

EXECUTION COPY

NASSAU COUNTY, FLORIDA

**WATER AND SEWER SYSTEM REVENUE BOND
SUPPLEMENTAL RESOLUTION**

ADOPTED MARCH 11, 2013

RESOLUTION NO. 2013-20

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF NASSAU COUNTY, FLORIDA AUTHORIZING THE ISSUANCE OF \$15,650,000 IN AGGREGATE PRINCIPAL AMOUNT OF ITS WATER AND SEWER SYSTEM REVENUE REFUNDING BOND, SERIES 2013 TO REFUND CERTAIN PRIOR INDEBTEDNESS ISSUED TO ACQUIRE AND FINANCE IMPROVEMENTS TO THE COUNTY'S WATER AND SEWER SYSTEM; PROVIDING FOR THE RIGHTS OF THE HOLDERS OF SUCH BOND; PROVIDING FOR THE TERMS AND DETAILS OF SUCH BOND; AWARDED THE SALE OF SAID BOND; AND PROVIDING AN EFFECTIVE DATE.

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

SECTION 1. DEFINITIONS. All capitalized terms not otherwise defined herein shall have the meanings set forth in the Bond Resolution (as hereinbelow defined). When used in this Supplemental Resolution, all capitalized terms shall have the meanings set forth below:

"**AYD**" means the difference (but not less than zero) between: (i) the U.S. Treasury constant maturity yield, as reported in the H.15 Report for the date of issuance of the Series 2013 Bond, for a maturity that is the same as the term of the Series 2013 Bond at its date of issuance (rounded to the nearest whole number of months) or, if no such maturity is reported, an interpolated yield based on the reported maturity that is next shorter than, and the maturity reported that is next longer than, the term of the Series 2013 Bond at its date of issuance, and (ii) the U.S. Treasury constant maturity yield, as reported in the H.15 Report for the Prepayment Date for a maturity that is the same as the remaining term of the Series 2013 Bond at the Prepayment Date (rounded to the nearest whole number of months) or, if no such maturity is reported, then the interpolated yield using the method described in (i) above, but based on the remaining term of the Series 2013 Bond on the Prepayment Date. If the H.15 Report is not available for any day, then the H.15 Report for the immediately preceding day on which yields were last reported will be used.

"**Average Principal**" means the simple average of (i) the amount of the Series 2013 Bond Outstanding on the Prepayment Date, and (ii) the principal balance of the Series 2013 Bond scheduled, as of the Prepayment Date (taking into account any prior prepayments), but for the prepayment, to be due at the maturity date of the Series 2013 Bond (plus any accrued and unpaid fees or other sums owed under the Bond Resolution, as supplemented hereby).

"Bond Resolution" shall mean Resolution No. 2013-19 adopted by the Issuer on March 11, 2013, as the same may be amended and supplemented in accordance with its terms.

"Days Remaining" means the number of days from the Prepayment Date through the maturity date of the Series 2013 Bond.

"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 the Series 2013 Bond is or was includable in the gross income of an owner of the Series 2013 Bond for federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Issuer 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 the Registered Holder, and until the conclusion of any appellate review, if sought.

"H.15 Report" means the Federal Reserve Board's Statistical Release H.15, "Selected Interest Rates". Weekly releases of, and daily updates to, H.15 Reports generally are available at the Federal Reserve Board's website, www.federalreserve.gov. If the H.15 Report is replaced or otherwise unavailable, the Series 2013 Bondholder may designate the replacement report or another report reasonably comparable to the H.15 Report, which shall be used in place of the H.15 Report.

"Percent Prepaid" means the percentage determined by dividing the principal amount of the Series 2013 Bond being prepaid by the principal amount of the Series 2013 Bond Outstanding on the Prepayment Date.

"Prepayment Date" means the date on which the Series 2013 Registered Holder receives prepayment of the Series 2013 Bond.

"Refunded Indebtedness" shall mean the Issuer's Water and Sewer System Revenue Bonds, Series 2003.

"Registrar and Paying Agent" with respect to the Series 2013 Bond shall mean the Clerk of the Circuit Court, ex officio Clerk of the Board of County Commissioners of Nassau County, Florida, as initial registrar and paying agent for the Series 2013 Bond, and any other Person which may at any time be substituted as registrar and paying agent for the Series 2013 Bond pursuant to the Bond Resolution.

"Series 2013 Bond" shall mean the Issuer's Water and Sewer System Revenue Refunding Bond, Series 2013, to be issued pursuant to the Bond Resolution, as supplemented hereby.

"Taxable Period" shall mean the period of time between (a) the date that interest on the Series 2013 Bond is deemed to be includable in the gross income of the Registered Holder thereof for federal income tax purposes as a result of a Determination of Taxability, and (b) the date of the Determination of Taxability.

"Taxable Rate" shall mean, upon a Determination of Taxability, the interest rate per annum that shall provide the Series 2013 Bondholder with the same after tax yield that the Series 2013 Bondholder would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Series 2013 Bondholder as a result of such Determination of Taxability. The Series 2013 Bondholder shall provide the Issuer with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Issuer. The Taxable Rate shall be subject to all other adjustments as provided herein.

SECTION 2. AUTHORITY FOR RESOLUTION. This Supplemental Resolution is adopted pursuant to Section 125.01, et seq., Florida Statutes, the Bond Resolution, and other applicable provisions of law.

SECTION 3. RESOLUTION TO CONSTITUTE CONTRACT. In consideration of the purchase and acceptance of the Series 2013 Bond by those who shall hold the same from time to time, the provisions of this Supplemental Resolution shall be a part of the contract of the Issuer with the Holders from time to time of the Series 2013 Bond and shall be deemed to be and shall constitute a contract between the Issuer and the Holders from time to time of the Series 2013 Bond. The pledge made in this Supplemental Resolution and in the Bond Resolution and the provisions, covenants and agreements herein set forth to be performed by or on behalf of the Issuer shall be for the benefit, protection and security of the Holders of said Series 2013 Bond.

SECTION 4. FINDINGS. It is hereby ascertained, determined and declared:

(A) The Bond Resolution authorizes the issuance from time to time of revenue bonds of the Issuer for the purposes set forth therein.

(B) The Issuer intends to issue the Series 2013 Bond for the purpose of refunding the Refunded Indebtedness.

(C) The principal of and interest on the Series 2013 Bond will be secured solely by and payable from the Pledged Funds as provided in the Bond Resolution.

(D) Due to the present volatility of the market for tax-exempt obligations such as the Series 2013 Bond, it is in the best interest of the Issuer to sell the Series 2013 Bond by a negotiated sale, allowing the Issuer to enter the market at the most advantageous time, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price and interest rate for the Series 2013 Bond. The Issuer acknowledges receipt of the information required by Section 218.385, Florida Statutes, in connection with the negotiated sale of the Series 2013 Bond. A copy of the letter of the underwriter for said Series 2013 Bond containing the aforementioned information is a precondition to the sale of the Series 2013 Bond pursuant hereto.

(E) Upon the advice of the Issuer's financial advisor, RBC Capital Markets (the "Financial Advisor"), after receiving proposals pursuant to a Request for Proposals prepared by the Financial Advisor on the Issuer's behalf and at the Issuer's request, the Issuer has determined that it is in its best interest to accept the proposal of Compass Mortgage Corporation (the "Purchaser") to make a loan to the Issuer as evidenced by its purchase of the Series 2013 Bond on the terms set forth in the proposal of the Purchaser attached hereto as Exhibit A (the "Purchaser's Proposal") and as otherwise set forth in this Supplemental Resolution.

(F) The covenants, pledges and conditions in the Bond Resolution shall be applicable to the Series 2013 Bond herein authorized as a "Bond" within the meaning of the Bond Resolution, and the Series 2013 Bond shall be on a parity with and shall rank equally as to the lien on and source and security for payment from the Pledged Funds (as defined in the Bond Resolution) with any Additional Bonds (as defined in the Bond Resolution) hereafter issued pursuant to the Bond Resolution. The Issuer shall not amend the Bond Resolution or this Supplemental Resolution without the express written consent of the Series 2013 Bondholder, which consent shall not be unreasonably withheld.

(G) The Issuer is not in default in performing any of the covenants, agreements or obligations under the Bond Resolution and no Event of Default (as defined in the Bond Resolution) has occurred and is continuing.

(H) The principal of and interest on the Series 2013 Bond and all required sinking fund and other payments shall be limited obligations of the Issuer, payable solely from the Pledged Funds in the manner provided in the Bond Resolution. The Series 2013 Bond shall not constitute a general obligation, or a pledge of the faith, credit or taxing power of the Issuer, the State of Florida, or any political subdivision or agency thereof, within the meaning of any constitutional or statutory provisions. Neither the State of Florida, nor any political subdivision or agency thereof, including the Issuer, shall be obligated (1) to exercise its ad valorem taxing power in any form on any real or personal property of or in the Issuer to pay the principal of the Series 2013 Bond, the interest thereon, or other costs incidental thereto, or (2) to pay the same from any other funds of the Issuer except from the Pledged Funds in the manner provided herein and in the Bond Resolution.

SECTION 5. AUTHORIZATION OF SERIES 2013 BOND.

(A) This Supplemental Resolution creates an issue of Bonds of the Issuer in the aggregate principal amount of \$15,650,000 to be designated as its "Nassau County, Florida Water and Sewer System Revenue Refunding Bond, Series 2013." The Series 2013 Bond shall be dated as of its date of delivery, shall be issued in the form of one fully registered Series 2013 Bond in the name of the Purchaser or its designee in a single denomination equal to the principal amount of the Series 2013 Bond, shall bear interest from its date of delivery, payable semi-annually, on April 1 and October 1 of each year, commencing on October 1, 2013. The Series 2013 Bond shall be substantially in the form set forth in Exhibit B hereto with such changes as shall be necessary or desirable to reflect the final terms and provisions of the Series 2013 Bond in accordance with the terms hereof and of the Purchaser's Proposal.

(B) The Series 2013 Bond shall bear interest at the rate of 2.15% per annum, subject to adjustment as follows. Upon the occurrence of a Determination of Taxability and for as long as the Series 2013 Bond remains outstanding, the interest rate on the Series 2013 Bond shall be converted to the Taxable Rate. In addition, upon a Determination of Taxability, the Issuer shall pay to the Series 2013 Bondholder (i) an additional amount equal to the difference between (A) the amount of interest actually paid on the Series 2013 Bond during the Taxable Period and (B) the amount of interest that would have been paid during the Taxable Period had the Series 2013 Bond borne interest at the Taxable Rate, and (ii) an amount equal to any interest, penalties and overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Series 2013 Bondholder as a result of the Determination of Taxability.

The principal amount of the Series 2013 Bond shall be payable on the dates and, in the amounts set forth below:

<u>Date</u>	<u>Principal Amount</u>
09/01/2013	\$330,000
04/01/2014	875,000
04/01/2015	895,000
04/01/2016	915,000
04/01/2017	930,000
04/01/2018	955,000
04/01/2019	975,000
04/01/2020	995,000
04/01/2021	1,015,000
04/01/2022	1,040,000
04/01/2023	1,065,000
04/01/2024	1,085,000
04/01/2025	1,105,000
04/01/2026	1,135,000
04/01/2027	1,155,000
04/01/2028	1,180,000

(C) The Series 2013 Bond shall be subject to redemption prior to maturity at the option of the Issuer, at any time on or after April 1, 2023, at a redemption price of 100% of the principal amount of the Series 2013 Bond Outstanding, plus accrued interest to the redemption date. The Series 2013 Bond is subject to redemption at the option of the Issuer prior to April 1, 2023 upon payment of 100% of the principal amount of the Series 2013 Bond, plus a prepayment premium equal to the quotient of (1) the product of (a) AYD, times (b) Average Principal, times (c) Percent Prepaid, times (d) Days Remaining, divided by (2) 360, plus accrued interest to the redemption date.

The Reserve Account Requirement for the Series 2013 Bond shall be zero (\$0.00) and the Series 2013 Bond shall not be secured by the Reserve Account.

A late charge shall be due and payable on any scheduled payment of principal of and, to the extent legally enforceable, interest on, the Series 2013 Bond that shall not have been paid by the fifteenth (15th) day following the date such scheduled payment is due and payable, in an amount equal to five percent (5%) of such scheduled payment. The foregoing right to a late charge is in addition to, and not in limitation of, any other rights which the Purchaser may have upon the Issuer's failure to make timely payment of such principal and/or interest.

SECTION 6. AWARD OF THE SERIES 2013 BOND. For the reasons set forth in paragraph (D) of Section 4 hereof, the Series 2013 Bond shall be sold to the Purchaser on a negotiated basis in accordance with the terms hereof and of the Purchaser's Proposal.

SECTION 7. APPLICATION OF SERIES 2013 BOND PROCEEDS. The proceeds derived from the sale of the Series 2013 Bond shall be applied by the Issuer as follows:

(A) A sufficient amount of the Series 2013 Bond proceeds shall be applied to the payment of the costs and expenses relating to the issuance of the Series 2013 Bond.

(B) An amount of the Series 2013 Bond proceeds sufficient to redeem in full the Refunded Indebtedness shall be transferred to The Bank of New York Mellon Trust Company, N.A., Jacksonville, Florida, as escrow agent (the "Escrow Agent") and applied to the redemption of the Refunded Indebtedness on September 1, 2013, pursuant to the terms of the Escrow Deposit Agreement, dated as of April 1, 2013 (the "Escrow Agreement") by and between the Issuer and the Escrow Agent.

SECTION 8. ADDITIONAL COVENANTS. The Issuer shall provide the Series 2013 Bondholder:

(A) A copy of the Issuer's annual audited financial statements, prepared by an independent certified public accounting firm acceptable to the Series 2013 Bondholder, within 180 days of the end of the Fiscal Year being audited;

(B) Quarterly unaudited financial statements, due within 45 days following each December 31, March 31, June 30 and September 30;

(C) A Certificate of an Authorized Issuer Officer, within 180 days following the end of each Fiscal Year, to the effect that the Issuer is in compliance with all covenants, financial and otherwise, contained in the Bond Resolution and this Supplemental Resolution; and

(D) Such additional information as the Series 2013 Bondholder may from time to time reasonably request.

SECTION 9. GENERAL AUTHORITY. The members of the governing board of the Issuer and the officers, attorneys and other agents or employees of the Issuer are hereby authorized to

do all acts and things required of them by this Supplemental Resolution or the Bond Resolution, or desirable or consistent with the requirements hereof, including the execution, delivery of the Escrow Agreement necessary in connection with the refunding of the Refunded Indebtedness for the full, punctual and complete performance of all the terms, covenants and agreements contained herein or in the Series 2013 Bond, and each member, employee, attorney and officer of the Issuer is hereby authorized and directed to execute and deliver any and all papers and instruments and to do and cause to be done any and all acts and things necessary or proper for carrying out the transactions contemplated hereunder.

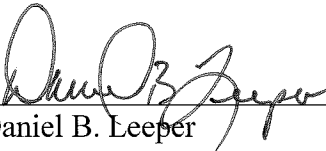
SECTION 10. SEVERABILITY OF INVALID PROVISIONS. If any one or more of the covenants, agreements or provisions of this Supplemental Resolution shall be held contrary to any express provision of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements and provisions of this Supplemental Resolution and shall in no way affect the validity of any of the other covenants, agreements or provisions hereof or of the Series 2013 Bond issued hereunder.

SECTION 11. REPEAL OF INCONSISTENT RESOLUTIONS. Except for the Bond Resolution, all resolutions or parts thereof in conflict herewith are hereby superseded and repealed to the extent of such conflict. The terms and provisions of the Bond Resolution are hereby expressly ratified and confirmed.

SECTION 12. EFFECTIVE DATE. This Supplemental Resolution shall take effect immediately upon its adoption.

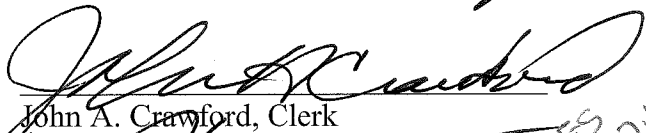
DULY ADOPTED this 11th day of March, 2013.

NASSAU COUNTY, FLORIDA



Daniel B. Leeper
Chairman, Board of County Commissioners

ATTEST: *as TB Chairman's signature only*



John A. Crawford, Clerk

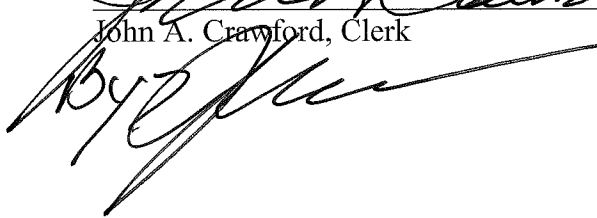

MES
03-12-13

EXHIBIT A

COMPASS MORTGAGE CORPORATION PROPOSAL

EXHIBIT B

FORM OF SERIES 2013 BOND

No. R-

\$

**UNITED STATES OF AMERICA
STATE OF FLORIDA
NASSAU COUNTY, FLORIDA
WATER AND SEWER SYSTEM REVENUE REFUNDING BOND,
SERIES 2013**

<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Date of Original Issue</u>
2.15%	April 1, 2028	April 8, 2013

Registered Holder: COMPASS MORTGAGE CORPORATION

Principal Amount: FIFTEEN MILLION SIX HUNDRED FIFTY THOUSAND DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that Nassau County, Florida, a political subdivision of the State of Florida (the "Issuer"), for value received, hereby promises to pay, solely from the Pledged Funds hereinafter described, to the Registered Holder identified above, or registered assigns as hereinafter provided, on the Maturity Date identified above, the Principal Amount identified above and to pay interest on such Principal Amount from the Date of Original Issue identified above or from the most recent interest payment date to which interest has been paid at the Interest Rate per annum identified above (subject to adjustment as provided in Schedule II attached hereto) on April 1 and October of each year commencing October 1, 2013, until such Principal Amount shall have been paid, except as the provisions hereinafter set forth with respect to redemption prior to maturity may be or become applicable hereto.

The Principal Amount of this Series 2013 Bond and interest shall be payable in the amounts and on the dates provided in Schedule I attached hereto. In the event of partial prepayment, Schedule I shall be modified by the Issuer to reflect, unless the Registered Holder of this Series 2013 Bond shall agree otherwise, substantially level debt service over the remaining term of this Series 2013 Bond.

Such Principal Amount and interest and the premium, if any, on this Bond are payable in any coin or currency of the United States of America which, on the respective dates of payment thereof, shall be legal tender for the payment of public and private debts. Such Principal Amount and the premium, if any, on this Bond, are payable at the designated office of the Clerk of the Circuit Court,

ex officio Clerk of the Board of County Commissioners of Nassau County, Florida, as Paying Agent. Payment of each installment of interest shall be made to the person in whose name this Bond shall be registered on the registration books of the Issuer maintained by the Issuer, as Registrar, at the close of business on the date which shall be the fifteenth day (whether or not a business day) of the calendar month next preceding each interest payment date and shall be paid by a check of such Paying Agent mailed to such Registered Holder at the address appearing on such registration books or, at the request of such Registered Holder, by bank wire transfer for the account of such Holder.

Any payment required to be made with respect to this Series 2013 Bond which is not paid on its due date shall bear interest from such due date until paid at a rate of interest per annum equal to the Interest Rate on this Series 2013 Bond plus two and one-half percent (2.5%). Further, a late charge shall be due and payable on any scheduled payment of principal of and, to the extent legally enforceable, interest on, this Bond that shall not have been paid by the fifteenth (15th) day following the date such scheduled payment is due and payable, in an amount equal to five percent (5%) of such scheduled payment. The foregoing right to a late charge is in addition to, and not in limitation of, any other rights which the Registered Holder may have upon the Issuer's failure to make timely payment of such principal and/or interest.

This Bond is an authorized issue in the aggregate principal amount of \$15,650,000, issued to refinance certain outstanding indebtedness of the Issuer, under the authority of and in full compliance with the Constitution and laws of the State of Florida, particularly Chapter 125, Florida Statutes, and other applicable provisions of law (the "Act"), and Resolution No. ____, adopted by the Board of County Commissioners of the Issuer on March 11, 2013, as the same may be amended and supplemented (collectively, the "Resolution"), and is subject to all the terms and conditions of the Resolution.

This Bond and the interest hereon are payable solely from and secured by a lien upon and a pledge of (1) the Net Revenues (as defined in the Resolution) to be derived from the operation of the Issuer's water and sewer utility system (the "System"), (2) the Connection Fees (as defined in the Resolution), and (3) until applied in accordance with the provisions of the Resolution, all moneys, including investments thereof, in the funds and accounts established by the Resolution, except (A) as for the Rebate Fund, (B) to the extent moneys therein shall be required to pay the Operating Expenses (as defined in the Resolution) and (C) any moneys set aside in a particular subaccount of the Reserve Account, if such moneys shall be pledged solely for the payment of a different Series of Bonds for which it was established in accordance with the provisions of the Resolution, subject in each case to the application thereof for the purposes and on the conditions permitted by the Resolution (collectively, the "Pledged Funds").

IT IS EXPRESSLY AGREED BY THE REGISTERED HOLDER OF THIS BOND THAT THE FULL FAITH AND CREDIT OF THE ISSUER, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON THIS BOND AND THAT SUCH HOLDER SHALL NEVER HAVE THE RIGHT TO REQUIRE OR COMPEL THE EXERCISE OF ANY TAXING POWER OF THE ISSUER, THE STATE OF FLORIDA, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF, TO THE PAYMENT OF SUCH PRINCIPAL, PREMIUM, IF ANY, AND INTEREST. THIS BOND AND THE OBLIGATION

EVIDENCED HEREBY SHALL NOT CONSTITUTE A LIEN UPON ANY PROPERTY OF THE ISSUER, BUT SHALL CONSTITUTE A LIEN ONLY ON, AND SHALL BE PAYABLE SOLELY FROM, THE PLEDGED FUNDS. THE ISSUER MAY ISSUE ADDITIONAL OBLIGATIONS ON PARITY WITH THE BONDS IN ACCORDANCE WITH THE TERMS OF THE RESOLUTION.

This Bond is transferable in accordance with the terms of the Resolution only upon the books of the Issuer kept for that purpose at the designated corporate trust office of the Registrar by the Registered Holder hereof in person or by his attorney duly authorized in writing, upon the surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the Registered Holder or his attorney duly authorized in writing, and thereupon a new Bond or Bonds in the same aggregate principal amount shall be issued to the transferee in exchange therefor, and upon the payment of the charges, if any, therein prescribed. The Series 2013 Bond is issuable in the form of one fully registered Bond in the denomination of \$15,650,000, or such smaller amount resulting from a partial redemption thereof. The Issuer may treat the Registered Holder of this Bond as the absolute owner hereof for all purposes, whether or not this Bond shall be overdue, and shall not be affected by any notice to the contrary. The Issuer shall not be obligated to make any exchange or transfer of the Series 2013 Bond during the 15 days next preceding an interest payment date or, in the case of any proposed redemption of the Series 2013 Bond, then during the 15 days next preceding the date of the first mailing of notice of such redemption.

The Series 2013 Bond shall be subject to redemption prior to maturity at the option of the Issuer, at any time on or after April 1, 2023, at a redemption price of 100% of the principal amount of the Series 2013 Bond Outstanding, plus accrued interest to the redemption date. The Series 2013 Bond is subject to redemption at the option of the Issuer prior to April 1, 2023, upon payment of 100% of the principal amount of the Series 2013 Bond, plus a prepayment premium as set forth in the Resolution, plus accrued interest to the redemption date.

Redemption of this Bond under the preceding paragraphs shall be made as provided in the Resolution upon notice given by first class mail sent at least 20 days prior to the redemption date to the Registered Holder hereof at the address shown on the registration books maintained by the Registrar. In the event that less than the full principal amount hereof shall have been called for redemption, the Registered Holder hereof shall surrender this Bond in exchange for a substitute Bond in an aggregate principal amount equal to the unredeemed portion of principal, as provided in the Resolution. Notwithstanding the foregoing, during any period that Compass Mortgage Corporation is the Registered Holder of this Series 2013 Bond, such notice of redemption shall only be effective with respect to a Series 2013 Bond owned by Compass Mortgage Corporation upon actual receipt, within the time restraints set forth above, by Compass Mortgage Corporation of such notice without any defect therein.

Notwithstanding any provision to the contrary herein or in the Resolution, if, on any day prior to the fifth (5th) business day preceding any date fixed for redemption of this Series 2013 Bond, the Issuer notifies the Registrar in writing that the Issuer has elected to revoke its election to redeem such Series 2013 Bond, such Series 2013 Bond shall not be redeemed on such date and any notice of redemption mailed to the Holder of such Series 2013 Bond pursuant to the Resolution shall be null and void. In such event, within five (5) business days after the date on which the Registrar receives notice of such revocation, the Registrar shall cause a notice of such revocation on behalf of the Issuer

to be (A) filed with the Paying Agent (if the Registrar is not the Paying Agent for this Series 2013 Bond); and (B) mailed first class, postage prepaid to the Holder owning this Series 2013 Bond.

If the date for the payment of the principal of or interest on this Bond shall be a Saturday, Sunday, a legal holiday or a day on which banking institutions in Jacksonville, Florida, are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day that is not such a Saturday, Sunday, legal holiday or day on which banking institutions are authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

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

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

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

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

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

NASSAU COUNTY, FLORIDA

(SEAL)

Chairman, Board of County Commissioners

ATTEST:

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

CERTIFICATE OF AUTHENTICATION

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

DATE OF AUTHENTICATION:

Nassau County, Florida
Registrar

By: _____
Authorized Officer

ASSIGNMENT

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

Insert Social Security or Other Identifying Number of Assignee

(Name and Address of Assignee)

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

Dated: _____

Signature guaranteed:

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

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

The following abbreviations, when used in the inscription on the face of the within Bond, shall be construed as though they were written out in full according to applicable laws or regulations:

TEN COM -- as tenants in common

TEN ENT -- as tenants by the entireties

JT TEN -- as joint tenants with right of
survivorship and not as tenants
in common

UNIF TRANS MIN ACT -- _____
(Cust.)

Custodian for _____

under Uniform Transfers to Minors Act of _____
(State)

Additional abbreviations may also be used though not in list above.

SCHEDULE I

<u>Date</u>	<u>Principal</u>	<u>Interest</u>
09/01/2013	\$330,000	\$2,798.58
10/01/2013		157,370.44
04/01/2014	875,000	164,690.00
10/01/2014		155,283.75
04/01/2015	895,000	155,283.75
10/01/2015		145,662.50
04/01/2016	915,000	145,662.50
10/01/2016		135,826.25
04/01/2017	930,000	135,826.25
10/01/2017		125,828.75
04/01/2018	955,000	125,828.75
10/01/2018		115,562.50
04/01/2019	975,000	115,562.50
10/01/2019		105,081.25
04/01/2020	995,000	105,081.25
10/01/2020		94,385.00
04/01/2021	1,015,000	94,385.00
10/01/2021		83,473.75
04/01/2022	1,040,000	83,473.75
10/01/2022		72,293.75
04/01/2023	1,065,000	72,293.75
10/01/2023		60,845.00
04/01/2024	1,085,000	60,845.00
10/01/2024		49,181.25
04/01/2025	1,105,000	49,181.25
10/01/2025		37,302.50
04/01/2026	1,135,000	37,302.50
10/01/2026		25,101.25
04/01/2027	1,155,000	25,101.25
10/01/2027		12,685.00
04/01/2028	1,180,000	12,685.00

SCHEDULE "II"

INTEREST RATE ADJUSTMENT

Upon the occurrence of a Determination of Taxability and for as long as this Series 2013 Bond remains outstanding, the Interest Rate on this Series 2013 Bond shall be converted to the Taxable Rate. In addition, upon a Determination of Taxability, the Issuer shall pay to the Registered Holder (i) an additional amount equal to the difference between (A) the amount of interest actually paid on this Series 2013 Bond during the Taxable Period and (B) the amount of interest that would have been paid during the Taxable Period had this Series 2013 Bond borne interest at the Taxable Rate, and (ii) an amount equal to any interest, penalties on overdue interest and additions to tax (as referred to in Subchapter A of Chapter 68 of the Code) owed by the Registered Holder as a result of the Determination of Taxability.

"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 this Series 2013 Bond is or was includable in the gross income of an owner of this Series 2013 Bond for federal income tax purposes; provided, that no such decree, judgment, or action will be considered final for this purpose, however, unless the Issuer 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 the Registered Holder, and until the conclusion of any appellate review, if sought.

"Taxable Period" shall mean the period of time between (a) the date that interest on this Series 2013 Bond is deemed to be includable in the gross income of the Registered Holder thereof for federal income tax purposes as a result of a Determination of Taxability, and (b) the date of the Determination of Taxability.

"Taxable Rate" shall mean, upon a Determination of Taxability, the interest rate per annum that shall provide the Registered Holder with the same after tax yield that the Registered Holder would have otherwise received had the Determination of Taxability not occurred, taking into account the increased taxable income of the Registered Holder as a result of such Determination of Taxability. The Registered Holder shall provide the Issuer with a written statement explaining the calculation of the Taxable Rate, which statement shall, in the absence of manifest error, be conclusive and binding on the Issuer. The Taxable Rate shall be subject to all other adjustments as provided herein.