shall be deposited or credited to the Project Fund and used to acquire and construct the Project.

**SECTION 2.04. EXECUTION OF BONDS.** Subject to the satisfaction in all respects of the conditions set forth in Section 2.02 hereof, the Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman, and the official seal of the Issuer shall be imprinted thereon, attested and countersigned with the manual or facsimile signature of the Clerk.



In case any one or more of the officers who shall have signed or sealed any of the Bonds shall cease to be such officer of the Issuer before the Bonds so signed and sealed have been actually sold and delivered, such Bonds may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Bonds had not ceased to hold such office. Any Bond may be signed and sealed on behalf of the Issuer by such person who at the actual time of the execution of such Bond shall hold the proper office of the Issuer, although at the date of such Bond such person may not have held such office or may not have been so authorized.

**SECTION 2.05. AUTHENTICATION.** No Bond shall be secured hereunder or entitled to the benefit hereof or shall be valid or obligatory for any purpose unless there shall be manually endorsed on such Bond a certificate of authentication by the Registrar and Paying Agent or such other entity as may be approved by the Issuer for such purpose. Such certificate on any Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The form of such certificate shall be substantially in the form provided in Section 2.09 hereof.

**SECTION 2.06. BONDS MUTILATED, DESTROYED, STOLEN OR LOST.** In case any Bond shall become mutilated, or be destroyed, stolen or lost, the Issuer may, in its discretion, issue and deliver a new Bond of like tenor as the Bond so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond upon surrender and cancellation of such mutilated Bond or in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer and the Registrar and Paying Agent proof of his ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer or the Registrar and Paying Agent may prescribe and paying such expenses as the Issuer or the Registrar and Paying Agent may incur. All Bonds so surrendered or otherwise substituted shall be cancelled by the Registrar and Paying Agent. If the Bonds shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bonds be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bonds issued pursuant to this Section 2.06 shall constitute original, additional contractual obligations on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights to the same extent as all other Bonds issued hereunder.

**SECTION 2.07. INTERCHANGEABILITY, NEGOTIABILITY AND TRANSFER.** Bonds, upon surrender thereof at the office of the Registrar and Paying Agent with a written instrument of transfer satisfactory to the Registrar and Paying Agent, duly executed by the Holder thereof or his attorney duly authorized in writing, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of registered Bonds of authorized denominations.

The Bonds issued under this Resolution shall be and have all the qualities and incidents of negotiable instruments under the law merchant and the Uniform Commercial Code of the State of Florida, subject to the provisions for registration of transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain outstanding, the Issuer shall maintain and keep, at the office of the Registrar and Paying Agent, books for the registration of transfer of the Bonds, and, upon presentation thereof for such purpose at said office, the Issuer shall register or cause to be registered therein, and permit to be transferred thereon, under such reasonable regulations as it may prescribe, any Bonds entitled to registration of transfer. The Issuer and the Registrar and Paying Agent may deem and treat the person in whose name any Outstanding Bond shall be registered upon the books of the Issuer as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest on such Bond and for all other purposes, and all such payments so made to any such Holder or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid and neither the Issuer nor the Registrar and Paying Agent shall be affected by any notice to the contrary.

The transfer of any Bond shall be registered only upon the books of the Issuer, at the office of the Registrar and Paying Agent, by the Holder thereof in person or by his attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar and Paying Agent duly executed by the Holder or his duly authorized attorney. Upon the registration of transfer of any such Bond, the Issuer shall issue, and the Registrar and Paying Agent shall authenticate, in the name of the transferee, a new Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond. Execution of Bonds by the Chairman and Clerk for purposes of exchanging, replacing or transferring Bonds may occur at the time of the original delivery of the series of which such Bonds are a part. All Bonds surrendered in any such exchanges or transfers shall be held by the Registrar and Paying Agent in safekeeping until directed by the Issuer to be destroyed or returned by the Registrar and Paying Agent. For every such exchange or registration of transfer of Bonds, the Issuer or the Registrar and Paying Agent may make a charge sufficient to reimburse it for any tax, fee, expense or other governmental charge required to be paid with respect to such exchange or registration of transfer. Neither the Issuer nor the Registrar shall not be required to register any transfer or exchange of Bonds during the 15 days preceding an interest payment date on the Bonds.

**SECTION 2.08. FULL BOOK-ENTRY.** Notwithstanding the provisions set forth in Section 2.07 hereof and subject in all respects to the satisfaction of the conditions set forth in Section 2.02 hereof, the Bonds shall be initially issued in the form of a separate single certificated fully registered Bond for each of the maturities of the Bonds. Upon initial issuance, the ownership of each such Bond shall be registered in the registration books kept by the Registrar and Paying Agent in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). Except as provided in Section 2.07 hereof, all of the Outstanding Bonds shall be registered in the registration books kept by the Registrar and Paying Agent in the name of Cede & Co., as nominee of DTC. As long as the Bonds shall be registered in the name of Cede & Co., all payments of principal on the Bonds shall

be made by the Registrar and Paying Agent by check or draft or by bank wire transfer to Cede & Co., as Holder of the Bonds, upon presentation of the Bonds to be paid to the Registrar and Paying Agent.

With respect to the Bonds registered in the registration books kept by the Registrar and Paying Agent in the name of Cede & Co., as nominee of DTC, the Issuer and the Registrar and Paying Agent shall have no responsibility or obligation to any direct or indirect participant in the DTC book-entry program (the "Participants"). Without limiting the immediately preceding sentence, the Issuer and the Registrar and Paying Agent shall have no responsibility or obligation with respect to (A) the accuracy of the records of DTC, Cede & Co. or any Participant with respect to any ownership interest on the Bonds, (B) the delivery to any Participant or any other person other than a Bondholder, as shown in the registration books kept by the Registrar and Paying Agent, of any notice with respect to the Bonds, or (C) the payment to any Participant or any other person, other than a Bondholder, as shown in the registration books kept by the Registrar and Paying Agent, of any amount with respect to principal of or interest on the Bonds. The Issuer and the Registrar and Paying Agent may treat and consider the person in whose name each Bond is registered in the registration books kept by the Registrar and Paying Agent as the Holder and absolute owner of such Bond for the purpose of payment of principal and interest with respect to such Bond, for the purpose of giving notices of any matters with respect to such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Registrar and Paying Agent shall pay all principal of and interest on the Bonds only to or upon the order of the respective Holders, as shown in the registration books kept by the Registrar and Paying Agent, or their respective attorneys duly authorized in writing, as provided herein and all such payments shall be valid and effective to fully satisfy and discharge the Issuer's obligations with respect to payment of principal and interest on the Bonds to the extent of the sum or sums so paid. No person other than a Holder, as shown in the registration books kept by the Registrar and Paying Agent, shall receive a certificated Bond evidencing the obligation of the Issuer to make payments of principal and interest pursuant to the provisions of the Resolution. Upon delivery by DTC to the Issuer of written notice to the effect that DTC has determined to substitute a new nominee in place of Cede & Co., and subject to the provisions herein with respect to transfers during the 15 days next preceding an interest payment date, the words "Cede & Co." herein shall refer to such new nominee of DTC; and upon receipt of such notice, the Issuer shall promptly deliver a copy of the same to the Registrar and Paying Agent.

Upon (A) receipt by the Issuer of written notice from DTC (i) to the effect that a continuation of the requirement that all of the Outstanding Bonds be registered in the registration books kept by the Registrar and Paying Agent in the name of Cede & Co., as nominee of DTC, is not in the best interest of the beneficial owners of the Bonds or (ii) to the effect that DTC is unable or unwilling to discharge its responsibilities and no substitute depository willing to undertake the functions of DTC hereunder can be found which is willing and able to undertake such functions upon reasonable and customary terms, or (B) determination by the Issuer that such book-entry only system is burdensome to the Issuer, the Bonds shall no longer be restricted to being registered in the registration books kept by the Registrar and Paying Agent in the name of Cede & Co., as nominee of DTC, but may be registered in whatever name or names Holders shall designate, in accordance with the provisions of this Resolution. In such event, the Issuer shall issue, and the Registrar and Paying Agent shall

authenticate, transfer and exchange the Bonds of like principal amount and maturity, in denominations of \$5,000 or any integral multiple thereof to the Holders thereof. The foregoing notwithstanding, until such time as participation in the book-entry only system is discontinued, the provisions set forth in the Blanket Letter of Representations previously executed by the Issuer and delivered to DTC in order to induce DTC to act as securities depository for the Bonds shall apply to the payment of principal of and interest on the Bonds.

**SECTION 2.09. FORM OF BONDS.** The text of the Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary or desirable and approved by the Chairman or the Clerk prior to the issuance thereof (which necessity or desirability and approval shall be presumed by such officers' execution of the Bonds and the Issuer's delivery of the Bonds to the purchasers thereof):

No. R-\_\_

\$\_\_\_\_\_

**UNITED STATES OF AMERICA  
STATE OF FLORIDA  
NASSAU COUNTY, FLORIDA  
PUBLIC IMPROVEMENT REVENUE BOND,  
SERIES 2001**

Interest  
Rate

Maturity  
Date

Date of  
Original Issue

CUSIP

May 17, 2001

Registered Holder:

Principal Amount:

**KNOW ALL MEN BY THESE PRESENTS**, Nassau County, Florida, a political subdivision of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the funds hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above on May 1 and November 1 of each year commencing November 1, 2001, until such Principal Amount shall have been paid.

Such Principal Amount and interest on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount on this Bond, is payable, upon presentation and surrender hereof, at the designated office of The Bank of New York, Jacksonville, Florida, as Registrar and Paying Agent. Payment of each installment of interest shall be made to the person in whose name this Bond shall be registered on the registration books of the Issuer maintained by the Registrar and Paying Agent, at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date and shall be paid by a check or draft of such Registrar and Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the request and expense of any

Registered Holder of \$1,000,000 or more in aggregate principal amount of the Bonds, by bank wire transfer for the account of such Holder.

This Bond is issued to refund certain outstanding obligations of the Issuer and to fund the construction and acquisition of a County judicial and governmental complex which shall include a jail, sheriff's department and emergency operations center, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Florida Statutes, and other applicable provisions of law, and a resolution duly adopted by the Board of County Commissioners of the Issuer on April 23, 2001 (the "Resolution"), and is subject to all the terms and conditions of the Resolution.

Pursuant to the Resolution, the Issuer has covenanted to appropriate in its annual budget, by amendment, if necessary, such amounts of Non-Ad Valorem Funds (as defined in the Resolution), as shall be necessary to pay the principal of and interest on the Bonds when due and all required rebate payments. Such covenant to appropriate Non-Ad Valorem Funds is not a pledge by the Issuer of such Non-Ad Valorem Funds and is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Funds heretofore or hereafter entered into (including the payment of debt service on bonds or other debt instruments) and also to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Issuer or which are legally mandated by applicable law.

It is expressly agreed by the Registered Holder of this Bond that the full faith and credit of the Issuer, the State of Florida, or any political subdivision thereof are not pledged to the payment of the principal of and interest on this Bond and that such Holder shall never have the right to require or compel the exercise of any taxing power of the Issuer, the State of Florida, or any political subdivision thereof, to the payment of such principal and interest. This Bond and the obligation evidenced hereby shall not constitute a lien upon any property of the Issuer, but shall be payable solely from amounts budgeted and appropriated by the Issuer as described above and as provided in the Resolution.

The Bonds are subject to redemption prior to maturity as described below.

[TO COME]

The Issuer has established a book-entry system of registration for the Bonds. Except as specifically provided otherwise in the Resolution, an agent will hold this Bond on behalf of the beneficial owner hereof. By acceptance of a confirmation of purchase, delivery or transfer, the beneficial owner of this Bond shall be deemed to have agreed to such arrangement.

The transfer of this Bond is registrable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Registrar and Paying Agent by the registered owner hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer

satisfactory to the Registrar and Paying Agent duly executed by the registered owner or his attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. Bonds are issuable in fully registered form in the denominations of \$5,000 or integral multiples thereof. The Issuer and the Registrar and Paying Agent may treat the registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. Neither the Issuer nor the Registrar shall be required to register any transfer or exchange of Bonds during the 15 days preceding an interest payment date on the Bonds.

Reference to the Resolution and any and all resolutions supplemental thereto and modifications and amendments thereof is made for a description of the pledge and covenants securing the Bonds, the nature, manner and extent of enforcement of such pledge and covenants and the rights, duties, immunities and obligations of the Issuer.

It is hereby certified and recited that all acts, conditions and things required to exist, to happen and to be performed precedent to and in the issuance of this Bond, exist, have happened and have been performed, in regular and due form and time as required by the laws and Constitution of the State of Florida applicable thereto, and that the issuance of the Bonds does not violate any constitutional or statutory limitations or provisions.

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

This Bond shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Registrar and Paying Agent.

**IN WITNESS WHEREOF**, Nassau County, Florida has issued this Bond and has caused the same to be executed by the manual or facsimile signature of the Chairman of its Board of County Commissioners and by the manual or facsimile signature of the Clerk of the Board of County Commissioners and its official seal or a facsimile thereof to be affixed or reproduced hereon, all as of the Date of Original Issue.

**NASSAU COUNTY, FLORIDA**

(SEAL)

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Chairman, Board of County Commissioners

**ATTEST:**

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Clerk, Board of County Commissioners



## **CERTIFICATE OF AUTHENTICATION**

This Bond is one of the bonds of the Issue described in the within-mentioned Resolution.

DATE OF AUTHENTICATION:

---

**THE BANK OF NEW YORK**  
Registrar and Paying Agent

By: 

---

Authorized Signatory

Unless this certificate is presented by an authorized representative of The Depository Trust Company to the Issuer or its agent for registration of transfer, exchange or payment, and any certificate issued is registered in the name of Cede & Co. or such other name as requested by the authorized representative of The Depository Trust Company and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

### ASSIGNMENT

**FOR VALUE RECEIVED**, the undersigned sells, assigns and transfers unto

\_\_\_\_\_  
Insert Social Security or Other Identifying Number of Assignee

\_\_\_\_\_  
(Name and Address of Assignee)

\_\_\_\_\_  
the within Bond and does hereby irrevocably constitute and appoint \_\_\_\_\_  
\_\_\_\_\_, as attorneys to register the transfer of the said Bond on the books  
kept for registration thereof with full power of substitution in the premises.

Dated: \_\_\_\_\_

Signature guaranteed:

\_\_\_\_\_  
**NOTICE:** Signature must be guaranteed by  
an institution which is a participant in the  
Securities Transfer Agent Medallion Program  
(STAMP) or similar program.

\_\_\_\_\_  
**NOTICE:** The signature to this assignment  
must correspond with the name of the  
Registered Holder as it appears upon the face  
of the within Bond in every particular, without  
alteration or enlargement or any change  
whatever and the Social Security or other  
identifying number of such assignee must be  
supplied.

## ARTICLE III

### REDEMPTION OF BONDS

**SECTION 3.01 REDEMPTION.** The Bonds will be subject to optional and mandatory redemption prior to maturity as set forth in the Purchase Contract.

**SECTION 3.02. SELECTION OF BONDS TO BE REDEEMED.** The Bonds shall be redeemed only in the principal amount of \$5,000 each and integral multiples thereof. The Issuer shall, at least sixty (60) days prior to the redemption date (unless a shorter time period shall be satisfactory to the Registrar and Paying Agent) notify the Registrar of such redemption date and of the principal amount of Bonds to be redeemed. For purposes of any redemption of less than all of the Outstanding Bonds of a single maturity, the particular Bonds or portions of Bonds to be redeemed shall be selected not more than forty-five (45) days prior to the redemption date by the Registrar and Paying Agent from the Outstanding Bonds of the maturity or maturities designated by the Issuer and, by lot within a maturity, in principal amounts of \$5,000 and integral multiples thereof.

If less than all of the Outstanding Bonds of a single maturity are to be redeemed, the Registrar and Paying Agent shall promptly notify the Issuer and the Registrar and Paying Agent in writing of the Bonds or portions of Bonds selected for redemption and, in the case of any Bond selected for partial redemption, the principal amount thereof to be redeemed.

**SECTION 3.03. NOTICE OF REDEMPTION.** Notice of such redemption, which shall specify the Bond or Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar and Paying Agent on behalf of the Issuer, and (A) shall be mailed first class, postage prepaid, at least thirty (30) days prior to the redemption date to all Holders of Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar and Paying Agent, and (B) shall be mailed, registered or certified, postage prepaid, or by telecopy or facsimile transmission at least thirty-five (35) days prior to the redemption date to the registered securities depositories and two or more nationally recognized municipal bond information services. Failure to mail notice to the Holders of the Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings of redemption of such Bonds as to which no such failure or defect has occurred. Notice of any redemption of Bonds at the option of the Issuer shall be given only upon the prior deposit with the Registrar and Paying Agent of sufficient amounts to effect such redemption.

Each notice of redemption shall state: (1) the CUSIP numbers of all Bonds being redeemed; (2) the original issue date of such Bonds; (3) the maturity date and rate of interest borne by each Bond being redeemed; (4) the redemption date; (5) the Redemption Price; (6) the date on which such notice is mailed; (7) if less than all Outstanding Bonds are to be redeemed the certificate number (and, in the case of a partial redemption of any Bond, the principal amount) of each Bond to be redeemed; (8) that on such redemption date there shall become due and payable upon each Bond to

be redeemed the Redemption Price thereof, or the Redemption Price of the specified portions of the principal thereof in the case of Bonds to be redeemed in part only, together with interest accrued thereon to the redemption date, and that from and after such date interest thereon shall cease to accrue and be payable; (9) that the Bonds to be redeemed, whether as a whole or in part, are to be surrendered for payment of the redemption price at the principal office of the Registrar and Paying Agent at an address specified; and (10) the name and telephone number of a person designated by the Registrar and Paying Agent to be responsible for such redemption.

**SECTION 3.04. REDEMPTION OF PORTIONS OF BONDS.** Any Bond which is to be redeemed only in part shall be surrendered at any place of payment specified in the notice of redemption (with due endorsement by, or written instrument of transfer in form satisfactory to the Registrar and Paying Agent duly executed by, the Holder thereof or his attorney duly authorized in writing) and the Issuer shall execute and the Registrar and Paying Agent shall authenticate and deliver to the Holder of such Bond, without service charge, a new Bond or Bonds, of the same interest rate and maturity, and of any authorized denomination as requested by such Holder, in an aggregate principal amount equal to and in exchange for the unredeemed portion of the principal of the Bonds so surrendered.

**SECTION 3.05. PAYMENT OF REDEEMED BONDS.** Notice of redemption having been given substantially as aforesaid, the Bonds or portions of Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the Issuer shall default in the payment of the Redemption Price) such Bonds or portions of Bonds shall cease to bear interest. Upon surrender of such Bonds for redemption in accordance with said notice, such Bonds shall be paid by the Registrar and Paying Agent at the appropriate Redemption Price, plus accrued interest. All Bonds which have been redeemed shall be canceled by the Registrar and Paying Agent and shall not be reissued.

## ARTICLE IV

### SECURITY; COVENANTS OF THE ISSUER

**SECTION 4.01. BONDS NOT TO BE INDEBTEDNESS OF ISSUER.** The Bonds shall not be or constitute general obligations or indebtedness of the Issuer as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the Issuer, payable solely from amounts budgeted and appropriated by the Issuer from Non-Ad Valorem Funds in accordance with the terms of Section 4.02 hereof and from amounts on deposit in the funds and accounts established hereby. No Holder of any Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Bond, or be entitled to payment of such Bond from any moneys of the Issuer except as provided herein.

The Pledged Funds shall immediately be subject to the lien of this pledge without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding as against all parties having claims of any kind in tort, contract or otherwise against the Issuer.

**SECTION 4.02. COVENANT TO BUDGET AND APPROPRIATE; PAYMENT OF BONDS.** The Issuer covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Funds amounts sufficient to (A) pay to the Registrar and Paying Agent principal of and interest on the Bonds on the date three days prior to the date such principal of and interest is due (including by mandatory sinking fund redemption) and (B) pay all required deposits to the Rebate Fund pursuant to Section 4.06 hereof. Such covenant and agreement on the part of the Issuer to budget and appropriate such amounts of Non-Ad Valorem Funds shall be cumulative to the extent not paid, and shall continue until such Non-Ad Valorem Funds or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing covenant of the Issuer, the Issuer does not covenant to maintain any services or programs, now provided or maintained by the Issuer, which generate Non-Ad Valorem Funds.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Funds, nor does it preclude the Issuer from pledging in the future its Non-Ad Valorem Funds, nor does it require the Issuer to levy and collect any particular Non-Ad Valorem Funds, nor does it give the Bondholders a prior claim on the Non-Ad Valorem Funds as opposed to claims of general creditors of the Issuer. Such covenant to appropriate Non-Ad Valorem Funds is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Funds heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate for the purposes and in the manner stated herein shall have the effect of making available for the payment of the Bonds, in the manner described herein, Non-Ad Valorem Funds and placing on the Issuer a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of Section 129.07, Florida Statutes,

which provide that the governing body of each county may only make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the Issuer or which are legally mandated by applicable law.

The Issuer agrees to transfer to the Registrar and Paying Agent for the Bonds, solely from funds budgeted and appropriated as described above, at least three calendar days prior to the date designated for payment of any principal of or interest on the Bonds, sufficient moneys to pay such principal or interest. The Registrar and Paying Agent shall utilize such moneys for payment of the principal and interest on the Bonds when due.

**SECTION 4.03. ANTI-DILUTION.** During such time as any Bonds are outstanding hereunder, the Issuer agrees and covenants with the Bondholders and the Insurer that (A) the Non-Ad Valorem Funds (excluding Non-Ad Valorem Funds derived from enterprise funds maintained by the Issuer) for the two prior Fiscal Years must equal or exceed two times the combined maximum annual debt service on the Bonds and all other Debt secured by and/or payable solely from such Non-Ad Valorem Funds; and (B) (1) the actual receipts of Non-Ad Valorem Funds (excluding Non-Ad Valorem Funds derived from enterprise funds maintained by the Issuer) for the prior Fiscal Year, less (2)(a) the amount required to pay for Essential Services of the Issuer for the prior Fiscal Year and (b) any debt service on Debt secured by a pledge of any Non-Ad Valorem Funds, equals at least 110% of the maximum annual debt service on the Bonds and all other Debt payable solely (but not secured by) such Non-Ad Valorem Funds. For the purposes of these covenants maximum annual debt service means the lesser of the actual Maximum Annual Debt Service on all Debt or 15% of the original par amount of the Debt, in each case, secured by or payable from Non-Ad Valorem Funds.

**SECTION 4.04. PROJECT FUND.** The Issuer covenants and agrees to establish a special account in a bank, trust company or other entity in the State which is eligible under the laws of the State to be a depository for public funds, to be known as the "Nassau County, Florida Public Improvement Bonds, Series 2001 Project Fund," which shall be used only for the payment of the Cost of the Project. Moneys in the Project Fund, until applied in payment of any item of the Cost of the Project in the manner hereinafter provided, shall be subject to a lien and charge in favor of the Holders of the Bonds and for the further security of such Holders.

There shall be paid into the Project Fund the amounts required to be so paid by the provisions of this Resolution, and there may be paid into the Project Fund, at the option of the Issuer, any moneys received for or in connection with the Project by the Issuer from any other source.

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

Any moneys received by the Issuer from the State or from the United States of America or any agencies thereof for the purpose of financing part of the Cost of the Project shall be deposited or credited to the Project Fund and used in the same manner as other moneys are used therein; provided that separate subaccounts may be established in the Project Fund for moneys received pursuant to the provisions of this paragraph whenever required by Federal or State law.

The Issuer covenants that the acquisition, construction and installation of the Project will be completed without delay and in accordance with sound engineering practices. The Issuer shall make disbursements or payments from the Project Fund to pay the Cost of the Project upon the filing with the Clerk of certificates and/or documents signed by an Authorized Issuer Officer or by the Consulting Engineer, as appropriate, stating with respect to each disbursement or payment to be made: (A) the item number of the payment, (B) the name and address of the Person to whom payment is due, (C) the amount to be paid, (D) the purpose, by general classification, for which payment is to be made, and (E) that (i) each obligation, item of cost or expense mentioned therein has been properly incurred, is in payment of a part of the Cost of the Project and is a proper charge against the Project Fund and has not been the basis of any previous disbursement or payment, or (ii) each obligation, item of cost or expense mentioned therein has been paid by the Issuer, is a reimbursement of a part of the Cost of the Project, is a proper charge against the Project Fund, has not been theretofore reimbursed to the Issuer or otherwise been the basis of any previous disbursement or payment and the Issuer is entitled to reimbursement thereof. The Clerk shall retain all such certificates and/or documents of the Authorized Issuer Officers and the Consulting Engineers for three (3) years from the dates of such certificates and/or documents. The Clerk shall make available the certificates and/or documents at all reasonable times for inspection by any Holder of any of the Bonds or the agent or representative of any Holder of any of the Bonds. Notwithstanding the foregoing, a certification of the Consulting Engineer shall not be required to make disbursements or payments from the Project Fund to pay (1) costs related to issuance of the Bonds to the extent funds are deposited in the Project Fund for such purpose, (2) costs not directly associated with the physical acquisition of the Project and (3) any portions of the Cost of the Project which do not, in the aggregate, exceed 1 percent of the amount initially deposited or credited to the Project Fund after deducting any amounts described in clause (1) above.

Notwithstanding any of the other provisions of this Section 4.04, to the extent that other moneys are not available therefor, amounts in the Project Fund shall be applied to the payment of principal and interest on Bonds when due.

The date of final completion of the Project shall be determined by the Consulting Engineer which shall certify such fact in writing to the Issuer. Promptly after the date of the completion of the Project, and after paying or making provision for the payment of all unpaid items of the Cost of such Project, the Issuer shall deposit or credit any balance of moneys remaining in the Project Fund as shall be determined by the Issuer, provided the Issuer has received an opinion of Bond Counsel to the effect that such transfer shall not adversely affect the exclusion of interest on the Bonds from gross income of the Holders for federal income tax purposes.

**SECTION 4.05. SEPARATE ACCOUNTS.** The moneys required to be accounted for in each of the foregoing funds and accounts established herein may be deposited in a single bank account, and funds allocated to the various funds and accounts established herein may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the various purposes of such funds and accounts as herein provided.

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

**SECTION 4.06. REBATE FUND.** Amounts on deposit in the Rebate Fund shall be held in trust by the Issuer and used solely to make required rebates to the United States (except to the extent the same may be transferred to the Issuer) and the Bondholders shall have no right to have the same applied for debt service on the Bonds. The Issuer agrees to undertake all actions required of it in its arbitrage certificate related to the Bonds, including, but not limited to:

(A) making a determination in accordance with the Code of the amount required to be deposited in the Rebate Fund;

(B) depositing the amount determined in clause (A) above into the Rebate Fund;

(C) paying on the dates and in the manner required by the Code to the United States Treasury from the Rebate Fund and any other legally available moneys of the Issuer such amounts as shall be required by the Code to be rebated to the United States Treasury; and

(D) keeping such records of the determinations made pursuant to this Section 4.06 as shall be required by the Code, as well as evidence of the fair market value of any investments purchased with proceeds of the Bonds.

The provisions of the above-described arbitrage certificate may be amended without the consent of any Holder from time to time as shall be necessary, in the opinion of Bond Counsel, to comply with the provisions of the Code.

**SECTION 4.07. INVESTMENTS.** Moneys held in the Project Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State. Such moneys may be invested and reinvested in Authorized Investments with maturities of not later than the final maturity of the Bonds. All investments shall be valued at amortized cost.



Nothing contained in this Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under this Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

**SECTION 4.08. FEDERAL INCOME TAX COVENANTS.** The Issuer covenants with the Holders of the Bonds that it shall not use the proceeds of such Bonds in any manner which would cause the interest on such Bonds to be included in gross income for purposes of federal income taxation.

The Issuer covenants with the Holders of the Bonds that neither the Issuer nor any person under its control or direction will make any use of the proceeds of such Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and neither the Issuer nor any other person shall do any act or fail to do any act which would cause the interest on such Bonds to be included in gross income for purposes of federal income taxation.

The Issuer hereby covenants with the Holders of the Bonds that it will comply with all provisions of the Code necessary to maintain the exclusion of interest on the Bonds from gross income for purposes of federal income taxation, including, in particular, the payment of any amount required to be rebated to the U. S. Treasury pursuant to the Code.

**SECTION 4.09. ANNUAL AUDIT.** The Issuer shall, immediately after the close of each Fiscal Year, cause the financial statements of the Issuer to be properly audited by a recognized independent certified public accountant or recognized independent firm of certified public accountants, and shall require such accountants to complete their report on the annual financial statements in accordance with applicable law. The annual financial statements shall be prepared in conformity with generally accepted accounting principles consistently applied. A copy of the audited financial statements for each Fiscal Year shall be furnished to each Holder upon written request. The Issuer shall be permitted to make a reasonable charge for furnishing such audited financial statements.

## ARTICLE V

### DEFAULTS AND REMEDIES

**SECTION 5.01. DEFAULTS DEFINED.** The following shall be "Defaults" under this Resolution and the term "Default" shall mean, whenever it is used in this Resolution, any one or more of the following events:

(A) Failure by the Issuer to pay the principal of or interest on the Bonds as the same shall become due and payable.

(B) Failure by the Issuer to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 5.01(A), for a period of 30 days after written notice specifying such failure and requesting that it be remedied shall have been given to the Issuer by a Holder or Holders. Notwithstanding the foregoing, the Issuer shall not be deemed in default hereunder if such default can be cured within a reasonable period of time and if the Issuer in good faith institutes curative action and diligently pursues such action until the default has been corrected.

(C) The dissolution or liquidation of the Issuer, or the initiation by or against the Issuer of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief.

**SECTION 5.02. REMEDIES ON DEFAULT.** Any Holder of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Bondholders may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Florida, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof; provided, however, that no Holder, trustee or receiver shall have the right to declare the Bonds immediately due and payable.

The Holder or Holders of Bonds in an aggregate principal amount of not less than twenty-five percent (25%) of the Bonds then Outstanding may by a duly executed certificate in writing appoint a trustee for Holders of Bonds issued pursuant to this Resolution with authority to represent such Bondholders in any legal proceedings for the enforcement and protection of the rights of such Bondholders and such certificate shall be executed by such Bondholders or their duly authorized attorneys or representatives, and shall be filed in the office of the Clerk. Notice of such appointment, together with evidence of the requisite signatures of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds Outstanding and the trust instrument under which the trustee shall have agreed to serve shall be filed with the Issuer and the trustee and notice of appointment shall be given to all Holders of Bonds by first class mail, postage prepaid, at least 30

days prior to the effective date of the appointment. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the holders of a majority in aggregate principal amount of all the Bonds then Outstanding may remove the trustee initially appointed and appoint a successor and subsequent successors at any time.

**SECTION 5.03. DIRECTIONS TO TRUSTEE AS TO REMEDIAL PROCEEDINGS.** The Holders of a majority in principal amount of the Bonds then Outstanding have the right, by an instrument or concurrent instruments in writing executed and delivered to the trustee, to direct the method and place of conducting all remedial proceedings to be taken by the trustee hereunder, provided that such direction shall not be otherwise than in accordance with law or the provisions hereof, and that the trustee shall have the right to decline to follow any such direction which in the opinion of the trustee would be unjustly prejudicial to Holders of Bonds not parties to such direction.

**SECTION 5.04. REMEDIES CUMULATIVE.** No remedy herein conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

**SECTION 5.05. WAIVER OF DEFAULT.** No delay or omission of any Bondholder to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Section 5.05 to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

**SECTION 5.06. APPLICATION OF MONEYS AFTER DEFAULT.** If an Event of Default shall happen and shall not have been remedied, the Issuer or a trustee or receiver appointed for the purpose shall apply all moneys received from the Issuer for payment of the Bonds as follows and in the following order:

A. To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver and of the Registrar and Paying Agent hereunder; and

B. To the payment of the interest and principal then due on the Bonds (provided such payments are made in accordance with applicable law), as follows;

(1) Unless the principal of all the Bonds shall have become 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, in the order of the maturity of such installments, 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 preference; and

**SECOND:** to the payment to the persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity, in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became 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 first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal and interest then due and unpaid upon the Bonds, with interest thereon as aforesaid, 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 amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

**SECTION 5.07. CONTROL BY INSURER.** Notwithstanding anything contained herein to the contrary, upon the occurrence and continuance of an Event of Default, the Insurer, if such Insurer is not in default under its Bond Insurance Policy, shall be entitled to direct and control the enforcement of all rights and remedies with respect to the Bonds.

## ARTICLE VI

### SUPPLEMENTAL RESOLUTIONS

**SECTION 6.01. SUPPLEMENTAL RESOLUTION WITHOUT BONDHOLDERS' CONSENT.** The Issuer, from time to time and at any time, may adopt resolutions supplemental hereto, with the prior written consent of the Insurer but without the consent of the Bondholders (which resolutions shall thereafter form a part hereof) for any of the following purposes:

(A) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in this Resolution or to clarify any matters or questions arising hereunder.

(B) To grant to or confer upon the Bondholders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondholders.

(C) To add to the covenants and agreements of the Issuer in this Resolution other covenants and agreements thereafter to be observed by the Issuer or to surrender any right or power herein reserved to or conferred upon the Issuer.

(D) To make any other change that, in the opinion of the Issuer, would not materially adversely affect the security for the Bonds.

**SECTION 6.02. SUPPLEMENTAL RESOLUTION WITH BONDHOLDERS' AND INSURER'S CONSENT.** Subject to the terms and provisions contained in this Section 6.02 and Sections 6.01 and 6.03 hereof, the Holder or Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption of such Supplemental Resolution or Resolutions hereto as shall be deemed necessary or desirable by the Issuer for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under this Section 6.02. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 6.02 shall also require the written consent of the Insurer of any Bonds which are Outstanding at the time such Supplemental Resolution shall take effect. No Supplemental Resolution may be approved or adopted which shall permit or require (A) an extension of the maturity of the principal of or the payment of the interest on any Bond issued hereunder, (B) reduction in the principal amount of any Bond or the rate of interest thereon, (C) the creation of a lien upon or a pledge of the Non Ad Valorem Funds other than as

otherwise permitted hereby, (D) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (E) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Resolution. Nothing herein contained, however, shall be construed as making necessary the approval by Bondholders of the adoption of any Supplemental Resolution as authorized in Section 6.01 hereof.

If at any time the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 6.02, the Clerk shall cause the Registrar and Paying Agent to give notice of the proposed adoption of such Supplemental Resolution and the form of consent to such adoption to be mailed, postage prepaid, to all Bondholders at their addresses as they appear on the registration books and to the Insurer. Such notice shall briefly set forth the nature of the proposed Supplemental Resolution and shall state that copies thereof are on file at the offices of the Clerk and the Registrar and Paying Agent for inspection by all Bondholders. The Issuer shall not, however, be subject to any liability to any Bondholder by reason of its failure to cause the notice required by this Section 6.02 to be mailed and any such failure shall not affect the validity of such Supplemental Resolution when consented to and approved as provided in this Section 6.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority in aggregate principal amount of the Bonds then Outstanding, which instrument or instruments shall refer to the proposed Supplemental Resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Issuer may adopt such Supplemental Resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

If the Holders of not less than a majority in aggregate principal amount of the Bonds Outstanding at the time of the adoption of such Supplemental Resolution shall have consented to and approved the adoption thereof as herein provided, no Holder of any Bond shall have any right to object to the adoption of such Supplemental Resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Issuer from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any Supplemental Resolution pursuant to the provisions of this Section 6.02, this Resolution shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Issuer and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

**SECTION 6.03. AMENDMENT WITH CONSENT OF INSURER ONLY.** For purposes of amending the Resolution pursuant to Section 6.02 hereof, the Insurer shall be considered the Holder thereof, provided the Bonds, at the time of the adoption of the amendment, shall be rated

by the rating agencies which shall have rated the Bonds at the time such Bonds were insured no lower than the ratings assigned thereto by such rating agencies on such date of being insured. The consent of the Holders of the Bonds shall not be required if the Insurer shall consent to the amendment as provided by this Section 6.03. The foregoing right of amendment, however, does not apply to any amendment to Section 4.08 hereof with respect to the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Prior to adoption of any amendment made pursuant to this Section 6.03, notice of such amendment shall be delivered to the rating agencies rating the Bonds. Upon filing with the Clerk of evidence of such consent of the Insurer as aforesaid, the Issuer may adopt such Supplemental Resolution. After the adoption by the Issuer of such Supplemental Resolution, notice thereof shall be mailed in the same manner as notice of an amendment under Section 6.02 hereof.

**SECTION 6.04. COPIES TO STANDARD & POOR'S.** A copy of any Amendment to the Resolution pursuant to Section 6.01 through 6.03 hereof shall be provided to Standard & Poor's.

## **ARTICLE VII**

### **MUNICIPAL BOND INSURANCE**

#### **SECTION 7.01. PROVISIONS REGARDING BOND INSURANCE POLICY.**

(A) In the event that, on the second Business Day, and again on the Business Day, prior to the payment date on the Bonds, the Registrar and Paying Agent has not received sufficient moneys to pay all principal of and interest on the Bonds due on the second following or following, as the case may be, Business Day, the Registrar and Paying Agent shall immediately notify the Insurer or its designee on the same Business Day by telephone or telegraph, confirmed in writing by registered or certified mail, of the amount of the deficiency.

(B) If the deficiency is made up in whole or in part prior to or on the payment date, the Registrar and Paying Agent shall so notify the Insurer or its designee.

(C) In addition, if the Registrar and Paying Agent has notice that any Bondholder has been required to disgorge payments of principal or interest on a Bond to a trustee in Bankruptcy or creditors or others pursuant to a final judgment by a court of competent jurisdiction that such payment constitutes an avoidable preference to such Bondholder within the meaning of any applicable bankruptcy laws, then the Registrar and Paying Agent shall notify the Insurer or its designee of such fact by telephone or telegraphic notice, confirmed in writing by registered or certified mail.

(D) The Registrar and Paying Agent is hereby irrevocably designated, appointed, directed and authorized to act as attorney-in-fact for Holders of the Bonds as follows:

- (i) If and to the extent there is a deficiency in amounts required to pay interest on the Bonds, the Registrar and Paying Agent shall (a) execute and deliver to State Street Bank and Trust Company, N.A., or its successors under the Bond Insurance Policy (the "Insurance Paying Agent"), in form satisfactory to the Insurance Paying Agent, an instrument appointing the Insurer as agent for such Holders in any legal proceeding related to the payment of such interest and an assignment to the Insurer of the claims for interest to which such deficiency relates and which are paid by the Insurer, (b) receive as designee of the respective Holders (and not as Registrar and Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment from the Insurance Paying Agent with respect to the claims for interest so assigned, and (c) disburse the same to such respective Holders, and



- (ii) If and to the extent of a deficiency in amounts required to pay principal of the Bonds, the Registrar and Paying Agent shall (a) execute and deliver to the Insurance Paying Agent in form satisfactory to the Insurance Paying Agent an instrument appointing the Insurer as agent for such Holder in any legal proceeding relating to the payment of such principal and an assignment to the Insurer of any of the Bonds surrendered to the Insurance Paying Agent of so much of the principal amount thereof as has not previously been paid or for which moneys are not held by the Registrar and Paying Agent and available for such payment (but such assignment shall be delivered only if payment from the Insurance Paying Agent is received), (b) receive as designee of the respective Holders (and not as Registrar and Paying Agent) in accordance with the tenor of the Bond Insurance Policy payment therefor from the Insurance Paying Agent, and (c) disburse the same to such Holders.

(E) Payments with respect to claims for interest on and principal of Bonds disbursed by the Registrar and Paying Agent from proceeds of the Bond Insurance Policy shall not be considered to discharge the obligation of the Issuer with respect to such Bonds, and the Insurer shall become the owner of such unpaid Bond and claims for the interest in accordance with the tenor of the assignment made to it under the provisions of this subsections or otherwise.

(F) Irrespective of whether any such assignment is executed and delivered, the Issuer and the Registrar and Paying Agent hereby agree for the benefit of the Insurer that:

- (i) they recognize that to the extent the Insurer makes payments, directly or indirectly (as by paying through the Registrar and Paying Agent), on account of principal of or interest on the Bonds, the Insurer will be subrogated to the rights of such Holders to receive the amount of such principal and interest from the Issuer with interest thereon as provided and solely from the sources stated in this Indenture and the Bonds, and
- (ii) They will accordingly pay to the Insurer the amount of such principal and interest (including principal and interest recovered under subparagraph (ii) of the first paragraph of the Bond Insurance Policy, which principal and interest shall be deemed past due and not to have been paid), with interest thereon as provided in this Indenture and the Bonds, but only from the sources and in the manner provided herein for the paying of principal of and interest on the Bonds to Holders, and will otherwise treat the Insurer as the owner of such rights to the amount of such principal and interest.

(G) In the event that the Issuer issues other obligations secured by Non Ad-Valorem Funds or a covenant to budget and appropriate from available Non Ad-Valorem Funds the Issuer shall deliver to the Insurer a copy of the disclosure document, if any, circulated with respect to such obligations.

(H) Copies of any amendments made to the documents executed in connection with the issuance of the Bonds which are consented to by the Insurer shall be sent to Standard & Poor's.

(I) The Insurer shall receive notice of the resignation or removal of the Registrar and Paying Agent and the appointment of a successor thereto.

(J) The Insurer shall receive copies of all notices required to be delivered to Bondholders and, on an annual basis, copies of the Issuer's audited financial statements and annual budget.

(K) Any notice that is required to be given to a holder of the Bonds or to the Registrar and Paying Agent pursuant to the Resolution shall also be provided to the Insurer. All notices required to be given to the Insurer under the Resolution shall be in writing and shall be sent by registered or certified mail addressed to MBIA Insurance Corporation, 113 King Street, Armonk, New York 10504 Attention: Insured Portfolio Management.

## ARTICLE VIII

### MISCELLANEOUS

**SECTION 8.01. DEFEASANCE.** If the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Holders of all Bonds the principal and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, then the covenants, agreements and other obligations of the Issuer to the Bondholders shall thereupon cease, terminate and become void and be discharged and satisfied.

Any Bonds or interest appertaining thereto shall be deemed to have been paid within the meaning of this Section 8.01 if there shall have been deposited in irrevocable trust with a banking institution or trust company by or on behalf of the Issuer either moneys in an amount which shall be sufficient, or Refunding Securities the principal of and the interest on which when due will provide moneys which, together with the moneys, if any, deposited with such bank or trust company at the same time, shall be sufficient to pay the principal of and interest due and to become due on said Bonds on and prior to the maturity date thereof. Except as hereafter provided, neither the Refunding Securities nor any moneys so deposited with such bank or trust company nor any moneys received by such bank or trust company on account of principal of or interest on said Refunding Securities shall be withdrawn or used for any purpose other than, and all such moneys shall be held in trust for and be applied to, the payment, when due, of the principal of the Bonds for the payment of which they were deposited and the interest accruing thereon to the date of maturity; provided, however, the Issuer may substitute new Refunding Securities and moneys for the deposited Refunding Securities and moneys if the new Refunding Securities and moneys are sufficient to pay the principal of and interest on the refunded Bonds.

The Issuer shall mail a notice to the Holders of such Bonds that the deposit required by this Section 8.01 of moneys or Refunding Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 8.01.

**SECTION 8.02. PRELIMINARY OFFICIAL STATEMENT.** The Issuer hereby authorizes, approves and ratifies the distribution and use of a Preliminary Official Statement in connection with the offering of the Bonds for sale. Such Preliminary Official Statement shall be substantially in the form attached hereto as Exhibit B. The Chairman is hereby authorized to execute and deliver a certificate deeming the Preliminary Official Statement "final" within the meaning of Rule 15c2-12(b)(1) of the Securities Exchange Act of 1934 in the form as mailed.

**SECTION 8.03. OFFICIAL STATEMENT.** The form, terms and provisions of the Official Statement relating to the Bonds shall be substantially as set forth in the Preliminary Official Statement. Subject to the satisfaction in all respects of the conditions set forth in Section 2.02 hereof, the Chairman is hereby authorized and directed to execute and deliver said Official Statement in the name and on behalf of the Issuer, and thereupon to cause such Official Statement to be

delivered to the Underwriters with such changes, amendments, modifications, omissions and additions as may be approved by the Chairman. Said Official Statement, including any such changes, amendments, modifications, omissions and additions as approved by the Chairman and the information contained therein are hereby authorized to be used in connection with the sale of the Bonds to the public. Execution by the Chairman of the Official Statement shall be deemed to be conclusive evidence of approval of such changes. The Issuer hereby deems the Preliminary Official Statement final, within the meaning of Securities and Exchange Commission Rule 15c 2-12, except for permitted omissions as permitted by said Rule, and authorizes the distribution thereof in connection with the marketing of the Bonds.

**SECTION 8.04. APPOINTMENT OF REGISTRAR AND PAYING AGENT.**

Subject to the satisfaction in all respects of the conditions set forth in Section 2.02 hereof. The Bank of New York is hereby appointed as Registrar and Paying Agent for the Bonds in accordance with the terms of this Resolution. The Chairman and the Clerk are hereby authorized to enter into any agreement which may be necessary to effect the transactions contemplated by this Section 8.04.

**SECTION 8.05. SECONDARY MARKET DISCLOSURE.** Subject to the satisfaction in all respects of the conditions set forth in Section 2.02 hereof, the Issuer hereby covenants and agrees that, in order to provide for compliance by the Issuer with the secondary market disclosure requirements of Rule 15c2-12 of the Security and Exchange Commission (the "Rule"), it will comply with and carry out all of the provisions of the Continuing Disclosure Certificate to be executed by the Issuer and dated the date of delivery of the Bonds, as it may be amended from time to time in accordance with the terms thereof. The Continuing Disclosure Certificate shall be substantially in the form attached hereto as Exhibit C with such changes, amendments, modifications, omissions and additions as shall be approved by the Chairman, who is hereby authorized to execute and deliver such Certificate. Notwithstanding any other provision of the Resolution, failure of the Issuer to comply with such Continuing Disclosure Certificate shall not be considered an event of default under the Resolution; provided, however, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Section 8.05 and the Continuing Disclosure Certificate. For purposes of this Section 8.05, "Bondholder" shall mean any person who (A) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (B) is treated as the owner of any Bond for federal income tax purposes.

**SECTION 8.06. GENERAL AUTHORITY.** The members of the Board of County Commissioners of the Issuer and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to do all acts and things required of them by this Resolution, or desirable or consistent with the requirements hereof for the full punctual and complete performance of all the terms, covenants and agreements contained herein or in the Bonds, and each member, employee, attorney and officer of the Issuer and the Clerk is hereby authorized and directed to execute and deliver any and all papers and instruments and to be and cause to be done any and all acts and things

necessary or proper for carrying out the transactions contemplated hereunder. If the Chairman is absent or unavailable at any time so that it is impossible or impractical for him to perform any function hereunder, the Vice-Chairman may perform such function or otherwise act in his place.

**SECTION 8.07. SEVERABILITY OF INVALID PROVISIONS.** If any one or more of the covenants, agreements or provisions of this Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

**SECTION 8.08. REPEAL OF INCONSISTENT RESOLUTIONS.** All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict.

**SECTION 8.09. EFFECTIVE DATE.** This Resolution shall take effect immediately upon its adoption.

**DULY ADOPTED** this 23rd day of April, 2001.

**BOARD OF COUNTY COMMISSIONERS  
OF NASSAU COUNTY, FLORIDA**

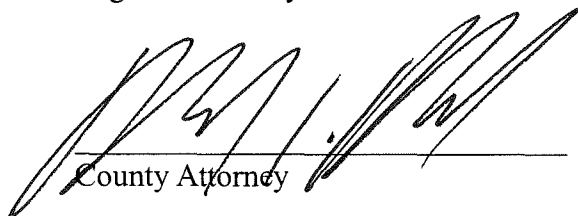
(SEAL)

  
Chairman

ATTEST:

  
Clerk

Approved as to Form and  
Legal Sufficiency:

  
County Attorney

**EXHIBIT A**

**FORM OF PURCHASE AGREEMENT**

ROGERS TOWERS  
BAILEY, JONES & GAY

**DRAFT**

April 20, 2001

\$ \_\_\_\_\_  
NASSAU COUNTY, FLORIDA  
PUBLIC IMPROVEMENT REVENUE BONDS,  
SERIES 2001

BOND PURCHASE AGREEMENT

May \_\_, 2001

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

Ladies and Gentlemen:

SunTrust Equitable Securities Corporation (the "Representative") acting on behalf of itself, A.G. Edwards & Sons, Inc. and First Union National Bank (collectively, the "Underwriters") hereby offers to enter into this Bond Purchase Agreement (the "Purchase Agreement") with Nassau County, Florida (the "County"), which, upon the County's acceptance of this offer, will be binding upon the County and upon the Underwriters. This offer is made subject to acceptance by the County of this Purchase Agreement no later than 10:00 P.M., New York time on the date hereof. The financial disclosure letter required to be provided to the County pursuant to Section 218.385, Florida Statutes, is annexed hereto as Exhibit A.

The terms "Closing" or "Date of Closing" refer to that date, further described in Paragraph 5 herein, upon which the County will deliver, or cause to be delivered, all, but not less than all, of the County's \$\_\_\_\_\_ Public Improvement Revenue Bonds, Series 2001 (the "Bonds") to the Underwriters along with the other documents herein mentioned. The Preliminary Official Statement relating to the Bonds, dated April \_\_, 2001 including the cover page, appendices and any amendments or supplements thereto (the "Preliminary Official Statement") as amended to delete preliminary language and reflect the final terms of the Bonds, with such additional changes and amendments as shall be approved by the Representative and the County, is hereinafter referred to as the "Official Statement." All capitalized terms used herein and not otherwise defined shall have the same meanings as set forth in the Resolution.

1. Upon the terms and conditions and in reliance upon the representations, covenants and warranties set forth herein, the Underwriters hereby agree to purchase from the County, and the County hereby agrees to sell and deliver to the Underwriters, all, but not less than all, of the Bonds. The Bonds shall be dated May 1, 2001, and shall have the maturities and bear interest at the rates, and be sold to the public at the prices, all as set forth on Exhibit B attached hereto. The Bonds shall not be subject to redemption prior to maturity. The aggregate purchase price to be paid by the Underwriters for the Bonds is hereby agreed to be \$\_\_\_\_\_ (consisting of \$\_\_\_\_\_ original principal amount of Bonds, less \$\_\_\_\_\_ underwriters' discount.)

2. The Bonds shall be substantially in the form described in, and shall be issued and secured under Resolution No. 2001-\_\_\_\_, adopted on April \_\_, 2001 (the "Resolution"). The principal of and interest on the Bonds shall be payable as provided in the Resolution and the Preliminary Official Statement and shall be secured by a pledge of the "Pledged Funds," as defined in the Resolution. Payment by the County, when scheduled, of principal and interest on the Bonds will be insured by a municipal bond insurance policy (the "Policy") to be issued by \_\_\_\_\_ (the "Bond Insurer"). Proceeds of the Bonds will be used, together with other available funds of the County, to (i) finance the acquisition and construction of certain transportation capital improvements, and (ii) pay certain costs of issuance of the Bonds, including the cost of the Policy.

3. It shall be a condition to the County's obligation to sell and to deliver the Bonds to the Underwriters and to the obligation of the Underwriters to purchase, to accept delivery of and to pay for the Bonds, that the entire \$\_\_\_\_\_ aggregate principal amount of the Bonds shall be sold and delivered by the County and accepted and paid for by the Underwriters at the proceeding at which executed documents are delivered as required hereby and the Bonds are delivered to the Underwriters in exchange for their payment of the purchase price therefor (the "Closing"). The Underwriters agree to make a bona fide public offering of the Bonds, solely pursuant to the Official Statement, at the initial offering prices set forth in the Official Statement, reserving, however, the right to change such initial offering prices as the Underwriters shall deem necessary in connection with the marketing of the Bonds and to offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trusts) at concessions to be determined by the Underwriters. The Underwriters also reserve the right to over-allot or effect transactions that stabilize or maintain the market prices of the Bonds at levels above that which might otherwise prevail in the open market and to discontinue such stabilizing, if commenced, at any time. The obligation of the County to sell and deliver the Bonds to the Underwriters shall also be conditioned upon issuance by Nabors, Giblin & Nickerson, P.A. ("Bond Counsel"), of its approving legal opinion with respect to the Bonds substantially in the form attached to the Preliminary Official Statement as Appendix C.



4. Prior to the date hereof, the County has provided to the Underwriters for their review the Preliminary Official Statement that the County deemed final (as defined in Rule 15c2-12 of the Securities and Exchange Commission (the "Rule")) as of its date, except for certain permitted omissions (the "Permitted Omissions"), as contemplated by the Rule in connection with the pricing of the Bonds. The Underwriters have reviewed the Preliminary Official Statement prior to the execution of this Purchase Agreement. The County hereby confirms that the Preliminary Official Statement was "final" (as defined in the Rule) as of its date, except for the Permitted Omissions. The County shall deliver or cause to be delivered to the Representative, promptly after the acceptance by the County of this Purchase Agreement, a copy of the Official Statement related to the Bonds, duly executed by the County substantially in the form of the Preliminary Official Statement related to the Bonds, together with all supplements and amendments thereto, with only such changes therein as shall have been mutually accepted by the Representative and the County. Within seven business days of the acceptance hereof by the County, and at least three business days before the Bonds are to be delivered to the Underwriters, or within such other period as may be prescribed by the Municipal Securities Rulemaking Board ("MSRB") in order to accompany any confirmation that requests payment from any customer, the County shall cause to be delivered such reasonable number of conformed copies of the Official Statement as the Underwriters shall request, which shall be sufficient in number to comply with paragraph (b)(4) of the Rule and with Rule G-32 of the MSRB and all other applicable rules of the MSRB.

The Underwriters agree to file the Official Statement with at least one Nationally Recognized Municipal Securities Information Repository ("NRMSIR") which has been so designated by the Securities and Exchange Commission pursuant to the Rule and with the MSRB (accompanied by a completed Form G-36) not later than two (2) business days after the Closing, and will furnish a list of the names and addresses of each such NRMSIR receiving a copy to the County upon request. The filing of the Official Statement with each such NRMSIR shall be in accordance with the terms and conditions applicable to such NRMSIR.

The County authorizes, or ratifies as the case may be, the use and distribution of the Preliminary Official Statement and the Official Statement in connection with the public offering and sale of the Bonds. The Underwriters agree that they will not confirm the sale of any Bonds unless the confirmation of sale requesting payment is accompanied or preceded by the delivery of a copy of the Official Statement. The Representative shall notify the County of the occurrence of the "end of the underwriting period," as such term is defined in the Rule, on the date which is one day thereafter, and of the passage of the date after which the Underwriters no longer remain obligated to deliver Official Statements pursuant to paragraph (b)(4) of the Rule on the date which is one day thereafter.

From the date hereof until the earlier of (i) ninety days from the "end of the underwriting period" (as defined in the Rule), or (ii) the time when the

Official Statement is available to any person from a NRMSIR (but in no case less than 25 days following the end of the underwriting period), if any event occurs which may make it necessary to amend or supplement the Official Statement in order to make the statements therein, in light of the circumstances under which they were made, not misleading, the County shall notify the Underwriters and if, in the reasonable opinion of the County or the reasonable opinion of the Underwriters, such event requires the preparation and publication of an amendment or supplement to the Official Statement, the County, at its expense, promptly will prepare an appropriate amendment or supplement thereto (and file, or cause to be filed, the same with each NRMSIR having the Official Statement on file, file with the MSRB if the MSRB is requiring or permitting the filing of continuing disclosure information, and mail such amendment or supplement to each record owner of Bonds) so that the statements in the Official Statement as so amended or supplemented will not, in light of the circumstances under which they were made, be misleading, in a form and in a manner reasonably approved by the Underwriters. The County will promptly notify the Underwriters of the occurrence of any event of which it has knowledge, which, in its opinion, is an event described in the preceding sentence. The amendments or supplements that may be authorized for use with respect to the Bonds are hereinafter included within the term "Official Statement."

5. The County hereby represents and warrants to, and covenants and agrees with the Underwriters that:

(A) The County is a validly existing political subdivision of the State of Florida (the "State") and has, and at the time of the Closing will have, full legal right, power and authority (i) to execute and deliver this Purchase Agreement, a \_\_\_\_\_ Agreement with the Bond Insurer (the "Guaranty Agreement") and the Continuing Disclosure Certificate in the form attached to the Preliminary Official Statement as Appendix F (the "Continuing Disclosure Certificate"), (ii) to adopt the Resolution, (iii) to sell, execute, issue and deliver the Bonds to the Underwriters pursuant to the Constitution and laws of the State, particularly Chapter 125, Florida Statutes and other applicable provisions of law (the "Act") and the Resolution, (iv) to pledge the Pledged Funds, and (v) to apply the proceeds of the Bonds in accordance with the Resolution and as contemplated by the Preliminary Official Statement.

(B) The County (i) deemed the Preliminary Official Statement final for purposes of the Rule on or prior to the date thereof, (ii) has duly authorized and approved the Official Statement, (iii) has duly authorized and approved the execution and delivery of, and performance by the County of its obligations under the Bonds, this Purchase Agreement, the Guaranty Agreement and the Continuing Disclosure Certificate, (iv) has duly authorized and approved the performance by the County of its obligations under the Resolution and the consummation by it of all other transactions contemplated by the Official Statement and (v) has duly authorized and adopted the Resolution.

(C) At or prior to the Closing, the Bonds will have been duly executed and delivered by the County, and each of them and the Resolution, this Purchase Agreement, the Guaranty Agreement and the Continuing Disclosure Certificate will constitute legal, valid and binding obligations of the County enforceable against the County in accordance with their respective terms, except to the extent that the enforceability thereof may be limited by bankruptcy or other laws affecting creditors' rights generally and except that equitable remedies lie in the discretion of the court and may not be available.

(D) The Resolution creates a valid pledge of, and lien and charge upon, the Pledged Funds to the extent set forth in the Resolution. No other obligations of the County currently have a lien on the Pledged Funds, except as described in the Preliminary Official Statement.

(E) As of the date hereof, the County is not, and as of the Date of Closing (as defined below) will not be, in breach of or in default under any constitutional provisions, applicable law or administrative rule or regulation of the State of Florida (the "State"), the United States, or of any department, division, agency or instrumentality of either thereof or any applicable court or administrative decree or order, or any loan agreement, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the County is subject or by which it is bound, which in any material way, directly or indirectly, affects the issuance of the Bonds or the validity thereof, the validity or adoption of the Resolution, or the execution and delivery of the Bonds, this Purchase Agreement, the Continuing Disclosure Certificate, the Guaranty Agreement, the Official Statement or the other instruments contemplated by the issuance of the Bonds to which the County is or will be a party, and compliance with the provisions of each thereof, will not conflict with or constitute a breach of or default under any constitutional provision, applicable law or administrative rule or regulation of the State, the United States, or of any department, division, agency or instrumentality of either thereof.

(F) The Preliminary Official Statement (including the financial and statistical data included therein and the Appendices thereto) as of its date did not and the Official Statement (including the financial and statistical data included therein and the Appendices thereto) does not, and at Closing will not, contain any untrue 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. The financial and statistical data relating to the County and the financial statements of the County contained in the Official Statement fairly present, and at the Closing will fairly present, the financial condition of the County at the dates and for the periods therein specified in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements of the County.

(G) Between the date of this Purchase Agreement and the Closing (i) the County will not, without the prior written consent of the

Underwriters, issue any bonds, notes or other obligations for borrowed money, (ii) the County will not incur any material liabilities, direct or contingent, other than those in the ordinary course of business, and (iii) there will not have been any adverse change of a material nature in the financial position of the County.

(H) The Bonds, the Resolution, the Guaranty Agreement and the Continuing Disclosure Certificate conform to the descriptions thereof contained in the Official Statement, and the Bonds, when delivered in accordance with the Resolution and paid for by the Underwriters at the Closing as provided herein, will be validly issued and outstanding special obligations of the County entitled to all the benefits and security of the Resolution.

(I) No controversy or litigation of any nature is now pending or, to the best of the County's knowledge, threatened in any court or before any governmental agency:

(i) restraining or enjoining, or seeking to restrain or enjoin, the issuance, sale, execution or delivery of the Bonds or the execution, delivery and performance of this Purchase Agreement, the Guaranty Agreement or the Continuing Disclosure Certificate; or

(ii) in any way contesting or affecting (a) the validity or enforceability of the Bonds, or (b) any proceedings of or on behalf of the County taken with respect to the issuance and sale of the Bonds, or (c) the adoption of the Resolution, or (d) the execution, delivery and performance of the Continuing Disclosure Certificate or the Guaranty Agreement, or (e) the pledge of the Pledged Funds effected by the Resolution, or (f) the existence or powers of the County, or (g) the title to office of the members of the Board of County Commissioners; or

(iii) in any manner questioning (a) the proceedings or authority for the issuance of the Bonds, or (b) any provisions made or authorized for the payment of the Bonds, or (c) the existence or operations of the County, or (d) the power of the County to issue the Bonds, adopt the Resolution, execute and deliver the Continuing Disclosure Certificate, this Purchase Agreement or the Guaranty Agreement, or undertake any other transactions contemplated by the Official Statement; or

(iv) which would have a material adverse effect upon the operations of the County relating to the Bonds or upon the contemplated use of the proceeds thereof.

(J) None of the County's proceedings or authority for the issuance, sale, execution and delivery of the Bonds or the execution and delivery of this Purchase Agreement, the Continuing Disclosure Certificate or the Guaranty Agreement, or the adoption of the Resolution, as described in the Preliminary Official Statement, has been repealed, modified, amended, revoked or rescinded.

(K) The County will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters, as the Underwriters may reasonably request, to qualify the Bonds for offer and sale under the Blue Sky or securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate, provided that, in connection therewith, the County shall not be required to file a general consent to service of process or qualify to do business in any jurisdiction or become subject to service of process in any jurisdiction in which the County is not now subject to such service.

(L) The County will apply the proceeds of the Bonds and other available funds of the County in accordance with the Resolution and as contemplated by the Official Statement.

(M) All approvals, consents, authorizations, elections and orders of, or filings or registrations with, any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect:

(i) the issuance and sale to the Underwriters of the Bonds; or

(ii) the execution and delivery by the County of, or the performance by it of its obligations under the Bonds, the Resolution, the Continuing Disclosure Certificate, the Guaranty Agreement and this Purchase Agreement;

have been obtained and are in full force and effect, except that the County is not responsible for such approvals, consents, orders or other action as may be required under the securities laws of any state in connection with the offering and sale of the Bonds.

(N) The County has not, since December 31, 1975 been in default in the payment of principal of, 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, and, other than the Resolution, the County has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the Pledged Funds, other than as described in the Preliminary Official Statement.

(O) Any certificate signed by the Chairman or Vice Chairman of the Board of County Commissioners (the "Board") or other authorized official of the County shall be deemed a representation, warranty and covenant by the County to the Underwriters as to the statements made therein.

(P) All proceedings of the Board relating to the adoption of the Resolution, the approval and authorization of the issuance and sale of the Bonds and the execution of this Purchase Agreement and the Official Statement were conducted at duly convened public meetings of the Board with respect to which all notices were duly given to the public and at which meetings quorums were at all times present.

(Q) The County is eligible to receive the Non-Ad Valorem Funds in the manner described in the Official Statement.

(R) Within seven business days of the acceptance hereof, the County will furnish the Underwriters with as many printed copies of the Official Statement as the Underwriters shall reasonably request, in order to satisfy the requirements of the Rule.

(S) Other than as disclosed in the Preliminary Official Statement, the County has never failed to comply with an agreement to provide continuing disclosure information pursuant to the Rule.

6. By 12:30 P.M., New York time, on May \_\_, 2001, or such later date as the County and the Underwriters may mutually agree (the "Date of Closing"), the County will deliver the duly authorized and executed Bonds in definitive registered bond form, duly executed and authenticated, to or at the direction of the Underwriters, together with the other documents hereinafter mentioned, and subject to the terms and conditions hereof, the Underwriters will accept such delivery and pay the purchase price of the Bonds (plus accrued interest as set forth in Paragraph 1 hereof) by federal or other immediately available funds, to the order of the County. Delivery and payment as aforesaid shall be made at the offices of Rogers, Towers, Bailey, Jones & Gay, P.A. in Jacksonville, Florida, or other such place as shall have been mutually agreed upon by the County and Underwriters. The Bonds shall be printed or typed and shall be prepared in such authorized forms and in such authorized denominations and registered in such names as the Underwriters shall specify in writing at least three business days prior to the Date of Closing. The Bonds shall be available for examination by the Underwriters at least one business day prior to the Date of Closing. The County shall cause CUSIP identification numbers to be printed on the Bonds, but neither failure to print such numbers or any error in such numbers shall constitute cause for the Underwriters to fail to accept delivery and pay for the Bonds.

7. The Underwriters have entered into this Purchase Agreement in reliance upon the representations, warranties and covenants of the County contained herein and to be contained in the documents and instruments to be delivered at the Closing and upon the performance by the County of its obligations thereunder, both as of the date hereof and as of the Date of Closing. Accordingly, the Underwriters' obligation under this Purchase Agreement to purchase, to accept delivery of and to pay for the Bonds shall be subject, at the option of the

Underwriters, to the accuracy in all material respects of the representations, warranties and covenants on the part of the County contained herein as of the date hereof and as of the Date of Closing, to the accuracy in all material respects of the statements of the officers and other officials of the County made in any certificates or other documents furnished pursuant to the provisions hereof and to the performance by the County of its obligations to be performed hereunder and under such documents and instruments at or prior to the Closing, and shall also be subject to the following conditions:

(A) At the time of Closing, the Resolution shall have been duly adopted and this Purchase Agreement and the Continuing Disclosure Certificate shall have been executed and delivered, and the Resolution, this Purchase Agreement, the Continuing Disclosure Certificate and the Guaranty Agreement shall be in full force and effect, and shall not have been repealed, amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Purchase Agreement and the Preliminary Official Statement, all such actions as, in the opinion of Bond Counsel, shall be necessary and appropriate.

(B) At the time of Closing, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to by the Underwriters.

(C) At the time of Closing, the representations and warranties of the County contained herein shall be true, complete and correct in all material respects on the date hereof and on and as of the Date of Closing, as if made on the Date of Closing.

(D) At the time of the Closing, all official action of the County relating to the Resolution shall be in full force and effect and shall not have been revoked, amended, modified or supplemented.

(E) At the time of the Closing, all conditions precedent to the issuance of the Bonds as set forth in the Resolution shall have been fulfilled.

(F) The market price or marketability of the Bonds, at the initial offering prices set forth in the Official Statement, shall not have been materially adversely affected, in the sole reasonable judgment of the Underwriters, by reason of any of the following events between the date hereof and the Date of Closing:

(i) Any legislation, rule or regulation is introduced in, enacted by, or favorably recommended for passage to either House of the Congress of the United States or any department or agency in the State, or any legislation, rule or regulation shall have been recommended, officially presented for passage,

proposed to either House of the Congress of the United States or otherwise endorsed for passage (by press release, other form of notice or otherwise) by the President of the United States, a responsible official of the Treasury Department of the United States or of the Internal Revenue Service, or by any committee of such House to which such legislation has been referred for consideration, or a decision is rendered by a court of the United States, including the tax courts of the United States or courts of the State, with the purpose or effect, directly or indirectly, of changing the federal or state income tax consequences of ownership of the Bonds or any of the transactions contemplated in connection herewith; or other action or events shall have transpired that would, in the judgment of the Underwriters, have the purpose or effect directly or indirectly, of changing the federal or state tax consequences of any of the transactions contemplated in connection therewith or the validity of the Bonds or which otherwise materially adversely affects the market for the Bonds or the sale thereof at the contemplated offering prices, by the Underwriters;

(ii) The declaration or existence of war or engagement in major hostilities by the United States or the occurrence of any other national emergency or national or international calamity relating to the effective operation of the government of, or the financial community in, the United States or any conflict involving the armed forces of the United States shall have escalated to such a magnitude as to materially adversely affect the Underwriters' ability to market the Bonds;

(iii) The declaration of a general banking moratorium by federal, New York or Florida authorities;

(iv) General suspension of trading on the New York Stock Exchange or other national securities exchange, or the imposition by such exchange or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or the material increase of any such restrictions now in force, including those relating to the extension of credit by, or to the net capital requirements of, the Underwriters;

(v) The withdrawal or downgrading of any rating on the Bonds, or of any other securities insured by the Bond Insurer by a national rating agency;

(vi) Any amendment to the federal or Florida Constitution or action by any federal or Florida court, legislative body, regulatory body, or other authority materially adversely affecting the validity or enforceability of this Purchase Agreement, the Continuing Disclosure Certificate, the Guaranty Agreement, the Bonds, the Resolution or the accuracy of the Official Statement or the ability of the County to meet its covenants under the Resolution;



(vii) The occurrence of a financial crisis or a default with respect to the debt obligations of the County or the institution of proceedings under the federal or state bankruptcy laws by or against the County;

(viii) The issuance of a stop order, release, regulation or no action letter by or on behalf of the Securities and Exchange Commission or any other governmental agency having jurisdiction of the subject matter (which is beyond the control of the Underwriters to prevent or avoid) to the effect that the issuance, offering or sale of the Bonds, or any document relating to the issuance, offering or sale of the Bonds, is or would be in violation of any provision of state or federal securities laws at the Closing, including the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the Trust Indenture Act of 1939;

(ix) Any event occurring, or information becoming known which, in the reasonable judgment of the Underwriters, makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement omits to state a material fact required to be stated therein or which is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and

(x) The enactment or proposal of legislation, or a decision by a court of the United States, or a ruling or regulation by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter, to the effect of requiring the Bonds or any securities of the type contemplated herein, to be subject to registration requirements of the Securities Act of 1933 or that the Resolution is not exempt from qualification under, or other requirements of, the Trust Indenture Act of 1939, as amended.

(G) At or prior to the Closing, the Underwriters shall have received the following documents, dated as of the Date of Closing, unless otherwise specified, and in each case, satisfactory in form and substance to the Underwriters:

(i) The Official Statement of the County executed on behalf of the County by at least the Chairman and Clerk of the Circuit Court of the County and Ex-Officio Clerk of the Board (the "Clerk");

(ii) A copy of the Resolution certified by the Clerk as having been duly adopted by the Board and as being in effect on the date of the Closing and as not having been amended since its respective date of adoption, except as otherwise provided herein;

(iii) The approving opinion of Bond Counsel addressing the legality and tax exemption of the Bonds dated as of the Date of Closing and

addressed to the County in the form as set forth in Appendix C to the Preliminary Official Statement, together with a letter of Bond Counsel dated as of the Date of Closing, and addressed to the Underwriters, to the effect that the foregoing opinion addressed to the County may be relied upon by the Underwriters to the same extent as if such opinion were addressed to them;

(iv) The supplemental opinion of Bond Counsel to the County, dated the Date of Closing and addressed to the Underwriters in the form of Exhibit C attached hereto;

(v) The opinion, dated as of the Date of Closing and addressed to the Underwriters, of the County Attorney, in the form of Exhibit D attached hereto;

(vi) The opinion, dated as of the Date of Closing and addressed to the Underwriters, of Akerman, Senterfitt & Eidson, P.A., as disclosure counsel, in the form of Exhibit E hereto;

(vii) A certificate or certificates, dated the Date of Closing and signed by the Chairman or Vice Chairman of the Board and the Clerk or a Deputy Clerk, to the effect that:

(a) The representations and warranties of the County contained herein are true and correct in all material respects on and as of the Date of Closing as if made on the Date of Closing;

(b) None of the proceedings or authority for the issuance, sale, execution and delivery of the Bonds, and execution, delivery and performance of this Purchase Agreement and the Continuing Disclosure Certificate or adoption of the Resolution has been repealed, modified, amended, revoked or rescinded;

(c) This Purchase Agreement, the Continuing Disclosure Certificate, the Surety Agreement and the Resolution are all valid and binding obligations of the County, legally enforceable against the County in accordance with their respective terms;

(d) No event affecting the County has occurred since the date of the Official Statement which should be disclosed in the Official Statement for the purposes for which it is to be used or which it is necessary to disclose therein in order to make the statements and information therein, in the light of the circumstances under which they were made, not misleading in any material respect; and

(e) The County is not in breach of any of the covenants and obligations in the Resolution, and, as of the date of such certificate,

all payments required to be made into the funds and accounts provided therein have been made to the full extent required.

(viii) A certificate (herein sometimes referred to as the "Arbitrage Certificate") of the County executed by the Chairman or Vice Chairman, or other authorized County official dated as of the Date of Closing, setting forth facts, estimates and circumstances concerning the use or application of the proceeds of the Bonds, and stating in effect that on the basis of such facts, estimates and circumstances in existence on the Date of Closing, it is not expected that the proceeds of the Bonds will be used in a manner that would cause such Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder (the "Code").

(ix) Letters from Standard & Poor's Credit Market Services, Moody's Investors Service, Inc. and Fitch, Inc. confirming that the Bonds have been rated "AAA," "Aaa" and "AAA" respectively, based on the issuance by the Bond Insurer of the Policy.

(x) A copy of the executed Policy of the Bond Insurer in standard form and substance, insuring the timely payment of the accreted value at maturity of the Bonds and a Surety Bond accompanied by an opinion of counsel to the Bond Insurer dated the Closing Date and addressed to the Underwriters and the County in a form reasonably acceptable to the Representative, and certificates or opinions of counsel for the Bond Insurer regarding the accuracy of information about it in the Official Statement.

(xi) A letter from Farmand, Farmand & Farmand, P.A., independent certified public accountants for the County, dated the Date of Closing, addressed to the Underwriters in form and substance satisfactory to the Underwriters, their counsel and Bond Counsel, consenting to the use of the audited financial statements of the County prepared by them and the references to such firm in the Official Statement.

(xii) A certificate of an authorized representative of The Bank of New York (the "Bank"), as Registrar and Paying Agent to the effect that:

(a) the Bank is a banking corporation duly organized, validly existing and in good standing under the laws of the State of New York and is duly authorized to exercise trust powers in the State,

(b) the Bank has all requisite authority, power, licenses, permits and franchises, and has full corporate power and legal authority to execute and perform its functions under the Resolution,

(c) the performance by the Bank of its functions under the Resolution will not result in any violation of the Articles of Association or

Bylaws of the Bank, any court order to which the Bank is subject or any agreement, indenture or other obligation or instrument to which the Bank is a party or by which the Bank is bound, and no approval or other action by any governmental authority or agency having supervisory authority over the Bank is required to be obtained by the Bank in order to perform its functions under the Resolution, and

(d) to the best of such authorized representative's knowledge, there is no action, suit, proceeding or investigation at law or in equity before any court, public board or body pending or, to his or her knowledge, threatened against or affecting the Bank wherein an unfavorable decision, ruling or finding on an issue raised by any party thereto is likely to materially and adversely affect the ability of the Bank to perform its obligations under the Resolution.

(xiii) A certificate of the Clerk of the County to the effect that there has occurred no material adverse effect to the financial condition of the County since September 30, 2000, other than as described in the Preliminary Official Statement and the Official Statement.

(xiv) Such additional legal opinions and certificates as may be required by the Bond Insurer in its commitment to insure the Bonds.

(xv) Such additional legal opinions, certificates, agreements, proceedings, instruments and other documents as Bond Counsel or the Underwriters may reasonably request to evidence the truth and accuracy as of the date hereof, and as of the Date of Closing, of the County's representations contained herein and of the statements and information contained in the Official Statement and the due performance or satisfaction by the County at or prior to the Date of Closing of all agreements then to be performed and all conditions then to be satisfied by the County in connection with the transactions contemplated hereby, by the Resolution and the Official Statement.

If any of the conditions to the obligations of the Underwriters contained in this paragraph or elsewhere in this Purchase Agreement shall not have been satisfied, when and as required herein, all obligations of the Underwriters hereunder may be terminated by the Underwriters at, or at any time prior to, the Closing by written notice to the County.

8. After the date of this Purchase Agreement, the County will not adopt any amendment of, or supplement to, the Official Statement that shall be reasonably disapproved by counsel to the Underwriters. If at any time prior to Closing and within 90 days following the "underwriting period," as defined in the Rule, any event known to the County relating to or affecting the County, the Resolution, the Continuing Disclosure Certificate, or the Bonds shall occur, which might affect the correctness or completeness of any statement of a material fact

contained in the Official Statement, the County will promptly notify the Underwriters in writing of the circumstances and details of such event.

If, as a result of such event, it is necessary, in the opinion of the County Attorney, Bond Counsel, the Underwriters or counsel to the Underwriters, to amend or supplement the Official Statement in order to make the statements made therein, in light of the circumstances under which they were made, not misleading, and any such party shall have so advised the County, the County will, at its expense, forthwith prepare and furnish to the Underwriters a reasonable number of copies of an amendment of, or a supplement to, such Official Statement, in form and substance satisfactory to the Underwriters, which will so amend or supplement such Official Statement so that, as amended or supplemented, it will not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. For the purposes of this paragraph, the County will furnish such information with respect to itself as the Underwriters may from time to time reasonably request in writing.

9. (A) The Underwriters shall be under no obligation to pay, and the County shall pay, any expenses incident to the performance of the County's obligations hereunder, including, but not limited to: (i) the cost of the preparation, printing and delivery of this Purchase Agreement, the Continuing Disclosure Certificate, the Preliminary Official Statement and the Official Statement, (ii) the cost of the preparation, printing and delivery of the Bonds, (iii) the fees and disbursements of Bond Counsel, Disclosure Counsel and William R. Hough & Co., the Financial Advisor to the County, (iv) the fees of Farmand, Farmand & Farmand, P.A., independent certified public accountants to the County in connection with the issuance of the Bonds, (v) the fees and disbursements of any other experts or consultants retained by the County, (vi) the fees and disbursements of the Paying Agent and rating agency fees, and (vii) the fees and premium of the Bond Insurer for the Policy.

(B) The Underwriters shall pay (i) all advertising expenses in connection with the public offering of the Bonds, (ii) the fees and disbursements of Rogers, Towers, Bailey, Jones & Gay, P.A., counsel to the Underwriters, and (iii) all other expenses incurred by them in connection with their public offering and distribution of the Bonds.

10. This paragraph 10 is included in satisfaction of the requirements of Section 218.385(2) and (3), Florida Statutes. The County is proposing to issue \$\_\_\_\_\_ in original principal amount of Bonds for the purpose of currently refunding certain outstanding debt of the County, acquiring and constructing certain capital improvements of the County and paying the costs of issuance of the Bonds. The Bonds are expected to be repaid over a period of \_\_\_\_ years. At a true interest cost rate of \_\_\_\_\_% total compounded interest paid over the life of the debt or obligation will be \$\_\_\_\_\_.

The Bonds will be payable from Pledged Funds in the manner provided in the Resolution. Authorizing the Bonds will result in up to \$\_\_\_\_\_ of the County's Pledged Funds not being available to finance the other services of the County each year for the period from 20\_\_ through 20\_\_.

The above computations are submitted for purposes of information only.

11. Any notice or other communication to be given to the County under this Purchase Agreement may be given by delivering the same in writing to 191 Nassau Place, Yulee, Florida 32097, Attention: County Attorney, and any notice or other communication to be given to the Underwriters under this Purchase Agreement may be given by delivering the same in writing to SunTrust Equitable Securities Corporation, 200 South Orange Avenue, Tower 10, Orlando, Florida 32801.

12. This Purchase Agreement is made solely for the benefit of the County and the Underwriters, and no other person shall acquire or have any right hereunder or by virtue hereof. All of the County's representations and warranties shall be true as of the date hereof and the date of Closing and all of the covenants set forth or made pursuant to this Purchase Agreement shall remain operative and in full force and effect and shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the Closing or termination of this Purchase Agreement and regardless of: (A) any investigations made by or on behalf of the Underwriters, and (B) delivery of and payment for the Bonds pursuant to this Purchase Agreement. Further, the agreements contained in Paragraphs 8 and 9 hereof shall survive any termination of this Purchase Agreement.

13. This Purchase Agreement may be executed in any number of counterparts each of which shall be regarded for all purposes as an original, and each of such signed counterparts shall constitute a single instrument.

14. This Purchase Agreement shall become effective upon the execution of the acceptance hereof by the Chairman or Vice Chairman of the Board and shall be valid and enforceable as of the time of such acceptance.

15. This Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

Very truly yours,

SUNTRUST EQUITABLE  
SECURITIES CORPORATION, as  
Representative of the underwriters

By \_\_\_\_\_  
\_\_\_\_\_

Accepted by Nassau County,  
Florida on the \_\_\_\_ day  
of May, 2001

NASSAU COUNTY, FLORIDA

By \_\_\_\_\_  
Chairman or Vice Chairman of  
the Board of County Commissioners

ATTEST:

\_\_\_\_\_  
Clerk of the Circuit Court

Approved as to form by  
County Attorney:

By \_\_\_\_\_  
County Attorney

EXHIBIT A

DISCLOSURE LETTER

May \_\_, 2001

Chairman and Members of the  
Board of County Commissioners  
of Nassau County, Florida

Re: \$\_\_\_\_\_ Nassau County, Florida Public Improvement Revenue  
Bonds, Series 2001 (the "Bonds")

Ladies and Gentlemen:

Pursuant to Chapter 218.385, Florida Statutes, and in reference to the issuance of the above-captioned bonds (the "Bonds"), SunTrust Equitable Securities Corporation, A.G. Edwards & Sons, Inc. and First Union National Bank (collectively, the "Underwriters"), pursuant to the Bond Purchase Agreement ("Purchase Agreement") dated May \_\_, 2001, among the Underwriters and Nassau County, Florida (the "County"), hereby make the following disclosures to the County:

(a) The Underwriters are acting as underwriters to the County for the public offering and sale of the Bonds. The total fee to be paid to the Underwriters pursuant to the Purchase Agreement is equal to approximately \$\_\_\_\_/\$1,000 of the total face amount of the Bonds.

(b) The expenses estimated to be incurred by the Underwriters in connection with the issuance of the Bonds are equal to approximately \$\_\_\_\_/\$1,000.

(c) The names, addresses and estimated amounts of compensation of any person who is not regularly employed by, or not a partner or officer of, an underwriter, bank, banker, or financial consultant or advisor and who enters into an understanding with either the County or the Underwriters, or both, for any paid or promised compensation or valuable consideration directly, expressly or impliedly, to act solely as an intermediary between the County and the Underwriters for the purpose of influencing any transaction in the purchase of the Bonds are:

**None, except as described below.**

**SunTrust Bank, an affiliate of SunTrust Equitable Securities Corporation, as part of its relationship services, referred the County to SunTrust Equitable Securities Corporation to discuss underwriting the Bonds. Under MSRB Rule G-38,**



SunTrust Bank is considered a "consultant." SunTrust Bank, after the closing of the issuance of the Bonds, will receive, as part of internal corporate revenue sharing arrangements a portion of the fees paid by the County to SunTrust Equitable Securities Corporation. At SunTrust Bank's option, a portion of this revenue may be paid as a bonus to its employees who were instrumental in making the referral.

(d) The amount of underwriting spread expected to be realized is approximately \$\_\_\_\_/\$1,000 (exclusive of expenses) for the Bonds of which \$\_\_\_\_/\$1,000 is equal to the management fee.

(e) Any other fee, bonus or other compensation estimated to be paid by the Underwriters in connection with the Bonds to any person not regularly employed or retained by the Underwriters is as follows:

None

(f) The names and addresses of the Underwriters are:

SunTrust Equitable Securities Corporation  
200 South Orange Avenue, Tower 10  
Orlando, Florida 32801

A.G. Edwards & Sons, Inc.  
3637 4<sup>th</sup> Street North, Suite 280  
St. Petersburg, Florida 33704-1355

First Union National Bank  
Municipal Securities Group  
800 N. Magnolia Avenue, 8<sup>th</sup> Floor  
Orlando, Florida 32801

Very truly yours,

SUNTRUST EQUITABLE SECURITIES  
CORPORATION  
A.G. EDWARDS & SONS, INC.  
FIRST UNION NATIONAL BANK

By: SunTrust Equitable Securities  
Corporation

By \_\_\_\_\_  
Title \_\_\_\_\_

ITEMIZATION OF ESTIMATED EXPENSES

Underwriters' Counsel Fees and Expenses	\$
CUSIP Fees, DTC, Syndicate Services, TBMA	\$
Travel / Miscellaneous	\$ _____
TOTAL	\$

## EXHIBIT B

### Maturities, Principal Amounts, Interest Rates and Yields

Maturity Date <u>(April 1)</u>	<u>Principal</u>	<u>Interest Rate</u>	<u>Yield</u>
2002	\$	%	
2003			
2004			
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			
2019			
2020			
2021			
2022			
2023			
2024			
2025			

### Redemption Provisions

EXHIBIT C

[Supplemental Opinion of Bond Counsel]

May \_\_, 2001

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

SunTrust Equitable Securities Corporation  
A.G. Edwards & Sons, Inc.  
First Union National Bank  
c/o SunTrust Equitable Securities Corporation  
Orlando, Florida

[Bond Insurer]

Re:    \$\_\_\_\_\_ Nassau County, Florida Public Improvement  
Revenue Bonds, Series 2001

Gentlemen:

We have acted as Bond Counsel for Nassau County, Florida (the "County") in connection with the issuance of the County's \$\_\_\_\_\_ Public Improvement Revenue Bonds, Series 2001 (the "Bonds"), issued pursuant to a resolution of the County adopted on April \_\_, 2001, (the "Resolution"). In such capacity, we have examined the following: (i) the Resolution; (ii) the Official Statement dated May \_\_, 2001 related to the Bonds; (iii) the Bond Purchase Agreement, dated May \_\_, 2001, by and among the County, SunTrust Equitable Securities Corporation, A.G. Edwards & Sons, Inc. and First Union National Bank (collectively, the "Underwriters") (the "Purchase Contract") and (iv) such other records, documents, certificates, proceedings and questions of law as we have considered necessary to enable us to render this opinion. All capitalized terms not defined herein shall have the meaning set forth in the Resolution. Based upon such examination, we are of the opinion that:

(a)    The Purchase Contract has been duly authorized, executed and delivered by the County and, assuming due authorization, execution and delivery by the other party thereto, constitutes a valid, legal and binding agreement of the county, enforceable in accordance with its terms, except as such enforceability may be limited by bankruptcy, reorganization, insolvency, moratorium or other similar

laws affecting the enforcement of creditors' rights generally and by application of equitable principles.

(b) The Official Statement has been duly authorized, executed and delivered by the County and the County has consented to the use of the Official Statement by the Underwriter.

(c) The information in the Official Statement, including the cover information regarding "Tax Exemption" and under the headings "Introduction," "Purpose of the Series 2001 Bonds," "Description of the Series 2001 Bonds," "Security for the Series 2001 Bonds," "Tax Exemption," and "Appendix D – The Bond Resolution" and "Appendix C – Form of Opinion of Bond Counsel" (other than statistical or financial data as to which no opinion is expressed), insofar as such information purports to be the description or summaries of the Resolution, the Series Bonds, the Act (as defined in the Resolution) and the Constitution and laws of the State of Florida, and federal tax laws, are true and correct in all material respects.

(d) The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(e) All approvals, consents, authorization and orders of any governmental authority or agency having jurisdiction in any matter which would constitute a condition precedent to the performance by the County of its obligations under the Purchase Contract, the Resolution and the Bonds have been obtained and are in full force and effect.

(f) The County is lawfully empowered to grant a pledge of and lien upon the Pledged Funds to pay debt service on the Bonds.

Very truly yours,

EXHIBIT D

[Opinion of County Attorney]

May \_\_, 2001

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

SunTrust Equitable Securities Corporation  
A.G. Edwards & Sons, Inc.  
First Union National Bank  
c/o SunTrust Equitable Securities Corporation  
Orlando, Florida

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

[Bond Insurer]

Re: \$\_\_\_\_\_ Nassau County, Florida Public Improvement  
Revenue Bonds, Series 2001

Gentlemen:

This letter shall serve as the opinion of Counsel to Nassau County, Florida, (the "County") pursuant to Section 8(G)(v) of the Bond Purchase Agreement by and between the County and the Underwriter named above dated May \_\_, 2001 (the "Purchase Contract"). In connection with the issuance by the County of \$\_\_\_\_\_ aggregate principal amount of its Public Improvement Revenue Bonds, Series 2001 (the "Bonds"), I have participated in various proceedings in connection therewith. All terms not otherwise defined herein shall have the meanings ascribed thereto in the Purchase Contract.

I am of the opinion that:

(a) The County is a political subdivision duly existing under the Constitution and laws of the State of Florida and has good right and lawful authority to adopt the Resolution, to issue the Bonds, to secure the Bonds in the manner provided in the Resolution and as described in the Official Statement (as hereinafter defined), to carry out its powers under the Act, to execute and deliver

the Purchase Contract, the Continuing Disclosure Certificate dated May \_\_, 2001 (the "Continuing Disclosure Certificate"), the \_\_\_\_\_ Agreement dated May \_\_, 2001 (the "Guaranty Agreement") with \_\_\_\_\_ and the Official Statement dated May \_\_, 2001 in connection with the Bonds (the "Official Statement") and to perform all of its obligations under the Resolution, the Purchase Contract, the Guaranty Agreement and the Continuing Disclosure Certificate.

(b) The Resolution has been duly adopted by the County and the Purchase Contract, the Continuing Disclosure Certificate, the Guaranty Agreement and the Bonds have been duly authorized, executed, and delivered by the County and each constitutes a valid, legal, and binding agreement of the County enforceable in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, reorganization, insolvency, moratorium, or other similar laws affecting the enforcement of creditors' rights generally and by application of equitable principles.

(c) The County has approved and authorized the Official Statement and the execution and delivery of the Official Statement to the purchasers of the Bonds and has duly executed the Official Statement.

(d) The adoption of the Resolution and the execution and delivery of the Purchase Contract, the Continuing Disclosure Certificate, the Guaranty Agreement and the Bonds and compliance with the provisions of each do not and will not conflict with or constitute a breach of or default under any applicable law or administrative regulation of the State or the United States or any applicable judgment or decree or any trust agreement, loan agreement, bond, note, resolution, ordinance, agreement, or other instrument to which the County is a party or is otherwise subject.

(e) Except as otherwise disclosed in the Official Statement, there is no litigation or proceeding, pending, or threatened, challenging the creation, organization or existence of the County or the validity of the Bonds or the Purchase Contract, the Continuing Disclosure Certificate or the Guaranty Agreement or seeking to restrain or enjoin any of the transactions referred to therein or contemplated thereby, or under which a determination adverse to the County would have a material adverse effect upon the financial condition or the revenues of the County, or which, in any manner, questions the right of the County to issue the Bonds or to use the Pledged Funds (as defined in the Resolution) for repaying of the Bonds.

(f) Without having undertaken to determine independently the accuracy and completeness of the statements contained in the Official Statement, nothing has come to my attention that would lead me to believe that the Official Statement as of its date or as of this date contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements

therein, in the light of the circumstances under which they were made, not misleading (except as to statistical or financial data or information as to the municipal bond insurer contained therein and Appendices A, B and C as to which no opinion is expressed).

(g) The County has obtained the consents, approvals, authorizations or other orders of all municipal, state or regulatory authorities required for the consummation of the transactions described in the Purchase Contract.

(h) The issuance and sale of the Bonds to the Underwriter will not be subject to any transfer, documentary stamp or other excise taxes of the State of Florida or any political subdivision thereof.

Sincerely yours,



EXHIBIT E

[Form of Opinion of Disclosure Counsel]

May \_\_, 2001

Chairman, Board of County Commissioners  
of Nassau County, Florida

SunTrust Equitable Securities Corporation  
A.G. Edwards & Sons, Inc.  
First Union National Bank  
c/o SunTrust Equitable Securities Corporation  
Orlando, Florida

Re:    \$\_\_\_\_\_ Nassau County, Florida, Public Improvement  
      Revenue Bonds, Series 2001

Dear Sir:

This opinion is rendered to you in connection with the offering and sale of the above-captioned obligations (the "Bonds") in our capacity as disclosure counsel to the County. In rendering this opinion we have reviewed the final Official Statement, dated May \_\_, 2001, with respect to the Bonds (the "Official Statement"). We have also examined originals or copies, certified or otherwise identified to our satisfaction, of Resolution No. 2001-\_\_, duly adopted by the Board of County Commissioners of the County on April \_\_, 2001 (the "Resolution"), and such other ordinances, resolutions, documents, records and instruments as we have considered necessary or appropriate for the purpose of rendering this opinion. In addition, certain of our attorneys participated in telephone conferences and meetings with representatives of the County, the County's financial advisor and representatives of SunTrust Equitable Securities Corporation, A. G. Edwards & Sons, Inc. and First Union National Bank, the underwriters of the Bonds (the "Underwriters"), concerning the contents of the Official Statement and related matters.

We have examined the Securities Act of 1933, as amended, and the rules, regulations and interpretations thereunder; the Securities Exchange Act of 1934, as amended, and the rules, regulations and interpretations thereunder, including, particularly, Rule 15c2-12 promulgated thereunder; the Trust Indenture Act of 1939,

as amended, and the rules, regulations and interpretations thereunder, and the Florida Securities and Investor Protection Act.

Based upon our examination and discussions, we are of the opinion that, under existing law:

(a) The Bonds are not subject to the registration requirements of either the Securities Act of 1933, as amended, or the Florida Securities and Investor Protection Act; and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

(b) The County has authorized the distribution of the Official Statement.

(c) Based upon our participation in the preparation of the Official Statement, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to our attention causing us to believe that the Official Statement, as of its date and the date hereof, contains an untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (except for the financial and statistical data contained in the Official Statement and in the appendices thereto, as to which no view is expressed).

Respectfully submitted,

H:\user\dep\imw\suntrust\Nassau\bpa - draft 1.wpd

## **EXHIBIT B**

### **FORM OF PRELIMINARY OFFICIAL STATEMENT**

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 25, 2001

NEW ISSUE – BOOK ENTRY ONLY

RATINGS: Fitch: \_\_\_\_\_  
Moody's: \_\_\_\_\_  
Standard & Poor's: \_\_\_\_\_  
(MBIA Insured)

(See "Ratings" and "Municipal Bond Insurance" herein)

*In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions and subject to the conditions described herein under "TAX EXEMPTION," interest on the Series 2001 Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Such interest, however, will be includable in the calculation of a corporation's alternative minimum taxable income and may be subject to other federal income tax consequences described herein under "TAX EXEMPTION." In the opinion of Bond Counsel, the Series 2001 Bonds and the interest thereon are exempt from all present intangible personal property taxes imposed pursuant to Chapter 199, Florida Statutes.*

\$ 35,495,000\*

**NASSAU COUNTY, FLORIDA**

**PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2001**

**Dated: May 1, 2001**

**Due: ~~April~~ May 1, (as shown below)**

The Public Improvement Revenue Bonds, Series 2001 (the "Series 2001 Bonds") of Nassau County, Florida (the "County") are being issued as fully registered bonds without coupons and will be initially issued to and registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Series 2001 Bonds. The Series 2001 Bonds will be available to purchasers in the principal denominations of \$5,000 or any integral multiple thereof under the book-entry system maintained by DTC through brokers and dealers who are or act through DTC Participants. Purchasers of beneficial interests in the Series 2001 Bonds will not receive physical delivery of the Series 2001 Bonds, but will be Beneficial Owners (and not registered owners) of the Series 2001 Bonds. For so long as any purchaser is the Beneficial Owner of a Series 2001 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant in order to receive payment of the principal of, premium, if any, and interest on such Series 2001 Bonds. See "THE SERIES 2001 BONDS - Book-Entry Only System" herein.

Interest on the Series 2001 Bonds will be payable on ~~October~~ November 1, 2001 and semi-annually thereafter on ~~April~~ May 1 and ~~October~~ November 1 of each year. Payment of the principal of, premium, if any, and interest on the Series 2001 Bonds will be made to Cede & Co., as nominee for DTC, as registered owner of the Series 2001 Bonds, to be subsequently disbursed to the DTC Participants and thereafter to the Beneficial Owners of the Series 2001 Bonds, as further described herein.

Certain of the Series 2001 Bonds are subject to redemption prior to maturity as described herein. See "DESCRIPTION OF THE SERIES 2001 BONDS – Redemption Provisions" herein.

The Series 2001 Bonds are being issued pursuant to Chapter 125, Florida Statutes and other applicable provisions of law (the "Act") and a resolution of the Board of County Commissioners of the County adopted on April 23, 2001 (the "Resolution") to (i) currently refund certain outstanding debt of the County (the "Refunded Obligations"), (ii) acquire and construct certain capital improvements of the County (the "Project") and (iii) pay certain costs of issuance of the Series 2001 Bonds including the municipal bond insurance premium.

In the Resolution, the County covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Funds (as defined herein), amounts sufficient to (A) pay principal of, and interest on the Series 2001 Bonds when due (including by mandatory sinking fund redemption), and (B) make all required deposits to the Rebate Fund (as defined in the Resolution). Such covenant to budget and appropriate does not create any lien or pledge upon such Non-Ad Valorem Funds. Such covenant is subject in all respects to (i) the statutory requirement that the governing body of the County may only make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources, (ii) the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the County or which are legally mandated by applicable law, and (iii) the payment of obligations secured by a pledge of any such Non-Ad Valorem Funds heretofore or hereafter entered into. See "SECURITY FOR SERIES 2001 BONDS" herein.

This cover page contains certain information for quick reference only. It is not, and is not intended to be, a summary of the issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed decision.

Timely payment of the principal of and the interest on the Series 2001 Bonds is guaranteed under a policy of municipal bond insurance to be issued by MBIA Insurance Corporation simultaneously with the delivery of the Series 2001 Bonds. See "MUNICIPAL BOND INSURANCE" herein.

**[LOGO]**

The Series 2001 Bonds shall not be or constitute general obligations or indebtedness of the County as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the County, payable solely from amounts budgeted and appropriated by the County from Non-Ad Valorem Funds in accordance with the terms of the Resolution, and amounts on deposit in certain funds and accounts created pursuant to the Resolution. No Holder of any Series 2001 Bonds shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Series 2001 Bond, or be entitled to payment of such Series 2001 Bond from any moneys of the County except as provided in the Resolution.

**MATURITIES, AMOUNTS, INTEREST RATES AND YIELDS**

\$ <u>Serial Bonds</u>							
<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Maturity</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>
\$ _____	%	Term Bonds Due <del>April</del> May 1, _____,	Yield _____ %				
\$ _____	%	Term Bonds Due <del>April</del> May 1, _____,	Yield _____ %				
(plus accrued interest from <del>May</del> June 1, 2001)							

*The Series 2001 Bonds are offered when, as and if issued, subject to receipt of the legal opinion of Nabors, Giblein & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed on for the County by Michael S. Mullin, Esquire, County Attorney, and by Akerman, Senterfitt & Eidson, P.A., Orlando, Florida, Disclosure Counsel. Rogers, Towers, Bailey, Jones & Gary, P.A., Jacksonville, Florida, is serving as counsel to the Underwriters. William R. Hough & Co., Jacksonville, Florida, is acting as financial advisor to the County. It is expected that the Series 2001 Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about May 17, 2001.*

**SunTrust Equitable Securities**

This Preliminary Official Statement and the information contained herein are subject to change, completion or amendment. The Series 2001 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 solicitation of an offer to buy nor shall there be any sale of the Series 2001 Bonds by any person in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The County has deemed this Preliminary Official Statement "final" except for certain permitted omissions within the contemplation of Rule 15c2-12 promulgated by the Securities and Exchange Commission.

**A.G. Edwards & Sons, Inc.**

Dated \_\_\_\_\_, 2001

\*Preliminary, subject to change

**First Union National Bank**

**NASSAU COUNTY, FLORIDA**

191 Nassau Place  
Yulee, Florida 32097  
(904) 321-5700

**BOARD OF COUNTY COMMISSIONERS**

Marianne Marshall, Chairman  
David C. Howard, Vice-Chair  
Nick D. Deonas, Commissioner  
Vicki Samus, Commissioner  
Floyd L. Vanzant, Commissioner

**CLERK OF THE CIRCUIT COURT**

J. M. "Chip" Oxley, Jr.

**COUNTY COORDINATOR**

Walter Gossett

**COUNTY ATTORNEY**

Michael S. Mullin, Esquire

**BOND COUNSEL**

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

**FINANCIAL ADVISOR**

William R. Hough & Co.  
Jacksonville, Florida

No dealer, broker, salesman or other person has been authorized by Nassau County, Florida to give any information or to make any representations other than those contained in this Official Statement, and if given or made, such other information or representations must not be relied upon as having been authorized by the County or the Underwriters. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2001 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been furnished by the County and includes information obtained from other sources which are believed to be reliable, but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information and expressions of opinion 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 the implication that there has been no change in the affairs of the county since the date hereof.

The Underwriters have provided the following sentence for inclusion in this Official Statement. The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

Upon issuance, the Series 2001 Bonds will not be registered under the Securities Act of 1933, will not be listed on any stock or other securities exchange, and neither the Securities and Exchange Commission nor any other federal, state, municipal or other governmental entity, other than the County, will have passed upon the accuracy or adequacy of this Official Statement or approved the Series 2001 Bonds for sale.

**IN CONNECTION WITH THE OFFERING OF THE SERIES 2001 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SERIES 2001 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.**

References herein to laws, rules, regulations, agreements, reports and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein. Where full texts have not been included as appendices to this Official Statement, they may be obtained from J. M. "Chip" Oxley, Jr., Clerk of the Circuit Court in and for Nassau County, Florida, ~~ex-official~~ officio Clerk of the Board of County Commissioners, 191 Nassau Place, Yulee, Florida 32097, telephone (904) 321-5700, upon prepayment of reproduction costs, postage and handling expenses.

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## SUMMARY STATEMENT

This Summary Statement is subject in all respects to more complete information and to the definitions contained or incorporated in this Official Statement. The offering of the Series 2001 Bonds to potential investors is made only by means of this entire Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise to use this Summary Statement without this entire Official Statement. For a complete description of the terms and conditions of the contract between the County and the Registered Owners of the Series 2001 Bonds, reference is made to the Resolution, hereinafter defined, a copy of which is included herein as Appendix D.

### The County

Nassau County is one of the 4 counties comprising the Jacksonville Metropolitan Statistical Area. Located in the extreme northeast corner of Florida, the County is ~~34 miles north of~~ contiguous to Duval County and the City 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. Fernandina Beach, the County seat, is situated at the confluence of the St. Mary's River and the Atlantic Ocean. Callahan, Fernandina Beach, and Hiliard are the incorporated areas in the County. Yulee, Bryceville, and Amelia Island are among the largest of the unincorporated areas.

### Authority for Issuance

The Series 2001 Bonds are being issued under the authority of, and in full compliance with, the Constitution and Statutes of the State of Florida, including particularly ~~Chapters~~ Chapter 125, Florida Statutes, and other applicable provisions of law (the "Act"), and Resolution No. \_\_\_\_\_ adopted by the Board of County Commissioners on April 23, 2001 (the "Resolution").

### Purpose of the Series ~~2000~~ 2001 Bonds

The proceeds to be received from the sale of the Series 2001 Bonds will be used by the County pursuant to the Resolution to provide funds to (i) currently refund certain outstanding debt of the County (the "Refunded Obligations"), (ii) acquire and construct certain capital improvements of the County (the "Project") and (iii) pay certain costs of issuance of the Series 2001 Bonds, including the municipal bond insurance premium. See "PURPOSE OF THE SERIES 2001 BONDS," "ESTIMATED SOURCES AND ~~USE~~ USES OF FUNDS", "THE PROJECT" and "PLAN OF REFINANCING" herein.

### Sources and Security of Payment for the Series 2001 Bonds

In the Resolution, the County covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Funds (as defined herein), amounts sufficient to (A) pay principal of, and interest on the Series 2001 Bonds when due (including by mandatory sinking fund redemption), and (B) make all required deposits to the Rebate Fund (as defined in the Resolution). Such consent to budget and appropriate does not create any lien or pledge upon such Non-Ad Valorem Funds. Such covenant is subject in all respects to (i) the statutory requirement that the governing body of the County may only make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources, (ii) the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the County or which are legally mandated by applicable law, and (iii) the payment of obligations secured by a pledge of any such Non-Ad Valorem Funds heretofore or hereafter entered into. See "SECURITY FOR SERIES 2001 BONDS" herein.

The Series 2001 Bonds are also secured by all amounts of deposit in the funds and accounts established by the Resolution, other than the Rebate Fund.

## **Municipal Bond Insurance**

Payment of the principal of and interest on the Series 2001 Bonds when due will be insured by a municipal bond insurance policy to be issued simultaneously with the delivery of the Series 2001 Bonds by MBIA Insurance Corporation. For a discussion of the terms and provisions of the municipal bond insurance policy including the limitations thereof, see "MUNICIPAL BOND INSURANCE" herein.

## **Description of the Bonds**

*Redemption.* The Series 2001 Bonds maturing on or after April 1, \_\_\_\_\_ are subject to optional redemption on or after April 1, \_\_\_\_\_ at the redemption prices described herein. Certain of the Series 2001 Bonds are subject to mandatory sinking fund redemption as described herein. See "DESCRIPTION OF THE SERIES 2001 BONDS -Redemption Provisions" herein.

*Denominations.* The Series 2001 Bonds will be issued in denominations of \$5,000 or integral multiples thereof.

*Book-Entry Only System.* The Series 2001 Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2001 Bonds. The Series 2001 Bonds will be available to purchasers only under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. Purchasers will not receive delivery of the Series 2001 Bonds. So long as any purchaser is the Beneficial Owner (as defined herein) of a Series 2001 Bonds, he must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on such Series 2001 Bond. See "DESCRIPTION OF THE SERIES 2001 BONDS -Book-Entry Only System" herein.

For a more complete description of the Series 2001 Bonds and the basic documentation pursuant to which the Series 2001 Bonds are issued, see "DESCRIPTION OF THE SERIES 2001 BONDS" and "SECURITY FOR SERIES 2001 BONDS" herein.

## **Professionals**

The Bank of New York, Jacksonville, Florida, will serve as Registrar and Paying Agent pursuant to the Resolution.

Nabors, Giblin & Nickerson, P.A., Tampa, Florida, is serving as Bond Counsel. Michael S. Mullin, Esquire is the County Attorney. Akerman, Senterfitt & Eidson, P.A., Orlando, Florida, is serving as Disclosure Counsel and Rogers, Towers, Bailey, Jones & Gay, P.A. is serving as Counsel to the Underwriters.

William R. Hough & Co., Jacksonville, Florida, is the City's financial advisor.

Some of the professionals will be compensated from a portion of the proceeds of the Series 2001 Bonds, identified as "~~Cost of~~ Issuance Costs" under the heading "ESTIMATED SOURCES AND USES OF FUNDS" herein. Such compensation in some instances is contingent upon the issuance of the Series 2001 Bonds and the receipt of the proceeds thereof.

## **Continuing Disclosure**

The County has undertaken to comply with the provisions of Rule 15c2-12 promulgated by the United States Securities and Exchange Commission by providing certain annual financial information and material event notices required by such Rule. See "CONTINUING DISCLOSURE" herein.

### **Tax Exemption**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, the interest on the Series 2001 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series 2001 Bonds received by certain corporations will, however, be includable in the computation of the federal alternative minimum tax imposed on the corporations by the Internal Revenue Code of 1986, as amended (the "Code") as hereinafter discussed. Failure by the County to comply, subsequent to the issuance of the Series 2001 Bonds, with certain requirements of the Code regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2001 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue.

In the opinion of Bond Counsel, the Series 2001 Bonds are exempt from all present intangible personal property taxes imposed pursuant to Chapter 199, Florida Statutes.

### **Offering and Delivery of the Bonds**

The Series 2001 Bonds are offered when, as and if issued, subject to the opinion on certain legal matters relating to their issuance by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, and the satisfaction of certain other conditions. It is anticipated that the Series 2001 Bonds in definitive form will be available for delivery through the facilities of DTC in New York, New York, on or about May 17, 2001.

### **Miscellaneous**

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2001 Bonds, the security for the payment of the Series 2001 Bonds, and the rights and obligations of holders thereof.

The information contained in the Official Statement involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holders of the Series 2001 Bonds.

### **End of Summary Statement**

## OFFICIAL STATEMENT

\$ \$35,495,000\*

### NASSAU COUNTY, FLORIDA PUBLIC IMPROVEMENT REVENUE BONDS, SERIES 2001

## INTRODUCTION

The purpose of this Official Statement, which includes the cover page and all Appendices hereto, is to furnish certain information with respect to the issuance by Nassau County, Florida (the "County") of its Public Improvement Revenue Bonds, Series 2001 (the "Series 2001 Bonds") in the aggregate principal amount of \$ \$35,495,000\*

The Series 2001 Bonds are being issued pursuant to the Constitution of the State of Florida, Chapter 125 and other applicable provisions of law (collectively, the "Act"), and Resolution \_\_\_\_\_ (the "Resolution"). See Appendix D, "THE RESOLUTION," u.

In the Resolution, the County covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Funds (as defined herein), amounts sufficient to (A) pay principal of, and interest on the Series 2001 Bonds when due (including by mandatory sinking fund redemption), and (B) make all required deposits to the Rebate Fund (as defined in the Resolution). Such covenant to budget and appropriate does not create any lien or pledge upon such Non-Ad Valorem ~~funds~~ Funds. Such covenant is subject in all respects to (i) the statutory requirement that the governing body of the County may only make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources, (ii) the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the County or which are legally mandated by applicable law, and (iii) the payment of obligations secured by a pledge of any such Non-Ad Valorem Funds heretofore or hereafter entered into. See "SECURITY FOR SERIES 2001 BONDS" herein.

The Series 2001 Bonds are being issued in fully registered form in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2001 Bonds. The Series 2001 Bonds will be available to purchasers in denominations of \$5,000 or integral multiples thereof. Interest on the Series 2001 Bonds is payable on October 1, 2001 and on each ~~April~~ May 1 and ~~October~~ November 1 thereafter until maturity or redemption. Amounts due on the Series 2001 Bonds will be paid to Cede & Co., as nominee for DTC, as registered owner of the Series 2001 Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Series 2001 Bonds. See "DESCRIPTION OF THE SERIES 2001 BONDS" herein.

This Official Statement speaks only as of its date and the information contained herein is subject to change.

Capitalized terms used herein shall have the same meanings as given to them in the Resolution unless otherwise defined herein or where the context would clearly indicate otherwise. The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents, and reference is made to the originals of all such documents for full and complete statements of all matters of fact relating to the Series 2001 Bonds, the security for the payment of the Series 2001 Bonds, and the rights and obligations of ~~Registered Owners~~ registered owners thereof. Copies of such documents may be obtained from J. M. "Chip" Oxley, Clerk of the Circuit Court in and for Nassau County, Florida, ex officio Clerk of the Board of County Commissioners, 191 Nassau Place, Yulee, Florida 32097, telephone (904) 321-5700, upon payment of reproduction costs and postage and handling expenses.

The assumptions, estimates, projections and matters of opinion contained in this Official Statement, whether or not so expressly stated, are set forth as such and not as matters of fact, and no representation is made that any of the

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\*Preliminary, Subject to Change

assumptions or matters of opinion herein are valid or that any projections or estimates contained here in will be realized. Neither this Official Statement nor any other statement which may have been made verbally or in writing in connection with the Series 2001 Bonds, other than the Resolution, is to be construed as a contract with the ~~Registered Owners~~ registered owners of the Series 2001 Bonds.

### PURPOSE OF THE SERIES 2001 BONDS

The proceeds to be received from the sale of the Series 2001 Bonds will be used by the County pursuant to the Resolution to provide funds to (i) currently refund certain outstanding debt of the County (the "Refunded Obligations"), (ii) acquire and construct certain capital improvements of the County (the "Project") and (iii) pay certain costs of issuance of the Series 2001 Bonds, including the municipal bond insurance premium ~~and reserve fund surety bonds premium~~. See "ESTIMATED SOURCES AND USE OF FUNDS", "THE PROJECT" and "PLAN OF REFINANCING" herein.

### ESTIMATED SOURCES AND USES OF FUNDS

The following table sets forth the estimated sources and uses of funds for the Series 2001 Bonds.

#### SOURCES:

Principal Amount	\$ _____
Less Original Issue Discount	\$ _____
Accrued Interest	\$ _____
<b>TOTAL SOURCES</b>	<b>\$ _____</b>

#### USES:

Deposit of Accrued Interest	\$ _____
Payment of Refunded Obligations	\$ _____
Deposit to Project Fund	\$ _____
Issuance Costs <sup>(1)</sup>	\$ _____
<b>TOTAL USES</b>	<b>\$ _____</b>

- (1) Includes Underwriters' Discount, rating agencies fees, legal and financial advisory fees, and municipal bond insurance premium.

### DESCRIPTION OF THE SERIES 2001 BONDS

#### General

The Series 2001 Bonds are being issued in fully registered form in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2001 Bonds. The Series 2001 Bonds will be available to purchasers in denominations of \$5,000 ~~of or~~ integral multiples thereof. Interest on the Series 2001 Bonds is payable on October 1, 2001 and on each ~~April~~ May 1 and ~~October~~ November 1 thereafter until maturity or redemption. Amounts due on the Series 2001 Bonds will be paid to Cede & Co., as nominee for DTC, as registered owner of the Series 2001 Bonds, to be subsequently disbursed to DTC Participants and thereafter to the Beneficial Owners of the Series 2001 Bonds.

#### Book-Entry Only System

~~The Depository Trust Company ("DTC"), New York, New York, DTC~~ or its successor, will act as securities depository for the Series 2001 Bonds. The Series 2001 Bonds will be issued as fully registered bonds in the name of Cede & Co., DTC's partnership nominee.

So long as Cede & Co. is the ~~Registered Owner~~ registered owner of the Series 2001 Bonds, payments of the principal of and interest due on the Series 2001 Bonds will be payable directly to DTC. References herein to the registered owners of the Series 2001 Bonds shall mean DTC or Cede & Co., and shall not mean the Beneficial Owners referred to below.

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 (the "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 accounts of the Participants, thereby eliminating the need for physical movement of securities certificates. "Direct Participants" include securities brokers and dealers, banks, trust companies, clearing corporations, and certain 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 (the "Indirect Participants"). The rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of the Series 2001 Bonds under the DTC system may be made by or through Direct Participants, which will receive a credit for the Series 2001 Bonds on DTC's records. The Participants purchasing the Series 2001 Bonds shall receive a credit balance in the records of DTC. The ownership interest of each actual purchaser of the Series 2001 Bonds (the "Beneficial Owner") is in turn to be recorded in the records of the applicable DTC Direct or Indirect Participant. 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 of the Series 2001 Bonds will be accomplished by entries made on the books of Participants acting on behalf of the Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in Series 2001 Bonds, except in the event that use of the book-entry system for the Series 2001 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2001 Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Series 2001 Bonds 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 Series 2001 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 Series 2001 Bonds within a maturity of a series are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Series 2001 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the County 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 Series 2001 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).



Principal payments on the Series 2001 Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the 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 the 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 County, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal to DTC is the responsibility of the County 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 Series 2001 Bonds at any time by giving reasonable notice to the County or the Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2001 Bond certificates will be printed and delivered.

The County may decide to discontinue use of the book-entry only system for transfers through DTC (or a successor securities depository). In such event, Series 2001 Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry only system has been obtained from DTC. Neither the County, the Paying Agent nor the Underwriters make any representation or warranty regarding the accuracy or completeness thereof.

#### **Discontinuance of Securities Depository**

DTC may discontinue providing its services with respect to the Series 2001 Bonds at any time by giving notice to the County and discharging its responsibilities with respect thereto under applicable law, or the County may terminate its participation in the system of book-entry transfers through DTC at any time. In the event that the DTC book-entry only system is discontinued and it is not replaced with another book-entry system, the following provisions will apply: principal of the Series 2001 Bonds and redemption premium, if any, thereon will be payable in lawful money of the United States of America at the office of The Bank of New York in Jacksonville, Florida, as Paying Agent (the "Paying Agent"). The transfer of the Series 2001 Bonds will be registrable and they may be exchanged at the principal office of the Registrar, upon the payment of any taxes, fees or other governmental charges required to be paid with respect to such transfer or exchange.

#### **Redemption Provisions**

##### *Optional Redemption*

The Series 2001 Bonds maturing in the years 2002 through and including \_\_\_\_ are not subject to optional redemption prior to their maturity. The Series 2001 Bonds maturing on ~~April~~ May 1, \_\_\_\_, and thereafter will be subject to optional redemption by the County prior to maturity, in whole or in part on ~~April~~ May 1, \_\_\_\_, or on any date thereafter, in such manner as may be determined by the County, at a redemption price (expressed as a percentage of principal amount) as set forth in the following table, together with accrued interest to the redemption date:

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

*Mandatory Redemption*

The Series 2001 Bonds in the aggregate principal amount of \$\_\_\_\_\_ and maturing \_\_\_\_\_, are subject to mandatory redemption prior to maturity from Amortization Installments on \_\_\_\_\_, and on each \_\_\_\_\_ thereafter at 100% of the principal amount of the Series 2001 Bonds to be redeemed plus accrued interest, if any, to the redemption date. Amortization Installments will be sufficient to redeem the following principal amount of such Series 2001 Bonds on the dates as set forth below:

Year

Principal Price

\*

\_\_\_\_\_  
\*Maturity

The Series 2001 Bonds in the aggregate principal amount of \$\_\_\_\_\_ and maturing \_\_\_\_\_, are subject to mandatory redemption prior to maturity from Amortization Installments on \_\_\_\_\_, and on each \_\_\_\_\_ thereafter at 100% of the principal amount of the Series 2001 Bonds to be redeemed plus accrued interest, if any, to the redemption date. Amortization Installments will be sufficient to redeem the following principal amount of such Series 2001 Bonds on the dates as set forth below:

Year

Principal Price

\*

\_\_\_\_\_  
\*Maturity

**Notice and Effect of Redemption**

Notice of redemption, which shall specify the Series 2001 Bond or Series 2001 Bonds (or portions thereof) to be redeemed and the date and place for redemption, shall be given by the Registrar and Paying Agent on behalf of the County, and (A) shall be mailed first class, postage prepaid, at least thirty (30) days prior to the redemption date to all Holders of Series 2001 Bonds to be redeemed at their addresses as they appear on the registration books kept by the Registrar and Paying Agent, and (B) shall be mailed, registered or certified, postage prepaid, or by telecopy or facsimile transmission at least thirty-five (35) days prior to the redemption date to the registered securities depositories and two or more nationally recognized municipal bond information services. Failure to mail notice to the Holders of the Series 2001 Bonds to be redeemed, or any defect therein, shall not affect the validity of the proceedings of redemption of such Series 2001 Bonds as to which no such failure or defect has occurred. Notice of any redemption of Series 2001 Bonds at the option of the County shall be given only upon the prior deposit with the Registrar and Paying Agent of sufficient amounts to effect such redemption.

Notice of redemption having been given substantially as described in the Resolution, the Series 2001 Bonds or portions of the Series 2001 Bonds so to be redeemed shall, on the redemption date, become due and payable at the Redemption Price therein specified, and from and after such date (unless the County shall default in the payment of the Redemption Price) such Series 2001 Bonds or portions of Series 2001 Bonds shall cease to bear interest. Upon surrender of such Series 2001 Bonds for redemption in accordance with said notice, such Series 2001 Bonds shall be paid by the Registrar and Paying Agent at the appropriate Redemption Price, plus accrued interest.

## **SECURITY FOR SERIES 2001 BONDS**

### **General**

The Series 2001 Bonds shall not be or constitute general obligations or indebtedness of the County as "bonds" within the meaning of any constitutional or statutory provision, but shall be special obligations of the County, payable solely from amounts budgeted and appropriated by the County from Non-Ad Valorem Funds in accordance with the terms of the Resolution, and the amount on deposit in all funds and accounts created pursuant to the Resolution other than the Rebate Fund.. No Holder of any Series 2001 Bond shall ever have the right to compel the exercise of any ad valorem taxing power to pay such Series 2001 Bond, or be entitled to payment of such Series 2001 Bond from any moneys of the County except as provided in the Resolution. The Resolution defines "Non-Ad Valorem Funds" as all revenues of the County derived from any source whatsoever other than ad valorem taxation on real or personal property, which are legally available to make the payments required by the Resolution, but only after provision has been made by the County for the payment of all essential or legally mandated services.

### **Covenant to Budget and Appropriate**

Pursuant to the Resolution, the County covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Funds amounts sufficient to (A) pay principal of, and interest on the Series 2001 Bonds when due (including by mandatory sinking fund redemption), and (B) make all required deposits to the Rebate Fund (as defined in the Resolution). Such covenant and agreement on the part of the County to budget and appropriate such amounts of Non-Ad Valorem Funds shall be cumulative to the extent not paid and shall continue until such Non-Ad Valorem Funds or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing covenant of the County, the County does not covenant to maintain any services or programs, now provided or maintained by the County, which generate Non-Ad Valorem Funds.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Funds, nor does it preclude the County from pledging in the future its Non-Ad Valorem Funds, nor does it require the County to levy and collect any particular Non-Ad Valorem Funds, nor does it give the Series 2001 Bondholders a prior claim on the Non-Ad Valorem Funds as opposed to claims of general creditors of the County. Such covenant to appropriate Non-Ad Valorem Funds is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Funds heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate for the purposes and in the manner stated herein and in the Resolution shall have the effect of making available for the payment of the Series 2001 Bonds, in the manner described in the Resolution, Non-Ad Valorem Funds and placing on the County a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations under the Resolution; subject, however, in all respects to the restrictions of Section 129.07, Florida Statutes, which provide that the governing body of each county may only make appropriations for each Fiscal Year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the County or which are legally mandated by applicable law.

### **Payment of Series 2001 Bonds**

The County agrees to transfer to the Paying Agent for the Series 2001 Bonds, solely from funds budgeted and appropriated as described above, at least one business day prior to the date designated for payment of any principal of,

or interest on the Series 2001 Bonds, sufficient moneys to pay such principal or interest on the Series 2001 Bonds. The Paying Agent shall utilize such moneys for payment of the principal and interest on the Series 2001 Bonds when due.

#### **Anti-Dilution**

During such time as any Series 2001 Bonds are Outstanding under the Resolution, the County agrees and covenants with the Bondholders and the Insurer that (A) Non-Ad Valorem Funds (excluding Non-Ad Valorem Funds derived from enterprise funds maintained by the County) from the two prior Fiscal Years must equal or exceed two times the combined Maximum Annual Debt Service on the Series 2001 Bonds and all other Debt secured by and/or payable solely from such Non-Ad Valorem Funds, and (B) the actual receipts of Non-Ad Valorem Funds (excluding Non-Ad Valorem Funds derived from enterprise funds maintained by the County) for the prior Fiscal Year, less the amount required to pay for Essential Services of the County for the prior Fiscal Year and any debt service on Debt secured by a pledge of any Non-Ad Valorem Funds, equals at least 110% of the maximum annual debt service on the Series 2001 Bonds and all other Debt payable solely (but not secured by ) such Non Valorem Funds. For the purposes of such covenants, maximum annual debt service means the lesser of the actual maximum annual debt service on all Debt or 15% of the original par amount of the Debt, in each case, secured by Non-Ad Valorem Funds. "Debt" is defined as at any date (without duplication) all of the following to the extent that they are general obligations of the County or are payable in whole or in part from Non-Ad Valorem Funds [(excluding Non-Ad Valorem Funds derived from enterprise funds maintained by the County)]: (1) all obligations of the County for borrowed money evidenced by bonds, debentures, notes or other similar instruments; (2) all obligations of the County to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (3) all obligations of the County as lessee under capitalized leases; and (4) all indebtedness of other Persons to the extent guaranteed by, or secured by Non-Ad Valorem funds of, the County.

Essential Services are defined as the ~~ratio of non-ad valorem non-enterprise revenues to total non-enterprise revenues multiplied by~~ services identified by the County in its annual audit as general government and public safety expenditures from government fund types.

#### **Investments**

Pursuant to the Resolution, moneys held in the Project Fund shall be continuously secured in the manner by which the deposit of public funds are authorized to be secured by the laws of the State of Florida. Such moneys may be invested and reinvested in Authorized Investments with maturities of not later than the final maturity of the Bonds. All investments shall be evaluated at amortized cost.

Nothing contained in the Resolution shall prevent any Authorized Investments acquired as investments of or security for funds held under ~~this~~ the Resolution from being issued or held in book-entry form on the books of the Department of the Treasury of the United States.

### **MUNICIPAL BOND INSURANCE**

~~(To Be Provided)~~ The following information has been furnished by MBIA Insurance Corporation (the "Insurer") for use in this Official Statement. Reference is made to Appendix A for a specimen of the Insurer's policy.

The Insurer's policy unconditionally and irrevocably guarantees the full and complete payment required to be made by or on behalf of the County to the Paying Agent or its successor of an amount equal to (i) the principal of (either at the stated maturity or by an advancement of maturity pursuant to a mandatory sinking fund payment) and interest on the Series 2001 bonds as such payments shall become due but shall not be so paid (except that in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments guaranteed by the Insurer's policy shall be made in such amounts and at such times as such payments of principal would have been due had there not been any such acceleration); and (ii) the reimbursement of any such payment which is subsequently recovered from any owner of the Series 2001 Bonds pursuant to a final judgment by a court of

competent jurisdiction that such payment constitutes an avoidable preference to such owner within the meaning of any applicable bankruptcy law (a "Preference").

The Insurer's policy does not insure against loss of any prepayment premium which may at any time be payable with respect to any Series 2001 Bond. The Insurer's policy does not, under any circumstance, insure against loss relating to: (i) optional or mandatory redemptions (other than mandatory sinking fund redemptions); (ii) any payments to be made on an accelerated basis; (iii) payments of the purchase price of Series 2001 Bonds upon tender by an owner thereof; or (iv) any Preference relating to (i) through (iii) above. The Insurer's policy also does not insure against nonpayment of principal of or interest on the Series 2001 Bonds resulting from the insolvency, negligence or any other act or omission of the Paying Agent or any other paying agent for the Bonds.

Upon receipt of telephonic or telegraphic notice, such notice subsequently confirmed in writing by registered or certified mail, or upon receipt of written notice by registered or certified mail, by the Insurer from the Paying Agent or any owner of a Series 2001 Bond the payment of an insured amount for which is then due, that such required payment has not been made, the Insurer on the due date of such payment or within one business day after receipt of notice of such nonpayment, whichever is later, will make a deposit of funds in an account with State Street Bank and Trust Company, N.A., in New York, New York, or its successor, sufficient for the payment of any such insured amounts which are then due. Upon presentment and surrender of such Series 2001 Bonds or presentment of such other proof of ownership of the Series 2001 Bonds, together with any appropriate instruments of assignment to evidence the assignment of the insured amounts due on the Series 2001 Bonds as are paid by the Insurer, and appropriate instruments to effect the appointment of the Insurer as agent for such owners of the Series 2001 Bonds in any legal proceeding related to payment of insured amounts on the Series 2001 Bonds, such instruments being in a form satisfactory to State Street Bank and Trust Company, N.A., State Street Bank and Trust Company, N.A. shall disburse to such owners or the Paying Agent payment of the insured amounts due on such Series 2001 Bonds, less any amount held by the Paying Agent for the payment of such insured amounts and legally available therefor.

The Insurer is the principal operating subsidiary of MBIA Inc., a New York Stock Exchange listed company (the "Company"). The Company is not obligated to pay the debts of or claims against the Insurer. The Insurer is domiciled in the State of New York and licensed to do business in and subject to regulation under the laws of all 50 states, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of the Northern Mariana Islands, the Virgin Islands of the United States and the Territory of Guam. The Insurer has two European branches, one in the Republic of France and the other in the Kingdom of Spain. New York has laws prescribing minimum capital requirements, limiting classes and concentrations of investments and requiring the approval of policy rates and forms. State laws also regulate the amounts of both the aggregate and individual risks that may be insured, the payment of dividends by the Insurer, changes in control and transactions among affiliates. Additionally, the Insurer is required to maintain contingency reserves on its liabilities in certain amounts and for certain periods of time.

As of December 31, 1999, the Insurer had admitted assets of \$7.0 billion (audited), total liabilities of \$4.6 billion (audited), and total capital and surplus of \$2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities. As of December 31, 2000, the Insurer had admitted assets of \$7.6 billion (audited), total liabilities of \$5.2 billion (audited), and total capital and surplus of \$2.4 billion (audited) determined in accordance with statutory accounting practices prescribed or permitted by insurance regulatory authorities.

Furthermore, copies of the Insurer's year-end financial statements prepared in accordance with statutory accounting practices are available without charge from the Insurer. A copy of the Annual Report on Form 10-K of the Company is available from the Insurer or the Securities and Exchange Commission. The address of the insurer is 113 King Street, Armonk, New York 10504. The telephone number of the Insurer is (914) 273-4545.

Moody's Investors Service, Inc. rates the financial strength of the Insurer "Aaa."

Standard & Poor's Ratings Services Group, a division of The McGraw-Hill Companies, Inc., rates the financial strength of the Insurer "AAA."

Fitch IBCA, Inc. rates the financial strength of the Insurer "AAA."

Each rating of the Insurer should be evaluated independently. The ratings reflect the respective rating agency's current assessment of the creditworthiness of the Insurer and its ability to pay claims on its policies of insurance. Any further explanation as to the significance of the above ratings may be obtained only from the applicable rating agency.

The above ratings are not recommendations to buy, sell or hold the Series 2001 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Series 2001 Bonds. The Insurer does not guaranty the market price of the Series 2001 Bonds nor does it guaranty that the ratings on the Series 2001 Bonds will not be revised or withdrawn.

The insurance provided by this Policy is not covered by the Florida Insurance Guaranty Association created under chapter 631, Florida Statutes.

#### **OTHER OBLIGATIONS PAYABLE FROM NON-AD VALOREM FUNDS**

The County has other debt issues outstanding which are secured by and payable from specific non-ad valorem revenues. The County has no general obligation debt. Such indebtedness as of March 1, 2001, is summarized below:

<u>Description</u>	<u>Source of Security</u>	<u>Final Maturity</u>
Local Option Gas Tax Refunding Revenue Bonds, Series 1992	Six Cents Optional Gas Tax	2009
Special Assessment Bonds, Series 1994	Special Assessments	2003
Gas Tax Revenue Refunding and Improvement Bonds, Series 1998	Various Gas and Fuel Taxes	2018
Variable Rate Demand Solid Waste System Revenue Refunding Bonds, Series 1999*	Solid Waste System Revenues	2013
Optional Gas Tax Revenue Bonds, Series 2000	Six Cents Optional Gas Tax (on Parity with Series 1992 Bonds)	2025

\*Pursuant to an agreement with First Union National Bank, the County has swapped the variable interest rate obligation on these bonds for a fixed rate obligation.

Source: Office of the Clerk of the Circuit Court. For additional information regarding such outstanding debt of the County see: "Annual Debt Service Requirements-Outstanding Non Ad-Valorem Indebtedness" herein.

Since there is no lien on the Non-Ad Valorem Funds in favor of the Holders of the Series 2001 Bonds, the exercise of remedies by the holders of the other obligations heretofore or hereafter issued which have a lien on specific Non-Ad Valorem Funds may result in the payment of debt service on any such obligations prior to the payment of debt service on the Series 2001 Bonds.

For a further description of the outstanding debt obligations of the County, which in addition to the above includes certain notes; and capital leases ~~and compensated absences~~, reference is made to Appendix "B" attached hereto.

#### **FUTURE FINANCING PLANS**

Other than the Series 2001 Bonds, the County has no current intention to incur additional long term debt. The County expects from time to time to enter into capital leases to purchase equipment and similar assets and is discussed

under "THE PLAN OF REFINANCING." The County expects to renew the loan agreement with SunTrust Bank which agreement the County expects to pay down in each fiscal year.

## **GENERAL INFORMATION REGARDING CERTAIN NON-AD VALOREM FUNDS**

### **General**

The County receives ad valorem tax revenues and non-ad valorem revenues. Ad valorem tax revenues may not be pledged for the payment of debt obligations of the County without approval of the electorate of the County, and are not pledged to the payment of the Series 2001 Bonds.

The County is permitted by the Constitution of the State of Florida to levy ad valorem taxes at a rate of up to \$10 per \$1,000 of assessed valuation for general governmental services (exclusive of the payment of principal and interest on general obligation debt with a maturity of more than twelve months). The general fund tax rate to finance general governmental services for the year ended September 30, 2000 was \$5.6361 per \$1,000. Such rate for the period ending September 30, 2001 is \$5.5361 per \$1,000.

The table below, which has been prepared by the County, lists the major sources of non-enterprise Non-Ad Valorem Funds of the County for its fiscal years ended September 30, 1998, through September 30, 2000 and the budgeted amounts of such Non Ad-Valorem Funds for the County fiscal year ended September 30, 2001, which are legally available to pay debt service on the Series 2001 Bonds. Certain of such Non-Ad Valorem Funds could hereinafter be specifically pledged to secure revenue bonds issued by the County. Such bonds are and/or will be payable from such specific Non-Ad Valorem Funds prior to payment of debt service on the Series 2001 Bonds. See "OTHER OBLIGATIONS PAYABLE FROM NON-AD VALOREM FUNDS" for a listing of revenue bonds heretofore issued which are secured by specific Non-Ad Valorem Funds. Such outstanding revenue bonds are not secured by any of the Non-Ad Valorem Funds set forth below. Amounts in particular categories of legally available Non-Ad Valorem Funds may increase or decrease in the future, or certain categories may cease to exist altogether, and new sources may occur from time to time.

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# **HISTORIC AND BUDGETED UNRESTRICTED NON AD VALOREM FUNDS**

		<u>Historic</u>		<u>Budgeted</u>
	FY 1997-98	FY 1998-99	FY 1999-2000	FY 2000-01
Franchise Fees-Cable TV*	\$ 104,413	\$ 115,993	\$ 128,522	\$ 121,792
Licenses & Permits	\$ 100,422	\$ 98,162	\$ 136,303	\$ 231,866
State Revenue Sharing	\$1,470,368	\$1,543,509	\$1,402,319	\$ 800,594
Half Cent Sales Tax	\$2,287,233	\$2,490,854	\$2,624,604	\$2,831,548
Charges for Services	\$1,824,896	\$1,999,223	\$2,157,147	\$2,478,673
Fines & <del>Forfeiture</del> <u>Forfeitures</u>	\$ 331,077	\$ 368,541	\$ 351,649	\$ 329,050
Interest & Misc. Revenues	\$ 288,782	\$ 385,661	\$ 544,886	\$ 347,617
Total	<u>\$6,407,191</u>	<u>\$7,001,943</u>	<u>\$7,345,430</u>	<u>\$7,114,140</u>

Source: Office of the Clerk of the Circuit Court.

\*Effective October 1, 2001, the authority of municipalities and counties in Florida to require franchise fees of cable service providers will be replaced with a services tax. The legislation implementing this change has a stated purpose that such change be revenue neutral.

In addition to the above Non-Ad Valorem Funds, the County pursuant to an ordinance of the Board of County Commissioners levies a discretionary sales surtax of one percent (1.0%) subject to certain exemptions on the sale or use of tangible personal property in the County. The County has budgeted \$4.6 million of such surtax revenues for the current fiscal year. Under applicable Florida law, without a referendum approving the surtax, which referendum has not been held, such surtax revenues may not be expended for the purpose of "servicing bond indebtedness." During the current County fiscal year ending September 30, 2001, the County expects to expend approximately \$3.5 million of its one cent sales surtax for fire rescue protection. The County is in the process of creating a municipal service benefit unit so that subsequent to the current fiscal year the County will levy special assessments to cover the cost of such protection.

**While the table above is not intended to represent revenues of the County which would necessarily be available to pay debt service on the Series 2001 Bonds, it is an indication of the relative amounts of legally available Non-Ad Valorem Funds of the County which may be available for the payment of principal of and interest on the Series 2001 Bonds taking into account competing general governmental expenditures. The ability of the County to appropriate Non-Ad Valorem Funds in sufficient amounts to pay the principal of and the interest on the Series 2001 Bonds is subject to a variety of factors, including the responsibility to provide essential governmental services, and the obligation of the County to have a balanced budget. No representation is being made by the County that any particular Non-Ad Valorem Funds will be available in future years, or if available, will be budgeted to pay debt service on the Series 2001 Bonds. For further information regarding Non-Ad Valorem Funds of the County, reference is made to Appendix "B" attached hereto.**

Continued consistent receipt of non-ad valorem revenues is dependent upon a variety of factors, including compliance with certain statutory requirements and formulas specified under Florida law for the distribution of certain of such funds which take into consideration the ratio of residents in unincorporated areas of the County to total County residents. Aggressive annexation policies by municipalities in the County or growth in the incorporated areas of the County could have an adverse effect on the non-ad valorem revenues of the County. The amounts and availability of any of the non-ad valorem revenues to the County are also subject to change, including reduction or elimination by change of State law or changes in the facts or circumstances according to which certain of the non-ad valorem revenues are allocated. In addition, the amount of certain of the non-ad valorem revenues collected by the County is directly related



to the general economy of the County. Accordingly, adverse economic conditions could have a material adverse effect on the amount of non-ad valorem revenues collected by the County. The County may also pledge certain of the non-ad valorem revenues to future obligations that it issues. Such non-ad valorem revenues would be required to be applied to such obligations prior to paying the principal of and interest on the Series 2001 Bonds.

The primary sources of Non-Ad Valorem Funds are generally described below.

#### **Local Government Half-Cent Sales Tax**

Pursuant to Chapter 212, Part I, Florida Statutes, as amended, the State is authorized to levy and collect a sales tax of 6 % on, among other things, the sales price of each item or article of tangible personal property sold at retail in the State subject to certain exceptions and dealer allowances as elsewhere set forth in Chapter 212, Florida Statutes, as amended. Chapter 218, Part VI, Florida Statutes provides that the amount to be deposited in the Local Government Half-Cent Sales Tax Clearing Trust Fund in the State Treasury (the "Trust Fund") is based on a fixed percentage of sales tax revenues collected pursuant to Chapter 212, Part I, Florida Statutes, as amended. Pursuant to such statute, after making certain prior distributions, such fixed percentage is currently 9.653 % of the amount remitted by sales tax dealers located within a participating county.

The deposits in the Trust Fund are earmarked for distribution to governmental units (municipalities and the county) of the county in which the sales tax was collected. This amount earmarked for distribution to the governments within any county is referred to herein as the "local government half-cent sales tax<sup>4</sup>."

Chapter 218, Part VI, Florida Statutes, as amended, permits the local governments to pledge ~~their~~ its share of the half-cent sales tax proceeds for the payment of principal and interest on indebtedness incurred to finance any capital project.

The half-cent sales tax proceeds collected within a county is distributed to the county government by the State in accordance with the following formula:

$$\begin{array}{lcl} \text{County Share} & = & \text{unincorporated} + 2/3 \text{ of incorporated} \\ \text{(percentage of} & & \text{county population} \text{ county population} \\ \text{total half-cent sales} & & \text{total county} + 2/3 \text{ of incorporated} \\ \text{tax proceeds)} & & \text{population} \text{ county population} \end{array}$$

Pursuant to Section 218.23, Florida Statutes, as amended, to be eligible to receive half-cent sales tax proceeds, the County must have:

- (i) reported its finances for its most recently completed fiscal year to the State Department of Banking and Finance;
- (ii) made provision for annual postaudits of its financial accounts in accordance with provisions of law;
- (iii) levied, as shown on its most recent financial report, ad valorem taxes, exclusive of taxes levied for debt service or other special millage authorized by the voters, to produce the revenue equivalent of a millage rate of three-mills on the dollar based on the 1973 taxable values as certified by the property appraiser or, in order to produce revenues equivalent to that which would otherwise be produced by such three-mill ad valorem tax, to have collected an occupational license tax or a utility tax, levied an ad valorem tax, or received revenue from any combination of these sources;

- (iv) certified compliance with certain qualifications and minimum salary standards for law enforcement officers; ~~certified compliance with certain qualification standards for firefighters;~~
- (v) certified compliance with certain qualification standards for firefighters;
- (vi) certified that each dependent special district that is budgeted separately from the general budget of the local governing authority has met the provisions for annual post audit of its financial accounts in accordance with the provisions of law; and
- (vii) satisfied certain millage levy requirements outlined in Section 200.065, Florida Statutes, as amended.

Although Chapter 218, Part VI, Florida Statutes, as amended, does not impose any limitation on the number of years during which the County can receive distribution of the half-cent sales tax proceeds ~~from~~ from the Trust Fund, there may be future amendments to Chapter 218, Part VI, Florida Statutes, as amended, in subsequent years imposing additional requirements of eligibility for counties participating in distributions of half-cent sales tax proceeds or any other source of County revenue from the State which is dependent upon half-cent sales tax proceeds eligibility.

Failure by the County to comply with the requirements listed above would result in loss of the half-cent sales tax proceeds for twelve months following a "determination of non compliance" by the State Department of Revenue. The County represents that it has been in compliance with such statutory eligibility requirements in the past and intends to comply with all such requirements in the future.

#### **State Revenue Sharing Funds**

Chapter 218, Part II, Florida Statutes created the Revenue Sharing Trust Fund for Counties and sets forth criteria for participation in State revenue sharing, the method of distribution and a formula basis for apportionment of receipts available for distribution.

For counties, the apportionment factor is composed of three equally weighted portions: (i) the proportion of the population of an eligible county to the total population of all eligible counties in the State; (ii) the proportion of the unincorporated county population of an eligible county to the unincorporated county area population of all eligible counties in the State; and (iii) the proportion of the total sales tax collections in an eligible county during the preceding year to the total sales tax collections in all eligible counties during the preceding year.

The requirements for remaining eligible to participate in revenue sharing pursuant to Section 218.23, Florida Statutes, as amended, are the same as those set out above to be eligible to receive the half-cent sales tax proceeds.

#### **Fines and Forfeitures**

Fine and forfeitures are primarily monies received by the county from court fees and fines, library fees and fines and the radio automation fees.

#### **Licenses and Permits**

Pursuant to Chapter 624, Part IV, Florida Statutes, as amended, the Florida Department of Insurance collects on behalf of counties taxes from insurance agents, insurance solicitors and insurers whose place of business or residence is located within such county or who engages in business in the County. Such taxes are deposited with the State and are distributed to the County by the State after deducting a service charge.

Pursuant to Sections 320.08(10) and (11), Florida Statutes, as amended, an annual license tax is levied upon registration or renewal of registration on all park trailers, travel trailers and fifth-wheel trailers exceeding 35 feet in body length, and on all mobile homes. Such taxes range from \$20 to \$80 depending on body length and are collected in lieu of ad valorem taxes. The taxes are remitted to the State, and after a \$1.50 deduction, are remitted back to the respective counties and municipalities where the units are located.

Pursuant to the Section 561.342, Florida Statutes, as amended, 24% of various taxes are imposed associated in connection with the manufacture, distribution and sale of alcoholic beverages and collected within a county are returned to such county. The County also receives revenues from occupational licenses, building and zoning permits and other licenses of a local ~~note~~ nature.

#### **Cable TV Franchise Tax**

Pursuant to a County ordinance the County imposes a franchise fee equal to \_\_\_\_\_% 4.0% of the gross annual revenues of all companies holding a Cable TV franchise in unincorporated Nassau County. Effective October 1, 2001, such cable franchise fees will be replaced with a services tax. See "HISTORIC AND BUDGETED NON-AD VALOREM TAXES" herein.

#### **Charges for Services**

This source of non-ad valorem revenues consists primarily of fees or charges related ~~animal impoundment~~, sheriff fees, charges for certified engineering inspectors school resource officers, ambulance fees and general government user fees.

#### **Interest and Miscellaneous Revenues**

Interest and ~~Miscellaneous~~ miscellaneous revenues include special assessments, interest, rents, sales of surplus property, insurance proceeds for lost or destroyed property, refunds, contributions, reimbursements, and revenues not falling in other classifications.

### **FLORIDA CONSTITUTIONAL AMENDMENTS**

#### **General**

The Series 2001 Bonds are secured by the County's covenant to budget and appropriate Non-Ad Valorem Funds as described herein, and are not payable from ad valorem taxation. However, the ability of the County to pay the Series 2001 Bonds is subject to a variety of factors, including the obligations of the County to provide governmental services and the provisions of Florida law which require the County to have a balanced budget. The Holders of the Series 2001 Bonds do not have a lien on Non-Ad Valorem Funds for the payment of debt service.

Although the Series 2001 Bonds are not payable from ad valorem taxation, approximately \_\_\_\_% of non-proprietary fund revenues which are collected by the County come from ad valorem taxes. To the extent that the future collection of ad valorem tax revenues or non-ad valorem revenues is adversely affected, a larger portion of non-ad valorem revenues would be required to balance the budget and provide governmental services.

#### **Save Our Homes Amendment**

In 1992, the voters of the State of Florida amended Article VII, Section 4 of the Florida Constitution to modify the manner in which homesteads are assessed for purposes of ad valorem taxation. The amendment provides that, in each year, the change in assessments will not exceed the lower of (i) three percent (3 %) of the assessment for the prior year, or (ii) a percentage change equal to the Consumer Price Index.

The effective date of the Save Our Homes Amendment was January 15, 1993, and the base year for determining compliance with the restrictions is 1994. The 1995 tax roll year was the first year such limitations were effective.

#### **Limitation on State Revenues Amendment**

As part of the November 8, 1994 general election, Florida voters approved an amendment to Article VII, Section 1(e) of the Florida Constitution, which is commonly referred to as the "Limitation on State Revenues Amendment<sup>u</sup>." This amendment provides that state revenues collected for any fiscal year shall be limited to state revenues allowed under the amendment for the prior fiscal year plus an adjustment for growth. Growth is defined as an amount equal to the average annual rate of growth in Florida personal income over the most recent twenty quarters times the state revenues allowed under the amendment for the prior fiscal year. State revenues collected for any fiscal year in excess of this limitation are required to be transferred to the budget stabilization fund until the fund reaches ten percent (10%) of the General Revenue Fund, and thereafter is required to be refunded to taxpayers as provided by general law. The limitation on state revenues imposed by the amendment may be increased by the Legislature by a two-thirds vote in each house.

The term "state revenues<sup>u</sup>," as used in the amendment, means taxes, fees, licenses, and charges for services imposed by the Legislature on individuals, businesses, or agencies outside state government. However, the term "state revenues" does not include: (1) revenues that are necessary to meet the requirements set forth in documents authorizing the issuance of bonds by the State; (2) revenues that are used to provide matching funds for the federal Medicaid program with the exception of the revenues used to support the Public Medical Assistance Trust Fund or its successor program and with the exception of State matching funds used to fund elective expansion made after July 1, 1994; (3) proceeds from the State lottery ~~return~~ returned as prizes; (4) receipts of the Florida Hurricane Catastrophe Fund; (5) balances carried forward from prior fiscal years; (6) taxes, licenses, fees and charges for services imposed by local, regional, or school district governing bodies, or (7) revenue from taxes, licenses, fees and charges for services required to be imposed by any amendment or revision to the Florida Constitution after July 1, 1994. The amendment took effect on January 1, 1995, and was ~~to first be~~ applicable to State fiscal year 1995-1996.

To the extent that non-ad valorem revenues include revenues from the State which are subject to, and limited by, the amendment, the future distribution of increases in such State revenues to the County may be adversely affected by the amendment.

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## THE PROJECT

The Project consists of the acquisition and construction of certain public improvements consisting of a County judicial and administration complex which will include a jail, sheriff's department and emergency operations center.

The County commenced construction of the Project with proceeds of the Refunded Obligations on or about August, 2003 and expects the Project to be completed by December, 2003. The estimated cost of the Project including the portion financed with ~~proceed~~ proceeds of the Refunded Obligations is \$34,000,000.

## THE PLAN OF REFINANCING

On the date of delivery of the Series 2001 Bonds, the County will pay to SunTrust Bank the amount of \$ \_\_\_\_\_ to retire the County's current obligations under that certain Loan Agreement dated as of May 22, 2000 entered into between the County and SunTrust Bank (the "Refunded Obligations"). The County intends that such loan agreement will remain in place following the retirement of the Refunded Obligations allowing the County to make subsequent draws under such agreement. The County intends to make payments under such Loan Agreement from legally available non-ad valorem funds.

## DEBT SERVICE SCHEDULE

The following table sets forth the annual debt service requirements for the Series 2001 Bonds for each Bond Year ending May 1.

<u>Bond Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
<del>2001</del> 2002			
2003			
2004			
2005			
2006			
2007			
2008			
2009			
2010			
2011			
2012			
2013			
2014			
2015			
2016			
2017			
2018			

<u>Bond Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>
2019			
2020			
2021			
2022			
2023			
2024			
2025			
<u>2026</u>			
<u>2027</u>			
<u>2028</u>			
<u>2029</u>			
<u>2030</u>			
<u>2031</u>			
Totals:			

#### ANNUAL DEBT SERVICE REQUIREMENTS

##### Outstanding Non-Ad Valorem Indebtedness

The table that follows shows the annual debt service requirements on the outstanding indebtedness payable from Non-Ad Valorem Funds. The interest portion of the debt service requirements set forth below for the solid waste bonds are the fixed rate payments due under the interest rate swap agreement. See "OTHER OBLIGATIONS PAYABLE FROM NON-AD VALOREM FUNDS" herein.

<u>Year</u> <u>Ending</u>	Local Option Gas Tax <u>Series 1992</u>	Special Assessment Bonds, <u>Series 1994</u>	Gas Tax Revenue Improvement Bonds <u>Series 1998</u>	Solid Waste, <u>Series 1999</u>	Optional Gas Tax Revenue Bonds <u>Series 2000</u>	<u>Total</u>
2001		\$862,277.00	\$1,211,693.76	\$1,960,032		\$ 4,034,002.76
2002	\$944,982.50	830,407.00	1,210,166.26	1,970,802		4,956,357.76
2003	942,615.00	798,536.00	1,207,566.26	1,977,094		4,925,811.26
2004	942,690.00		1,208,581.26	1,986,665		4,137,936.26
2005	945,170.00		1,207,961.26	1,989,370		4,142,501.26
2006	944,700.00		1,211,291.26	2,002,409		4,158,400.26
2007	941,200.00		1,207,696.26	2,005,585		4,154,481.26
2008	943,800.00		1,207,508.76	2,021,124		4,172,432.76

<u>Year</u> <u>Ending</u>	Local Option Gas Tax Series 1992	Special Assessment Bonds, Series 1994	Gas Tax Revenue Improvement Bonds Series 1998	Solid Waste, Series 1999	Optional Gas Tax Revenue Bonds Series 2000	<u>Total</u>
2009	943,400.00		1,211,008.76	2,030,088		4,184,496.76
2010			1,207,033.76	2,042,092	\$945,000	4,194,125.76
2011			1,210,923.76	2,058,932	945,000	4,214,855.26
2012			1,207,148.76	2,066,129	945,000	4,218,277.76
2013			1,210,868.76	2,077,852	945,000	4,233,720.76
2014			1,211,750.00		945,000	2,156,750.00
2015			1,211,750.00		945,000	2,156,750.00
2016			1,209,250.00		945,000	2,154,250.00
2017			1,207,250.00		945,000	2,152,250.00
2018			1,207,500.00		945,000	2,152,500.00
2019					945,000	945,000.00
2020					945,000	945,000.00
2021					945,000	945,000.00
2022					945,000	945,000.00
2023					945,000	945,000.00
2024					945,000	945,000.00
2025					945,000	945,000.00
TOTAL	\$7,548,557.50	\$ 2,491,122.00	\$ 31,460,949.80	\$30,119,008	\$15,120,000	\$86,739,637.30

# NASSAU COUNTY, FLORIDA

## Historical and Estimated Statement of Pro-Forma Debt Service Coverage of Maximum Annual Debt Service on Series 2001 Bonds for Years Ended September 30, 1998 through September 30, 2001

	1998	1999	2000	2001
<u>Unrestricted</u> Non-Ad Valorem Funds <sup>(1)</sup>	\$ 6,407,191	\$ 7,001,943	\$ 7,345,430	\$ 7,114,140
Maximum Annual Debt Service of Series 2001 Bonds <sup>(2)</sup>				

<del>2,246,500</del>	<del>2,246,500</del>	<del>2,246,500</del>	2.85x	3.11x	3.27x	3.16x
2,246,500 Coverage <sup>(3)</sup>						

<sup>(1)</sup> See "HISTORIC AND BUDGETED NON-AD VALOREM FUNDS" herein.

<sup>(2)</sup> Assume that the Series 2001 Bonds are issued at a true interest cost of 5.128087%.

<sup>(3)</sup> For its Fiscal Year ended September 30, 2000 the County would have had 3.84x debt service coverage for purposes of (A) the anti-dilution covenant and 2.52x debt service coverage for purposes of (B) the anti-dilution test. See "SECURITY FOR SERIES 2001 BONDS - Anti-Dilution" and Appendix B hereto.]

## Background

Nassau County is one of 4 counties comprising the Jacksonville Metropolitan Statistical Area. Located in the extreme northeast corner of Florida, the County is ~~34 miles north~~ contiguous to Duval County and the City of Jacksonville (Duval County). It is bordered on the north by the State of Georgia, on the east by the Atlantic Ocean, and on the south by Duval County. Fernandina Beach, the County seat, is situated at the confluence of the St. Mary's River and the Atlantic Ocean. Callahan, Fernandina Beach, and Hilliard are the incorporated areas in the County. Yulee, Bryceville, and Amelia Island are among the largest of the unincorporated areas.

The County's population has shown a steady growth in recent years, increasing from 32,894 according to the 1980 U.S. Census, to 43,941, 1990 U.S. Census (representing a 33.58% increase during those 10 years). The table below shows the population for the County and the steady growth it has had through the years.

		<u>% Change</u>
1940 U.S. Census:	10,826	---
1950 U.S. Census:	12,811	18.33%
1960 U.S. Census:	17,189	34.17
1970 U.S. Census:	20,626	19.99
1980 U.S. Census:	32,894	59.47
1990 U.S. Census:	43,941	33.58
2000 U.S. Census:	60,218	37.04

Source: U.S. Department of Commerce 2000 Census

## Government

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

<u>Member</u>	<u>Term Began</u>	<u>Term Ends</u>
Marianne Marshall, Chair	November, 2000	November, 2004
David C. Howard, Vice Chairman	November, 2000	November, 2002
Nick D. Deonas,	November, 2000	November, 2004



Vicki Samus

November, 2000

November, 2004

Floyd L. Vanzant

November, 1998

November, 2002

### **Administration**

The County Coordinator is appointed by the Board and is responsible for the administration, operation and maintenance of the County, excepting those responsibilities specifically delegated to other appointed officials. There is no definite term of office of the County Coordinator, as he or she holds office at the pleasure of the Board. Among the duties of the County Coordinator are the appointment of subordinate officers and employees, the supervision of departments, the making of recommendations to the Board, the submission of an annual budget, and the submission of an annual report of the operations of the County for the preceding fiscal year.

For administrative purposes, the County is divided into departments. Currently, there are thirteen (13) departments including the County Coordinator's office.

### **Budgetary Process**

Chapter 129, Florida Statutes, requires that the County's annual fiscal year budget be legally adopted at the fund level, and that any expenditures in excess of the expenditures of the fiscal year for more than the amount budgeted in each fund's budget is unlawful. Pursuant to this legal requirement, an annual appropriated budget is adopted by resolution of the Board, subject to public hearing. Such resolution sets the budget appropriations on a fund-by-fund basis for the governmental and proprietary fund types.

Budgets for the capital improvements program and the debt service fund are legally required. Budgets for agency and fiduciary funds are not legally required or adopted. At the close of the fiscal year, all budget appropriations lapse to the extent that they have not been expended. Outstanding encumbrances also lapse, but may be re-established in the succeeding fiscal year budget.

The Clerk of the Circuit Court prepares and submits the annual budget for the succeeding fiscal year, beginning October 1, to the Board. Prior to the presentation to the Board, the various departments submit budget requests and prepare recommendations for the Clerk's consideration. A summary of the tentative budget is advertised, publicly reviewed and revised prior to approval and adoption by the Board before the end of the prior fiscal year. The total appropriation for a fund may only be changed by resolution of the Board. Only the Board may approve an increase to a fund's budget and may transfer funds from an appropriated reserve to an expenditure appropriation, or change the amounts budgeted for a Constitutional Officer (Clerk of the Circuit Court, Supervisor of Elections and Sheriff).

If a budget is not enacted by October 1, Florida law provides for continued operation under the previous year's budget, subject to any amendments. For additional information regarding the County, see Appendix E hereto.

### **Description of Financial Practices and Financial Statements**

The financial statements of the County are prepared in conformity with Generally Accepted Accounting Principles. The County uses funds and accounts groups to report on its financial position and the results of its operations. A summary of significant accounting policies of the County is contained in the notes to the County's financial statements, which are included in Appendix B hereto.

### **Investment Policy ~~(To Be Confirmed)~~**

Section 218.415, Florida Statutes, requires that the County either adopt its own, written investment policy or invest moneys only as permitted by the provisions of Section 218.415. Pursuant to Resolution No. 95-144, duly adopted on September 25, 1995, the County adopted an Investment Policy that has as its objectives the (a) protection of County Funds; (b) providing of sufficient liquidity to meet the County's operating, payroll and capital requirements; (c) maximization of return on the investment portfolio, while minimizing the investment risk, and (d) setting of procedures to properly diversify the investment portfolio and minimize the inherent risk associated with investment portfolios. The

"prudent person" standard is required to be used in the management of the County's investment portfolio. Authorized instruments include:

A. The Florida Local Government Surplus Funds Trust Funds (SBA)

B. Negotiable direct obligation or obligations, the principal and interest of which are unconditionally guaranteed by the United States government. Such securities will include, but not be limited to, the following:

1. Cash Management Bills
2. Treasury Securities-State and Local Government Series (SLGS)
3. Treasury Bills
4. Treasury Notes
5. Treasury Bonds
6. Treasury Strips

C. Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by United States agencies provided such obligations are backed by the full faith and credit of the United States Government. Such securities will include, but not be limited to, the following:

1. United States Export-Import Bank  
Direct obligations or fully guaranteed certificates of beneficial ownership
2. Farmers Home Administration Certificates of beneficial ownership
3. Federal Financing Bank Discount notes, notes, and bonds
4. Federal Housing Administration Debentures
5. General Services Administration Participation Certificates
6. Government National Mortgage Association (GNMA)  
GNMA-guaranteed mortgage-back bonds  
GNMA-guaranteed pass-through obligations
7. United States Maritime Administration  
Guaranteed Title XI financing
8. New Communities Debentures  
United States government guaranteed debentures  
United States Public Housing Notes and Bonds

United States Government guaranteed public housing notes and bonds

9. United States Department of Housing and Urban Development-Project notes and local authority bonds

D. Bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by United States Government agencies (Federal Instrumentalities) which are non-full faith and credit agencies limited to the following:

1. Federal Farm Credit Bank (FFCB)
2. Federal Home Loan Bank or its district banks (FHLB)
3. Federal National Mortgage Association (FNMA )  
FNMA - guaranteed pass-through obligations
4. Federal Home Loan Mortgage Corporation (Freddie-Macs) including  
Federal Home Loan Mortgage Corporation participation certificates  
FHLMC - guaranteed pass through obligations
5. Student Loan Marketing Association (Sallie-Mae)
6. Tennessee Valley Authority (TVA)

E. Non-negotiable interest-bearing time certificates of deposit or savings accounts in banks or savings associations organized under the laws of this state and/or in national banks or savings associations organized under the laws of the United States and doing business and situated in this state, provided that any such deposits are secured pursuant to the Florida Security of Public Deposits Act, Chapter 280, Florida Statutes, and provided that the bank or savings association is not listed with any recognized credit watch information service. The Money Manager shall have the responsibility for reviewing credit watch status.

F. Repurchase agreements comprised of only those investments as authorized in Sections B, C, and D.

G. Derivative securities, defined as a financial instrument the value of which depends on or is derived from the value of one or more underlying assets or index of asset values. Securities of this type which are prohibited investments include:

1. Reverse repurchase agreements.
2. Floating rate securities whose coupon floats inversely to an index or whose coupon is determined based upon more than one index.
3. Tranches of Collateralized Mortgage Obligations (CMOs) with the following characteristics: receives only the interest or principal from the underlying mortgage securities, commonly referred to as "IO's" and "PO's".
4. Securities whose future coupon may be suspended because of the movement of interest rates or an index.

Investment in these securities shall be limited to those types authorized and only be utilized if recommended by the Money Manager.

The County will not use leverage in its investment portfolio.

H. Any investment authorized or permitted by Florida Statutes or any other law of the State of Florida controlling the investment of a public funds of a County.

The Investment Policy of the County authorizes the Clerk to contract with an outside money manager for investment of County funds. The Investment Policy also requires that securities be purchased at "prevailing market rates". Investment of 100% of the County's portfolio is permitted to be in the Florida Local Government Surplus Trust Fund ("SBA").

## **GENERAL PURPOSE FINANCIAL STATEMENTS**

Included in Appendix B are ~~excerpts of~~ the audited general purpose financial statements of the County as of September 30, 2000, and for the year then ended. Such excerpts from the Comprehensive Annual Financial Report, including the auditor's report, have been included in this Official Statement and the auditor has consented to such inclusion. The auditor has not performed any services relating to the issuance of the Series 2001 Bonds.

## **LITIGATION**

The County is a defendant from time to time in various lawsuits. It is the opinion of the County Attorney that none of the actions presently pending will have a material effect upon the finances of the County or its ability to fulfill its obligations under the Resolution. There is no pending or, to the knowledge of the County, threatened litigation against the County which in any way questions or affects the validity of the Series ~~2000~~ 2001 Bonds, or any proceedings or transactions relating to their issuance, sale, delivery or payment.

## **TAX EXEMPTION**

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, the interest on the Series 2001 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for the purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series 2001 Bonds received by certain corporations will, however, be includable in the computation of the federal alternative minimum tax imposed on corporations by the Internal Revenue Code of 1986, as amended (the "Code") as hereinafter discussed. Failure by the County to comply, subsequent to the issuance of the Series 2001 Bonds, with certain requirements of the Code regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Series 2001 Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. The County has covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Series 2001 Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

### **Internal Revenue Code of 1986**

The Code contains a number of provisions that apply to the Series 2001 Bonds, including, among other things, restrictions relating to the use of the investment of the proceeds of the Series 2001 Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Series 2001 Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Series 2001 Bonds being included in gross income for federal income tax purposes retroactive to their date of issue. The County has covenanted in the Resolution to take all actions necessary to comply with such provisions of the Code.

### **Collateral Tax Consequences**

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of, the Series 2001 Bonds. Prospective purchasers of Series 2001 Bonds should be aware that the ownership of Series 2001 Bonds may result in other collateral federal tax consequences. For example, ownership of the Series 2001 Bonds may result in collateral tax

consequences to various types of corporations relating to (1) denial of interest deduction to purchase or carry such Bonds, (2) the branch profits tax, and (3) the inclusion of interest on the Series 2001 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Series 2001 Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2001 BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

#### **Florida Taxes**

~~in~~ In the opinion of Bond Counsel, the Series 2001 Bonds and the income thereon are exempt from all present intangible personal property taxes imposed pursuant to Chapter 199, Florida Statutes.

#### **Other Tax Matters**

Interest on the Series 2001 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Series 2001 Bonds should consult their own tax advisors as to the income tax status of interest on the Series 2001 Bonds in their particular state or local jurisdictions.

During recent years legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2001 Bonds. In some cases these proposals have contained provisions that altered these consequences on a retroactive basis. Such alterations of federal tax consequences may have affected the market value of obligations similar to the Series 2001 Bonds. From time to time, legislative proposals are pending which could have an effect on both the Series 2001 Bonds and their market value. No assurance can be given that additional legislative proposals will not be introduced or enacted that would or might apply to, or have an adverse effect upon, the Series 2001 Bonds.

### **LEGAL OPINION**

Legal matters incident to the issuance of the Series 2001 Bonds and with regard to the tax-exempt status of the interest on the Series 2001 Bonds (see "TAX EXEMPTION") are subject to the legal opinion of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, whose fees and expenses for legal services as Bond Counsel will be paid by the County from a portion of the proceeds of the Series 2001 Bonds. The signed legal opinion, dated and premised on law in effect as of the date of original delivery of the Series 2001 Bonds, will be delivered to the Underwriters at the time of original delivery.

The proposed text of the legal opinion is set forth as Appendix C. The actual legal opinion to be delivered may vary from that text if necessary to reflect facts and law on the date of delivery. The opinion will speak only as of its date, and subsequent distribution of it by recirculation of the Official Statement or otherwise shall create no implication that Bond Counsel has reviewed or expresses any opinion concerning any of the matters referenced in the opinion subsequent to its date. Bond Counsel has not been engaged or undertaken to review (1) the accuracy, completeness or sufficiency of the Official Statement or any other offering material related to the Series 2001 Bonds except as may be provided in a supplemental opinion of Bond Counsel to the Underwriters (upon which only the Underwriters may rely) which shall relate only to certain statements and information contained under the captions "INTRODUCTION," "PURPOSE OF THE SERIES 2001 BONDS," "DESCRIPTION OF THE SERIES 2001 BONDS," "SECURITY FOR SERIES 2001 BONDS" and "TAX EXEMPTION," or (2) the compliance, with any federal or state law with regard to the sale or distribution of the Series 2001 Bonds.

Certain other legal matters incident to the issuance of the Series 2001 Bonds will be passed upon for the County by Michael S. Mullin, Esquire, County Attorney, and Akerman, Senterfitt & Eidson, P.A., Disclosure Counsel. Rogers, Towers, Bailey, Jones & Gay, P.A. is serving as counsel to the Underwriters.

## ENFORCEABILITY OF REMEDIES

The remedies available to the registered owners of the Series 2001 Bonds upon a default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, ~~including specifically Title 11 of the United States Code~~, the remedies specified by the Resolution may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2001 Bonds (including Bond Counsel's opinion) will be qualified as to the enforceability of the remedies provided in the various legal instruments by limitations imposed by the exercise of judicial discretion in accordance with principles of equity, and by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery.

## ADVISORS AND CONSULTANTS

The County has retained certain advisors and consultants in connection with the issuance of the Series 2001 Bonds. These advisors and consultants are compensated from a portion of the proceeds of the Series 2001 Bonds, identified as "Issuance Costs" under the heading "SOURCES AND USES OF FUNDS" herein; and their compensation is, in some instances, contingent upon the issuance of the Series 2001 Bonds and the receipt of the proceeds thereof.

### Financial Advisor

The County has retained William R. Hough & Co. Jacksonville, Florida, as financial advisor (the "Financial Advisor") in connection with the preparation of the County's plan of financing and with respect to the authorization and issuance of the Series 2001 Bonds. The Financial Advisor is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement.

### Bond Counsel

Nabors, Giblin & Nickerson, P.A., Tampa, Florida, represents the County as Bond Counsel with respect to the issuance of the Series 2001 Bonds. As Bond Counsel, Nabors, Giblin & Nickerson, P.A. is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement.

### Disclosure Counsel

Akerman, Senterfitt & Eidson, P.A., Orlando, Florida, represents the County as Disclosure Counsel with respect to the issuance of the Series 2001 Bonds. As Disclosure Counsel, Akerman, Senterfitt & Eidson, P.A. is not obligated to undertake and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Official Statement.

## RATINGS

Standard & Poor's Ratings Services ("S&P"), Fitch IBCA, Inc. ("Fitch") and Moody's Investors Service, Inc. ("Moody's") will assign ratings of "\_\_\_\_", "\_\_\_\_" and "\_\_\_\_", respectively, to the Series 2001 Bonds, with the understanding that, upon delivery of the Series 2001 Bonds, the municipal bond insurance policy will be issued by \_\_\_\_\_. Such ratings reflect only the views of such organizations and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following addresses: Standard & Poor's Ratings Services, 55 Water Street, New York, New York 10041, Fitch Inc., One State Street Plaza, New York, New York 10004, and Moody's Investors Service, 99 Church Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such ratings will continue for any given period of time or that such ratings will not be revised downward or withdrawn entirely by the rating agency, if in the judgement of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2001 Bonds.

The above described ratings of \_\_\_\_\_ insured issues are not recommendations to buy, sell or hold the Series 2001 Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the ratings may have an adverse effect on the market price of the Series 2001 Bonds.

### UNDERWRITING

SunTrust Equitable Securities Corporation, A.G. Edwards & Sons, Inc. and First Union National Bank, the Underwriters, have agreed, to purchase the Series 2001 Bonds from the County, at a price of \$\_\_\_\_\_, (which represents the par amount of the Series 2001 Bonds, less \$\_\_\_\_\_ underwriters' discount and less original issue discount of \$\_\_\_\_\_) ~~also plus~~ accrued interest. The Underwriters have furnished the information in this Official Statement pertaining to the public offering price of the Series 2001 Bonds. The public offering price of the Series 2001 Bonds may be changed from time to time by the Underwriters, and the Underwriters may allow a concession from the public offering price to certain dealers. None of the Series 2001 Bonds will be delivered by the County to the Underwriters unless all of the Series 2001 Bonds are so delivered.

### CONTINUING DISCLOSURE

The County has agreed and undertaken pursuant to a Continuing Disclosure Certificate for the benefit of the holders of the Series 2001 Bonds in order to assist the Underwriters in complying with the continuing disclosure requirements of S.E.C. Rule 15c2-12 (the "Rule"), to provide certain financial information and operating data relating to the County and the Series 2001 Bonds in each year (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events, if material. Such undertaking shall only apply so long as the Series 2001 Bonds remain outstanding under the Resolution. The Annual Report and audited financial statements will be filed annually by the County, pursuant to the undertaking with each Nationally Recognized Municipal Securities Information Repository ("NRMSIRs"), as well as any state information depository that is subsequently established in the State of Florida (the "SID"). The notices of material events will be filed by the County with the Municipal Securities Rulemaking Board or the NRMSIRs and with the SID. The specific nature of the information contained in the Annual Report and the notices of material events, are described in the Continuing Disclosure Certificate, a copy of which is attached hereto as Appendix F.

With respect to the Series 2001 Bonds, no party other than the County is obligated to provide, nor is expected to provide, any continuing disclosure information with respect to the Rule. †The County has never failed to comply with any agreement to provide continuing disclosure information.†

### MISCELLANEOUS

The references, excerpts and summaries of all documents, resolutions and ordinances referenced herein do not purport to be complete statements of the provisions of such documents, resolutions and ordinances, and reference is directed to all such documents, resolutions and ordinances for full and complete statements of all matters of fact relating to Series 2001 Bonds, the security for and the repayment of Series 2001 Bonds and the rights and obligations of the holders thereof.

The execution and delivery of this Official Statement has been duly authorized by the County.

### NASSAU COUNTY, FLORIDA

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

By: \_\_\_\_\_  
Clerk of the Circuit Court in and for Nassau  
County, Florida, ex-officio Clerk of the Board

of County Commissioners

By: \_\_\_\_\_  
County Coordinator



## **Appendix "E"**

### **GENERAL INFORMATION CONCERNING NASSAU COUNTY, FLORIDA**

The following information concerning Nassau County, Florida (the "County") has been derived from the statistical section of the County's Comprehensive Annual Financial Report for its Fiscal year ended September 30, 2000, and is included only for purposes of supplying information regarding the County. For additional information concerning the County, see "NASSAU COUNTY, FLORIDA" in the body of the Official Statement and Appendix "B" to the Official Statement.

**NASSAU COUNTY FLORIDA  
MISCELLANEOUS STATISTICAL DATA  
SEPTEMBER 30, 2000**

**GENERAL INFORMATION**

Nassau County (the "County") is located at Florida's Northeastern corner. The County is bordered by the State of Georgia to the north, the Atlantic Ocean to the east, the State of Georgia and Baker County to the west and Duval County to the south.

Nassau County was established on December 29, 1824 by separation from Duval County, Florida.

The County offers a diversity of landscapes from rural, wooded areas to beaches and bodies of water ranging from secluded rivers to bays and ocean.

Nassau was the 10th county formed among a total of 67 in the State of Florida.

**County Government**

Governing Body:	Nassau County Board of County Commissioners
Number of Seats:	5
Length of Term:	4 years
Chairman:	Chosen annually by fellow Commissioners
Municipalities:	Callahan, Fernandina Beach, Hilliard
Land Area:	649 square miles

Source: Florida County Atlas

**NASSAU COUNTY FLORIDA  
MISCELLANEOUS STATISTICAL DATA  
SEPTEMBER 30, 2000**

Population

<u>Nassau County</u>	60,218	
Unincorporated	45,405	
Incorporated		14,813

Source: University of Florida, Bureau of Economic and Business Research

Elections

Number of Registered voters at September 30, 1999:

Democrat	16,790
Republican	13,721
Other Parties	798
No Party	<u>3,035</u>
 TOTAL	 <u>34,344</u>

Source: Nassau County Supervisor of Elections

Education

<u>Public Schools (as of June 30, 1999)</u>	<u>Number</u>	
Elementary (Pre-K - 5th Grades)	9	
Middle Schools (6 - 8th Grades)	3	
High Schools (9th - 12th grades)	<u>3</u>	
Total Number of Schools	15	
 Number of Administrators	34	
Number of Teachers	582	
Enrollment		10,214

Source: Nassau County School Board

**NASSAU COUNTY FLORIDA  
MISCELLANEOUS STATISTICAL DATA  
SEPTEMBER 30, 2000**

Private Schools

Amelia Island Montessori School (K -6th grades)  
Faith Christian Academy (K-7th grades)  
Nassau Christian Academy (K-12th grades)  
St. Michael's Academy (Pre-K thru 5th grades)

Colleges Within a 50-Mile Radius

University of North Florida  
Jacksonville University  
Edward Waters College  
Florida Community College at Jacksonville  
Jones College

Transportation

Nassau County is 8 miles from Jacksonville International Airport. Main Highways servicing Nassau are Interstate 95, U.S. 301, U.S. 1, U.S. 17 and A1A.

Other Transportation

Fernandina Beach Municipal Airport  
Port of Fernandina Beach  
CSX Railroads

Source: Nassau County Fact Book, 2000

Nassau County Employees

<u>Division</u>	<u>Employees</u>	<u>Elected</u>
Board of County Commissioners	253	5
Sheriff	182	1
Clerk of Circuit Court	63	1
Property Appraiser	15	1
Tax Collector	20	1
Supervisor of Elections	<u>7</u>	<u>1</u>
Totals	540	10

Source: Nassau County Payroll Department

**NASSAU COUNTY FLORIDA  
MISCELLANEOUS STATISTICAL DATA  
SEPTEMBER 30, 2000**

Major Private Employers in Nassau County

<u>Name</u>	<u>Employees</u>
Amelia Island Plantation	1,175
Smurfit-Stone Container Corporation	772
The Ritz-Carlton	767
Winn-Dixie	525
Rayonier, Inc.	357
White Oak Plantation	335
Baptist Medical Center-Nassau	300
Publix	280
Amelia Island Care Center	170

Source: Nassau County Fact Book, 2000

Recreation

Tennis Courts (Public)	12	Theaters	2
Golf Courses (Public)	2	Auditoriums	3
Racquetball Courts	1	County Fairgrounds	1
Miniature Golf	2	YMCA Facility	1
Swimming Pools (Public)	2	Museums	2
City/County Parks	16	State Parks	2
Bowling Alleys	2	Boat Ramps	9

Source: Nassau County Fact Book 2000, personal contact

<u>Libraries</u>	<u>Volume</u>	<u>Circulation</u>
Callahan Branch	32,969	90,386
Fernandina Brance (Main Office)	80,467	328,095
Hilliard Library	23,722	54,646

Source: Nassau County Library System

**NASSAU COUNTY FLORIDA  
MISCELLANEOUS STATISTICAL DATA  
SEPTEMBER 30, 2000**

Medical

	<u>Number in County</u>	<u>Number of Beds</u>
Hospitals	1	54
Nursing Homes/Assisted Living	6	453
Doctors	45	
Public Health Department locations	4	

Source: Nassau County Fact Book 2000, phone contact

Fire Protection

	<u>County Commission</u>	<u>Volunteer</u>
Number of Vehicles	19	30
Number of Stations	6	9
Number of Employees/Volunteers	85	120
Average Response Time	5-7 Minutes	9-10 Minutes

Source: Nassau County Department of Public Safety

Ambulance Services

Number of Vehicles	8
Number of Employees	85
Average Response Time	5 Minutes

Source: Nassau County Fire and Rescue Department

**NASSAU COUNTY, FLORIDA  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS**

Fiscal Year	Population(1)	Per Capita Income(1)	Median Age(1)	School Enrollment(2)	Unemployment Rates(3)		
					County	State	Nation
1991	45,000	18,200	N/A	8,646	6.8%	7.3%	6.7%
1992	45,500	18,900	N/A	8,808	7.4%	8.2%	7.4%
1993	46,500	19,700	33.4	8,991	6.2%	7.0%	6.8%
1994	47,400	20,300	34.6	9,082	5.8%	6.7%	6.3%
1995	49,100	21,500	35.1	9,406	4.8%	5.5%	5.6%
1996	51,100	23,100	35.5	10,200	4.2%	5.4%	5.5%
1997	52,700	24,000	35.8	10,259	3.3%	5.2%	4.7%
1998	54,500	26,200	36.1	10,243	3.0%	4.8%	4.4%
1999	57,400	N/A	36.4	9,939	3.6%	4.0%	4.2%
2000	60,200	N/A	N/A	10,214	3.2%	3.6%	4.0%

Sources:      (1)    University of Florida, Bureau of Economic Research, population rounded to nearest hundred  
                      (2)    Nassau County School Board  
                      (3)    Florida Department of Labor and Employment Security, Office of Labor Market Statistics

N/A - Information not available

**NASSAU COUNTY, FLORIDA  
PROPERTY VALUE AND CONSTRUCTION  
LAST TEN FISCAL YEARS  
(IN THOUSANDS OF DOLLARS)**

Fiscal Year(1)	Construction Taxable Value	Taxable Real Property Value		
		Residential	Commercial(2)	Total
1991	\$ 44,513	\$ 879,921	\$ 317,347	\$ 1,197,268
1992	\$ 35,042	\$ 915,012	\$ 325,685	\$ 1,240,697
1993	\$ 104,637	\$ 957,730	\$ 410,287	\$ 1,368,017
1994	\$ 43,842	\$ 990,376	\$ 422,322	\$ 1,412,698
1995	\$ 36,623	\$ 1,047,490	\$ 430,456	\$ 1,477,946
1996	\$ 40,567	\$ 1,105,718	\$ 427,120	\$ 1,532,838
1997	\$ 51,046	\$ 1,160,481	\$ 441,054	\$ 1,601,535
1998	\$ 66,268	\$ 1,318,414	\$ 482,571	\$ 1,800,985
1999	\$ 82,875	\$ 1,476,726	\$ 523,694	\$ 2,000,420
2000	\$ 86,852	\$ 1,650,150	\$ 573,437	\$ 2,223,587

(1) Year tax is collected - 2000 represents final certified valuation as of January 1, 1999.

(2) Includes commercial, industrial, agricultural, government and railroad categories.

Source: Nassau County Property Appraiser



**NASSAU COUNTY, FLORIDA  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<b>FISCAL YEAR(1)</b>	<b>TOTAL TAX LEVY(2)</b>	<b>CURRENT TAX COLLECTIONS(3)</b>	<b>PERCENT OF LEVY COLLECTED</b>	<b>DELINQUENT TAX COLLECTIONS</b>	<b>TOTAL TAX COLLECTIONS</b>	<b>PERCENT OF TOTAL TAX COLLECTIONS TO TAX LEVY</b>	<b>OUTSTANDING DELINQUENT TAXES</b>	<b>PERCENT OF DELINQUENT TAXES TO TAX LEVY</b>
1991	\$ 10,598,158	\$ 10,441,713	98.52%	\$ 99,866	\$ 10,541,579	99.47%	\$ 56,579	0.53%
1992	10,639,525	10,621,836	99.83%	5,024	10,626,860	99.88%	12,665	0.12%
1993	10,523,192	10,467,893	99.47%	33,468	10,501,361	99.79%	21,831	0.21%
1994	10,599,626	10,495,131	99.01%	2,330	10,497,461	99.04%	102,165	0.96%
1995	12,218,608	12,053,247	98.65%	3,195	12,053,247	98.65%	165,361	1.35%
1996	12,661,492	12,280,636	96.99%	2,633	12,283,269	97.01%	378,223	2.99%
1997	13,060,319	12,610,026	96.55%	3,846	12,613,872	96.58%	446,447	3.42%
1998	14,506,053	13,947,844	96.15%	52,458	14,000,302	96.51%	505,751	3.49%
1999	16,027,484	15,424,755	96.24%	6,218	15,430,973	96.28%	596,511	3.72%
2000	17,649,844	17,075,180	96.74%	106,609	17,181,789	97.35%	468,055	2.65%

(1) Year tax is collected - 2000 represents 1999 levy.

(2) Includes penalties under Florida Statutes 193.072

(3) Includes discount taken for early payment of property taxes.

Source: Nassau County Tax Collector

**NASSAU COUNTY, FLORIDA  
ASSESSED AND ESTIMATED ACTUAL VALUE  
OF TAXABLE PROPERTY  
LAST TEN FISCAL YEARS**

Fiscal Year(1)	Real Property		Personal Property		Total		Percent of Total Taxable To Total Actual Estimated Value
	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	Taxable Value	Estimated Actual Value	
1991	\$ 1,197,268,151	\$ 1,752,367,121	\$ 224,375,245	\$ 347,547,624	\$ 1,421,643,396	\$ 2,099,914,745	67.70%
1992	1,240,696,624	1,812,378,905	226,307,882	349,675,173	1,467,004,506	2,162,054,078	67.85%
1993	1,368,017,160	1,951,166,583	279,290,757	425,103,285	1,647,307,917	2,376,269,868	69.32%
1994	1,412,698,258	2,017,097,901	289,744,046	439,795,971	1,702,442,304	2,456,893,872	69.29%
1995	1,477,946,482	2,097,984,736	307,827,396	465,400,997	1,785,773,878	2,563,385,733	69.66%
1996	1,532,837,591	2,169,798,594	316,181,851	467,260,989	1,849,019,442	2,637,054,583	70.12%
1997	1,601,535,498	2,268,491,775	335,776,143	489,429,958	1,937,311,641	2,757,921,733	70.25%
1998	1,800,984,784	2,552,656,205	350,017,472	505,623,465	2,151,002,256	3,058,279,670	70.33%
1999	2,000,420,132	2,798,471,634	375,580,566	532,394,935	2,376,000,698	3,330,866,569	71.33%
2000	2,223,587,265	3,106,417,508	393,384,768	554,030,903	2,616,972,033	3,660,448,411	71.49%

(1) Year tax is collected - 2000 represents final certified valuation as of January 1, 1999.

(2) Railroad property value is included in personal property value.

Source: Nassau County Property Appraiser

**NASSAU COUNTY, FLORIDA - PROPERTY TAX RATES-DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$1,000 OF TAXABLE VALUE) - LAST TEN FISCAL YEARS**

	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
<b>County-Wide Millages:</b>										
General County:										
General Fund	3.1111	3.1965	2.6072	2.4485	2.9971	5.7361	5.6361	5.6351	5.6361	5.6361
Fine & Forfeiture Fund (1)	2.9674	2.9357	2.5758	2.5807	2.6964	-	-	-	-	-
County Transportation Fund	0.7598	0.6912	0.9813	0.9744	0.9200	0.8857	0.8857	0.8857	0.8857	0.8857
Capital Outlay Fund	-	-	-	-	-	-	-	-	-	-
Health Unit		0.2306	0.2357	0.2285	0.2186	0.2103	0.2103	0.2103	0.2103	0.2103
	<u>0.2305</u>									
Total General Count		7.0540	6.4000	6.2321	6.8321	6.8321	6.7321	6.7321	6.7321	6.7321
	<u>7.0688</u>									
School Board:										
Required Local Effort	5.7110	6.3940	6.5870	6.5410	6.5530	6.6650	6.8980	6.8000	6.3660	6.3670
Discretionary and Capital Outlay		2.5100	2.5100	2.5100	2.5100	2.5100	2.5100	2.6080	2.7410	2.7140
	<u>3.0190</u>									
Total School Board		9.0970	8.9040	9.0510	9.0630	9.1750	9.4080	9.4080	9.1070	9.0810
	<u>8.7300</u>									
Nassau General Hospital(2)		0.7417	0.6000	0.6000	-	-	-	-	-	-
	<u>0.8864</u>									
Total County-Wide	<u>16.6852</u>	<u>16.6997</u>	<u>16.0970</u>	<u>15.8831</u>	<u>15.8951</u>	<u>16.0071</u>	<u>16.1401</u>	<u>16.1401</u>	<u>15.8391</u>	<u>15.8131</u>
Special Districts:										
St. Johns River Water Management	0.3580	0.3580	0.3580	0.4700	0.4820	0.4820	0.4820	0.4820	0.4820	0.4820
Greater St. Johns Basin	-	-	-	-	-	-	-	-	-	-
Amelia Island Mosquito Control	0.4666	0.4422	0.4703	0.4600	0.4490	0.4432	0.4341	0.4029	0.3750	0.3546
Municipal Service Fund	0.9288	0.6513	0.3256	0.3224	0.3224	0.3224	0.3224	0.3224	0.3224	0.3224
Recreation and Water Conservation	0.0510	0.0508	0.0508	0.0508	0.0508	0.0508	-	-	-	-
District										
Municipalities:										
Callahan	2.7988	2.7887	2.7887	2.7887	2.7887	2.7887	2.7869	3.0000	2.8820	3.0000
Fernandina Beach	7.1840	7.4500	6.9960	6.8500	6.7130	6.9477	6.9477	6.6962	6.6962	6.6962
Hilliard	0.8540	0.8470	0.8470	0.8470	0.8470	0.8470	0.8470	0.7682	0.7647	0.7408

(1) Fine & Forfeiture Fund was consolidated with General Fund beginning 1996.

(2) Nassau General Hospital was sold to Baptist Medical Center on July 1, 1994.

Source: Nassau County Property Appraiser

**NASSAU COUNTY, FLORIDA  
PRINCIPAL TAXPAYERS  
SEPTEMBER 30, 2000**

Taxpayer	Type of Business	1999 Taxable Valuation(1)	Percent of Total Taxable Valuation of \$2,616,972,003
Smurfit-Stone Container Corp.	Manufacturing	\$ 172,823,429	6.60%
Amelia Island Company	Resort/Development	\$ 83,163,177	3.18%
The Ritz Carlton/Summer Beach	Resort/Development	\$ 68,480,438	2.62%
Rayonier	Manufacturing	\$ 54,228,109	2.07%
Bell South Corporation	Telephone	\$ 19,025,241	0.73%
Florida Public Utilities	Utilities	\$ 18,944,007	0.72%
CSX Railroad	Transportation	\$ 18,210,746	0.70%
Gilman Investment Company	Private/Development	\$ 16,253,797	0.62%
Okefenokee Rural Electric	Utilities	\$ 13,918,714	0.53%
Florida Power & Light	Utilities	\$ 15,470,212	0.59%

(1) Certified valuation as of January 1, 1999, for taxes collected in 2000.

Source: Nassau County Property Appraiser

**EXHIBIT C**

**FORM OF CONTINUING DISCLOSURE CERTIFICATE**

## CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE ("Certificate") is executed and delivered by **NASSAU COUNTY, FLORIDA** (the "County"), in connection with the issuance of its \$ \_\_\_\_\_ Public Improvement Revenue Bonds, Series 2001 (the "Series 2001 Bonds").

WITNESSETH:

WHEREAS, the Series 2001 Bonds are being issued pursuant to County Resolution No. \_\_\_\_\_ (the "Resolution"); and

WHEREAS, the Disclosure Rule (hereinafter defined) imposes certain obligations on the County; and

WHEREAS, the County now desires to enter into this Certificate with respect to the Disclosure Rule;

NOW, THEREFORE, in consideration of the mutual agreements and covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the County agrees as follows:

1. Recitals; Definitions. The foregoing recitals are true and correct and incorporated herein by this reference. All capitalized terms not otherwise defined herein shall have the meaning ascribed thereto in the Resolution.

2. Definitions.

"Annual Report" shall mean any Annual Report provided by the County pursuant to, and as described in, Sections 3 and 4 hereof.

"Beneficial Owner" shall mean any person which: (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2001 Bonds (including persons holding Series 2001 Bonds through nominees, depositories or other intermediaries); or (b) is treated as the owner of any Series 2001 Bonds for federal income tax purposes.

"Business Day" shall mean a day other than a Saturday, Sunday or a day on which the New York Stock Exchange is closed.

"Disclosure Rule" shall mean Rule 15c2-12(b)(5) promulgated by the Securities and Exchange Commission under the authority of the Securities Exchange Act of 1934, as the same may be amended or officially interpreted by the Securities and Exchange Commission from time to time.

"Dissemination Agent" shall mean the County or any successor Dissemination Agent designated in writing by the County and which has filed with the County written acceptance of such designation.

"Fiscal Year" shall mean the period commencing on October 1 and ending on September 30 of the next succeeding year, or such other period of time provided by applicable law.

"Listed Events" shall mean any of the events listed in Section 5 hereof.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Disclosure Rule. Currently, the following are National Repositories:

Bloomberg Municipal Repository  
100 Business Park Drive  
Skillman, NJ 08558

FT Interactive Data  
Attn: Repository  
100 Williams Street  
New York, NY 10038

Standard & Poor's J.J. Kenny Repository  
55 Water Street  
45th Floor  
New York, NY 10041

DPC Data, Inc.  
One Executive Drive  
Fort Lee, NJ 07024

A list of names and addresses of all designated Nationally Recognized Municipal Securities Information Repositories as of any point in time is available by visiting the SEC's website at [www.sec.gov/consumer/nrmsir.htm](http://www.sec.gov/consumer/nrmsir.htm).

"Obligated Person(s)" shall mean, with respect to the Series 2001 Bonds, those person(s), other than the bond insurer for the Series 2001 Bonds (the "Bond Insurer"), who either generally or through an enterprise fund or account of such persons are committed by contract or other arrangement to support payment of all or a part of the obligations on such Series 2001 Bonds, which person is the County.

"Participating Underwriter" shall mean the original underwriters of the Series 2001 Bonds that are required to comply with the Disclosure Rule in connection with the offering of such Series 2001 Bonds.

"Repository" shall mean each National Repository and each State Repository.

"State Repository" shall mean any public or private repository or entity designated by the State of Florida as a state repository for the purpose of the Disclosure Rule and

recognized as such by the Securities and Exchange Commission. As of this date, no such designation has been made by the State of Florida.

3. Provision of Annual Reports.

(a) Not later than April 30 of each year commencing April 30, 2002, the County shall provide an Annual Report consistent with the requirements of Section 4 below to each Repository and to the Bond Insurer. The Annual Report may be submitted as a single document or as separate documents comprising a package; provided that the County's annual audited financial statements (the "Audit") may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the County's Fiscal Year changes, the County shall give notice of such change in the same manner as for a Listed Event under Section 5.

(b) Not later than fifteen (15) Business Days prior to the date set forth in (a) above, the County shall provide the Annual Report to the Dissemination Agent (if other than the County). If the County is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to (i) each National Repository or the Municipal Securities Rulemaking Board, and (ii) the State Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and the State Repository, if any; and

(ii) if the Dissemination Agent is other than the County, file a report with the County certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

4. Contents of Annual Report. The Annual Report shall contain or incorporate by reference the following:

(a) The Audit for the immediately preceding Fiscal Year, prepared in accordance with generally accepted accounting principles applicable to operations of the County, as same may be modified from time to time by Florida statutory requirements and the governmental accounting standards promulgated by the Government Accounting Standards Board.

If the County's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement



dated \_\_\_\_\_, 2001 (the "Official Statement"), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) Updates to the following historical and financial information and operating data presented in the Official Statement:

(i) Any change in the information contained under the heading "Other Obligations Payable from Non-ad Valorem Funds;"

(ii) Historical statement (last four fiscal years) of table contained under headings "Nassau County, Florida Historical and Estimated Statement of Pro-Forma Debt Service Coverage of Maximum Annual Debt Service Series 2001 bonds."

The information provided under Section 4(b) may be included by specific reference to other documents, including official statements of debt issues of the County or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so included by reference.

5. Reporting of Listed Events.

(a) Pursuant to the provisions of this Section 5, the County shall give, or cause to be given, notice of the occurrence of any of the following Listed Events with respect to the Series 2001 Bonds, if material:

(i) Delinquency in payment when due of principal or interest on the Series 2001 Bonds;

(ii) Non-payment related defaults;

(iii) Amendment to the Resolution modifying the rights of the Holders of the Series 2001 Bonds;

(iv) Optional, contingent or unscheduled prepayment of the Series 2001 Bonds;

(v) Defeasance of the Series 2001 Bonds or any portion thereof;

(vi) Any change in any rating of the Series 2001 Bonds;

(vii) Adverse tax opinions or events adversely affecting the tax-exempt status of the interest on the Series 2001 Bonds;

(viii) Any unscheduled draw on any reserve account for the Series 2001 Bonds reflecting financial difficulties;

(ix) Any unscheduled draw on the insurance policy issued by the Bond Issuer reflecting financial difficulties;

(x) Any substitution of the Bond Insurer or any failure of the Bond Insurer to perform on its insurance policy; and

(xi) The release, substitution, or sale of any property securing repayment of the Series 2001 Bonds or any portion thereof.

(b) Whenever the County obtains knowledge of the occurrence of a Listed Event, the County shall, as soon as possible, determine if such event would be material under applicable federal securities laws.

(c) If the County has determined that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the County shall promptly report the occurrence pursuant to subsection (d) below.

(d) If the County determines that the Listed Event would be material under applicable federal securities laws, the County shall file a notice of such occurrence with the Municipal Securities Rulemaking Board or each National Repository and the State Repository, and send a copy thereof to the Bond Insurer. Notwithstanding the foregoing, any event under clauses (i), (vi), (vii), (viii), (ix) or (x) shall always be deemed to be material. Each such notice shall be captioned "Material Event Notice" and shall prominently state the date, title and CUSIP numbers of the Series 2001 Bonds to which it relates. Notwithstanding the foregoing, notice of the occurrence of a Listed Event described in clauses (iv) or (v) of subsection (a) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to Holders of affected Series 2001 Bonds pursuant to the Resolution.

6. Termination of Reporting Obligations. The obligations of the County hereunder shall terminate upon the legal defeasance, prior prepayment or payment in full of all Outstanding Series 2001 Bonds or upon the termination of the continuing disclosure requirements of the Disclosure Rule by legislative, judicial or administrative action. If such termination occurs prior to the final maturity of the Series 2001 Bonds, the County shall give notice of such termination in the same manner as for a Listed Event under Section 5(d).

7. Dissemination Agent. The County may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations hereunder and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent.

8. Obligated Persons. The Obligated Person with respect to the Series 2001 Bonds shall be the County.

9. Default. In the event of a failure of the County or the Dissemination Agent to comply with any provision of this Certificate, any Holder or Beneficial Owner of Outstanding Series 2001 Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County or the Dissemination Agent, as the case may be, to comply with its obligations under this Certificate. Notwithstanding any other provision of the Resolution to the contrary, failure of the County or the Dissemination Agent to comply with the requirements of this Certificate shall not be considered an event of default under the Resolution, and the sole remedy under this Certificate in the event of any failure of the County or Dissemination Agent to comply with the provisions of this Certificate shall be an action to compel performance.

10. Amendment; Waiver. Notwithstanding any other provision hereof, the County and the Dissemination Agent may amend the provisions of this Certificate without consent of the Holders of Series 2001 Bonds and any provision of this Certificate may be waived provided the undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Disclosure Rule at the time of the original issuance of the Series 2001 Bonds, after taking into account any amendments or interpretations of the Disclosure Rule, as well as any change in circumstances.

In the event of any amendment or waiver of a provision of this Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements: (i) notice of such change shall be given in the same manner as for a Listed Event under Section 5(d); and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

11. Additional Information. Nothing herein shall be deemed to prevent the County from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Certificate. If the County chooses to include any information in an Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Certificate, the County shall have no obligation to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

12. Purpose of this Certificate. This Certificate constitutes the written undertaking for the benefit of the Holders and Beneficial Owners of the Series 2001 Bonds required by Section (b)(5)(i) of the Disclosure Rule.

13. Beneficiaries. The covenants contained herein shall inure solely to the benefit of the County, the Dissemination Agent, the Participating Underwriter and the Holders and Beneficial Owners from time to time of the Series 2001 Bonds and shall create no rights in any other person or entity.

14. Governing Law. This Certificate shall be governed by the laws of the State of Florida and Federal law and venue shall be in Nassau County, Florida.

**IN WITNESS WHEREOF**, the undersigned has executed this Certificate as of the \_\_\_\_\_ day of \_\_\_\_\_, 2001.

**NASSAU COUNTY, FLORIDA**

By: \_\_\_\_\_  
Clerk of the Circuit Court

EXHIBIT "A"

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Nassau County, Florida

Name of Bond Issue: Public Improvement Revenue Bonds, Series  
2001 (the "Series 2001 Bonds")

Date of Issuance: \_\_\_\_\_, 2001

NOTICE IS HEREBY GIVEN that the County has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate. The County anticipates that the Annual Report will be filed by \_\_\_\_\_.

Dated: \_\_\_\_\_

**NASSAU COUNTY, FLORIDA**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_