

RESOLUTION NO. 2002- 059

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA, AUTHORIZING THE ISSUANCE BY THE COUNTY OF NOT EXCEEDING \$4,500,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS SOUTH AMELIA ISLAND SHORE STABILIZATION SPECIAL ASSESSMENT BONDS, SERIES 2002, TO FINANCE THE COST OF CERTAIN CAPITAL IMPROVEMENTS BENEFITTING PROPERTY WITHIN THE SOUTH AMELIA ISLAND SHORE STABILIZATION MUNICIPAL SERVICES BENEFIT UNIT; PLEDGING AS SECURITY FOR PAYMENT OF THE PRINCIPAL OF AND INTEREST ON SUCH BONDS THE SPECIAL ASSESSMENTS LEVIED ANNUALLY UPON PROPERTIES WHICH SHALL BE SPECIALLY BENEFITTED BY SUCH IMPROVEMENTS, ALL MONEYS ON DEPOSIT IN AND INVESTMENTS HELD FOR THE CREDIT OF CERTAIN FUNDS CREATED HEREUNDER, AND THE EARNINGS ON SUCH INVESTMENTS; MAKING CERTAIN COVENANTS AND AGREEMENTS FOR THE BENEFIT OF THE HOLDERS OF SAID BONDS; PROVIDING FOR THE TERMS AND DETAILS OF THE BONDS, INCLUDING AUTHORIZING A NEGOTIATED SALE OF THE BONDS AND THE EXECUTION AND DELIVERY OF A BOND PURCHASE CONTRACT WITH RESPECT THERETO UPON COMPLIANCE WITH CERTAIN PARAMETERS; AND PROVIDING AN EFFECTIVE DATE.

TABLE OF CONTENTS

Page

ARTICLE I GENERAL

SECTION 1.01	Definitions	5
SECTION 1.02	Authority for Resolution	5
SECTION 1.03	Resolution to Constitute Contract	5
SECTION 1.04	Findings	5
SECTION 1.05	Authorization of Project	7

ARTICLE II AUTHORIZATION, TERMS AND EXECUTIONS OF BONDS

SECTION 2. 01	Authorization of Bonds	8
SECTION 2.02	Description of Bonds	8
SECTION 2.03	Application of Bond Proceeds	8
SECTION 2.04	Execution of Bonds	8
SECTION 2.05	Bonds Mutilated, Destroyed, Stolen or Lost	9
SECTION 2.06	Negotiability and Transfer	9
SECTION 2.07	Full Book-Entry	10
SECTION 2.08	Form of Bonds	11

ARTICLE III REDEMPTION OF BONDS

SECTION 3.01	Redemption of Bonds	15
SECTION 3.02	Selection of Bonds to be Redeemed	15
SECTION 3.03	Notice of Redemption	15
SECTION 3.04	Redemption of Portions of Bonds	16
SECTION 3.05	Payment of Redeemed Bonds	16

ARTICLE IV SECURITY

SECTION 4.01	Bonds not to be Indebtedness of Issuer	17
SECTION 4.02	Security for Bonds	17
SECTION 4.03	Funds	17
SECTION 4.04	Flow of Funds	17
SECTION 4.05	Investments	19
SECTION 4.06	Separate Accounts	19

ARTICLE V
COVENANTS

SECTION 5.01	General	20
SECTION 5.02	Books and Records	20
SECTION 5.03	Issuance of Additional Obligations	20
SECTION 5.04	Federal Income Tax Covenants	20
SECTION 5.05	Modification of Legislation	20
SECTION 5.06	MSBU	21
SECTION 5.07	Further Assurances	21
SECTION 5.08	Completion of Project	21
SECTION 5.09	Enforcement of Payment of Assessments	21
SECTION 5.10	Re-Assessments	21
SECTION 5.11	Employment of Assessment Administrator	21
SECTION 5.12	Resignation of Paying Agent or Bond Registrar	21
SECTION 5.13	Removal of Paying Agent or Bond Registrar	22
SECTION 5.14	Appointment of Successor Paying Agent or Bond Registrar	22
SECTION 5.15	Qualifications of Successor Paying Agent or Bond Registrar	22
SECTION 5.16	Acceptance of Duties by Successor Paying Agent or Bond Registrar	22
SECTION 5.17	Merger, Consolidation or Conversion of Paying Agent or Bond Registrar	23

ARTICLE VI
DEFAULTS AND REMEDIES

SECTION 6.01	Events of Default	24
SECTION 6.02	Remedies	24
SECTION 6.03	Directions to Trustee as to Remedial Proceedings	25
SECTION 6.04	Remedies Cumulative	25
SECTION 6.05	Waiver of Default	25
SECTION 6.06	Application of Moneys After Default	25
SECTION 6.07	Control by Insurer	26

ARTICLE VII
SUPPLEMENTAL RESOLUTIONS

SECTION 7.01	Supplemental Resolution Without Owners' Consent	27
SECTION 7.02	Supplemental Resolution with Owners' Consent	27
SECTION 7.03	Amendment with Consent of Insurer Only	29
SECTION 7.04	Transcript of Documents to Insurer	29

ARTICLE VIII
MISCELLANEOUS

SECTION 8.01	Defeasance	30
SECTION 8.02	Sale of Bonds	31
SECTION 8.03	General Authority	32
SECTION 8.04	No Personal Liability	32
SECTION 8.05	No Third Party Beneficiaries	32
SECTION 8.06	Severability of Invalid Provisions	32
SECTION 8.07	Repeal of Inconsistent Resolutions	32
SECTION 8.08	Table of Contents and Headings not Part Hereof	33
SECTION 8.09	Effective Date	33
EXHIBIT A	Form of Bond Purchase Agreement	
EXHIBIT B	Preliminary Official Statement	
EXHIBIT C	Form of Disbursement Request	
EXHIBIT D	Continuing Disclosure Agreement	

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

**ARTICLE I
GENERAL**

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

"Act" shall mean Section 125.01, Florida Statutes, et seq., the Assessment Ordinance, and other applicable provisions of law.

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

"Assessment Administrator" shall mean South Amelia Island Shore Stabilization Association, Inc., or such successor entity as appointed by the Issuer.

"Assessment Ordinance" shall mean Ordinance No. 94-1, enacted by the Governing Body on October 11, 1993, as the same may be amended and supplemented.

"Assessment Resolution" shall mean, collectively, Resolution No. 2002-035 of the Governing Body, adopted February 25, 2002, and Resolution No. 2002-058, adopted March 25, 2002, as amended and supplemented.

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

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

"Authorized Issuer Officer" shall mean the Chairman of the Board of County Commissioners, or his designee, 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" or "Bonds" shall mean the obligations of the Issuer authorized to be issued 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.

"Bondholder" or "Holder" or "holder" or "Owner" when used with reference to a Bond or Bonds, shall mean any Person who shall be the registered owner of any Bond or Bonds according to the registration books of the Issuer.

"Bond Insurance Policy" shall mean the policy of municipal bond insurance, if any, issued by the Insurer.

"Bond Year" shall mean the period commencing April 2 of each year and ending April 1 of the following year, provided that the initial Bond Year shall begin on the date of issuance of the Bonds and end April 1, 2003.

"Capitalized Interest" shall mean interest due or to be due on the Bonds prior to, during or for a period not exceeding one year after completion of the Project, which will be paid, or is expected to be paid, from the proceeds of the Bonds.

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

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

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

"Collection Costs" shall mean all costs and expenses of collection of the Assessment, which shall be billed by the Issuer as part of the Assessments, or installments thereof, or which may be billed separately from the Assessments.

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

"Delinquent Assessments" shall mean any installment of any Assessment which is not paid when due.

"Federal Securities" means, to the extent permitted by law for investment as contemplated herein, (i) any direct and general obligations of, or obligations the payment of the principal of and interest on which are unconditionally guaranteed by the United States of America, (ii) any tax-exempt obligations which are fully secured as to principal and interest by an irrevocable pledge of moneys or obligations described in (i) above, which moneys or obligations are segregated in trust and pledged for the benefit of the Owners of the tax-exempt obligations, (iii) certificates of ownership of the principal or interest of obligations described in (i) above, which obligations are held in trust and (iv) investment agreements at least 100% collateralized by obligations described in clauses (i), (ii) and (iii) above.

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

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

"Insurer" shall mean such municipal bond insurance company as may be established by supplemental resolution of the Issuer, or any successor thereto.

"Interest Payment Date" shall mean April 1 and October 1, of each year, commencing October 1, 2002.

"Issuer" shall mean Nassau County, Florida

"Maximum Annual Debt Service" shall mean the maximum amount of debt service payments, including Sinking Fund and Reserve Fund payments, required in the then current or any succeeding 12-month period on all obligations secured by Pledged Revenues.

"MSBU" shall mean the South Amelia Island Shore Stabilization Municipal Services Benefit Unit established by the Assessment Ordinance.

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

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

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

"Pledged Revenues" shall mean revenues derived or to be derived from the Special Assessments, including amounts received from the sale of tax certificates or otherwise received from the collection of Delinquent Assessments, interest and penalties on the Assessments and proceeds of any reassessment pursuant to the Resolution.

"Project" shall mean the shore stabilization project described in the Assessment Resolution, as it may be modified from time to time.

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

"Property Appraiser" shall mean the Property Appraiser of Nassau County, Florida, or the person succeeding to his or her principal functions.

"Rebate Amount" shall mean the amount, if any, required to be rebated to the United States pursuant to Section 148(f) of the Code.

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

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

"Registrar" shall mean The Bank of New York, as initial registrar for the Bonds, and any other Person which may at any time be substituted as registrar for the Bonds pursuant to resolution of the Governing Body.

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

"Reserve Requirement" shall mean, as of the date of calculation, an amount equal to the lesser of (i) Maximum Annual Debt Service, (ii) 125% of average annual debt service on the Bonds and (iii) 10% of the initial principal amount of the Bonds.

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

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

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

"Special Assessments" or "Assessments" means the special non-ad valorem assessments imposed annually by the Issuer within the territorial limits of the MSBU pursuant to the Assessment Ordinance and the Assessment Resolution and any future legislation imposing such assessments, including interest and penalties thereon, amounts received from the sale of tax certificates or otherwise received from the collection of Delinquent Assessments and proceeds of any reassessment pursuant hereto, and collected by or on behalf of the Issuer pursuant to Chapter 197, Florida Statutes. In no event shall any ad valorem taxes be included in the definition of "Special Assessment" or otherwise subject to pledge under this Resolution.

"State" shall mean the State of Florida.

"Tax Collector" shall mean the Tax Collector of Nassau County, Florida, or the person succeeding to his or her principal functions.

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

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

SECTION 1.02 Authority for Resolution. This Resolution is adopted pursuant to the provisions of the Act.

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 and of the Assessment Ordinance and the Assessment Resolution, to the extent they afford rights or security for the Bonds, 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 benefit, protection and security of the Holders of any and all of said Bonds. All of the Bonds, regardless of the time or times of their issuance or maturity, 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 as follows:

(A) Pursuant to the Assessment Ordinance, the Issuer determined that there exists and will in the foreseeable future exist a need for a beach renourishment program in the south area of Amelia Island within the boundaries of Nassau County, Florida, and that the best means of accomplishing and funding the program is to create a municipal services benefit unit encompassing those areas to

be specially benefitted by such program and impose Special Assessments within such areas; and pursuant to the Assessment Resolution, the Governing Body, among other provisions, established procedures for measurements and collection of Special Assessments, adopted the assessment roll for fiscal year 2002 and imposed Special Assessments for fiscal year 2002.

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

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

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

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

(F) The Governing Body is advised that due to the present volatility of the market for tax-exempt public obligations such as the Bonds, it is in the best interest of the Issuer to sell the Bonds by a negotiated sale, allowing the Issuer to enter such market at the most advantageous time, rather than at a specified advertised future date, thereby permitting the Issuer to obtain the best possible price, interest rate and other terms for the Bonds and, accordingly, the Issuer does hereby find and determine that it is in the best financial interest of the Issuer that a negotiated sale of the Bonds be authorized. The Issuer acknowledges receipt of the information required by Section 218.385, Florida Statutes, in connection with the negotiated sale of the Bonds. A copy of the letter of Compass Bank, the Underwriter for the Bonds (the "Underwriter"), containing the aforementioned information is required to be attached to the Bond Purchase Agreement delivered in accordance with Section 8.02 hereof.

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

SECTION 1.06 Designation as Qualified Tax-Exempt Obligations. The Issuer does hereby designate the Bonds as qualified tax-exempt obligations," within the meaning of Section 265(b)(3) of the code, and does hereby certify that it does not reasonably expect to issue in excess of \$10,000,000 in tax-exempt obligations (including the Bonds) in calendar year 2002.

ARTICLE II
AUTHORIZATION, TERMS AND EXECUTIONS OF BONDS

SECTION 2.01 Authorization of Bonds. For the purpose of financing all or a part of the Cost of the Project, the Issuer hereby authorizes the issuance of the Bonds, to be designated as "Nassau County, Florida, South Amelia Island Shore Stabilization Special Assessment Bonds, Series 2002," in the manner herein provided, in a principal amount not to exceed \$4,500,000.

SECTION 2.02 Description of Bonds. The Bonds shall be dated April 1, 2002, and shall be payable as to both principal and interest at such place and in such manner, shall contain such redemption provisions as is set forth in the Bond Purchase Agreement delivered in accordance with Section 8.02 hereof.

The Bonds shall bear interest at such rate or rates not exceeding the maximum nonusurious contract rate of interest allowed from time to time by applicable law and shall be payable in lawful money of the United States of America on such dates, all as set forth in the Bond Purchase Agreement delivered in accordance with Section 8.02 hereof.

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

SECTION 2.03 Application of Bond Proceeds. The proceeds derived from the sale 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 deposited into the Reserve Fund to satisfy the Reserve Fund Requirement.

(B) An amount of Bond proceeds sufficient to pay interest on the Bonds coming due on October 1, 2002 shall be deposited into the Sinking Fund.

(C) A sufficient amount of Bond proceeds shall be used to pay all costs and expenses in connection with the preparation, issuance and sale of the Bonds.

(D) The balance of the proceeds of the Bonds shall be deposited into the Project Fund.

SECTION 2.04 Execution of Bonds. The Bonds shall be executed in the name of the Issuer with the manual or facsimile signature of the Chairman and the Clerk and the official seal of the

Issuer shall be impressed or imprinted thereon, attested and countersigned with the signature of the Clerk. In case any one or more of the officers who shall have signed or sealed any of the Bonds or whose facsimile signature shall appear thereon 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 the 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 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. The Issuer may adopt and use for such purposes the facsimile signatures of any such persons who shall have held such offices at any time after the date of adoption of this Resolution, notwithstanding that either or both shall have ceased to hold such office at the time the Bonds shall be actually sold and delivered.

SECTION 2.05 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 in lieu of and substitution for the Bond destroyed, stolen or lost, and upon the Holder furnishing the Issuer proof of such Holder's ownership thereof and satisfactory indemnity and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. Any Bond so surrendered or otherwise substituted shall be cancelled by the Issuer. If the Bond shall have matured or be about to mature, instead of issuing a substitute Bond, the Issuer may pay the same or cause the Bond to be paid, upon being indemnified as aforesaid, and if such Bond be lost, stolen or destroyed, without surrender thereof.

Any such duplicate Bond issued pursuant to this Section 2.05 shall constitute an original, additional contractual obligation on the part of the Issuer whether or not the lost, stolen or destroyed Bond be at any time found by anyone, and such duplicate Bond shall be entitled to equal and proportionate benefits and rights as to lien on the Pledged Funds to the same extent as any prior Bond issued hereunder and shall be entitled to the same benefits and security as the Bond so lost, stolen or destroyed.

SECTION 2.06 Negotiability and Transfer. The Bonds issued under this Resolution shall be and have all the qualities and incidents of a negotiable instrument under the laws of the State, subject to the provisions for registration and transfer contained in this Resolution and in the Bonds. So long as any of the Bonds shall remain outstanding, the Issuer shall maintain and keep, at the office of the Registrar, books for the registration and transfer of the Bonds.

The Bonds shall be transferable only upon the books of the Issuer, at the office of the Registrar, under such reasonable regulations as the Issuer may prescribe, by the Holder thereof in person or by such Holder's attorney duly authorized in writing upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar duly executed and guaranteed by the Holder or such Holder's duly authorized attorney. Upon the transfer of the Bond, the Issuer shall

issue, in the name of the transferee, a new Bond or Bonds of the same aggregate principal amount and maturity as the surrendered Bond. The Issuer, any Registrar and any Paying Agent or fiduciary of the Issuer may deem and treat the Person in whose name the Bond shall be registered upon the books of the Issuer as the absolute owner of the Bond, whether the Bond shall be overdue or not, for the purpose of receiving payment of, or on account of, the principal and interest on the Bond and for all other purposes, and all such payments so made to any such Holder or upon such Holder's order shall be valid and effectual to satisfy and discharge the liability upon the Bond to the extent of the sum or sums so paid and neither the Issuer nor any Paying Agent or other fiduciary of the Issuer shall be affected by any notice to the contrary.

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

SECTION 2.07 Full Book-Entry. Notwithstanding the provisions set forth in Section 2.06 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 2.06 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 in 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 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 2.08 Form of Bonds. The Bonds shall be in substantially the following form with such omissions, insertions and variations as may be necessary and/or desirable and approved by the Chairman or the Clerk prior to the issuance thereof (which necessity and/or desirability and approval shall be presumed by such officer's execution of the Bonds and the Issuer's delivery of the Bonds to the purchaser or purchasers thereof):

\$ _____

No. R- _____

**UNITED STATES OF AMERICA
STATE OF FLORIDA,
NASSAU COUNTY
SOUTH AMELIA ISLAND SHORE STABILIZATION
SPECIAL ASSESSMENT BOND
SERIES 2002**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>	<u>CUSIP</u>
		April 1, 2002	

Registered Holder: _____

Principal Amount: [FACE AMOUNT]

KNOW ALL MEN BY THESE PRESENTS, that Nassau County, a political subdivision of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the sources of payment hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above, together with interest from the date of original issue identified above or from the most recent payment date to which interest has been paid until payment in full at the Interest Rate per annum identified above (calculated on the basis of a 360-day year of twelve thirty-day months) on April 1 and October 1 of each year, commencing October 1, 2002, until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

Such Principal Amount and interest and the premium, if any, 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 and the premium, if any, on this Bond, are payable at the principal corporate trust office of The Bank of New York, Jacksonville, Florida, or any successor thereof, as Paying Agent. Payment of each installment of interest shall be registered on the registration books of the Issuer maintained by The Bank of New York, Jacksonville, Florida, or any successor thereof, as Registrar, at the close of business on the date which shall be the fifteenth day next preceding each interest payment date and shall be paid by check or draft of the Paying Agent to such Registered Owner at the address appearing on such registration books or, at the option of such Paying Agent, and at the request and expense of the Owner of \$1,000,000 or more in principal amount, by bank wire transfer for the account of such Owner.

This Bond is issued to finance the construction of certain shore stabilization improvements (the "Project") for the Issuer within the MSBU (as defined in Resolution No. ____ of the Issuer, adopted March 25, 2002 (the "Bond Resolution")), under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Section 125.01, es seq., Florida Statutes, as amended, and other applicable provisions of law, and Ordinance No. 94-1 of the Issuer, as amended and supplemented (the "Assessment Ordinance"), and other applicable provisions of law, and is entitled to all the rights and benefits thereof and of the Bond Resolution.

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

The Bonds are subject to redemption prior to maturity as provided in the Bond Resolution.

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

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

This Bond is and has all the qualities and incidents of a negotiable instrument under the laws of the State of Florida, but may be transferred only in accordance with the terms of the Bond Resolution upon the books of the Issuer kept for that purpose at the office of the Registrar by the Registered Holder in person or by such Holder's attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or such Holder's attorney duly authorized in writing, and thereupon a new Bond shall be issued to the transferee in exchange therefor, and upon the payment

of the charges, if any, prescribed in the Resolution. The Issuer, the Registrar and the Paying Agent may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary.

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

IN WITNESS WHEREOF, Nassau County, Florida, has issued this Bond and has caused the same to be executed by the Chairman, and attested and countersigned by the Clerk, of the Board of County Commissioners and its official seal to be impressed hereon, all as of the 1st day of April, 2002.

NASSAU COUNTY, FLORIDA

(SEAL)

By: _____
Chairman of the Board of County Commissioners

ATTESTED AND COUNTERSIGNED:

Clerk of the Board of County
Commissioners

ARTICLE III REDEMPTION OF BONDS

SECTION 3.01 Redemption of Bonds. The Bonds shall be subject to redemption at such times in the manner and at such prices, as provided herein.

(A) The Bonds are subject to extraordinary mandatory redemption by the Issuer in whole or in part on any Interest Payment Date prior to their scheduled maturity, and if in part in ascending order of maturity, at the Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the Redemption Date from moneys deposited in the Redemption Fund as provided in Section 4.04(B)(5) hereof.

(B) The Bonds shall be subject to mandatory sinking fund redemption as set forth in the Bond Purchase Agreement described in Section 8.02 hereof.

(C) The Bonds shall not be subject to optional redemption prior to maturity.

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 forty-five (45) 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 by the Registrar and Paying Agent from outstanding Bonds of the maturity or maturities designated by the Issuer and, by lot within a maturity, in principal amounts of \$5,000 thereof.

SECTION 3.03 Notice of Redemption. Subject to the book entry system described herein, notice of 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 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 owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent, and (B) shall be mailed certified, postage prepaid, at least thirty-five (35) days prior to the redemption date to the registered securities depositories and to two or more nationally recognized municipal bond information services. Failure to mail notice to the owners of the Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Bonds as to which no such failure or defect has occurred.

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 Paying Agent at an address specified; and (10) the name and telephone number of a person designated by the Paying Agent to be responsible for such redemption.

In addition to the mailing of the notice described above, each notice of redemption and payment of the Redemption Price shall meet the following requirements; provided, however, the failure to provide such further notice of redemption or to comply with the terms of this paragraph shall not in any manner defeat the effectiveness of a call for redemption if notice thereof is given as prescribed above:

Each further notice of redemption shall be sent at least thirty (30) days before the redemption date by certified mail or overnight delivery service or telescope to all registered securities depositories then in the business of holding substantial amounts of obligations of types comprising the Bonds and to one or more national information services which disseminate notices of prepayment or redemption of obligations such as the Bonds.

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 Bond or portion thereof to be redeemed shall, on the redemption date, become due and payable, and from and after such date (unless the Issuer shall default in the payment) the Bond or such portion thereof shall cease to bear interest.

ARTICLE IV SECURITY

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

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

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

SECTION 4.04 Flow of Funds.

(A) All proceeds of the Bonds, except that portion, if any, necessary to satisfy the Reserve Requirement and to pay costs associated with the issuance of the Bonds and such portion designated by the Issuer as Capitalized Interest, which shall be deposited to the Sinking Fund, shall be deposited in the Project Fund and, unless an Event of Default shall occur and be continuing, shall be withdrawn to pay the Approved Costs of the Project. Bond proceeds shall not be used to pay or reimburse the Issuer for any Costs of the Project incurred prior to issuance of the Bonds without a written approving opinion of Bond Counsel.

All payments from the Project Fund shall be paid in accordance with the provisions of this subsection. Moneys in the Project Fund shall be disbursed by check, voucher, order, draft, certificate or warrant signed by any one or more officers or employees of the Clerk legally authorized to sign such items or by wire transfer to an account specified by the payee upon satisfaction of the conditions for disbursement set forth herein. Before any such payment shall be made, there shall be filed with the Clerk a completed requisition in the form of Exhibit C hereto, signed by an Authorized Officer.

Upon receipt of each such requisition, the Clerk shall promptly withdraw from the Project Fund and pay to the person, firm or corporation named in such requisition the amount designated in such requisition.

All requisitions and certificates received by the Clerk pursuant to this Section 4.04(A) shall be retained in the possession of the Issuer, subject at all reasonable times to the inspection of the Assessment Administrator, the Insurer, the Owners of any Bonds, and the agents and representatives thereof.

On the date of completion of the Project, the balance in the Project Fund not reserved by the Issuer for the payment of any remaining part of the Cost of the Project shall, at the direction of the Assessment Administrator, be deposited as provided in Section 4.04(B)(5) hereof.

(B) All Pledged Revenues shall be paid into and disbursed from the following funds as set forth below:

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

(2) Next, the Issuer shall deposit all Pledged Revenues received into the Special Assessment Fund until the balance in the Special Assessment Fund is equal to the estimated Collection Costs for the following 12-month period. Money on deposit in this fund shall be withdrawn by the Issuer as needed to pay such costs as incurred.

(3) Next, the Issuer shall deposit all Pledged Revenues into the Sinking Fund until such fund is sufficient to satisfy the principal and interest payments on the Bonds coming due on the next two succeeding Interest Payment Dates. Money on deposit in this Fund shall be withdrawn as and when needed solely for the purpose of paying such principal and interest.

(4) Next, the Issuer shall deposit Pledged Revenues in the Reserve Fund until the balance in such fund satisfies the Reserve Requirement. Money on deposit in this fund shall be withdrawn to pay principal or interest on the Bonds to the extent funds in the Sinking Fund are insufficient for such purpose. Any excess in the Reserve Fund shall be transferred to the Sinking Fund. On the earliest date on which the amount on deposit in the Reserve Fund is sufficient, after taking into account other moneys available in the Sinking Fund and Redemption Fund, to pay and redeem all of the Outstanding Bonds, together with accrued interest on such Bonds to the earliest date of redemption permitted therein and herein, the Issuer upon direction from the Assessment Administrator shall transfer the balance in the Reserve Fund into the Redemption Fund and to the extent necessary to pay accrued interest to the redemption date established by the Issuer into the Sinking Fund, and pay and redeem all of the Outstanding Bonds on the earliest date permitted for redemption therein and herein.

(5) Any excess Pledged Revenues shall be deposited in the Redemption Fund. The Issuer, upon direction from the Assessment Administrator, shall notify the Paying Agent on each February 15 and August 15 (or if such day is not a Business Day, on the next preceding Business Day) of the amount of Bonds to be redeemed from the Redemption Fund. The Paying Agent shall cause a notice of redemption to be given as provided for in Section 3.03 hereof with respect to such principal amount of Bonds, and shall redeem such Bonds on the next succeeding Interest Payment Date. All expenses incurred by the Paying Agent in connection with such redemption shall be paid from the Special Assessment Fund.

SECTION 4.05 Investments. The Special Assessment Fund, Reserve Fund, Redemption Fund, Rebate Fund, Project Fund and Sinking Fund shall be continuously secured in the manner in which the deposit of public funds are authorized to be secured by the laws of the State. There is hereby created a lien upon such funds, other than the Rebate Fund, and all moneys therein in favor of the Bondholders until the moneys deposited therein shall have been applied in accordance with this Resolution. Moneys on deposit to the credit of the Special Assessment Fund, Redemption Fund, Project Fund, Reserve Fund, Sinking Fund and Rebate Fund may be invested in Authorized Investments which shall mature not later than the date on which such moneys shall be needed to pay the amounts for which withdrawal is authorized. The securities so purchased as an investment of the moneys of any such fund shall be deemed at all times to be a part of such fund, and any loss resulting from such investment shall be charged to such fund and any interest accruing on such investment or any other profit realized therefrom shall be deposited in such fund.

SECTION 4.06 Separate Accounts. The moneys required to be accounted for in any of the funds created hereunder may be deposited in a single bank account, and the moneys allocated to such funds may be invested in a common investment pool, provided that adequate accounting records are maintained to reflect and control the restricted allocation of the moneys on deposit therein and such investments for the purposes of such funds as herein provided.

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

ARTICLE V COVENANTS

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

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

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

SECTION 5.04 Federal Income Tax Covenants.

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

(B) 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 the Bonds (or amounts deemed to be proceeds under the Code) in any manner which would cause the 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 the Bonds to become includable in the gross income of the Holders thereof for federal income tax purposes.

(C) 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 the gross income of the Holders thereof for federal income tax purposes, including, in particular, the payment of any amount required to be rebated to the United States Treasury pursuant to the Code.

SECTION 5.05 Modification of Legislation. The Issuer covenants not to modify the Assessment Ordinance in any way materially disadvantageous to the Holders of the Bonds or to take any action which would diminish Pledged Revenues or the Issuer's ability to enforce payment thereof, without the written consent of the Holders of the Bonds.

SECTION 5.06 MSBU. The MSBU shall not be modified or terminated until the Bonds are repaid in full.

SECTION 5.07 Further Assurances. The Issuer covenants to execute any and all documents and take any and all actions necessary for the Holders of the Bonds to fully enjoy their rights granted herein and in the Bonds.

SECTION 5.08 Completion of Project. The Issuer shall complete the acquisition and construction of the Project with all practical dispatch and in a sound and economical manner.

SECTION 5.09 Enforcement of Payment of Assessments. The Issuer will assess, levy, collect or cause to be collected and enforce the payment of Assessments, in the manner prescribed by this Resolution, and all resolutions, ordinances or laws thereunto appertaining at the times and in the amounts as shall be necessary in order to pay, when due, the debt service on the Bonds and to maintain the Reserve Fund at its required level and to make all other payments required hereby except that the Issuer shall not collect the Assessments from and after such time as the amount on deposit in the Reserve Fund together with amounts on deposit in the Sinking Fund and Redemption Fund with respect to the Bonds is and remains equal to or greater than the principal payable thereon. The Issuer shall not change its method of collection of the Assessments without the prior written consent of the Insurer and the Holders of the Bonds.

SECTION 5.10 Re-Assessments. If any Assessment shall be either in whole or in part annulled, vacated or set aside by the judgment of any court, or if the Issuer shall be satisfied that any such Assessment is so irregular or defective that the same cannot be enforced or collected, or if the Issuer shall have omitted to make such Assessment when it might have done so, the Issuer shall take all necessary steps to cause a new Assessment to be made for the whole or any part of said improvement or against any property benefitted by said improvement.

SECTION 5.11 Employment of Assessment Administrator. The Issuer will, at all times the Bonds remain outstanding hereunder, engage an Assessment Administrator of demonstrated ability to fulfill the obligations of the Assessment Administrator hereunder.

SECTION 5.12 Resignation of Paying Agent or Bond Registrar. The Paying Agent or Bond Registrar may resign and be discharged of the duties created by this Resolution by executing an instrument in writing resigning such duties and specifying the date when such resignation shall take effect, and filing the same with the Issuer not less than sixty (60) days before the date specified in such instrument when such resignation shall take effect. Such Resignation shall take effect on the date specified in such notice, unless a successor Paying Agent or Bond Registrar is previously appointed in which event such resignation shall take effect immediately upon the appointment of such successor Paying Agent or Bond Registrar. If the successor Paying Agent or Bond Registrar shall not have been appointed within a period of sixty (60) days following the giving of notice, then the Issuer may appoint a successor Paying Agent or Bond Registrar in the same manner as provided in Section 5.03 hereof. Notice of the appointment of a successor Paying Agent or Bond Registrar

shall be sent by the successor Paying Agent or Bond Registrar by first-class mail to the Insurer and each Owner as its name and address appears on the Bond Register prior to the date such appointment is to take effect.

SECTION 5.13 Removal of Paying Agent or Bond Registrar. The Paying Agent or Bond Registrar may be removed with or without cause at any time prior to any Event of Default by the Issuer by filing with the Paying Agent or Bond Registrar to be removed an instrument or instruments in writing executed by an Authorized Officer appointing a successor. Such removal shall be effective thirty (30) days (or such longer period as may be set forth in such instrument) after delivery of the instrument; provided, however, that no such removal shall be effective until the successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder.

SECTION 5.14 Appointment of Successor Paying Agent or Bond Registrar. In case at any time the Paying Agent or Bond Registrar shall be removed, or be dissolved or declared insolvent, or if a conservator, receiver or liquidator of the Paying Agent or the Bond Registrar shall be appointed, or if the property or affairs of the Paying Agent or the Bond Registrar shall be taken under the control of any state or federal court or administrative body because of insolvency or bankruptcy, or for any other reason, then a vacancy shall forthwith and ipso facto exist in the office of the Paying Agent or Bond Registrar, as the case may be, and a successor shall be appointed by the Issuer; and in case at any time the Paying Agent or Bond Registrar shall resign, then a successor shall be appointed by the Issuer. Upon any such appointment, the successor Paying Agent or Bond Registrar shall give written notice of such appointment to the predecessor Paying Agent or Bond Registrar, and the successor Paying Agent or the Bond Registrar so appointed shall immediately and without further act supersede the predecessor Paying Agent or Bond Registrar.

SECTION 5.15 Qualifications of Successor Paying Agent or Bond Registrar. Every successor Paying Agent or Bond Registrar (a) shall be a commercial bank or trust company (i) duly organized under the laws of the United States of America or any state or territory thereof, (ii) authorized by law to perform all the duties imposed upon it by this Resolution and (iii) capable of meeting its obligations hereunder, and (b) shall have a combined capital, surplus and undivided profits of at least \$50,000,000.

SECTION 5.16 Acceptance of Duties by Successor Paying Agent or Bond Registrar. Any successor Paying Agent or Bond Registrar appointed hereunder shall execute, acknowledge and deliver to the Issuer an instrument accepting such appointment hereunder, and thereupon such successor Paying Agent or Bond Registrar, without any further act, deed or conveyance, shall become duly vested with all the estates, property, rights, powers, duties and obligations of its predecessor hereunder with like effect as if originally named Paying Agent or Bond Registrar herein. Upon request of such Paying Agent or Bond Registrar, such predecessor Paying Agent or Bond Registrar and the Issuer shall execute an deliver and instrument transferring to such successor Paying Agent or Bond Registrar all the estates, property, rights and powers hereunder of such predecessor Paying Agent or Bond Registrar and such predecessor Paying Agent or Bond Registrar shall pay over

and deliver to the successor Paying Agent or Bond Registrar all moneys and other assets at the time held by it hereunder.

SECTION 5.17 Merger, Consolidation or Conversion of Paying Agent or Bond Registrar. Any corporation into which any Paying Agent or Bond Registrar hereunder may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, consolidation or conversion to which any Paying Agent or Bond Registrar hereunder shall be a party, shall be the successor Paying Agent or Bond Registrar under this Resolution without the execution or filing of any paper or any further act on the part of the parties hereto, anything in this Resolution to the contrary notwithstanding.

**ARTICLE VI
DEFAULTS AND REMEDIES**

SECTION 6.01 Events of Default. The following events shall each constitute an "Event of Default" hereunder:

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

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

(C) The Issuer shall default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in the Bonds or in this Resolution or under the Assessment Ordinance on the part of the Issuer to be performed, or there shall occur any breach of a representation or warranty of the Issuer given herein or in any instrument or certificate relating hereto.

(D) This Resolution, the Bonds, the Assessment Ordinance or the Assessment Resolution, or any other ordinances, resolutions, laws or regulations providing rights or security for the benefit of the Holders of the Bonds shall be determined to be invalid or unenforceable in any material respect.

SECTION 6.02 Remedies. Any Owner of Bonds issued under the provisions of this Resolution or any trustee or receiver acting for such Owners may, either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted and contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution or by any applicable statutes to be performed by the Issuer or by any officer thereof.

The Owner or Owners 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 Owners of Bonds issued pursuant to this Resolution with authority to represent such Owners, in any legal proceedings for the enforcement and protection of the rights of such Owners, and such certificate shall be executed by such Owners 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 Owners 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 such appointment shall be given to all Owners of Bonds in the same manner as notices of redemption are given hereunder. After the appointment of the first trustee hereunder, no further trustees may be appointed; however, the Owners 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.

If any remedial action is discontinued or abandoned, the Owners shall be restored to their respective positions held prior to commencement of such remedial action.

SECTION 6.03 Directions to Trustee as to Remedial Proceedings. The Owners 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 with respect to the Bonds; 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 direction which in the opinion of the trustee would be unjustly prejudicial to Owners of Bonds not parties to such direction.

SECTION 6.04 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. The Holders of the Bonds shall be entitled to reimbursement by the Issuer, solely from Pledged Funds, of all reasonable attorneys fees, costs and expenses incurred by such Holders or their trustee or receiver in connection with the enforcement of this Resolution and the Bonds.

SECTION 6.05 Waiver of Default. No delay or omission of the Bondholders to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by Section 6.02 of this Resolution to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

SECTION 6.06 Application of Moneys After Default. If an Event of Default shall happen and shall not have been remedied within the specified cure period, the Issuer or a trustee or receiver appointed for the purpose shall apply all Pledged Revenues 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 Registrar hereunder;

(B) To the payment of the amounts required for Collection Costs, as certified by the Assessment Administrator; and

(C) To the payment of the interest and principal or Redemption Price, if applicable, then due on the Bonds as follows:

(1) Unless the principal of all the Bonds shall 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 or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of Section 8.01 of this Resolution), 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 6.07 Control by Insurer. Upon the occurrence and continuance of an Event of Default, the Insurer, if the 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 it shall issue.

ARTICLE VII

SUPPLEMENTAL RESOLUTIONS

SECTION 7.01 Supplemental Resolution Without Owners' Consent. The Issuer, from time to time and at any time, may adopt such Supplemental Resolutions without the consent of the Owners, but with the prior consent of the Insurer (which Supplemental Resolution 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 Owners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Owners.

(C) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of this Resolution other conditions, limitations and restrictions thereafter to be observed.

(D) 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.

(E) To specify and determine the matters and things referred to in Article II hereof, and also any other matters and things relative to such Bonds which are not contrary to or inconsistent with this Resolution as theretofore in effect, or to amend, modify or rescind any such authorization, specification or determination at any time prior to the first delivery of such Bonds.

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

SECTION 7.02 Supplemental Resolution with Owners' Consent. Subject to the terms and provisions contained in this Section 7.02 and Section 7.01 hereof, the Owner or Owners 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 maturity remain Outstanding, the consent of the Owners 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 7.02. Any Supplemental Resolution which is adopted in accordance with the provisions of this Section 7.02 shall also require

the prior written consent of the Insurer. 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 Redemption Price or the rate of interest thereon, (C) the creation of a lien upon or a pledge of the Pledged Funds, other than the lien and pledge created by this Resolution, which adversely affects any Owners, (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 contained in this Section 7.02, however, shall be construed as making necessary the approval by Owners of the adoption of any Supplemental Resolution as authorized in Section 7.01 hereof

If, at any time, the Issuer shall determine that it is necessary or desirable to adopt any Supplemental Resolution pursuant to this Section 7.02, the Clerk shall cause the Registrar 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 Owners at their addresses as they appear on the registration books. 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 for inspection by all Owners. The Issuer shall not, however, be subject to any liability to any Owner by reason of its failure to cause the notice required by this Section 7.02 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 7.02.

Whenever the Issuer shall deliver to the Clerk an instrument or instruments in writing purporting to be executed by the Owners 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 Owner of any Bond, whether or not such Owner shall have consented thereto.

If the Owners 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 Owner 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 7.02, 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 Owners 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 7.03. Amendment with Consent of Insurer Only. If all of the Bonds Outstanding hereunder are insured as to payment of principal and interest by an Insurer and the Bonds, at the time of the hereinafter described 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 the date of being insured, the Issuer may enact one or more Supplemental Resolutions amending all or any part of Articles, I, II, IV, V and VI hereof with the written consent of said Insurer and the acknowledgment by said Insurer that its Bond Insurance Policy will remain in full force and effect. The consent of the Holders of any Bonds shall not be necessary. The foregoing right of amendment, however, does not apply to any amendment to Section 5.04 hereof with respect to the exclusion of interest on said bonds from gross income for purposes of federal income taxation nor may any such amendment deprive the Holders of any Bond of right to payment of the Bonds from, and their lien on, the Pledged Funds to the extent provided herein. 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 7.02 hereof.

SECTION 7.04. Transcript of Documents to Insurer. The Issuer shall provide the Insurer with a complete transcript of all proceedings relating to the execution of any Supplemental Resolution.

**ARTICLE VIII
MISCELLANEOUS**

SECTION 8.01 Defeasance. If (i) the Issuer shall pay or cause to be paid or there shall otherwise be paid to the Owners of all Bonds the principal or Redemption Price, if applicable, and interest due or to become due thereon, at the times and in the manner stipulated therein and in this Resolution, and (ii) all provisions regarding any amounts to be rebated to the United States government have been complied with, then the pledge of the Pledged Funds, and all covenants, agreements and other obligations of the Issuer to the Owners, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Paying Agent shall pay over or deliver to the Issuer all money or securities held by it pursuant to the Resolution which are not required for the payment or redemption of Bonds not theretofore surrendered for such payment or redemption.

Any Bonds or interest installments appertaining thereto, whether at or prior to the maturity or redemption date of such Bonds, shall be deemed to have been paid within the meaning of this Section 8.01 if (A) in case any such Bonds are to be redeemed prior to the maturity thereof, there shall have been taken all action necessary to call such Bonds for redemption and notice of such redemption shall have been duly given or provision shall have been made for the giving of such notice, and (B) 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 Federal Securities certified by an independent nationally recognized certified public accountant to be in such amount that 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 or Redemption Price, if applicable, and interest due and to become due on said Bonds on and prior to the redemption date or maturity date thereof, as the case may be. Except as hereafter provided, neither the Federal 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 Redemption Price, if applicable, or interest on said Federal 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 or Redemption Price, if applicable, of the Bonds for the payment or redemption of which they were deposited and the interest accruing thereon to the date of maturity or redemption; provided, however, the Issuer may substitute new Federal Securities and moneys for the deposited Federal Securities and moneys if the new Federal Securities and moneys are sufficient, based upon the certification of an independent certified public accountant, to pay the principal of or Redemption Price, if applicable, and interest on the refunded Bonds.

In the event the Bonds for which moneys are to be deposited for the payment thereof in accordance with this Section 8.01 are not by their terms subject to redemption within the next succeeding sixty (60) days, the Issuer shall cause the Registrar to mail a notice to the Owners of such Bonds that the deposit required by this Section 8.01 of moneys or Federal Securities has been made and said Bonds are deemed to be paid in accordance with the provisions of this Section 8.01 and

stating such maturity or redemption date upon which moneys are to be available for the payment of the principal of or Redemption Price, if applicable, and interest on said Bonds.

Nothing herein shall be deemed to require the Issuer to call any of the Outstanding Bonds for redemption prior to maturity pursuant to any applicable optional redemption provisions, or to impair the discretion of the Issuer in determining whether to exercise any such option for early redemption.

SECTION 8.02 Sale of Bonds. (A) Upon delivery to the Chairman, the Clerk and the County's financial advisor of a Bond Purchase Agreement substantially in the form of Exhibit A attached hereto, evidencing:

- (1) Bonds in an aggregate principal amount not exceeding \$4,500,000;
- (2) A true interest cost with respect to the Bonds of not greater than 5.0% per annum;
- (3) A final maturity of the Bonds not later than April 1, 2008; and
- (4) The Underwriter's discount for the Bonds not being excess of 0.75% of the initial principal amount of the Bonds;

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

(B) The form, terms and provisions of the Official Statement dated the date of execution of the Bond Purchase Agreement, in substantially the form attached hereto as Exhibit B which shall include the terms and provisions set forth in the executed version of the Bond Purchase Agreement, relating to the Bonds, be and the same hereby are approved with respect to the information therein contained. The Chairman and the Clerk, upon execution of the Bond Purchase Agreement described above, are hereby authorized and directed to execute and deliver said Official Statement in the name and on behalf of the County, and thereupon to cause such Official Statement to be delivered to the Underwriter with such changes, amendments, omissions and additions as may be approved by the Chairman. The use of a Preliminary Official Statement in the marketing of the Bonds is hereby authorized and the 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. The Chairman is hereby delegated the authority to deem the Preliminary Official Statement "final," within the meaning of SEC Rule 15c2-12. Execution by the Chairman and the County Clerk of the Official Statement shall be deemed to be conclusive evidence of approval of such changes, amendments, modifications, omissions and additions.

(C) In order to enable the Underwriter to comply with the provisions of SEC Rule 15c2-12 relating to secondary market disclosure, the Chairman is hereby authorized and directed to execute and deliver the Continuing Disclosure Agreement in the name and on behalf of the County substantially in the form attached hereto as Exhibit D with such changes, amendments, omissions and additions as shall be approved by the Chairman, his execution and delivery thereof being conclusive evidence of such approval.

SECTION 8.03 General Authority. The members of the Governing Body and the Issuer's officers, attorneys and other agents and employees are hereby authorized to do all acts and things required of them by this Resolution or desirable or consistent with the requirements hereof for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds and this Resolution, and they are hereby authorized to execute and deliver all documents which shall be required by Bond Counsel or the purchaser to effectuate the sale of the Bonds.

SECTION 8.04 No Personal Liability. No representation, statement, covenant, warranty, stipulation, obligation or agreement herein contained, or contained in the Bonds, or in any certificate or other instrument to be executed on behalf of the Issuer in connection with the issuance of the Bonds, shall be deemed to be a representation, statement, covenant, warranty, stipulation, obligation or agreement of any member of the Governing Body, officer, employee or agent of the Issuer in his or her individual capacity, and none of the foregoing persons nor any officer of the Issuer executing the Bonds, or any certificate, or other instrument to be executed in connection with the issuance of the Bonds, shall be liable personally thereon or be subject to any personal liability or accountability by reason of the execution or delivery thereof.

SECTION 8.05 No Third Party Beneficiaries. Except such other Persons as may be expressly described herein or in the Bonds, nothing in this Resolution, or in the Bonds, expressed or implied, is intended or shall be construed to confer upon any Person other than the Issuer and the Holders of the Bonds any right, remedy or claim, legal or equitable, under and by reason of this Resolution or any provision hereof, or of the Bonds, all provisions hereof and thereof being intended to be and being for the sole and exclusive benefit of the Issuer and the Person or Persons who shall from time to time be the Holders of the Bonds.

SECTION 8.06 Severability of Invalid Provisions. If any one or more of the covenants, agreements or provisions of this Resolution shall be finally determined to be contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Bonds issued hereunder.

SECTION 8.07 Repeal of Inconsistent Resolutions. All resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict. It is the specific intent of this Resolution that any provision in any other resolution or action of the Issuer limiting the

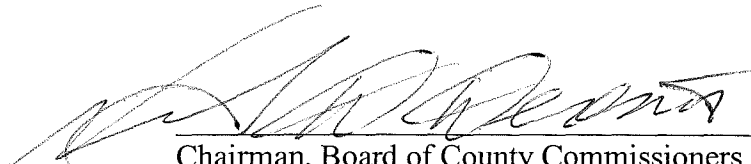
rights of the Issuer to impose, collect or enforce Special Assessments are hereby modified to the extent necessary to permit the Issuer to comply with the requirements imposed by this Resolution. The Issuer covenants to take such additional actions, including the enactment of ordinances, as may be necessary to afford the Issuer authority to impose, collect and enforce Special Assessments sufficient to meet the Issuer's obligations hereunder and under the Bonds.

SECTION 8.08 Table of Contents and Headings not Part Hereof. The Table of Contents preceding the body of this Resolution and the headings preceding the several articles and sections hereof shall be solely for convenience of reference and shall not constitute a part of this Resolution or affect its meaning, construction or effect.

SECTION 8.09 Effective Date. This Resolution shall take effect immediately upon its adoption.

PASSED, APPROVED AND ADOPTED this 25th day of March, 2002.

(OFFICIAL SEAL)


Chairman, Board of County Commissioners

ATTEST:


Clerk of the Board of County Commissioners

Approved as to form
and correctness:

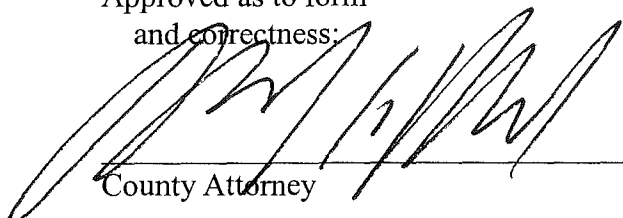

County Attorney

EXHIBIT A
FORM OF BOND PURCHASE AGREEMENT

BOND PURCHASE AGREEMENT

THIS BOND PURCHASE AGREEMENT dated March __, 2002, is entered into by **NASSAU COUNTY, FLORIDA**, a political subdivision of the State of Florida (the "County") and **COMPASS BANK** (the "Underwriter").

Background

A. The County intends to issue its \$ _____ South Amelia Island Shore Stabilization Special Assessment Bonds, Series 2002 (the "Series 2002 Bonds") pursuant to the Constitution and Laws of the State of Florida, particularly Section 125.01, et seq., Florida Statutes (the "Act"), Ordinance No. 94-2 enacted by the Board of County Commissioners of the County on October 11, 1993, as amended (the "Assessment Ordinance"), Resolution No. ____, adopted by the Board of County Commissioners of the County on March 25, 2002, as supplemented (the "Resolution") and Resolution No. 2002-035 adopted on February 25, 2002, as supplemented by Resolution No. ____, adopted on March 25, 2002 (the Assessment Ordinance and the Resolution are herein collectively referred to as the "Authorizing Proceedings"). The Authorizing Proceedings shall be substantially in the form last presented to the underwriter.

B. A Preliminary Official Statement dated _____, 2002 has been prepared and made available to the Underwriter. Upon the execution and delivery of this Agreement, the County shall complete a final Official Statement (the "Official Statement"), which shall be substantially in the form presented to the Underwriter, with additions and changes, if any, necessary to reflect the pricing information in Exhibit A (the "Pricing Terms").

C. The plan of financing in connection with the issuance of the Series 2002 Bonds and the terms of issuance shall be as described in the Official Statement and the Pricing Terms.

D. The Underwriter has agreed to purchase the Series 2002 Bonds on the terms and conditions described in this Agreement.

The terms and conditions of this Agreement are as follows:

Section 1. Definitions

In addition to the definitions contained elsewhere in this Agreement, the following definitions shall apply:

(a) The term "Financing Documents" shall mean the Authorizing Proceedings and this Agreement.

(b) Capitalized terms not otherwise defined in this Agreement shall have the meaning assigned in the Official Statement.

(c) All references in this Agreement to the "Official Statement" shall mean the Official Statement to be completed and delivered as provided in Section 4.

Section 2. Agreement to Purchase

The Underwriter shall purchase from the County, and the County shall sell to the Underwriter, all (but not less than all) of the Series 2002 Bonds at a purchase price of \$_____ (face amount less underwriter's discount of \$_____ and original issue discount of \$_____).

Section 3. Reoffering

The Underwriter intends to make an initial bona fide public offering of the Series 2002 Bonds at not in excess of the offering price or prices (or yields) set forth in the Pricing Terms.

Section 4. Final Official Statement

(a) The County shall complete the final Official Statement and shall deliver up to 100 printed copies to the Underwriter, as requested, within 7 business days after the date of this Agreement. If necessary for the Underwriter to comply with Rule 15c2-12 of the Securities Exchange Commission or Rule G-32 of the Municipal Securities Rulemaking Board, the County shall, promptly upon request by the Underwriter, deliver to the Underwriter additional printed copies of the Official Statement as specified in such request.

(b) The County hereby authorizes and approves the distribution of the Official Statement to prospective purchasers of the Series 2002 Bonds.

(c) The County agrees to notify the Underwriter of any material adverse change in its business, properties or financial condition occurring not later than 90 days after the end of the underwriting period that would require a revision of the information in the Official Statement in order to make the representations set forth in Section 6 hereof true and correct.

(d) The County agrees to supplement the Official Statement if in the reasonable judgment of the Underwriter such supplementation is required in connection with the distribution of the Series 2002 Bonds by the Underwriter, provided that the request for such supplementation is received by the County not later than 90 days after the end of the underwriting period.

(e) For purposes of this Agreement the term "end of the underwriting period" means the later of (i) the Closing or (ii) the date that the Underwriter no longer retains, directly or as a member of an underwriting syndicate, an unsold balance of the Series 2002 Bonds for sale to the public.

Section 5. Qualification Under Blue Sky Laws

The County agrees to take such action as the Underwriter may reasonably request to qualify the Series 2002 Bonds for offering and sale under the blue sky or other securities laws of such

jurisdictions as the Underwriter may request and to comply with such laws so as to permit the continuance of sales and dealings in such jurisdiction for as long as may be necessary to complete the distribution of the Series 2002 Bonds; provided that the County shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any jurisdiction.

Section 6. Representations

(a) **Representations by County.** The County hereby represents and warrants as follows:

(1) It is a political subdivision of the State of Florida.

(2) It has the power to issue the Series 2002 Bonds and to consummate the transactions contemplated by this Agreement and the Financing Documents to which it is a party.

(3) By proper action of its governing body, it has duly authorized the issuance and delivery of the Series 2002 Bonds, the execution of the Official Statement, the distribution and use of the Official Statement in connection with the offering and sale of the Series 2002 Bonds, the execution and delivery of the Financing Documents to which it is a party, and the consummation of the transactions contemplated therein.

(4) Except as described in the Official Statement, it has obtained, or will have obtained on or prior to the Closing date, all consents, approvals, authorizations and orders of governmental authorities that are required to be obtained by it as a condition to the issuance of the Series 2002 Bonds and the execution and delivery of the Official Statement and the Financing Documents to which it is a party.

(5) The issuance of the Series 2002 Bonds and the execution and delivery by it of the Official Statement and the Financing Documents to which it is a party and the consummation by it of the transactions contemplated therein will not (i) conflict with, be in violation of, or constitute (upon notice or lapse of time or both) a default under its charter or bylaws, any indenture, mortgage, deed of trust or other contract, agreement or instrument to which it is a party or is subject, or any resolution, order, rule, regulation, writ, injunction, decree or judgment of any governmental authority or court having jurisdiction over it or (ii) result in or require the creation or imposition of any lien of any nature upon or with respect to any of its properties now owned or hereafter acquired, except as contemplated by the Financing Documents.

(6) The Series 2002 Bonds and the Financing Documents to which it is a party will, upon execution and delivery by the County, constitute legal, valid and binding obligations of the County enforceable against it in accordance with the terms of such instruments, except as enforcement thereof may be limited by (i) bankruptcy, insolvency, or other similar laws affecting the enforcement of creditors' rights and (ii) general principles of equity, including the exercise of judicial discretion in appropriate cases.

(7) Except as described in the Official Statement, there is no action, suit, proceeding, inquiry or investigation pending before any court or governmental authority, or threatened against or affecting it or its properties, that (i) involves the consummation of the transactions contemplated by, or the validity or enforceability of, the Financing Documents to which it is a party or (ii) could have a materially adverse effect upon its financial condition or operations.

(8) The Official Statement will be true and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading.

(9) The information regarding assessments included in the Official Statement is complete and correct.

(10) The County is exempt from Federal income taxation under the Internal Revenue Code of 1986, as amended (the "Code") and is exempt from income taxation by the State of Florida.

(11) Interest on the Series 2002 Bonds is not includible in gross income of the holders for purposes of Federal income taxation, subject only to the qualifications stated in the section of the Official Statement entitled "TAX MATTERS". Interest on the Series 2002 Bonds is exempt from income taxation by the State of Florida.

(12) The County has designated the Series 2002 Bonds as qualified tax-exempt obligations within the meaning of Section 265(b)(3) of the Code and certifies that neither it nor its subordinate entities will issue in excess of \$10,000,000 in tax-exempt obligations (including the Series 2002 Bonds) in calendar year 2002.

(13) The issuance and sale of the Series 2002 Bonds to the Underwriter will not be subject to any issuance, transfer or other documentary stamp taxes of the State of Florida or any political subdivision of the State of Florida.

(14) The proceeds from the sale of the Series 2002 Bonds will be applied as provided in the Official Statement and the Financing Documents.

(15) Neither the Securities and Exchange Commission nor any state securities commission has issued or, to the best of the County's knowledge, threatened to issue, any order preventing or suspending the use of the Official Statement or the offering or sale of the Series 2002 Bonds.

(16) The County has not within 5 years prior to the date hereof defaulted in the payment of principal or interest on any of its Bonds, notes or other securities.

(17) Ordinance No. 93-14, enacted by the Board of County Commissioners of the County, as amended by Ordinance No. 94-1, provides an authorization and method for the levy, collection and enforcement of non-ad valorem assessments by the County for beach replenishment benefitting the South Amelia Island Shore Stabilization Service Benefit Unit and such Ordinance No. 93-14, as amended, has been duly adopted and is enforceable in accordance with its terms.

(18) Resolution 2002-035 and Resolution 2002-__ have each been duly adopted and are enforceable in accordance with their respective terms.

(b) **Representations by Underwriter.** The Underwriter hereby represents and warrants that, upon acceptance by the County, this Agreement shall be valid and binding upon the Underwriter.

Section 7. Closing

(a) Not later than 12:00 noon (Jacksonville, Florida time) on April __, 2002 or at such other time as shall have been mutually agreed upon by the County and the Underwriter, the County will deliver the Series 2002 Bonds to the Underwriter in definitive form, duly executed and authenticated, together with the other documents required by Section 7(c); and the Underwriter will accept such delivery and pay the purchase price of the Series 2002 Bonds to the County, in immediately available funds by wire transfer to an account maintained at a bank in the continental United States, which account shall be identified by written notice to the Underwriter at least 3 business days prior to the Closing.

(b) Delivery of the Series 2002 Bonds shall be made in accordance with the book-entry only procedures of DTC in effect at Closing and as described in the Official Statement. Delivery of the Series 2002 Bonds against payment as aforesaid is herein referred to as the "Closing". The Series 2002 Bonds delivered at Closing shall be in the form described in the Official Statement and the Authorizing Proceedings.

(c) At or prior to the Closing, the County shall deliver the following documents to the Underwriter:

(1) **Certified Copies of Authorizing Proceedings.** Copies of the Authorizing Proceedings (including and all prior amendments or supplements thereto), certified on behalf of the County.

(2) **Official Statement.** The Official Statement with respect to the Series 2002 Bonds.

(3) **Specimen Series 2002 Bonds.** A specimen copy of the Series 2002 Bonds.

(4) **Opinion of Bond Counsel.** An opinion of Bond Counsel dated the date of the Closing, substantially in the form attached to the Official Statement opining that interest

on the Series 2002 Bonds is exempt from federal and State of Florida income taxes and that the Series 2002 Bonds are qualified tax exempt obligations within the meaning of Section 265(b)(3) of the Code.

(5) **Opinion of Counsel for Underwriter.** An opinion of counsel for the Underwriter dated the date of the Closing, in form and substance satisfactory to the Underwriter.

(6) **Opinion of Counsel for the County.** An opinion of counsel for the County dated the date of closing opening, among other matters, that the Authorizing Proceedings have been duly adopted and are enforceable in accordance with their terms.

(7) **Certificate of County.** A certificate signed by the Chairman of the Board of County Commissioners, dated the date of Closing, in form and substance satisfactory to the Underwriter to the effect that (i) no event has occurred since the date of this Agreement that should be disclosed in the Official Statement for the purpose for which it is to be used or that is necessary to disclose therein in order to make the statements and information therein not misleading in any material respect as of the date of Closing; (ii) the representations and warranties of the County contained herein are true and correct as of the date of Closing; and (iii) none of the proceedings or authority for the issuance of the Series 2002 Bonds and the execution and delivery of the Official Statement and the Financing Documents have been modified, amended or repealed.

(8) **Proceedings of County.** A certified copy of all action taken by the County approving the issuance of the Series 2002 Bonds, the distribution of the Official Statement, the execution and delivery of the Financing Documents, and the consummation of the transactions contemplated thereby (including, without limitation, the resolution or resolutions adopted by the governing body of the County for such purpose).

(9) **Evidence of Tax Exemption.** Evidence reasonably satisfactory to the Underwriter that all action necessary as of the Closing for interest on the Series 2002 Bonds to be tax-exempt has been taken, including without limitation (i) an executed arbitrage certificate, and (ii) Form 8038-G and evidence of filing.

(10) **Continuing Disclosure Agreement.** An agreement whereby the County agrees to comply with and/or help the Underwriter comply with the requirements of Rule 15c2-12, promulgated by the Secretary and Executive Committee.

(11) **Assessment Proceedings.** A certified copy of Ordinance No. 93-14, as amended by Ordinance No. 94-1, Resolution No. 2002-035 and Resolution No. 2002-__.

(12) **Bond Insurance.** A copy of the financial guaranty insurance policy issued by _____ and/or a rating letter of _____ providing that the municipal bond rating on the Series 2002 Bonds is _____.

(13) **Additional Documentation.** Such additional legal opinions, certificates, proceedings, instruments and other documents as counsel for the Underwriter may reasonably request to evidence (i) compliance by the County with legal requirements, (ii) the truth and accuracy, as of the time of Closing, of the representations and warranties of the County contained herein, and (iii) the due performance or satisfaction by the County, at or prior to such time, of all agreements then required to be performed and all conditions then required to be satisfied by it hereunder.

Section 8. Termination

(a) If the County is unable to satisfy the conditions imposed by this Agreement, or if the obligations of the Underwriter to purchase and accept delivery of the Series 2002 Bonds shall be terminated for any reason permitted by Section 8(b), or if the representations and warranties of the County contained herein are not accurate in all material respects on the date of this Agreement and at Closing, this Agreement may be terminated by the Underwriter by written notice to the County. The Underwriter may, in its discretion, waive any one or more of the conditions imposed by this Agreement for the protection of the Underwriter and proceed with the Closing.

(b) The Underwriter shall have the right to terminate its obligation to purchase the Series 2002 Bonds by notifying the County in writing of its election to do so between the date hereof and the Closing if any of the following shall occur prior to Closing:

(1) the Official Statement contains changes or additions that are not required by the Pricing Terms and that, in the judgment of the Underwriter, materially and adversely affect the market price of the Series 2002 Bonds; or

(2) any governmental action is taken that, in the judgment of the Underwriter, casts sufficient doubt on the validity of, or the tax-exempt status of, the Series 2002 Bonds so as to materially and adversely affect the market price of the Series 2002 Bonds; or

(3) any legislative, executive or regulatory action is taken that would require registration of the Series 2002 Bonds under federal or state securities laws; or

(4) any restrictions on trading in securities, any banking moratorium, any outbreak or escalation of hostilities, any declaration by the United States of a national emergency or war, or any other national or international calamity or crisis that, in the judgment of the Underwriter, materially and adversely affects the market price of the Series 2002 Bonds; or

(5) any litigation shall be initiated or threatened to restrain or enjoin the issuance or sale of the Series 2002 Bonds or in any way protesting or affecting any authority for or the validity or enforceability of the Series 2002 Bonds, any of the Financing Documents, or the existence or powers of the County; or

(6) any question concerning the validity or the collection of the Assessments described in the Official Statement is raised.

(c) If this Agreement is so terminated, the Underwriter and the County shall have no further obligation hereunder, except that their respective obligations to pay expenses, as provided herein, shall continue in full force and effect.

Section 9. Survival of Representations

All representations, warranties and agreements of the County set forth in or made pursuant to this Agreement shall, unless waived in writing by the Underwriter, remain operative and in full force and effect, regardless of any investigations made by or on behalf of the Underwriter or its counsel and shall survive delivery of and payment for the Series 2002 Bonds.

Section 10. Expenses

(a) The County shall pay (whether or not the Series 2002 Bonds are sold and delivered as herein provided) any expenses incident to the performance by it of its obligations hereunder, including but not limited to: (i) the cost of the preparation, reproduction, printing, distribution, mailing, execution, delivery, filing and recording, as the case may be, of this Agreement, the Financing Documents, the Official Statement, and all other agreements and documents required in connection with the consummation of the transactions contemplated hereby; (ii) the cost of the preparation, engraving, printing, execution and delivery of the definitive Series 2002 Bonds; (iii) the fees and disbursements of Bond Counsel, Financial Advisor, counsel for the County, and any other experts retained by the County; (iv) the initial or acceptance fee of the Paying Agent; (v) any fees charged by the investment rating agencies for the rating, if any, of the Series 2002 Bonds; (vi) the cost of obtaining a CUSIP number assignment for the Series 2002 Bonds; and (vii) the cost of qualifying or exempting the Series 2002 Bonds and determining their eligibility for investment under the laws of such jurisdictions as the Underwriter may designate, including filing fees and fees and disbursements of counsel for the Underwriter in connection with such qualification and determination and the preparation of the blue sky memorandum and legal investment survey.

(b) The Underwriter shall pay (i) the cost of preparing and publishing all advertisements relating to the Series 2002 Bonds; (ii) the fees and disbursements of counsel for the Underwriter, and (iii) all other expenses incurred by it in connection with its public offering and the distribution of the Series 2002 Bonds.

Section 11. Indemnification and Contribution

(a) To the extent permitted by law, the County agrees to indemnify and hold harmless the Underwriter, any member, officer, official or employee of the Underwriter, and each person, if any, who controls the Underwriter within the meaning of Section 15 of the Securities Act of 1933, as amended or Section 20 of the Securities Exchange Act of 1934, as amended (collectively, the "Indemnified Parties"), against any and all losses, claims, damages or liabilities caused by (i) the failure to register the Series 2002 Bonds or any of the Financing Documents under the Securities Act

of 1933, as amended, or the rules or regulations under said Act, or (ii) any untrue statement or alleged untrue statement of a material fact contained in the Official Statement or caused by any omission or alleged omission from the Official Statement of any material fact necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

(b) In case any action shall be brought against any one or more of the Indemnified Parties and in respect of which Indemnity may, pursuant to the provisions of this Agreement, be sought against the County, such Indemnified Parties shall promptly notify the County in writing, and the County shall promptly assume the defense thereof, including the selection and employment of counsel, the payment of all expenses, and the right to negotiate and consent to settlement. Any one or more of the Indemnified Parties shall have the right to select and employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party or Indemnified Parties unless (i) the employment of such counsel has been specifically authorized by the County or (ii) with regard to the employment of such counsel by the Indemnified Party, the Indemnified Party shall determine that counsel for the County will not adequately represent the Indemnified Party because the County is in a position of conflict of interest with the Indemnified Party. The County shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the County or if there be a final judgment for the plaintiff in any such action, the County agrees to indemnify and hold harmless the Indemnified Parties from and against any loss, damage, liability or expense incurred or suffered by reason of such settlement or judgment.

(c) The indemnity provided by this Section shall be in addition to any other liability that the County may otherwise have hereunder, at common law or otherwise, and is provided solely for the benefit of each of the Indemnified Parties and their respective successors, assigns and legal representatives, and no other person shall acquire or have any right under or by virtue of such provisions of this Agreement.

(d) In order to provide for just and equitable contribution as between the County and the Underwriter in circumstances in which the indemnity provided for in this Section is for any reason held to be unavailable from the County, to the extent permitted by law the County and the Underwriter shall contribute to the amount paid or payable by the Underwriter as a result of such losses, damages, expenses, liabilities or claims (after contribution from others) in such proportion that the Underwriter will be responsible for the portion represented by the percentage that the Underwriter's compensation hereunder bears to the aggregate proceeds of the Series 2002 Bonds (before deduction for Underwriter's compensation) and the County will be responsible for the balance. The contribution provided by this paragraph shall also extend, without limitation, to legal and other expenses reasonably incurred by the Underwriter in connection with investigating or defending against any such loss, damage, expense, liability or claim (or action in respect thereof), whether or not resulting in any liability, and shall include any loss to the extent of the aggregate amount paid in settlement of any litigation, commenced or threatened, or of any claim whatsoever as set forth herein if such settlement is effected with the written consent of the County. For purposes of this Section 11(d) each Indemnified Party shall, under the same circumstances, have the same rights to contribution as does the Underwriter hereunder.

Section 12. Benefits of Agreement

This Agreement shall inure to the benefit of and be binding upon the County and the Underwriter and their respective successors and assigns. Nothing in this Agreement is intended or shall be construed to give any person, firm or corporation other than the parties hereto and their respective successors and assigns, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. No person who purchases the Series 2002 Bonds from the Underwriter or any other person or entity shall be deemed to be a successor or assign of the Underwriter merely by reason of such purchase.

Section 13. Governing Law

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

Section 14. Counterparts

This instrument may be executed in any number of counterparts, each of which so executed shall be deemed an original, but all such counterparts shall together constitute but one and the same instrument.

Section 15. Negotiated Sale of Series 2002 Bonds. A copy of a letter from the Underwriter to the County containing the information required by Section 218.385, Florida Statutes, regarding the benefit of a negotiated rather than a public sale of the Series 2002 Bonds, is attached hereto as Exhibit B and included herein by reference.

IN WITNESS WHEREOF, the County and the Underwriter have caused this Agreement to be executed and delivered by their duly authorized officers.

COMPASS BANK

By: _____
Authorized Officer

[NOTE: Execution by the County is on the following page.]

NASSAU COUNTY, FLORIDA

By: _____

Title: _____

EXHIBIT A

Pricing Terms for Series 2002 Bonds

The maturities, amounts and initial offering prices shall be as described in the Official Statement. The interest rates will be the interest rates, as described in the Official Statement. The optional and mandatory redemption provisions will be as described in the Official Statement and the Authorizing Proceedings.

EXHIBIT B

EXHIBIT B
PRELIMINARY OFFICIAL STATEMENT

**PRELIMINARY OFFICIAL STATEMENT
DATED MARCH __, 2002**

**BOOK ENTRY-ONLY
NEW ISSUE**

**RATINGS:
Moody's:
(_____ Insured)**

In the opinion of Bond Counsel, assuming compliance with certain arbitrage rebate and other tax requirements referred to herein, under existing statutes, regulations, rulings and court decisions, interest on the Bonds (a) is excludable from gross income for federal income tax purposes and (b) is not a specific preference item for purposes of the federal alternative minimum tax. Such interest will, however, be includable in the calculation of a corporation's alternative minimum taxable income. The County has designated the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. Holders of the Bonds may be subject to other federal income tax consequences further described herein under "TAX MATTERS". In the opinion of Bond Counsel, the Bonds and the interest thereon are exempt from all present intangible personal property taxes imposed pursuant to Chapter 199, Florida Statutes.

\$ _____ *
**NASSAU COUNTY, FLORIDA
South Amelia Island Shore Stabilization
Special Assessment Bonds,
Series 2002**

Dated: April 1, 2002

Due: April 1, in each year as shown below

The Bonds are issuable only in fully registered form, without coupons, in denominations of \$5,000 and integral multiples of \$5,000 in excess thereof. The Bonds will bear interest at the fixed rates set forth below, calculated on the basis of a 360-day year comprised of twelve thirty-day months, payable semi-annually on each April 1 and October 1, commencing October 1, 2002. The Bonds will be issued only as fully registered bonds and 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 Bonds. The 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 Bonds. So long as any purchaser is the Beneficial Owner (as defined herein) of a Bond, he must maintain an account with a broker or dealer who is, or acts through, a DTC Participant to receive payment of the principal of and interest on such Bond. So long as the Bonds are in book entry-only form, payment of the principal of and interest on the Bonds is payable to Cede & Co., as the Registered Owner thereof, and will be distributable to the DTC participants by DTC and redistributed by the DTC participants. See "DESCRIPTION OF THE BONDS - Book-Entry Only System" herein.

The Bonds are being issued by Nassau County, Florida (the "County"), under and pursuant to the Constitution and Laws of the State of Florida, particularly Section 125.01, et. seq., Florida Statutes (the "Act"), Ordinance No. 94-2 enacted by the Board of County Commissioners of the County on October 11, 1993, as amended, (the "Assessment Ordinance"), Resolution No. ____, adopted by the Board of County Commissioners of the County on March 25, 2002, as supplemented, (the "Resolution"), and Resolution No. 2002-035 adopted on February 25, 2002, as supplemented by Resolution No. ____, adopted on March 25, 2002 (collectively, the "Assessment

No dealer, broker, salesperson or other person has been authorized by the County or the Underwriter 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 thereby. 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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The Underwriter has reviewed the information in this Official Statement in accordance with and as a part of, its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. 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 any implication that there has been no change in the affairs of the County relating to the Bonds since the date hereof.

Certain statements contained in this Official Statement, including, without limitation, statements containing the words "believes," "anticipates," "expects," and words of similar import, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Assessment Program to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following: (i) weather conditions that could adversely affect construction schedules, property values and assessment collections, (ii) population trends and economic developments in the Benefit Unit, (iii) the possibility of new environmental or other legislation or regulations affecting the Benefit Unit, (iv) unanticipated costs resulting from requirements and limitations imposed by environmental or other laws and regulations and (v) the inherent uncertainty involved in a capital improvements project of the magnitude undertaken by the County. Given these uncertainties, prospective investors are cautioned not to place undue reliance on such forward-looking statements. The County disclaims any obligation to update any such factors or to publicly announce the results of any revision to any of the forward-looking statements contained herein to reflect future events or developments.

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

TABLE OF CONTENTS

SUMMARY STATEMENT	1
The County	1
The Bonds	1
Security for and Source of Payment of the Bonds	1
Payment Dates	2
Redemption Provisions	2
Paying Agent	2
INTRODUCTION	1
DESCRIPTION OF THE BONDS	2
General Description	2
Registration and Transfer	3
Book-Entry	3
Redemption Provisions	5
Notice of Redemption	6
SECURITY AND SOURCE OF PAYMENT FOR THE BONDS	7
General	7
The Assessments	8
No Parity Bonds	8
Reserve Fund	9
Enforcement and Collection of Assessments	9
ESTIMATED SOURCES AND USES OF FUNDS	14
THE PROJECT	14
THE BENEFIT UNIT	14
THE ASSESSMENT PROGRAM	22
Methodology	23
Prior Assessment Program	23
TAX MATTERS	29
General	29
Collateral Tax Consequences	29
Financial Institutions	30
Florida Taxes	30
Other Tax Matters	30
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS	31

Resolution"). The Bonds are equally and ratably secured under the Resolution by a first lien upon and pledge of special assessments (the "Special Assessments" or "Assessments") upon land within the South Amelia Island Shore Stabilization Municipal Services Benefit Unit (the "Benefit Unit"), an area in the County specially benefitted by certain infrastructure improvements to be acquired, constructed, installed and equipped by the County from the proceeds of the Bonds (as more particularly described herein, the "Project") and by amounts on deposit in certain funds and accounts created pursuant to the Resolution (the "Pledged Funds").

The Bonds are subject to extraordinary mandatory redemption and mandatory redemption at the times, in the amounts and at the redemption prices more fully described herein under the caption "DESCRIPTION OF THE BONDS - Redemption Provisions."

NEITHER THE BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THE BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COUNTY OR A LIEN UPON ANY PROPERTY OF THE COUNTY OTHER THAN AS PROVIDED IN THE RESOLUTION. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY THE PRINCIPAL OF, OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE RESOLUTION OR THE BONDS. RATHER, ALL SUCH AMOUNTS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE PLEDGED FUNDS (AS DEFINED IN THE RESOLUTION).

\$ _____ % Term Bonds due _____ - Price _____ Initial CUSIP No. _____
\$ _____ % Term Bonds due _____ - Price _____ Initial CUSIP No. _____
\$ _____ % Term Bonds due _____ - Price _____ Initial CUSIP No. _____
(accrued interest to be added)

The Bonds are offered for delivery when, as and if issued by the County and accepted by the Underwriter, subject to prior sale, withdrawal or modification of the offer without notice and the receipt of the opinion of legality by Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel, as to the validity of the Bonds and the excludability of interest thereon from gross income for federal income tax purposes. Certain legal matters will be passed upon for the Underwriter by its counsel, Walton, Wells, Anderson & Bains, L.L.P., Birmingham, Alabama, and for the County by its counsel, Michael Mullin, Esquire, Fernandina Beach, Florida. It is expected that the Bonds will be available for delivery in New York, New York on or about April ____, 2002.

Compass Bank

Dated: April ____, 2002

* Preliminary, subject to change

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

Nick Deonas

David Howard

Vickie Samus

Floyd Vanzant

Marianne Marshall

CLERK OF COURT

J. M. "Chip" Oxley

COUNTY ATTORNEY

Michael Mullin, Esq.

BOND COUNSEL

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

UNDERWRITER

Compass Bank
Birmingham, Alabama

LITIGATION 32

UNDERWRITING 32

FINANCIAL CONSULTANT 32

LEGAL MATTERS 33

MISCELLANEOUS 33

APPENDIX A - - SPECIAL ASSESSMENT ALLOCATION METHODOLOGY REPORT

APPENDIX B - - FORM OF THE ASSESSMENT RESOLUTION

APPENDIX C - - FORM OF THE RESOLUTION

APPENDIX D - - CERTAIN INFORMATION REGARDING NASSAU COUNTY, AMELIA
ISLAND AND SURROUNDING AREA

APPENDIX E - - PROPOSED FORM OF OPINION OF BOND COUNSEL

OFFICIAL STATEMENT

§ _____*

NASSAU COUNTY, FLORIDA
South Amelia Island Shore Stabilization
Special Assessment Bonds,
Series 2002

INTRODUCTION

The purpose of this Official Statement, including the cover page and appendices hereto, is to set forth certain information concerning Nassau County (the "County"), in connection with the offering and issuance of its \$ _____ Nassau County, Florida South Amelia Island Shore Stabilization Special Assessment Bonds, Series 2002 (the "Bonds"). The Bonds are being issued pursuant to the Constitution and Laws of the State of Florida, particularly Section 125.01, et seq., Florida Statutes (the "Act"), Ordinance No. 94-1, enacted by the Board of County Commissioners of the County on October 11, 1993, as amended (the "Assessment Ordinance"), Resolution No. _____, adopted by the Board of County Commissioners of the County on March 25, 2002, as supplemented (the "Resolution"), and Resolution No. 2002-035, adopted on February 25, 2002, as supplemented by Resolution No. _____, adopted March 25, 2002 (collectively, the "Assessment Resolution"). All capitalized terms used in this Official Statement that are defined in the Resolution or the Assessment Resolution and not defined herein shall have the respective meanings set forth in the Resolution or the Assessment Resolution, as applicable. The form of the Assessment Resolution appears as Appendix B hereto and the form of the Resolution appears as Appendix C hereto.

The Bonds are being issued to (i) finance the cost of acquisition and construction of the Project to serve the Benefit Unit as further described herein (the "Project") (see "THE PROJECT" herein); (ii) pay certain costs associated with the issuance of the Bonds; (iii) pay a portion of the interest to become due on the Bonds on October 1, 2002; and (iv) fund the Reserve Fund. The Bonds are payable from and secured by special assessments imposed, levied and collected by the County on land within the Benefit Unit specially benefitted by the Project (the "Assessments"). The Resolution provides that no additional bonds or other obligations may be issued on a parity with the Bonds or have a senior lien on the Assessments and other assets pledged under the Resolution as security for the Bonds (see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS," herein). EVEN THOUGH NO FUTURE BONDS WILL BE PAYABLE FROM OR SECURED BY THE ASSESSMENTS PLEDGED AS SECURITY FOR THE BONDS, THE ASSESSMENTS PLEDGED AS SECURITY FOR THE BONDS MAY OVERLAP AND BE CO-EQUAL WITH LIENS FOR ASSESSMENTS IMPOSED AND LEVIED BY THE COUNTY WITH RESPECT TO OTHER FUTURE PROJECTS AND WITH LIENS FOR AD VALOREM TAXES (see "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS -- Enforcement and Collection of Assessments".)

*Preliminary, subject to change.

The Assessments with respect to each parcel of benefitted land will be imposed commencing November 1, 2002, and will be payable in five annual installments. Such Assessments will be listed on the tax bill delivered annually by the Nassau County Tax Collector and shall constitute a lien on the property co-equal to that of ad valorem taxes. As described under the heading "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS -- The Assessments," Assessments will be paid by owners of tax parcels within the Benefit Unit. See "THE BENEFIT UNIT" herein.

There follows in this Official Statement a brief description of the County and the Project to be constructed and acquired with the proceeds of the Bonds, together with summaries of the terms of the Bonds, the Assessment Ordinance, the Assessment Resolution, the Resolution and certain provisions of the Act. All references herein to the Assessment Ordinance, the Resolution, the Assessment Resolution and the Act are qualified in their entirety by reference to such documents and all references to the Bonds are qualified by reference to the definitive forms thereof and the information with respect thereto contained in the Resolution, the form of which appears in Appendix C hereto, and the Assessment Resolution, the form of which appears as Appendix B hereto.

DESCRIPTION OF THE BONDS

General Description

The Bonds are issuable as fully registered Bonds, without coupons, in the denominations of \$5,000 and any integral multiples thereof.

The Bonds will be dated April 1, 2002, and will bear interest from the Interest Payment Date next preceding their date of registration and authentication unless any such Bond is registered and authenticated as of an Interest Payment Date, in which case it will bear interest from such Interest Payment Date, or unless a Bond is registered and authenticated prior to delivery to the initial purchaser thereof, in which event such Bond will bear interest from its dated date.

Debt service on the Bonds shall be payable in any coin or currency of the United States of America which, at the date of payment thereof, is legal tender for the payment of public and private debts. Interest shall be paid to those persons who are Owners of the Bonds as of the close of business on the fifteenth day prior to each Interest Payment Date; provided, however, that on or after the occurrence and continuance of an Event of Default under the Resolution, separate provisions of the Resolution shall apply. Subject to the book-entry system of registration and payment described herein, any payment of principal or Redemption Price shall be made only upon presentation of the Bond at the designated corporate trust office of the Paying Agent. Subject to the book-entry system of registration and payment described herein, payment of interest shall be made by check or draft mailed by the Paying Agent on the Interest Payment Date (or by wire

transfer to the Owner if such owner requests such method of payment in writing, but only if the Owner owns not less than \$1,000,000 in aggregate principal amount of the Bonds and agrees to pay any wire transfer charges and other reasonable out-of-pocket expenses incurred by the Paying Agent in making such payment by wire transfer).

Registration and Transfer

Subject to the book entry system of registration described below, the County shall cause books for the registration and for the transfer of the Bonds as provided in the Resolution to be kept by the Registrar. All Bonds shall be registered as to both principal and interest. Any Bond may be transferred only upon an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Paying Agent, such transfer to be made on such books and endorsed on the Bond by the Registrar. No charge shall be made to any Owner for registration and transfer as hereinabove provided, but any owner requesting any such registration or transfer shall pay any tax or other governmental charge required to be paid with respect thereto. The Paying Agent shall not be required to transfer any Bond during the fifteen (15) days next preceding an Interest Payment Date or in the case of a proposed redemption of any Bond, then during the fifteen (15) days next preceding the date of the first mailing of notice of such redemption and, in the case of the Bonds called for redemption, continuing until such redemption date. The Bonds shall be, and have all the qualities and incidents of negotiable instruments under the laws of the State of Florida, and each successive owner, in accepting any of the Bonds, shall be conclusively deemed to have agreed that such Bonds shall be, and have all of the qualities and incidents of, negotiable instruments under the laws of the State of Florida.

Book-Entry Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee). One fully-registered Bond will be issued for each maturity of such Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its DTC Participants are on file with the Securities and Exchange Commission.

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

To facilitate subsequent transfers, all Bonds deposited by DTC Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The DTC Participants will remain responsible for keeping account of the 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 shall be sent to Cede & Co. If less than all of the Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed. Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an omnibus Proxy to the 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 Bonds are credited on the record date (identified in a listing attached to the omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the debt service payment 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 such standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered "street name," and will be the responsibility of such DTC Participant and not of DTC, or the County, subject to any

statutory or regulatory requirements as may be in effect from time to time. Payments of principal and interest to DTC are the responsibility of the County, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the City. Under such circumstances, in the event that a successor securities depository is not obtained, Bonds are required to be printed and delivered.

In the event of an insolvency of DTC, if DTC has insufficient securities in the fungible bulk of securities in its custody (i.e., due to theft or loss) to satisfy the claims of the DTC Participants with respect to deposited securities and is unable by application of (1) cash deposits and securities pledged to DTC to protect DTC against losses and liabilities; (2) the proceeds of insurance maintained by DTC and/or the DTC Participants; or (3) other resources, to obtain securities necessary to eliminate the insufficiency, DTC Participants may not be able to obtain all of their deposited securities.

The County may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bonds will be printed and delivered. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the County and the Underwriter believe to be reliable, but neither the County nor the Underwriter takes any responsibility for the accuracy thereof. The County and the Underwriter cannot and do not give any assurances that DTC Participants or others will distribute payments of principal of, or interest or any premium on, the Bonds paid to DTC or its nominee, as the registered owner, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis or will serve and act in a manner described in this Official Statement. Neither the County, the Underwriter, the Bond Registrar nor the Paying Agent is responsible or liable for the failure of DTC Participants or others to make any payment or give any notice to a Beneficial Owner in respect of the Bonds or any error or delay relating thereto.

Redemption Provisions

Optional Redemption. The Bonds are not subject to redemption at the option of the County.

Mandatory Redemption. The Bonds maturing _____ shall be subject to redemption prior to maturity by amortization installments in part by lot at a redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, as follows:

*Maturity

The Bonds maturing _____ shall be subject to redemption prior to maturity by amortization installments in part by lot at a redemption price equal to the principal amount thereof and accrued interest thereon to the date fixed for redemption, without premium, as follows:

*Maturity

Extraordinary Mandatory Redemption. The Bonds are subject to extraordinary mandatory redemption prior to their scheduled maturity, in whole or in part on any Interest Payment Date, and, if in part, in ascending order of maturity and mandatory sinking fund installment, at the Redemption Price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date to the extent excess funds in the Revenue Fund or the Project Fund are deposited into the Redemption Fund in accordance with the Resolution and the Assessment Resolution. (See "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS - The Assessments").

The Bonds are also subject to extraordinary mandatory redemption in whole, at a Redemption price of 100% of the principal amount thereof, without premium, plus accrued interest to the redemption date at such time as amounts on deposit in the Reserve Fund are sufficient, after taking into account other moneys available in the Sinking Fund and Redemption Fund, to pay and redeem all Outstanding Bonds.

Notice of Redemption

Subject to the book entry system described herein, notice of 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 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 owners of the Bonds to be redeemed at their addresses as they appear on the registration books kept by the Paying Agent, and (B) shall be mailed certified, postage prepaid, at least thirty-five (35) days prior to the redemption date to the registered securities depositories and to two or more nationally recognized municipal bond information services. Failure to mail notice to the owners of the Bonds to be redeemed, or any defect therein, shall not affect the proceedings for redemption of Bonds as to which no such failure or defect has occurred.

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 Paying Agent at an address specified; and (10) the name and telephone number of a person designated by the Paying Agent to be responsible for such redemption.

SECURITY AND SOURCE OF PAYMENT FOR THE BONDS

General

The Bonds are secured equally and ratably by a first lien upon and pledge of all special assessments imposed in connection with the Project (the "Assessments") and amounts collected from land owners in the Benefit Unit pursuant to Chapter 197, Florida Statutes, or otherwise collected as a result of the Assessments, including amounts received from the sale of tax certificates or otherwise received from the collection of Delinquent Assessments, interest and penalties on the Assessments and proceeds of any reassessment pursuant to the Resolution (the "Pledged Revenues").

The Bonds are additionally secured, until applied in accordance with the provisions of the Resolution, by all moneys, including investments thereof, in the funds and accounts (other than the Rebate Fund) created under the Resolution (collectively with the Pledged Revenues, the "Pledged Funds").

NEITHER THE BONDS NOR THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON SHALL CONSTITUTE A GENERAL OBLIGATION OR GENERAL INDEBTEDNESS OF THE COUNTY WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF FLORIDA. THE BONDS AND THE INTEREST AND PREMIUM, IF ANY, PAYABLE THEREON DO NOT CONSTITUTE EITHER A PLEDGE OF THE FULL FAITH AND CREDIT OF THE COUNTY OR A LIEN UPON ANY PROPERTY OF THE COUNTY OTHER THAN AS PROVIDED IN THE RESOLUTION. NO OWNER OR ANY OTHER PERSON SHALL EVER HAVE THE RIGHT TO COMPEL THE EXERCISE OF ANY AD VALOREM TAXING POWER OF THE COUNTY OR ANY OTHER PUBLIC AUTHORITY OR GOVERNMENTAL BODY TO PAY THE PRINCIPAL OF, OR INTEREST AND PREMIUM, IF ANY, ON THE BONDS OR TO PAY ANY OTHER AMOUNTS REQUIRED TO BE PAID PURSUANT TO THE RESOLUTION OR THE BONDS. RATHER, ALL SUCH AMOUNTS SHALL BE PAYABLE SOLELY FROM, AND SHALL BE SECURED SOLELY BY, THE PLEDGED FUNDS, ALL AS PROVIDED IN THE RESOLUTION.

The Assessments

The State of Florida, Department of Environmental Protection, Division of Recreation and Parks will construct the Project as described herein under the caption "THE PROJECT". The County will issue the Bonds to finance a portion of the cost of the Project. The Bonds will be secured by proceeds of Assessments imposed against property located within the Benefit Unit. (See "THE BENEFIT UNIT," herein). The Assessments imposed for each Fiscal Year will be sufficient to fund one hundred percent of the debt service on the Bonds for such Fiscal Year. (See "THE ASSESSMENT PROGRAM," herein).

Specific details of the assessment program are set forth in the Assessment Ordinance and the Assessment Resolution. Copies of such documents are on file with the County.

The Benefit Unit is roughly rectangular in shape, with one side and one end of the rectangle fronting on the Intracoastal Waterway and the other side of the rectangle fronting on the Atlantic Ocean. State Highway A1A bisects the Benefit Unit. As of January 2002, the Benefit Unit currently contains 2097 tax parcels, 42 of which are commercial and the remainder of which are residential. Of the residential tax parcels within the Benefit Unit, 787 are oceanfront ("Oceanfront Parcels"), 496 are located on the east side of A1A ("East Parcels") and 772 are located on the west side of A1A ("West Parcels").

Cost Allocation. Based upon an economic analysis by Fishkind & Associates, Inc., an economist located in Orlando, Florida, a copy of which is attached hereto as Exhibit A (the "Special Assessment Allocation Methodology Report"), the County has determined that the residential property consisting of the Oceanfront Parcels, East Parcels and West Parcels will not receive the same level of benefit from construction of the Project. Accordingly, the cost of certain elements of the Project was allocated differently, as described below under the heading "THE ASSESSMENT PROGRAM".

Prepayment of Assessments. The Assessments are not subject to prepayment.

No Parity Bonds

Pursuant to the Resolution, the County has covenanted that it will not issue or incur any obligations payable from the proceeds of Assessments nor voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge upon the Assessments other than the liens created by the Resolution. HOWEVER, THE LIEN IN FAVOR OF THE ASSESSMENTS MAY OVERLAP AND BE CO-EQUAL WITH LIENS IN FAVOR OF THE OTHER ASSESSMENTS SECURING OTHER INDEBTEDNESS OR FUTURE PROJECTS OR WITH LIENS FOR AD VALOREM TAXES (*see* "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS -- Enforcement and Collection of Assessments").

Reserve Fund

The Resolution establishes a Reserve Fund for the Bonds, which, at the time of delivery of the Bonds, will be funded from the proceeds of the Bonds in an amount equal to the Reserve Requirement, which is equal to the lesser of (a) the Maximum Annual Debt Service on the Bonds, (b) 125% of the average annual debt service on the Bonds, and (c) 10% of the initial principal amount of the Bonds. Moneys held for the credit of the Reserve Fund will be used for the purpose of paying interest or principal on the Bonds whenever other moneys available therefor under the Resolution shall be insufficient for such purpose. On the earliest date on which the amount on deposit in the Reserve Fund is sufficient, after taking into account other moneys available in the Sinking Fund and Redemption Fund, to pay and redeem all of the Outstanding Bonds, together with accrued interest on such Bonds to the earliest date of redemption permitted therein, the County upon direction from the Assessment Administrator shall transfer the balance in the Reserve Fund into the Redemption Fund and to the extent necessary to pay accrued interest to the redemption date established by the County into the Sinking Fund, and pay and redeem all of the Outstanding Bonds on the earliest date permitted for redemption therein.

Enforcement and Collection of Assessments

The County has covenanted in the Resolution to assess, levy, collect or cause to be collected and enforce the payment of Assessments in the manner prescribed by the Resolution and all resolutions, ordinances or laws thereunto appertaining and deposit the proceeds of Assessments, as received, pursuant to the provisions of the Resolution.

The County has elected to provide for the collection of the Assessments pursuant to the provisions of Chapter 197, Florida Statutes, relating to the "Uniform Method for Levy, Collection and Enforcement of Non-Ad Valorem Assessments" or the "Uniform Method of Collection." The Uniform Method will subject the Assessments to all collection provisions applicable to the collection of ad valorem taxes, including provisions relating to discount for early payment, prepayment by the installment method, deferred payment, penalty for delinquent payment and issuance and sale of tax certificates and tax deeds for nonpayment. The Assessments and other non-ad valorem assessments which are subject to the Uniform Method of Collection are collectively referred to as "Non-Ad Valorem Assessments." A general description of the ad valorem tax collection process is provided below. See "APPENDIX D - - Certain Information Regarding Nassau County, Amelia Island and Surrounding Area," for a summary of ad valorem tax levies and collections for the last ten fiscal years.

The amount included on the tax bill for each Assessment will include the Assessment itself, a proportionate share of the County's costs associated with collection of the Assessment (Tax Collector, Property Appraiser and other costs) and an amount equal to the maximum discount allowable by law. All proceeds of the Assessments will be applied to the payment of debt service on the Bonds as well as collection and administrative expenses. As described below

under the caption "Flow of Funds", any excess received by the County from the collection of Assessments flows through to the Redemption Fund for the purpose of redeeming Bonds.

Procedure for Collection of Ad Valorem Tax and Non-Ad Valorem Assessments. Under Florida law, the collection of all county, municipal, school district and special district property taxes are consolidated in the office of the County Tax Collector (the "Tax Collector"). The taxes and non-ad valorem assessments of all governmental units, including the County, are billed together and each landowner in the County is required to pay all such taxes and non-ad valorem assessments without preference as to any particular increment. Under current administrative practice, the Tax Collector will not accept partial payment of a tax and non-ad valorem assessment bill.

All property taxes and non-ad valorem assessments are due and payable on November 1 of each year or as soon thereafter as the tax assessment roll is certified and delivered to the Tax Collector. Taxes and the annual installments of non-ad valorem assessments may be paid upon receipt of such notice with discounts at the rate of four percent if paid in the month of November, three percent if paid in the month of December, two percent if paid in the month of January and one percent if paid in the month of February. Taxes and non-ad valorem assessments paid during the month of March are without discount. All unpaid taxes on real and personal property and unpaid non-ad valorem assessments become delinquent on April 1 of the year following the year in which taxes were levied or non-ad valorem assessments were due or within sixty days after the mailing of the original tax notice of the final tax assessment rate, whichever is later.

Sale of Tax Certificates. If the landowner is delinquent in the payment of real property taxes or the annual installment of non-ad valorem assessments, the Tax Collector is required to sell tax certificates on or before June 1 or sixty days after such taxes or non-ad valorem assessments have become delinquent, whichever is later, and after notice of the sale has been advertised in a local newspaper once each week for four weeks. The landowner may, prior to the sale of tax certificates, pay delinquent taxes or non-ad valorem assessments plus an interest charge of 18% per annum on the delinquent amount, his proportionate cost of the advertisement of tax certificates and other costs and charges. The tax certificates shall be sold to the person who pays the taxes and non-ad valorem assessments owing and interest thereon to the date of sale at the rate of 18% per annum, pays certain costs and accepts the lowest interest rate to be borne by the certificates (but not more than 18%). If there are no bidders, the County must hold, but not pay for, tax certificates with respect to the property bearing interest at the maximum legal rate of interest, which is currently 18% per annum. The County may sell such certificates to the public at any time at the principal amount thereof plus interest at the rate of not more than 18% per annum and a fee. The proceeds of tax certificates, plus interest, are required to be distributed by the Tax Collector, on or prior to sixty days after the tax certificates sale, to the various taxing authorities, including the County.

Any tax certificates in the hands of a person other than the County may be redeemed and cancelled by any person, so long as such redemption occurs prior to the time a tax deed (see

below) is issued. The person effecting such redemption must pay the face amount of the certificate, the greater of the interest at the rate borne by the certificate or 5% of the face amount of the certificate (unless the rate bid was zero percent (0%)), plus costs and other charges. The proceeds of such a redemption are paid to the Tax Collector, who transmits to the holder of the tax certificate such proceeds, less service charges, and the certificate is cancelled. Redemption of tax certificates held by the County is effected by purchases of such certificates from the County, as described in the preceding paragraph.

Sale of Tax Deeds. The private holder of a tax sale certificate which has not been redeemed has seven years from the date of issuance in which to act against the property. After an initial period of two years has passed, during which action against the land is held in abeyance to allow for sales and redemptions of tax certificates, such holders may apply for a tax deed. The applicant is required to pay to the Tax Collector all amounts required to redeem all other outstanding tax certificates on the property which are not held by him, and any omitted taxes and non-ad valorem assessments, or delinquent taxes and non-ad valorem assessments, plus interest. Thereafter, the property is advertised for public sale at auction to the highest bidder.

In any such public sale, the private holder of the tax certificate who is seeking a tax deed for non-homestead property is deemed to submit a minimum bid equal to the amount required to redeem the certificate, charges for cost of sale, redemption of other certificates on the land, and all other amounts paid by such holder to apply for the tax deed, plus interest thereon. In the case of homestead property, the minimum bid must also include an additional amount equal to one-half of the assessed value of the homestead. If there are no other bidders, the holder of the tax certificate receives title to the land; the amounts paid for the certificate and for applying for the tax deed are credited toward the purchase price. If there are other bidders, the holder of the tax certificate may enter the bidding. The highest bidder is awarded title to the land. Such bidder must pay documentary stamp taxes and recording fees, cost of advertising and clerk's fees. Excess proceeds are distributed first to satisfy other governmental liens held by governmental units against the property and then to the former title holder of the property, less service charges.

If the County holds a certificate and has not succeeded in selling it, the County must apply for a tax deed sale after the County's ownership of such certificate for two years. The County pays costs and fees to the Tax Collector but not any amount to redeem other outstanding certificates covering the land. The costs and fees consist of the Tax Collector's costs in obtaining an abstract or title search, the clerk's fee for processing the application, the cost of advertising the sale, and the sheriff's cost for service of notice. The public bidding on non-homestead property must start at a minimum bid equal to the value of all outstanding certificates, plus other delinquent tax charges and costs. The minimum bid on homestead property must also include an additional amount equal to one-half of the assessed value of the homestead. If there are no bidders, the County may purchase the land for the minimum bid price. After 90 days have passed, any other person may purchase the land by paying the minimum bid price. Taxes accruing after the date of public sale do not require repetition of this process but are added to the minimum bid. Seven years after the date of public sale, unsold lands escheat to the County and all tax certificates

and liens against the property shall be cancelled and a deed vesting title to the Board of County Commissioners of the County shall be executed.

Florida law provides that tax liens (including liens of non-ad valorem assessments such as the Assessments) are superior to all other liens, except prior United States Internal Revenue Service liens.

BOND INSURANCE

[TO COME]

NASSAU COUNTY, FLORIDA
SOUTH AMELIA ISLAND SHORE STABILIZATION
SPECIAL ASSESSMENT BONDS, SERIES 2002

PROJECTED ANNUAL DEBT SERVICE REQUIREMENTS

<u>Date</u>	<u>Principal</u>	<u>Rate</u>	<u>Interest⁽¹⁾</u>	<u>Annual D/S</u>
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⁽¹⁾ Includes accrued interest. Assumes an average interest rate of approximately ___%.

ESTIMATED SOURCES AND USES OF FUNDS

Sources

State Funding	
Par Amount of the Bonds	\$ _____
Accrued Interest	_____
Estimated Project Fund Interest Earnings	_____
Total Sources	\$ _____

Uses

Project Cost	\$ _____
Deposit to Reserve Fund	_____
Deposit to Sinking Fund ⁽¹⁾	_____
Costs of Issuance and Underwriter's Discount	_____
Total Uses	\$ _____

⁽¹⁾ Represents accrued interest, plus capitalized interest on the Bonds through October 1, 2002.

THE PROJECT

Amelia Island, on which the Benefit Unit is located, is a coastal barrier island. The Project consists of the renourishment of the beach by the transfer of approximately two million cubic yards of sand and the construction of 12 permanent "T" head rock groins to station the southern beach tip. The total estimated cost of the Project is \$12 million. Of the total, \$4 million is to be paid from proceeds of the Bonds secured by the Assessments, and the remainder is expected to be funded by the State of Florida. The Florida Legislature has appropriated \$5.5 million for the Project, with an additional appropriation request pending.

The County undertook in 1994 a previous beach renourishment project for the Benefit Unit, funded by the County's South Amelia Island Shore Stabilization Special Assessment Bond, Series 1994 (the "1994 Bond") and secured by special assessments (the "Prior Assessments") against benefitted property within the Benefit Unit. See "THE ASSESSMENT PROGRAM - - Prior Assessment Program," herein.

THE BENEFIT UNIT

Set forth on the following page is a map showing the Benefit Unit.

[Map to appear here]

The South Amelia Island Shore Stabilization Municipal Service Benefit Unit (the "Benefit Unit" or "MSBU") is located on the south end of Amelia Island in Nassau County, Florida. The unit encompasses approximately 1450 acres and is bounded on the west by the marshes of the Amelia River and the Atlantic Intracoastal Waterway, on the east by the Atlantic Ocean, and on the south by the Talbot Island State Park, Nassau Sound and Duval County/Jacksonville, Florida.

The majority of the MSBU (93 percent) is Amelia Island Plantation, which is a large-scale residential-resort community. As of January 2002, Amelia Island Plantation includes 1018 condominium units and 1092 single family lots with homes on 646 of the single-family lots. Approximately, 103 additional condominiums may be developed. Approximately 40 percent of the total area within the Amelia Island Plantation is devoted to residential use and another 40 percent is devoted to open space, recreation and conservation. Approximately 10 percent of the land use is in roads and utilities with 10 percent in commercial uses.

The remaining area (7 percent) of the MSBU outside of Amelia Island Plantation is located in three (3) residential developments and one undeveloped tract of approximately 50 acres located south of Amelia Island Plantation on the Atlantic Ocean. The first is the Seaside Retreat. This development is fully developed with 52 condominiums. The second development is the Residences with 22 single-family lots and 14 condominiums. Currently, three of the lots are vacant. The third development is "The Sanctuary" with 12 single-family lots of which five are vacant. The remaining 50 acres owned by Riverstone Properties is undeveloped. This property is zoned for 500 units.

As described under the heading "SECURITY AND SOURCE OF PAYMENT OF THE BONDS - - The Assessments," the residential lots and tax parcels within the Benefit Unit are generally Oceanfront Parcels, East Parcels and West Parcels.

The table set forth below shows a breakdown of number of parcels, number of residential units and total assessed valuation within each category.

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**Summary of Parcels, Units
and Values by Type for the
Benefit Unit, as of January 1, 2002**

<u>Parcel Type</u>	<u>No. of Parcels</u>	<u>No. of Units</u>	<u>Total Assessed Value</u>
Oceanfront	787	907	\$348,419,256
East	496	498	99,423,069
West	<u>772</u>	<u>772</u>	<u>216,167,736</u>
Subtotal-Residential	2055	2177	\$664,010,061
Commercial	<u>42</u>	<u>0</u>	<u>\$73,463,139</u>
 Total	 2097	 2177	 \$737,473,200

Source: Nassau County Tax Collector

Residential lot sizes and tax parcels vary depending upon the location and development. Set forth below is a summary of lot sizes for different types of dwellings:

Typical Lot Sizes by Location

Amelia Island Plantation

Full size Lots	100' x 150'
Patio Lots	65' x 100'
Townhouse Lots	42' x 150'

Seaside Retreat

No Lots (all condominiums)

The Residences

Ocean Lots	35' x 450'
Patio Lots	56' x 185'

The Sanctuary

Lots	97' x 596'
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Source: Amelia Island Company

Set forth below is a summary of average property values for residential properties within the Amelia Island Plantation development:

**Average Property Value for Residential Properties
in Amelia Island Plantation
December 31, 2001**

Home	\$766,000
Villa	\$728,000
Lot	\$329,000

Source: Amelia Island Company

The Benefit Unit contains 42 commercial tax parcels, consisting mostly of resort retail operations, as set forth below:

Benefit Unit Commercial Properties

<u>Tax Parcel</u>	<u>Assessed Valuation</u>
<u>01-6N-29-AICO-0001-0040</u> <u>PT OF SECS 18 & 20-2N-28E</u> Owned by Amelia Island Company. Ocean Club House - a seaside clubhouse with pools, restaurants, piano bar and banquet facilities.	<u>\$5,398,063</u>
<u>01-6N-29-AICO-0001-0070</u> Owned by Amelia Island Company. Seven commercial retail shops comprised of approximately 36,000 sq.ft. of space and a 14,000 sq.ft. Spa and separate island pool building.	<u>\$2,386,000</u>
<u>01-6N-29-AICO-0003-0000</u> <u>PARCEL 3 IN SEC 22-2N-28</u> Owned by Amelia Island Company. Undeveloped woods and parking lots and storm water retention pond in vicinity of Sales and Administration Office totaling 4.39 acres.	<u>\$300,900</u>
<u>01-6N-29-AICO-0003-0010</u> <u>PT OF SEC 22-2N-28</u> Owned by Amelia Island Company. Real Estate Sales and Administration Building - 2 story block and bar joist construction - 14,050 sq.ft. office, real estate sales, resort check in, telephone switch and data processing operation.	<u>\$696,354</u>
<u>01-6N-29-AICO-0003-0020</u> <u>IN OR 813/282</u> Monkey Barrel - Children's retail clothing outlet - privately owned.	<u>\$150,432</u>
<u>01-6N-29-AICO-0003-0030</u> <u>IN OR 856/497</u> Sugar Plum - Women's clothing retail outlet - privately owned.	<u>\$148,764</u>

<u>01-6N-29-AICO-0003-0040</u>	<u>IN OR 931/1818</u>	<u>\$179,308</u>
Owned by Amelia Island Company. Planning and Development Office - the end unit frame building attached to a row of 2 additional units. This unit consists of approximately 2000 sq.ft. of office space.		
<u>01-6N-29-AICO-0003-0050</u>	<u>IN OR 715/45</u>	<u>\$203,990</u>
Craft Cupboard - Retail store selling gift items - privately owned.		
<u>01-6N-29-AICO-0003-0060</u>	<u>IN OR 285 PG 42</u>	<u>\$166,934</u>
Owned by Amelia Island Company. Nature Center/Retail Executive Offices - the Nature Center consists of a wood frame and CMU structure consisting of retail and informational space. The Retail Executive Office is a wood frame and CMU building attached to the Nature Center and another retail space.		
<u>01-6N-29-AICO-0003-0070</u>	<u>IN OR 348 PG 328</u>	<u>\$131,346</u>
Privately Owned. Previously Jackie's Hair Care with a residence above. The store portion is currently vacant.		
<u>01-6N-29-AICO-0003-0080</u>	<u>PT OF OR 417 PG 332</u>	<u>\$110,180</u>
Owned by Amelia Island Company. Information Systems - office space, and used for computer storage and programming.		
<u>01-6N-29-AICO-0003-0090</u>	<u>PT OF OR 417 PG 332</u>	<u>\$164,419</u>
Owned by Amelia Island Company. Transportation Department office space.		
<u>01-6N-29-AICO-0003-0100</u>	<u>IN OR 931/1825</u>	<u>\$448,029</u>
Owned by Amelia Island Company. Old General Store and Restaurant - under renovation to a sports bar.		
<u>01-6N-29-AICO-0003-0110</u>	<u>IN OR 707/538</u>	<u>\$50,000</u>
Owned by Amelia Island Company. Vacant land.		
<u>01-6N-29-AICO-0003-0120</u>	<u>IN OR 735 PG 961</u>	<u>\$112,268</u>
Privately Owned. Orvis Store - men's and women's sport clothing.		
<u>01-6N-29-AICO-0003-0140</u>	<u>IN OR 253 PG 10</u>	<u>\$4,350</u>
Owned by Amelia Island Company. Parking Lot.		
<u>01-6N-29-AICO-0003-0150</u>	<u>IN OR 968/1444</u>	<u>\$177,636</u>
Office Building. Approximately 1,800 sq.ft. - privately owned.		

01-6N-29-AICO-0004-0000 PARCEL 4 \$2,384,499
 Owned by Amelia Island Company. Beach Club - The Beach Club, originally constructed in 1974 and renovated in 1998 consists of 3,054 sq.ft. devoted to a restaurant and recreational offices.

01-6N-29-AICO-0005-0000 PARCEL 5 EX 5-1 \$5,413,001
01-6N-29-AICO-0005-0010 PARCEL 5-1 \$618,800
 Owned by Amelia Island Company. Racket Park Conference Center consists of 13,020 sq.ft., includes 4 meeting rooms and a common presentation space.

This property also includes:

- the Verandah Restaurant which consists of 5,170 sq.ft. - kitchen, bar and dining area and a second floor 350 sq.ft meeting room
- the Health and Fitness Center which includes two racquetball courts - 9,356 sq.ft. of exercise and aerobic rooms, men's and women's locker rooms, aerobics room and 4,760 sq.ft. pool enclosure with a 1,781 sq.ft. indoor lap pool and 4,183 sq.ft. of covered porches
- the Tennis Center which is a retail tennis pro shop consisting of a pro-shop retail space.

01-6N-29-AICO-0006-0000 PARCEL 6 (EXCEPT OF PAR 16) \$835,950
 Owned by Amelia Island Company. Links Golf Shop, Restaurant and Cart Barn. The Links Golf Shop consists of retail space. The Links Restaurant and Kitchen consists of a bar area and restaurant seating and kitchen space. The Owners Club consists of meeting space and restaurant seating. The Cart Barn consists of golf cart storage.

01-6N-29-AICO-0006-0010 PARCEL 6-1 \$209,666
 Owned by Amelia Island Company. Links Golf Maintenance - A metal frame building consisting of office equipment storage and equipment maintenance space.

01-6N-29-AICO-0006-0020 PARCEL 6-2 EX 6-3 \$5,791,882
01-6N-29-AICO-0010-0000 PT OF PARCEL 1 01-1N-28 \$16,200
 Owned by Amelia Island Company. Golf Course Parcel 6-2 - The Links Golf Course comprised of 36 holes of golf on 169 acres. The names of the two 18-hole golf courses are Marsh Creek Course and the Ocean Course.

01-6N-29-AICO-0007-0000 PARCEL 7 SEC 22-2N-28 \$28,888,312
01-6N-29-AICO-0007-0010 PARCEL 7-1 SEC 22-2N-28 \$1,222,500
01-6N-29-AICO-0007-0020 PARCEL 7-2 SEC 22-2N-28 \$1,132,500
 Owned by Amelia Island Company. AMELIA INN - The Inn was constructed in 1998 and consists of 249 guestrooms.

<u>01-6N-29-AICO-0008-0000</u>	<u>IN OR 645 PG 551</u>	<u>\$487,906</u>
Owned by Amelia Island Company. Resort Operations - two-story frame and CMU building consisting of office space, conference rooms, storage for villa maintenance supplies and housekeeping supplies.		
<u>01-6N-29-AICO-0008-0010</u>	<u>IN OR 328 PG 488</u>	<u>\$3,000</u>
Bell South remote telephone terminal.		
<u>01-6N-29-AICO-0009-0000</u>	<u>PARCEL 9 SEC 22-2N-28</u>	<u>\$223,550</u>
Florida Water Services - re-pump and fire storage station.		
<u>01-6N-29-AICO-0011-0000</u>	<u>PT OR 506 PG 391</u>	<u>\$168,600</u>
Florida Water Services - undeveloped vacant land - 2.31 acres.		
<u>01-6N-29-AICO-0012-0000</u>	<u>PT OR 506 PG 391</u>	<u>\$25,200</u>
Florida Water Services - lift station easement.		
<u>01-6N-29-AICO-0013-0000</u>	<u>PT OR 506 PG 391</u>	<u>\$216,750</u>
Florida Water Services - utilities site.		
<u>01-6N-29-V150-0000-0000</u>	<u>VILLA PARCEL 15</u>	<u>\$7,580,926</u>
Owned by Amelia Island Company. Conference Center - over 38,000 sq.ft. of useable function space, the Conference Center consists of the Executive Conference Center and the Amelia Inn Conference Center. The Conference Center has an 11,165 sq.ft. ballroom with a 16 foot ceiling and a 5,439 sq.ft. ballroom with a 15'17' ceiling. The Conference Center includes a kitchen and pastry shop.		
<u>01-6N-29-V17A-000B-0000</u>	<u>CONFERENCE ROOM B</u>	<u>\$75,000</u>
Owned by Amelia Island Company. Sandcastles Conference Room "B"- The conference room consists of meeting space in an "out of the way" location for privacy or can be used in conjunction with villa rentals in Sandcastles "B" condominiums.		
<u>01-6N-29-V17B-000A-0000</u>	<u>CONFERENCE ROOM A</u>	<u>\$60,000</u>
Owned by Amelia Island Company. Sandcastles Conference Room "A"- The conference room consists of meeting room space in an "out of the way" location for privacy or can be used in conjunction with villa rentals in Sandcastles "A" condominiums.		
<u>02-6N-29-DCCO-0001-0050</u>	<u>IN OR 721 PG 41</u>	<u>\$2,500</u>
A1A entry.		
<u>02-6N-29-DCCO-0002-0000</u>	<u>IN OR 463 PG 414</u>	<u>\$703,000</u>

<u>03-6N-29-LPAA-0003-0000</u>	<u>PT OR 463/409 & OR 463/443</u>	<u>\$4,054,600</u>
Owned by Amelia Island Company. Long Point Golf Course - an 18-hole golf course.		
<u>03-6N-29-LPAA-0004-0000</u>	<u>PT OR 463/409 & OR 463/443</u>	<u>\$1,872,904</u>
Long Point Club House.		
<u>03-6N-29-LPAA-0005-0000</u>	<u>PT OR 463/409 & OR 463/443</u>	<u>\$665,059</u>
Long Point Maintenance Building.		
<u>00-00-30-0087-0001-0010</u>	<u>IN OR 506/456</u>	<u>\$500</u>

The total assessed valuation of properties within the Benefit Unit is set forth below:

**SOUTH AMELIA ISLAND
SHORE STABILIZATION (SAISS)
MUNICIPAL SERVICE BENEFIT UNIT
ASSESSED VALUE BY YEAR**

<u>Year</u>	<u>Amount</u>
2001-2002	\$743,955,803
2000-2001	581,308,297
1999-2000	468,999,451
1998-1999	391,080,329
1997-1998	364,408,759
1996-1997	329,056,388
1995-1996	320,995,534
1994-1995	304,674,077
1993-1994	295,828,730

Source: Nassau County Property Appraiser

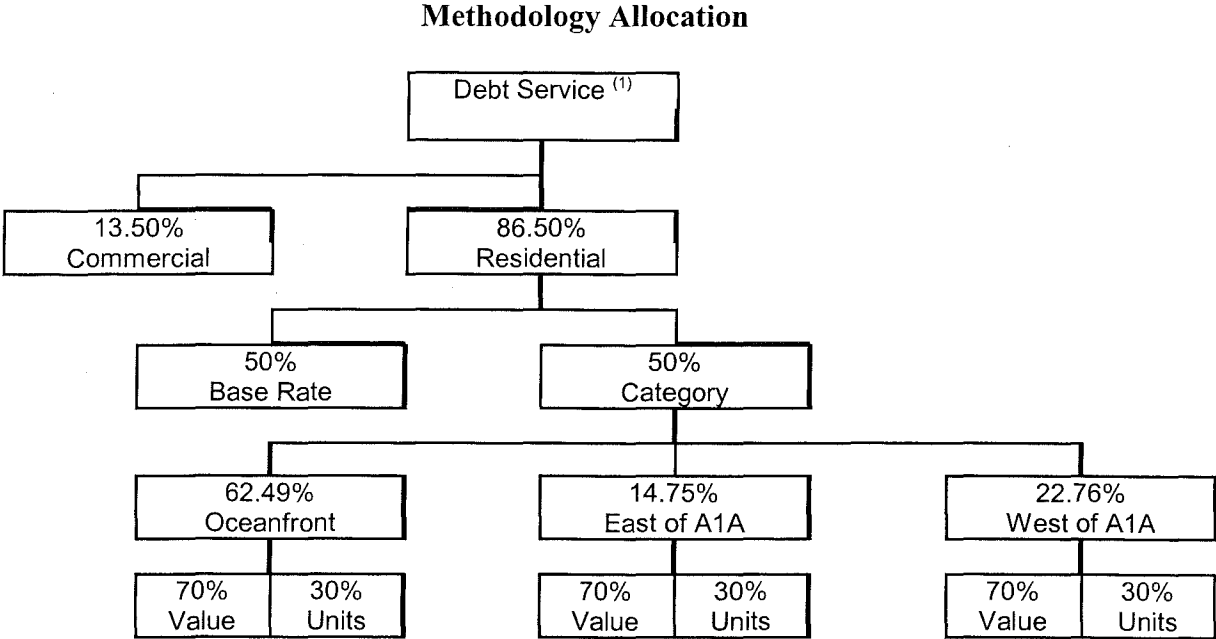
THE ASSESSMENT PROGRAM

Methodology

The Special Assessment Allocation Methodology Report classifies the tax parcels within the Benefit Unit as Commercial Parcels, Oceanfront Parcels, East Parcels or West Parcels. The Report shows that the average value of the residential property within the Benefit Unit increased 19.22% between 1997/1998 and 2001/2002. The most rapid increase was on the Oceanfront Parcels (25.52%). The Report allocates benefit from the Project as follows: 13.5% of each year's debt service requirement (for purposes of the following, debt service includes principal payments on the Bonds plus interest at a rate 1% in excess of the rate on the Bonds) is allocated to commercial properties, and the remaining 86.5% is allocated to residential properties. The

residential property is then subdivided into a base rate which all residential properties pay and a category rate that is dependent upon the location of the property. In each of the three residential categories, the debt service is further subdivided among the properties with 70% allocated on the basis of ad valorem value and 30% allocated on the number of residential parcels.

The chart set forth below illustrates this methodology:



⁽¹⁾ Includes interest at a rate of 1% in excess of the rate on the Bonds.

The Assessment Resolutions require the re-evaluation by the County each year of the methodology, to ensure consistency with changing valuation patterns.

Prior Assessment Program

As described under the heading "THE PROJECT," the County undertook a \$6,900,000 beach renourishment program in 1994, financed with the 1994 Bond and the Prior Assessments. The Prior Assessments were allocated on essentially the same methodology as the current Assessments, although the allocation between Oceanfront Parcels and other residential parcels has changed based on changing valuations. The Prior Assessments, unlike the Assessments, (i) were not collected by means of the Uniform Method of Collection and tax sale certificates, but instead by foreclosure, and (ii) were imposed based on actual debt service on the 1994 Bond, not at a rate of 1% in excess of the bond interest rate. The Prior Assessments were imposed for a ten-year period, originally scheduled to end in 2003. The 1994 Bond is scheduled to be retired in advance on _____, 2002.

Set forth below is a schedule showing the payment history of the Prior Assessments and the 1994 Bond:

Prior Assessments and 1994 Bonds

<u>Assessments Due (December 31)</u>	<u>Assessment Revenues Received ⁽¹⁾</u>	<u>Debt Service ⁽²⁾</u>
1993	\$1,048,248	\$142,807.14
1994	1,068,654	1,033,290.79
1995	1,054,755	1,018,345.45
1996	1,054,491	985,329.37
1997	1,071,512	957,624.17
1998	1,070,187	925,928.89
1999	954,715	894,408.25
2000	981,899	861,927.13
2001	270,000 ⁽³⁾	⁽⁴⁾

Source: Nassau County Tax Collector's Office and Nassau County Clerk's Office

- ⁽¹⁾ Includes late payments received during such year. The Prior Assessments were not subject to prepayment.
- ⁽²⁾ The Prior Bonds were issued on January 31, 1994 in the amount of \$6,900,000, bearing interest semi-annually at 4.1% per annum and maturing on September 1 of each year (commencing September 1, 1995) in nine equal annual installments. Debt Service reflects amounts due on March 1 and September 1 of the year following the year Prior Assessments were due.
- ⁽³⁾ Reflects amounts received through March 1, 2002.
- ⁽⁴⁾ Includes prepayment of the remaining \$ _____ in aggregate principal amount of the Prior Bonds on _____, 2002.

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Set forth below is a table showing receipts from the Prior Assessments due December 31, 1999 and December 31, 2000, respectively:

Prior Assessment Collections⁽¹⁾

December 1999	\$263,983.26
January 2000	275,181.11
February 2000	73,004.95
March 2000	316,327.61
April 2000	10,380.37
May 2000	9,592.86
June 2000	3,613.21
July 2000	4,693.47
August 2000	4,072.56
September 2000	<u>2,485.10</u>
	963,334.50
December 2000	83,788.73
January 2001	372,292.03
February 2001	76,160.85
March 2001	394,328.69
April 2001	10,118.26
May 2001	22,121.79
June 2001	15,111.96
July 2001	7,908.11
August 2001	3,123.40
September 2001	<u>1,304.47</u>
	986,258.29

Source: Nassau County Tax Collector's Office

⁽¹⁾ Amounts shown are net of amounts retained by the Tax Collector's office.

Set forth below is a table showing unpaid Prior Assessments due December 31, 1996-2001⁽¹⁾:

<u>Year</u>	<u>Amount Unpaid</u>
1996	\$2,965.74
1997	3,063.62
1998	6,073.92
1999	8,613.92
2000	17,786.48

Source: Nassau County Tax Collector

⁽¹⁾ The Prior Assessments were not collected by the Uniform Collection Method, but by means of foreclosure. The County has not foreclosed any of the Prior Assessment liens.

The following table sets forth the number of liens filed for delinquent Prior Assessments due December 31 of the given years ⁽¹⁾:

<u>Year</u>	<u>Number of Assessment Liens</u>
1996	78
1997	71
1998	54
1999	82
2000	83

Source: Nassau County Tax Collector

⁽¹⁾ The majority of such liens were eventually released as Prior Assessments were paid.

The table set forth below shows the ten largest payers of the Prior Assessments:

Ten Largest Payers of the 2001-2002 Prior Assessment

<u>Rank</u>	<u>Property Owner</u>	<u>Total 2001-2002 Assessments Paid</u>
1.	Amelia Island Company/ Amelia Plantation Company	\$69,999.75
2.	Riverstone Properties	19,351.89
3.	Amelia Island Holding Co/ Dunes Club Company	6,995.89
4.	Dunes Club Villa Co. LLC	5,596.06
5.	Salim Osta	1,512.69
6.	Cury and Saltmarsh Development	1,221.05
7.	Sea Villas Limited	1,045.95
8.	Janet & Ronald Kolar	980.41
9.	J. Wayne Weaver	953.68
10.	John Hopkins	912.51

BONDOWNERS' RISKS

There are certain risks inherent in an investment in bonds secured by special assessments issued by a public authority or governmental body in the State of Florida, certain of which are described above under the caption "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS -- Enforcement and Collection of Assessments." THE INFORMATION APPEARING UNDER THIS CAPTION DOES NOT PURPORT TO SUMMARIZE ALL RISKS THAT MAY BE ASSOCIATED WITH PURCHASING OR OWNING THE BONDS. Prospective purchasers

are advised to read this Official Statement in its entirety (including all appendices) for a more complete description of investment considerations relating to the Bonds.

1. In order to pay debt service on the Bonds, the Assessments on lands within the Benefit Unit must be paid in a timely manner. Should the Assessments not be paid on time, the County has established a Reserve Fund to cover delinquencies and, pursuant to the Resolution, will use moneys in the Reserve Fund to pay debt service on the Bonds to the extent of any insufficiency in the moneys on deposit in the Debt Service Fund. The Assessments are secured by a lien on the parcels of land within the Benefit Unit upon which such Assessments are levied, which lien is on a parity with the lien of all state, county, school district, special district and municipal taxes and superior in dignity to all other liens, titles and claims, except prior United States Internal Revenue Service claims.

2. Unpaid Assessments do not constitute a personal indebtedness of the owners of the benefitted parcels within the County. There is no assurance that the owners will be able to pay the Assessments or that they will pay such Assessments even though financially able to do so. Failure by owners of parcels to pay installments of Assessments when due, depletion of the Reserve Fund, or the inability of the Tax Collector to sell tax certificates for amounts sufficient to cover delinquent Assessments levied against such parcels may result in the inability of the County to make full or punctual payments of the Debt Service on the Bonds and, in such event, Owners of the Bonds would be adversely affected. Beyond legal delays that could result from bankruptcy, the ability of the Tax Collector to sell tax certificates will be dependent upon various factors, including the interest rate which can be earned by ownership of such certificates and which may be subject to sale at the demand of the certificate holder after two (2) years. The value of the land in the County may be affected by changes in general economic conditions, fluctuations in the real estate market and other factors. In particular, recent economic recessions have had a significant adverse effect on the Florida residential real estate market. In general, the residential real estate market is cyclical and affected by changes in general economic conditions, tax laws, tourism, availability of financing, interest rate levels and consumer confidence.

3. County, school district, special district taxes and special assessments, including Assessments levied by the County, and voter-approved ad valorem taxes levied to pay principal of and interest on bonds are payable at one time. If a taxpayer does not make complete payment, he cannot designate specific line items on his tax bill as deemed paid in full. In such case, the Tax Collector does not accept such partial payment and the partial payment is returned to the taxpayer. Therefore, any failure to pay any one line item, whether or not it be the Assessments, would cause the Assessments not to be collected to that extent, which could have a significant adverse impact on the County's ability to make full or punctual payment of debt service on the Bonds.

4. The Benefit Unit may be affected by changes in general economic conditions, fluctuations in the real estate market and other factors. In addition, the proposed Project is subject to comprehensive federal, state, and local regulations and future changes to such regulations. Approval is required from various public agencies in connection with, among other things, the

design, nature and extent of the required public improvements. Although no delays are anticipated, failure to obtain any such approvals in a timely manner could delay or adversely affect the willingness or ability of lot owners within the Benefit Unit to pay the Assessments.

5. The willingness and/or ability of an owner of land within the Benefit Unit to pay the Assessments could be affected by the existence of other taxes and assessments imposed upon the property. In addition, other public entities whose boundaries overlap those of the Benefit Unit, such as Nassau County, could, without the consent of the owners of the land within the Benefit Unit, impose additional taxes and non-ad valorem assessments on the property within the Benefit Unit. Although the lien of the Assessments is of equal dignity with the liens for taxes upon land and other non-ad valorem assessments, and thus is currently superior to other types of liens, including mortgages, tax increases or the imposition of new taxes by public entities whose boundaries overlap those of the Benefit Unit may render landowners unwilling or unable to make Assessments payments; such failure to pay could adversely affect the ability of the County to make full or punctual payment of debt service on the Bonds. *See* "SECURITY AND SOURCE OF PAYMENT FOR THE BONDS -- Procedure for Collection of Ad Valorem Tax and Non-Ad Valorem Assessments" herein. There have been several instances of litigation challenging the lien of assessments versus the lien of prior commercial mortgage liens. All of these cases to date have resulted in the continuing priority of the assessments over such mortgage liens.

6. The remedies available to the Owners of the Bonds upon an event of 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, the remedies specified by federal, state and local law and in the Resolution and the Bonds, including, without limitation, enforcement of the obligation to pay Assessments and the ability of the Tax Collector to foreclose the lien of the Assessments, may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors enacted before or after such delivery. The inability, either partially or fully, to enforce remedies available respecting the Bonds could have a material adverse impact on the interest of the owners thereof.

7. The County is in an area susceptible to hurricane and storm damage. Any future damage from hurricanes or storms could have a materially adverse affect on property values within the Benefit Unit. Additionally, if a hurricane or storm substantially damages such property, private insurers and the state and federal government could terminate insurance coverages on properties within the Benefit Unit. Without such insurance, properties within the Benefit Unit might not be rebuilt to their pre-storm condition. It is also possible that the Federal Government would not provide financial assistance to return the County to its pre-storm condition.

TAX MATTERS

General

In the opinion of Bond Counsel, the form of which is included as Appendix E hereto, under existing statutes, regulations, rulings and court decisions, the interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals and corporations. Interest on the 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 Bonds with certain requirements of the Code regarding the use, expenditure and investment of bond proceeds and the timely payment of certain investment earnings to the Treasury of the United States, may cause interest on the Bonds to become includable in gross income for federal income tax purposes retroactive to their date of issue. The County had covenanted in the Resolution to comply with all provisions of the Code necessary to, among other things, maintain the exclusion from gross income of interest on the Bonds for purposes of federal income taxation. In rendering its opinion, Bond Counsel has assumed continuing compliance with such covenants.

Internal Revenue Code of 1986

The Code contains a number of provisions that apply to the Bonds, including, among other things, restrictions relating to the use of the investment of proceeds of the Bonds and the payment of certain arbitrage earnings in excess of the "yield" on the Bonds to the Treasury of the United States. Noncompliance with such provisions may result in interest on the Bonds being included in gross income for federal income tax purposes retroactive to their date of issue. 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 below, 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 Bonds. Prospective purchasers of the Bonds should be aware that the ownership of Bonds may result in other collateral federal income tax consequences. For example, ownership of 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 Bonds in passive income for certain Subchapter S corporations. In addition, the interest on the Bonds may be included in gross income by recipients of certain Social Security and Railroad Retirement benefits.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE 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.

Financial Institutions

Banks and thrift institutions are generally unable to deduct any portion of the interest expense allocable to purchasing or carrying tax-exempt obligations (except "qualified tax-exempt obligations") if such interest costs are incurred in taxable years ending after December 31, 1986, with respect to bonds acquired after August 7, 1986. An exception is provided for "qualified tax-exempt obligations" specifically designated as such by the issuer. The County has designated the Bonds as "qualified tax-exempt obligations."

Florida Taxes

In the opinion of Bond Counsel, the 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 Bonds may be subject to state or local income taxation under applicable state or local laws in other jurisdictions. Purchasers of the Bonds should consult their own tax advisors as to the income tax status of interest on the 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 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 Bonds. From time to time, legislative proposals are pending which could have an effect on both the 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 Bonds.

Tax Treatment of Premium on Bonds

The Bonds maturing in the years _____ will be offered at a price in excess of the principal amount thereof. Under the Code, the difference between the principal amount of the Bonds and the cost basis of such Bonds to a Bondholder (other than a Bondholder who holds such Bonds as inventory, stock in trade or for sale to customers in the ordinary course of business) is "bond

premium." Bond premium is amortized over the term of such Bonds for federal income tax purposes. A Bondholder is required to decrease his basis in such Bonds by the amount of amortizable bond premium attributable to each taxable year he holds such Bonds. The amount of the amortizable bond premium attributable to a tax year is not deductible for federal income tax purposes. Owners of such Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of the treatment of bond premium upon sale, redemption or other disposition of such Bonds and with respect to the state and local consequences of owning and disposing of such Bonds.

Original Issue Discount

The Bonds maturing in the years _____ (the "Discount Bonds") are being issued at an original issue discount. Under present federal income tax law, the amount of original issue discount (i.e., the difference between the initial offering price to the public of a Discount Bond and the total stated principal amount payable at maturity of the Discount Bond) is treated as interest on the Discount Bond to a holder who purchases such Discount Bond in the initial offering at the offering price to the public and who holds such Discount Bond to maturity, and such holder would not realize taxable income or capital gain on such amount upon payment of the principal amount of such Discount Bond at maturity.

Generally, a holder who acquires a Discount Bond in the initial offering at the initial offering price to the public will be treated as receiving in each taxable year from the date of issuance of such Discount Bond an amount of interest on such Discount Bond equal to the original issue discount accrued on a semiannual compound interest basis. The amount of interest representing original issue discount that is treated as having been received will be added to such holder's tax basis for purposes of determining gain or loss upon a sale or redemption of a Discount Bond.

Unearned discount and redemption premium, if any, received by such a holder upon any redemption of Discount Bonds will not constitute interest on such Discount Bond and will not be excluded from gross income for federal income tax purposes.

Holders of the Discount Bonds should consult their own tax advisors as to the tax consequences of the purchase of such Discount Bonds other than at the initial offering prices during the initial public offering, the sale, transfer, redemption (whether optional or mandatory) or other disposition of such Discount Bonds prior to stated maturity, other applications of federal tax law and the application of state, local and foreign laws.

DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS

Rule 3E-400.003, Florida Administrative Code, promulgated by the Florida Department of Banking and Finance, Division of Securities, pursuant to Section 517.051(1), Florida Statutes,

requires the County to disclose each and every default as to the payment of principal and interest with respect to an obligation issued by the County after December 31, 1975. Rule 3E-400.003 further provides, however, that if the County in good faith believes that such disclosures would not be considered material by a reasonable investor, such disclosures may be omitted.

In good faith, the County believes that disclosure of any default on bonds with respect to which the County was merely a conduit issuer and which are secured solely by payments of the borrower under a loan agreement, lease agreement or installment sale agreement, would not be considered material by a reasonable investor. Accordingly, the County has not taken affirmative steps to contact the various trustees of conduit bond issues of the County to determine the existence of prior defaults.

The County is not, and since December 31, 1975, has not been, in default as to principal of and interest on bonds or other debt obligations for which either ad valorem or non-ad valorem revenues of the County were pledged.

LITIGATION

There is no litigation of any nature now pending or threatened restraining or enjoining the issuance, sale, execution or delivery of the Bonds or the imposition of the Assessments, or in any way contesting or affecting the validity of the Bonds or any proceedings of the County taken with respect to the issuance or sale thereof, or the pledge or application of any moneys or security provided for the payment of the Bonds, or the existence or powers of the County, or the construction by the County of its portion of the Project.

UNDERWRITING

Compass Bank (the "Underwriter") has agreed pursuant to a contract with the County, subject to certain conditions, to purchase the Bonds from the County at a purchase price of par less Underwriter's discount of \$_____, plus accrued interest from April 1, 2002. The Underwriter's obligations are subject to certain conditions precedent and the Underwriter will be obligated to purchase all the Bonds if any are purchased. The Bonds may be offered and sold to certain dealers, banks and others at prices lower than the initial offering prices, and such initial offering prices may be changed from time to time by the Underwriter.

FINANCIAL CONSULTANT

Fishkind and Associates, Inc. has served as Financial Consultant in developing the Assessment methodology and has prepared the Assessment methodology included herein as Appendix A.

LEGAL MATTERS

All legal matters related to the authorization, issuance, sale and delivery of the Bonds are subject to the approval of Nabors, Giblin & Nickerson, P.A., Tampa, Florida, Bond Counsel. Certain legal matters will be passed upon for the Underwriter by its counsel, Walton, Wells, Anderson & Bains, L.L.P., Birmingham, Alabama. Certain legal matters will be passed upon for the County by its counsel, Michael Mullin, Esquire, Fernandina Beach, Florida.

MISCELLANEOUS

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the Bonds and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such documents for full and complete statements of such provisions.

This Official Statement is submitted in connection with the sale of the Bonds and may not be reproduced or used, as a whole or as a part, for any purpose. This Official Statement is not to be construed as a contract with the purchaser or the Owners of any of the Bonds.

This Official Statement has been duly authorized, executed and delivered by the County.

NASSAU COUNTY, FLORIDA

By: _____
Chairman, Nassau County Board of County
Commissioners

(SEAL)

By: _____
Clerk of Court

APPENDIX A

**SPECIAL ASSESSMENT ALLOCATION
METHODOLOGY REPORT**

APPENDIX B

FORM OF THE ASSESSMENT RESOLUTION

APPENDIX C

FORM OF THE RESOLUTION

APPENDIX D

**CERTAIN INFORMATION REGARDING NASSAU COUNTY,
AMELIA ISLAND AND SURROUNDING AREA**

THE COUNTY

Nassau County, Florida, is a political subdivision of the State of Florida duly organized and validly existing under and by the virtue of the laws thereof. The County is authorized, under the Act, and other applicable provisions of law, to make and execute financing agreements, contracts, deeds and other instruments necessary or convenient for the purpose of facilitating the financing of certain projects to the end that the County may be able to promote the economic development of the State of Florida and otherwise aid in improving the prosperity and welfare of said State and its inhabitants, and to provide such financing through the issuance of revenue bonds.

The County is governed by a Board of County Commissioners consisting of five members who are duly qualified electors of and taxpayers in Nassau County, Florida, and who are elected for terms of four years. The following persons constitute the current members of the Board of County Commissioners of Nassau County:

<u>District</u>	<u>Member</u>
5	Marianne Marshall, Chairman
2	David C. Howard, Vice Chair
1	Nick D. Deonas
3	Vicki Samus
4	Floyd L. Vanzant

The chief administrative official of the County is the County Coordinator (the "Coordinator"). The Coordinator will have the responsibility to administer the construction contracts associated with the Project. Walter Gossett serves as the Coordinator for the County.

The Bonds do not now and shall never constitute a debt, liability or obligation of the County, the State of Florida or any other political subdivision thereof, or a pledge of the faith and credit or taxing power of the County or of the State or of any political subdivision thereof. The County shall never be obligated or required to levy any ad valorem taxes on any property to pay the principal, premium, if any, or interest on the Bonds or to pay the same from any funds of the County, except from the Pledged Funds in the manner and upon the conditions contained in the Resolution. The Bonds shall not be or constitute a lien upon any property owned by or situated within the territorial limits of the County, except on the Pledged Funds.

Labor Force

	<u>Total</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Rate</u>
1996	26,046	24,993	1,053	4.0%
1997	26,908	25,922	986	3.7
1998	27,527	26,606	921	3.3
1999	28,258	27,304	954	3.4
2000	29,599	28,660	939	3.2
2001	31,166	30,117	1,049	3.4

Source: Nassau County Economic Development Board

Major Private Sector Employers

<u>Name</u>	<u>Employees</u>
Amelia Island Plantation	1,200
The Ritz-Carlton	875
Smurfit-Stone Container Corporation	650
White Oak Plantation	324
Rayonier, Inc.	323
Publix Supermarket, Inc.	300
Baptist Medical Center-Nassau	277
Wal-Mart	190
Amelia Island Care Center	165
Mulch Manufacturing, Inc.	110

Source: Nassau County Economic Development Board

**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	45,000	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 Real Property Value		
	Taxable Value	Residential	Commercial ⁽²⁾	Total
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
2001	\$119,719	\$2,051,959	\$615,637	\$2,667,596

⁽¹⁾ Year tax is collected - 2001 represents final certified valuation as of January 1, 2000.

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

Source: Nassau County Property Appraiser

**PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u> ⁽¹⁾	<u>Total Tax Levy</u> ⁽²⁾	<u>Current Tax Collections</u> ⁽³⁾	<u>Percent of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections to Tax Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent of Delinquent Taxes to Tax Levy</u>
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%	65,361	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%
2001	20,403,540	19,694,986	96.53%	20,146	19,715,132	96.63%	688,408	3.37%
2002								

⁽¹⁾ Year tax is collected - - 2001 represents 2000 levy.

⁽²⁾ Includes penalties under Florida Statutes 193.072.

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

Source: Nassau County Tax Collector

**ASSESSED AND ESTIMATED ACTUAL VALUE
OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS**

<u>Fiscal Year⁽¹⁾</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>		Percent of Total Taxable to Total Actual Value
	<u>Taxable Value</u>	<u>Estimated Actual Value</u>	<u>Taxable Value⁽²⁾</u>	<u>Estimated Actual Value</u>	<u>Taxable Value</u>	<u>Actual Value</u>	
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	2,169,793,594	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	70.33%
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%
2001	2,667,596,028	3,681,589,895	402,551,264	563,903,689	3,070,147,292	4,245,493,584	72.32%
2002							

⁽¹⁾ Year tax is collected - - 2001 represents final certified valuation as of January 1, 2000.

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

Source: Nassau County Property Appraiser

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

	<u>1992</u>	<u>1993</u>	<u>1994</u>	<u>1995</u>	<u>1996</u>	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
County-Wide Millages:										
General County:										
General Fund	3.1965	2.6072	2.4485	2.9971	5.7361	5.6361	5.6361	5.6361	5.6361	5.6361
Fine & Forfeiture Fund ⁽¹⁾	2.9357	2.5758	2.5807	2.6964	-	-	-	-	-	-
County Transportation Fund	0.6912	0.9813	0.9744	0.9200	0.8857	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	0.2103
Total General County	7.0540	6.4000	6.2321	6.8321	6.8321	6.7321	6.7321	6.7321	6.7321	6.7321
School Board:										
Required Local Effort	6.3940	6.5870	6.5410	6.5530	6.6650	6.8980	6.8000	6.3660	6.3670	6.3670
Discretionary and Capital Outlay	2.5100	2.5100	2.5100	2.5100	2.5100	2.5100	2.6080	2.7410	2.7140	2.7140
Total School Board	8.9040	9.0970	9.0510	9.0630	9.1750	9.4080	9.4080	9.1070	9.0810	9.0810
Nassau General Hospital ⁽²⁾	0.7417	0.6000	0.6000	-	-	-	-	-	-	-
Total County-Wide	16.6997	16.0970	15.8831	15.8951	16.0071	16.1401	16.1401	15.8391	15.8131	15.8131
Special Districts:										
St. Johns River Water Management	0.3580	0.3580	0.4700	0.4820	0.4820	0.4820	0.4820	0.4820	0.4820	0.4820
Greater St. Johns Basin	-	-	-	-	-	-	-	-	-	-
Amelia Island Mosquito Control	0.4422	0.4703	0.4600	0.4490	0.4432	0.4341	0.4029	0.3750	0.3546	0.3546
Municipal Service Fund	0.6513	0.3256	0.3224	0.3224	0.3224	0.3224	0.3224	0.3224	0.3224	0.3224
Recreation and Water Conservation District	0.0508	0.0508	0.0508	0.0508	0.0508	-	-	-	-	-
Municipalities:										
Callahan	2.7887	2.7887	2.7887	2.7887	2.7887	2.7869	3.0000	2.8820	3.0000	3.0000
Fernandina Beach	7.4500	6.9960	6.8500	6.7130	6.9477	6.9477	6.9477	6.6962	6.6962	6.6962
Hilliard	0.8470	0.8470	0.8470	0.8470	0.8470	0.8470	0.7682	0.7647	0.7408	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

APPENDIX E

PROPOSED FORM OF OPINION OF BOND COUNSEL

EXHIBIT C

FORM OF DISBURSEMENT REQUEST

Requisition Number _____

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

RE: Payment of the amount on the attached invoice in connection with the \$_____ South
Amelia Island Shore Stabilization Special Assessment Bonds, Series 2002 of the County

You are hereby requested to pay the sum of \$_____ to _____
for _____ per the attached invoice. Such amount is justly due and owing
as a proper expense in connection with the construction of the project financed by the above-
referenced Bonds and to be paid from amounts on deposit in the Project Fund established under the
County's resolution adopted on March 25, 2002. Such expense has not been the subject of another
requisition which has been paid.

Date

EXHIBIT D
CONTINUING DISCLOSURE AGREEMENT

CONTINUING DISCLOSURE AGREEMENT

This is a Continuing Disclosure Agreement (the "Agreement") between Nassau County, a political subdivision of the State of Florida (the "County") and the holders of the Series 2002 Bonds hereinafter referred to.

RECITALS:

Contemporaneously with the execution and delivery of this Agreement by the County (such delivery being made to the Paying Agent hereinafter referred to), the County will issue its South Amelia Island Shore Stabilization Special Assessment Bonds, Series 2002 (the "Bonds") in the aggregate principal amount of \$4,200,000 under a resolution (the "Resolution") of the County under which The Bank of New York will serve as Paying Agent (the "Paying Agent"). The Bonds are subject to the provisions of Rule 15c2-12 (the "Rule"), promulgated by the Securities and Exchange Commission of the United States of America (the "Commission") pursuant to the Securities Exchange Act of 1934. The Bonds will be sold by Compass Bank (the "Underwriter"), and the County has delivered to the Underwriter the County's Official Statement with respect to the Bonds dated _____, 2002 (the "Official Statement"). There is no "obligated person" as defined in the Rule with respect to the Bonds other than the County.

The County has entered into this Agreement in order to assist the Underwriter in complying with the Rule.

Except where otherwise defined in this Agreement, all capitalized terms used herein shall have the same meaning herein as in the Official Statement.

NOW, THEREFORE, the County does hereby undertake and agree with the holders of the Bonds as follows:

Section 1. Assessment Amounts. The County hereby agrees, in accordance with the provisions of the Rule, to provide or cause to be provided to each nationally recognized municipal securities information repository ("NRMSIR") and to the appropriate state information repository ("SID"), if any, for the State of Florida, in each case as designated by the Commission in accordance with the Rule, within 180 days after the close of each fiscal year of the County (October 1-September 30) commencing after September 30, 2002, the amount of special assessments imposed in connection with the Project (the "Assessments") and amounts collected from landowners in the Benefit Unit pursuant to Chapter 197, Florida Statutes, or otherwise collected as a result of the Assessments, including amounts received from the sale of tax certificates or interest and penalties on the Assessments and proceeds of any reassessment pursuant to the Resolution.

Section 2. Notice of Material Events. The County agrees to provide or cause to be provided, in a timely manner, (a) to each NRMSIR or to the Municipal Securities Rulemaking Board ("MSRB") and (b) to the SID for the State of Florida, if any, notice of the occurrence of any of the following events with respect to the Bonds, if material:

- (a) delinquency in payment when due of any principal of or interest on the Bonds;

- (b) occurrence of any event of default under and as defined in the Resolution other than as described in (a) next above;
- (c) unscheduled draws on any reserve fund reflecting financial difficulties;
- (d) substitution of credit or liquidity providers, or their failure to perform;
- (e) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (f) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (g) modification of the rights of holders of the Bonds;
- (h) calls for redemption, other than scheduled mandatory redemption, of any of the Bonds;
- (i) defeasance of the Bonds or any portion thereof;
- (j) release, substitution or sale of property securing repayment of the Bonds; or
- (k) any change in any rating on the Bonds.

The County may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the County such other event is material with respect to the Bonds, but the County does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 3. Notice of Non-Compliance. The County agrees to provide or cause to be provided, in a timely manner, (i) to each NRMSIR or to the MSRB and (ii) to the SID for the State of Florida, if any, notice of any failure by it to provide the annual financial information described in Sections 1 and 2 hereof on or prior to the dates respectively set forth in said sections.

Section 4. Beneficiaries and Enforcement. The County agrees that its undertaking pursuant to the Rule set forth in this Agreement is intended to be for the benefit of the holders of the Bonds and (to the extent hereinafter set forth) the Paying Agent and shall be enforceable by such holders and (to such extent) the Paying Agent; provided, that the right of the holders of the Bonds or the Paying Agent to enforce the provisions of this Agreement shall be limited to a right to obtain specific enforcement of the obligations of the County hereunder. No failure by the County to comply with its obligations under this Agreement shall constitute an event of default under the Resolution. The Paying Agent may (and, at the request of the holders of at least 25% in aggregate principal amount of the Bonds outstanding and being duly indemnified to its satisfaction, shall) enforce the obligations of the County under this Agreement.

Section 5. Amendment. This Agreement may be amended without the consent of any holders of the Bonds if

(a) such amendment is made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the County; and

(b) the Agreement, as so amended, would have complied with the requirements of the Rule at the time of the execution hereof, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) the County receives an opinion of nationally recognized bond counsel that such amendment does not materially impair the interests of any of the holders of the Bonds.

IN WITNESS WHEREOF, this Agreement has been duly executed by and on behalf of the County by the Chairman of its Board of County Commissioners and attested by its Clerk, as of the _____ day of _____, 2002.

NASSAU COUNTY, FLORIDA

By _____
Chairman, Board of County Commissioners

Attest:

Clerk of the Board of County Commissioners