EXHIBIT B

NASSAU COUNTY, FLORIDA

AND

RAYONIER, INC.

LOAN AGREEMENT

Dated as of May 1, 2002

The interest of Nassau County, Florida (the "Issuer") in this Loan Agreement has been assigned (except for "Reserved Rights" defined in this Loan Agreement), pursuant to the Indenture of Trust dated as of the date hereof from the Issuer to The Bank of New York, as trustee (the "Trustee"), and is subject to the security interest of the Trustee thereunder.

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LOAN AGREEMENT

THIS LOAN AGREEMENT, dated as of May 1, 2002, between **NASSAU COUNTY, FLORIDA**, a political subdivision under the Constitution and laws of the State of Florida (the "Issuer") and RAYONIER, INC., a corporation organized and existing under the laws of the State of North Carolina authorized to do business in the State of Florida (the "Company");

WITNESSETH:

That the parties hereto, intending to be legally bound hereby, and for and in consideration of the promises and the mutual covenants hereinafter contained, do hereby covenant, agree and bind themselves as follows: provided, that any obligation of the Issuer created by or arising out of this Agreement shall never constitute a debt or a pledge of the faith and credit or the taxing power of the Issuer or any political subdivision or taxing district of the State of Florida but shall be payable solely out of the Trust Estate (as defined in the Indenture), anything herein contained to the contrary by implication or otherwise notwithstanding:

ARTICLE I

DEFINITIONS

All capitalized, undefined terms used herein shall have the same meanings as used in Article I of the hereinafter defined Indenture. In addition, the following words and phrases shall have the following meanings:

"Default" means any Default under this Agreement as specified in and defined by Section 8.1 hereof.

"Indenture" means the Indenture of Trust dated as of this date between the Issuer and the Trustee, pursuant to which the Bonds are authorized to be issued, and any amendments and supplements thereto.

"Net proceeds of the sale of the Bonds" means the proceeds of the Bonds reduced by amounts in a reasonably required reserve or replacement fund.

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

"Reserved Rights" means amounts payable to the Issuer under Sections 4.2(b), 7.2, 8.2 and 8.4 hereof.

"State" means the State of Florida.

"Term of Agreement" means the term of this Agreement as specified in Section 9.1 hereof.

"Uses of Phrases" means words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "Bondholder," "Owner," "registered owner" and "person" shall include the plural as well as the singular number, and the word "persons" shall include corporations and associations, including public bodies, as well as persons. Any percentage of bonds, specified herein for any purpose, is to be figured on the unpaid principal amount thereof then Outstanding. All references herein to specific Sections of the Code refer to such Sections of the Code and all successor or replacement provisions thereto.

ARTICLE II

REPRESENTATIONS, COVENANTS AND WARRANTIES

Section 2.1. Representations, Covenants and Warranties of the Issuer. The Issuer represents, covenants and warrants that:

(a) The Issuer is Nassau County, Florida, a political subdivision under the Constitution and laws of the State of Florida. Under the provisions of the Act, the Issuer is authorized to enter into the transactions contemplated by this Agreement and the Indenture and to carry out its obligations hereunder and thereunder. The Issuer has been duly authorized to execute and deliver this Agreement and the Indenture.

(b) To refund the outstanding Nassau County, Florida Pollution Control Refunding Revenue Bonds, Series 1992 (ITT Rayonier Incorporated Project) (the "Prior Bonds"), the Issuer proposes to issue $23,110,000 in aggregate principal amount of Nassau County, Florida Pollution Control Private Activity Refunding Revenue Bonds, Series 2002 (Rayonier Project) (the "Bonds"), which will mature, bear interest, be redeemable and have the other terms and provisions set forth in the Indenture, pursuant to which the Issuer's interest in this Agreement (except for the Reserved Rights) will be pledged as security for the payment of the principal of, premium (if any) and the interest on the Bonds.

Section 2.2 Representations, Covenants and Warranties of the Company. The Company represents, covenants and warrants that:

(a) The Company is a duly incorporated and validly existing North Carolina corporation. The Company is not in violation of any provision of its Articles of Incorporation, as amended, has the corporate power to enter into this Agreement, and has duly authorized the execution and delivery of this Agreement, and is qualified to do business and is in good standing under the laws of the State.

(b) The Company agrees that during the Term of Agreement it will maintain its existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it, without the prior written consent of the Credit Provider (during any Credit Facility Period) and the Trustee (during any Interest Period that is not a Credit Facility Period); provided, however, that the Company may consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all its assets as an entirety and thereafter may (but shall not be required to) dissolve if (i) such merger or consolidation will not adversely affect the validity of the Bonds or the exemption from federal income tax of the interest paid on the Bonds or any other such tax-exempt

Bonds, (ii) such merger or consolidation does not result in any default in the performance or observance of any of the terms, covenants or agreements of the Indenture or this Agreement or under the provisions of any agreement securing any indebtedness of the Company permitted under this Agreement, which has a material adverse effect on its ability to perform hereunder, and (iii) the successor corporation has a Net Worth at least equal to that of the Company prior to such merger or sale and assumes in writing all the obligations of the Company herein.

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

(c) Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby and thereby, nor the fulfillment of or compliance with the terms and conditions hereof or thereof (i) conflicts with or results in a material breach of the terms, conditions, or provisions of any material agreement or instrument to which the Company is now a party or by which the Company is bound, or constitutes a material default under any of the foregoing, (ii) results in the creation or imposition of any lien, charge or encumbrance whatsoever upon any of the property or assets of the Company under the terms of any such material instrument or agreement, or (iii) violates the provisions of any applicable law or any applicable order or regulation of any governmental authority having jurisdiction of the Company.

(d) The is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, public board or body, known to be pending or, to the best knowledge of the Company, threatened against or affecting the Company or any of its officers, nor to the best knowledge of the Company is there any basis therefor, wherein an unfavorable decision, ruling, or finding would have a material adverse effect on the transactions contemplated by this Agreement or which would adversely affect, in any way, the validity or enforceability of the Bonds, this Agreement, the Remarketing Agreement or any agreement or instrument to which the Company is a party, used or contemplated for use in the consummation of the transactions contemplated hereby.

(e) The Company presently operates the Mill, which includes the Project.

(f) The proceeds from the sale of the Bonds will be used only for refunding the outstanding principal of the Prior Bonds.

(g) The Company will fully and faithfully perform all the duties and obligations which the Issuer has covenanted and agreed in the Indenture to cause the Company to perform and any duties and obligations which the Company is required in the Indenture to perform. The foregoing shall not apply to any duty or undertaking of the Issuer which by its nature cannot be delegated or assigned.

(h) The Company does not "control" the Credit Provider, either directly or indirectly through one or more controlled companies, within the meaning of Section 2(a)(9) of the Investment Company Act of 1940.

Section 2.3. Tax-Exempt Status of the Bonds. The Company hereby represents, warrants and agrees that the Tax Agreement executed and delivered by the Company concurrently with the issuance and delivery of the Bonds is true, accurate and complete in all material respects as of the date on which executed and delivered.

Section 2.4. Notice of Determination of Taxability. Promptly after the Company first becomes aware of any Determination of Taxability (as defined in the Indenture), the Company shall give written notice thereof to the Issuer, the Trustee, the Credit Provider and the Remarketing Agent.

Section 2.5. Maintenance of Project. The Company will maintain, preserve and keep the Project or cause the Project to be maintained, preserved and kept in good repair, working order and condition and will from time to time make or cause to be made all necessary and proper repairs, replacements and renewals; provided, however, that the Company will have no obligation to maintain, repair, replace or renew any element or unit of the Project, the maintenance, repair, replacement or renewal of which becomes uneconomic to the Company because of damage or destruction by a cause not within the control of the Company, or obsolescence (including economic obsolescence), or change in government standards and regulations, or the termination by the Company of the operation of the Mill or the production facilities to which the element or unit of the Project is an adjunct.

Section 2.6 Continuing Disclosure. Pursuant to Section (d)(iii) of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, the Bonds are exempt from the disclosure requirements of the Rule, and neither the Company nor the Issuer is under any obligation to provide or cause to be provided any annual financial information, operating data or notices of certain material events with respect to the Bonds. In the event such exemption from the Rule shall, for any reason, no longer apply, the Company hereby covenants that it will enter into a Continuing Disclosure Agreement, pursuant to which it will agree to provide or cause to be provided, in accordance with the requirements of the Rule (i) certain annual financial information and operating data, if customarily prepared and publicly available, and (ii) timely notice of the occurrence of certain material events with respect to the Bonds.

The Company hereby covenants and agrees that it will comply with and carry out all of the provisions of the Continuing Disclosure Agreement, if any. Notwithstanding any other provision of this Agreement, failure of the Company to comply with the Continuing Disclosure Agreement shall not be considered a default hereunder; however, the Trustee, at the request of any participating underwriter or the holders of at least 25% in aggregate principal amount of Outstanding Bonds, shall, or any Bondholder may, take such actions as may be necessary and appropriate, including seeking specific

performance by court order, to cause the Company to comply with its obligations under this Section 2.6.

ARTICLE III

ISSUANCE OF THE BONDS

Section 3.1. Agreement to Issue the Bonds; Application of Bond Proceeds. In order to provide funds for the refunding of the Prior Bonds, the Issuer, concurrently with the execution of this Agreement, will issue, sell, and deliver the Bonds and deposit the net proceeds of the sale of the Bonds in the manner described in Section 6.05 of the Indenture.

Section 3.2. Special Arbitrage Certifications. The Company and the Issuer (to the extent it has control over Bond proceeds or other funds) covenant not to cause or direct any moneys on deposit in any fund or account to be used in a manner which would cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code, and the Company certifies and covenants to and for the benefit of the Issuer and the Owners of the Bonds that so long as there are any Bonds Outstanding, moneys on deposit in any fund or account in connection with the Bonds, whether such moneys were derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner which will cause the Bonds to be classified as "arbitrage bonds" within the meaning of Section 148 of the Code.

Section 3.3. Tax Covenant. The Company hereby covenants for the benefit of the Bondholders that it will not take any action, or fail to take any action, if any such action or failure to take action would adversely affect the exclusion of the interest on the Bonds from gross income for federal income tax purposes.

ARTICLE IV

LOAN PROVISIONS; SUBSTITUTE CREDIT FACILITY

Section 4.1. Loan of Proceeds. The Issuer agrees, upon the terms and conditions contained in this Agreement and the Indenture, to lend to the Company the proceeds received by the Issuer from the sale of the Bonds. Such proceeds shall be disbursed on behalf of the Company as provided in Section 3.1 hereof and in the Indenture.

Section 4.2. Amounts Payable.

(a) The Company hereby covenants and agrees to repay the loan, as follows: on or before any Interest Payment Date for the Bonds or any other date that any payment of interest, premium, if any, or principal is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, a sum which, together with any other moneys available for such purpose in any account of the Bond Fund other than the Remarketing Account, will enable the Trustee to pay the amount payable on such date as principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Bonds as provided in the Indenture; provided, however, that the obligation of the Company to make any payment hereunder shall be deemed satisfied and discharged to the extent of the corresponding payment made by the Bank to the Trustee under the Letter of Credit; provided further, however, that to the extent such payment is not made under the Letter of Credit, the Company is obligated to make full payment.

It is understood and agreed that all payments payable by the Company under subsection (a) of this Section 4.2 are assigned by the Issuer to the Trustee for the benefit of the Owners of the Bonds. The Company assents to such assignment. The Issuer hereby directs the Company and the Company hereby agrees to pay to the Trustee at the principal corporate trust office of the Trustee all payments payable by the Company pursuant to this subsection.

(b) The Company shall pay to the Issuer its reasonable administration fees not theretofore provided for, accruing and becoming payable.

(c) The Company will also pay the fees and expenses of the Trustee under the Indenture and all other amounts which may be payable to the Trustee under Section 10.02 of the Indenture, such amounts to be paid directly to the Trustee for their own account as and when such amounts become due and payable.

(d) The Company covenants, for the benefit of the Owners of the Bonds, to pay or cause to be paid, to the Trustee, such amounts as shall be necessary to enable the Trustee to pay the purchase price of Bonds delivered to it for purchase, all as more

particularly described in Section 4.03 of the Indenture and in the Bonds; provided, however, that the obligation of the Company to make any such payment under this subsection (d) shall be reduced by the amount of moneys available for such payment in the Remarketing Account of the Bond Fund; and provided, further, that the obligation of the Company to make any payment under this subsection (d) shall be deemed to be satisfied and discharged to the extent of the corresponding payment made by the Bank under the Letter of Credit.

(e) In the event the Company should fail to make any of the payments required in this Section 4.2, the item or installment so in default shall continue as an obligation of the Company until the amount in default shall have been fully paid, and the Company agrees to pay the same with interest thereon, to the extent permitted by law, from the date when such payment was due, at the rate of interest borne by the Bonds.

Section 4.3. Obligations of Company Unconditional. The obligations of the Company to make the payments required in Section 4.2 and to perform and observe the other agreements contained herein shall be absolute and unconditional and shall not be subject to any defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Issuer or the Trustee of any obligation to the Company, whether hereunder or otherwise, or out of any indebtedness or liability at any time owing to the Company by the Issuer or the Trustee, and, until such time as the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, the Company (i) will not suspend or discontinue any payments provided for in Section 4.2 hereof, (ii) will perform and observe all other agreements contained in this Agreement and (iii) except as otherwise provided herein, will not terminate the Term of Agreement for any cause, including, without limiting the generality of the foregoing, the occurrence of any acts or circumstances that may constitute failure of consideration, eviction or constructive eviction, destruction of or damage to the Project, the taking by eminent domain of title to or temporary use of any or all of the Project, commercial frustration of purpose, any change in the tax or other laws of the United States of America or of the State or any political subdivision of either thereof or any failure of the Issuer or the Trustee to perform and observe any agreement, whether express or implied, or any duty, liability or obligation arising out of or connected with this Agreement. Nothing contained in this Section shall be construed to release the Issuer from the performance of any of the agreements on its part herein contained, and in the event the Issuer or the Trustee should fail to perform any such agreement on its part, the Company may institute such action against the Issuer or the Trustee as the Company may deem necessary to compel performance so long as such action does not abrogate the obligations of the Company contained in the first sentence of this Section.

Section 4.4. Substitute Credit Facility. Subject to the conditions set forth in this Section 4.4, the Company may provide for the delivery to the Trustee of a Substitute Credit Facility. The Company shall furnish written notice to the Trustee, not less than twenty days prior to the Mandatory Purchase Date, (a) notifying the Trustee that the Company is exercising its option to provide for the delivery of a Substitute Credit Facility

to the Trustee, (b) setting forth the Mandatory Purchase Date in connection with the delivery of such Substitute Credit Facility, which shall in any event be not less than two Business Days prior to the expiration date of the Credit Facility then in effect with respect to the Bonds, and (c) instructing the Trustee to furnish notice to the Bondholders regarding the Mandatory Purchase Date at least fifteen days prior to the Mandatory Purchase Date, as more fully described in Section 4.01(b) of the Indenture and Exhibit "B" thereto. Any Substitute Credit Facility shall be delivered to the Trustee prior to such Mandatory Purchase Date, shall be effective on and after such Mandatory Purchase Date, and shall expire on a date which is fifteen days after an Interest Payment Date for the Bonds. On or before the date of such delivery of a Substitute Credit Facility to the Trustee, the Company shall furnish to the Trustee (a) a written opinion of Bond Counsel stating that the delivery of such Substitute Credit Facility will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes; and (b) a written opinion of counsel to the Substitute Credit Provider to the effect that the Substitute Credit Facility is a legal, valid, binding and enforceable obligation of the Substitute Credit Provider in accordance with its terms.

ARTICLE V

PREPAYMENT AND REDEMPTION

Section 5.1. Prepayment and Redemption. Subject to the provisions of the Credit Agreement, the Company shall have the option to prepay its obligations hereunder at the times and in the amounts as necessary to exercise its option to cause the Bonds to be redeemed as set forth in the Indenture and in the Bonds. The Company hereby agrees that it shall prepay its obligations hereunder at the times and in the amounts as necessary to accomplish the mandatory redemption of the Bonds as set forth in the Indenture and in the Bonds. The Issuer, at the request of the Company, shall forthwith take all steps (other than the payment of the money required for such redemption) necessary under the applicable redemption provisions of the Indenture to effect redemption of all or part of the Outstanding Bonds, as may be specified by the Company, on the date established for such redemption.

ARTICLE VI

SPECIAL COVENANTS

Section 6.1. Further Assurances and Corrective Instruments. The Issuer and the Company agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements hereto and such further instruments as may reasonably be required for carrying out the expressed intention of this Agreement.

Section 6.2. Issuer and Company Representatives. Whenever under the provisions of this Agreement the approval of the Issuer or the Company is required or the Issuer or the Company is required to take some action at the request of the other, such approval or such request shall be given for the Issuer by a representative of the Issuer and for the Company by a Company Representative. The Trustee shall be authorized to act on any such approval or request.

Section 6.3. Financier Statements. The Company agrees to execute and file or cause to be executed and filed any and all financing statements or amendments thereof or continuation statements necessary to perfect and continue the perfection of the security interests granted in the Indenture. The Company shall pay all costs of filing such instruments.

Section 6.4. Covenant to Provide Ongoing Disclosure. The Company hereby covenants and agrees that, upon the exercise by the Company of the Conversion Option to elect a Long Term Period or the Fixed Rate Period, the Company shall enter into a written undertaking for the benefit of the holders of the Bonds, as required by Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 CFR Part 240, §240.15c2-12) (the "Rule"); provided, however, that the Company shall not be obligated to enter into such written undertaking if the Company shall furnish to the Trustee, prior to the exercise of the Conversion Option, an opinion of Bond Counsel that, notwithstanding such election by the Company, the Rule is not applicable to the Bonds.

Section 6.5. Notice of Control. The Company shall provide written notice to the Trustee and the Remarketing Agent thirty (30) days prior to the consummation of any transaction that would result in the Company controlling the Credit Provider or being controlled by the Credit Provider with the meaning of Section 2(a)(9) of the Investment Company Act of 1940.

ARTICLE VII

ASSIGNMENT, SELLING, LEASING; INDEMNIFICATION: REDEMPTION

Section 7.1. Assignment, Selling and Leasing. This Agreement may be assigned and the Project may be sold or leased, as a whole or in part without the necessity of obtaining the consent of the Issuer or the Trustee; provided, however, that the Company shall give prior written notice to the Issuer of any such assignment, sale or lease and the Company shall make no such assignment, sale or lease to any party who is not a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended, unless, in the prior written Opinion of Tax Counsel, such assignment, sale or lease will not result in interest on any of the Bonds becoming includable in gross income for federal income tax purposes, or shall otherwise violate any provisions of the Act; provided further, however, that no such assignment, sale or lease shall relieve the Company of any of its obligations under this Agreement.

Section 7.2. Indemnity and Reimbursement of Trustee. The Company shall promptly pay any and all costs, expenses and judgments which may be incurred by, or rendered against, the Trustee or any of its officers, members, directors, employees or agents incurred without gross negligence or bad faith at any time or times during the term (i) in administering or enforcing any of the terms, covenants, conditions or provisions of this Agreement or (ii) in taking any action as a result of any default by the Company or (iii) in defending any action, suit or proceedings brought against the Trustee or any of its officers, members, directors, employees or agents as a result of the violation of, or noncompliance with, any present or future federal, state or municipal law, ordinance, regulation or order, or as a result of any alleged failure, neglect, misfeasance, malfeasance or default on the part of the Company or any of its officers, members, directors, employees, servants, agents or independent contractors in connection with, arising from, or growing out of this Agreement, the Indenture, the Bonds or the Project, or any operations conducted in or any use or occupancy of the Project.

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

Promptly after receipt by the Trustee under this Section of notice of the commencement of any action in respect of which indemnification may be sought, the Trustee shall promptly notify the Company in writing; but the omission to so notify the Company will not relieve it from any liability which it may have to the Trustee. In case any such action is brought against the Trustee, and it notifies the Company of the

commencement thereof, the Company will be entitled to participate in, and, to the extent that it chooses to do so, to assume the defense thereof (including the employment of counsel reasonably satisfactory to such indemnified party), and the indemnifying party shall assume the payment of all fees and expenses relating to such defense and shall have the right to negotiate settlement thereof. The Trustee shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but after notice from the indemnifying party to such indemnified party or parties of its election to assume the defense thereof, the fees and expenses of such separate counsel shall be at the expense of the Trustee unless the employment of such counsel has been specifically authorized in writing by the Company or unless the Trustee reasonably believes that counsel retained by the Company to defend such action cannot adequately represent both the Trustee and the Company with respect to such action due to a conflict of interest. The Company shall not be liable for any settlement of any such action effected without its consent (which consent shall not be unreasonably withheld), but if settled with the consent of the Company or if there be a final judgment for the plaintiff in any such action as to which the Company has received notice in writing as hereinabove required, the Company agrees to indemnify and hold harmless the Trustee from and against any loss or liability by reason of such settlement or judgment.

Section 7.3. Issuer to Grant Security Interest to Trustee. The parties hereto agree that pursuant to the Indenture, the Issuer shall assign to the Trustee, in order to secure payment of the Bonds, all of the Issuer's right, title, and interest in and to this Agreement, except for the Issuer's rights under Sections 4.2(b), 7.2. and 8.4 hereof and other rights to enforce the provisions of this Agreement as set forth in Section 8.2 hereof.

ARTICLE VIII

DEFAULTS AND REMEDIES

Section 8.1. Defaults Defined. The following shall be "Defaults" under this Agreement and the term "Default" shall mean, whenever it is used in this Agreement, any one or more of the following events:

(a) Failure by the Company to pay any amount required to be paid under subsection (a) or (d) of Section 4.2 hereof.

(b) Failure by the Company to observe and perform any covenant, condition or agreement on its part to be observed or performed, other than as referred to in Section 8.1(a), for a period of thirty (30) days after written notice specifying such failure and requesting that it be remedied shall have been given to the Company by the Issuer or the Trustee, unless the Issuer and the Trustee shall agree in writing to an extension of such time prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period, the Issuer and the Trustee will not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the Company within the applicable period and diligently pursued until such failure is corrected.

(c) The dissolution or liquidation of the Company, except as authorized by Section 2.2(b) hereof, or the voluntary initiation by the Company of any proceeding under any federal or state law relating to bankruptcy, insolvency, arrangement, reorganization, readjustment of debt or any other form of debtor relief, or the initiation against the Company of any such proceeding which shall remain undismissed for sixty (60) days, or failure by the Company to promptly have discharged any execution, garnishment or attachment of such consequence as would impair the ability of the Company to carry on its operations at the Project, or assignment by the Company for the benefit of creditors, or the entry by the Company into an agreement of composition with its creditors or the failure generally by the Company to pay its debts as they become due.

(d) The occurrence of a Default under the Indenture.

The provisions of subsection (b) of this Section are subject to the following limitation: if by reason of force majeure the Company is unable in whole or in part to carry out any of its agreements contained herein (other than its obligations contained in Article IV hereof), the Company shall not be deemed in Default during the continuance of such inability. The term "force majeure" as used herein shall mean, without limitation, the following: acts of God; strikes or other industrial disturbances; acts of public enemies; orders or restraints of any kind of the government of the United States of America or of the State or of any of their departments, agencies or officials, or of any civil or military authority; insurrections; riots; landslides; earthquakes; fires; storms;

droughts; floods; explosions; breakage or accident to machinery, transmission pipes or canals; and any other cause or rent not reasonably within the control of the Company. The Company agrees, however, to remedy with all reasonable dispatch the cause or causes preventing the Company from carrying out its agreement, provided that the settlement of strikes and other industrial disturbances shall be entirely within the discretion of the Company and the Company shall not be required to settle strikes, lockouts and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is in the judgment of the Company unfavorable to the Company.

Section 8.2. Remedies on Default. Whenever any Default referred to in Section 8.1 hereof shall have happened and be continuing, the Trustee, or the Issuer with the written consent of e Trustee, may take one or any combination of the following remedial steps:

(a) If the Trustee has declared the Bonds immediately due and payable pursuant to Section 9.02 of the Indenture, by written notice to the Company, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable as liquidated damages under this agreement and not as a penalty, whereupon the same shall become immediately due and payable;

(b) Have reasonable access to and inspect, examine and make copies of the books id records and any and all accounts, data and income tax and other tax returns of the Company firing regular business hours of the Company if reasonably necessary in the opinion of the Trustee;

(c) Take whatever action at law or in equity may appear necessary or desirable collect the amounts then due and thereafter to become due, or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Agreement.

Any amounts collected pursuant to action taken under this Section shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Section 8.3. No Remedy Exclusive. Subject to Section 9.02 of the Indenture, no remedy herein conferred upon or reserved to the Issuer or the Trustee is intended to be exclusive of other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity. No delay or omission to exercise any right or power accruing upon any Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the Issuer or the Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice, other than such notice as may be required in this Article. Such rights and remedies as are given the Issuer hereunder shall also extend to the Trustee, and the

Trustee and the Owners of the Bonds, subject to the provisions of the Indenture, shall be entitled to the benefit of all covenants and agreements herein contained.

Section 8.4. Agreement to Pay Attorneys' Fees and Expenses. In the event the Company should default under any of the provisions of this Agreement and the Issuer or the Trustee should employ attorneys or incur other expenses for the collection of payments required hereunder or the enforcement of performance or observance of any obligation or agreement on the part of the Company herein contained, the Company agrees that it will on demand therefor pay to the Issuer or the Trustee the reasonable fees and expenses of such attorneys and such other expenses so incurred by the Issuer or the Trustee, as the case may be.

Section 8.5. No Additional Waiver Implied by One Waiver. In the event any agreement contained in this Agreement should be breached by either party and thereafter waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder.

ARTICLE IX

MISCELLANEOUS

Section 9.1 Term of Agreement. This Agreement shall remain in full force and effect from the date hereof to and including the later of (a) _____ (subject to earlier termination upon payment in full of the Bonds pursuant to the terms of the Indenture and pursuant to Article V of this Agreement) or (b) such time as all of the Bonds and the fees and expenses of the Issuer and the Trustee and all amounts payable to the Bank under the Reimbursement Agreement shall have been fully paid or provision made for such payments.

Section 9.2. Notices. All notices, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered or mailed by registered mail, postage prepaid, addressed as follows:

If to the Issuer:	Nassau County, Florida 26 South 5th Street Fernandina Beach, Florida 32031 Attention: Michael S. Mullin, Esq.
If to the Trustee:	The Bank of New York 101 Barclay Street, Floor 8 West New York, New York 10286 Attention: Corporate Trust Trustee Administration
If to the Company:	Rayonier Inc. 50 North Laura Street Suite 1900 Jacksonville, Florida 32202 Attention: Corporate Secretary
If to the Credit Provider:	Bank of America, N.A.. CA5-705-12-12 555 California Street, 12th Floor San Franscisco, CA 94104-1503 Attention: Kevin F. Sullivan
with copies to	Bank of America, N.A. CA9-703-19-23 333 S. Beaudry Avenue, 19th Floor Los Angeles, CA 90017 Attention: Letter of Credit Department

If to the Remarketing Agent: Banc of America Securities LLC
GA1-006-12-26
600 Peachtree Street, N.E. 12th Floor
Atlanta, Georgia 30308

Attention: _____

if to Moody's: Moody's Investors Service
99 Church Street
New York, New York 10007
Attention: Corporate Department,
Structured Finance Group

If to S&P: Standard & Poor's Corporation
25 Broadway
New York, New York 10004
Attention: Corporate Finance Department

A duplicate copy of each notice, certificate or other communication given hereunder by the Issuer or the Company shall also be given to the Trustee and the Credit Provider. The Issuer, the Company, the Trustee, and the Credit Provider may, by written notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 9.3 Binding Effect. This Agreement shall inure to the benefit of and shall be binding upon the Issuer, the Company, the Credit Provider, the Trustee, the Owners of Bonds and their respective successors and assigns.

Section 9.4. Severability. In the event any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

Section 9.5. Amounts Remaining in Funds. It is agreed by the parties hereto that any amounts remaining in any account of the Bond Fund or any other fund created under the Indenture upon expiration or earlier termination of this Agreement, as provided in this Agreement, after payment in full of the Bonds (or provision for payment thereof having been made in accordance with the provisions of the Indenture), the fees and expenses of the Trustee in accordance with the Indenture, shall belong to and be paid to the Company by the Trustee.

Section 9.6. Amendments, Changes and Modifications. Subsequent to the issuance of Bonds and prior to their payment in full (or provision for the payment thereof having been made in accordance with the provisions of the Indenture), and except as otherwise herein expressly provided, this Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee and,

prior to the Credit Facility Termination Date and payment of all amounts payable to the Credit Provider pursuant to the Credit Agreement, the Credit Provider, in accordance with the provisions of the Indenture.

Section 9.7. Execution in Counterparts. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 9.8. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State.

Section 9.9. Captions. The captions and headings in this Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Sections of this Agreement.

IN WITNESS WHEREOF, the Issuer and the Company have caused this Agreement to be executed in their respective corporate names and their respective corporate seals to be hereunto affixed and attested by their duly authorized officers, all as of the date first above written.

NASSAU COUNTY, FLORIDA

By:_____
Chairman, Board of County Commissioners

(SEAL)

Attest:

_____
Ex Officio Clerk, Board of
County Commissioners
J. M. OXLEY, JR.,

Approved as to form by the
Nassau County Attorney

_____
MICHAEL S. MULLIN, Esquire

RAYONIER, INC.

By:_____
Title:

(SEAL)

Attest:

_____
Title:

380277

EXHIBIT C

BOND PURCHASE AGREEMENT

May 28, 2002

$23,110,000
Nassau County, Florida
Pollution Control Private Activity Refunding Revenue Bonds
Series 2002 (Rayonier Project)

Nassau County, Florida
26 South 5th Street
Fernandina Beach, Florida 32031

Rayonier Inc.
50 North Laura Street
Jacksonville, Florida 32202

To the Addressees:

Banc of America Securities LLC (the "Underwriter"), offers to enter into this Bond Purchase Agreement ("Bond Purchase Agreement") with Nassau County, Florida (the "Issuer") and Rayonier Inc., a North Carolina corporation (the "Company"), which will become binding on the Issuer, the Company and the Underwriter upon acceptance and execution by the Issuer and the Company of this Bond Purchase Agreement and its delivery to the Underwriter on the date hereof. Capitalized terms used herein and not otherwise defined have the meanings assigned thereto in the Indenture referred to below.

1. Sale of the Bonds. (a) On the basis of the representations and agreements contained herein, but subject to the terms and conditions herein set forth, the Underwriter hereby agree to purchase from the Issuer, and the Issuer hereby agrees to sell to the Underwriter, $23,110,000 in aggregate principal amount of its Pollution Control Private Activity Refunding Revenue Bonds, Series 2002 (Rayonier Project) (the "Bonds"), at a purchase price equal to $23,110,000 (100% of the principal amount of the Bonds). In addition, the Company hereby agrees to pay to the Underwriter in immediately available funds on the Closing Date an underwriting fee of $86,662.50, plus the reasonable expenses and disbursements of the Underwriter incurred by it in connection with the offering, sale and delivery of the Bonds and the fulfillment of its obligations hereunder, including the reasonable fees and expenses of counsel to the Underwriter, as set forth in Section 18 hereof.

(a) Pursuant to and subject to the terms and conditions of this Purchase Agreement, the Issuer shall be obligated to sell simultaneously all the Bonds to the Underwriter, and the Underwriter shall be obligated to purchase all (but not less than all) the Bonds from the Issuer, and the entire aggregate principal amount of the Bonds shall be delivered to the Underwriter by the Issuer in accordance with Section 11 hereof and accepted and paid for by the Underwriter on the Closing Date. The Underwriter propose to offer the Bonds for resale upon the terms and conditions set forth in this Bond Purchase Agreement and the final Official Statement (as hereinafter defined).

2. Description of the Bonds and Related Documents. The Bonds will be dated the date of issuance thereof and will be issued as variable rate bonds initially bearing interest at a Short Term Rate for an Interest Period of one (1) week in duration as provided in the Indenture of Trust dated as of May 1, 2002 (the "Indenture"), between the Issuer and The Bank of New York, New York, New York, as trustee (the "Trustee"), pursuant to which the Bonds will be issued. The Bonds will mature on June 1, 2010. The proceeds of the sale of the Bonds will be loaned by the Issuer to the Company pursuant to a Loan Agreement, dated as of May 1, 2002 (the "Loan Agreement"), between the Issuer and the Company, and used by the Company to refund $23,110,000 in outstanding principal amount of the Issuer's Pollution Control Refunding Revenue Bonds, Series 1992 (ITT Rayonier Incorporated Project) (the "Refunded Bonds"). The Refunded Bonds were initially issued to fund a loan to ITT Rayonier Incorporated, a Delaware corporation, predecessor of the Company, to finance the refunding of the Pollution Control Revenue Bonds, 1974 Series (ITT Rayonier Project), 1976 Installment of Ocean Highway and Port Authority. Under the terms of the Loan Agreement, the Company is unconditionally obligated to make payments sufficient in time and amount to pay the principal and purchase price of, redemption premium, if any, and interest due on the Bonds. As security for the Bonds, the Issuer will pledge to the Trustee under the Indenture the "Trust Estate", which includes all of the Issuer's right, title and interest in the Loan Agreement (except for the Reserved Rights as defined in the Indenture), including all payments made thereunder, and all moneys and securities from time to time held by the Trustee under the Indenture (other than amounts held for the payment of purchase price of Bonds tendered for purchase). The Bonds are authorized to be issued pursuant to Chapter 159, Part II, Florida Statutes, as amended (the "Act"), and by virtue of a resolution adopted by the Issuer on May 13, 2002 (the "Bond Resolution"). The Bonds shall be issued pursuant to the Indenture, the Act and the Bond Resolution, and shall bear interest, mature and be subject to redemption and have such other terms as are set forth in the Official Statement. The Bonds will be issued initially in printed or typewritten form, registered in the name of Cede & Co., as nominee of The Depository Trust Company, which shall be considered to be the registered owner of the Bonds for all purposes of the Indenture.

The Bonds will be limited obligations of the Issuer payable solely from the revenues or other receipts, funds or moneys pledged therefor under the Indenture. As security for the payment of the principal and purchase price of (whether for tendered or deemed tendered bonds, or for bonds subject to redemption) and interest on the Bonds, Bank of America, N.A. (the "Credit Facility Provider") will issue its irrevocable direct-pay Letter of Credit ("Credit Facility") pursuant to a Letter of Credit Agreement, dated the date of issuance of the Bonds (the "Credit Agreement"), between the Credit Facility Provider and the Company. In addition, in order to provide for the remarketing of Bonds tendered or deemed tendered for purchase under the Indenture, the Company will enter into a Remarketing Agreement, dated

as of May 1, 2002 (the "Remarketing Agreement"), with Banc of America Securities LLC as remarketing agent for the Bonds.

3. Reoffering of Bonds. The Underwriter intends to offer the Bonds for resale to the public at a price not in excess of the offering price (or yield) set forth on the cover page of the Official Statement referred to in Section 4 hereof.

4. Offering Documents. (a) The Issuer and the Company have caused to be prepared an Official Statement, dated May 21, 2002, relating to the Bonds (such Official Statement, including the cover page and the appendices attached thereto, and all exhibits, reports and statements included therein or attached thereto and any amendments and supplements thereto that may be authorized or approved by the Issuer, the Company, and the Underwriter for use with respect to the Bonds is herein called the "Official Statement") which the Issuer and the Company have authorized to be circulated, and the Issuer and the Company consent to the use by the Underwriter of the Official Statement and the form of the Indenture, the Loan Agreement, the Credit Agreement, the Credit Facility, the Remarketing Agreement and other pertinent documents prior to the date hereof in connection with the offering of the Bonds. Any reference herein to any amendment or supplement to the Official Statement shall include any document filed by the Company under the Securities Exchange Act of 1934, as amended (the "Exchange Act") during the underwriting period (hereinafter referred to) and incorporated by reference in the Official Statement. The Issuer and the Company hereby agree to provide to the Underwriter within seven (7) business days after the date of this Bond Purchase Agreement and in sufficient time to accompany any confirmation that requires payment from any customer, copies of the Official Statement in sufficient quantities as the Underwriter shall request in order to enable them to comply with Rule 15c2-12 ("Rule 15c2-12" or the "Rule") under the Exchange Act and the rules of the Municipal Securities Rulemaking Board.

(b) If, during the period from the date of this Bond Purchase Agreement through the 25th day after the end of the "underwriting period" within the meaning of Rule 15c2-12, any event shall occur as a result of which it is necessary to amend or supplement the Official Statement in order to make the statements therein not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances at such time, not misleading, the Company and the Issuer will prepare and furnish to the Underwriter, at the Company's expense, amendments or supplements to the Official Statement so that the Official Statement, as so amended or supplemented, will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances when the Official Statement is so amended or supplemented, not misleading. Unless otherwise advised in writing by the Underwriter, the Company and the Issuer may assume that the Closing Date is the end of the underwriting period. The Company and the Issuer also agree that, before making any amendment or supplement to the Official Statement during the underwriting period, they shall furnish a copy of each proposed amendment or supplement to the Underwriter who shall have the right to approve such amendment or supplement, which approval shall not be unreasonably withheld; *provided, however*, that during such period the Company may file documents with the Securities and Exchange Commission pursuant to Section 13 or 14 of the Exchange Act which will be deemed to be incorporated by reference in the Official Statement without any approval first being obtained, provided that the Underwriter shall be

afforded the opportunity to comment on such documents in accordance with Section 7(o) hereof. The Underwriter agrees to mail or deliver the Official Statement and any amendments or supplements thereto to at least one "nationally recognized municipal securities information repository" established under the rules of the Municipal Securities Rulemaking Board promptly upon receipt thereof from the Issuer and the Company and to notify the Company and the Issuer of the date of such mailing or delivery.

5. [Reserved.]

6. Representations and Agreements of the Issuer. The Issuer hereby represents and warrants to, and covenants and agrees with, the Underwriter and the Company that:

(a) The Issuer is a duly created political subdivision of the State of Florida and constitutes a "local agency" as defined in the Act. The Issuer is authorized under its Charter and the Act to, among other things, (i) offer, issue, sell and deliver the Bonds for the purposes described in the Loan Agreement and the Official Statement, (ii) loan the proceeds of the sale of the Bonds to the Company to be applied in accordance with the Loan Agreement to refund the Refunded Bonds, (iii) assign and pledge the Trust Estate to the Trustee as security for the payment of the principal and purchase price of, redemption premium (if any) and interest on the Bonds, and (iv) enter into or adopt and to perform its obligations under this Bond Purchase Agreement, the Bonds, the Bond Resolution, the Indenture, the Loan Agreement, the Remarketing Agreement and any other instrument or agreement to which the Issuer is a party and which has been or is required to be executed in connection with the transactions contemplated by the foregoing documents in order to accomplish the foregoing transactions (referred to collectively herein as the "Issuer Documents"), provided that the Bonds are not and shall never become general obligations, debts or liabilities of the Issuer, but shall be payable solely from the sources and only in the manner specified in the Indenture and the Official Statement.

(b) The Issuer has full power and authority to take all actions required or permitted to be taken by the Issuer by or under, and to perform and observe the covenants and agreements on its part contained in, the Issuer Documents, and the Issuer has complied with all provisions of applicable law, including the Act, in all matters related to such actions.

(c) The Issuer has, on or prior to the date hereof, duly taken all action necessary to be taken by it or on its behalf prior to such date for (i) the offering, issuance, execution, sale and delivery of the Bonds upon the terms set forth herein and in the Official Statement; (ii) the use and distribution by the Issuer of the Official Statement, and the execution and delivery of the Official Statement; (iii) the loan of the proceeds of the sale of the Bonds to the Company in accordance with the Loan Agreement and the Indenture; (iv) the execution or adoption, delivery and performance by the Issuer of its obligations under the Issuer Documents; and (v) the carrying out, giving effect to, and consummation of the transactions contemplated on the part of the Issuer by the Official Statement and the Issuer Documents, and all consents or approvals necessary to be obtained by the Issuer in connection with the foregoing have been received, and the consents or approvals so received are in full force and effect as of the date hereof; provided that no representation is made with respect to compliance with or any approvals required by any securities or "Blue sky" laws of the various states of the United States.

(d) The Bond Resolution has been duly adopted by the Issuer, is in full force and effect, and constitutes the legal, valid and binding act of the Issuer, and each of the other Issuer Documents, when executed and delivered by the parties thereto, will constitute the legal, valid and binding obligations of the Issuer enforceable against the Issuer in accordance with their respective terms, except as enforceability thereof may be limited by bankruptcy, insolvency or other similar laws affecting creditors' rights generally and by general principles of equity.

(e) The Bonds have been duly and validly authorized and, when delivered to the Issuer, will have been duly executed, authenticated, issued and delivered in conformity with the laws of the State, including the Act, and will constitute valid and legally binding limited obligations of the Issuer.

(f) There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or to the knowledge of the Issuer, threatened against or affecting the Issuer wherein an unfavorable decision, ruling or finding would adversely affect (i) the validity or enforceability against the Issuer of, or the authority or ability of the Issuer to perform its obligations under, this Bond Purchase Agreement or the other Issuer Documents or any other agreement or instrument to which the Issuer is a party and which has been or will be executed in connection with the consummation of the transactions contemplated by the Issuer Documents and the Official Statement or (ii) the exclusion from gross income of interest on the Bonds for federal income tax purposes.

(g) The adoption of the Bond Resolution and the execution and delivery by the Issuer of the other Issuer Documents do not, and the consummation by the Issuer of the transactions contemplated herein or in the other Issuer Documents or the compliance by the Issuer with the provisions hereof or of the other Issuer Documents, do not and will not conflict with, or constitute on the part of the Issuer a violation of, or a breach of or default under, (i) any statute, indenture, mortgage, commitment, note, or other agreement or instrument to which the Issuer is a party or by which it is bound, (ii) any provision of the constitution or laws of the State, including the Act, or (iii) any existing law, rule, regulation, ordinance, judgment, order or decree to which the Issuer is subject.

(h) The Issuer is not in default in the payment of principal of, premium, if any, or interest on any bonds or notes which it has issued, assumed or guaranteed as to payment of principal, premium or interest, and the Issuer has not entered into any contract or arrangement of any kind which might give rise to any lien or encumbrance on the assets, funds and interests pledged pursuant to, or subject to the lien of, the Indenture.

(i) The information contained in the Official Statement under the caption "THE ISSUER" is true, correct and complete and does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(j) Any certificate signed by any authorized officer or officers of the Issuer and delivered to the Underwriter or the Company shall be deemed a representation and warranty by the Issuer to the Underwriter or the Company, as the case may be, as to the truth of the statements contained therein.

(k) The Issuer will not knowingly take or omit to take any action which will in any way cause the proceeds from the sale of the Bonds to be applied in a manner other than as provided in the Indenture and the Loan Agreement.

(l) The Issuer agrees to cooperate with the Underwriter in connection with the qualification of the Bonds for offering and sale and the determination of the eligibility of the Bonds for investment under the laws of such jurisdictions of the United States as the Underwriter may reasonably designate and to use its best efforts in maintaining such qualifications in effect so long as required for the distribution of the Bonds by the Underwriter; *provided, however,* that the Issuer shall not be required to take any action which would subject it to general service of process in any jurisdiction where it is not now so subject. The parties hereto agree that the Issuer is not responsible for compliance with or the consequences of failure to comply with applicable "Blue Sky" laws of the various states of the United States.

7. Representations and Agreements of the Company. The Company hereby represents and warrants to, and covenants with, the Underwriter and the Issuer that:

(a) The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of North Carolina with power and authority (corporate and other) to own its properties and to conduct its business as described in the Official Statement, and is duly qualified to do business in and is in good standing under the laws of the State of Florida.

(b) The Company has corporate power and authority to take all actions required or permitted to be taken by the Company by or under, and to perform and observe the covenants and agreements on its part contained in, this Bond Purchase Agreement, the Loan Agreement, the Credit Agreement, the Remarketing Agreement and any other instrument or agreement to which the Company is a party and which has been or is required to be executed in connection with the transactions contemplated by the foregoing documents in order to accomplish the foregoing transactions (referred to collectively herein as the "Company Documents").

(c) The Company, on or before the date hereof or prior to the Closing, has duly taken or will take all action necessary to be taken by it prior to the date hereof or the Closing for (i) the authorization, execution, delivery and performance of the Company Documents and (ii) the carrying out, giving effect to, consummation and performance of the transactions and obligations contemplated hereby and by the Official Statement.

(d) The Company Documents, when executed and delivered by the parties thereto, will constitute valid and legally binding obligations of the Company, enforceable against the Company in accordance with their respective terms, subject to bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium and similar laws of general applicability relating to or affecting creditors' rights

and to general principles of equity, and except as rights of indemnification under this Bond Purchase Agreement may be limited by principles of public policy.

(e) The execution and delivery by the Company of the Company Documents, the compliance by the Company with the terms, conditions and provisions of the Company Documents and the consummation of the transactions herein and therein contemplated do not violate any law or any order, injunction or decree of any court or governmental authority or instrumentality having jurisdiction over the Company, or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, the Company's Articles of Incorporation (or similar document) or By-laws, or any mortgage, indenture, agreement or instrument to which the Company is a party or by which it or any of its properties is bound.

(f) On and as of the Closing Date, all authorizations, consents and approvals of, notices to, registrations and filings with and actions in respect of any governmental body, agency or other instrumentality or court required in connection with the execution, delivery and performance by the Company of the Company Documents will have been obtained, given or taken and will be in full force and effect; *provided,* that no representation is made with respect to compliance with any securities or "Blue Sky" laws of the various states of the United States.

(g) Except as may be described in the documents incorporated by reference in the Official Statement, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body pending or, to the knowledge of the Company, threatened against the Company wherein an unfavorable decision, ruling or finding would have a material adverse effect on the properties, business, condition (financial or otherwise) or results of operations of the Company or the transactions contemplated by this Bond Purchase Agreement or by the Official Statement, or which would adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, the Company Documents.

(h) The Company is not in default under any material indenture or other agreement or instrument governing outstanding indebtedness issued by the Company, nor has any event occurred which with notice or the passage of time or both would constitute a default under any such indenture, agreement or instrument.

(i) The Bonds and the Company Documents conform in all material respects to the descriptions thereof or statements in respect thereof in the Official Statement.

(j) Except as set forth or contemplated in the documents incorporated by reference in the Official Statement, subsequent to the dates as of which information is given in the Official Statement, there has been no material adverse change in the properties, business, condition (financial or other) or results of operations of the Company, whether or not arising from transactions in the ordinary course of business.

(k) The Company will not take or omit to take any action would in any way cause the proceeds from the sale of the Bonds to be applied in a manner contrary to that provided for in the Loan Agreement or the Indenture.

(l) The Company will cooperate with the Underwriter in the qualification of the Bonds for offering and sale and the determination of the eligibility of the Bonds for investment under the laws of such jurisdictions as the Underwriter shall designate and will use its best efforts to continue any such qualification in effect so long as required for the distribution of the Bonds by the Underwriter; *provided* that the Company shall not be required to qualify to do business in any jurisdiction where it is not now so qualified or to take any action which would subject it to general service of process in any jurisdiction where it is not now so subject. The parties hereto agree that the Company is not responsible for compliance with or the consequences of failure to comply with applicable "Blue Sky" laws of the various states of the United States.

(m) The information contained in the Official Statement is true, correct and complete, and the Official Statement does not contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements contained therein, in light of the circumstances under which they were made, not misleading; *provided,* that no representation is made with respect to any information or statements contained in the Official Statement under the headings "THE ISSUER," "BOOK-ENTRY ONLY SYSTEM" and "UNDERWRITING."

(n) Any certificate authorized by resolution of the Company, signed by any authorized officer or officers of the Company and delivered to the Underwriter, shall be deemed a representation by the Company to the Underwriter as to the statements made therein.

(o) The documents incorporated by reference in Appendix A to the Official Statement complied in all material respects with the requirements of the Exchange Act, and the rules and regulations of the Securities and Exchange Commission applicable thereto, and each document to be filed by the Company pursuant to Section 13 or 14 of the Exchange Act prior to the end of the underwriting period for the Bonds (described in Section 4 hereof) will comply in all material respects with the requirements of the Exchange Act and the rules and regulations of the Securities and Exchange Commission applicable thereto. Until the end of the underwriting period for the Bonds, if the Company proposes to file any document pursuant to Section 13 or 14 of the Exchange Act, it will furnish the Underwriter with a copy of such document reasonably in advance of the filing thereof and will afford the Underwriter the opportunity to comment thereon. Copies of each of the documents incorporated by reference in Appendix A and heretofore filed by the Company pursuant to the Exchange Act have been delivered by the Company to the Underwriter.

8. [Reserved.]

9. [Reserved.]

10. Accountants' Letter. The obligations of the Underwriter under this Bond Purchase Agreement are and shall be subject to the receipt, promptly upon the Company's execution hereof, of a letter, dated the date of this Bond Purchase Agreement and addressed to the Underwriter, of_____, (a) confirming that they are independent public accountants with respect to the Company within the meaning of the Securities Act of 1933, as amended (the "1933 Act"), and the published rules and regulations thereunder, as if such requirements were applicable to the Official Statement, and stating that they have (1) read the unaudited financial statements of the Company incorporated by reference in the Official Statement, officials of the Company having advised them that no financial statements as of any date or for any period subsequent to the date of such unaudited financial statements incorporated by reference in the Official Statement were available; and (2) inquired of certain officials of the Company who have responsibility for financial and accounting matters whether (A) the unaudited financial statements referred to in clause (a)(1) are in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements incorporated by reference in the Official Statement, subject to year-end adjustments and footnote disclosures, and (B) at the date of the latest available interim balance sheet read by such accountants, or at a subsequent specified date not more than five days prior to the date of this Bond Purchase Agreement, there was any change in the capital stock, short-term indebtedness or long-term debt of the Company, any decrease in the amount of current assets over current liabilities or any decrease in shareholders' equity as compared with amounts shown on the latest balance sheet incorporated by reference in the Official Statement, except, in all cases, for changes, increases or decreases that the Official Statement discloses have occurred or may occur, and (b) stating that such officials stated that (1) the unaudited financial statements referred to in clause (a)(1) above are in conformity with generally accepted accounting principles applied on a basis substantially consistent with that of the audited financial statements incorporated by reference in the Official Statement and (2) at the date of the latest available interim balance sheet read by them, or at a subsequent specified date not more than five days prior to the date of this Bond Purchase Agreement, there was no change in the capital stock, short-term indebtedness or long-term debt of the Company, no decrease in the amount of current assets over current liabilities and no decrease in shareholders' equity as compared with amounts shown on the latest balance sheet incorporated by reference in the Official Statement, except, in all cases, for changes, increases or decreases that the Official Statement discloses have occurred or may occur. Such letter shall also state, if requested by the Underwriter, that_____ has carried out certain limited procedures, not constituting an audit, with respect to certain dollar amounts, percentages and other financial information derived from the general accounting records of the Company contained, or incorporated by reference, in the Official Statement and specified by the Underwriter (in each case to the extent that such dollar amounts, percentages and other financial information are derived from the general accounting records of the Company subject to the internal controls of the Company's accounting system or are derived directly from such records by analysis or computation) with the results obtained from inquiries, a reading of such general accounting records and other procedures specified in such letter, and have found such dollar amounts, percentages and other financial information to be in agreement with such results, except as otherwise specified in such letter. All financial statements included in material incorporated by reference into the Official Statement shall be deemed included in the Official Statement for purposes of this Section.

11. Closing. (a) At 10:00 a.m., New York, New York time, on May 29, 2002 or at such other date and time as shall have been mutually agreed upon by the Issuer, the Company and the Underwriter in writing (the "Closing Date"), the Issuer will deliver, or cause to be delivered, the Bonds in the form of a single fully registered bond, registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), for the account of the Underwriter, duly executed and authenticated, together with the other documents herein required, and the Underwriter will accept such delivery of the Bonds and pay the purchase price therefor, in same day funds, as set forth in Section 1 hereof, such payment to be made by check or by bank wire transfer payable to the order of the Trustee on behalf of the Issuer. The issuance and delivery of the Bonds to the Underwriter and the payment of the purchase price therefor as described above is herein referred to as the "Closing", which shall take place at the offices of Smith, Hulsey & Busey, Jacksonville, Florida, or at such other location as shall have been agreed upon by the Issuer, the Company and the Underwriter.

(b) If, at the Closing, the Issuer fails to deliver the Bonds to the Underwriter as provided herein, or if, at the Closing, any of the conditions specified in Section 12 hereof shall not have been fulfilled to the satisfaction of the Underwriter, the Underwriter may elect to be relieved of any further obligations under this Bond Purchase Agreement as provided in Section 14 hereof.

12. Conditions to Closing. The obligations of the Underwriter hereunder shall be subject to (i) the due performance by the Issuer and the Company of their respective obligations to be performed hereunder at and prior to the Closing, (ii) the accuracy in all material respects of the representations and warranties relating to the Issuer and the Company herein as of the date hereof and as of the Closing Date, and (iii) the following conditions, including the delivery by the Issuer and the Company, and their respective counsel, of such documents, certificates and opinions as are enumerated herein in form and substance satisfactory to the Underwriter, Moyle, Flanigan, Katz, Raymond & Sheehan, P.A., counsel to the Underwriter, and Smith, Hulsey & Busey, Bond Counsel:

(a) at the time of Closing, (i) the Bond Resolution shall have been duly adopted, the Issuer Documents and the Company Documents shall have been duly authorized, executed and delivered by the Issuer and the Company, respectively, and the Official Statement shall have been duly authorized, executed and delivered and in full force and effect, and except for amendments or supplements to the Official Statement by reason of the incorporation by reference therein of documents filed by the Company with the Securities and Exchange Commission, shall not have been amended, modified or supplemented from the date hereof except as may have been agreed to in writing by the Underwriter, (ii) the Issuer shall have duly adopted and there shall be in full force and effect such additional resolutions, if any, as, in the opinion of Bond Counsel, shall then be necessary in connection with the transactions contemplated hereby, (iii) the Company shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of Bond Counsel and counsel to the Underwriter, shall then be necessary in connection with the transactions contemplated hereby, and (iv) the Issuer shall have delivered the Official Statement, as then amended or supplemented, to the Underwriter;

(b) at or prior to the Closing, the Underwriter shall receive the following documents:

(i) the approving opinion of Smith, Hulsey & Busey, Bond Counsel, dated the Closing Date, in substantially the form attached to the Official Statement as Appendix B;

(ii) a supplemental opinion of Bond Counsel, dated the Closing Date, in substantially the form set forth in Exhibit A hereto;

(iii) an opinion of Michael S. Mullin, Esq., counsel to the Issuer, dated the Closing Date, in substantially the form set forth in Exhibit B hereto;

(iv) an opinion of the Corporate Secretary and Associate General Counsel to the Company, dated the Closing Date, in substantially the form set forth in Exhibit C hereto;

(v) an opinion of Moyle, Flanigan, Katz, Raymond & Sheehan, P.A., counsel to the Underwriter, in form and substance satisfactory to the Underwriter;

(vi) an opinion of Moore & Van Allen, PLLC, counsel to the Credit Facility Provider, as to the enforceability of the Letter of Credit against the Credit Facility Provider, in form and substance satisfactory to the Underwriter.

(vii) a certified copy of the Bond Resolution;

(viii) duly executed copies of the Indenture, the Loan Agreement, the Credit Agreement and the Remarketing Agreement;

(ix) certified copies of all resolutions of the Company relating to the issuance of the Bonds, the execution, delivery and performance of the Company Documents and the refunding of the Refunded Bonds;

(x) a specimen copy of the Bonds and of the Credit Facility;

(xi) a certificate of the Issuer, in form and substance satisfactory to the Underwriter, executed by a duly authorized officer or officers of the Issuer, dated as of the Closing Date, to the effect that: (A) each of the Issuer's representations and warranties contained herein is true and correct in all material respects on and as of the Closing Date, as if made on such date; and (B) the Issuer has duly performed or satisfied all of the agreements and conditions to be performed or satisfied by it hereunder and under the other Issuer Documents at or prior to the Closing;

(xii) a certificate of the Company, in form and substance satisfactory to the Underwriter, executed by a principal financial or accounting officer of the Company, dated as of the Closing Date, to the effect that: (A) each of the Company's representations and warranties contained herein is true and correct in all material respects on and as of the

Closing Date, as if made on such date; and (B) the Company has duly performed or satisfied all of the agreements and conditions to be performed or satisfied by it hereunder and under the other Company Documents at or prior to the Closing; (C) as of the Closing Date, there has been no material adverse change (whether or not arising from transactions in the ordinary course of business) in the business, properties, condition (financial or otherwise), results of operations or business prospects of the Company from that set forth in or contemplated by the Official Statement and that, since the date hereof, the Company has not entered into any material transaction or incurred any material liability other than in the ordinary course of business; and (D) the information contained in the Official Statement is true and correct in all material respects and does not contain any untrue or incorrect statement of a material fact or omit to state a material fact necessary in order to make the statements made therein, in the light of the circumstances under which they were made, not misleading;

(xiii) a tax and non-arbitrage certification of the Company, dated the Closing Date, containing certain representations and covenants with respect to the use of proceeds of the Bonds, the nature, cost, use, operation and economic useful life of the facilities refinanced with the proceeds thereof, and certain other matters relating to the exclusion of interest on the Bonds from gross income of the holders thereof for federal income tax purposes, in form and substance satisfactory to Bond Counsel;

(xiv) a duly executed arbitrage certification of the Issuer;

(xv) a certificate of an authorized officer or officers of the Trustee, dated the Closing Date, as to the due authentication and delivery of the Bonds and the execution and delivery of the Indenture by the Trustee;

(xvi) the accountant's letter referred to in Section 10 hereof;

(xvii) a letter or letters from Standard & Poor's Ratings Services ("S&P") assigning long-term and short-term ratings of "AA-" and "A-1+", respectively, to the Bonds;

(xviii) an executed copy of the Letter of Representations from the Issuer to DTC relating to the book-entry system of registration for the Bonds;

(xix) a receipt executed by duly authorized representatives of the Trustee, the Company and the Underwriter, respectively, acknowledging the receipt of the Bonds by the Underwriter, the receipt of the purchase price therefor by the Trustee, and the receipt of the Credit Facility by the Trustee; and

(xx) such additional legal opinions, certificates, proceedings, instruments and other documents as counsel for the Underwriter may reasonably request to evidence

compliance by the Issuer, the Company and the Trustee with the legal requirements relating to the sale, issuance and delivery of the Bonds, the execution, delivery and performance of the Issuer Documents, the Company Documents and all other documents, certificates and agreements to be executed and delivered by the various parties in connection with the sale, issuance and delivery of the Bonds, the truth and accuracy, as of the Closing Date, of the representations of the Issuer and the Company herein contained and the due performance or satisfaction by the Issuer, the Company and the Trustee, at or prior to the Closing, of all obligations then required to be performed and all conditions then required to be satisfied by the Issuer, the Company and the Trustee.

13. Termination of Underwriter's Obligations. The Underwriter shall have the right to cancel its obligation to purchase and accept delivery of the Bonds hereunder by notifying the Issuer and the Company, in writing or by telegram or telecopy, of its election to do so between the date hereof and the Closing if, on or after the date hereof and prior to the Closing:

(a) any change in the applicable federal or State of Florida income tax laws, or any court decision, regulation, ruling (including private letter rulings or technical advice memoranda, whether or not the Company is a part thereto), procedure, notice, release, announcement or other action of the Internal Revenue Service, the United States Department of Treasury or the applicable administrative departments and agencies of the State of Florida, pertaining to the interpretation or administration of such laws, shall have occurred or been issued or proposed as would adversely affect the exclusion of interest received on obligations of the general character of the Bonds for federal or State of Florida income tax purposes or otherwise affect the federal or State of Florida tax treatment of obligations of the general character of the Bonds, to the extent such exclusion or other tax treatment is described in the Official Statement under "TAX MATTERS" and which, in any case, in the Underwriter's reasonable opinion, materially adversely affects the market price of the Bonds (or would so affect such price had the Bonds been issued); or

(b) any legislation, ordinance or regulation shall be enacted or be introduced for enactment by any governmental body, department or agency of the State of Florida, or a decision by any court of competent jurisdiction within the State of Florida shall be rendered that, in the reasonable opinion of the Underwriter, materially and adversely affects the market price of the Bonds; or

(c) any action shall be taken by the Securities and Exchange Commission that would require the registration of the Bonds under the 1933 Act or the qualification of the Indenture under the Trust Indenture Act of 1939, as amended; or

(d) any event shall have occurred or shall exist that, in the reasonable opinion of the Underwriter, either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or (ii) is not reflected in the Official Statement and should be reflected therein in order to make the statements and information contained therein not misleading in any material respect; or

(e) there shall have occurred any outbreak or escalation of hostilities or other national or international calamity or crisis or a financial crisis, the effect of such escalation, outbreak, calamity or crisis on the financial markets of the United States being such as, in the reasonable opinion of the Underwriter, would affect materially and adversely the ability of the Underwriter to market the Bonds; or

(f) trading shall be suspended, or new or additional trading or loan restrictions shall be imposed, by the New York Stock Exchange or other national securities exchange or governmental authority with respect to obligations of the general character of the Bonds or a general banking moratorium shall be declared by federal or New York authorities; or

(g) there shall have occurred any change in the financial condition or affairs of the Company, the effect of which, in the reasonable judgment of the Underwriter, is so material and adverse as to make it impracticable or inadvisable to proceed with the offering or delivery of the Bonds on the terms and in the manner contemplated by the Official Statement; or

(h) S&P shall have taken any action to lower, suspend or withdraw its long-term and short-term ratings of "AA-" and "A-1+", respectively, for the Bonds; or

(i) Any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance, sale or delivery of the Bonds or in any way contesting or questioning any authority for or the validity of the Bonds, the Bond Resolution, the Indenture, the Loan Agreement, the Credit Facility, the Credit Agreement or the Remarketing Agreement, or the pledge of the Trust Estate (as defined in the Indenture) or payment of the Bonds under the Indenture or any of the proceedings of the Issuer or the Company taken with respect to the foregoing.

14. Satisfaction of Conditions. If the Issuer or the Company shall be unable to satisfy the conditions to the obligations of the Underwriter contained in this Bond Purchase Agreement, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement may be terminated by the Underwriter. Upon any such termination, neither the Underwriter, the Company, nor the Issuer shall be under any further obligation hereunder, except with respect to the obligations set forth in Sections 15 and 18 hereof, which shall continue in full force and effect. The Underwriter may, in their discretion, waive any one or more of the conditions imposed by this Bond Purchase Agreement for the protection of the Underwriter and proceed with the Closing.

15. Indemnity and Contribution. (a) The Company shall indemnify and hold harmless the Underwriter, the Issuer, each of their respective members (or partners, as appropriate), officers and employees and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act, against any and all losses, claims, damages or liabilities, joint or several, to which the Issuer, the Underwriter, or such member, officer, employee or controlling person may become subject under any statute or at law or in equity or otherwise, insofar as such losses, claims, damages, liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Official Statement, or in any amendment thereof or supplement thereto,

or arise out of or are based upon the omission or alleged omission to state therein a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and will reimburse the Underwriter, the Issuer, each of their respective members (or partners, as appropriate), officers and employees, and each person who controls the Underwriter within the meaning of Section 15 of the 1933 Act, for any legal or other expenses reasonably incurred by the Issuer, the Underwriter, or such member, officer, employee or controlling person in connection with investigating or defending any such loss, claim, damage, liability or action; *provided, however,* that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in any such documents under the headings "THE ISSUER," "BOOK-ENTRY ONLY SYSTEM" or "UNDERWRITING" or in Appendix B attached thereto. The indemnity provided for in this Section shall be in addition to any liability which the Company may otherwise have with respect to the transactions contemplated hereby.

(b) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action in respect of which indemnification may be sought, such indemnified party shall promptly notify the indemnifying party in writing; but the omission to so notify the indemnifying party will not relieve it from any liability which it may have to such indemnified party otherwise than under this Section. In case any such action is brought against any indemnified party, and it notifies the indemnifying party of the commencement thereof, the indemnifying party will be entitled to participate in, and, to the extent that it chooses so to do, to assume the defense thereof (including the employment of counsel reasonably satisfactory to such indemnified party), and the indemnifying party shall assume the payment of all fees and expenses relating to such defense and shall have the right to negotiate settlement thereof. Any one or more indemnified parties shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but after notice from the indemnifying party to such indemnified party or parties of its election to assume the defense thereof, the fees and expenses of such separate counsel shall be at the expense of such indemnified party or parties unless the employment of such counsel has been specifically authorized in writing by the indemnifying party or unless the indemnified party or parties reasonably believe that counsel retained by the indemnifying party to defend such action cannot adequately represent both the indemnified party or parties and the indemnifying party with respect to such action due to a conflict of interest. The indemnifying party shall not be liable for any settlement of any such action effected without its consent, but if settled with the consent of the indemnifying party or if there be a final judgment for the plaintiff in any such action as to which the indemnifying party has received notice in writing as hereinabove required, the indemnifying party agrees to indemnify and hold harmless the indemnified party from and against any loss or liability by reason of such settlement or judgment.

(c) If recovery is not available under the foregoing provisions of this Section, for any reason other than as specified therein, the parties entitled to indemnification by the terms thereof shall be entitled to contribution for liabilities and expenses, except to the extent that such contribution would not be permitted under Section 11(f) of the 1933 Act, if the requirements of the 1933 Act were applicable to the Official Statement. In determining the amount of contribution to which the respective parties are entitled, there shall be considered the relative benefits received directly and indirectly by each party from the offering of the Bonds (taking into account the portion of the proceeds of the offering realized by each), the parties'

relative knowledge and access to information concerning the matter with respect to which the claim was asserted, the opportunity to correct or prevent any untrue statement or omission, and other equitable considerations appropriate under the circumstances. The Company, the Issuer and the Underwriter agree that it would not be equitable if the amount of such contribution were determined by pro rata or per capita allocation. Neither the Underwriter nor any person controlling the Underwriter shall be obligated to make contribution hereunder which in the aggregate exceeds the total public offering price of the Bonds, less the aggregate amount of any damages which the Underwriter and its controlling persons have otherwise been required to pay in respect of the same claim or any substantially similar claim.

16. Default of Underwriter. If the Underwriter default in its obligation to purchase the Bonds hereunder, and arrangements satisfactory to the Issuer and the Company for the purchase of the Bonds by another person or persons are not made within thirty-six hours after such default, this Bond Purchase Agreement will terminate without liability on the part of the Issuer or the Company, except as provided in Section 15. As used in this Bond Purchase Agreement, the term "Underwriter" includes any person substituted for the Underwriter under this Section. Nothing herein will relieve the Underwriter from liability for its default.

17. Survival of Certain Representations and Obligations. The respective indemnities, agreements, representations, warranties and other statements of the Issuer, its members, officers or employees, the Company and its officers and directors and the Underwriter set forth in or made pursuant to this Bond Purchase Agreement will remain in full force and effect, regardless of any investigation, or statement as to the results thereof, made by or on behalf of the Underwriter, the Issuer or the Company or any of their respective officers or directors or any controlling person, and will survive delivery of and payment for the Bonds. If this Bond Purchase Agreement is terminated pursuant to Section 14 or if for any reason the purchase of the Bonds by the Underwriter is not consummated, the Company shall remain liable for the expenses to be paid or reimbursed by it to the extent provided in Section 18, and the obligations of the Company pursuant to Section 15 shall remain in effect.

18. Payment of Expenses. (a) Whether or not the Bonds are sold by the Issuer to the Underwriter, the Underwriter shall be under no obligation to pay any expenses incident to the performance of the obligations of the Issuer and the Company hereunder, except for the expenses specified in this Section. The Company shall be liable for the payment on the Closing Date of all expenses and costs to effect the authorization, preparation, sale, issuance and delivery of the Bonds, including, without limitation, all fees and expenses incurred or payable in connection with obtaining and maintaining the ratings of the Bonds by S&P, the reasonable fees and disbursements of Bond Counsel, the reasonable fees and disbursements of counsel for the Issuer, counsel for the Company and counsel for the Underwriter, and the expenses and costs of the preparation, printing, photocopying, execution and delivery of the Bonds and the Official Statement, this Bond Purchase Agreement, the other Issuer Documents and Company Documents and all other agreements and documents contemplated hereby and thereby, and drafts of any thereof. In the event that the Underwriter does not purchase the Bonds because the conditions to Closing set forth in Section 12 hereof are not satisfied, the Company shall be obligated to pay all such expenses to the extent incurred and to reimburse the Underwriter for its reasonable out-of-pocket expenses.

(b) The Underwriter shall pay all advertising expenses in connection with the public offering of the Bonds, all other expenses incurred by it in connection with the public offering and distribution of the Bonds, any fees of the Municipal Securities Rulemaking Board in connection with the issuance of the Bonds and the cost of obtaining CUSIP numbers for the Bonds.

19. Notices. Any notice or other communication to be given to any of the parties hereunder may be given by facsimile transmission (with hard copy sent by mail on the same day). Subject to notice of change, the following addresses and facsimile numbers shall be used for all notices and other purposes hereunder:

If to the Issuer: Nassau County, Florida
26 South 5th Street
Fernandina, Florida 32034
Attention: County Attorney
Fax: (904) 261-6960

If to the Company: Rayonier Inc.
50 North Laura Street
Jacksonville, Florida 33202
Attention: VP - Finance and Taxes
Fax (404) 357-9818

If to the Underwriter: Banc of America Securities LLC
GA1-006-12-26
600 Peachtree Street, NE
12th Floor
Attention: W. John Eckel, Jr.
Fax: (404) 607-4400

20. Beneficiaries of Agreement. This Bond Purchase Agreement is made solely for the benefit of the Issuer, the Company (including any successor or assignee of the Company) and the Underwriter (including any successor or assignee of the Underwriter), and no other person, including any person who purchases a Bond from the Underwriter, shall acquire or have any right hereunder or by virtue hereof.

21. Severability of Provisions. If any one or more of the covenants, agreements, provisions or terms of this Bond Purchase Agreement shall for any reason whatsoever be held invalid, then such covenants, agreements, provisions or terms shall be deemed severable from the remaining covenants, agreements, provisions or terms of this Bond Purchase Agreement and shall in no way affect the validity or enforceability of the other provisions of this Bond Purchase Agreement or of the rights of the parties hereto.

22. Governing Law. This Bond Purchase Agreement shall be governed by and construed in accordance with the laws of the State of Florida.

[Remainder of page intentionally left blank.]

23. Effective Date. This Bond Purchase Agreement shall become effective upon your mutual acceptance hereof.

Very truly yours,

Banc of America Securities, LLC

By_____
Name: W. John Eckel, Jr., Principal

Accepted and agreed to as of
the date first above written:

NASSAU COUNTY, FLORIDA

By_____
Name:
Title:

RAYONIER INC.

By_____
Name:
Title:

EXHIBIT A

[FORM OF SUPPLEMENTAL OPINION OF BOND COUNSEL]

May 28, 2002

Banc of America Securities LLC
Atlanta, Georgia

Re: $23,110,000 Nassau County, Florida, Pollution Control Private Activity Refunding Revenue Bonds, Series 2002 (Rayonier Project)

Ladies and Gentlemen:

Reference is made to the Bond Purchase Agreement dated May 28, 2002 (the "Bond Purchase Agreement"), among Banc of America Securities LLC, (the "Underwriter"), Nassau County, Florida (the "Issuer") and Rayonier Inc. (the "Company") providing for the issuance and sale by the Issuer to the Underwriter of $23,110,000 aggregate principal amount of its Pollution Control Private Activity Refunding Revenue Bonds, Series 2002 (Rayonier Project) (the "Bonds"). All capitalized terms used but not defined herein shall have the meanings assigned to such terms in the Bond Purchase Agreement.

We have acted as Bond Counsel in connection with the issuance and sale of the Bonds and have participated in the preparation of the Official Statement relating to the Bonds, dated May 21, 2002 (the "Official Statement"). We have reviewed the materials described in our opinion of even date herewith and such additional materials as we have deemed necessary for purposes of the opinions set forth below.

Based upon the foregoing and a review of such matters as we have deemed necessary in connection with this opinion, it is our opinion that:

1. The Bonds are exempted securities within the meaning of Section 3(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and Section 304(a)(4) of the Trust Indenture Act of 1939, as amended (the "Trust Indenture Act"), and it is not necessary, in connection with the offering and sale of the Bonds, to register the Bonds under the Securities Act or to qualify the Indenture under the Trust Indenture Act.

2. The statements relating to the Bonds and the summaries of documents, statutes and opinions contained in the Official Statement under the captions "INTRODUCTION," "THE ISSUER," "REFUNDING OF PRIOR BONDS," "THE BONDS," "SECURITY FOR THE BONDS," "THE LOAN AGREEMENT," "THE INDENTURE" and "TAX MATTERS" fairly and accurately describe and

summarize the material provisions of the Bonds and the documents, statutes and opinions referred to therein.

Respectfully submitted,

EXHIBIT B

[FORM OF OPINION OF COUNSEL TO THE ISSUER]

May 28, 2002

Rayonier Inc.
Jacksonville, Florida

Nassau County, Florida
Fernandina Beach, Florida

Banc of America Securities LLC
Atlanta, Georgia

The Bank of New York,
as Trustee
New York, New York

Re: $23,110,000 Nassau County, Florida, Pollution Control Private Activity Refunding Revenue Bonds, Series 2002 (Rayonier Project)

To the Addressees:

I have acted as counsel for Nassau County, Florida (the "Issuer") in connection with the issuance of by the Issuer of $23,110,000 in aggregate principal amount of its Pollution Control Private Activity Refunding Revenue Bonds, Series 2002 (Rayonier Project) (the "Bonds"), and in connection therewith I have examined:

(a) the Indenture of Trust, dated as of May 1, 2002 (the "Indenture"), between the Issuer and The Bank of New York, as trustee (the "Trustee");

(b) the Loan Agreement, dated as of May 1, 2002 (the "Loan Agreement"), between the Issuer and Rayonier Inc. (the "Company");

(c) the Bond Purchase Agreement (the "Bond Purchase Agreement"), dated May 28, 2002, among the Issuer, the Company, and Banc of America Securities LLC (the "Underwriter");

(d) the Constitution and laws of the State of Florida, including specifically Chapter 159, Part II, Florida Statutes, as amended (the "Act");

(e) the resolution of the Issuer adopted on May 13, 2002, approving and authorizing, among other things, the issuance of the Bonds by the Issuer (collectively, the "Bond Resolution");

and such other documents and instruments and proceedings of the Issuer as I have deemed relevant.

Based on the foregoing, I am of the opinion that as of this date:

1. The Issuer is a duly created political subdivision of the State of Florida and constitutes a "local agency" as defined in the Act and is authorized and empowered by law, including particularly the provisions of the Act, (a) to issue the Bonds and loan the proceeds of the sale thereof to the Company for the purpose of refunding the Refunded Bonds (as defined in the Indenture); (b) to enter into the Indenture, the Loan Agreement and the Bond Purchase Agreement, to pledge the Trust Estate to the Trustee under the Indenture; (c) to issue, sell and deliver the Bonds to the Underwriter; and (d) to carry out and consummate all other transactions contemplated on its part by each of the aforesaid documents.

2. The Issuer has duly authorized by all appropriate action, and has complied with all provisions of law with respect to, the execution and delivery of the Indenture, the Loan Agreement and the Bond Purchase Agreement, the pledge of the Trust Estate to the Trustee under the Indenture, the issuance, sale and delivery of the Bonds and the consummation of all other transactions contemplated on its part by each of the aforesaid documents.

3. The Issuer has duly executed and delivered the Indenture, the Loan Agreement and the Bond Purchase Agreement, and assuming the due authorization, execution and delivery thereof by the other parties thereto, the Indenture, the Loan Agreement and the Bond Purchase Agreement constitute the valid, binding and enforceable obligations of the Issuer, except that the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and principles of equity applicable to the availability of specific performance or other equitable relief.

4. The Bonds have been duly and validly authorized, and executed by the Issuer, have been authenticated by the Trustee and delivered to the Underwriter and constitute legal, valid and binding limited obligations of the Issuer and are entitled to the benefits of the Indenture; provided, however, that the rights of the holders of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the enforcement of creditors' rights generally and principles of equity applicable to the availability of specific performance or other equitable relief.

5. The issuance, sale and delivery of the Bonds, the adoption of the Bond Resolution, the execution, delivery and performance of the Indenture, the Loan Agreement and the Bond Purchase Agreement, and compliance by the Issuer with the provisions thereof, and the pledge of the Trust Estate to the Trustee under the Indenture, do not and will not conflict with, or constitute

on the part of the Issuer a violation of, breach of or a default under, any constitutional provision or statute of the State of Florida or the United States of America, any indenture, resolution, mortgage, deed of trust, note agreement or other agreement or instrument to which the Issuer is a party or by which the Issuer is bound, or to the best of our knowledge, any order, rule or regulation of any court or governmental agency or body having jurisdiction over the Issuer or any of its activities or properties; and all consents of any governmental authority of the State of Florida or the United States of America required in connection with the issuance, sale or delivery of the Bonds by the Issuer have been obtained; provided, however, that no opinion is expressed concerning compliance with federal securities laws or the securities or "Blue Sky" laws of the various states or any approvals that may be required under the Internal Revenue Code of 1986, as amended.

6. There is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court or governmental agency or body, pending or known to be threatened against or affecting the Issuer, nor to the best of our knowledge is there any meritorious basis therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect the transactions contemplated by the Bond Purchase Agreement, the Indenture or the Loan Agreement, or which, in any way, would adversely affect the validity or enforceability of the Bonds, the Indenture, the Loan Agreement, the Bond Purchase Agreement or the pledge of the Trust Estate to the Trustee under the Indenture, or any agreement or instrument to which the Issuer is a party, used or contemplated for use in consummation of the transactions contemplated by the Bond Purchase Agreement, the Indenture or the Loan Agreement.

7. A financing statement with respect to the security interest in the Trust Estate created by the Indenture has been filed in the manner and location required under the laws of the State of Florida, and there are no other properly indexed financing statements or liens of record affecting the Trust Estate.

Very truly yours,

EXHIBIT C

[FORM OF OPINION OF COUNSEL TO THE COMPANY]

May 28, 2002

Nassau County, Florida
Fernandina Beach, Florida

The Bank of New York,
as Trustee
New York, New York

Banc of America Securities LLC
Atlanta, Georgia

Bank of America, N.A.
San Francisco, California

Re: $23,110,000 Nassau County, Florida, Pollution Control Private Activity Refunding Revenue Bonds, Series 2002 (Rayonier Project)

Ladies and Gentlemen:

I am the Corporate Secretary and Associate General Counsel of Rayonier Inc., a North Carolina corporation (the "Company"). I am rendering this opinion of behalf of the Company in connection with the issuance and sale by Nassau County, Florida (the "Issuer") of $23,110,000 in aggregate principal amount of its Pollution Control Private Activity Refunding Revenue Bonds, Series 2002 (Rayonier Project) (the "Bonds").

The Bonds are issued and secured under an Indenture of Trust, dated as of May 1, 2002 (the "Indenture"), between the Issuer and The Bank of New York, as trustee for the Bonds (the "Trustee"). The Bonds are being sold by the Issuer to Banc of America Securities LLC (the "Underwriter") pursuant to a Bond Purchase Agreement, dated May 28, 2002 (the "Bond Purchase Agreement"), among the Issuer, the Company and the Underwriter. All capitalized terms used herein and not otherwise defined shall have the meanings provided for such terms in the Bond Purchase Agreement.

In connection with the foregoing and to the extent necessary to render this opinion, I have examined, among other things:

(a) the Loan Agreement, dated as of May 1, 2002 (the "Loan Agreement"), between the Issuer and the Company;

(b) the Bond Purchase Agreement;

(c) the Letter of Credit Agreement, dated as of May 1, 2002 (the "Credit Agreement"), between the Company and Bank of America, N.A.;

(d) the Remarketing Agreement, dated as of May 1, 2002 (the "Remarketing Agreement"), between Company and Banc of America Securities LLC, as Remarketing Agent;

(e) the Bonds;

and originals or copies, certified or otherwise identified to my satisfaction, of all such other agreements and other instruments, certificates of public officials and such other documents as I have deemed relevant and necessary.

In making such examination, I have assumed the genuineness of all signatures, other than those of officers and representatives of the Company, and the authenticity of all documents submitted to me as originals or certified documents, the conformity with the originals or certified documents of all documents submitted to me as conformed, photostatic or other copies, and that such documents constitute the legal, valid and binding obligations of each party (other than the Company) in accordance with their respective terms. As to matters of material fact, I have, when relevant facts were not independently established by me, relied, to the extent I deemed such reliance proper, upon the representations and warranties contained in the Bond Purchase Agreement and the Loan Agreement and upon certificates of public officials and certificates and other written or telephonic statements furnished to me.

Based upon the foregoing and such subject to the qualifications and assumptions hereinbefore and hereafter set forth, I advise you that in my opinion:

(a) The Company (i) has been duly incorporated and is in good standing under the laws of the State of North Carolina, (ii) has the corporate power and authority to own its properties and to conduct its business, (iii) possesses all material licenses and approvals necessary for the conduct of its business, and (iv) is qualified to do business in and is in good standing under the laws of the State of Florida.

(b) The Company has all corporate power and authority necessary to undertake the actions required or permitted to be taken by the Company by or under, and to perform and observe the covenants and agreements on its part contained in, the Bond Purchase Agreement, the Loan Agreement, the Credit Agreement and the Remarketing Agreement and any and all such other agreements and documents as may be required to be executed, delivered and performed by the Company in order to carry out, give effect to and consummate the transactions contemplated

by the foregoing documents and by the Official Statement (collectively, the "Company Documents").

(c) The Company has duly taken all corporate action necessary to be taken by it prior to the date hereof to authorize (i) the execution, delivery and performance of the Company Documents and (ii) the carrying out, giving effect to, consummation and performance of the transactions and obligations contemplated by the Company Documents and the Official Statement.

(d) The Company Documents have been duly executed and delivered by the Company and constitute valid and binding obligations of the Company, enforceable against the Company in accordance with their respective terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, fraudulent transfer, reorganization, moratorium or other laws, judicial decisions or principles of equity relating to or affecting the enforcement of creditors' rights or contractual obligations generally, and except as rights of indemnification under the Bond Purchase Agreement may be limited by principles of public policy.

(e) The execution and delivery by the Company of the Company Documents, and compliance by the Company with the terms, conditions or provisions thereof, do not violate any law, regulation or administrative order, or any writ, injunction, order or decree of any court or governmental instrumentality applicable to the Company of which I have knowledge, or result in a breach of any of the terms, conditions or provisions of, or constitute a default under, the Company's Articles of Incorporation or By-Laws, or to the best of my knowledge, any material mortgage, indenture, agreement or instrument to which the Company is a party or by which it or any of its properties are bound.

(f) All authorizations, consents and approvals of, notices to, registrations or filings with, or actions in respect of, any governmental body, agency or other instrumentality or court required in connection with the execution, delivery and performance by the Company of the Company Documents and have been obtained, given or taken and are in full force and effect; *provided* that no opinion is expressed with respect to any approvals or registration required under any securities or "Blue Sky" laws of the various states of the United States.

(g) There is no action, suit, proceeding, inquiry or investigation before or by any court, public board or body, other than as described in the documents incorporated by reference in the Official Statement, pending or, to the best of my knowledge, threatened against or affecting the Company wherein an unfavorable decision, ruling or finding would have a material adverse effect on the properties, business, condition (financial or other), or results of operations of the Company, or the transactions contemplated by the Company Documents or by the Official Statement, or which would adversely affect the validity or enforceability of, or the authority for, or have a material adverse effect on the ability of the Company to perform its obligations under, the Company Documents.

(h) The Company is not in violation of its Articles of Incorporation or its By-Laws or in default under any indenture or other agreement or instrument governing outstanding indebtedness

New Issue
Book-Entry Only

EXHIBIT D 1

Rating: S&P AA-/A-1+
Cusip: _____

In the opinion of Smith, Hulsey & Busey., Jacksonville, Florida, Bond Counsel, under existing laws, regulations and court decisions, interest on the Bonds is excluded from the gross income of the owners thereof for federal income tax, net income and franchise tax purposes and the Bonds and the income thereon are also exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owned by corporations, banks and savings associations, all as defined in Chapter 220. Moreover, Bond Counsel is of the opinion that the interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although for the purpose of computing the alternative minimum tax imposed on corporations (as defined for federal tax purposes), such interest is taken into account in determining adjusted current earnings for purposes of such alternative minimum tax. See "TAX MATTERS" herein.

$23,110,000
Nassau County, Florida
Pollution Control Private Activity Refunding Revenue Bonds
Series 2002
(Rayonier Project)

Dated: Date of Delivery

Due: June 1, ____

The Bonds are limited obligations of Nassau County, Florida (the "Issuer") payable solely from payments to be made pursuant to a Loan Agreement by

Rayonier Inc.

(the "Company") as hereinafter described. The proceeds of the Bonds will be loaned by the Issuer to the Company under a Loan Agreement, dated as of May 1, 2002 (the "Loan Agreement"), and used by the Company to refund certain outstanding pollution control revenue bonds (the "Prior Bonds") previously issued by the Issuer on behalf of the Company. The proceeds of the Prior Bonds were used to refinance the acquisition, construction and installation of certain water and air pollution control facilities at the Company's existing plant located in Nassau County, Florida. Pursuant to the Loan Agreement, the Company is required to pay to the Issuer amounts sufficient to pay the principal and purchase price of, redemption premium, if any, and interest on the Bonds as the same become due and to pay certain administrative expenses of the Issuer and the fees and expenses of the Trustee (hereinafter referred to).

The Bonds are being issued under an Indenture of Trust, dated as of May 1, 2002 (the "Indenture"), between the Issuer and The Bank of New York, New York, New York, as trustee (the "Trustee"), as fully registered bonds in denominations of $100,000 and any multiple of $5,000 in excess thereof (each an "Authorized Denomination") and will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, as securities depository for the book-entry system of registration for the Bonds. Purchases of Bonds may be made only in book-entry form in any Authorized Denomination. Purchasers of Bonds will not receive certificates representing their interests in Bonds so purchased. See "BOOK-ENTRY ONLY SYSTEM."

As additional security for the payment of the principal and purchase price of, and interest on the Bonds, the Company will cause to be delivered to the Trustee concurrently with the issuance and delivery of the Bonds an irrevocable direct-pay Letter of Credit (the "Credit Facility") issued by

Bank of America, N.A.

(the "Credit Provider"). The Credit Facility will expire, unless earlier terminated or unless renewed or extended, on __ _, __. The Credit Facility may be replaced by a Substitute Credit Facility under the terms and conditions set forth in the Loan Agreement and the Indenture, as described herein.

The Bonds will bear interest initially at the Short Term Rate, as more fully described herein, determined on the first day of each Interest Period (as defined herein), and payable on the first day of each month, commencing June 3, 2002. While Bonds bear interest at the Short Term Rate, interest shall be calculated on the basis of actual days elapsed in a 365 or 366-day year, as applicable. The Short Term Rate will be determined by Banc of America Securities LLC, as remarketing agent (the "Remarketing Agent"), as described herein. The Interest Period while the Bonds bear interest at the Short Term Rate will be one week in duration. While the Bonds bear interest at the Short Term Rate, they may be tendered for purchase on any Business Day upon seven days written notice delivered to the Remarketing Agent and to the Trustee, as more fully described herein. See "THE BONDS - Demand Purchase Option" herein. The Company may elect from time to time to convert the interest rate on the Bonds to a Long Term Rate or a Fixed Rate, upon the terms and conditions described herein. Upon any such conversion, the Bonds will be subject to mandatory tender for purchase in accordance with the terms of the Indenture. See "THE BONDS - Conversion Option" and " - Mandatory Purchase of Bonds on Mandatory Purchase Date" herein.

The Bonds shall not be deemed to constitute a general obligation of the State of Florida or any political subdivision thereof, including the Issuer, or a pledge of the faith and credit of the State of Florida or any political subdivision thereof, including the Issuer, but shall be limited obligations of the Issuer payable solely from the moneys pledged therefor under the Indenture and from amounts drawn under the Credit Facility as described herein.

Any purchase of the Bonds should be based solely upon the financial strength of the Bank, and the Bonds are being offered solely on such basis. No financial information with respect to the Company is or will be supplied to prospective purchasers.

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

Price: 100%

The Bonds are offered when, as and if issued and delivered to the Underwriter, subject to the approving opinion of Bond Counsel and certain other conditions. Certain legal matters will be passed upon for the Issuer by its counsel, Michael S. Mullin, Esq., Fernandina Beach, Florida, for the Company by its Corporate Secretary and Associate General Counsel, John Canning, Esq., for the Credit Provider by its counsel, Moore & Van Allen, PLLC, Charlotte, North Carolina, and for the Underwriter by its counsel, Moyle, Flanigan, Katz, Raymond & Sheehan, P.A., West Palm Beach, Florida. It is expected that the Bonds in definitive form will be available for delivery through DTC in New York, New York, on or about May 29, 2002.

Banc of America Securities LLC

Dated: May 21, 2002.

NO DEALER, SALESMAN OR ANY OTHER PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN, IN CONNECTION WITH THE OFFERING OF THE BONDS, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATIONS MUST NOT BE RELIED UPON. THIS OFFICIAL STATEMENT DOES NOT CONSTITUTE AN OFFER TO SELL OR A SOLICITATION OF AN OFFER TO BUY ANY OF THE BONDS IN ANY JURISDICTION TO ANY PERSON TO WHOM IT IS UNLAWFUL TO MAKE SUCH OFFER OR SOLICITATION IN SUCH JURISDICTION. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE HEREUNDER SHALL, UNDER ANY CIRCUMSTANCE, CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE MATTERS REFERRED TO HEREIN SINCE THE DATE HEREOF.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS 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.

IN MAKING AN INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COMPANY AND THE CREDIT FACILITY PROVIDER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, NO SUCH COMMISSION OR AUTHORITY HAS CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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Series 2002 (Rayonier Project)

INTRODUCTION

The purpose of this Official Statement (which includes the cover page and the Appendices attached hereto) is to furnish certain information in connection with the issuance by Nassau County, Florida (the "Issuer") of $23,110,000 Pollution Control Private Activity Refunding Revenue Bonds, Series 2002 (Rayonier Project) (the "Bonds"). The Bonds are authorized to be issued pursuant to Chapter 159, Part II, Florida Statutes, as amended (the "Act"), and by virtue of a resolution adopted by the Issuer on May 13, 2002 (the "Bond Resolution"). The Bonds are issued and secured under an Indenture of Trust, dated as of May 1, 2002 (the "Indenture"), between the Issuer and The Bank of New York, New York, New York, as trustee (the "Trustee").

The proceeds of the sale of the Bonds will be loaned by the Issuer to Rayonier Inc., a North Carolina corporation (the "Company"), pursuant to a Loan Agreement, dated as of May 1, 2002 (the "Loan Agreement"), and applied by the Company to refund $23,110,000 in outstanding principal amount of the Issuer's Pollution Control Refunding Revenue Bonds, Series 1992 (the "Prior Bonds"). The proceeds of Prior Bonds were loaned by the Issuer to ITT Rayonier Incorporated, the predecessor of the Company, and applied to refinance certain water and air pollution control facilities (the "Project") at the Company's plant located in Nassau County, Florida. See "REFUNDING OF PRIOR BONDS" herein.

Under the terms of the Loan Agreement, the Company has agreed to make payments to the Issuer in amounts sufficient to pay the principal and purchase price of, redemption premium (if any) and interest on the Bonds as the same become due, to pay certain administrative expenses of the Issuer and to pay the fees and expenses of the Trustee, all as set forth in the Loan Agreement. Under the Indenture, the Issuer has pledged to the Trustee as security for the Bonds the Trust Estate, which includes all of the Issuer's rights and interests in the Loan Agreement (except for the Reserved Rights, as hereinafter defined) and amounts on deposit from time to time in the funds and accounts created under the Indenture (other than amounts held for the payment of the Purchase Price of Bonds). See "SECURITY FOR THE BONDS" and "THE INDENTURE" herein.

Concurrently with, and as a condition to, the issuance of the Bonds, the Company will cause Bank of America, N.A. (the "Credit Provider"), to deliver an irrevocable direct-pay Letter of Credit (the "Credit Facility") to the Trustee. The Trustee will be entitled under the Credit Facility to draw amounts up to (i) the principal amount of the Bonds or the portion of the Purchase Price of the Bonds corresponding to the principal of the Bonds, and (ii) up to 50 days' accrued interest on the Bonds (at a maximum rate of 10% per annum) or that portion of the Purchase Price of the Bonds corresponding to the accrued interest thereon. The Credit Facility will be issued pursuant to a Letter of Credit Agreement, dated as of May 1, 2002 (the "Letter of Credit Agreement"), between the Company and the Credit Provider, under which the Company agrees to reimburse the Credit Provider for drawings made under the Credit Facility and to make certain other payments. See "THE CREDIT FACILITY" and "THE LETTER OF CREDIT AGREEMENT" herein.

The Depository Trust Company ("DTC"), New York, New York, 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 nominee). One fully-registered Bond certificate will be issued for the entire aggregate principal amount of the Bonds and will be deposited with DTC. Individual purchases of Bonds may be made in book-

entry form only, in denominations of $100,000 or any integral multiple of $5,000 in excess thereof. See "THE BONDS" and "BOOK-ENTRY ONLY SYSTEM" herein.

THE BONDS DO NOT CONSTITUTE A DEBT OF, A LOAN BY, OR A PLEDGE OF THE FAITH AND CREDIT OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, BUT ARE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM AMOUNTS PAYABLE BY THE COMPANY UNDER THE LOAN AGREEMENT AND SPECIFICALLY PLEDGED TO THE PAYMENT OF THE BONDS UNDER THE INDENTURE, AND AMOUNTS DRAWN UNDER THE CREDIT FACILITY IN ACCORDANCE WITH THE TERMS THEREOF AND OF THE INDENTURE. THE ISSUANCE OF THE BONDS SHALL NOT OBLIGATE THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, TO LEVY OR PLEDGE ANY FORM OF TAXATION WHATEVER FOR THE PAYMENT OF THE BONDS. NO OWNER OF ANY BOND SHALL HAVE THE RIGHT TO ENFORCE THE PAYMENT OF THE PRINCIPAL OR PURCHASE PRICE OF THE BONDS OR ANY INTEREST OR PREMIUM THEREON AGAINST ANY PROPERTY OF THE STATE OF FLORIDA OR OF ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, NOR SHALL THE BONDS CONSTITUTE A CHARGE, LIEN, OR ENCUMBRANCE, WHETHER LEGAL OR EQUITABLE, UPON ANY SUCH PROPERTY.

A description of the Bonds and descriptions or summaries of certain provisions of the Indenture, the Loan Agreement, the Credit Facility and the Letter of Credit Agreement are included in this Official Statement. A description of the Company, including a list of the documents filed by the Company with the Securities and Exchange Commission (the "SEC") and specifically included by reference herein, is attached hereto as Appendix A. A description of the Credit Provider, including a list of the documents filed by the Credit Provider and specifically included by reference herein, is attached hereto as Appendix B. The description of the Bonds and the descriptions or summaries of the Indenture, the Loan Agreement, the Credit Facility and the Letter of Credit Agreement contained herein are qualified in their entirety by reference to the definitive forms of such documents on file with the Trustee. All capitalized terms used in this Official Statement that are not otherwise defined herein shall have the meanings ascribed to them in the Indenture.

THE ISSUER

The Issuer is a political subdivision of the State of Florida created and existing under the Constitution and laws of the State of Florida, with corporate power and authority under the laws of the State of Florida, particularly the Act, to issue the Bonds for the purposes described in this Official Statement, to enter into the Loan Agreement and the Indenture, and to pledge the Trust Estate to the Trustee under the Indenture as security for the Bonds. The Bonds are limited obligations of the Issuer as described herein under "SECURITY FOR THE BONDS."

REFUNDING OF PRIOR BONDS

The Trustee, as successor to Barnett Banks Trust Company, N.A., is the trustee for the Prior Bonds (the "Prior Trustee"). Under the terms of the Indenture, upon the issuance of the Bonds the proceeds of the sale thereof will be transferred to the Prior Trustee and applied to the redemption of the Prior Bonds within 90 days of the date of issuance of the Bonds.

THE BONDS

The following is a summary of certain provisions of the Bonds. All references to the Bonds are qualified by reference to the definitive form thereof and the information with respect thereto contained in the Indenture.

General

The Bonds shall be issued in fully registered form and shall initially be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Pursuant to the Indenture, the Bonds may bear interest at a Short Term Rate, a Long Term Rate or a Fixed Rate, as more fully described below. During a Short Term Period the Bonds may be issued in denominations of $100,000 or any integral multiple of $5,000 in excess thereof, and during a Long Term Period or the Fixed Rate Period, the Bonds may be issued in denominations of $5,000 or any integral multiple thereof (each an "Authorized Denomination"). During a Short Term Period, interest on the Bonds shall be calculated on the basis of actual days elapsed in a 365 or 366-day year, as the case may be. During a Long Term Period or the Fixed Rate Period, interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. For a description of certain additional terms and provisions of the Indenture under which the Bonds are issued, see "THE INDENTURE" herein.

Payment Information; Registration of Transfer and Exchange

The Bonds will be dated the date of their original issuance and will mature on ___ _ 1, __, subject to optional redemption, purchase and tender as more fully described herein. The principal of, premium, if any, and interest on, and the Purchase Price of, the Bonds are payable at the place and in the manner specified in this Official Statement. Subject to certain limitations, the Bonds may be transferred or exchanged for other Bonds of authorized denominations at the Principal Office of the Trustee in New York, New York, without charge other than any tax or other governmental charge applicable to such transfer or exchange.

Definitions

The following definitions shall apply to the terms used in this Official Statement:

"BMA Municipal Swap Index" means the rate calculated weekly, and released each Wednesday, on the basis of an index based upon the weekly interest reset rates of tax-exempt variable rate issues included in a data base maintained by Municipal Market Data, a division of Thomson Financial Services, which meet specific criteria established by the Bond Market Association, and in effect on a particular day.

"Bond Register" means the books of the Issuer kept by the Trustee to evidence the registration and transfer of the Bonds.

"Business Day" means any day except (a) a Saturday or Sunday, or (b) a day on which the New York Stock Exchange is closed or (c) a day on which commercial banks in New York, New York, or the city in which the Principal Office of the Trustee is located or the office of the Credit Provider at which demands may be made for payments on the Credit Facility, are authorized or permitted by law to close.

"Conversion Date" means the date on which the interest rate on the Bonds is converted from one type of Interest Period to another type of Interest Period, which date shall be an Interest Payment Date that is at least six months after the date of issuance of the Bonds or the last preceding Conversion Date.

"Conversion Option" means the option granted to the Company in the Indenture to convert the interest rate on the Bonds from one Interest Period to another Interest Period.

"Credit Facility" means the irrevocable, direct pay Letter of Credit issued by the Credit Provider concurrently with the issuance of the Bonds, and any Substitute Credit Facility provided by the Company pursuant to Section 4.4 of the Loan Agreement.

"Credit Facility Period" shall mean any Interest Period during which payment of the principal and Purchase Price of, and the interest on, the Bonds is secured by a Credit Facility.

"Credit Facility Termination Date" means the later of (i) that date upon which the Credit Facility shall expire or terminate pursuant to its terms, or (ii) that date to which the expiration or termination of the Credit Facility may be extended, from time to time, either by extension or renewal of the existing Credit Facility.

"Credit Provider" means, with respect to the initial Credit Facility, Bank of America, N.A., and with respect to any Substitute Credit Facility, the provider of such Substitute Credit Facility.

"Demand Purchase Option" means the option granted to Owners of Bonds, while the Bonds bear interest at the Short Term Rate, to require that Bonds be purchased pursuant to the Indenture.

"Determination of Taxability" means a final decree or judgment of any federal court or a final action of the Internal Revenue Service determining that interest paid or payable on any Bond is or was includable in the gross income of an Owner of the Bonds for federal income tax purposes (other than an Owner who is a "substantial user" or "related person" to a "substantial user" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended); provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Company has been given written notice and, if it is so desired and is legally allowed, has been afforded the opportunity to contest the same, either directly or in the name of any Owner of a Bond, and until the conclusion of any appellate review, if sought.

"First Optional Redemption Date" means, (a) with respect to a Long Term Period or a Fixed Rate Period less than or equal to 5 years, the first day of the 24th calendar month from the beginning of such Long Term Period or Fixed Rate Period, (b) with respect to a Long Term Period or a Fixed Rate Period greater than 5 years but less than or equal to 10 years, the first day of the 60th calendar month from the beginning of such Long Term Period or Fixed Rate Period, and (c) with respect to a Long Term Period or a Fixed Rate Period greater than 10 years, the first day of the 72nd calendar month from the beginning of such Long Term Period or Fixed Rate Period.

"Fixed Rate" means the rate at which the Bonds shall bear interest from and including the conversion to the Fixed Rate to the final maturity date of the Bonds.

"Fixed Rate Interest Payment Date" means (a) the first day of the sixth calendar month after the beginning of the Fixed Rate Period and the first day of each sixth calendar month thereafter until the maturity of the Bonds, (b) any redemption date with respect to all of the Bonds, and (c) the maturity date of the Bonds.

"Fixed Rate Period" means the period from the conversion to a Fixed Rate to the maturity date of the Bonds.

"Interest Payment Date" means each Short Term Interest Payment Date, each Long Term Interest Payment Date and each Fixed Rate Interest Payment Date.

"Interest Period" means each Short Term Period, each Long Term Period and each Fixed Rate Period.

"Letter of Credit Agreement" means the Letter of Credit Agreement, dated as of May 1, 2002, between the Company and the initial Credit Provider with respect to the Credit Facility, and any amendments or supplements thereto.

"Long Term Interest Payment Date" means (a) the first day of the sixth calendar month after the beginning of the Long Term Period and the first day of each sixth calendar month thereafter until the end of the Long Term Period, (b) any redemption date with respect to all of the Bonds, and (c) the maturity date of the Bonds.

"Long Term Period" means any period of time that begins on the first day of a calendar month and ends on a specified date that is the last day of any calendar month that is an integral multiple of 12 calendar months from the beginning of such Long Term Period or the maturity of the Bonds, as determined by the Company.

"Long Term Rate" means the interest rate borne by the Bonds during any Long Term Period established pursuant to the Indenture.

"Mandatory Purchase Date" means (i) each Conversion Date, (ii) the first day of any Long Term Period, (iii) the Interest Payment Date immediately before the Credit Facility Termination Date (provided, however, that such Interest Payment Date must precede the Credit Facility Termination Date by not less than two (2) Business Days), (iv) the effective date of a Substitute Credit Facility and (v) during a Short Term Period, the first Interest Payment Date following the occurrence of a Determination of Taxability for which the Trustee can give notice pursuant to the provisions of the Indenture.

"Maximum Rate" means an interest rate per annum equal to the lesser of the maximum rate permitted by law and 10%. The Maximum Rate may be adjusted, after the date of initial issuance and delivery of the Bonds, provided that (a) such Maximum Rate shall at no time exceed the maximum rate permitted by law, and (b) such adjustment to the Maximum Rate shall not become effective unless and until the Trustee shall receive (i) satisfactory evidence that the stated amount of the Credit Facility (if any) has been adjusted to reflect the adjusted Maximum Rate and (ii) an opinion of Bond Counsel satisfactory to the Trustee to the effect that such adjustment will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes.

"Pledged Bonds" means Bonds purchased with moneys drawn under the Credit Facility to pay the principal portion of the Purchase Price of such Bonds, which Bonds are required to be pledged by the Company to the Credit Provider under the Letter of Credit Agreement as security for the Company's obligation to reimburse the Credit Provider for such drawing.

"Purchase Price" means an amount equal to 100% of the principal amount of any Bond tendered or deemed tendered pursuant to the Indenture, plus, in the case of purchase pursuant to the exercise of a Demand Purchase Option, accrued and unpaid interest thereon to the date of purchase.

"Record Date" means (i) so long as the Bonds bear interest at the Short Term Rate, the Business Day next preceding any Interest Payment Date, and (ii) so long as the Bonds bear interest at the Long Term Rate or a Fixed Rate, the 15th day of the calendar month next preceding any Interest Payment Date.

"Reserved Rights" means amounts payable by the Company to the Issuer under the Loan Agreement in respect of its fees and expenses, including attorney's fees and expenses, in connection with the issuance of the Bonds and the enforcement of its rights under the Loan Agreement, and its rights to indemnification and to receive certain notices.

"Short Term Interest Payment Date" means, for each Short Term Period, (i) the first day of each calendar month, (ii) any redemption date with respect to all of the Bonds, and (iii) the maturity date of the Bonds.

"Short Term Period" means (i) initially, the period from the date of issuance and delivery of the Bonds to and including the next succeeding Tuesday (unless the Bonds are issued and delivered on a Tuesday, in which case the first Interest Period shall include only such Tuesday), and (ii) thereafter any period of time of one week's duration, provided that the period commences on Wednesday of each week and continues through Tuesday of the following week.

"Short Term Rate" means the interest rate borne by the Bonds during any Short Term Period established pursuant to the Indenture.

"Substitute Credit Facility" means a letter of credit, line of credit, insurance policy or other credit facility securing the payment of the principal and Purchase Price of, redemption premium (if any) and interest on the Bonds, delivered to the Trustee in accordance with the Loan Agreement.

"Tender Date" means during any Short Term Period, the seventh day (unless such day is not a Business Day, in which case the next succeeding Business Day) following receipt by the Trustee of notice from the Owner that such Owner has elected to tender bonds (as more fully described in Section 4.02 of the Indenture).

"Trustee" means The Bank of New York, as trustee for the Bonds under the Indenture, its successors and any corporation resulting from or surviving any consolidation or merger to which it or its successors may be a party, and any successor trustee at the time serving as successor trustee under the Indenture. "Principal Office" of the Trustee means The Bank of New York, 101 Barclay Street, 8th Floor West, New York, New York 10286, Attention: Corporate Trust Trustee Administration, or such other address as may be designated in writing to the Remarketing Agent, the Issuer and the Company.

Short Term Period

From the date of issuance of the Bonds until the next following Conversion Date and from any subsequent Conversion Date after which the Bonds will bear interest at a Short Term Rate until the next following Conversion Date, the Bonds shall bear interest at a Short Term Rate, as hereinafter described.

The Short Term Rate for each Short Term Period will be determined by the Remarketing Agent on the first day of each Short Term Period, as follows: the interest rate for each Short Term Period shall be established at a rate equal to the interest rate per annum that, in the sole judgment of the Remarketing Agent, taking into account prevailing financial market conditions, would be the minimum interest rate required to sell

the Bonds at a price equal to 100% of the principal amount thereof on such date. Upon determining the Short Term Rate for each Short Term Period, the Remarketing Agent shall notify the Trustee and the Company of such rate by telephone or such other manner as may be appropriate by not later than 2:00 P.M. New York City time on the date of such determination, which notice shall be promptly confirmed in writing. The determination of the Short Term Rate (absent manifest error) shall be conclusive and binding upon the Issuer, the Company, the Trustee, the Credit Provider (if any) and the Owners of the Bonds. If for any reason the Remarketing Agent shall fail to establish the Short Term Rate for any Short Term Period, the Bonds shall bear interest during such Short Term Period at a rate equal to the BMA Municipal Swap Index in effect on the day on which the Short Term Rate on the Bonds was to be set.

Long Term Period

From any Conversion Date after which the Bonds will bear interest at a Long Term Rate until the next following Conversion Date or the maturity date of the Bonds, the Bonds will bear interest at a Long Term Rate, as hereinafter described.

The Long Term Rate for each Long Term Period will be determined by the Remarketing Agent, as follows: the interest rate for each Long Term Period shall be established at a rate equal to the interest rate per annum that, in the sole judgment of the Remarketing Agent, taking into account prevailing financial market conditions, would be the minimum interest rate required to sell the Bonds at a price equal to 100% of the principal amount thereof on the date on which the Long Term Period begins. The Long Term Rate shall be determined by the Remarketing Agent not later than the 5th day preceding the commencement of such Long Term Period, and the Remarketing Agent shall notify the Trustee and the Company thereof by telephone or such other manner as may be appropriate by not later than 2:00 P.M. New York City time on such date, which notice shall be promptly confirmed in writing. The determination of the Long Term Rate (absent manifest error) shall be conclusive and binding upon the Company, the Trustee, the Credit Provider (if any) and the Owners of the Bonds. If for any reason the Remarketing Agent shall fail to establish the Long Term Rate for any Long Term Period, the Bonds shall be deemed to be in a Short Term Period and the initial Short Term Rate shall be the BMA Municipal Swap Index in effect on the day on which the Long Term Rate on the Bonds was to be set.

The Company is authorized to adjust the duration of each Long Term Period. In that connection, the Company shall instruct the Remarketing Agent, not later than the 30th day prior to the commencement of such Long Term Period, to determine the Long Term Rate on the basis of a Long Term Period ending on a specified date that is the last day of any calendar month that is an integral multiple of 12 calendar months from the beginning of such Long Term Period or the maturity date of the Bonds. In the event the Company elects at the end of a Long Term Period to have another Long Term Period applicable to the Bonds, the Company shall notify the Trustee in writing, on the date such instruction is provided to the Remarketing Agent, of such an election with respect to the Long Term Period and of the date on which such new Long Term Period shall begin, and shall furnish to the Trustee, with such notification, an opinion of Bond Counsel to the effect that such election of such Long Term Period will not adversely affect the exclusion of interest on the Bonds from gross income for federal income tax purposes. The delivery by the Company to the Trustee of a letter from Bond Counsel confirming the opinion accompanying the Company notification described above on the first day of such Long Term Period is a condition precedent to the beginning of such Long Term Period. In the event the Company fails to deliver to the Trustee the letter of Bond Counsel referred to in the preceding sentence, the Bonds shall continue to bear interest for an Interest Period of the same duration as the Interest Period last in effect, with the interest rate for such Interest Period to be determined as provided in the Indenture.

Fixed Rate Period

From any Conversion Date to a Fixed Rate Period, the Bonds will bear interest at a Fixed Rate until the maturity date of the Bonds, as hereinafter described.

The Fixed Rate will be determined by the Remarketing Agent, as follows: the interest rate for the Fixed Rate Period shall be established at a rate equal to the interest rate per annum that, in the sole judgment of the Remarketing Agent, taking into account prevailing financial market conditions, would be the minimum interest rate required to sell the Bonds at a price equal to 100% of the principal amount thereof on the date on which the Fixed Rate Period begins. The Fixed Rate shall be determined by the Remarketing Agent not later than the 5th day preceding the commencement of such Fixed Rate Period, and the Remarketing Agent shall notify the Trustee and the Company thereof by telephone or such other manner as may be appropriate by not later than 2:00 P.M. New York City time on such date, which notice shall be promptly confirmed in writing. The determination of the Fixed Rate (absent manifest error) shall be conclusive and binding upon the Issuer, the Company, the Trustee, the Credit Provider (if any), and the Owners of the Bonds. If for any reason the Remarketing Agent shall fail to establish the Fixed Rate for the Fixed Rate Period, the Bonds shall be deemed to be in a Short Term Period and the initial Short Term Rate shall be the BMA Municipal Swap Index in effect on the day on which the Fixed Rate on the Bonds was to be set.

The Company shall instruct the Remarketing Agent, not later than the 30th day prior to the commencement of such Fixed Rate Period, to determine the Fixed Rate on the basis of the maturity of the Bonds. In the event the Company elects to convert to the Fixed Rate, the Company shall notify the Trustee in writing, on the date such instruction is provided to the Remarketing Agent, of such an election with respect to the Fixed Rate Period and of the date on which such new Fixed Rate Period shall begin, and shall furnish to the Trustee, with such notification, an opinion of Bond Counsel to the effect that such election of such Fixed Rate Period will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Bonds. The delivery by the Company to the Trustee of a letter from Bond Counsel confirming the opinion accompanying the Company notification described above on the first day of the Fixed Rate Period is a condition precedent to the beginning of the Fixed Rate Period. In the event that the Company fails to deliver to the Trustee the letter of Bond Counsel referred to in the preceding sentence, the Bonds shall continue to bear interest for an Interest Period of the same duration as the Interest Period last in effect, with the interest rate for such Interest Period to be determined as provided in this Indenture.

Conversion Option

The Company shall have the option (the "Conversion Option") to direct a change in the type of Interest Period to another type of Interest Period by delivering to the Trustee and the Remarketing Agent written instructions setting forth (i) the Conversion Date, (ii) the new type of Interest Period, (iii) if the new type of Interest Period is a Short Term Period or a Long Term Period, the duration of such period (the Fixed Rate Period shall extend to the maturity of the Bonds) and (iv) whether such Interest Period will be a Credit Facility Period. If the new Interest Period is a Long Term Period or a Fixed Rate Period and will be a Credit Facility Period, such instructions must be accompanied by a Substitute Credit Facility or by an amendment to the existing Credit Facility, providing for the payment of the redemption premium (if any) on the Bonds during such Long Term Period or a Fixed Rate Period. Such instructions shall be delivered at least 30 days prior to the first day of such new Interest Period. With such instructions the Company shall furnish to the Trustee an opinion of Bond Counsel to the effect that such change in Interest Period will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes. The delivery by the Company to the Trustee of a letter from Bond Counsel confirming the opinion accompanying the

Company notification described above on the Conversion Date is a condition precedent to the change in the type of Interest Period. In the event that the Company fails to deliver to the Trustee the letter of Bond Counsel referred to in the preceding sentence, the Bonds shall continue in the Interest Period in place at the time of exercise of the Conversion Option.

Any change in the type of Interest Period must comply with the following: (i) the Conversion Date must be the day following the end of an Interest Period and (ii) no change in Interest Period shall occur after an Event of Default shall have occurred and be continuing.

Mandatory Purchase of Bonds on Mandatory Purchase Date

The Bonds shall be subject to mandatory tender by the Owners thereof for purchase on each Mandatory Purchase Date. In connection with any such mandatory purchase, the Trustee shall deliver or mail by first class mail a notice in substantially the form attached to the Indenture at least 15 days prior to the Mandatory Purchase Date to the Owners of the Bonds at the address shown on the registration books of the Issuer. Any notice given by the Trustee as provided in the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner receives such notice. Failure to mail any such notice, or the mailing of defective notice, to any Owner shall not affect the proceeding for purchase as to any Owner to whom proper notice is mailed.

Owners of Bonds shall be required to tender their Bonds to the Trustee for purchase at the Purchase Price, no later than 10:00 A.M. New York City time on the Mandatory Purchase Date, and any such Bonds not so tendered by such time on the Mandatory Purchase Date ("Untendered Bonds") shall be deemed to have been purchased pursuant to this Section. In the event of a failure by an Owner of Bonds to tender its Bonds on or prior to the Mandatory Purchase Date, said Owner shall not be entitled to any payment (including any interest to accrue subsequent to the Mandatory Purchase Date) other than the Purchase Price for such Untendered Bonds, and any Untendered Bonds shall no longer be entitled to the benefits of the Indenture, except for the payment of the Purchase Price therefor.

Demand Purchase Option

Any Bond bearing interest at the Short Term Rate shall be purchased from the Owner thereof at the Purchase Price as hereinafter provided. For so long as the book-entry system of registration is in effect for the Bonds, the ownership interest of any Beneficial Owner of a Bond (or portion thereof in an authorized denomination) bearing interest at the Short Term Rate shall be purchased at the Purchase Price if such Beneficial Owner causes the DTC Participant through whom such Beneficial Owner holds such Bonds to (i) deliver to the Trustee at its Principal Office and to the Remarketing Agent at its Principal Office a notice which (a) states the aggregate amount of the beneficial ownership interest to be purchased, and (b) states the date on which such beneficial interest is to be purchased, which date shall be a Tender Date not prior to the seventh day next succeeding the date of delivery of such notice; and (ii) on the same date as delivery of the notice referred to in (i) above, deliver a notice to DTC irrevocably instructing it to transfer on the registration books of DTC the beneficial ownership interests in such Bond or portion thereof to the account of the Trustee, for settlement on the purchase date on a "free delivery" basis, with a copy of such notice delivered to the Trustee on the same date; and if such beneficial interests are to be purchased prior to the next succeeding Interest Payment Date and after the Record Date in respect thereof, a due bill, payable to bearer, for interest due on such Interest Payment Date, shall be delivered to the DTC Participant by the Beneficial Owner giving notice of such tender.

In the event the book-entry system of registration is no longer in effect with respect to the Bonds, the ownership interest of any Owner of a Bond (or portion thereof in an authorized denomination) bearing interest at the Short Term Rate shall be purchased at the Purchase Price upon (i) delivery to the Trustee at its Principal Office and to the Remarketing Agent at its Principal Office of a written notice (said notice to be irrevocable and effective upon receipt) which states (a) the aggregate principal amount and Bond number of each Bond to be purchased; and (b) states the date on which such Bond is to be purchased, which date shall be a Tender Date not prior to the seventh day next succeeding the date of delivery of such notice; and (ii) delivery to the Trustee at its Principal Office at or prior to 10:00 A.M. New York City time on the date designated for purchase in the notice described in (i) above of each Bond to be purchased, with an appropriate endorsement for transfer or accompanied by a bond power endorsed in blank, and if such Bond is to be purchased prior to the next succeeding Interest Payment Date and after the Record Date in respect thereof, a due bill, payable to bearer, for interest due on such Interest Payment Date.

Funds for Purchase of Bonds

On the date Bonds are to be purchased pursuant to either the Mandatory Purchase provisions or the Demand Purchase Option provisions described above, such Bonds shall be purchased at the Purchase Price only from the funds listed below. Subject to the provisions of the Indenture, funds for the payment of the Purchase Price shall be derived from the following sources in the order of priority indicated:

(i) the proceeds of the sale of such Bonds that have been remarketed by the Remarketing Agent and which proceeds are on deposit with the Trustee prior to 12:00 p.m. New York City time on the Business Day preceding the date such Bonds are to be purchased but, during any Credit Facility Period, only if such Bonds were purchased by an entity other than the Company or the Issuer, or any affiliate of the foregoing;

(ii) moneys drawn by the Trustee under the Credit Facility, during any Credit Facility Period, pursuant to and as described in the Indenture; and

(iii) any other moneys furnished to the Trustee and available for such purpose.

Extraordinary Redemption

During any Long Term Period or the Fixed Rate Period, the Bonds are subject to redemption in whole by the Company, at its option, at a redemption price equal to 100% of the outstanding principal amount thereof plus accrued interest to the redemption date, in the event all or substantially all of the Project shall have been damaged or destroyed, or there occurs the condemnation of all or substantially all of the Project or the taking by eminent domain of such use or control of the Project as to render it, in the judgment of the Company, unsatisfactory for its intended use for a period of time longer than one year.

Optional Redemption by the Company

During any Short Term Period, the Bonds are subject to redemption by the Issuer, at the option of the Company in whole at any time or in part on any Interest Payment Date, less than all of such Bonds to be selected by lot or in such other manner as the Trustee shall determine (except as otherwise provided in the Indenture), at a redemption price equal to 100% of the outstanding principal amount thereof plus accrued interest to the redemption date.

On any Conversion Date, the Bonds are subject to redemption by the Issuer, at the option of the Company in whole or in part, less than all of such Bonds to be selected by lot or in such manner as the Trustee shall determine (except as otherwise provided in the Indenture), at a redemption price equal to 100% of the outstanding principal amount thereof plus accrued interest to the redemption date.

During any Long Term Period or the Fixed Rate Period, the Bonds are subject to redemption by the Issuer, at the option of the Company, on or after the First Optional Redemption Date, in whole at any time or in part on any Interest Payment Date, less than all of such Bonds to be selected by lot or in such other manner as the Trustee shall determine (except as otherwise provided in the Indenture), at the redemption prices (expressed as percentages of principal amount) set forth in the following table plus accrued interest to the redemption date:

Redemption Dates	**Redemption Prices**
First Optional Redemption Date through the last day of the twelfth calendar month following such First Optional Redemption Date	102%
First anniversary of the First Optional Redemption Date through the last day of the twelfth calendar month following such first anniversary	101%
Second anniversary of the First Optional Redemption Date and thereafter	100%

Notwithstanding the foregoing, so long as a Credit Facility is in effect with respect to the Bonds, Bonds may not be called for optional redemption unless the Trustee has been notified by the Credit Provider that sufficient moneys will be available under the Credit Facility to pay in full the principal of, redemption premium (if any) and accrued interest on the Bonds to be redeemed.

No optional redemptions shall be effected during the Short Term Period without the prior written consent of the Credit Provider.

Mandatory Redemption Upon Determination of Taxability

During any Long Term Period or the Fixed Rate Period, the Bonds shall be subject to mandatory redemption prior to maturity by the Issuer in whole and not in part on the earliest practicable date for which notice can be given following the occurrence of a Determination of Taxability, at a redemption price equal to 100% of the principal mount thereof plus accrued interest, if any, to the redemption date.

Notice of Redemption

Notice of the call for redemption, identifying the Bonds or portions thereof to be redeemed, shall be given by the Trustee by mailing a copy of the redemption notice by first class mail at least 30 days but not more than 60 days prior to the date fixed for redemption to the Owner of each Bond to be redeemed in whole

or in part at the address shown on the Bond Register. The Trustee may use "CUSIP" numbers in notices of redemption or purchase as a convenience to the Owners fo the Bonds, provided that any such notice shall state that no representation is made as to the correctness of such numbers either as printed on the Bonds or as contained in any notice of redemption or purchase. Any notice mailed in accordance with the Indenture shall be conclusively presumed to have been duly given, whether or not the Owner actually receives such notice. Failure to mail any such notice, or the mailing of defective notice, to any Owner, shall not affect the proceeding for redemption as to any Owner to whom proper notice is mailed.

BOOK-ENTRY ONLY SYSTEM

The information provided immediately below concerning DTC and the Book-Entry Only System has been obtained from DTC and is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter, the Issuer, the Trustee or the Company.

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 certificate will be issued for the aggregate principal amount of the Bonds and will be deposited with or for the benefit of 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, as amended. DTC holds securities that its participants ("Participants") deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

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

To facilitate subsequent transfers, all Bonds deposited by Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in

the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds. DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption notices shall be sent to Cede & Co. If less than all of the Bonds within an issue 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 Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Authority 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 payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on such date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Trustee or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to DTC are the responsibility of the Trustee, and disbursement of such payments to Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

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

The Issuer may decide to discontinue use of the system of book entry transfers through DTC (or a successor securities depository). In that event, if the Issuer does not appoint a successor depository, Bond certificates will be printed and delivered.

THE ISSUER, THE COMPANY, THE TRUSTEE AND THE UNDERWRITER CANNOT AND DO NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO ITS PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL DISTRIBUTE TO BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE BONDS OR (2) REDEMPTION OR OTHER NOTICES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT. THE CURRENT "RULES" APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION, AND THE CURRENT "PROCEDURES" OF DTC TO BE FOLLOWED IN DEALING WITH ITS PARTICIPANTS ARE ON FILE WITH DTC.

NEITHER THE ISSUER, THE UNDERWRITER, THE TRUSTEE NOR THE COMPANY WILL HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANT; (2) THE PAYMENT BY ANY PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OR REDEMPTION PRICE OF THE BONDS; (3) THE DELIVERY BY ANY SUCH DIRECT PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE INDENTURE TO BE GIVEN TO BONDHOLDERS; (4) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (5) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

SECURITY FOR THE BONDS

Limited Obligations

THE BONDS SHALL NOT BE DEEMED TO CONSTITUTE A GENERAL OBLIGATION OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, OR A PLEDGE OF THE FAITH AND CREDIT OR THE TAXING POWER OF THE STATE OF FLORIDA OR ANY POLITICAL SUBDIVISION THEREOF, INCLUDING THE ISSUER, BUT SHALL BE LIMITED OBLIGATIONS OF THE ISSUER PAYABLE SOLELY FROM THE MONEYS PLEDGED THEREFOR UNDER THE INDENTURE AND FROM AMOUNTS DRAWN UNDER THE CREDIT FACILITY AS DESCRIBED HEREIN.

Pledge of Trust Estate

The Bonds secured by and payable solely from the Trust Estate created under the Indenture, which consists of: (i) all right, title and interest of the Issuer in and to the Loan Agreement (except for the Reserved Rights) including, but not limited to, the present and continuing right to (a) make claim for, collect and receipt for any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under the Loan Agreement, to bring actions and proceedings thereunder or for the enforcement thereof, and to do any and all things which the Issuer is or may become entitled to do under the Loan Agreement; (ii) all right, title and interest of the Issuer in and to all moneys and securities from time to time held by the Trustee under the terms of the Indenture (other than moneys held for the payment of Purchase Price and moneys held in the Rebate Fund); (iii) all right, title and interest of the Issuer in and to the Credit Facility; and (iv) any and all other property rights of any kind from time to time hereafter by delivery or by writing of any kind granted, bargained, sold, alienated, demised, released, conveyed, assigned, transferred, mortgaged, pledged, hypothecated or otherwise subjected to the lien of the Indenture as and for additional security for the Bonds. The Bonds are not secured by any interest in any real or personal property or fixtures, including the Project.

THE CREDIT FACILITY

General

The Credit Facility will be an irrevocable direct-pay obligation of Bank of America, N.A. (the "Credit Provider") which will expire at the close of the Credit Provider's business on _____ ____, _____, unless terminated earlier in accordance with its terms or unless renewed or extended, to pay to the Trustee, upon request and in accordance with the terms thereof, an amount sufficient to pay (i) the principal of the Bonds or the portion of the Purchase Price corresponding to the principal of the Bonds (at maturity or upon acceleration or redemption prior to maturity) and (ii) 50 days' accrued interest (at a maximum rate of 10% per annum) on such Bonds or that portion of the Purchase Price corresponding to the interest accrued thereon.

During the term of the Credit Facility, the Trustee shall timely draw moneys under the Credit Facility in accordance with the terms thereof to pay when due (whether by reason of maturity, the occurrence of an Interest Payment Date, redemption, acceleration or otherwise) the principal of and interest on the Bonds; and to the extent moneys representing the proceeds of the remarketing of the Bonds are not available therefor, to pay when due the Purchase Price of Bonds.

In the event of a drawing under the Credit Facility to pay the Purchase Price of Bonds upon a mandatory purchase thereof relating to the issuance and delivery of a Substitute Credit Facility, the Trustee shall draw moneys under the Credit Facility and shall not draw upon the Substitute Credit Facility that will become effective on or after such mandatory purchase.

Notwithstanding any provision to the contrary which may be contained in the Indenture, (i) in computing the amount to be drawn under the Credit Facility on account of the payment of the principal or Purchase Price of, or interest on the Bonds, the Trustee shall exclude any such amounts in respect of any Bonds which are Pledged Bonds on the date such payment is due, and (ii) amounts drawn by the Trustee under the Credit Facility shall not be applied to the payment of the principal or Purchase Price of, or premium, if any, or interest on, any Bonds which are Pledged Bonds on the date such payment is due.

After any drawing under the Credit Facility with respect to payment of interest, or the portion of Purchase Price of Bonds corresponding to interest, on the Bonds the obligation of the Credit Provider to honor such drawings for interest will automatically be reinstated up to the total amount specified therein, upon the terms and conditions set forth in the Credit Facility. Upon release by or on behalf of the Credit Provider pursuant to the Credit Agreement of any Pledged Bonds, the obligation of the Credit Provider to honor demands for payment under the Credit Facility with respect to payment of the principal, or the portion of Purchase Price of Bonds corresponding to principal, of the Bonds will be automatically reinstated up to the total amount specified therein upon the terms and conditions set forth in the Credit Facility.

Substitute Credit Facility

Under the terms of the Indenture and the Loan Agreement, the Company may provide for delivery to the Trustee of a Substitute Credit Facility. The Bonds shall be subject to mandatory tender for purchase in connection with the delivery of a Substitute Credit Facility under the circumstances hereinabove described. The term of a Substitute Credit Facility must begin on or prior to the expiration date of the Credit Facility then in effect and end not less than 15 days after an Interest Payment Date. The Trustee shall surrender the Credit Facility for cancellation in accordance with its terms upon the provision of a Substitute Credit Facility.

Any Substitute Credit Facility delivered to the Trustee or Credit Facility Trustee after the initial Credit Facility must be accompanied by an opinion of Bond Counsel stating that delivery of the Substitute Credit

Facility will not adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation.

The Credit Provider does not control the Company, either directly or indirectly through one or more controlled companies, within the meaning of Section 2(a)(9) of the Investment Company Act of 1940. Likewise, the Company does not control the Credit Provider, either directly or indirectly through one or more controlled companies, within the meaning of Section 2(a)(9) of the Investment Company Act of 1940.

THE LETTER OF CREDIT AGREEMENT

[*The following is a summary of certain provisions of the Letter of Credit Agreement pursuant to which the Credit Facility will be issued. This summary should not be regarded as a full statement of the document itself or of the portions summarized. Reference is made to the Letter of Credit Agreement, copies of which are on file at the principal corporate trust office of the Trustee, for a complete statement of the provisions thereof. Any agreement pursuant to which a Substitute Credit Facility is issued may have terms substantially different from those of the Letter of Credit Agreement.*

Reimbursement of Drawings and Payment of Fees and Expenses

Under the Letter of Credit Agreement, the Company agrees to pay to the Credit Provider (i) immediately after any drawing under the Credit Facility to pay principal of or interest (or the portion of the Purchase Price of Bonds corresponding to interest) on the Bonds, an amount equal to the amount of such drawing, and (ii) within 367 days after a drawing under the Credit Facility to pay the portion of the Purchase Price of Bonds corresponding to principal, an amount equal to the amount of such drawing, together with interest on such amount from the date of drawing of such amount until payment thereof at the rate per annum specified in the Letter of Credit Agreement. The Company also agrees to pay to the Credit Provider interest on any and all amounts required to be paid as provided in the foregoing sentence from and after the due date thereof until payment in full at the rate per annum specified in the Letter of Credit Agreement. In addition, the Company agrees to pay to the Credit Provider certain fees relating to the issuance and maintenance of the Credit Facility and drawings made thereunder, and any costs and expenses of the Credit Provider incurred in enforcing its rights under the Letter of Credit Agreement.

As security for the payment of the obligations of the Company pursuant to clause (ii) above, the Company will pledge to and grant to the Credit Provider a security interest in, its right, title and interest in and to Pledged Bonds delivered to the Credit Provider in connection with any such drawing.

Certain Affirmative and Negative Covenants

Subject to certain exceptions and limitations specified in the Letter of Credit Agreement, the Company affirmatively covenants in the Letter of Credit Agreement to comply with all covenants set forth in that certain Amended and Restated Revolving Credit Agreement, dated as of April 1, 1997 (the "Existing Credit Agreement"), as now or hereafter amended, by and among the Company, as borrower, the banks, financial institutions and other institutional lenders named as parties thereto (including the Credit Provider), and Citibank, N.A., as administrative agent.

Events of Default

The occurrence of any of the following events with respect to a Company constitutes an event of default under the Letter of Credit Agreement:

(i) the occurrence of a "Default" or an "Event of Default" as described and defined in the Loan Agreement, the Indenture or the Remarketing Agreement (collectively, the "Operative Documents");

(ii) failure of the Company to pay any amount when due under the terms of the Letter of Credit Agreement, and the continuation of such failure for a period of ten (10) days;

(iii) the occurrence and continuation of and "Event of Default" under the Existing Credit Agreement which has not been waived by the parties to the Existing Credit Agreement, provided that if the Credit Provider is not a party to the Existing Credit Agreement at the time such Event of Default is waived, such waiver is otherwise satisfactory to the Credit Provider;

(iv) failure on the part of the Company to perform or observe any other term, covenant or agreement contained in the Letter of Credit Agreement or in any of the Operative Documents to which it is a party on its part to be performed or observed, after the expiration of any grace period applicable thereto;

(v) any warranty, representation or other written statement made by or on behalf of the Company contained in the Letter of Credit Agreement, in any of the other Operative Documents to which it is a party or in any instrument furnished in compliance with or in reference to the Letter of Credit Agreement is false or misleading in any material respect on the date as of which made;

(vi) the Company shall fail to pay its debts generally as they come due, or shall file any petition or action for relief under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors;

(vii) an involuntary petition shall be filed under any bankruptcy statute against the Company, or a custodian, receiver, trustee, assignee for the benefit of creditors (or other similar official) shall be appointed to take possession, custody, or control of the properties of the Company, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within 60 days from the date of said filing or appointment; or

(viii) any default shall occur under any other agreement involving the material borrowing of money or the material extension of credit under which the Company may be obligated as borrower or guarantor, if such default consists of the failure to pay any indebtedness when due or if such default causes the acceleration of any indebtedness or the termination of any commitment to lend, or if such default permits, or would permit with notice and/or the passage of time, the holder of any such obligation to accelerate any indebtedness or to terminate any commitment to lend.

Upon the occurrence of an Event of Default under the Letter of Credit Agreement, the Credit Provider may, in its sole discretion, but shall not be obligated to, (1) by notice to the Company, declare all amounts payable by the Company under the Letter of Credit Agreement to be immediately due and payable, and/or (2) exercise all of its rights and remedies under the Operative Documents and/or (3) by notice to the Trustee, require the Trustee to accelerate payment of all Bonds and interest accrued thereon as provided in the Indenture.]

THE LOAN AGREEMENT

The following is a summary of certain provisions of the Loan Agreement, to which reference is made for the detailed provisions thereof.

Refunding of Prior Bonds

Subject to certain conditions, the Company has agreed to use the proceeds of the Bonds solely to refund the Prior Bonds.

Loan Payments

The Issuer will loan the proceeds of the Bonds to the Company upon the issuance and delivery thereof. The Company shall make payments to the Trustee on or before any Interest Payment Date for the Bonds or any other date that any payment of interest, premium, if any, or principal or Purchase Price is required to be made in respect of the Bonds pursuant to the Indenture, until the principal of, premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Indenture, in immediately available funds, in amounts which, together with any other moneys available for such payments in any account of the Bond Fund, will enable the Trustee to pay the amount payable on such date as Purchase Price or principal of (whether at maturity or upon redemption or acceleration or otherwise), premium, if any, and interest on the Bonds as provided in the Indenture; provided, however, that the obligation of the Company to make any payment under the Loan Agreement shall be deemed satisfied and discharged to the extent of the corresponding payment made by the Credit Provider to the Trustee under the Credit Facility. The Company's obligation to make payments under the Loan Agreement is absolute and unconditional, without defense or any right of setoff, counterclaim or recoupment arising out of any breach by the Issuer or the Trustee of any obligation to the Company, or out of any indebtedness or liability at any time owing to the Company by the Issuer or the Trustee.

Certain Covenants

The Company will maintain its corporate existence, will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another legal entity or permit one or more other legal entities to consolidate with or merge into it, without the prior written consent of the Credit Provider (during any Credit Facility Period) and the Trustee (during any Interest Period that is not a Credit Facility Period); provided, however, that the Company may consolidate with or merge into another corporation, or permit one or more other corporations to consolidate with or merge into it, or sell or otherwise transfer to another corporation all or substantially all its assets as an entirety and thereafter may (but shall not be required to) dissolve if (i) such merger or consolidation will not adversely affect the validity of the Bonds or the exemption from federal income tax of the interest paid on the Bonds or any other such tax-exempt bonds, (ii) such merger or consolidation does not result in any default in the performance or observance of any of the terms, covenants or agreements of the Indenture or the Loan Agreement or under the provisions of any agreement securing any indebtedness of the Company permitted under the Loan Agreement, which has a material adverse effect on its ability to perform thereunder, and (iii) the successor corporation has a Net Worth at least equal to that of the Company prior to such merger or sale and assumes in writing all the obligations of the Company in the Loan Agreement.

Indemnification

The Company has agreed to indemnify the Issuer and the Trustee against certain liabilities, claims, costs and expenses imposed upon or asserted against the Issuer or the Trustee. With respect to indemnification of the Issuer, such indemnification shall also include the Issuer's commissioners, directors, officers, employees and agents.

Events of Default and Remedies

The occurrence and continuation of any one of the following shall be a Default under the Loan Agreement:

(i) failure by the Company to make any loan payment when due;

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

(iii) the occurrence of certain events of bankruptcy, dissolution or liquidation of the Company; or

(iv) the occurrence of a Default under the Indenture.

Whenever any Default under the Loan Agreement shall have happened and be continuing, the Trustee, or the Issuer with the written consent of the Trustee, may take one or any combination of the following remedial steps:

(a) if the Trustee has declared the Bonds immediately due and payable pursuant to the Indenture, by written notice to the Company, declare an amount equal to all amounts then due and payable on the Bonds, whether by acceleration of maturity (as provided in the Indenture) or otherwise, to be immediately due and payable as liquidated damages under the Loan Agreement and not as a penalty, whereupon the same shall become immediately due and payable;

(b) have reasonable access to and inspect, examine and make copies of the books and records and any and all accounts, data and income tax and other tax returns of the Company during regular business hours of the Company if reasonably necessary in the opinion of the Trustee; or

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

Any amounts collected pursuant to the taking of the foregoing actions shall be paid into the Bond Fund and applied in accordance with the provisions of the Indenture.

Amendment

The Loan Agreement may not be effectively amended, changed, modified, altered or terminated without the written consent of the Trustee and, prior to the Credit Facility Termination Date and payment of all amounts payable to the Credit Provider under the Letter of Credit Agreement, the consent of the Credit Provider, in accordance with the provisions of the Indenture. See "THE INDENTURE - Supplemental Indentures; Amendment of Loan Agreement."

THE INDENTURE

The following is a summary of certain provisions of the Indenture, to which reference is made for the detailed provisions thereof.

Funds Created Under the Indenture

The Indenture establishes with the Trustee a Bond Fund into which will be deposited funds for the payment of principal and Purchase Price of, premium, if any, and interest on, the Bonds. The Indenture also establishes with the Trustee a Rebate Fund; the Rebate Fund is not pledged to the payment of the Bonds.

Investment of Funds

Any moneys held in any fund or account under the Indenture shall be invested and reinvested by the Trustee in accordance with the Indenture at the specific written direction of the Company and subject to the provisions of the Indenture.

Defaults and Remedies under the Indenture; Acceleration of the Bonds

Any of the following events will constitute a "Default" under the Indenture:

(i) default in the due and punctual payment of interest on any Bond;

(ii) default in the due and punctual payment of the principal of or premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by declaration;

(iii) default in the due and punctual payment of the Purchase Price of any Bond;

(iv) at any time during a Credit Facility Period, receipt by the Trustee, within 10 Business Days following a drawing under the Credit Facility to pay interest or the portion of the Purchase Price corresponding to interest on the Bonds, of written notice from the Credit Provider that the Credit will not be reinstated (in respect of interest) to an amount equal to at least 50 days' interest on all outstanding Bonds;

(v) at any time during the Credit Facility Period, receipt by the Trustee of written notice from the Credit Provider that an Event of Default has occurred under the Letter of Credit Agreement and instructing the Trustee to accelerate the Bonds;

(vi) at any time other than a Credit Facility Period, the occurrence of a Default under the Loan Agreement; or

(vii) at any time other than a Credit Facility Period, default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer in the Indenture or in the Bonds contained and failure to remedy the same after notice thereof as described in the Indenture.

Upon the occurrence and during the continuation of (a) any Default described in clause (i), (ii), (iii), (vi) or (vii) above, the Trustee may, and at the written request of the Owners of not less than fifty percent (50%) in aggregate principal amount of outstanding Bonds shall, or (b) any Default described in clause (iv) or (v) above, the Trustee shall, by notice in writing delivered to the Issuer and the Company (and to DTC, if the book-entry system of registration is in effect for the Bonds), declare the principal of all Bonds and the interest accrued thereon to the date of such acceleration immediately due and payable. Upon any declaration of acceleration under the Indenture, the Trustee shall immediately declare all payments required to be made by the Company under the Loan Agreement to be immediately due and payable and, during a Credit Facility Period, shall draw moneys under the Credit Facility to pay the principal of all outstanding Bonds and the accrued interest thereon to the date of acceleration to the extent required under the Indenture. Interest shall cease to accrue on the Bonds on the date of declaration of acceleration under the Indenture.

Subject to certain conditions set forth in the Indenture, the Trustee may waive any Default under the Indenture and its consequences and rescind any declaration of acceleration.

Supplemental Indentures; Amendment of Agreement

Subject to certain conditions and restrictions set forth in the Indenture, the Issuer and the Trustee may, with the consent of the Credit Provider and upon receipt of an opinion of Bond Counsel to the effect that the proposed supplemental indenture will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes and is authorized by the Indenture, and without consent of, or notice to, any of the Owners of Bonds, enter into an indenture or indentures supplemental to the Indenture for any one or more of the following purposes:

(i) to cure any ambiguity or formal defect or omission in the Indenture;

(ii) to grant to or confer upon the Trustee for the benefit of the Owners of Bonds any additional rights, remedies, powers or authorities that may lawfully be granted to or conferred upon the Owners of Bonds or the Trustee;

(iii) to subject to the Indenture additional revenues, properties or collateral;

(iv) to modify, amend or supplement the Indenture or any indenture supplemental hereof in such manner as to permit the qualification thereof under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect or to permit the qualification of the Bonds for sale under the securities laws of any of the states of the United States of America;

(v) to evidence the appointment of a separate or co-trustee or the succession of a new Trustee under the Indenture;

(vi) to correct any description of, or to reflect changes in, any of the properties comprising the Trust Estate;

(vii) to make any revisions of the Indenture that shall be required by Moody's or S&P in order to obtain or maintain an investment grade rating on the Bonds;

(viii) to make any revisions of the Indenture that shall be necessary in connection with the Company or the Issuer furnishing a Credit Facility;

(ix) to provide for an uncertificated system of registering the Bonds or to provide for changes to or from the Book-Entry System;

(x) to effect any other change herein which, in the judgment of the Trustee, is not to the prejudice of the Trustee or the Owners of Bonds; or

(xi) to make revisions to the Indenture that shall become effective only upon, and in connection with, the remarketing of all of the Bonds then Outstanding.

The Indenture also may be amended or supplemented from time to time with the consent of the Credit Provider and the Owners of not less than two-thirds (2/3) in aggregate principal amount of the Outstanding Bonds for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture or in any supplemental indenture; provided, however, that nothing in the Indenture shall permit, or be construed as permitting, without the consent of the Credit Provider and the Owners of all Bonds Outstanding, (i) an extension of the maturity of the principal of, or the interest on, any Bond issued thereunder, (ii) a reduction in the principal amount or Purchase Price of, or redemption premium on, any Bond or the rate of interest thereon, (iii) a privilege or priority of any Bond or Bonds over any other Bond or Bonds, (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental indentures or any modifications or waivers of the provisions of the Indenture or the Loan Agreement, (v) the creation of any lien ranking prior to or on a parity with the lien of the Indenture on the Trust Estate or any part thereof, except as hereinbefore expressly permitted, or (vi) the deprivation of the Owner of any Outstanding Bond of the lien created by the Indenture on the Trust Estate.

The Issuer and the Trustee may, with the consent of the Credit Provider (during any Credit Facility Period) and upon receipt of an opinion of Bond Counsel to the effect that the proposed amendment will not adversely affect the excludability of interest on the Bonds from gross income for federal income tax purposes and is authorized by the Indenture, and without the consent of or notice to the Owners of Bonds, consent to any amendment, change or modification of the Loan Agreement; provided that no amendment may be made which would materially adversely affect the rights of the Owners of Outstanding Bonds without the consent of the Owners of not less than two-thirds (2/3) in aggregate principal amount of the Bonds then Outstanding; and no amendment may be made which would permit the termination or cancellation of the Loan Agreement or a reduction in or postponement of the payments under the Loan Agreement or any change in the provisions relating to payment thereunder without the consent of all of the Owners of the Bonds.

Discharge of Indenture

If the Issuer shall pay or cause to be paid, in accordance with the provisions of the Indenture, to the Owners of the Bonds, the principal of, premium, if any, and interest due or to become due thereon, and if the Issuer shall not then be in default in any of the other covenants and promises in the Bonds and in the

Indenture, and if the Issuer shall pay or cause to be paid to the Trustee all sums of money due or to become due, then whereupon the Trustee shall cancel and discharge the lien of the Indenture, and execute and deliver to the Issuer such instruments in writing as shall be requisite to release the lien of the Indenture and reconvey to the Issuer any and all of the estate, right, title and interest in and to any and all rights or property conveyed, assigned or pledged to the Trustee or otherwise subject to the lien of the Indenture, except (i) amounts in any account or fund required to be paid to the Credit Provider or the Company and (ii) cash held by the Trustee for the payment of the principal or Purchase Price of, premium, if any, or interest on particular Bonds.

Provision for the payment of any Bond shall be deemed to have been made when, subject to certain provisions of the Indenture, any Bond shall be deemed to be paid within the meaning of the Indenture and for all purposes of the Indenture when (i) payment of the principal of and premium, if any, on such Bond, plus interest thereon to the due date thereof either (a) shall have been made or caused to be made in accordance with the terms thereof, or (b) shall have been provided for by irrevocably depositing with the Trustee, in trust and irrevocably set aside exclusively for such payment, (1) moneys sufficient to make such payment or (2) Government Obligations maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, (ii) all necessary and proper fees, compensation and expenses of the Trustee and the Issuer pertaining to the Bonds with respect to which such deposit is made shall have been paid or the payment thereof provided for to the satisfaction of the Trustee, and (iii) during any Credit Facility Period, the Issuer shall have given to the Trustee in form satisfactory to the Trustee an opinion of nationally recognized counsel experienced in bankruptcy matters, which opinion shall be satisfactory to the rating agency (if any) then providing the rating borne by the Bonds, to the effect that the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Act of Bankruptcy (as defined in the Indenture).

Concerning the Trustee

The Indenture provides that the Trustee shall not be answerable for the exercise of any discretion or power under the Indenture or for anything whatsoever in connection with the trust created except for its own bad faith, gross negligence or willful misconduct. The Trustee may buy, sell, own and hold any of the Bonds and may join in any action which any Bondholders may be entitled to take with like effect as if the Trustee were not a party to the Indenture. The Trustee may also engage in, or be interested in, any financial or other transaction with the Company and the Issuer.

The Indenture provides that the Trustee may resign on not less than 30 days' written notice to the Issuer, the Company, the Credit Provider and the Remarketing Agent, but such resignation shall not take effect (i) until the appointment of a successor Trustee or temporary Trustee and the transfer to said successor or temporary Trustee of the Credit Facility, and (ii) payment in full of all fees and expenses and other amounts payable to the Trustee pursuant thereto or the Loan Agreement. The Trustee may also be removed by the Owners of a majority in principal amount of the Outstanding Bonds. In case the Trustee shall resign or be removed, a successor may be appointed by the Owners of at least a majority in aggregate principal amount of Outstanding Bonds. In case of any such vacancy, the Issuer may appoint a temporary successor Trustee to fill such vacancy until a successor Trustee shall be appointed by the Owners of Bonds. If no successor Trustee has accepted appointment within sixty (60) days after the giving of notice of resignation or removal as described above, the Trustee may, at the expense of the Company, petition any court of competent jurisdiction for the appointment of a temporary successor Trustee; provided that any Trustee so appointed shall immediately and without further act be superseded by a Trustee appointed by the Issuer or the Owners of Bonds. Every successor Trustee appointed shall be a bank or trust company in good standing and having reported capital and surplus of not less than $50,000,000 and rated Baa3/Prime-3 or better by Moody's

Investors Service, Inc. (or a substantially equivalent rating by such other rating agency then providing the rating borne by the Bonds). The Issuer shall cause notice of each appointment of a successor Trustee to be given by mailing written notice of such event by first class mail, postage prepaid, to each Bondholder.

THE TRUSTEE

The Bank of New York, New York, New York, is the Trustee under the Indenture and will also serve as registrar, authenticating agent and paying agent for the Bonds. A successor Trustee may be appointed in accordance with the terms of the Indenture. See "THE INDENTURE" herein. The Principal Office of the Trustee is The Bank of New York, 101 Barclay Street, 8th Floor West, New York, New York 10286, Attention: Corporate Trust Trustee Administration.

THE REMARKETING AGENT

Banc of America Securities LLC will serve as the initial Remarketing Agent for the Bonds under the Indenture and a Remarketing Agreement, dated as of May 1, 2002, between the Company and the Remarketing Agent. A successor Remarketing Agent may be appointed in accordance with the terms of the Indenture and the Remarketing Agreement. The Principal Office of the Remarketing Agent is Banc of America Securities LLC,NC1-005-12-03, 121 West Trade Street, Charlotte, North Carolina 28255, Attention: Municipal Trading and Underwriting.

UNDERWRITING

Banc of America Securities LLC (the "Underwriter") has agreed to purchase the Bonds pursuant to a Bond Purchase Agreement among the Issuer, the Company and the Underwriter (the "Bond Purchase Agreement") at a purchase price of 100% of the principal amount of the Bonds. Under the terms of the Bond Purchase Agreement, the Underwriter will receive an underwriting fee in the amount of $86,662.50 plus reimbursement of reasonable expenses. The Underwriter's obligation to purchase the Bonds under the Bond Purchase Agreement is subject to certain conditions. The Underwriter has agreed under the Bond Purchase Agreement to purchase all of the Bonds if any Bonds are purchased.

TAX MATTERS

In the opinion of Smith, Hulsey & Busey, Bond Counsel, under existing laws, regulations and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes except for interest on any Bond for any period during which such Bond is held by a "substantial user" of the Project or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). In addition, the opinion of Bond Counsel will state that the interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, and that such interest is exempt from taxation under the laws of the State of Florida, except estate taxes and taxes imposed by Chapter 220, Florida Statutes on interest, income or profits on debt obligations owned by corporations. The opinions set forth in the preceding sentence are subject to the condition that the Company comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Company has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

Except as described above, Bond Counsel will express no opinion regarding the federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Bonds. Prospective purchasers of the Bonds should be aware that the ownership of Bonds may result in other collateral federal tax consequences, including (i) the denial of a deduction of interest on indebtedness incurred, or continued, to purchase or carry the Bonds or, in the case of a financial institution, that portion of the owner's interest expense allocable to interest on the Bonds, (ii) the reduction of the loss reserve deduction for property and casualty insurance companies by 15 percent of certain items, including interest on the Bonds, (iii) the inclusion of interest on Bonds in the earnings of certain foreign corporations doing business in the United States for purposes of a branch profits tax, (iv) the inclusion of interest on the Bonds in the passive income subject to federal income taxation of certain "S" corporations with Subchapter C earnings and profits at the close of the taxable year and (v) the inclusion in gross income of interest on the Bonds by recipients of certain Social Security and Railroad Retirement benefits.

LEGAL MATTERS

The authorization and issuance of the Bonds by the Issuer are subject to the approving opinion of Smith, Hulsey & Busey, Bond Counsel, whose approving opinion will be delivered simultaneously with the issuance of the Bonds. See Appendix C- "FORM OF OPINION OF BOND COUNSEL" for a form of the opinion Bond Counsel expects to deliver in connection with the issuance of the Bonds. Certain legal matters will be passed upon for the Issuer by its counsel, Michael S. Mullin, Esq., Fernandina Beach, Florida. Certain legal matters will be passed upon for the Company by its Corporate Secretary and Associate General Counsel, John Canning, Esq., for the Credit Provider by its counsel, Moore & Van Allen, PLLC, Charlotte, North Carolina, and for the Underwriter by its counsel, Moyle, Flanigan, Katz, Raymond & Sheehan, P.A., West Palm Beach, Florida.

ENFORCEABILITY OF REMEDIES

The enforceability of the rights and remedies of the Trustee or the owners of the Bonds under the Indenture, the Loan Agreement and the Credit Facility may be dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including the Federal Bankruptcy Code, the enforceability of such rights and remedies under the Indenture, the Loan Agreement and the Credit Facility may be limited.

The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by situations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally, and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

REQUESTS FOR INFORMATION

The Company has agreed to provide any additional information necessary to verify the accuracy of the information contained herein or in any documents or filings included herein by reference, to the extent it possesses such information or can acquire it without unreasonable effort or expense. Any request for information or for copies of any of the documents described herein should be directed to Rayonier Inc., 1177 Summer Street, Stamford, Connecticut 06905, Attention: Corporate Secretary; Telephone (203)348-7000. Copies of the Indenture, the Loan Agreement and the Credit Facility will also be available for inspection during normal business hours at the Principal Office of the Trustee, whose address is set forth herein under the heading "THE TRUSTEE".

MISCELLANEOUS

Brief descriptions of the Issuer, the Bonds, the Indenture, the Loan Agreement, the Letter of Credit Agreement and the Credit Facility, and certain information about the Company and the Credit Provider, including information contained in the documents incorporated by reference herein, are included in this Official Statement. Such descriptions do not purport to be comprehensive or definitive. All references in this Official Statement to the Indenture, the Loan Agreement and the Letter Credit Agreement are qualified in their entirety by reference to such documents. References herein to the Bonds are qualified in their entirety by reference to the definitive forms thereof included in the Indenture and references herein to the Credit Facility are qualified in their entirety by reference to the executed original of such instrument held by the Trustee, as well as by the information with respect to the Bonds and the Credit Facility included in the aforementioned documents, copies of which are on file at the principal offices of the Company and the Principal Office of the Trustee and may be obtained on request as set forth herein under the heading "REQUESTS FOR INFORMATION." Any statements made in this Official Statement, including the documents included herein by reference, involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

This Official Statement has been duly authorized by the Issuer.

NASSAU COUNTY, FLORIDA

By_____

Chairman
Board of County Commissioners

APPENDIX A

RAYONIER INC.

Rayonier Inc. ("Rayonier" or the "Company"), including its subsidiaries, is a leading international forest products company primarily engaged in the trading, merchandising and manufacturing of logs, timber and wood products, and in the production and sale of high-value-added specialty pulps. Rayonier owns, leases, manages or controls approximately 1.5 million acres of timberland in the United States and New Zealand. In addition, the Company operates two pulp mills and two lumber manufacturing facilities in the United States and a medium-density fiberboard plant in New Zealand.

Rayonier traces its origins to the Rainier Pulp & Paper Company founded in Shelton, Washington, in 1926. In 1937 it became "Rayonier Incorporated," a public company traded on the New York Stock Exchange ("NYSE"), until 1968, when it became a wholly-owned subsidiary of ITT Corporation, now known as ITT Industries, Inc. ("ITT"). On February 28, 1994, Rayonier again became an independent public company when ITT distributed all of Rayonier's Common Shares to ITT stockholders. Rayonier shares are publicly traded on the NYSE under the symbol RYN.

Rayonier operates in two major business segments, Timber and Wood Products and Specialty Pulp Products. The Timber and Wood Products segment includes two reportable business units under Statement of Financial Accounting Standards ("SFAS") No. 131, "Disclosures About Segments of an Enterprise and Related Information," Forest Resources and Trading, and Wood Products. Chemical Cellulose, and Fluff and Specialty Paper Pulps, are product lines within the Specialty Pulp Products segment.

Rayonier is a North Carolina corporation with its executive offices at 1177 Summer Street, Stamford, Connecticut 06905-5529. Its telephone number is (203) 348-7000.

INCLUSION OF CERTAIN DOCUMENTS BY REFERENCE

The Company's Annual Report on form 10-K for the year ended December 31, 2001, which has been filed by the Company with the Securities and Exchange Commission (the "Commission") pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934 (the "Exchange Act"), is included in this Official Statement by reference thereto.

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Official Statement and prior to the termination of the offering made hereby shall be deemed to be included in this Official Statement by reference and to be a part hereof from the date of filing of such documents. Any statement contained in a document included or deemed to be included by reference herein shall be deemed to be modified or superseded for purposes of this Official Statement to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be included by reference herein modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Official Statement.

The Company will provide without charge to each person to whom this Official Statement is delivered, on the request of any such person, a copy of any or all of the foregoing documents included herein by reference (other than exhibits to such documents, unless such exhibits are specifically included by reference into such information). Written or telephone requests should be directed to Rayonier Inc., 1177 Summer Street, Stamford, Connecticut 06905, Attention: Corporate Secretary; Telephone (203)348-7000.

AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements and other information with the Commission. Such reports, proxy statements and other information can be inspected and copied at the office of the Commission, 450 Fifth Street, N.W., Washington, D.C. 20549, as well as the Regional Offices of the Commission at 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of such material can also be obtained by mail from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, the Commission maintains a Web site that contains reports, proxy and information statements and other information regarding registrants that file electronically with the Commission at http://www.sec.gov. Reports, proxy statements and other information concerning the Company can also be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005, on which certain of the Company's securities are listed.

APPENDIX B

CERTAIN INFORMATION CONCERNING THE BANK

Bank of America, N.A. (the *"Bank"*), is a national banking association organized under the laws of the United States, and its principal executive offices are located in Charlotte, North Carolina. The Bank is a wholly owned indirect subsidiary of Bank of America Corporation and is engaged in general consumer banking, commercial banking and trust business, offering a wide range of commercial, corporate, international, financial market, retail and fiduciary banking services. As of December 31, 2001, the Bank had consolidated assets of $552 billion, consolidated deposits of $392 billion and stockholder's equity of $53 billion based on regulatory accounting principles.

Bank of America Corporation is a bank holding company registered under the Bank Holding Company Act of 1956, as amended, with its principal executive offices located in Charlotte, North Carolina. Additional information regarding Bank of America Corporation is set forth in its Annual Report on Form 10-K for the fiscal year ended December 31, 2001, together with any subsequent documents it filed with the Securities and Exchange Commission (the *"Commission"*) pursuant to the Securities Exchange Act of 1934, as amended (the *"Exchange Act"*).

The Letter of Credit has been issued by the Bank. Moody's Investors Service, Inc. (*"Moody's"*) currently rates the Bank's long-term certificates of deposit as"Aa1" and short-term certificates of deposit as "P-1". Standard & Poor's Rating Services (*"Standard & Poor's"*) rates the Bank's long-term certificates of deposit as "AA-" and its short-term certificates of deposit as "A-1+". Fitch, Inc. (*"Fitch"*) rates long-term certificates of deposit of the Bank as "AA" and short-term certificates of deposit as "F1+." Further information with respect to such ratings may be obtained from Moody's, Standard & Poor's and Fitch, respectively. No assurances can be given that the current ratings of the Bank's instruments will be maintained.

The Bank will provide copies of the most recent Bank of America Corporation Annual Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form 8-K (in each case as filed with the Commission pursuant to the Exchange Act), and the most recent publicly available portions of the quarterly Call Reports of the Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this document is delivered, on the written request of such person. Written requests should be directed to:

Bank of America Corporate Communications
100 North Tryon Street, 18th Floor
Charlotte, North Carolina 28255
Attention: Corporate Communications

PAYMENTS OF PRINCIPAL AND INTEREST ON THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. PAYMENTS OF THE PURCHASE PRICE OF THE BONDS WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT IF REMARKETING PROCEEDS ARE NOT AVAILABLE. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE BONDS ARE NOT DEPOSITS OR OBLIGATIONS OF BANK OF AMERICA CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE BONDS ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY

AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The information contained in this Appendix B relates to and has been obtained from the Bank. The information concerning Bank of America Corporation and the Bank contained herein is furnished solely to provide limited introductory information regarding Bank of America Corporation and the Bank and does not purport to be comprehensive. Such information is qualified in its entirety by the detailed information appearing in the documents and financial statements referenced above.

The delivery hereof shall not create any implication that there has been no change in the affairs of Bank of America Corporation or the Bank since the date hereof, or that the information contained or referred to in this Appendix B is correct as of any time subsequent to its date.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

May 29, 2002

Chairman
Board of County Commissioners
Nassau County, Florida

$23,110,000
NASSAU COUNTY, FLORIDA
POLLUTION CONTROL PRIVATE ACTIVITY REVENUE BONDS,
SERIES 2002
(RAYONIER PROJECT)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Nassau County, Florida (the "Issuer") of $23,110,000 Pollution Control Private Activity Refunding Revenue Bonds, Series 2002 (Rayonier Project), dated April 1, 1999 (the "Bonds"), pursuant to the Constitution and laws of the State of Florida, particularly Chapter 159, Part II, Florida Statutes, as amended (the "Act"), and other applicable provisions of law, and a resolution duly adopted by the Issuer on May 13, 2002 (the "Resolution"), which Resolution authorizes the execution and delivery of (a) an Indenture of Trust by and between the Issuer and The Bank of New York, New York, New York, as Trustee (the "Trustee"), dated as of May 1, 2002 (the "Indenture"), (b) a Loan Agreement between the Issuer and Rayonier Inc. (the "Company"), dated as of May 1, 2002 (the "Agreement"), and (c) the Bond Purchase Agreement among the Issuer, the Company and Banc of America Securities LLC, as the underwriter of the Bonds, dated May 28, 2002 (the "Purchase Agreement") (the Indenture, the Agreement and the Purchase Agreement herein collectively referred to as the "Bond Documents"). We have examined the law and such certified proceedings of the Issuer and other proofs as we deem necessary to render this opinion.

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

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

payment of certain fees and expenses of the Issuer and the Issuer's right to indemnification) are pledged and assigned by the Issuer as security for the Bonds. The Bonds are payable solely from the Revenues.

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

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

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

i. The Issuer is duly created and validly existing as a political subdivision of the State of Florida, with the power to adopt and perform the Resolution, the Bond Documents, and to issue the Bonds.

ii. The Resolution has been adopted and the Bond Documents have been duly authorized, executed and delivered by the Issuer and, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and binding obligations of the Issuer enforceable upon the Issuer.

iii. The Bonds have been duly authorized, executed and delivered by the Issuer and are valid and binding special obligations of the Issuer, payable solely from the Revenues.

iv. In the opinion of Bond Counsel, assuming compliance with certain covenants described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under existing laws, regulations and court decisions except for interest on any Bond for any period during which such Bond is held by a person who is a "substantial user" of the facilities financed with the Bonds or a "related person" within the meaning of Section 147(a) of the Internal Revenue Code of 1986, as amended (the "Code"). Moreover, such interest is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations, although it should be noted that, in the case of corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current income for purposes of such alternative minimum tax. In addition to the exception stated therein, the opinion set forth in the first sentence of this opinion is subject to the condition that the Issuer and the Company comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer and the Company have covenanted in the Agreement to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

v. The Bonds and the interest thereon are exempt from taxation under the laws of the State of Florida, except estate taxes imposed by Chapter 198, Florida Statutes, and net income and franchise taxes imposed by Chapter 220, Florida Statutes, on interest, income or profits on debt obligations owed by corporations, banks and savings associations, all as defined in Chapter 220.

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

Respectfully submitted,