In the opinion of Bond Counsel, assuming compliance by the City with certain covenants, under existing statutes, regulations, and judicial decisions, the interest on the Series 2009B-1A Bonds will be excluded from the gross income for federal income tax purposes of the holders thereof and will not be an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. In addition, interest on the Series 2009B-1A Bonds is not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. Interest on the Series 2009B-1B Bonds is not excluded from gross income for federal income tax purposes. See “TAX MATTERS” herein for a description of other tax consequences to holders of the Series 2009B-1A Bonds.

**NEW ISSUE – BOOK-ENTRY ONLY**

**CITY OF JACKSONVILLE, FLORIDA**  
**SPECIAL REVENUE BONDS, SERIES 2009B-1A**  

**CITY OF JACKSONVILLE, FLORIDA**  
**TAXABLE SPECIAL REVENUE BONDS, SERIES 2009B-1B**  

(RIGHT PAYMENT BUILD AMERICA BONDS)

Dated: Date of Delivery  
Due: As Shown on Inside Cover

The $52,090,000 City of Jacksonville, Florida Special Revenue Bonds, Series 2009B-1A (the “Series 2009B-1A Bonds”) and the $55,925,000 City of Jacksonville, Florida Taxable Special Revenue Bonds, Series 2009B-1B (Direct Payment Build America Bonds) (the “Series 2009B-1B Bonds” and, together with the Series 2009B-1A Bonds, the “Series 2009B-1 Bonds”), will be issued by the City of Jacksonville, Florida (the “City”) to: (a) finance a portion of the costs of various capital improvements comprising the Better Jacksonville Projects as described herein; (b) make a deposit to the Series 2009B Reserve Subaccount of the Reserve Account created pursuant to the Special Revenue Bond Ordinance; and (c) pay the costs of issuance related to the Series 2009B-1B Bonds. See “ESTIMATED SOURCES AND USES OF FUNDS” and “THE BETTER JACKSONVILLE PROJECTS” herein. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in “APPENDIX II – SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL REVENUE BOND ORDINANCE - Definitions of Certain Terms” attached hereto or, if not defined therein, will have the same meanings ascribed to such terms in the Special Revenue Bond Ordinance.

The Series 2009B-1A Bonds are issuable as fully registered bonds in denominations equal to the principal amount of each maturity shown below, and when issued will be registered in the name of Cede & Co., as Bondholder and securities depositor nominee of The Depository Trust Company, New York, New York (“DTC”). Individual purchases of beneficial interests in the Series 2009B-1A Bonds will be made in book-entry form only through DTC Participants in the principal amount of $5,000 or any integral multiple thereof. Purchasers of beneficial interests in the Series 2009B-1A Bonds will not receive physical delivery of bond certificates. Interest on the Series 2009B-1A Bonds will be paid semi-annually on April 1 and October 1 of each year, commencing April 1, 2010 (each, an “Interest Payment Date”). Payments of principal of, redemption premium, if any, and interest on the Series 2009B-1B Bonds will be made to purchasers of beneficial interests in the Series 2009B-1B Bonds by DTC Participants. See “BOOK-ENTRY ONLY SYSTEM” herein. Wells Fargo Bank, N.A., Jacksonville, Florida, will serve as Deputy Registrar and Paying Agent for the Series 2009B-1 Bonds.

The Series 2009B-1A Bonds are subject to redemption prior to their stated dates of maturity as more fully described herein. See “DESCRIPTION OF THE SERIES 2009B-1B BONDS - Redemption Provisions” herein.

The Series 2009B-1 Bonds are limited obligations of the City payable from the Covenant Revenues (as defined herein) and other legally available revenues of the City budgeted and appropriated in the manner and to the extent provided in the Special Revenue Bond Ordinance. The Series 2009B-1B Bonds will not be secured by a lien on the Covenant Revenues or any other revenues of the City until funds are actually budgeted and appropriated therefor and deposited in the funds and accounts under the Special Revenue Bond Ordinance. The obligation of the City to budget, appropriate and make payments from Covenant Revenues is subject to the availability of Covenant Revenues in the General Fund after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential government services of the City. The City may not expend money not appropriated or in excess of its current budgeted revenues to pay debt service on the Series 2009B-1A Bonds. The City also has certain other obligations which are payable from Covenant Revenues, all as described herein. Pursuant to the Series 2009B Supplemental Ordinance, the City has also provided for payment of the Series 2009B-1B Bonds from Infrastructure Sales Tax revenues, to the extent they are available, on a subordinate basis. Under the Special Revenue Bond Ordinance the City is required to budget and appropriate available Covenant Revenues in the manner and to the extent provided in the Special Revenue Bond Ordinance in an amount sufficient, together with any Infrastructure Sales Tax Revenues available for such purpose, to make the required debt service and reserve deposits with respect to the Series 2009B-1B Bonds. See “SECURITY FOR THE SERIES 2009B-1 BONDS” herein.

Principal of the Series 2009B-1A Bonds, the premium, if any, and the interest thereon shall not be deemed to constitute a general or moral obligation or indebtedness of the City, or of the State of Florida (the “State”) or any political subdivision thereof within the meaning of the Constitution and laws of the State. Neither the City nor the State nor any political subdivision thereof, shall be obligated to pay the principal of, premium, if any, or the interest on the Series 2009B-1B Bonds except from the revenues and funds herein described, and neither the faith and credit nor any taxing power of the City or the State or any political subdivision thereof, is pledged to the payment of the principal of, premium, if any, or interest on the Series 2009B-1B Bonds or other costs incident thereto. The City is not obligated to maintain or continue any activities that generate Covenant Revenues.

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

The Series 2009B-1B Bonds are offered for delivery when, and as and if issued by the City and received by the Underwriters, subject to the delivery of an approving opinion as to the legality of the Series 2009B-1B Bonds by Livermore, Freeman & Williams, P.A., Jacksonville Beach, Florida, serving as Bond Counsel to the City. Certain legal matters will be passed upon for the City by Bryant Miller Oliver P.A., Jacksonville, Florida and Lawrence & Parker, P.A., Jacksonville, Florida, serving as Co-Disclosure Counsel to the City. Certain other legal matters will be passed upon for the City by its Office of General Counsel. Certain legal matters will be passed upon by the Underwriters by their counsel Akerman Senterfitt, Jacksonville, Florida. Public Financial Management, Inc., Orlando, Florida served as financial advisor to the City in connection with the issuance of the Series 2009B-1B Bonds. It is expected that the Series 2009B-1B Bonds will be available for delivery through the facilities of DTC in New York, New York, on or about September 30, 2009.

MERRILL LYNCH & CO.  
GOLDMAN SACHS & CO.  
RBC CAPITAL MARKETS

Siebert Brandford Shank & Co., LLC  
Morgan Keegan & Company, Inc.

Dated: September 24, 2009
# MATURITIES, AMOUNTS, INTEREST RATES, PRICES, YIELDS AND CUSIPS

## $52,090,000

### CITY OF JACKSONVILLE, FLORIDA

### SPECIAL REVENUE BONDS

### SERIES 2009B-1A

<table>
<thead>
<tr>
<th>Date (October 1)</th>
<th>Principal Amount</th>
<th>Interest Rate</th>
<th>Price</th>
<th>Yield</th>
<th>CUSIP No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>$1,000,000</td>
<td>2.000%</td>
<td>101.260</td>
<td>1.360%</td>
<td>469487 BA9</td>
</tr>
<tr>
<td>2012</td>
<td>1,500,000</td>
<td>3.000</td>
<td>103.641</td>
<td>1.750</td>
<td>469487 BB7</td>
</tr>
<tr>
<td>2013</td>
<td>1,125,000</td>
<td>4.000</td>
<td>107.218</td>
<td>2.110</td>
<td>469487 BC5</td>
</tr>
<tr>
<td>2013</td>
<td>750,000</td>
<td>5.000</td>
<td>111.037</td>
<td>2.110</td>
<td>469487 BD3</td>
</tr>
<tr>
<td>2014</td>
<td>1,950,000</td>
<td>5.000</td>
<td>111.937</td>
<td>2.450</td>
<td>469487 BE1</td>
</tr>
<tr>
<td>2015</td>
<td>95,000</td>
<td>3.000</td>
<td>101.541</td>
<td>2.720</td>
<td>469487 BF8</td>
</tr>
<tr>
<td>2015</td>
<td>1,955,000</td>
<td>5.000</td>
<td>112.548</td>
<td>2.720</td>
<td>469487 BG6</td>
</tr>
<tr>
<td>2016</td>
<td>2,155,000</td>
<td>4.000</td>
<td>106.534</td>
<td>2.960</td>
<td>469487 BH4</td>
</tr>
<tr>
<td>2017</td>
<td>2,240,000</td>
<td>3.000</td>
<td>98.597</td>
<td>3.200</td>
<td>469487 BJ0</td>
</tr>
<tr>
<td>2018</td>
<td>2,305,000</td>
<td>5.000</td>
<td>112.566</td>
<td>3.370</td>
<td>469487 BK7</td>
</tr>
<tr>
<td>2019</td>
<td>2,420,000</td>
<td>5.000</td>
<td>112.387</td>
<td>3.520</td>
<td>469487 BL5</td>
</tr>
<tr>
<td>2020</td>
<td>2,545,000</td>
<td>4.000</td>
<td>102.826</td>
<td>3.660</td>
<td>469487 BM3</td>
</tr>
<tr>
<td>2021</td>
<td>2,640,000</td>
<td>5.000</td>
<td>109.821</td>
<td>3.810</td>
<td>469487 BN1</td>
</tr>
<tr>
<td>2022</td>
<td>4,600,000</td>
<td>5.000</td>
<td>109.038</td>
<td>3.900</td>
<td>469487 BP6</td>
</tr>
<tr>
<td>2023</td>
<td>75,000</td>
<td>4.000</td>
<td>99.893</td>
<td>4.010</td>
<td>469487 BQ4</td>
</tr>
<tr>
<td>2023</td>
<td>6,930,000</td>
<td>5.000</td>
<td>108.349</td>
<td>3.980</td>
<td>469487 BR2</td>
</tr>
<tr>
<td>2024</td>
<td>1,200,000</td>
<td>4.000</td>
<td>98.887</td>
<td>4.100</td>
<td>469487 BS0</td>
</tr>
<tr>
<td>2024</td>
<td>6,780,000</td>
<td>5.000</td>
<td>107.664</td>
<td>4.060</td>
<td>469487 BT8</td>
</tr>
<tr>
<td>2025</td>
<td>775,000</td>
<td>4.125</td>
<td>99.247</td>
<td>4.190</td>
<td>469487 BU5</td>
</tr>
<tr>
<td>2025</td>
<td>9,050,000</td>
<td>5.000</td>
<td>106.985</td>
<td>4.140</td>
<td>469487 BV3</td>
</tr>
</tbody>
</table>

## $55,925,000

### CITY OF JACKSONVILLE, FLORIDA

### TAXABLE SPECIAL REVENUE BONDS

### SERIES 2009B-1B

### (DIRECT PAYMENT BUILD AMERICA BONDS)

$55,925,000 – 6.259% Term Bond due October 1, 2030 - Priced at 100.00% - Yield 6.259% - CUSIP No. 469487 BW1

---

* Yield to first call date.
† The City shall not be responsible for the use of CUSIP numbers, nor is any representation made as to their correctness. They are included solely for the convenience of the readers of this Official Statement.
CITY OF JACKSONVILLE, FLORIDA
117 W. Duval Street
Suite 300, City Hall
Jacksonville, Florida 32202
(904) 630-1298

MAYOR
John Peyton

COUNCIL MEMBERS
Richard Clark, President
Jack Webb, Vice President
William Bishop
Michael Corrigan
Daniel J. Davis
Dr. Johnny Gaffney
John Meserve
Ray Holt
Kevin Hyde
Glorious J. Johnson
Warren A. Jones
Stephen Joost
E. Denise Lee
Don Redman
Art Shad
Clay Yarborough
Ronnie Fussell
Reginald L. Brown
Joseph R. Crescimbeni

CHIEF ADMINISTRATIVE OFFICER
Alan Mosley

FINANCE DEPARTMENT
Chief Financial Officer
G. Michael Miller
Treasurer
Michael R. Givens

GENERAL COUNSEL
Richard A. Mullaney, Esq.
Jacksonville, Florida

BOND COUNSEL
Livermore, Freeman & McWilliams, P.A.
Jacksonville Beach, Florida

CO-DISCLOSURE COUNSEL
Bryant Miller Olive P.A.
Jacksonville, Florida
Lawrence & Parker, P.A.
Jacksonville, Florida

FINANCIAL ADVISOR
Public Financial Management, Inc.
Orlando, Florida
This Official Statement does not constitute a contract between the City and any one or more owners of Series 2009B-1 Bonds nor does it constitute an offer to sell or the solicitation of an offer to buy the Series 2009B-1 Bonds in any jurisdiction to any person to whom it is unlawful to make such an offer in such jurisdiction. No dealer, salesman or any other person has been authorized by the City to give any information or to make any representations, other than those contained herein, in connection with the offering of the Series 2009B-1 Bonds, and if given or made, such information or representations must not be relied upon as having been authorized by the City or any other person. The information set forth herein, including in the appendices, has been obtained from the City and other sources which are believed to be reliable. The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described herein since the date hereof.

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

In connection with the offering of the Series 2009B-1 Bonds, the Underwriters may overallot or effect transactions which stabilize or maintain the market price of the Series 2009B-1 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time. The Underwriters may offer and sell the Series 2009B-1 Bonds to certain dealers and others at prices lower than the public offering prices stated on the inside cover page of this Official Statement, and such public offering prices may be changed from time to time by the Underwriters.


All summaries herein of documents and agreements are qualified in their entirety by reference to such documents and agreements, and all summaries herein of the Series 2009B-1 Bonds are qualified in their entirety by reference to the form thereof included in the aforesaid documents and agreements.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS RELATING TO FUTURE RESULTS THAT ARE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS "ESTIMATE," "FORECAST," "INTEND," "EXPECT," "PROJECTED" AND SIMILAR EXPRESSIONS
IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. ANY PROJECTION IS SUBJECT TO SUCH UNCERTAINTIES. INEVITABLY, SOME ASSUMPTIONS USED TO DEVELOP THE PROJECTIONS WILL NOT BE REALIZED AND UNANTICIPATED EVENTS AND CIRCUMSTANCES WILL OCCUR THEREFORE, IT CAN BE EXPECTED THAT THERE WILL BE DIFFERENCES BETWEEN PROJECTIONS AND ACTUAL RESULTS, AND THOSE DIFFERENCES MAY BE MATERIAL.
TABLE OF CONTENTS

INTRODUCTION ........................................................................................................................... 1
  The Series 2009B-1 Bonds ........................................................................................................... 1
  Purpose of Series 2009B-1 Bonds .............................................................................................. 2
  Payment and Security for the Series 2009B-1 Bonds ................................................................. 2
  Obligations Secured by Covenant Revenues ............................................................................. 3
  Designation of Series 2009B-1B Bonds as Build America Bonds .............................................. 3
THE CITY OF JACKSONVILLE ......................................................................................................... 4
THE BETTER JACKSONVILLE PROJECTS ................................................................................... 4
ESTIMATED SOURCES AND USES OF FUNDS ......................................................................... 4
DESCRIPTION OF THE SERIES 2009B-1 BONDS .................................................................. 5
  General Description .................................................................................................................. 5
  Optional Redemption ............................................................................................................... 6
  Mandatory Redemption ............................................................................................................ 6
  Extraordinary Optional Redemption of the Series 2009B-1B Bonds .......................................... 6
  Notice of Redemption ............................................................................................................... 7
  Effect of Notice of Redemption ................................................................................................. 8
  Designation of Series 2009B-1B Bonds as Build America Bonds ............................................. 8
BOOK-ENTRY ONLY SYSTEM ...................................................................................................... 9
SECURITY FOR THE SERIES 2009B-1 BONDS ................................................................... 11
  Covenant to Budget and Appropriate Covenant Revenues ....................................................... 11
  Reserve Account ...................................................................................................................... 12
  Limited Obligations .................................................................................................................. 13
  Covenant Revenues .................................................................................................................. 13
  General Fund ............................................................................................................................ 14
  Infrastructure Sales Tax; Series 2009B Bonds ........................................................................... 17
ADDITIONAL DEBT .................................................................................................................... 19
  General ....................................................................................................................................... 19
  Non-Self Sufficient Debt; Anti-Dilution Test ............................................................................. 20
  Issuance of Additional Bonds ................................................................................................... 21
  Amortization of Variable Rate Bonds and Designated Maturity Debt ........................................ 22
  Outstanding and Anticipated Non-Self Sufficient Debt ............................................................. 22
NON-SELF SUFFICIENT DEBT ................................................................................................. 25
  Calculation of Covenant Revenues and Anti-Dilution Test Limitation ...................................... 26
DEBT SERVICE SCHEDULE SERIES 2009B-1 BONDS .......................................................... 28
FLOW OF FUNDS ....................................................................................................................... 29
PROPERTY TAX REFORM .......................................................................................................... 32
FISCAL POLICY .......................................................................................................................... 35
PENSION AND OTHER POST EMPLOYMENT BENEFITS ....................................................... 35
INVESTMENT AND DEBT MANAGEMENT POLICIES ........................................................ 36
VARIABLE RATE DEBT EXPOSURE ......................................................................................... 38
  Interest Rate Exchange Agreements ....................................................................................... 38
  Variable Rate Debt .................................................................................................................... 38
FINANCIAL ADVISOR ................................................................................................................. 39
UNDERWRITING ..................................................................................................................40
RATINGS ..........................................................................................................................40
LEGAL MATTERS .............................................................................................................40
TAX MATTERS ................................................................................................................41
    Series 2009B-1A Bonds..............................................................................................41
    Series 2009B-1B Bonds ..............................................................................................43
LITIGATION ....................................................................................................................44
ENFORCEABILITY OF REMEDIES ..............................................................................44
CONTINGENCY OF FEES ................................................................................................45
ANNUAL FINANCIAL REPORTS .....................................................................................45
CONTINUING DISCLOSURE ..........................................................................................45
SOURCES OF INFORMATION ........................................................................................46
DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS ......................46
MISCELLANEOUS ..........................................................................................................47
AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT ....48
EXECUTION .....................................................................................................................48

APPENDIX A  – GENERAL INFORMATION ON THE CITY OF JACKSONVILLE, FLORIDA

APPENDIX B  – SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL REVENUE BOND ORDNANCE

APPENDIX C  – FORM OF BOND TERMS AGREEMENT

APPENDIX D  – FORMS OF BOND COUNSEL OPINIONS

APPENDIX E  – FORM OF CONTINUING DISCLOSURE CERTIFICATE
OFFICIAL STATEMENT

relating to

$52,090,000
CITY OF JACKSONVILLE, FLORIDA
SPECIAL REVENUE BONDS
SERIES 2009B-1A

$55,925,000
CITY OF JACKSONVILLE, FLORIDA
TAXABLE SPECIAL REVENUE BONDS,
SERIES 2009B-1B
(DIRECT PAYMENT BUILD AMERICA BONDS)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page, the inside cover page and the appendices attached hereto, is to furnish information in connection with the sale by the City of Jacksonville, Florida (the "City") of its $52,090,000 aggregate original principal amount of its Special Revenue Bonds, Series 2009B-1A (the "Series 2009B-1A Bonds") and its $55,925,000 aggregate original principal amount of its Taxable Special Revenue Bonds, Series 2009B-1B (Direct Payment Build America Bonds) (the "Series 2009B-1B Bonds" and, together with the Series 2009B-1A Bonds, the "Series 2009B-1 Bonds"). The Series 2009B-1 Bonds are being issued pursuant to the Constitution and laws of the State of Florida, particularly Section 159.11, and Section 212.055(2), Florida Statutes, Chapters 125 and 166, Florida Statutes, Article VIII, Section 2 of the Constitution of the State of Florida, Chapter 92-341, Laws of Florida, Special Acts of 1992, as amended and supplemented, and other applicable provisions of law (collectively, the "Act"), Ordinance 2006-888-E, enacted on September 12, 2006, as supplemented and amended from time to time (the "Special Revenue Bond Ordinance), including, as particularly supplemented by Ordinance 2009-446-E, enacted on August 11, 2009 (the "Series 2009B Supplemental Ordinance") and a Bond Terms Agreement dated as of September 1, 2009 (the "Bond Terms Agreement"). The Series 2009B Supplemental Ordinance authorized the issuance of Additional Bonds under the Special Revenue Bond Ordinance in an aggregate amount necessary to provide not in excess of $300,000,000 in net project funds to finance Better Jacksonville Projects, of which the Series 2009B-1 Bonds are the first sub-series. The Series 2009B-1 Bonds and the remaining amount of Additional Bonds authorized under the Series 2009B Supplemental Ordinance are collectively referred to herein as the "Series 2009B Bonds." See "SECURITY FOR THE SERIES 2009B-1 BONDS – Infrastructure Sales Tax; Series 2009B Bonds” and “ADDITIONAL DEBT” herein.

All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth under "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL REVENUE BOND ORDINANCE - Definitions of Certain Terms" attached hereto or, if not defined therein, will have the same meanings ascribed to such terms in the Special Revenue Bond Ordinance or the Bond Terms Agreement.

This Official Statement and the appendices attached hereto contain descriptions of the Series 2009B-1 Bonds, the Special Revenue Bond Ordinance, the Series 2009B Supplemental Ordinance and the City. Such information, descriptions and summaries do not purport to be complete or definitive, and reference is made to each such document for the complete details of all the terms and conditions thereof. All references herein to the Series 2009B-1 Bonds, the Bond Terms Agreement, the Special Revenue Bond Ordinance and the Series 2009B Supplemental Ordinance are qualified in their entirety by such documents, copies of which may be obtained from the City’s Chief Financial Officer, Suite 300, 117
The Series 2009B-1 Bonds

The Series 2009B-1 Bonds are being issued in book-entry only form as fully registered bonds in denominations equal to the principal amount of each maturity of each sub-series set forth on the inside cover page, and when issued, shall, as described herein, be registered in the name of Cede & Co., as Bondholder and securities depository nominee of The Depository Trust Company, New York, New York ("DTC"). Individual purchases of beneficial interests in the Series 2009B-1 Bonds will be made in book-entry form only through Direct Participants, as described herein. See "BOOK-ENTRY ONLY SYSTEM" herein. Interest will be calculated from the dated date of the Series 2009B-1 Bonds, payable on each April 1 and October 1 commencing on April 1, 2010. The Series 2009B-1 Bonds are subject to redemption prior to their stated dates of maturity as more fully described herein. See "DESCRIPTION OF THE SERIES 2009B-1 BONDS - Redemption Provisions" herein.

Purpose of Series 2009B-1 Bonds

The Series 2009B-1 Bonds will be used to: (a) finance a portion of the costs of the acquisition, construction and equipping of various capital improvements comprising the Better Jacksonville Projects; (b) make a deposit to the 2009B Reserve Subaccount of the Reserve Account created the Bond Terms Agreement pursuant to the Special Revenue Bond Ordinance; and (c) pay the costs of issuance related to the Series 2009B-1 Bonds. See "ESTIMATED SOURCES AND USES OF FUNDS" and "THE BETTER JACKSONVILLE PROJECTS" herein.

Payment and Security for the Series 2009B-1 Bonds

The Series 2009B-1 Bonds are being issued as Additional Bonds under the Special Revenue Bond Ordinance and are limited obligations of the City payable from the Covenant Revenues (as defined herein) and other legally available revenues of the City budgeted and appropriated in the manner and to the extent provided in the Special Revenue Bond Ordinance. The Series 2009B-1 Bonds will not be secured by a lien on the Covenant Revenues or any other revenues of the City until funds are actually budgeted and appropriated therefor and deposited in the funds and accounts under the Special Revenue Bond Ordinance. The obligation of the City to budget, appropriate and make payments from Covenant Revenues is subject to the availability of Covenant Revenues in the General Fund of the City after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential government services of the City. The City may not expend moneys not appropriated or in excess of its current budgeted revenues to pay debt service on the Series 2009B-1 Bonds. In addition to the Series 2009B-1 Bonds, the City also has certain other obligations which are payable from Covenant Revenues ("Covenant Obligations"), all as described herein. See "SECURITY FOR THE SERIES 2009B-1 BONDS" and "ADDITIONAL DEBT" herein.

Pursuant to the Series 2009B Supplemental Ordinance, the City has also provided for payment of the Series 2009B Bonds from Infrastructure Sales Tax revenues on a subordinate basis to the extent they are available after satisfying funding requirements for obligations secured by a prior lien on the Infrastructure Sales Tax. Although the City, intends to pay the principal of, premium, if any, and interest on the Series 2009B Bonds from Infrastructure Sales Tax revenues to the extent they are available for such
purpose, no assurance can be given as to the amount of Infrastructure Sales Tax revenues that will be available to pay debt service on the Series 2009B Bonds. The unavailability or limited availability of Infrastructure Sales Tax revenues for payment of debt service on the Series 2009B Bonds shall not be an event of default under the Special Revenue Bond Ordinance. Under the Special Revenue Bond Ordinance, the City is required to budget and appropriate available Covenant Revenues in the manner and to the extent provided in the Special Revenue Bond Ordinance in an amount sufficient, together with any Infrastructure Sales Tax revenues available for such purpose, to make required debt reserve and reserve deposits with respect to the Series 2009B Bonds, including the Series 2009B-1 Bonds. See "SECURITY FOR THE SERIES 2009B-1 BONDS – Infrastructure Sales Tax; Series 2009B Bonds” herein.

The Series 2009B-1 Bonds and the indebtedness represented thereby shall not constitute a lien upon any property of the City. None of the officials of the City or any persons executing the Series 2009B-1 Bonds are liable personally on the Series 2009B-1 Bonds.

Obligations Secured by Covenant Revenues

The City previously issued and has outstanding its $54,215,000 Special Revenue Bonds, Series 2008, all of which are presently outstanding (the “Series 2008 Bonds”), its $28,613,000 Taxable Special Revenue Bond, Series 2009A (the “Series 2009A Bond”) and other Non-Self Sufficient Debt as more fully described herein under “ADDITIONAL DEBT – Outstanding and Anticipated Non-Self Sufficient Debt” and “NON-SELF SUFFICIENT DEBT.” The Special Revenue Bond Ordinance permits the issuance of Additional Bonds (which shall be payable on a parity with the Series 2009B-1 Bonds, the Series 2008 Bonds and the Series 2009A Bond) as well as Non-Self Sufficient Debt and Self Sufficient Debt, payable from the Covenant Revenues. The City is permitted under the Special Revenue Bond Ordinance to issue Non-Self Sufficient Debt for which there may be granted a prior lien on all or a portion of the Covenant Revenues, provided the City first complies with the anti-dilution test described herein. Self Sufficient Debt is permitted to be issued which may be secondarily secured by or payable from Covenant Revenues if certain debt service coverage tests are met and are expected to be met, as provided in the definition of “Self-Sufficient Debt.” See ”ADDITIONAL DEBT” herein.

Designation of Series 2009B-1B Bonds as Build America Bonds

The City currently intends to elect to treat the Series 2009B-1B Bonds as “Build America Bonds” for purposes of the America Recovery and Reinvestment Act of 2009 (the “Recovery Act”) and to receive Direct Payments (as defined herein) from the United States Treasury in connection therewith.
THE CITY OF JACKSONVILLE

On August 8, 1967, the electors of Duval County, Florida approved by referendum a charter of a consolidated government of the City of Jacksonville. Such consolidated government went into effect on October 1, 1968, and extends throughout Duval County, except that the Cities of Jacksonville Beach, Atlantic Beach and Neptune Beach and the Town of Baldwin (referred to as the Second, Third, Fourth and Fifth Urban Services Districts, respectively) remain as urban services districts and each retains its individual municipal charter. The City of Jacksonville, as so consolidated, is herein referred to as the "City.” For additional information concerning the City, see “APPENDIX A – GENERAL INFORMATION ON THE CITY OF JACKSONVILLE, FLORIDA” attached hereto.

THE BETTER JACKSONVILLE PROJECTS

The Better Jacksonville Plan is a comprehensive undertaking by the City to provide road, transportation and infrastructure improvements, park and environmental improvements, economic development and public facilities that was approved by the City in July 2000. Improvements include road resurfacing, drainage, sidewalks, bike paths and landscaping, safety grade crossings and acquisition of rapid transit right of way; environmental land preservation and parks; environmental clean-up and septic tank remediation; economic development; improvements to the Jacksonville Zoo and Cecil Field; and construction of a new main library, library branch improvements, an arena, a baseball park and a county courthouse; among other improvements, with a total authorized cost of $1,500,000,000 (collectively, the "Better Jacksonville Projects"). The City intends to finance a portion of the costs of such projects with proceeds of the Series 2009B Bonds, of which, the Series 2009B-1 Bonds are the initial sub-series. See “SECURITY FOR THE SERIES 2009B-1 BONDS – Infrastructure Sales Tax; Series 2009B Bonds” herein for a discussion of the financing plan for the Better Jacksonville Projects.

ESTIMATED SOURCES AND USES OF FUNDS

<table>
<thead>
<tr>
<th>Sources</th>
<th>Series 2009B1-A Bonds</th>
<th>Series 2009B1-B Bonds</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Par Amount</td>
<td>$52,090,000.00</td>
<td>$55,925,000.00</td>
<td>$108,015,000.00</td>
</tr>
<tr>
<td>Plus Net Original Issue Premium</td>
<td>3,867,555.55</td>
<td>-</td>
<td>3,867,555.55</td>
</tr>
<tr>
<td>Total Sources of Funds:</td>
<td>$55,957,555.55</td>
<td>$55,925,000.00</td>
<td>$111,882,555.55</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Uses</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Deposit to Better Jacksonville Projects Subaccount</td>
<td>$50,334,422.68</td>
<td>$49,665,577.32</td>
<td>$100,000,000.00</td>
</tr>
<tr>
<td>Deposit to 2009B Reserve Subaccount</td>
<td>5,182,514.54</td>
<td>5,564,064.61</td>
<td>10,746,579.15</td>
</tr>
<tr>
<td>Costs of Issuance(1)</td>
<td>440,618.33</td>
<td>695,358.07</td>
<td>1,135,976.40</td>
</tr>
<tr>
<td>Total Uses of Funds:</td>
<td>$55,957,555.55</td>
<td>$55,925,000.00</td>
<td>$111,882,555.55</td>
</tr>
</tbody>
</table>

(1) Includes, among other things, underwriters’ discount, legal, financial and administrative expenses with respect to the Series 2009B-1 Bonds.

[Remainder of page intentionally left blank]
DESCRIPTION OF THE SERIES 2009B-1 BONDS

General Description

The Series 2009B-1 Bonds will bear interest at the rates and mature on the dates and in the amounts shown on the inside cover page of this Official Statement.

The Series 2009B-1 Bonds will be dated their date of delivery, and will bear interest from such date. Interest on all Series 2009B-1 Bonds will be payable semiannually on April 1 and October 1 of each year, with the first interest payment to be made on April 1, 2010. Wells Fargo Bank, N.A., Jacksonville, Florida, will serve as Deputy Registrar and Paying Agent for the Series 2009B-1 Bonds (the “Deputy Registrar and Paying Agent”).

The Series 2009B-1 Bonds will be issued in fully registered form in denominations equal to the principal amount of each maturity shown on the inside cover page in book-entry form only as described below under "DESCRIPTION OF THE SERIES 2009B-1 BONDS – Book-Entry Only System."

So long as the Series 2009B-1 Bonds are registered in the registration books kept by the Deputy Registrar and Paying Agent in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”), the City and the Deputy Registrar and Paying Agent will have no responsibility or obligation to any DTC Participant (as defined herein). Without limiting the immediately preceding sentence, the City and the Deputy Registrar and Paying Agent will have no responsibility or obligation with respect to: (a) the accuracy of the records of DTC, Cede & Co. or any DTC Participant with respect to any ownership interest in the Series 2009B-1 Bonds; (b) the delivery to any DTC Participant or any other person other than a Bondholder, as shown in the registration books kept by the Deputy Registrar and Paying Agent, of any notice with respect to the Series 2009B-1 Bonds, including any notice of redemption; or (c) the payment to any DTC Participant or any other Person, other than a Bondholder, as shown in the registration books kept by the Deputy Registrar and Paying Agent, of any amount with respect to principal of or interest on the Series 2009B-1 Bonds. The City and the Deputy Registrar and Paying Agent may treat and consider the person in whose name each Series 2009B-1 Bond is registered in the registration books kept by the Registrar as the absolute owner of such Series 2009B-1 Bond for the purpose of payment of principal of and interest with respect to such Series 2009B-1 Bond, for the purpose of giving notices of redemption and other matters with respect to such Series 2009B-1 Bond, for the purpose of registering transfers with respect to such Series 2009B-1 Bond, and for all other purposes whatsoever. The Deputy Registrar and Paying Agent will pay all principal of and interest on the Series 2009B-1 Bonds only to or upon the order of the respective Bondholders, as shown in the registration books kept by the Deputy Registrar and Paying Agent, or their respective attorneys duly authorized in writing, as provided in the Special Revenue Bond Ordinance, and all such payments will be valid and effective to fully satisfy and discharge the City’s obligations with respect to payment of principal of, premium, if any, and interest on the Series 2009B-1 Bonds to the extent of the sum or sums so paid. No person other than an owner, as shown in the registration books kept by the Deputy Registrar and Paying Agent, will receive a certificated Series 2009B-1 Bond evidencing the obligation of the City to make payments of principal of, premium, if any, and interest pursuant to the provisions of the Special Revenue Bond Ordinance.
Optional Redemption

The Series 2009B-1A Bonds maturing prior to October 1, 2020, are not subject to redemption prior to maturity. The Series 2009B-1A Bonds maturing on and after October 1, 2020, shall be subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part, on any date on or after October 1, 2019, in such maturities as the City shall in its discretion select or by lot within a maturity if less than a full maturity, at the redemption price equal to 100% of the principal amount of the Series 2009B-1A Bonds or portion of such Series 2009B-1A Bonds to be redeemed, plus accrued interest to the redemption date and without premium.

The Series 2009B-1B Bonds shall be subject to redemption prior to their stated date of maturity, at the option of the City, in whole or in part, on any date on or after October 1, 2019, if in part by lot and from among such Amortization Installments as the City shall in its discretion select, at the redemption price equal to 100% of the principal amount of the Series 2009B-1B Bonds or portion of such Series 2009B-1B Bonds to be redeemed, plus accrued interest to the redemption date and without premium.

Mandatory Redemption

The Series 2009B-1B Bonds are subject to mandatory redemption, on a pro-rata basis, as nearly as practicable in integral multiples of $5,000 from Registered Owners (or while the DTC Book-Entry Only System is in effect from the DTC Participants and Beneficial Owners), from Amortization Installments required to be deposited in the Debt Service Account, commencing on October 1, 2026, and on each October 1 thereafter, at a redemption price of par plus accrued interest to the redemption date, in the years and in the respective amounts as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amortization Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 2026</td>
<td>$10,310,000</td>
</tr>
<tr>
<td>October 1, 2027</td>
<td>10,730,000</td>
</tr>
<tr>
<td>October 1, 2028</td>
<td>11,170,000</td>
</tr>
<tr>
<td>October 1, 2029</td>
<td>11,620,000</td>
</tr>
<tr>
<td>October 1, 2030*</td>
<td>12,095,000</td>
</tr>
</tbody>
</table>

* Final Maturity

Extraordinary Optional Redemption of the Series 2009B-1B Bonds

The Series 2009B1-B Bonds are subject to redemption on any date prior to their maturity at the option of the City, in whole or in part upon the occurrence of an Extraordinary Event, at a redemption price equal to the greater of:

1. 100% of the principal amount of the Series 2009B1-B Bonds to be redeemed; or
2. the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2009B1-B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009B1-B Bonds are to be redeemed, discounted to the date on which the Series 2009B1-B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100
basis points; plus, in each case, accrued interest on the Series 2009B1-B Bonds to be redeemed to the redemption date.

"Treasury Rate" means, with respect to any redemption date for a particular Series 2009B1-B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical Release H. 15 (519) that has become publicly available at least two Business Days prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2009B1-B Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

An "Extraordinary Event" will have occurred if a change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds") pursuant to which the City’s 35% cash subsidy payment from the United States Treasury with respect to the Series 2009B1-B Bonds is reduced or eliminated.

Notice of Redemption

Notice of redemption shall be given by the deposit in the U.S. mails of a copy of such redemption notice, postage prepaid, at least thirty and not more than sixty days before the redemption date to all Registered Owners of the Bonds or portions of Bonds to be redeemed at their addresses as they appear on the registration books to be maintained in accordance with the provisions of the Special Revenue Bond Ordinance. Failure to mail any such notice to a Registered Owner of a Bond, or any defect therein, shall not affect the validity of the proceedings for redemption of any Bond or portion thereof with respect to which no failure or defect occurred. Any notice mailed as provided by the Special Revenue Bond Ordinance shall be conclusively presumed to have been duly given, whether or not the owner of such Bond receives such notice.

Each notice of redemption shall set forth the date fixed for redemption of the Bond being redeemed, the redemption price to be paid, the date of such notice, the original issue date of such Bonds, the maturity date and rate of interest borne by each Bond being redeemed, the name, address and telephone number of the person designated by the Deputy Registrar and Paying Agent to be responsible for such redemption and, if less than all of the Bonds then Outstanding shall be called for redemption, the distinctive numbers and letters, including CUSIP numbers, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption which relates to such Bond shall also state that on or after the redemption date, upon surrender of such Bond, new Bond or Bonds in a principal amount equal to the unredeemed portion of such Bond will be issued.

Notwithstanding the foregoing or any other provision of the Special Revenue Bond Ordinance, notice of optional redemption may be conditioned upon the occurrence or non-occurrence of such event or events as shall be specified in such notice of optional redemption and may also be subject to rescission by the City if expressly set forth in such notice.
Effect of Notice of Redemption

Notice having been given in the manner and under the conditions provided in the Special Revenue Bond Ordinance and upon the satisfaction of any conditions to such redemption specified in such notice, the Bonds or portions of Bonds so called for redemption shall, on the redemption date designated in such notice, become and be due and payable at the redemption price provided for redemption of such Bonds or portions of such Bonds on such date. On the date so designated for redemption, moneys for payment of the redemption price being held in separate accounts by the Deputy Registrars and Paying Agents in trust for the Registered Owners of the Bonds or portions thereof to be redeemed, all as provided in the Special Revenue Bond Ordinance, interest and, if applicable, principal, on the Bonds or portions of Bonds so called for redemption shall cease to accrue, such Bonds and portions of Bonds shall cease to be entitled to any lien, benefit or security under the Special Revenue Bond Ordinance, and the Registered Owners of such Bonds or portions of Bonds shall have no right in respect thereof except to receive payment of the redemption price thereof and, to the extent provided in the Special Revenue Bond Ordinance, to receive Bonds for any unredeemed portions of the Bonds.

Designation of Series 2009B-1B Bonds as Build America Bonds

The City currently intends to elect to treat the Series 2009B-1B Bonds as “Build America Bonds” for purposes of the Recovery Act and to receive Direct Payments (as defined herein) from the United States Treasury in connection therewith. The City expects that any Direct Payments received by the City in connection with the Series 2009B-1B Bonds shall be deposited into the Better Jacksonville Revenue Fund and used to pay debt service on the Series 2009B-1B Bonds. No assurances can be provided that the City will receive the Direct Payments. The amount of any Direct Payment is subject to legislative changes by Congress and will only be paid if the Series 2009B-1B Bonds are and remain Build America Bonds. For the Series 2009B-1B Bonds to remain Build America Bonds, the City must comply with certain requirements of the Code and establish certain facts and expectations with respect to the Series 2009B-1B Bonds, including the use and investment of proceeds thereof and the use of property financed thereby. The City has not covenanted to and is not obligated to comply with the requirements of the Code in order for the Series 2009B-1B Bonds to remain Build America Bonds. See “DESCRIPTION OF THE SERIES 2009B-1 BONDS – Designation of the Series 2009B-1B Bonds as Build America Bonds” herein for more information.

BOOK-ENTRY ONLY SYSTEM

The information in this caption concerning The Depository Trust Company, New York, New York, ("DTC") and DTC’s book-entry system has been obtained from DTC and neither the City nor the Underwriters make any representation or warranty or take any responsibility for the accuracy or completeness of such information.

The Depository Trust Company (“DTC"), New York, NY, will act as securities depository for the Series 2009B-1 Bonds. The Series 2009B-1 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2009B-1 Bond certificate will be issued for each maturity of each sub-series of the Series 2009B-1 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.
DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Series 2009B-1 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2009B-1 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2009B-1 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, 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 Series 2009B-1 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2009B-1 Bonds, except in the event that use of the book-entry system for the Series 2009B-1 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2009B-1 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2009B-1 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2009B-1 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Series 2009B-1 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect 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. Beneficial Owners of Series 2009B-1 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2009B-1 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the
Special Revenue Bond Ordinance. For example, Beneficial Owners of Series 2009B-1 Bonds may wish to ascertain that the nominee holding the Series 2009B-1 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Deputy Registrar and Paying Agent and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2009B-1 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. (nor any other DTC nominee) will consent or vote with respect to Series 2009B-1 Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City 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 Series 2009B-1 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2009B-1 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the City or the Deputy Registrar and Paying Agent, on payable date in accordance with their respective holdings shown on DTC’s records. 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 Deputy Registrar and Paying Agent, or the City, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City or the Deputy Registrar and Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2009B-1 Bonds at any time by giving reasonable notice to the City or the Deputy Registrar and Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Series 2009B-1 Bond certificates are required to be printed and delivered.

The City may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Series 2009B-1 Bond certificates will be printed and delivered to DTC.
Covenant to Budget and Appropriate Covenant Revenues

The Series 2009B-1 Bonds are being issued as Additional Bonds under the Special Revenue Bond Ordinance. The Series 2009B-1 Bonds and other Bonds Outstanding under the Special Revenue Bond Ordinance from time to time shall be payable from the Covenant Revenues and other legally available revenues actually budgeted and appropriated and deposited into the funds and accounts created and established pursuant to and in the manner provided in the Special Revenue Bond Ordinance. Until actually deposited into the funds and accounts created under the Special Revenue Bond Ordinance, Covenant Revenues are not pledged for the payment of the Series 2009B-1 Bonds and the Holders of the Series 2009B-1 Bonds will not have a lien thereon. The City has covenant to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its annual budget for each Fiscal Year, by amendment if necessary, and deposit to the credit of the Revenue Account established pursuant to the Special Revenue Bond Ordinance, Covenant Revenues in an amount which together with other legally available funds budgeted and appropriated for such purpose are equal to the Debt Service Requirement with respect to all Bonds Outstanding under the Special Revenue Bond Ordinance for the applicable Fiscal Year, plus an amount sufficient to satisfy all other payment obligations of the City under the Special Revenue Bond Ordinance for the applicable Fiscal Year, including, without limitation, the obligations of the City to fund and cure deficiencies in any subaccounts in the Reserve Account created under the Special Revenue Bond Ordinance. Such covenant and agreement on the part of the City to budget and appropriate sufficient amounts of Covenant Revenues shall be cumulative, and shall continue until such Covenant Revenues in amounts, together with any other legally available funds budgeted and appropriated for such purposes, sufficient to make all required payments under the Special Revenue Bond Ordinance as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the appropriate funds and accounts under the Special Revenue Bond Ordinance.

The covenant described above does not create a lien, either legal or equitable, on any of the City’s Covenant Revenues or other revenues or funds, nor shall it preclude the City from pledging in the future any of its Covenant Revenues or other revenues to other obligations, nor shall it give the Bondholders a prior claim on the Covenant Revenues. Anything in the Special Revenue Bond Ordinance to the contrary notwithstanding, all obligations of the City under the Special Revenue Bond Ordinance shall be payable only from the Covenant Revenues and other legally available revenues actually budgeted and appropriated and deposited into the funds and accounts created under the Special Revenue Bond Ordinance, as provided for therein. The City may not expend monies not appropriated or in excess of its current budgeted revenues.

The obligation of the City to budget, appropriate and make payments thereunder from its Covenant Revenues is subject to the availability of Covenant Revenues in the General Fund of the City after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential services of the City.

The City has not covenanted to maintain any programs or other activities which generate Covenant Revenues.

The exercise of remedies by the holders of other Covenant Obligations (whether or not so secured by a lien), including Non-Self Sufficient Debt which is not issued as Bonds under the Special Revenue
Bond Ordinance and judgment creditors, may result in the payment of debt service on some Covenant Obligations prior to the payment of debt service on other Non-Self Sufficient Debt, including the Series 2009B-1 Bonds.

**Reserve Account**

In each supplemental ordinance or resolution authorizing the issuance of a Series of Bonds under the Special Revenue Bond Ordinance, the City is required to designate or provide for the designation as to whether such Series of Bonds is to be secured by the Composite Reserve Subaccount, a separate subaccount or is not to be secured by the Reserve Account and, if such Series is to be secured by a separate account, the Reserve Requirement, with respect thereto. Bonds of each Series shall be secured only by the subaccount in the Reserve Account, if any, designated to secure such Series of Bonds and shall have no lien on or right to payment from any other subaccount in the Reserve Account. Funds on deposit in the separate subaccounts in the Reserve Account shall be used only for the purpose of curing deficiencies in the Debt Service Account with respect to the Series of Bonds to which such subaccount pertains and for no other purpose. In no event shall monies in a subaccount in the Reserve Account be used or available for the payment of principal of or interest on any other payments with respect to Bonds of any Series not secured by such subaccount. If funds on deposit in the applicable subaccount in the Reserve Account for a particular Series of Bonds exceed, in the aggregate, the Reserve Requirement with respect to such Series of Bonds (other than due to the substitution of a Reserve Product as described below), the excess funds shall be deposited into the Revenue Account for the benefit of all Bonds issued under the Special Revenue Bond Ordinance.

Pursuant to the Bond Terms Agreement, the Series 2009B-1 Bonds are secured by amounts deposited in the 2009B Reserve Subaccount created as a separate subaccount in the Reserve Account. Upon the issuance of the Series 2009B-1 Bonds, the City shall deposit Series 2009B-1 Bond proceeds into the 2009B Reserve Subaccount in an amount sufficient to cause the amount on deposit therein to equal the 2009B Reserve Requirement upon the issuance of the Series 2009B-1 Bonds. Pursuant to the terms of the Bond Terms Agreement, the City may, but is not required to, secure any or all additional Series 2009B Bonds and any other Additional Bonds payable from Infrastructure Sales Tax revenues, by the 2009B Reserve Subaccount on a composite basis with the Series 2009B-1 Bonds. The 2009B Reserve Requirement is an amount equal to the lesser of (i) the Maximum Annual Debt Service calculated with respect to all Series of Bonds Outstanding under the Special Revenue Bond Ordinance that are secured by the 2009B Reserve Subaccount, (ii) 125% of the Average Annual Debt Service Requirement calculated with respect to all Series of Bonds Outstanding under the Special Revenue Bond Ordinance that are secured by the 2009B Reserve Subaccount; provided, however, that (a) in determining the aggregate principal amount of Bonds Outstanding for purposes of clause (iii) the issue price of the Bonds (net of pre-issuance accrued interest) shall be substituted for the original stated principal amount of those Bonds if such Bonds were sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity and (b) Maximum Annual Debt Service and the Average Annual Debt Service Requirement shall be calculated by subtracting the expected Direct Payments associated with any Series 2009B Bonds secured by the 2009B Reserve Subaccount.

The Special Revenue Bond Ordinance permits the City at any time to substitute a Reserve Product for any cash or investments deposited to the 2009B Reserve Subaccount of the Reserve Account.
The Reserve Product must be provided by a nationally recognized bond insurance provider or a bank or other financial institution providing such Reserve Product.

Limited Obligations

Anything in the Special Revenue Bond Ordinance to the contrary notwithstanding, all obligations of the City under the Special Revenue Bond Ordinance shall be payable only from the Covenant Revenues and other legally available revenues actually budgeted and appropriated and deposited into the funds and accounts created in the Special Revenue Bond Ordinance (including with respect to the Series 2009B Bonds, the Infrastructure Sales Tax revenues as provided in the Series 2009B Supplemental Ordinance), as provided for therein. Nothing in the Special Revenue Bond Ordinance shall be deemed to create a pledge of or lien on the Covenant Revenues, the Infrastructure Sales Tax revenues, the ad valorem tax revenues of the City or any other revenues of the City or to permit or constitute a mortgage or lien upon any assets owned by the City. No Bondholder shall ever have the right to compel any exercise of the ad valorem taxing power of the City for any purpose, including, without limitation, to pay the principal of or interest or premium, if any, on the Bonds or to make any other payment required thereunder or to maintain or continue any of the activities of the City which generate user service charges, regulatory fees or any other Covenant Revenues, nor shall the Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the City. The obligation of the City to budget, appropriate and make payments required by the Special Revenue Bond Ordinance from its Covenant Revenues is subject to the availability of Covenant Revenues in the General Fund after the satisfaction of the funding requirements for obligations having an express lien on or pledge of such revenues and the funding requirements for essential governmental services of the City.

The Series 2009B-1 Bonds, the interest thereon and any premiums, if any, payable on the redemption thereof, shall not be secured by any proceeds from the sale, lease or other disposition, if any, of property comprising the Better Jacksonville Projects. The Series 2009B-1 Bonds and the indebtedness represented thereby shall not constitute a lien upon the Better Jacksonville Projects, or any part thereof, or on any other property of the City. None of the officials of the City or any persons executing the Series 2009B-1 Bonds are liable personally on the Series 2009B-1 Bonds.

Covenant Revenues

"Covenant Revenues" is defined in the Special Revenue Bond Ordinance as those revenues of the City that are deposited to the credit of the City’s General Fund derived from any source whatsoever that are legally available for the payment of the obligations of the City under the Special Revenue Bond Ordinance, inclusive of operating transfers from other funds into the General Fund but exclusive of revenues derived from ad valorem taxation. Pursuant to the Special Revenue Bond Ordinance, it shall be assumed for purposes of calculating Covenant Revenues and Self Sufficient Debt that amounts required to be transferred from the City’s General Fund to community redevelopment trust funds pursuant to Section 163.387 of the Florida Statutes or for other purposes for which tax increment revenues are pledged or committed, will come from revenues derived from ad valorem taxation and not Covenant Revenues. For the calculation of Covenant Revenues for the past three Fiscal Years, see the table entitled "Calculation of Covenant Revenues and Anti-Dilution Test Limitation" under "ADDITIONAL DEBT – Calculation of Covenant Revenues and Anti-Dilution Test Limitation" herein.
General Fund

The following describes the current state of the City's financial position. Although this section includes a description of the City's General Fund, only Covenant Revenues budgeted and appropriated and deposited into the funds and accounts under the Special Revenue Bond Ordinance are pledged to the Series 2009B-1 Bonds.

The City’s General Fund provides basic governmental services, such as public safety, public works, parks and recreation, and libraries, as well as typical county services, such as jails, courts, and indigent medical care. The City’s four primary sources of revenue are property taxes, utilities services (excise) taxes, sales taxes, and an "in lieu of tax" contribution from the JEA, an independent authority which provides electric and water and sewer utilities services.

The following table shows the revenues and expenditures of the General Fund from fiscal years 2005 through 2008 and a comparison for the nine-month periods ended June 30, 2008 and June 30, 2009. Although this schedule includes all General Fund revenues, only the Covenant Revenues are subject to the covenant to budget and appropriate funds for the payment of the Series 2009B-1 Bonds. Revenues which are not available for debt service include, but are not limited to, property taxes (revenues derived from ad valorem taxation).

[Remainder of page intentionally left blank]
### CITY OF JACKSONVILLE, FLORIDA
### GENERAL FUND
### SCHEDULE OF REVENUES AND EXPENDITURES
### FOR THE FISCAL YEARS 2005 THROUGH 2008
### WITH COMPARISONS FOR 9 MONTHS 2008 and 2009
### (in thousands)

<table>
<thead>
<tr>
<th></th>
<th>ACTUAL</th>
<th>ACTUAL</th>
<th>ACTUAL</th>
<th>ACTUAL</th>
<th>9 months</th>
<th>9 months</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year ended</td>
<td>Year ended</td>
<td>Year ended</td>
<td>Year ended</td>
<td>ended</td>
<td>ended</td>
</tr>
<tr>
<td><strong>REVENUE:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property taxes</td>
<td>$360,768</td>
<td>$400,667</td>
<td>$453,971</td>
<td>$463,374</td>
<td>$458,257</td>
<td>$457,445</td>
</tr>
<tr>
<td>Utility service taxes</td>
<td>99,463</td>
<td>104,259</td>
<td>104,634</td>
<td>114,392</td>
<td>69,606</td>
<td>73,447</td>
</tr>
<tr>
<td>Licenses and permits</td>
<td>9,045</td>
<td>10,509</td>
<td>10,277</td>
<td>28,589</td>
<td>12,516</td>
<td>30,949</td>
</tr>
<tr>
<td>Intergovernmental</td>
<td>152,249</td>
<td>152,875</td>
<td>145,820</td>
<td>136,031</td>
<td>100,300</td>
<td>79,122</td>
</tr>
<tr>
<td>Charges for services</td>
<td>55,257</td>
<td>61,469</td>
<td>63,335</td>
<td>68,452</td>
<td>51,083</td>
<td>47,849</td>
</tr>
<tr>
<td>Fines and forfeitures</td>
<td>5,135</td>
<td>5,671</td>
<td>4,645</td>
<td>4,302</td>
<td>2,977</td>
<td>2,272</td>
</tr>
<tr>
<td>JEA Contribution</td>
<td>85,938</td>
<td>88,688</td>
<td>95,151</td>
<td>96,096</td>
<td>54,943</td>
<td>56,401</td>
</tr>
<tr>
<td>Interest</td>
<td>5,049</td>
<td>13,123</td>
<td>10,872</td>
<td>4,803</td>
<td>7,225</td>
<td>5,623</td>
</tr>
<tr>
<td>Other</td>
<td>15,756</td>
<td>19,250</td>
<td>19,233</td>
<td>18,284</td>
<td>14,677</td>
<td>13,024</td>
</tr>
<tr>
<td><strong>Total Revenue</strong></td>
<td>788,660</td>
<td>856,511</td>
<td>908,138</td>
<td>934,323</td>
<td>771,584</td>
<td>766,132</td>
</tr>
</tbody>
</table>

<p>| <strong>EXPENDITURES AND ENCUMBRANCES:</strong> | | | | | | |
| Agriculture | 1,316 | 1,006 | 1,511 | - | - | - |
| Central Operations | - | - | - | 19,018 | 13,553 | 14,144 |
| City Council | 7,738 | 8,020 | 8,329 | 8,096 | 5,971 | 6,494 |
| Clerk of the Courts | 4,543 | 4,157 | 4,069 | 3,985 | 2,612 | 2,803 |
| Courts | 2,332 | 2,139 | 1,072 | 1,099 | 919 | 1,101 |
| Community Services | 37,612 | 34,180 | 35,179 | - | - | - |
| Environmental Resource Management | 9,187 | 12,089 | 11,810 | 15,913 | 11,333 | 12,701 |
| Finance | 11,677 | 14,610 | 11,216 | 8,117 | 5,930 | 6,065 |
| Fire/Rescue | 124,066 | 120,639 | 136,651 | 141,046 | 104,833 | 111,028 |
| General Counsel | 363 | 332 | 2,111 | 607 | 318 | 250 |
| Health Administrator | 3,379 | 3,028 | 2,490 | 323 | 292 | 734 |
| Housing and Neighborhoods | - | 6,133 | 7,070 | 16 | 10 | 92 |
| Human Resources | - | - | 4,673 | - | - | - |
| Jacksonville Childrens Commission | - | - | - | - | - | 2,965 |
| Jacksonville Economic Development Commission | 8,446 | - | - | - | - | - |
| Jacksonville Human Rights Commission | 1,118 | 1,106 | 1,176 | 1,088 | 770 | 914 |
| Mayor | 3,189 | 2,619 | 2,531 | 2,314 | 1,710 | 1,501 |
| Mayor's Boards and Commissions | 489 | 406 | 489 | 403 | 293 | 332 |
| Medical Examiner | 2,037 | 2,077 | 2,450 | 2,895 | 2,029 | 2,089 |
| Metropolitan Planning Organization | - | - | - | - | - | - |
| Department of Neighborhoods | 19,361 | 667 | - | - | - | - |
| Property Appraiser | 7,243 | 8,006 | 9,136 | 8,955 | 6,557 | 6,486 |
| Public Defender | 797 | 844 | 801 | 814 | 669 | 688 |
| Planning and Development | 5,733 | 5,594 | 6,176 | 5,975 | 4,250 | 5,858 |
| Pension Funds | 10 | 10 | 8 | - | - | - |
| Public Libraries | 30,946 | 31,409 | 34,955 | 34,466 | 25,550 | 26,818 |
| Parks, Recreation and Entertainment | 25,298 | 30,419 | 30,971 | - | - | - |
| Procurement &amp; Supplies | 3,269 | 3,279 | 4,094 | - | - | - |
| Public Works | 61,594 | 64,313 | 66,060 | 85,123 | 56,576 | 55,038 |
| Recreation &amp; Community Services | - | - | - | 46,932 | 31,939 | 33,736 |
| State Attorney | 844 | 724 | 666 | 502 | 393 | 325 |
| Supervisor of Elections | 7,195 | 5,352 | 9,889 | 9,727 | 4,945 | 6,079 |
| Tax Collector | 12,701 | 13,485 | 14,560 | 13,688 | 10,199 | 10,309 |</p>
<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal Program Reserve</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Contribution to Shands-Jacksonville</td>
<td>23,776</td>
<td>23,776</td>
<td>23,776</td>
<td>23,776</td>
<td>23,776</td>
<td>23,776</td>
</tr>
<tr>
<td>Cash Carryover Reserves</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Jacksonville Misc. Citywide Activities</td>
<td>31,573</td>
<td>26,365</td>
<td>33,412</td>
<td>31,508</td>
<td>23,866</td>
<td>23,866</td>
</tr>
<tr>
<td>Total Expenditures</td>
<td>702,023</td>
<td>700,837</td>
<td>766,857</td>
<td>782,775</td>
<td>567,153</td>
<td>595,495</td>
</tr>
</tbody>
</table>

**EXCESS OF REVENUE OVER (UNDER) EXPENDITURES**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess or Deficiency of Revenues Over (Under) Expenditures</td>
<td>86,637</td>
<td>155,674</td>
<td>141,281</td>
<td>151,548</td>
<td>204,431</td>
<td>170,637</td>
</tr>
</tbody>
</table>

**OTHER FINANCING SOURCES (USES):**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfers in</td>
<td>15,588</td>
<td>6,886</td>
<td>7,494</td>
<td>8,503</td>
<td>5,769</td>
<td>4,694</td>
</tr>
<tr>
<td>Transfers out</td>
<td>(128,339)</td>
<td>(147,646)</td>
<td>(146,603)</td>
<td>(150,782)</td>
<td>(124,137)</td>
<td>(106,147)</td>
</tr>
<tr>
<td>Long term debt issued</td>
<td>-</td>
<td>-</td>
<td>3,901</td>
<td>4,906</td>
<td>1,844</td>
<td>4,100</td>
</tr>
<tr>
<td>Total Other Financing Sources (Uses)</td>
<td>(112,751)</td>
<td>(140,760)</td>
<td>(135,208)</td>
<td>(137,373)</td>
<td>(116,524)</td>
<td>(97,353)</td>
</tr>
</tbody>
</table>

**EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excess or Deficiency of Revenues Over (Under) Expenditures</td>
<td>($26,114)</td>
<td>$14,914</td>
<td>$6,073</td>
<td>$14,175</td>
<td>$87,907</td>
<td>$73,284</td>
</tr>
</tbody>
</table>

Source: Audited numbers for Fiscal Years 2005 through 2008 were extracted from the City’s audited Comprehensive Annual Financial Reports for Fiscal Years 2005 through 2008. Unaudited numbers for the nine-month periods ended June 30, 2008 and June 30, 2009 were provided by the City’s Finance Department.

[Remainder of page intentionally left blank]
Infrastructure Sales Tax; Series 2009B Bonds

Pursuant to Section 212.055(2), Florida Statutes, the City Council of the City enacted Ordinance 2000-572-E, on July 11, 2000, establishing the Better Jacksonville Plan providing for the acquisition, construction and development of the Better Jacksonville Projects with a total authorized cost of $1,500,000,000. Ordinance 2000-577-E also provided for the levying and imposition, throughout the City, of an additional sales tax of 0.5% on all taxable transactions occurring in the City (the “Infrastructure Sales Tax”). The levy of the Infrastructure Sales Tax was approved by a majority of the electors of the City who voted in a referendum election on September 5, 2000. The Infrastructure Sales Tax is effective for a thirty-year period which commenced January 1, 2001.

Pursuant to Ordinance 2001-431-E (the “Better Jacksonville Bond Ordinance”) the City authorized the issuance of not exceeding $1,500,000,000 Better Jacksonville Sales Tax Revenue Bonds (the “Better Jacksonville Sales Tax Bonds”) secured by Infrastructure Sales Tax revenues. The City has issued $753,705,000 aggregate principal amount of the Better Jacksonville Sales Tax Bonds, $678,650,000 aggregate principal amount of which is currently outstanding. In addition, the City has entered into to two State of Florida Infrastructure Bank Loan Agreements providing loans to the City (the “SIB Loans”) which are currently outstanding in the aggregate principal amount of $61,344,185. The SIB Loans are secured by a lien on Infrastructure Sales Tax revenues which is subordinate to the Better Jacksonville Sales Tax Bonds. The outstanding Better Jacksonville Sales Tax Bonds, any additional Better Jacksonville Sales Tax Bonds issued under the Better Jacksonville Bond Ordinance, the SIB Loans, and any additional obligations which the City may issue or incur in the future secured by a lien on the Infrastructure Sales Tax revenues, are collectively herein referred to as the “Senior BJP Obligations.”

To date, approximately $1,006,479,659 of the authorized $1,500,000,000 cost of the Better Jacksonville Projects has been funded through a combination of the proceeds of the Senior BJP Obligations and cash funding.

To continue the implementation of The Better Jacksonville Plan in light of the recent global economic recession and the resulting decrease in the capacity of the Infrastructure Sales Tax to support the issuance of additional Better Jacksonville Sales Tax Bonds, pursuant to the Series 2009B Supplemental Ordinance, the City authorized the Series 2009B Bonds to be issued as Additional Bonds under the Special Revenue Bond Ordinance in an amount necessary to provide not in excess of $300,000,000 net project funds to finance Better Jacksonville Projects. In order to eliminate duplicate funding, the authorized amount of Better Jacksonville Sales Tax Bonds shall, by the terms of the Series 2009B Supplemental Ordinance, be reduced by the amount of the Series 2009B Bonds issued. The Series 2009B-1 Bonds are the initial sub-series of the Series 2009B Bonds. The City anticipates issuing all of the Series 2009B Bonds under the Special Revenue Bond Ordinance over the next 12 to 24 months to finance Better Jacksonville Projects, leaving approximately $294,500,000 of remaining funding to be provided under the Better Jacksonville Plan. The City anticipates that the portion of the Better Jacksonville Projects remaining to be funded will be deferred until the Infrastructure Sales Tax revenues increase to a level sufficient to support the remaining project costs, either through the issuance of additional Senior BJP Obligations, or on a pay-as-you-go basis.

Pursuant to the Series 2009B Supplemental Ordinance, the City has, in addition to the covenant to budget and appropriate Covenant Revenues as provided in the Special Revenue Bond Ordinance, provided for payment of the Series 2009B Bonds from available Infrastructure Sales Tax revenues, on a subordinate basis. Infrastructure Sales Tax revenues remaining after funding deposit requirements under
the Better Jacksonville Bond Ordinance with respect to Senior BJP Obligations are required to be deposited in the Better Jacksonville Revenue Account created under the Series 2009B Supplemental Ordinance as a trust fund for the benefit of the Bondholders of the Series 2009B Bonds.

Infrastructure Sales Tax revenues, to the extent available, are required to be deposited to the Better Jacksonville Revenue Account in amounts required to be deposited under the Special Revenue Bond Ordinance described below under “FLOW OF FUNDS” with respect to the Series 2009B Bonds. However, it will not be a default under the Special Revenue Bond Ordinance if such available revenues are at any time insufficient for such purposes. Holders of the Series 2009B Bonds shall have no lien on Infrastructure Sales Tax revenues unless and until such amounts are deposited in the Better Jacksonville Revenue Account. Amounts in the Better Jacksonville Revenue Account are required to be disbursed to make deposits described below under “FLOW OF FUNDS” with respect to the Series 2009B Bonds.

In any event, the City is obligated pursuant to the Special Revenue Bond Ordinance to budget and appropriate Covenant Revenues in an amount sufficient, together with any amounts transferred from the Better Jacksonville Revenue Account, to satisfy the funding obligations of the City with respect to the Series 2009B Bonds, in the manner and to the extent provided in the Special Revenue Bond Ordinance. See “SECURITY FOR THE SERIES 2009B-1 BONDS – Covenant to Budget and Appropriate Covenant Revenues” herein.

The City estimates that the Infrastructure Sales Tax collections for the fiscal year ending September 30, 2009 will be approximately $64 million, which represents a decrease of approximately 9% from the collections for fiscal year ended September 30, 2008. The net debt service requirements for the Senior BJP Obligations for the fiscal year ending September 30, 2009 are estimated to be approximately $55.4 million. Approximately $8.6 million would have been available for transfer to the Better Jacksonville Revenue Account to fund debt service payments on the Series 2009B Bonds had they been outstanding during such period, which is less than the average annual debt service on the Series 2009B-1 Bonds of approximately $9.71 million. No assurances can be given as to the amount of Infrastructure Sales Tax revenues that will be available to fund debt service on the Series 2009B Bonds and no inference should be made that a similar amount of Infrastructure Sales Tax revenues will be available in future years to fund debt service payments on the Series 2009B Bonds. It is not possible to accurately predict future Infrastructure Sales Tax collections. The total amount of Infrastructure Sales Tax revenue received by the City is subject to change due to increases or decreases in the dollar volume of taxable sales within the City, which in turn, is subject to among other things (i) state legislative changes which may include or exclude sales of particular goods or services from taxation, and (ii) changes in the dollar volume of purchases in the City, which is affected by changes in population and economic conditions which are beyond the City’s control. The amount of Infrastructure Sales Tax revenues available for payment of the Series 2009B Bonds may also be reduced by the issuance of additional Senior BJP Obligations to complete the funding of the Better Jacksonville Plan.

The Series 2009B-1 Bonds will initially be Non-Self Sufficient Debt and do not currently qualify as Self Sufficient Debt for purposes of the Special Revenue Bond Ordinance. With significant sustained growth in the Infrastructure Sales Tax revenues and depending upon the amount of debt service on Senior BJP Obligations and Series 2009B Bonds outstanding, the Series 2009B-1 Bonds, and any other Series 2009B Bonds, could qualify as Self-Sufficient Debt for purposes of the Special Revenue Bond Ordinance. However, based upon (i) its current revenue projections, (ii) the anticipated issuance of additional Senior BJP Obligations and the balance of the authorized Series 2009B Bonds and (iii) the constraints of its Debt Management Policy, the City does not currently anticipate that the Series 2009B-1
Bonds will become Self-Sufficient Debt. If the Series 2009B-1 Bonds were to qualify as Self-Sufficient Debt, they would not have to be taken into account in calculating the anti-dilution test for issuing additional Non-Self Sufficient Debt under the Special Revenue Bond Ordinance, but would still have the benefit of the covenant to budget and appropriate Covenant Revenues for the payment of debt service thereon provide in the Special Revenue Bond Ordinance. See “ADDITIONAL DEBT” below.

ADDITIONAL DEBT

General

The Special Revenue Bond Ordinance permits the issuance of Additional Bonds (which shall be payable on a parity with the Outstanding Bonds), as well as Non-Self Sufficient Debt and Self-Sufficient Debt. Non-Self Sufficient Debt is permitted to be secured by a prior lien on all or a portion of the Covenant Revenues, provided the City first complies with the requirements described below. Self-Sufficient Debt may be issued in accordance with the requirements of the definition of that term without limit. The Series 2009B-1 Bonds, Additional Bonds, Non-Self Sufficient Debt and Covenant Obligations are all payable from the Covenant Revenues. Self-Sufficient Debt may also be payable from Covenant Revenues as contemplated in the definition of such term.

"Non-Self Sufficient Debt" means any indebtedness of the City for the payment of borrowed money other than Self Sufficient Debt.

"Self Sufficient Debt” means any indebtedness of the City for borrowed money that is either (a) secured by or payable exclusively from a source of revenues other than Covenant Revenues, or (b) primarily payable from revenues of the type described in clause (a) above and secondarily from Covenant Revenues if the Covenant Revenues have not been used (or, as provided below, deemed to have been used) to pay any portion of such indebtedness for the three Fiscal Years preceding the date of determination and if the City projects that the Covenant Revenues will not be so used during the next two Fiscal Years; and either (c) that is secured by a revenue source that has been in effect for at least three Fiscal Years and that would have provided coverage of at least 125% of the average annual debt service on such obligations secured by such revenue source in each of the three preceding Fiscal Years, or (d) if the revenue source has not been in existence for at least three Fiscal Years, that is secured by a revenue source that would have provided coverage of at least 150% of the average annual debt service on such obligations secured by such revenue source in at least the last full Fiscal Year preceding the issuance of such obligations and that is projected to provide at least 150% debt service coverage (based on revenue and debt service projections of the City) in each of the three ensuing Fiscal Years; and (e) in any such case, in the three preceding Fiscal Years, no debt service on which has been paid (or, as provided below, deemed to have been paid) from Covenant Revenues. For purposes of calculating the coverage requirements described in this definition, the historical and projected receipts of a particular revenue source shall be adjusted retroactively to the initial date of the calculation period to reflect changes in rates, levies or impositions enacted prior to the date of calculation. For purposes of this definition, Covenant Revenues will be deemed to have been used to pay debt service on any debt if Covenant Revenues have been transferred in the relevant period, other than pursuant to a Capital Transfer, to a fund or account used to pay debt service on such debt. Pursuant to the Special Revenue Bond Ordinance, a Capital Transfer means any interfund transfer from the City’s General Fund to another fund of the City, designated for a specific capital project (and not for debt service with respect to debt incurred for such capital project).
City obligations payable primarily from revenues other than Covenant Revenues and secondarily from Covenant Revenues (including the Series 2009B Bonds) may constitute Self Sufficient Debt or Non-Self Sufficient Debt on any given test date based upon the criteria provided in the definition of Self Sufficient Debt and, therefore, may or may not be treated as Non-Self Sufficient Debt for purposes of the anti-dilution test described below on any given test date.

Non-Self Sufficient Debt; Anti-Dilution Test

The information contained under this heading describes the provisions of the Special Revenue Bond Ordinance governing the issuance of Non-Self Sufficient Debt. See “CITY OF JACKSONVILLE, FLORIDA NON-SELF SUFFICIENT DEBT” herein for a listing of the City’s current outstanding Non-Self Sufficient Debt.

(a) The City has covenanted in the Special Revenue Bond Ordinance not to issue any Non-Self Sufficient Debt (including Additional Bonds) unless there shall be filed with the City a report by the Chief Financial Officer of the City projecting that for each of the three Fiscal Years following the Fiscal Year in which such Non-Self Sufficient Debt is issued, the following two tests will be met:

(i) If the year in which the Maximum Annual Debt Service on Non-Self Sufficient Debt occurs is more than six years from the date of calculation, the Maximum Annual Debt Service with respect to all Non-Self Sufficient Debt then Outstanding and the Non-Self Sufficient Debt proposed to be issued will not exceed 45% of the Covenant Revenues for each such Fiscal Year forecasted by the City; or (B) if the year in which the Maximum Annual Debt Service with respect to Non-Self Sufficient Debt occurs is less than six years from the date of calculation, the Maximum Annual Debt Service with respect to all Non-Self Sufficient Debt then Outstanding and the Non-Self Sufficient Debt proposed to be issued will not exceed 35% of the Covenant Revenues for each such Fiscal Year forecasted by the City; and

(ii) The higher of (A) the Average Annual Debt Service Requirement with respect to all Non-Self Sufficient Debt then Outstanding and the Non-Self Sufficient Debt proposed to be issued, or (B) the aggregate annual debt service with respect to all such Non-Self Sufficient Debt then Outstanding including the Non-Self Sufficient Debt proposed to be issued for the Fiscal Year following the year in which the calculation is made, will not exceed 35% of the Covenant Revenues for each such Fiscal Year forecasted by the City.

(b) Concurrently with the issuance of Non-Self Sufficient Debt, the Mayor of the City shall certify (i) the dates and the principal amounts of such Non-Self Sufficient Debt (other than Designated Maturity Debt and Commercial Paper Obligations) that will be paid or redeemed in advance of the final maturity thereof to the extent that (A) separate serial maturities or Amortization Installments have not been established for such Non-Self Sufficient Debt and (B) amortization of such debt is otherwise required pursuant to the Special Revenue Bond Ordinance, as discussed under “ADDITIONAL DEBT – Amortization of Variable Rate Bonds and Designated Maturity Debt,” herein, and (ii) with respect to Designated Maturity Debt and Commercial Paper Obligations, the principal amortization for each series thereof is in accordance with the Special Revenue Bond Ordinance, as discussed under “ADDITIONAL DEBT – Amortization of Variable Rate Bonds and Designated Maturity Debt,” herein, assuming that the final maturity of each series of Designated Maturity Debt and Commercial Paper Obligations shall be no later than thirty years from the date of original issuance thereof. Each proposed
amortization installment set forth in such certificate shall be on a date which is on or after the first optional redemption date for such Non-Self Sufficient Debt.

(c) The City may, from time to time, amend the amortization certificate described in paragraph (b) above if the new amortization would not cause the City to violate the amortization requirements set forth in paragraph (a) above and the amortization requirements of Variable Rate Bonds and Non-Self Sufficient Debt as set forth in the Special Revenue Bond Ordinance, as discussed under "ADDITIONAL DEBT – Amortization of Variable Rate Bonds and Designated Maturity Debt," herein, as re-calculated on the date of amendment to such amortization.

(d) The certificate of amortization provided pursuant to paragraph (b) above, as amended from time to time as provided in paragraph (c) above, shall not create an enforceable right or expectation of Bondholders to have Bonds redeemed or retired in accordance therewith but is intended to document the City’s ability and intent to comply with the requirements of the Special Revenue Bond Ordinance.

Issuance of Additional Bonds

The City may not issue any obligations payable from the amounts deposited in the funds and accounts created under the Special Revenue Bond Ordinance, or voluntarily create or cause to be created any debt, lien, pledge, assignment, encumbrance or other charge having priority to or being on a parity with the lien of any Bonds issued pursuant to the Special Revenue Bond Ordinance upon such funds and accounts, except under the conditions and in the manner described below.

Except as otherwise provided in the Special Revenue Bond Ordinance, no Series of Additional Bonds may be issued under the Special Revenue Bond Ordinance unless the City shall have first complied with the requirements set forth below, among others:

(a) There shall have been obtained and filed with the Governing Body the report required for the issuance of such Additional Bonds as Non-Self Sufficient Debt as described under paragraphs (a) and (b) above under "Non-Self Sufficient Debt; Anti-Dilution Test."

(b) In addition to the foregoing, the City may issue at any time and from time to time Additional Bonds for the purpose of refunding any Series of Bonds, or any Bonds within a Series, without the necessity of complying with the requirements contained in subparagraph (a) above, provided that prior to the issuance of such Bonds there shall be filed with the Governing Body of the City a certificate of the Chief Financial Officer of the City to the effect that (i) the net proceeds from such Additional Bonds will be sufficient to cause the lien created by the Special Revenue Bond Ordinance with respect to the Bonds to be refunded to be defeased pursuant to the Special Revenue Bond Ordinance and (ii) the Debt Service Requirement with respect to such Additional Bonds in each Bond Year following the issuance thereof shall be equal to or less than the Debt Service Requirement for such Bond Year with respect to the Bonds which would have been outstanding in that Bond Year had the same not been refunded pursuant to the Special Revenue Bond Ordinance. In addition, prior to the issuance of such Bonds, there shall be filed with the Governing Body of the City an opinion of Bond Counsel to the effect that (i) the proceeds from the sale of such Additional Bonds have been set aside in irrevocable escrow for the payment of the Bonds to be refunded in the manner described in the Special Revenue Bond Ordinance and (ii) the issuance of such Additional Bonds and the use of the proceeds thereof as described above will not have the effect of causing the interest on any Bond then outstanding under the Special Revenue Bond
Ordinance (other than Bonds issued as Taxable Debt), including the Bonds to be refunded, to become includable in the gross income of the owner thereof for federal income tax purposes.

The Chief Financial Officer of the City shall also certify that the City is not in default in the performance of any of the covenants and obligations assumed by the City under the Special Revenue Bond Ordinance and that all payments required to be made into the funds and accounts provided by the Special Revenue Bond Ordinance have been made in full to the extent required.

Bonds issued pursuant to the terms and conditions of the Special Revenue Bond Ordinance shall be deemed on a parity with the Series 2009B-1 Bonds and all Bonds then Outstanding, and all of the covenants and other provisions of the Special Revenue Bond Ordinance shall be for the equal benefit, protection and security of the Holders of any Bonds originally authorized and issued pursuant to the Special Revenue Bond Ordinance and the Holders of any Bonds evidencing additional obligations subsequently created within the limitations of and in compliance with the Special Revenue Bond Ordinance.

Amortization of Variable Rate Bonds and Designated Maturity Debt

The City has covenanted in the Special Revenue Bond Ordinance that it will not issue Bonds constituting Variable Rate Debt under the terms of the Special Revenue Bond Ordinance, unless the maximum interest rate payable on such Bonds does not exceed 12% per annum.

With respect to each Series of Non-Self Sufficient Debt, the City covenants to refund or redeem Bonds or other Non-Self Sufficient Debt of such Series in such amounts and at such times as shall cause the original principal of such Series of Bonds or other Non-Self Sufficient Debt to be amortized (by payment or defeasance) no less quickly than in equal annual installments over at least the last one-third of the original stated term to maturity (or with respect to Designated Maturity Debt, over the last one-third of the amortization schedule with respect to such Designated Maturity Debt as set forth in the Amortization Certificate). Pursuant to the Special Revenue Bond Ordinance, "Designated Maturity Debt" means all Non-Self Sufficient Debt of a Series, or a particular maturity thereof, with a stated maturity of fifteen (15) years or less, designated as such by the City prior to the issuance thereof, for which either (a) no Serial maturities or Amortization Installments or mandatory sinking fund redemption installments (with respect to other Non-Self Sufficient Debt) have been established or (b) the aggregate of such Serial maturities and Amortization Installments or mandatory sinking fund redemption installments that have been established is less than the principal amount of such Non-Self Sufficient Debt.

Outstanding and Anticipated Non-Self Sufficient Debt

The City has previously issued various series of bonds and other indebtedness that constitute Non-Self Sufficient Debt for purposes of the Special Revenue Bond Ordinance. The table following this sub-heading lists all of the City’s Non-Self Sufficient Debt outstanding as of August 31, 2009. The Capital Improvement Revenue Bonds are payable from and secured by taxes upon the leasing or rental of hotel, motel, resort and similar accommodations, professional sports facility sales tax rebates received by the City from the State, and a portion of the public service tax collected on telecommunications services. The City currently expects to issue an approximate aggregate principal amount of $92,325,000 of its Excise Taxes Revenue Bonds, Series 2009A, Excise Taxes Refunding Revenue Bonds, Series 2009B and Excise Taxes Refunding Revenue Bonds, Series 2009C (AMT) (collectively, the "Series 2009 Excise Taxes Revenue Bonds") prior to September 30, 2009, for the purpose of financing certain general municipal
capital improvements and refunding a portion of the City’s outstanding Excise Taxes Revenue Refunding Bonds, Series 1996A, Excise Taxes Revenue Refunding and Improvement Bonds, Series 1999A, and Excise Taxes Revenue Refunding and Improvement Bonds, Series 1999B. The Series 2009 Excise Taxes Revenue Bonds, which are the remaining amount of Excise Taxes Revenue Bonds currently authorized to be issued, will constitute Non-Self Sufficient Debt under the Special Revenue Bond Ordinance. The Excise Taxes Revenue Bonds are payable from and secured by taxes collected by the City on purchases of electricity; gas (natural, liquified petroleum or manufactured); grades No. 1 (kerosene), No. 2 and No. 3 fuel oil; communications services; and occupational licenses (collectively, the “Excise Taxes”). The Guaranteed Entitlement Revenue Bonds are payable and secured from certain guaranteed amounts of sales tax revenues distributed to the City from the State. The Capital Project Revenue Refunding Bonds are payable from a contribution received by the City from JEA. The Sales Tax Revenue Bonds and Local Government Sales Tax Revenue Bonds are payable from the local government half-cent sales tax distributed to the City from the State. The Commercial Paper Notes are payable from Excise Taxes and the local government half-cent sales tax. The U.S. Government Guaranteed Notes are payable from general revenues of the City. The City does not have any current plans to issue additional Guaranteed Entitlement Revenue Bonds, Sales Tax Revenue Bonds, Local Government Sales Tax Revenue Bonds or U.S. Government Guaranteed Notes in the near future.

The City has provided for the issuance of two $25,000,000 irrevocable letters of credit (the “Excise Taxes Revenue Bonds Reserve Account Facilities”) by Wachovia Bank, National Association (“Wachovia”) and Bank of America National Association (“Bank of America”), respectively, to replace the reserve account sureties issued by downgraded surety providers with respect to the City’s outstanding Excise Taxes Revenue Bonds. Each of the Excise Taxes Revenue Bonds Reserve Account Facilities has the stated expiration date of March 29, 2012 (the “Maturity Date”). The respective loan agreements entered into by the City with Wachovia and Bank of America, related to the Excise Taxes Revenue Bonds Reserve Account Credit Facilities (the “Excise Taxes Reserve Loan Agreements”), each provide a revolving line-of-credit, which the City can draw on in the event Wachovia or Bank of America must be reimbursed for a draw on one of their respective Excise Taxes Revenue Bonds Reserve Account Credit Facilities. Pursuant to the Excise Taxes Reserve Loan Agreements, the City has covenanted to budget and appropriate, by amendment if necessary, in each fiscal year, sufficient Covenant Revenues of the City, together with other legally available funds budgeted and appropriated for such purpose, to pay all principal, interest and other fees, costs and amounts coming due under said agreements. Each of the Excise Taxes Reserve Loan Agreements requires the City to repay interest on amounts drawn under the underlying line-of-credit on the first day of each month in arrears. All principal amounts due under the Excise Taxes Reserve Loan Agreements are due on Maturity Date, or can be prepaid in advance without premium. Amounts outstanding under the City’s Excise Taxes Reserve Loan Agreements bear interest at a variable rate based upon LIBOR, plus a spread or, if the LIBOR quotations are no longer available, comparable methods of calculation determined by the respective banks.

The City’s obligations with respect to amounts becoming due under the Excise Taxes Reserve Loan Agreements constitute Non-Self Sufficient Debt for purposes of the Special Revenue Bond Ordinance.

Pursuant to the bond ordinance under which the Excise Taxes Revenue Bonds are issued (the “Excise Taxes Revenue Bond Ordinance”), due to a downgrading of Bank of America’s credit rating, the amount of the reserve requirement for the Excise Taxes Revenue Bonds funded with the Excise Taxes Revenue Bonds Reserve Account Facility issued by Bank of America must be funded either (i) in equal semiannual installments from Excise Taxes over a five year period, or (ii) with a replacement reserve...
account credit facility meeting the requirements of the Excise Taxes Revenue Bond Ordinance. At the time of issuance of the Series 2009 Excise Taxes Revenue Bonds, the City expects to terminate the Bank of America Excise Taxes Revenue Bond Reserve Account Facility and to increase the Wachovia Excise Taxes Revenue Bond Reserve Account Facility to approximately $38,990,175.76 and to extend its maturity date to March 29, 2013. If the Wachovia’s Excise Taxes Revenue Bond Reserve Account Facility is not so increased, the City expects to fund the required deposits with Excise Taxes in installments in accordance with the Excise Taxes Revenue Bond Ordinance.

In addition to the Series 2009B Bonds authorized under the Special Revenue Bond Ordinance, as supplemented by the Series 2009B Supplemental Ordinance, pursuant to Ordinance No. 2007-816-E, as supplemented and amended from time to time (“Ordinance 2007-816-E”), the City has authorized the issuance of Bonds in one or more Series in an amount necessary to provide not in excess of $342,589,226 net project funds for the purpose of financing certain litigation settlement payments, refunding certain outstanding commercial paper obligations and financing the acquisition and construction of certain capital equipment and improvements. Pursuant to the authorization provided in Ordinance No. 2007-816-E, the City has previously issued and has outstanding $54,215,000 of its Series 2008 Bonds. Pursuant to Ordinance No. 2009-445-E enacted on June 23, 2009, the City has previously issued and has outstanding $28,613,000 of its Series 2009A Bond, which was issued to provide funds for the purpose of financing the cost of reimbursing the City for certain capital improvements and refunding outstanding Commercial Paper Notes issued to finance certain litigation settlement payments. Pursuant to the Special Revenue bond Ordinance and Ordinance No. 2009-447-E, enacted on July 28, 2009, the City has authorized and presently intends to issue, prior to October 30, 2009, its Special Revenue Bonds, Series 2009C (the “Series 2009C Bonds”) as Additional Bonds under the Special Revenue Bond Ordinance, in an aggregate principal amount of approximately $96,780,000 to finance the acquisition and construction of certain capital equipment and improvements.

In addition to the Series 2009B-1 Bonds, the Series 2009C Bonds and the Series 2009 Excise Taxes Revenue Bonds, the City currently anticipates issuing approximately $305 million of new money Non-Self Sufficient Debt over the next 24 months.

The following table lists all of the City’s Non-Self Sufficient Debt outstanding as of September 15, 2009. The table does not include the Series 2009B-1 Bonds, the Series 2009C Bonds or the Series 2009 Excise Taxes Revenue Bonds, which the City currently intends to issue prior to October 30, 2009.

[Remainder of page intentionally left blank]
## CITY OF JACKSONVILLE, FLORIDA
### NON-SELF SUFFICIENT DEBT

**Balance as of 9/24/2009**

### Non-Self Sufficient Debt:

#### Special Obligation Bonds Payable:

- **Capital Improvement Revenue Bond, Series 1997**: 6,250,000
- **Capital Improvement and Refunding Revenue Bond, Series 1998**: 34,975,000
- **Capital Improvement and Refunding Revenue Bonds, Crossover Series 2002B**: 34,825,000
- **Capital Improvement and Refunding Revenue Bonds, Crossover Series 2002C**: 24,455,000
- **Capital Improvement Revenue Bonds, Series 2002A**: 52,475,000
- **Capital Project Revenue Refunding Bonds, Series 2008A**: 66,960,000
- **Capital Project Revenue Refunding Bonds, Series 2008B**: 66,960,000
- **Excise Taxes Revenue Bonds, Series 1993 (CAB remaining only)**: 7,545,140
- **Excise Taxes Revenue Refunding Bonds, Series 1995A**: 4,835,000
- **Excise Taxes Revenue Refunding Bonds, Series 1996A**: 11,705,000
- **Excise Taxes Revenue Refunding and Capital Improvements Bonds, Series 1999A**: 19,415,000
- **Excise Taxes Revenue Refunding and Capital Improvements Bonds, Series 1999B**: 23,920,000
- **Excise Taxes Refunding Bonds, Series 2001B**: 43,135,000
- **Excise Taxes Revenue Refunding & Improvement Bonds, Series 1999A**: 25,320,000
- **Excise Taxes Revenue Refunding and Improvement Bonds, Series 1999B**: 23,920,000
- **Excise Taxes Revenue Bonds, Series 2002B**: 57,770,000
- **Excise Taxes Revenue Bonds, Series 2003A**: 17,565,000
- **Excise Taxes Revenue Refunding and Improvement Bonds, Series 2003B**: 7,025,000
- **Excise Taxes Revenue Refunding Bonds, Series 2003C**: 32,535,000
- **Excise Taxes Revenue Bonds, Series 2005A**: 44,820,000
- **Excise Taxes Revenue Refunding Bonds, Series 2006A**: 36,540,000
- **Excise Taxes Revenue Refunding Bonds (AMT), Series 2006B**: 9,255,000
- **Excise Taxes Revenue Bonds, Taxable Series 2006C**: 23,555,000
- **Excise Taxes Revenue Bonds, Taxable Series 2007**: 41,295,000
- **Guaranteed Entitlement Revenue Refunding & Improvement Bonds, Series 2002**: 102,330,000
- **Sales Tax Revenue Bonds, Series 1996**: 3,700,000
- **Local Government Sales Tax Refunding and Improvement Bonds, Series 2002**: 47,775,000
- **Local Government Sales Tax Refunding Revenue Bonds, Series 2001**: 81,195,000

**TOTAL SPECIAL OBLIGATION OTHER THAN AD VALOREM**: 928,135,140

#### Notes Payable from General Revenue

- **U.S. Government Guaranteed Note Payable 1995 (Coach)**: 2,245,000
- **U.S. Government Guaranteed Note Payable 1996 (Sally Beauty)**: 240,000
- **U.S. Government Guaranteed Note Payable 1996-B (Hilton Hotel)**: 1,635,000
- **U.S. Government Guaranteed Note Payable 1997 (Lavilla)**: 755,000
- **U.S. Government Guaranteed Note Payable 1997 (HTV Assoc.)**: 95,000
- **U.S. Government Guaranteed Note Payable 1997 (Armor Holdings)**: 495,000
- **U.S. Government Guaranteed Note Payable 1997 (Hampton Inn)**: 325,000

**TOTAL NOTES PAYABLE**: 5,790,000

#### Bonds & Notes Payable from Internal Services Operations

- **Special Revenue Bonds, Series 2008**: 54,215,000
- **Special Revenue Bond, Series 2009A**: 28,613,000
- **Internal Loan Program / Commercial Paper Notes**: 73,815,000

**TOTAL INTERNAL SERVICES OPERATIONS**: 156,643,000

**TOTAL NON-SELF SUFFICIENT DEBT**: 1,090,568,140

---

1. The Excise Taxes Revenue Bonds Reserve Account Facilities are not included because they do not presently have any outstanding amounts due thereon.

Pursuant to the Special Revenue Bond Ordinance, the City has reserved the right to issue additional Non-Self Sufficient Debt. See “SECURITY FOR THE SERIES 2009B-1 BONDS” and “ADDITIONAL DEBT” herein.

Calculation of Covenant Revenues and Anti-Dilution Test Limitation

As stated in the Special Revenue Bond Ordinance, the City may issue Non-Self Sufficient Debt (including Additional Bonds) if it has complied with the requirements of the Special Revenue Bond Ordinance. The following table shows the historical calculation of Covenant Revenues for each of the past four Fiscal Years and estimates for Fiscal Year 2009 as well as an illustration of additional debt capacity after issuance of the Series 2009B-1 Bonds, the Series 2009C Bonds, and the Series 2009 Excise Taxes Revenue Bonds.

[Remainder of page intentionally left blank]
### Calculation of Covenant Revenues and Anti-Dilution Test Limitation

Covenant Revenues | 2005       | 2006       | 2007       | 2008       | 2009 (1)    |
------------------|------------|------------|------------|------------|-------------|
Total General Fund Revenues | $788,660,000 | $856,511,000 | $908,138,000 | $934,323,000 | $927,721,000 |
Less: Property Tax Revenues  | (360,768,000) | (400,667,000) | (453,971,000) | (463,374,000) | (457,445,000) |
Total Covenant Revenues | $427,892,000 | $455,844,000 | $454,167,000 | $470,949,000 | $470,276,000 |
35% Limitation (2) | $149,762,200 | $159,545,400 | $158,958,450 | $164,832,150 | $164,596,600 |
45% Limitation (3) | $192,551,400 | $205,129,800 | $204,375,150 | $211,927,050 | $211,624,200 |
Maximum Annual Debt Service (4) | 132,115,275 |
% of Limit          | 80.3% (5)   |

---

1. Revenue estimates for the year ending September 30, 2009 are based on year to date collections.
2. The percentage is 35% of the available Covenant Revenues if the year in which the Maximum Annual Debt Service on Non-Self Sufficient Debt occurs is less than six years from the date of calculation.
3. The percentage is 45% of the available Covenant Revenues if the year in which the Maximum Annual Debt Service on Non-Self Sufficient Debt occurs is more than six years from the date of calculation.
4. Maximum Annual Debt Service on all Outstanding Non-Self Sufficient Debt, the Series 2009B-1 Bonds, the Series 2009 Excise Taxes Revenue Bonds anticipated to be issued on September 30, 2009 and the Series 2009C Bonds anticipated to be issued prior to October 30, 2009. Actual debt service on the Series 2009B-1 Bonds. No adjustment was made to the interest on the Series 2009B-1B Bonds for any Direct Payments expected to be received by the City with respect thereto. Debt service on the Series 2009A Bond is estimated based on an assumed interest rate (calculated as of September 15, 2009) of 5.12%. Debt service on the Series 2009C Bonds is estimated based on an assumed par amount of $96,780,000 and an assumed interest rate (calculated as of September 15, 2009) of 4.85%. Debt service on the Series 2009 Excise Taxes Revenue Bonds is estimated based on an assumed par amount of $92,325,000 ($39,585,000 new money) and an assumed all-in true interest rate of 3.98%. For purposes of this table, debt service on the Excise Taxes Revenue Bonds Reserve Account Facilities is calculated based on an aggregate principal amount of approximately $38,990,175.76 which reflects the anticipated reduction in principal amount and an estimated all-in true interest cost of 4.44%. Debt service on the Series 2008 Capital Project Revenue Bonds is estimated based on current par amount outstanding of $133,920,000 and an assumed interest rate (calculated as of September 15, 2009) of 4.73%. Debt service on the Commercial Paper is calculated based on assumed interest rates of 0.50% for Fiscal Year 2009, 1.5% for Fiscal Year 2010 and 3.0% thereafter.
5. The 35% limit applies because the estimated Maximum Annual Debt Service occurs in 2011.
**DEBT SERVICE SCHEDULE**
**SERIES 2009B-1 BONDS**

<table>
<thead>
<tr>
<th>Year Ending October 1</th>
<th>Series 2009B-1A Bonds</th>
<th>Series 2009B-1B Bonds</th>
<th>Series 2009B-1 Bonds</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Principal</td>
<td>Interest</td>
<td>Principal</td>
</tr>
<tr>
<td>2010</td>
<td>-</td>
<td>$2,426,741.03</td>
<td>-</td>
</tr>
<tr>
<td>2011</td>
<td>$1,000,000.00</td>
<td>2,420,018.76</td>
<td>-</td>
</tr>
<tr>
<td>2012</td>
<td>1,500,000.00</td>
<td>2,400,018.76</td>
<td>-</td>
</tr>
<tr>
<td>2013</td>
<td>1,875,000.00</td>
<td>2,355,018.76</td>
<td>-</td>
</tr>
<tr>
<td>2014</td>
<td>1,950,000.00</td>
<td>2,272,518.76</td>
<td>-</td>
</tr>
<tr>
<td>2015</td>
<td>2,050,000.00</td>
<td>2,175,018.76</td>
<td>-</td>
</tr>
<tr>
<td>2016</td>
<td>2,155,000.00</td>
<td>2,074,418.76</td>
<td>-</td>
</tr>
<tr>
<td>2017</td>
<td>2,240,000.00</td>
<td>1,988,218.76</td>
<td>-</td>
</tr>
<tr>
<td>2018</td>
<td>2,305,000.00</td>
<td>1,921,018.76</td>
<td>-</td>
</tr>
<tr>
<td>2019</td>
<td>2,420,000.00</td>
<td>1,805,768.76</td>
<td>-</td>
</tr>
<tr>
<td>2020</td>
<td>2,545,000.00</td>
<td>1,684,768.76</td>
<td>-</td>
</tr>
<tr>
<td>2021</td>
<td>2,640,000.00</td>
<td>1,582,968.76</td>
<td>-</td>
</tr>
<tr>
<td>2022</td>
<td>4,600,000.00</td>
<td>1,450,968.76</td>
<td>-</td>
</tr>
<tr>
<td>2023</td>
<td>7,005,000.00</td>
<td>1,220,968.76</td>
<td>-</td>
</tr>
<tr>
<td>2024</td>
<td>7,980,000.00</td>
<td>871,468.76</td>
<td>-</td>
</tr>
<tr>
<td>2025</td>
<td>9,825,000.00</td>
<td>484,468.76</td>
<td>-</td>
</tr>
<tr>
<td>2026</td>
<td>-</td>
<td>-</td>
<td>$10,310,000.00</td>
</tr>
<tr>
<td>2027</td>
<td>-</td>
<td>-</td>
<td>10,730,000.00</td>
</tr>
<tr>
<td>2028</td>
<td>-</td>
<td>-</td>
<td>11,170,000.00</td>
</tr>
<tr>
<td>2029</td>
<td>-</td>
<td>-</td>
<td>11,620,000.00</td>
</tr>
<tr>
<td>2030</td>
<td>-</td>
<td>-</td>
<td>12,095,000.00</td>
</tr>
<tr>
<td>TOTAL:</td>
<td>$52,090,000.00</td>
<td>$29,134,372.43</td>
<td>$55,925,000.00</td>
</tr>
</tbody>
</table>

\(^1\) No adjustment was made to interest on the Series 2009B-1B for any Direct Payments expected to be received by the City with respect to the Series 2009B-1B Bonds.
FLOW OF FUNDS

The Special Revenue Bond Ordinance establishes the "Special Revenue Bond Fund" and the following accounts therein to be known as: the "Project Account," the "Revenue Account," the "Debt Service Account," the "Fee and Expense Account," the "Reserve Account," and the "Rebate Account." The Special Revenue Bond Ordinance also established the Better Jacksonville Revenue Account. The Special Revenue Bond Fund and all accounts therein and the Better Jacksonville Revenue Account shall all constitute trust funds for the purposes provided in the Special Revenue Bond Ordinance, shall be delivered to and held by the Chief Financial Officer (or an Authorized Depository designated by the Chief Financial Officer), who shall act as trustee of such funds for the purposes of the Special Revenue Bond Ordinance, shall be subject to a lien and charge in favor of the Holders and Registered Owners of the Bonds (provided that monies held in the separate subaccounts in the Reserve Account shall secure only the Bonds of the Series designated to be secured thereby), and shall at all times be kept separate and distinct from all other funds of the City and used only as provided in the Special Revenue Bond Ordinance.

Pursuant to the Series 2009B Supplemental Ordinance, any Infrastructure Sales Tax revenues on deposit in the Better Jacksonville Revenue Account shall be applied monthly to make the deposits described below solely with respect to the Series 2009B Bonds. Infrastructure Sales Tax revenues on deposit in the Better Jacksonville Revenue Account are only available to make such deposits with respect to the Series 2009B Bonds. Whenever moneys available in the Better Jacksonville Revenue Account are not sufficient to make the deposits required with respect to the Series 2009B Bonds, such deposits are required to be made from Covenant Revenues budgeted, appropriated and deposited for such purpose in the manner and to the extent provided in the Special Revenue Bond Ordinance.

Revenue Account. On or before the 15th day of each month, after applying amounts available in the Better Jacksonville Revenue Account, there shall be deposited to the credit of the Revenue Account Covenant Revenues budgeted and appropriated for such purposes amounts which, together with funds on deposit therein, will be sufficient to satisfy the cumulative deposit requirements described in subparagraphs (a) through (d) below. Funds on deposit in the Revenue Account shall be disbursed in the following order and priority:

(a) First, by deposit into the Debt Service Account an amount which, together with any other amounts required to be deposited therein pursuant to the Special Revenue Bond Ordinance, will equal (i) one-sixth ($\frac{1}{6}th$) of the interest maturing on the Bonds on the next semiannual interest payment date, with respect to Bonds that bear interest payable semiannually, (ii) the amount of interest next becoming due or maturing on Bonds that bear interest payable monthly, (iii) the amount of interest accruing in such month on Bonds that bear interest payable on other than a monthly or semiannual basis (other than Bonds that bear interest payable only on maturity or redemption), (iv) the amount of any Qualified Hedge Payments associated with Bonds Outstanding under the Special Revenue Bond Ordinance becoming due in such month, (v) one-twelfth ($\frac{1}{12}th$) of all principal maturing or becoming due during the current Bond Year (or within twelve months of such deposit date) on the various Series of Serial Bonds that mature annually, (vi) one-sixth ($\frac{1}{6}th$) of all principal maturing on the next maturity date in such Bond Year on the various Series of Serial Bonds that mature semiannually, and (vii) one-twelfth ($\frac{1}{12}th$) (one-sixth ($\frac{1}{6}th$) with respect to semiannual Amortization Installments) of the Amortization Installments and unamortized principal balances of Term Bonds coming due during the current Bond Year with respect to the Bonds, until there are sufficient funds then on deposit equal to the sum of the interest, principal and redemption payments due on the Bonds on the next interest, principal and
redemption dates in such Bond Year and to timely pay Qualified Hedge Payments associated with Bonds Outstanding under the Special Revenue Bond Ordinance becoming due.

Deposits shall be increased or decreased to the extent required to pay principal and interest and any Qualifying Hedge Payments associated with Bonds Outstanding under the Special Revenue Bond Ordinance coming due, after making allowance for any accrued and capitalized interest and taking into account deficiencies in prior months' deposits. Additionally, if Bonds constituting Variable Rate Debt are outstanding on the 25th day of such month, unless the City shall establish a different procedure for the payment of monthly interest on Bonds constituting Variable Rate Debt, the City shall deposit into the Debt Service Account in lieu of the monthly interest deposit or the one-sixth (1/6th) semiannual interest deposit described above, the interest actually accruing on such Bonds for such month (plus any deficiencies in interest deposits for the preceding month), assuming the interest rate thereon for the remainder of such month equal to one hundred ten percent (110%) of the interest rate applicable thereto on the date of deposit of funds from the Revenue Account. On or before each interest payment date and each payment date for Qualified Hedge Payments, the City shall make up any deficiencies in such interest deposit, based on the actual interest accruing through such date, from and to the extent of the funds remaining on deposit in the Revenue Account or from other Covenant Revenues budgeted and appropriated and available for such purpose.

(b) Second, by deposit to the credit of the Fee and Expense Account, an amount which, together with amounts then on deposit therein, shall be sufficient to pay all fees, expenses and other amounts payable (excluding reimbursements for amounts advanced for the payment of principal of or interest or premiums on the Bonds to the extent such reimbursements are payable from amounts deposited in the Debt Service Account pursuant to subparagraph (a) above) due or to become due and payable in such month to any credit or liquidity facility providers, trustees, paying agents, registrars, tender agents, remarketing agents, indexing agents, auction agents or escrow agents with respect to the Bonds and any similar fees and expenses incurred with respect to the Bonds or the administration thereof.

(c) Third, by deposit to each subaccount of the Reserve Account, amounts, including amounts necessary to reimburse the issuer of a Reserve Product for draws thereunder in order to reinstate such Reserve Product, which, after taking into account other funds then on deposit therein (including amounts available under any Reserve Product), which will be sufficient to make the funds or amounts of Reserve Product on deposit therein equal to the Reserve Amount Requirement for each subaccount; provided, however, that if the funds on deposit in the Reserve Account are less than the Reserve Account Requirement as a result of a withdrawal therefrom for the payment of debt service on the Bonds due to a deficiency in the amounts available in the Debt Service Account, the amount of such deficiency may be made up through twelve (12) substantially equal monthly installments, with such installments to commence the month after such withdrawal from the Reserve Account. Notwithstanding the foregoing, if a deficiency occurs in the Reserve Account due to the valuation of investments held therein as a result of the valuation required by the Special Revenue Bond Ordinance, the City may cure such deficiency by making substantially equal monthly deposits to the Reserve Account over a period commencing the month following the valuation giving rise to the deficiency and ending not later than twelve (12) months after such valuation. To the extent there are insufficient moneys in the Revenue Account to make the required monthly deposit into each subaccount of the Reserve Account, such deposits shall be made to each subaccount on a pro rata basis in relation to the amount of the deficiency existing in each subaccount.
(d) Then, to the Rebate Account an amount which, together with other amounts then on deposit therein, shall equal the Rebate Amount as of the most recent calculation date.

(e) Then, by payment to the City to be used for any lawful purpose.

**Debt Service Account.**

(a) Monies on deposit in the Debt Service Account shall be used solely for the payment of principal of, interest on and any redemption premiums required with respect to the Bonds and associated Qualified Hedge Payments; provided, however, that if such principal and interest payments, or a portion thereof, have been made on behalf of the City by an insurer, credit facility issuer or other entity insuring, guaranteeing or providing for the payment of Bonds, or any Series thereof, monies on deposit therein and allocable to such Series shall be paid to such insurer, credit facility issuer or entity having theretofore made a corresponding payment.

(b) At the maturity date of each Bond and at the due date of each Amortization Installment and installment of interest on each Bond, the City shall transfer from the Debt Service Account to the Deputy Registrar and Paying Agent for such Bonds sufficient monies to pay all principal of, premium, if any, and interest then due and payable with respect to such Bonds. Interest accruing with respect to any fully registered Bond shall be paid by check or draft of the Deputy Registrar and Paying Agent to the Registered Owner thereof.

(c) Monies deposited in the Debt Service Account for the redemption of Bonds shall be applied to the retirement of Bonds issued under the provisions of the Special Revenue Bond Ordinance and then Outstanding in the following order:

(i) The City shall first endeavor to purchase Outstanding Term Bonds of each Series redeemable from Amortization Installments, and pro rata (based on the principal amount of the Amortization Installments due in such Bond Year for each such Series of Term Bonds) among all such Bonds if more than one Series of such Term Bonds are Outstanding, or if no such Term Bonds are Outstanding, Serial Bonds, whether or not such Bonds shall then be subject to redemption, but only to the extent monies are available therefor, at the most advantageous price obtainable, such price not to exceed the principal of such Bonds plus accrued interest, but no such purchase shall be made by the City within a period of thirty (30) days next preceding any interest payment date on which such Bonds are subject to call for redemption under the provisions of the Special Revenue Bond Ordinance;

(ii) Then, to the extent monies remain on deposit in the Debt Service Account that are held for the redemption of Bonds, the City shall call for redemption on each interest payment date on which Bonds are subject to redemption, with or without premium, from such monies, such amount of Term Bonds subject to the Amortization Installments for such Bond Year that have not been purchased pursuant to clause (i) above; and

(iii) Then, to the extent monies remain on deposit in the Debt Service Account that were deposited therein pursuant to the Special Revenue Bond Ordinance for the purpose of redeeming Bonds, the City shall call any remaining Bonds then subject to redemption, in such order and by such selection method as the City, in its discretion, may determine, from such funds
as will exhaust the money then held for the redemption of such Bonds as nearly as may be possible.

If Term Bonds are purchased or redeemed in excess of the Amortization Installments for such Bond Year, such excess principal amount of such Term Bonds so purchased or redeemed shall be credited against subsequent Amortization Installments for Bonds in such Series in such Bond Year or Years as the City may determine and as may be reflected in the City’s permanent accounting records. Such election shall be included in the annual audited reports of the City.

*Fee and Expense Account*. Amounts deposited to the credit of the Fee and Expense Account shall be withdrawn and applied by the City from time to time to pay the fees, expenses and other amounts for the payment of which such amounts were deposited.

*Withdrawal of Monies*. No less frequently than once every 12 months, amounts deposited in the Special Revenue Bond Fund and not credited to one of the accounts created therein pursuant to the Special Revenue Bond Ordinance shall be withdrawn by the City and used for any lawful purpose.

**PROPERTY TAX REFORM**

Covenant Revenues do not include ad valorem tax revenues. However, pursuant to the Special Revenue Bond Ordinance, funding requirements for essential governmental services of the City must be satisfied prior to budgeting and appropriating Covenant Revenues for the payment of the Series 2009B-1 Bonds and other obligations payable from Covenant Revenues. Ad valorem revenues have historically been used in part by the City to fund essential services of the City. Therefore, a decrease in ad valorem tax revenues may in turn increase the amount of Covenant Revenues required to fund essential government services of the City and thereby reduce the amount of Covenant Revenues available to be budgeted and appropriated to satisfy the obligation of the City under the Special Revenue Bond Ordinance. The City has provided the following discussion of property tax reform in the State of Florida, to illustrate the various initiatives put forth by the State Legislature and their respective impact on the City’s financial and budgetary matters.

During a special legislative session that ended on June 14, 2007, the Florida Legislature adopted Chapter 2007-321, Laws of Florida, which appears to have a significant impact on the amount and rate of ad valorem taxes levied by local governments. Among other things, Chapter 2007-321 statutorily requires each county, municipality, and special district to roll back their millage rates for fiscal year 2007-2008 to a level that, with certain adjustments and exceptions, will generate the same level of ad valorem tax revenue as in fiscal year 2006-2007. Depending upon the relative growth of each local government’s own ad valorem tax revenues from 2001 to 2006, such rolled back millage rates will be determined after first reducing fiscal year 2006-2007 ad valorem tax revenues by zero to nine percent.

Chapter 2007-321 also limits the growth of ad valorem tax levies in future years (except those levied by school districts) based upon the growth in a jurisdiction’s population, as measured by new construction, and the statewide growth in per capita personal income. Notwithstanding the foregoing, the governing body of a county, municipality, or special district may levy a millage rate in excess of the then applicable rolled back millage rate upon a two-thirds or unanimous vote of such governing body (or three-fourths vote for jurisdictions that have a governing body comprised of nine or more members) depending on the level of the proposed increase. The rolled back millage rate may also be exceeded based on an affirmative vote of the voters in such jurisdiction.
Furthermore, Chapter 2007-321 provides that in the event a county or municipality fails to comply with certain requirements of the legislation, such county or municipality will forfeit its distribution of the half-cent sales tax state revenue sharing for the 12-months following the determination of non-compliance.

On October 29, 2007, the Florida Legislature adopted a tax reform package that includes Senate Joint Resolution 2D, Senate Bill 4D (an implementing bill) and Senate Bill 6D (a special election bill). Joint Resolution 2D set forth several constitutional amendments which required approval by Florida voters. On January 29, 2008, the constitutional amendments proposed by Joint Resolution 2D were approved, with the affirmative vote of 64% of the voters. Such approval enacted the following ad valorem tax reforms: (1) an additional homestead exemption of $25,000 applied to the assessed property value above $50,000; (2) a cap of 10 percent on yearly assessment increases on non-homestead residential and commercial property; (3) portability of the three percent cap on homestead residential property, up to $500,000, when relocating to a new home in the state; and (4) a $25,000 exemption from the tangible personal property tax (the “Personal Property Tax Exemption”). The 10 percent cap on assessments went into effect on January 1, 2009. All other reforms took effect retroactive to January 1, 2008. No further action is required on the part of the Florida Legislature to implement these amendments. See "THE CITY OF JACKSONVILLE - Fiscal Policy" below for a discussion of policies the City has implemented in response to these measures.

A lawsuit challenging the constitutionality of at least part of the amendments was filed prior to the referendum approval by the voters. In Bruner v. Hartsfield, filed in the Circuit Court in and for Leon County, Florida in November 2007, new Florida homestead owners (having paid ad valorem taxes for the past four years) filed a class action lawsuit challenging the constitutionality of the Save Our Homes assessment cap and the portability provision. The lawsuit charges that Save Our Homes constitutes an unlawful residency requirement for tax benefits on substantially similar property, in violation of the State Constitution’s Equal Protection provisions and the Privileges and Immunities Clause of the Fourteenth Amendment to the United States Constitution. The lawsuit argues that the portability provision simply extends the unconstitutionality of the tax shelters granted to long-term homeowners by Save Our Homes. The lawsuit requests a declaration of the unconstitutionality of both provisions and injunctive action preventing continued application of those provisions. On October 27, 2008, the Circuit Court dismissed with prejudice the Complaint. However, the plaintiffs filed an appeal. Oral arguments are currently scheduled for October 20, 2009. At the present time, it is impossible to predict the likelihood of the plaintiffs’ success in the appeal or the impact of these lawsuits on the City’s finances.

On October 18, 2007, the same Court, in Lanning v. Pilcher, a case filed by out-of-state residents challenging the constitutionality of the Save Our Homes assessment cap, rejected the plaintiffs arguments that the Save Our Homes assessment cap violates either the Commerce Clause or the Privileges and Immunities Clause of the U.S. Constitution or the Equal Protection Clause of either the U.S. or Florida Constitutions and dismissed the plaintiffs’ allegations with prejudice. The Lanning Court noted that its decision was limited to the plaintiffs’ complaints regarding the Save Our Homes assessment cap. The plaintiff appealed to the First District Court of Appeals. Oral arguments were held on June 16, 2009. On July 8, 2009, the First District Court of Appeals upheld the lower court and ruled that the Save Our Homes assessment cap is constitutional.

One or more lawsuits similar to Lanning v. Pilcher have been filed against other defendants in the State of Florida. The allegations and relief requested by the plaintiffs in each of these cases are very similar, except that the portability provision was not challenged in Lanning v. Pilcher since the case was
filed prior to the approval of the amendments implementing portability. As noted above, the Circuit Court rejected such arguments in Lanning v. Pilcher with similarly situated plaintiffs. At the present time, it is impossible to predict the likelihood of the plaintiffs’ success in any of these lawsuits or, if successful, the impact of these lawsuits on the City’s financial condition.

In addition to the legislative activity described above, the constitutionally mandated Florida Taxation and Budget Reform Commission (required to be convened every 20 years) (the “Commission”) completed its meetings on April 25, 2008 and placed several constitutional amendments on the November 4, 2008 general election ballot. Three of such amendments were approved by the voters of Florida, which will, among other things, do the following: (a) allow the Florida Legislature, by general law, to exempt from assessed value of residential homes, improvements made to protect property from wind damage and installation of a new renewable energy source device; (b) assess specified working waterfront properties based on current use rather than highest and best use; (c) beginning in 2010, provide property tax exemption for real property that is perpetually used for conservation; and, for land not perpetually encumbered, require the Florida Legislature to provide classification and assessment of land use for conservation purposes solely on the basis of character or use.

In May 2009 the Florida Legislature passed SB 532 which proposes a statewide referendum to be placed on the November 2010 general election ballot for two measures: (i) an additional homestead exemption for first-time homebuyers; and (ii) a 5% assessment limitation on all commercial and non-homestead, residential property. The additional homestead exemption for first-time homebuyers, which would apply to anyone who has not owned a principal residence in Florida during the previous eight years, provides an exemption of 25% of the just value of the property up to $100,000. The exemption is then reduced each year thereafter by 20% of the difference between the capped value and the just value, whichever is greater, until the assessment on the just value is attained. The first-time homebuyers’ exemption, if approved by voters, would be available for properties purchased on or after January 1, 2010 and would take effect on January 1, 2011. The Florida Constitution currently provides a 10% limitation over the prior year’s assessment value on all commercial and non-homestead, residential property. Therefore, if approved by voters, the referendum proposed by SB 532 would not allow commercial and non-homestead, residential property to be assessed at a value greater than 105% of the prior year’s assessed value. The commercial and non-homestead, residential property assessment cap would take effect January 1, 2011.

Additionally, the Florida Legislature also adopted HB 833 in May 2009, which provides an additional homestead exemption for deployed military personnel. The exemption would equal the percentage of days during the prior calendar year that the military homeowner was deployed outside of the United States in support of military operations designated by the legislature. This measure also requires approval of Florida voters at the November 2010 General Election. If this measure is approved by the voters, it would take effect January 1, 2011.

At the present time, it is impossible to predict the likelihood of SB 532 or HB 833’s proposed referenda being approved by Florida voters or, if approved, the impact these measures would have on the City’s financial condition.
FISCAL POLICY

The Mayor and City Council adopted new financial management/budgetary policies for the City that initiated with the 2006-2007 budget, and recurred in the 2007-2008 and 2008-2009 budgets, which include the following:

- Require balanced budget using only related year revenues.
- Establish a separate $40 million emergency reserve and require the Mayor to define and declare an emergency and receive approval by a two-thirds vote of the City Council prior to use of the emergency reserves.
- Require an annual actuarial report for each pension plan, and thereby eliminate the use of prior excess contributions to make the annual Pension Fund contribution. Require a minimum 90% funded status prior to consideration of benefit enhancements.
- Restructure the City’s Capital Improvement Program to require a financially feasible program which equally addresses/estimates the resultant operating cost impact at the point of initial planning.

On July 14, 2009, the Mayor submitted a balanced budget proposal (for fiscal year 2009-2010) which provides for an increase in the general fund of 2.3% over the fiscal year 2008-2009 budget. The City experienced a decrease of 6% in property values. To generate the same amount of revenue from properties on the tax roll a year ago, the millage rate would need to be increased from 8.4841 mills to 9.2727 mills. The Mayor’s proposed budget contains a millage rate recommendation of 9.5045 mills. The Mayor and City Council (on a 10-9 vote) disagreed on the appropriate preliminary millage rate, with the City Council electing to return to the prior year’s millage rate of 8.4841 mills. The Mayor vetoed the Council action and the City Council elected not to readdress the issue. The Property Appraiser, as required by statute, established the roll back of 9.2727 mills (the “Roll Back Rate”). Florida statutes prohibit the City’s millage rate for fiscal year 2009-2010 from being higher than the Roll Back Rate. The final millage rate to be levied by the City will be determined in connection with the approval of the City’s final budget for fiscal year 2009-2010. Such final determination is expected to be made no later than the end of the current fiscal year on September 30, 2009.

Major contributors to this budget balance effort were position reductions in the non-public safety workforce, 5% operating budget cuts for non-public safety departments, a proposed wage freeze for employees and other measures that will cut personnel related costs. In addition, there are reductions in service levels at six branch libraries, managerial changes in the Fire Department, and savings in solid waste collection activities.

PENSION AND OTHER POST EMPLOYMENT BENEFITS

The City of Jacksonville sponsors two employer public employee retirement systems (“PERS”), administered by two separate and distinct pension boards of trustees, that provide retirement, death, and disability benefits: the City of Jacksonville Retirement System and the Police and Fire Retirement Pension Plan. Substantially all employees of the City participate in one of these plans. In addition, less than one percent (1%) of City employees participate in the State of Florida Retirement System. The City of Jacksonville Retirement System, as amended, encompasses the General Employees Retirement Plan and the Corrections Officers Retirement Plan.
Both systems have adopted Governmental Accounting Standards Statement 25, Financial Reporting for Defined Benefit Pension Plans and Statement 27, Accounting for Pensions by State and Local Governmental Employers. These statements collectively require the City to report pension obligations on the statements of the PERS, and not within the City’s General Fund. The State of Florida requires both systems to make plan contributions based on actuarial valuations and any contribution shortfalls are the responsibility of the City. As of September 30, 2008, the General Employees Retirement Plan was 83.49% funded with an estimated unfunded liability of approximately $331,844,000, the Corrections Officers Retirement Plan was 60.26% funded with an estimated unfunded liability of approximately $54,744,000. A revised actuarial study completed in May 2009 estimated that the Police and Fire Retirement Pension Plan was 52.86% funded with an estimated unfunded liability of approximately $798,071,000.

Governmental Accounting Standards Board Statements 43 and 45 establish standards for the measurement, recognition, and display of Other Post Employment Benefits (“OPEB”) expenses/expenditures and related assets/liabilities. Statements 43 and 45 require the City to implement these standards in fiscal year 2007-2008. Basic post-employment benefits such as health care, including dental, vision, hearing, and long term disability, are provided through the two pension plans. However, since the City is required by State law to offer health insurance to retirees at a non-discriminatory rate, not greater than the cost of coverage available to active employees, the City, not the pension plans, has an OPEB obligation that has come to be called the “implicit rate subsidy.” The City historically has provided this benefit to its retirees on a pay-as-you-go basis. The City’s actuary engaged to calculate the impact of this benefit for financial reporting purposes has estimated that the actuarial accrued liability may be as much as $175 million with an annual required contribution of $13 million. The City and the actuary are continuing to discuss the assumptions used in arriving at the current estimate.

INVESTMENT AND DEBT MANAGEMENT POLICIES

Pursuant to Section 218.415, Florida Statutes, the City has adopted an Investment Policy (the "Investment Policy"). The original Investment Policy was adopted on March 1, 2004 and later amended to reflect its current form on August 8, 2007. The Investment Policy applies to all funds under the control of the City in excess of those required to meet short-term expenses, including funds related to the issuance of debt by the City. The Investment Policy does not apply to any financial assets of the Jacksonville Retirement System, the Police and Fire Pension Fund, certain Constitutional Officers of Duval County, or various independent authorities. The Investment Policy may be amended from time to time by the City Council.

The City’s Investment Policy provides that its investment portfolio shall be managed with the primary objective of safety of capital, the secondary objective of liquidity, and the third objective of income realization in excess of stated benchmarks. Pursuant to the Investment Policy, the City will strive to meet earning expectations while protecting the safety of capital, maintaining the liquidity of the portfolio, and following prudent investment principles. The Investment Policy states that the structure of the portfolio should be based on an understanding of the variety of risks and the basic principle of diversification, imposed by the policy, on the structure of the portfolio. It is the position of the City that the interest of the citizens of the City of Jacksonville can best be served by actively managing the City funds, through the assumption of a prudent level of risk, in order to achieve a total return commensurate with the level of risk assumed. The City, in adopting the Investment Policy, recognizes that the goal of total return portfolio management is to add economic value to a portfolio under circumstances prevailing from time to time. This may necessitate the sale of securities at a loss in order to reduce portfolio risk.
(without a material reduction in return) or to achieve a greater overall return (without assuming any material amount of additional risk) that could have been obtained if the original position had been held.

The City, upon approval of the Investment Policy, began the process of hiring external money managers to manage its aggregate and liquidity portfolios. Under the Investment Policy the following classes of securities are deemed suitable for investment by the City and may be purchased up to the limits and subject to standards defined within the Investment Policy for each asset type: U.S. Government and Agency Debt Obligations, U.S. Government Instrumentality Debt Obligations, High Grade Corporate Debt, Mortgage-Backed Securities, Bank Certificates of Deposit, Repurchase Agreements, Money Market Mutual/Trust Funds, State and Local Taxable and/or Tax Exempt Debt, Fixed Income Mutual Funds, Other Externally Managed Funds, Derivative Securities, Specialty Risk Investments, and Reverse Repurchase Agreements.

In June 2009, City Council approved the first substantial rewrite of the City's Dept and Swap Policy (the “Debt Management Policy”) since 2003. Prepared by the City’s Finance Department, the Debt Management Policy is a broad policy document providing guidance designed to promote effective and efficient management of the City’s debt program, providing a framework for the structuring and monitoring of debt issuances, and demonstrating a commitment to long-term financial planning. The policies are intended to ensure that future elected officials have reasonable flexibility to address emerging issues within a consistently applied framework.

The Debt Management Policy establishes a Debt Oversight Committee consisting of the Chief Financial Officer (as Chairman), the Chief Administrative Officer or his/her designee, the Treasurer, the Comptroller, and the Budget Officer, with the Council Auditor, or his/her designee, acting as an ex-officio member.

Pursuant to the Debt Management Policy, the City's debt is to be managed with an overall philosophy of taking a long-term approach to borrowing funds at the lowest possible interest cost while adhering to the objectives of the City's Investment Policy. The Debt Management Policy sets forth parameters and provides guidance regarding capital structure, credit ratings, compliance with tax regulations, management of floating interest rate risk and managing of hedging instruments. Subject to the stated overall philosophy, the goals of the Debt Management Policy are to maintain cost of capital consistent with other similarly rated municipalities, maintain steady credit ratings, establish and maintain reserve funds, reduce floating rate debt "put" risk and maintain diversification of debt.

The overall amount of debt the City is allowed to issue is authorized by ordinances enacted by the City Council on an as needed basis. Pursuant to the Debt Management Policy, variable rate debt will not exceed 25% of the total debt of the City.

Pursuant to the Debt Management Policy and City Ordinances, the maximum net notional amount of interest rate swaps permitted to be outstanding is $400,000,000. The term of fixed to floating rate swaps may not exceed five years and the term of floating to fixed rate swaps may not exceed 20 years, but will be determined based on the life of the related instrument being hedged. All providers of interest rate swaps, caps, options and other hedging agreements are required pursuant to the Debt Management Policy to either (a) be rated AA-/Aa3 or better by at least two rating agencies at the time of execution and enter into a collateral agreement to provide collateral in the event the rating falls below the AA-/Aa3 level or (b) be rated A/A2 or better by at least two rating agencies at the time of execution and enter into a collateral agreement.
VARIABLE RATE DEBT EXPOSURE

Interest Rate Exchange Agreements

The following table depicts the City’s currently outstanding interest rate exchange agreements. The City may enter into additional interest rate exchange agreements, or amend or terminate one or more of its currently outstanding interest rate exchange agreements, in the future to assist in managing exposure to fluctuations in interest rates. Upon the occurrence of certain events provided in the interest rate exchange agreements, such agreements may be terminated prior to their stated termination dates, requiring the City to make, or entitling the City to receive, a termination payment, based upon the market value of the terminated agreement at the time of termination.

<table>
<thead>
<tr>
<th>Related Bond Issue</th>
<th>Notional Amount</th>
<th>Counterparty</th>
<th>Rating</th>
<th>Rate Paid</th>
<th>Rate Received</th>
<th>Stated Termination Date</th>
<th>Fair Value as of July 31, 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transportation Revenue Bonds, Series 2008B</td>
<td>$40,365,000</td>
<td>Wachovia Bank</td>
<td>Aa2/AA/A-</td>
<td>4.010%</td>
<td>BMA Index</td>
<td>October 1, 2020</td>
<td>$(3,630,742)</td>
</tr>
<tr>
<td>Transportation Revenue Bonds, Series 2008B</td>
<td>$76,300,000</td>
<td>Wachovia Bank</td>
<td>Aa2/AA/A-</td>
<td>3.4555%</td>
<td>67% of 1-Month LIBOR</td>
<td>October 1, 2027</td>
<td>$(6,839,191)</td>
</tr>
</tbody>
</table>

(1) The Transportation Revenue Bonds, Series 2008 refunded the City’s Transportation Revenue Bonds, Series 2003 (Auction Rate Securities) and Transportation Revenue Bonds, Series 2004 (Auction Rate Securities), which were the initial related bond issues for the interest rates exchange agreements. The Series 2008 Bonds are now the related bonds for both interest rate exchange agreements.

(2) The notional amounts for each interest rate exchange agreement are reduced simultaneously upon the amortization of the related bonds.

(3) Based on mark-to-market reports received from the counterparties.

For additional information about the City’s interest rate exchange agreements, including the City’s collateral deposit requirements and basis risk exposure, as of September 30, 2008, see Note 8A in the City’s Comprehensive Annual Financial Report for the Fiscal Year ended September 30, 2008. See “ANNUAL FINANCIAL REPORTS” herein for information on how to obtain a copy of the City’s Comprehensive Annual Financial Report.

Variable Rate Debt

In addition to the City’s Excise Taxes Revenue Bonds Reserve Account Credit Facilities, City currently has the following variable rate demand debt: Capital Projects Revenue Bonds, Series 2008A (the “Series 2008A Capital Projects Bonds”), currently outstanding in the principal amount of $66,960,000, Capital Projects Revenue Bonds, Series 2008B (the “Series 2008B Capital Projects Bonds”), currently outstanding in the principal amount of $66,960,000, Transportation Revenue Bonds, Series 2008A (the “Series 2008A Transportation Revenue Bonds”), currently outstanding in the principal amount of $154,535,000, Transportation Revenue Bonds, Series 2008B (the “Series 2008B Transportation Revenue Bonds”) currently outstanding in the principal amount of $117,570,000, all of which currently bear interest at a weekly rate. Additionally, the City has Commercial Paper Notes (the “Commercial Paper Notes”) currently outstanding in the principal amount of $73,815,000, which are issued with maturities of one to 270 days.
The Series 2008A Capital Projects Bonds are additionally secured by a direct pay letter of credit provided by Bank of America N.A., which has a stated expiration date of July 15, 2011 (the “2008A Capital Projects LOC”). The Series 2008B Capital Projects Bonds are additionally secured by a direct pay letter of credit provided by SunTrust Bank, which has a stated expiration date of July 15, 2011 (the “2008B Capital Projects LOC”). In the event the Series 2008A Capital Projects Bonds or the Series 2008B Capital Projects Bonds are tendered for purchase or deemed tendered for purchase, and the City is required to make a liquidity advance under the 2008A Capital Projects LOC or the 2008B Capital Projects LOC, any such advance would bear interest at the Bank Rate. The 2008A Capital Projects LOC and the 2008B Capital Projects LOC each define “Bank Rate” as (i) the prime rate for the first 30 days, (ii) the prime rate plus 1.00% during the 31st day through 90 days and (iii) the prime rate plus 2.0% on the 91st day and thereafter.

The Series 2008A Transportation Revenue Bonds are additionally secured by a direct pay letter of credit provided by J.P. Morgan Securities which has a stated expiration date of April 4, 2010 (the “2008A Transportation LOC”). The Series 2008B Transportation Revenue Bonds are additionally secured by a direct pay letter of credit provided by Wachovia Bank N.A. which has a stated expiration date of May 1, 2010 (the “2008B Transportation LOC”). In the event the Series 2008A Transportation Revenue Bonds or the Series 2008B Transportation Revenue Bonds are tendered for purchase or deemed tendered for purchase, and the City is required to make a liquidity advance under the 2008A Transportation LOC or the 2008B Transportation LOC, any such advance would bear interest at the Bank Rate. “Bank Rate” is calculated under the 2008A Transportation LOC as (i) the Base Rate for the first 90 days, and (ii) the Base Rate plus 1.00% on the 91st day and thereafter. “Base Rate” under the 2008A Transportation LOC is the greater of (i) the prime rate plus 1.50%, (ii) the federal funds rate plus 2.00% or (iii) 8.50%. “Bank Rate” is calculated under the 2008B Transportation LOC as (i) the Base Rate for the first 30 days, (ii) the Base Rate plus 1.00% during the 31st day through 90 days, and (iii) the Base Rate plus 2.00% on the 91st day and thereafter. “Base Rate” under the 2008B Transportation LOC is the greater of (i) the prime rate plus 2.00%, (ii) the federal funds rate plus 3.00% or (iii) 8.00%.

An irrevocable direct pay letter of credit issued by Landesbank Baden-Württemberg, provides liquidity support for the City’s Commercial Paper Notes (the “Commercial Paper LOC”). The Commercial Paper LOC has a stated expiration date of December 29, 2015.

The City cannot at this time predict with certainty whether (i) the 2008A Capital Projects LOC, the 2008B Capital Projects LOC, the 2008A Transportation LOC, the 2008B Transportation LOC, or the Commercial Paper LOC will be extended beyond their respective stated dates of expiration, or (ii) the City will be able to obtain substitute liquidity or credit facilities at costs that will not have a significant adverse impact on the City’s interest costs related to its variable rate debt.

FINANCIAL ADVISOR

Public Financial Management, Inc., Orlando, Florida, is acting as Financial Advisor to the City in connection with the issuance of the Series 2009B-1 Bonds. The Financial Advisor assisted in matters related to the planning, structuring and issuance of the Series 2009B-1 Bonds and provided other advice. The Financial Advisor did not engage in any underwriting activities with regard to the issuance and sale of the Series 2009B-1 Bonds.
UNDERWRITING

The Series 2009B-1 Bonds are being purchased by the underwriters listed on the cover page hereof (the "Underwriters"), subject to certain terms and conditions. The aggregate purchase price for the Series 2009B-1A Bonds payable to the City is $55,695,744.22 ($52,090,000 principal amount plus net original issue premium of $3,867,755.55 and less Underwriters’ discount of $261,811.33). The aggregate purchase price for the Series 2009B-1B Bonds payable to the City is $55,421,613.16 ($55,925,000 principal amount and less Underwriters’ discount of $503,386.84). The Underwriters are committed to purchase all the Series 2009B-1 Bonds if any are purchased. The Series 2009B-1 Bonds are offered for sale to the public at the prices derived from the yields set forth on the inside cover page of this Official Statement. The Series 2009B-1 Bonds may be offered and sold to certain dealers (including dealers depositing Series 2009B-1 Bonds into investment trusts) at prices lower than such offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

RATINGS

Fitch Ratings ("Fitch"), Moody's Investors Service, Inc. ("Moody's") and Standard & Poor's Ratings Services, a division of the McGraw-Hill Companies, Inc. ("S&P"), have assigned underlying ratings of "AA-", "Aa3" and "AA-", respectively, to the Series 2009B-1 Bonds. Such ratings reflect the view of such organizations and an explanation of the significance of such respective ratings may only be obtained from the rating agencies furnishing the same. Generally, rating agencies base their ratings on the information and materials furnished to them and, in addition, on investigations, studies and assumptions made by the rating agencies themselves. There is no assurance that the ratings mentioned above will continue for any given period of time or that they may not be lowered or withdrawn entirely by the rating agencies or either of them, if in their or its judgment, circumstances so warrant. Any such downward revision in or withdrawal of any of such ratings may have an adverse effect on the market price of the Series 2009B-1 Bonds. The City and the Underwriters are not obligated to appeal or contest any lowered or withdrawn ratings. For any additional description of the ratings and their meanings Fitch, Moody's and S&P should be contacted.

LEGAL MATTERS

Certain legal matters incident to the validity of the Series 2009B-1 Bonds and the issuance thereof by the City are subject to the approval of, Livermore, Freeman & McWilliams, P.A., Jacksonville Beach, Florida, as Bond Counsel to the City whose approving opinions (in substantially the forms attached hereto as Appendix D) will be delivered concurrently with the issuance of the Series 2009B-1 Bonds. Bond Counsel has not undertaken to verify and therefore expresses no opinion as to the accuracy, completeness or sufficiency of any of the information or statements contained in this Official Statement or any of the exhibits or appendices hereto, except that Bond Counsel will state to the Underwriters at closing that it has reviewed the statements in the sections herein entitled "DESCRIPTION OF THE SERIES 2009B-1 BONDS," "SECURITY FOR THE SERIES 2009B-1 BONDS," "ADDITIONAL DEBT" (except the subsection therein entitled "Calculation of Covenant Revenues and Anti-Dilution Test Limitation") and "FLOW OF FUNDS" and in "APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL REVENUE BOND ORDINANCE" attached hereto and that insofar as such statements purport to summarize certain provisions of the Special Revenue Bond Ordinance, such statements are fair and accurate summaries of the provisions of the Special Revenue Bond Ordinance purported to be summarized. Bond Counsel will also state that it has reviewed the information under the caption "TAX MATTERS" and believes that the statements contained therein are accurate.
Certain legal matters will be passed upon for the City by Bryant Miller Olive P.A., Jacksonville, Florida and Lawrence & Parker, P.A., Jacksonville, Florida, as Co-Disclosure Counsel and by the Office of General Counsel of the City. Certain legal matters will be passed upon for the Underwriters by their Counsel Akerman Senterfitt, Jacksonville, Florida.

The proposed text of the legal opinions of Bond Counsel is attached hereto as Appendix D. The actual legal opinions to be delivered may vary from the text of Appendix D, if necessary, to reflect facts and law on the date of delivery of the Series 2009B-1 Bonds. The opinions will speak only as of their date and subsequent distribution of it by recirculation of this Official Statement or otherwise shall not create any implication that subsequent to the date of the opinions, Bond Counsel has affirmed its opinions.

The legal opinions to be delivered concurrently with the delivery of the Series 2009B-1 Bonds express the professional judgment of the attorneys rendering the opinions regarding the legal issues expressly addressed therein. By rendering a legal opinion, the firm rendering such opinion does not become an insurer or guarantor of the result indicated by that expression of professional judgment, of the transaction on which the opinion is rendered, or of the future performance of parties to the transaction. Furthermore, the rendering of an opinion does not guarantee the outcome of any legal dispute that may arise out of the transaction.

**TAX MATTERS**

**Series 2009B-1A Bonds**

**General.** The Internal Revenue Code of 1986, as amended (the “Code”) establishes certain requirements which must be met subsequent to the issuance of the Series 2009B-1A Bonds in order that interest on the Series 2009B-1A Bonds be and remain excluded from gross income for purposes of federal income taxation. Non-compliance may cause interest on the Series 2009B-1A Bonds to be included in federal gross income retroactive to the date of issuance of the Series 2009B-1A Bonds, regardless of the date on which such non-compliance occurs or is ascertained. These requirements include, but are not limited to, provisions which prescribe yield and other limits within which the proceeds of the Series 2009B-1A Bonds and the other amounts are to be invested and require that certain investment earnings on the foregoing must be rebated on a periodic basis to the Treasury Department of the United States. The City has covenanted in the Special Revenue Bond Ordinance to comply with such requirements in order to maintain the exclusion from federal gross income of the interest on the Series 2009B-1A Bonds.

In the opinion of Bond Counsel, assuming compliance with certain covenants, under existing law, interest on the Series 2009B-1A Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations. Interest on the Series 2009B-1A Bonds, is not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations.

Except as described above, Bond Counsel will express no opinion regarding other federal income tax consequences resulting from the ownership of, receipt or accrual of interest on, or disposition of the Series 2009B-1A Bonds. Prospective purchasers of the Series 2009B-1A Bonds should be aware that the ownership of Series 2009B-1A Bonds may result in collateral federal income tax consequences, including (i) the denial of a deduction for interest on indebtedness incurred or continued to purchase or carry Series 2009B-1A Bonds; (ii) the reduction of the loss reserve deduction for property and casualty insurance
companies by fifteen percent (15%) of certain items, including interest on the Series 2009B-1A Bonds; (iii) the inclusion of interest on the Series 2009B-1A Bonds in earnings of certain foreign corporations doing business in the United States for purposes of branch profits tax; (iv) the inclusion of interest on the Series 2009B-1A Bonds in passive income subject to federal income taxation of certain Subchapter S corporations with Subchapter C earnings and profits at the close of the taxable year; and (v) the inclusion of interest on the Series 2009B-1A Bonds in “modified adjusted gross income” by recipients of certain Social Security and Railroad Retirement benefits for the purposes of determining whether such benefits are included in gross income for federal income tax purposes.

As to questions of fact material to the opinions of Bond Counsel, Bond Counsel will rely upon representations and covenants made on behalf of the City, certificates of appropriate officers and certificates of public officials (including certifications as to the use of proceeds of the Series 2009B-1A Bonds), without undertaking to verify the same by independent investigation.

PURCHASE, OWNERSHIP, SALE OR DISPOSITION OF THE SERIES 2009B-1A BONDS AND THE RECEIPT OR ACCRUAL OF THE INTEREST THEREON MAY HAVE ADVERSE FEDERAL TAX CONSEQUENCES FOR CERTAIN INDIVIDUAL AND CORPORATE SERIES 2009B-1 BONDHOLDERS, INCLUDING, BUT NOT LIMITED TO, THE CONSEQUENCES DESCRIBED ABOVE. PROSPECTIVE SERIES 2009B-1 BONDHOLDERS SHOULD CONSULT WITH THEIR TAX SPECIALISTS FOR INFORMATION IN THAT REGARD.

Other Tax Matters. Purchasers of the Series 2009B-1A Bonds should consult their tax advisors as to the tax consequences to them of owning the Series 2009B-1A Bonds in their particular state or local jurisdiction.

During recent years, legislative proposals have been introduced in Congress, and in some cases enacted, that altered certain federal tax consequences resulting from the ownership of obligations that are similar to the Series 2009B-1A Bonds. In some cases, these proposals have contained provisions that altered these consequences on a retroactive basis. Such alteration of federal tax consequences may have affected the market value of obligations similar to the Series 2009B-1A Bonds. From time to time, legislative proposals are pending which could have an effect on both the federal tax consequences resulting from ownership of the Series 2009B-1A Bonds and their market value. No assurance can be given that legislative proposals will not be enacted that would apply to, or have an adverse effect upon, the Series 2009B-1A Bonds.

Tax Treatment of Original Issue Discount. Under the Code, the difference between the maturity amount of the Series 2009B-1A Bonds maturing on October 1, 2017, October 1, 2023 (bearing a coupon interest rate of 4.000%), October 1, 2024 (bearing a coupon interest rate of 4.000%) and October 1, 2025 (bearing a coupon interest rate of 4.125%) (collectively, the “Discount Bonds”), and the initial offering price to the public, excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers, at which price a substantial amount of the Discount Bonds of the same maturity was sold is “original issue discount.” Original issue discount will accrue over the term of the Discount Bonds at a constant interest rate compounded periodically. A purchaser who acquires the Discount Bonds in the initial offering at a price equal to the initial offering price thereof to the public will be treated as receiving an amount of interest excludable from gross income for federal income tax purposes equal to the original issue discount accruing during the period he or she holds the Discount Bonds, and will increase his or her adjusted basis in the Discount Bonds by the amount of such accruing discount for purposes of determining taxable gain or loss on the sale or disposition of the Discount Bonds.
Bonds. The federal income tax consequences of the purchase, ownership and redemption, sale or other disposition of the Discount Bonds which are not purchased in the initial offering at the initial offering price may be determined according to rules which differ from those above. Bondholders of the Discount Bonds should consult their own tax advisors with respect to the precise determination for federal income tax purposes of interest accrued upon sale, redemption or other disposition of the Discount Bonds and with respect to the state and local tax consequences of owning and disposing of the Discount Bonds.

**Tax Treatment of Bond Premium.** The difference between the principal amount of the Series 2009B-1A Bonds maturing on October 1, 2011 through and including October 1, 2016, October 1, 2018 through and including October 1, 2022, and on October 1, 2023 (bearing a coupon interest rate of 5.000%), October 1, 2024 (bearing a coupon interest rate of 5.000%) and October 1, 2025 (bearing a coupon interest rate of 5.000%) (collectively, the “Premium Bonds”), and the initial offering price to the public (excluding bond houses, brokers or similar persons or organizations acting in the capacity of underwriters or wholesalers) at which price a substantial amount of such Premium Bonds of the same maturity was sold constitutes to an initial purchaser amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each of the Premium Bonds, which ends on the earlier of the maturity or call date for each of the Premium Bonds which minimizes the yield on such Premium Bonds to the purchaser. For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation in the initial offering price is required to decrease such purchaser's adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Bondholders of the Premium Bonds are advised that they should consult with their own advisors with respect to the state and local tax consequences of owning such Premium Bonds.

**Series 2009B-1B Bonds**

As part of the Recovery Act, Congress added provisions to the Code, which permit state or local governments to obtain certain tax advantages when issuing certain taxable obligations, referred to as “Build America Bonds.” A Build America Bond must satisfy certain requirements, including that the interest on the Build America Bonds would be, but for the City’s election to treat such bonds as Build America Bonds, excludable from gross income under Section 103 of the Code. The City intends to make irrevocable elections to treat the Series 2009B-1B Bonds as Build America Bonds that are entitled to interest subsidy payments payable by the United States Treasury directly to the City on a periodic basis. As a result of these elections, interest on the Series 2009B-1B Bonds is not excludable from gross income of the holders thereof for federal income tax purposes and the holders of the Series 2009B-1B Bonds will not be entitled to any tax credits as a result either of ownership of the Series 2009B-1B Bonds or of receipt of any interest payments on the Series 2009B-1B Bonds. The Holders of the Series 2009B-1B Bonds should consult their tax advisors with respect to the inclusion of interest on the Series 2009B-1B Bonds in gross income for federal income tax purposes.

Ownership of the Series 2009B-1B Bonds may result in state and local tax consequences to certain taxpayers. Bond Counsel expresses no opinion regarding any such collateral consequences arising with respect to the Series 2009B-1B Bonds. Prospective purchasers of the Series 2009B-1B Bonds should consult their tax advisors regarding the applicability of any such state and local taxes.
Circular 230 Disclosure. The above discussion relating to the Series 2009B-1B Bonds was written to support the promotion and marketing of the Series 2009B-1B Bonds and was not intended or written to be used, and cannot be used, by a taxpayer for purposes of avoiding federal income tax penalties that may be imposed. Each taxpayer should seek advice based on the taxpayers’ particular circumstances from an independent tax advisor.

LITIGATION

Except as described below, in the opinion of the Office of General Counsel of the City of Jacksonville, there is no pending litigation against the City which would have any material adverse effect upon the Covenant Revenues or contesting the validity of the Series 2009B-1 Bonds. The Office of General Counsel is not aware of any threatened litigation contesting the validity of the Series 2009B-1 Bonds or the right of the City to issue the Series 2009B-1 Bonds or which would have any material adverse effect upon the Covenant Revenues.

On May 5, 2003, and thereafter through amendment, approximately 4,000 individual plaintiffs filed a complaint against the City of Jacksonville, the Duval County School Board and JEA alleging facts relating to the existence of various incinerator ash sites presently under the jurisdiction of federal and state environmental agencies. The parties resolved the lawsuit without an admission of liability. Pursuant to the terms of the settlement, the City obtained approximately 4,000 covenants not to sue and paid a total of $25 million. Plaintiffs received a consent judgment for $75 million, with the remaining money over $25 million being collected, if at all, against the City’s insurers.

The City is in the process of following an Administrative Order of Consent from the Department of Environmental Protection to clean up acreage in the urban north side of the City. The City estimates the cleanup costs to be approximately $98.4 million for Jax Ash & Brown’s Dump Sites (4 sites in total) and estimates cleanup costs at $30.25 million for the Pope Place/Gold Merit, Southside Generator Site and Burke Street Ash sites. However, the City expects to pay any required costs for cleanup over a period of years and expects to budget such amounts from sources other than Covenant Revenues.

ENFORCEABILITY OF REMEDIES

The remedies available to the Holders of the Series 2009B-1 Bonds upon an event of default under the Special Revenue Bond Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code (the federal bankruptcy code), the remedies provided with respect to the Series 2009B-1 Bonds under the Special Revenue Bond Ordinance may not be readily available or may be limited. The various legal opinions delivered or to be delivered concurrently with the delivery of the Series 2009B-1 Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of creditors generally.

Pursuant to the Special Revenue Bond Ordinance no Bondholder has any right to institute any suit, action or proceeding in equity or at law for the execution of any trust thereunder or for any other remedy thereunder unless such Bondholder previously shall have given to the Trustee appointed to represent the Bondholders, in accordance with the Special Revenue Bond Ordinance, written notice of the event of default on account of which such suit, action or proceeding is to be taken, and unless the holders of not less than 25% of the Bond Obligation then outstanding shall have made written request of the
Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted by the Special Revenue Bond Ordinance or to institute such action, suit or proceeding in its or their name and the Trustee refuses or neglects to comply with such request. The Trustee is entitled to reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal). See “APPENDIX B – SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL REVENUE BOND ORDINANCE-Restrictions on Actions by Individual Bondholders” attached hereto.

CONTINGENCY OF FEES

The City has retained Bond Counsel, the Financial Advisor, and Co-Disclosure Counsel with respect to the authorization, sale, execution and delivery of the Series 2009B-1 Bonds. Payment of the fees of such professionals and an underwriting discount to the Underwriters (which includes the fees of underwriters’ counsel) are each contingent upon the issuance of the Series 2009B-1 Bonds.

ANNUAL FINANCIAL REPORTS

The information in the Basic Financial Statements for the fiscal year ended September 30, 2008 (the "Basic Financial Statements") included in the City’s Comprehensive Annual Financial Report for such fiscal year (the "Comprehensive Annual Financial Report") is an integral part of this Official Statement and is hereby incorporated by reference thereto. Copies of the Comprehensive Annual Financial Report may be obtained from the City upon request to the Chief Financial Officer, Suite 300, 117 West Duval Street, Jacksonville, Florida 32202, telephone number (904) 630-1298, or from the City’s website described below.

The Comprehensive Annual Financial Report is available for viewing and downloading from the City's website (www.coj.net) by selecting "Department," then selecting "Administration and Finance," then selecting "Accounting" and then selecting "Comprehensive Annual Financial Report FY 2007-2008" as denoted in blue print. EXCEPT FOR THE BASIC FINANCIAL STATEMENTS, NONE OF THE REMAINDER OF THE COMPREHENSIVE ANNUAL FINANCIAL REPORT OR OTHER INFORMATION CONTAINED IN THE CITY’S WEBSITE IS INCLUDED BY REFERENCE INTO THIS OFFICIAL STATEMENT. The physical appearance of the printed version of the Comprehensive Annual Financial Report may differ from the electronic version available on the City’s website for various reasons including electronic transmission difficulties or particular user equipment. Users relying on the electronic version assume the risk of resulting discrepancies between it and the printed version.

CONTINUING DISCLOSURE

The City has covenanted for the benefit of Series 2009B-1 Bondholders (as defined in the Continuing Disclosure Certificate) to provide certain financial information and operating data relating to the City and the Series 2009B-1 Bonds in each year, and to provide notices of the occurrence of certain enumerated material events.

Annual financial information and operating data and the City’s audited financial statements will be filed by the City with the Electronic Municipal Market Access (“EMMA”) system as required by the Securities and Exchange Commission Rule 15c2-12. Notices of material events, when and if they occur, shall be timely filed by the City with EMMA.
The specific nature of the financial information, operating data, and of the type of events which trigger a disclosure obligation, and other details of the undertaking are more fully described in "APPENDIX E – FORM OF CONTINUING DISCLOSURE CERTIFICATE" attached hereto. The City fully anticipates satisfying all future obligations with respect to its continuing disclosure obligations.

The City has previously entered into continuing disclosure undertakings with respect to the Series 2008 Bonds and several series of bonds issued under the different security structures. Due to a delay in the receipt of a component unit’s financial statements for inclusion in the City’s Comprehensive Annual Financial Report, the City filed its continuing disclosure report for the Fiscal Year ended September 30, 2008 on May 29, 2009, which is after the April 30, 2009 filing date required by its prior continuing disclosure undertakings. The City did not file unaudited Financial Statements on or before the April 30, 2009 deadline. The City included in its continuing disclosure filing for the Fiscal Year ended September 30, 2008 the required General Fund Statement of Revenues, Expenditures, and Changes in Fund Balance but failed to include the table related to the calculation of Covenant Revenues and Anti Dilution Test Limitation required by the continuing disclosure undertaking with respect to the Series 2008 Bonds. The City has reviewed its continuing disclosure undertakings and expects that future filings will be in compliance with the undertakings.

**SOURCES OF INFORMATION**

The Basic Financial Statements of the City as of September 30, 2008 and for the year ended, included in the Comprehensive Annual Financial Report of the City that has been incorporated herein by reference (See "ANNUAL FINANCIAL REPORTS" herein), have been audited by Ernst & Young LLP, independent certified public accountants, as stated in their report dated May 6, 2009 appearing therein. Ernst & Young LLP has not participated in the preparation or review of this Official Statement.

Any statements in the Official Statement involving matters of opinion, whether or not expressly so stated, are intended as such and not as representations of that.

**DISCLOSURE REQUIRED BY FLORIDA BLUE SKY REGULATIONS**

Pursuant to Section 517.051, Florida Statutes, as amended, the City is required to provide full and fair disclosure by the City as to bonds or other debt obligations that it has issued or guaranteed and that are or have been in default as to principal or interest at any time since December 31, 1975, as provided by rule of the Florida Department of Financial Services (the "Department"). Pursuant to Rule 69W-400.003, Florida Administrative Code, the Department has required that such disclosure include information concerning the dates, amounts and types of defaults, any legal proceedings resulting from such, whether a trustee or receiver has been appointed over the assets of the City, and certain additional defaults and financial information, unless the City believes in good faith that such information would not be considered material by a reasonable investor. The City is not and has not since December 31, 1975 been in default as to principal or interest on its bonds or other debt obligations. The City has, however, received notices of default with respect to certain bonds for which the City has acted as a conduit issuer which bonds are payable from the revenues of private commercial enterprises. The City in good faith believes that any additional disclosure of information concerning any such default or defaults with respect to bonds which are payable from the revenues of a private commercial enterprise would not be considered material by a reasonable investor in the Series 2009B-1 Bonds, because the City is not obligated to pay debt service with any public funds of the City.
There are several dependent or independent authorities, some or all of the governing bodies of which are appointed by the City, which are separate legal entities in Duval County and which have issued their own conduit debt. None of them is authorized to pledge any revenues or assets of the City for its debt. These authorities have issued debt as conduits for private entities, which debt is payable solely from specific revenues or assets derived from the private entities. From time to time, certain of such conduit debt may be in technical or payment default or under investigation as to tax-exempt status of interest on such debt. The City in good faith believes that disclosures of such defaults or investigations would not be considered material by a reasonable investor in the Series 2009B-1 Bonds.

MISCELLANEOUS

The references, excerpts and summaries of all documents referred to herein do not purport to be complete statements of the provisions of such documents and reference is directed to all such documents for full and complete statements of all matters of fact relating to the Series 2009B-1 Bonds, the security for and the source for repayment for the Series 2009B-1 Bonds and the rights and obligations of the Holders thereof. Copies of such documents may be obtained as specified under the caption "INTRODUCTION" herein.

The information contained in this Official Statement has been compiled from official and other sources deemed to be reliable, and is believed to be correct as of this date.

Any statements made in this Official Statement involving matters of opinion or of estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the Holders of the Series 2009B-1 Bonds.

[Remainder of page intentionally left blank]
AUTHORIZATION OF AND CERTIFICATION
CONCERNING OFFICIAL STATEMENT

This Official Statement has been authorized by the City of Jacksonville, Florida. Concurrently with the delivery of the Series 2009B-1 Bonds, the Mayor and other officers of the City will furnish their certificates to the effect that, to the best of their knowledge, this Official Statement, as of its date and as of the date of delivery of the Series 2009B-1 Bonds, does not contain any untrue statement of a material fact or omit to state a material fact which should be included herein for the purposes for which this Official Statement is to be used, or which is necessary to make the statements contained herein, in the light of the circumstances in which they were made, not misleading.

EXECUTION

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

CITY OF JACKSONVILLE, FLORIDA

By: /s/ John Peyton
    John Peyton, Mayor

By: /s/ G. Michael Miller
    G. Michael Miller, Chief Financial Officer

By: /s/ Michael R. Givens
    Michael R. Givens, Treasurer
APPENDIX A

GENERAL INFORMATION ON THE
CITY OF JACKSONVILLE, FLORIDA
APPENDIX A
GENERAL INFORMATION ON THE CITY OF JACKSONVILLE, FLORIDA

The City has provided all of the information set forth below.

Government

The City of Jacksonville established a consolidated government on October 1, 1968, which extends throughout the county land area, except that the cities of Atlantic Beach, Neptune Beach, Jacksonville Beach (the "Beaches Communities") and the Town of Baldwin retain their local governments for the performance of certain municipal functions. The City has grown from 39 square miles to 841 square miles and is the largest city in land area located in the contiguous United States.

The territory of the consolidated government is divided into a General Services District, consisting of the total area of Duval County, and five urban services districts consisting of the areas within each of the Beaches Communities, the Town of Baldwin and the territory of the former, pre-consolidation City of Jacksonville. The consolidated government furnishes certain services in the General Services District, including airports, courts, electricity, fire protection, hospital, libraries, police protection, recreation and parks, schools, streets and highways and welfare; and all of the usual municipal services in the First Urban Services District (the pre-consolidation former City of Jacksonville) and the former unincorporated area of Duval County, but specifically excluding the Beaches Communities and the Town of Baldwin.

The charter for the consolidated government provides for the following elected officials: a mayor, 19 council members (14 elected by districts and 5 at large but residing in specified districts) who form the City's legislative body (the "Council"), seven school board members (elected by district), a sheriff as chief law enforcement officer, a property appraiser, a tax collector, a clerk of the circuit and county courts, and a supervisor of elections. The Mayor is the chief executive and administrative officer of the consolidated government and is responsible for the appointment of city department heads who must be confirmed by the City Council. The Council has legislative powers, which are subject to veto by the Mayor. The City and the actuary are continuing to discuss the assumptions used in arriving at the current estimate.

Population Growth

Based on the 2000 United States Census, the consolidated City of Jacksonville is the most populated city in Florida. The following record of population is for the entire area of Duval County, which is now the area of the City of Jacksonville, the Beaches Communities and the Town of Baldwin.
<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>778,341</td>
</tr>
<tr>
<td>2000</td>
<td>791,507</td>
</tr>
<tr>
<td>2001</td>
<td>793,898</td>
</tr>
<tr>
<td>2002</td>
<td>807,012</td>
</tr>
<tr>
<td>2003</td>
<td>826,951</td>
</tr>
<tr>
<td>2004</td>
<td>837,037</td>
</tr>
<tr>
<td>2005</td>
<td>859,361</td>
</tr>
<tr>
<td>2006</td>
<td>891,192</td>
</tr>
<tr>
<td>2007</td>
<td>897,974</td>
</tr>
<tr>
<td>2008</td>
<td>904,971</td>
</tr>
</tbody>
</table>

Source: Bureau of Economic Analysis: Regional Economic Accounts

Downtown Jacksonville

Downtown Jacksonville is the business, cultural and entertainment center of Duval County. There has been significant new investment in downtown Jacksonville with over $1.9 billion in development currently proposed or under construction, and over $1 billion in development completed since 2000. These include a new entertainment arena, baseball stadium, main library, and a planned federal courthouse, as well as over 1,432 housing units completed since 2001. An additional 500 housing units are under construction and over 4,800 units are proposed for development.

Downtown is the largest sub market in the region and has over 5.6 miles of riverfront. Downtown, is also home to over 1,300 residents, 1,200 businesses with over 56,000 employees, including 80 corporate or regional headquarters and two Fortune 500 companies.

In 2005, Jacksonville hosted the Super Bowl XXIX football game and festivities. The event was considered an economic and cultural success and provided global exposure to the City.

Intermodal Transportation

Jacksonville's central location, with access to road, rail, sea and air transportation, has made it the intermodal hub of the Southeast. As the city farthest west on the eastern seaboard, Jacksonville has easy access to the Southeastern United States, as well as Latin America, the Caribbean and the rest of North America.

Located within 600 miles of two-thirds of the 50 million consumers in the southeastern United States, Jacksonville is rapidly becoming a significant international trade center. As broadband communications and transportation innovations continue to bring all areas of the globe closer together, Jacksonville is ideally suited to be a springboard to the world.
Expressway System

The Jacksonville Expressway System, an urban limited-access highway system, provides direct access to all federal and state highways entering the City and direct connections to local industrial areas. The expressway system consists of seven bridges, and 59 miles of highway, of which 16 miles are Interstate Systems, and 65 miles feeder roads.

Rail Service

The City is a railroad center serviced by three Class I lines. Florida East Coast Railway Company (headquarters in St. Augustine, Florida) and Norfolk Southern terminate in Jacksonville. The headquarters for CSX Corporation and its principal operating company, CSX Transportation, are located in the City, and locally employs more than 4,000 people.

Air Service

The Jacksonville Aviation Authority (JAA) owns and manages the Jacksonville Airport System. The Jacksonville Airport System is a diversified airport system that serves the commercial, business and recreational aviation needs of the City of Jacksonville, Northeast Florida and Southeast Georgia (the Community) and is comprised of Jacksonville International Airport (JIA), Craig Airport, Herlong Airport and Cecil Field.

JIA is a growing medium hub airport serving Northeast Florida and Southeast Georgia. It is approximately 7,900 acres, located in the northern portion of the City, approximately eighteen miles north of downtown, just off of Interstate 95. The airfield facilities consist of two precision instrument runways, one 7,700 feet long and the other 10,000 feet long, together with associated taxiways, aircraft parking aprons (approximately 200,000 square yards in total), and an air traffic control tower. JIA is in the middle of a major 250,000 square foot Terminal Expansion Program, which is slated to open by the spring of 2009. The program will provide for improvements to the automated baggage screening process and the replacement of it’s existing terminal concourses with two new spacious concourses that will include 26 full service gates.

As of 2008, the airport had scheduled passenger service provided by two dozen carriers and had scheduled cargo service provided by all four major cargo carriers. Scheduled service is provided by 10 of the nation’s sixteen major passenger airlines, which represent the largest group of passenger airlines in terms of their total annual revenues. These airlines include AirTran, American, Continental, Delta, ExpressJet, JetBlue, Northwest, Southwest, United and US Airways.

In calendar year 2008, there were approximately 3,058,006 enplaned passengers and approximately 6,120,308 total passengers, which was a decrease of 187,108 passengers from

On September 30, 1999, JAA took title to 6,081 acres of land at Cecil Field, now named Cecil Commerce Center, which includes eight hangers and three runways with lengths of 8,000 feet and one runway at 12,400 feet. This property has been converted into a commercial aviation facility for aircraft maintenance, manufacturing, repair and related development. The Boeing Company, Northrop Grumman Corp., Logistics Services International and Jet Turbine Services are among a few organizations that have signed long-term leases to operate aviation maintenance and support services at Cecil Commerce Center. JAA recently signed a 40-year lease agreement with Florida Community College at Jacksonville (FCCJ) to establish an Aviation Center of Excellence.

Port Cargo Service

On October 1, 2001, the Jacksonville Port Authority was split into two entities: the Jacksonville Aviation Authority, which now manages the City’s airports, and the Jacksonville Port Authority, which continues to manage the City’s public seaport facilities. The Jacksonville Port Authority, or JAXPORT, is governed by a seven-member board; four appointed by Florida’s Governor and three appointed by Jacksonville’s Mayor. JAXPORT, a dependent special district of the City of Jacksonville, has about 150 employees.

In terms of total cargo handled, the Jacksonville Port Authority (JAXPORT) is one of the largest ports on the South Atlantic seaboard and is a natural river harbor with a maintained depth of 38 to 41-feet from the downtown area to the Atlantic Ocean. More than $31 million was spent, in 2002 and 2003, to deepen 14 miles of the shipping channel to it’s current depth of 38 to 41 feet. For the fiscal year ended September 30, 2008, approximately 1,827 vessels used JAXPORT’s facilities. Several hundred additional vessels and barges used private cargo handling areas of the river not affiliated with JAXPORT’s public facilities.

Jacksonville ranks third among the largest container ports in Florida. For the fiscal year ended September 30, 2007 JAXPORT’s facilities handled approximately 8.3 million metric tons of cargo and handled 614,000 vehicles; making JAXPORT one of the largest vehicle handling ports in the country. JAXPORT committed more than $200 million towards port capital construction between 1998 and 2002. Jacksonville’s maritime industry has an annual economic impact of $1.3 billion, with more than 45,000 local jobs either directly or indirectly reliant on port facilities. JAXPORT owns three marine terminals between the downtown area and the mouth of the St. John’s River, and one cruise terminal.

The largest container facility is the 754-acre Blount Island Marine Terminal in Northeast Jacksonville. The main and west channels of Blount Island are now 41 feet deep. The terminal consists of 700 paved acres, 6,630 feet of berthing space, 9 container cranes, and over 240,000 square feet of dockside warehousing. The Blount Island terminal loads and unloads cargo from
all over the world. JAXPORT successfully negotiated the sale of 137 acres of property at the Blount Island Marine Terminal to the US Navy. This will allow the U.S. Marine Corps’ military operations and JAXPORT’s commercial business to continue to work in close proximity as they have for many years.

JAXPORT also owns and operates a 173-acre facility known as the Talleyrand Marine Terminal, located on Talleyrand Avenue about four miles north of downtown Jacksonville. This complex consists of 713,000 square feet of warehouse space, including 120,000 square feet of refrigerated space, and six container cranes. The terminal’s on-dock rail capacity has been expanded by adding four new rail spurs totaling 4,800 linear feet, and two rubber-tired gantry cranes. More than 600 ships each year use the Talleyrand terminal, primarily to move goods to and from Latin America and the Caribbean.

Dames Point Marine Terminal is 10 miles from the Atlantic Ocean, about one mile west of Blount Island, and mostly unimproved riverfront property. JAXPORT owns about 585 acres of property in this area. The Southeastern corner of this terminal is being used to handle imported bulk aggregate cargo of limestone, granite and aragonite. In 2008, construction was completed of a 158-acre container-handling facility is expected to be completed in 2008. The new facility will include two 1,200-foot berths, 6 container cranes and other infrastructure, and is expected to generate 1,600 direct jobs.

JAXPORT also recently announced the signing of an initial agreement with Hanjin Shipping Co., Ltd. to develop a $360 million container terminal. Hanjin is Korea’s largest, and one of the world’s biggest, container carriers moving more than 100 million tons of cargo annually while operating in more than 50 countries. The new Hanjin terminal is expected to generate at least $1 billion in economic activity in Northeast Florida and create thousands of new direct and indirect jobs for the region.

In 2003, JAXPORT constructed a 63,000-square foot temporary cruise facility near the northwest corner of the Dames Point Marine Terminal. Currently, Carnival Cruise Lines provides year-round service from Jacksonville to the Caribbean and Bahamas. The cruise ships now serving Jacksonville create more than 400 area jobs and more than $40 million in new economic impact to Northeast Florida, with the potential of creating 2,700 jobs and infusing more than $1.5 billion into the local economy over the next 20 years. For the fiscal year ending September 2007, 80 cruise vessels called on JAXPORT for a total of approximately 129,838 embarking passengers. It is anticipated that a permanent cruise ship terminal will be located closer to the ocean near the historic village of Mayport.

On August 6, 2005, officials with Mitsui OSK Lines, Ltd, (MOL) a Tokyo-based logistics and ocean Transportation Company, signed a 30-year lease agreement with the JAXPORT. The agreement provides the City with direct container ship service between Jacksonville and Asia. An economic impact study conducted by the consultant firm of Martin Associates predicts that the new agreement will create more than 1,800 new private sector port jobs in Jacksonville.
Supporting operations in trucking, distribution and related services could generate a total of 5,600 direct and indirect local jobs.

**Motor Freight**

Major transportation and logistics services companies, including Landstar System, Inc., are headquartered in Jacksonville. Nearly 125 truck lines maintain terminals in the area, which is a major hub of the Interstate highway network in Florida. The City’s location and port facilities have caused it to become a “break-bulk” center. The development of “piggyback” transportation has also benefited the City. Many piggyback shipments move into the area via rail cars or ships, after which the trailers are unloaded and forwarded by highway.

**Industry**


[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
The following table illustrates the broad base of non-agricultural employment in the Jacksonville MSA.

<table>
<thead>
<tr>
<th>Industry Title</th>
<th>Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Nonagricultural Employment</td>
<td>621,200</td>
</tr>
<tr>
<td>Total Private</td>
<td>544,400</td>
</tr>
<tr>
<td>Goods Producing</td>
<td>74,600</td>
</tr>
<tr>
<td>Natural Resources and Mining</td>
<td>400</td>
</tr>
<tr>
<td>Construction</td>
<td>42,500</td>
</tr>
<tr>
<td>Specialty Trade Contractors</td>
<td>27,200</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>31,800</td>
</tr>
<tr>
<td>Service Providing</td>
<td>546,600</td>
</tr>
<tr>
<td>Private Service Providing</td>
<td>469,700</td>
</tr>
<tr>
<td>Trade, Transportation, and Utilities</td>
<td>136,000</td>
</tr>
<tr>
<td>Wholesale Trade</td>
<td>28,700</td>
</tr>
<tr>
<td>Retail Trade</td>
<td>75,400</td>
</tr>
<tr>
<td>Food and Beverage Stores</td>
<td>13,700</td>
</tr>
<tr>
<td>General Merchandise Stores</td>
<td>14,300</td>
</tr>
<tr>
<td>Transportation, Warehousing, and Utilities</td>
<td>31,800</td>
</tr>
<tr>
<td>Information</td>
<td>9,900</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>5,100</td>
</tr>
<tr>
<td>Financial Activities</td>
<td>60,500</td>
</tr>
<tr>
<td>Finance and Insurance</td>
<td>50,300</td>
</tr>
<tr>
<td>Credit Intermediation and Related Activities</td>
<td>25,500</td>
</tr>
<tr>
<td>Depository Credit Intermediation</td>
<td>13,300</td>
</tr>
<tr>
<td>Insurance Carriers and Related Activities</td>
<td>19,000</td>
</tr>
<tr>
<td>Professional and Business Services</td>
<td>88,400</td>
</tr>
<tr>
<td>Professional and Technical Services</td>
<td>35,500</td>
</tr>
<tr>
<td>Management of Companies and Enterprises</td>
<td>6,900</td>
</tr>
<tr>
<td>Administrative and Waste Services</td>
<td>46,000</td>
</tr>
<tr>
<td>Education and Health Services</td>
<td>80,400</td>
</tr>
<tr>
<td>Hospitals</td>
<td>22,200</td>
</tr>
<tr>
<td>Leisure and Hospitality</td>
<td>66,700</td>
</tr>
<tr>
<td>Accommodation and Food Services</td>
<td>58,000</td>
</tr>
<tr>
<td>Other Services</td>
<td>27,800</td>
</tr>
<tr>
<td>Total Government</td>
<td>76,900</td>
</tr>
<tr>
<td>Federal</td>
<td>17,100</td>
</tr>
<tr>
<td>State</td>
<td>12,300</td>
</tr>
<tr>
<td>Local</td>
<td>47,500</td>
</tr>
</tbody>
</table>

Insurance

The City of Jacksonville is headquarters for several insurance companies; Blue Cross/Blue Shield of Florida and FPIC Insurance Group, Inc. The City is also regional headquarters for Aetna U.S. Healthcare. The following companies have regional offices in Jacksonville: Allstate Financial Workplace Division, State Farm Mutual, United Insurance Company of America, Title Insurance Company of Minnesota, Continental Insurance Companies, Prudential and Humana.

Banking and Finance

The Jacksonville region has enjoyed a healthy growth to its base of financial and insurance companies, including the recent expansions and business relocations by major firms such as Deutsche Bank, Fidelity Investments, Merrill Lynch & Co. (recently acquired by Bank of America) and Washington Mutual (recently acquired by JP Morgan Chase & Co.) and GMAC. There are nearly 40 commercial banks and savings institutions within the City, as well as the Jacksonville branch of the Federal Reserve Bank of Atlanta. Bank deposits in the City were approximately $34.7 billion as of June 30, 2008.

Credit Unions are a growing financial presence in Jacksonville. There are more than three dozen active credit unions with more than 500,000 members and are responsible for deposits in excess of $2 billion. VyStar Credit Union, formerly Jax Navy Federal Credit Union, is the most active with 900 employees, 350,000 members and assets over $3.3 billion.

The City is also a leader in the mortgage banking industry and is home to one of the state’s largest firms, Washington Mutual (recently acquired by JP Morgan Chase & Co.). HomeSide Lending, a subsidiary, is based in Jacksonville and employs 2,100 people with a service portfolio of $181 billion. In addition, the mortgage industry’s largest provider of data processing services, Fidelity National Financial, Inc., has moved its headquarters to Jacksonville.

Tourism

An estimated 4.6 million people visited the Jacksonville area in 2006. Visitors to Northeastern Florida provided more than $4.8 billion in direct economic impact to our area, jobs for more than 118,000 of our residents, and generated more than $14 million annually in bed tax revenue and local option sales tax revenue for the City. Direct spending includes lodging, dining, shopping, transportation and entertainment. The average convention delegate spends $266 per day for an average of 3.6 days. The average leisure traveler spends $132.90 per day for an average of 5.3 days.

Jacksonville has 68 miles of beaches, over 50 golf courses and hundreds of tennis courts. Annual events include the St. Johns River Mug Cup sailboat race, the Gator Bowl, and the
Greater Jacksonville Kingfish Tournament. Locally headquartered is the Association of Tennis Professionals, which hosts the ATP Tour Classic, at Amelia Island Plantation. There is the Bausch & Lomb Tennis Championships and the PGA Tour Players Championship in Ponte Vedra. Jacksonville has greyhound racing, major sporting events and an emerging nightlife. Jacksonville hosted Superbowl XXXIX and the ACC Football Championships, and is the home of the NFL Jacksonville Jaguars, the Jacksonville Symphony Orchestra and the Jacksonville Zoo. A new baseball stadium, home of the Jacksonville Suns, opened in April 2003.

Many festivals are held throughout the year, including the Jacksonville Jazz Festival in Metropolitan Park and the International Sea & Air Spectacular featuring the Blue Angels. Other festivals are World of Nations Celebration, Springing the Blues Festival, Fiesta Playera, The Kuumba Festival, Caribbean Carnival, and the Scottish Highland Games which celebrate the area’s cultural diversity through art and music. A new state-of-the-art entertainment arena opened in November 2003.

Military

Three military installations in the City combine to make Jacksonville the second largest Naval Complex on the East Coast. The area’s four Navy bases employ more than 56,000 and have a combined payroll of $1.59 billion. The largest of these installations, Jacksonville Naval Air Station, covers 3,800 acres on the west bank of the St. Johns River and employs more than 23,000 active duty and civilian personnel. Its Naval Aviation Depot, renamed to Naval Air Depot (NADEP) Jacksonville in 2001, covers over 100 acres of land on the St. Johns River and is the largest industrial employer in northeast Florida with over 3,700 employees, and one of only three such facilities remaining in the Navy. Most recently, NADEP Jacksonville became the first command in the Department of Defense to receive comprehensive ISO 9001:2000 certification. Naval Station Mayport is homeport for guided missile cruisers, destroyers, guided missile destroyers and guided missile frigates, a total of 23 ships, plus six helicopter squadrons. NS Mayport covers 3,409 acres and employs over 15,000 military and civilians, making the station the third largest naval facility in the continental United States.

The Marine Corps Blount Island Command is located on the east end of Blount Island and employees many employs 799 people, mostly civilians, including contractors. Its location on Blount Island in the St. Johns River makes it a premium facility for the worldwide support of the Marine Corps through its Maritime Prepositioning Program.

Although not listed as one of the three military installations in Jacksonville, the Navy’s $1.7 billion Trident Nuclear Submarine Base, located 35 miles north of the City in Kings Bay, Georgia and covering approximately 16,000 acres, is considered a part of the Jacksonville military community. It is the only base in the Navy capable of supporting the Trident II (D-5) Missile. Currently, the base berths eight submarines and employs more than 9,000 military and civilian personnel.
Education

The public educational system is administered on a County-wide basis and consequently ranks among the largest public school districts in the nation. Approximately 130,000 pupils attend classes taught by more than 7,500 instructors in over 160 schools, including 105 elementary schools, 28 middle schools, 19 high schools, three exceptional student centers; and four alternative schools. The Duval County School Board has constructed new facilities and renovated other facilities under a $199 million voter approved bond issue in 1987. In addition, 29,942 pupils are enrolled in 166 local private schools. Higher education facilities are provided by Jacksonville University, a private four-year liberal arts college; Edward Waters College, a four-year private college; Florida Community College at Jacksonville, with four campuses, a public institution; Jones College, a nonprofit junior college of business; the University of North Florida, a state university; Florida Coastal Law School, a private law school; and the newly opened Art Institute of Jacksonville, a private college. Over 3,700 students receive higher education degrees each year.

Medical Facilities

Medical facilities in Jacksonville include several general hospitals, totaling approximately 4,605 beds, and many special clinics and laboratories. More than 2,500 doctors and 500 dentists serve the Jacksonville community. Because of the large and growing number of medical specialists located in the city, Jacksonville is recognized throughout the southeast as a major medical center.

Shands Jacksonville is an urban campus extension of the University of Florida and provides extensive medical education and comprehensive care. Shands Jacksonville was created in 1999 after Shands Healthcare, the University of Florida, University Medical Center and Methodist Medical Center merged and employs approximately 3,300 employees. It is a 760-bed facility, and is one of six level one-trauma centers in Florida. Shands’ commitment to the latest in clinical care, research advances and state of the art technology elevates its prominence in the national medical community. Shands Jacksonville has developed Florida’s first and the nation’s third proton beam cancer treatment facility. The $125-million project, which officially opened in October 2006, is the only such facility in the Southeast. Shands Jacksonville is also a major provider of medical care to indigent citizens.

The Mayo Clinic of Rochester, Minnesota chose Jacksonville for its first satellite clinic and opened in October 1986 and now supports a staff of 5,250 physicians and support personnel. In 2007, more than 96,000 patients were diagnosed and treated at Mayo Clinic Jacksonville, and surgeons performed more than 12,000 procedures. A $373 million expansion that will employ 8,500 personnel in a comprehensive medical campus setting by the year 2020 is well underway, including the opening of a new 214-bed, 650,000 square foot hospital on it’s current campus in April 2008.
Baptist Health has served the Jacksonville community for nearly 50 years. It currently employs approximately 7,700 caregivers and operates through five different facilities: Downtown, Beaches, Nassau, Wolfson Children’s Hospital and South. Baptist Health Downtown is a full tertiary medical facility in downtown Jacksonville on the St. Johns River. Baptist Medical Center Beaches is a 122-bed community hospital. In 2004, Baptist Medical Center Beaches completed a new three story East Pavilion. Baptist Medical Center Nassau is a 54-bed acute care hospital located in Amelia Island. In 2002, it was included in the listing of 100 top hospitals in the nation. Wolfson Children’s Hospital is a 180-bed facility and it recently received a $5 million donation being used to establish the region’s first pediatric neurosurgery center. In February 2005, Baptist Medical Center South, a 248,000 square foot hospital with 92 suites, opened its doors to primarily serve Southern Duval and Northern St. Johns County.

Originally founded in 1916 by the Daughters of Charity, St. Vincent’s Healthcare, a faith-based, not-for-profit health system, operates several facilities, including St. Vincent’s Medical Center, a 528-bed hospital, St. Catherine Laboure Manor, a 240-bed long-term nursing center, the Orange Park Health Center, 16 First Coast Primary Care locations, two pharmacies, and a new, state-of-the-art Family Care Center which services 30,000 patients per year. St. Vincent’s heart hospital has been rated as one of the top heart hospitals in the country. In April 2008, St. Vincent’s expanded its services when St. Luke’s Hospital, Jacksonville’s first hospital established over 135 years ago, transitions into the St. Vincent’s Healthcare system.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
The following table lists the 15 largest employers in the Jacksonville MSA and the approximate size of their respective work forces as of November 2008.

<table>
<thead>
<tr>
<th>Name of Employer</th>
<th>Product or Service</th>
<th>Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Naval Air Station Jacksonville</td>
<td>U.S. Navy</td>
<td>25,245</td>
</tr>
<tr>
<td>Duval County Public Schools</td>
<td>Public Education</td>
<td>14,489</td>
</tr>
<tr>
<td>Naval Station Mayport</td>
<td>U.S. Navy</td>
<td>10,000</td>
</tr>
<tr>
<td>City of Jacksonville</td>
<td>Municipal Government</td>
<td>8,828</td>
</tr>
<tr>
<td>Baptist Health</td>
<td>Hospital</td>
<td>8,100</td>
</tr>
<tr>
<td>Blue Cross &amp; Blue Shield of Florida</td>
<td>Health Insurance</td>
<td>7,000</td>
</tr>
<tr>
<td>Mayo Clinic</td>
<td>Multi-Specialty Health Care</td>
<td>5,000</td>
</tr>
<tr>
<td>Citibank (Citi-Cards)</td>
<td>Credit Card Company</td>
<td>4,600</td>
</tr>
<tr>
<td>CSX</td>
<td>Railroad Corporate HDQ</td>
<td>4,400</td>
</tr>
<tr>
<td>Bank of America (FL)</td>
<td>Banking Systems Regional HDQ</td>
<td>4,000</td>
</tr>
<tr>
<td>United Parcel Service</td>
<td>Worldwide Parcel Delivery</td>
<td>3,800</td>
</tr>
<tr>
<td>U.S. Postal Service</td>
<td>Processing and Delivery of Mail</td>
<td>3,797</td>
</tr>
<tr>
<td>St. Vincent's Medical Center</td>
<td>Healthcare</td>
<td>3,796</td>
</tr>
<tr>
<td>Shands Jacksonville</td>
<td>Hospital-Healthcare</td>
<td>3,500</td>
</tr>
<tr>
<td>St. John's County School District</td>
<td>Public Education</td>
<td>3,357</td>
</tr>
</tbody>
</table>

Source: Jacksonville Regional Chamber of Commerce, Research Department

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]
The following table sets forth the civilian labor force, employment and unemployment figures for the Jacksonville MSA and comparative unemployment for the State of Florida and the United States.

<table>
<thead>
<tr>
<th>Year</th>
<th>Labor Force (Civilian)</th>
<th>Employment</th>
<th>Unemployment Total</th>
<th>Unemployment Rate</th>
<th>Unemployment Florida</th>
<th>Unemployment US</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>481,920</td>
<td>456,159</td>
<td>25,761</td>
<td>5.3</td>
<td>6.3</td>
<td>5.6</td>
</tr>
<tr>
<td>1991</td>
<td>489,683</td>
<td>458,390</td>
<td>31,293</td>
<td>6.4</td>
<td>7.6</td>
<td>6.8</td>
</tr>
<tr>
<td>1992</td>
<td>497,844</td>
<td>463,131</td>
<td>34,713</td>
<td>7.0</td>
<td>8.4</td>
<td>7.5</td>
</tr>
<tr>
<td>1993</td>
<td>503,720</td>
<td>474,968</td>
<td>28,752</td>
<td>5.7</td>
<td>7.2</td>
<td>6.9</td>
</tr>
<tr>
<td>1994</td>
<td>518,064</td>
<td>492,486</td>
<td>25,578</td>
<td>4.9</td>
<td>6.7</td>
<td>6.1</td>
</tr>
<tr>
<td>1995</td>
<td>530,211</td>
<td>510,591</td>
<td>19,620</td>
<td>3.7</td>
<td>5.3</td>
<td>5.6</td>
</tr>
<tr>
<td>1996</td>
<td>538,913</td>
<td>518,981</td>
<td>19,932</td>
<td>3.7</td>
<td>5.3</td>
<td>5.4</td>
</tr>
<tr>
<td>1997</td>
<td>552,107</td>
<td>531,373</td>
<td>20,734</td>
<td>3.8</td>
<td>5.0</td>
<td>4.9</td>
</tr>
<tr>
<td>1998</td>
<td>564,799</td>
<td>546,647</td>
<td>18,152</td>
<td>3.2</td>
<td>4.5</td>
<td>4.5</td>
</tr>
<tr>
<td>1999</td>
<td>577,029</td>
<td>559,102</td>
<td>17,927</td>
<td>3.1</td>
<td>4.0</td>
<td>4.2</td>
</tr>
<tr>
<td>2000</td>
<td>589,348</td>
<td>570,307</td>
<td>19,041</td>
<td>3.2</td>
<td>3.8</td>
<td>4.0</td>
</tr>
<tr>
<td>2001</td>
<td>595,472</td>
<td>571,030</td>
<td>24,442</td>
<td>4.1</td>
<td>4.7</td>
<td>4.7</td>
</tr>
<tr>
<td>2002</td>
<td>597,488</td>
<td>565,986</td>
<td>31,502</td>
<td>5.3</td>
<td>5.7</td>
<td>5.8</td>
</tr>
<tr>
<td>2003</td>
<td>599,466</td>
<td>569,186</td>
<td>30,280</td>
<td>5.1</td>
<td>5.3</td>
<td>6.0</td>
</tr>
<tr>
<td>2004</td>
<td>607,558</td>
<td>579,685</td>
<td>27,873</td>
<td>4.6</td>
<td>4.7</td>
<td>5.5</td>
</tr>
<tr>
<td>2005</td>
<td>628,523</td>
<td>605,249</td>
<td>23,274</td>
<td>3.7</td>
<td>3.8</td>
<td>5.1</td>
</tr>
<tr>
<td>2006</td>
<td>649,806</td>
<td>628,355</td>
<td>21,451</td>
<td>3.3</td>
<td>3.4</td>
<td>4.6</td>
</tr>
<tr>
<td>2007</td>
<td>669,963</td>
<td>644,247</td>
<td>25,716</td>
<td>3.8</td>
<td>4.1</td>
<td>4.6</td>
</tr>
<tr>
<td>2008</td>
<td>684,325</td>
<td>644,446</td>
<td>39,879</td>
<td>5.8</td>
<td>6.2</td>
<td>5.8</td>
</tr>
<tr>
<td>2009-Feb.</td>
<td>678,705</td>
<td>616,202</td>
<td>62,503</td>
<td>9.2</td>
<td>9.5</td>
<td>8.5</td>
</tr>
</tbody>
</table>

Source: Bureau of Labor Statistics, reflects revised inputs, re-estimation, and new statewide controls.
### Miscellaneous Jacksonville Statistics

<table>
<thead>
<tr>
<th>Year</th>
<th>Building Permits&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Bank Deposits</th>
<th>Gross Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1990</td>
<td>767,127</td>
<td>6,363,183</td>
<td>17,469,686</td>
</tr>
<tr>
<td>1991</td>
<td>647,851</td>
<td>5,884,947</td>
<td>16,981,481</td>
</tr>
<tr>
<td>1992</td>
<td>613,728</td>
<td>5,982,421</td>
<td>17,988,544</td>
</tr>
<tr>
<td>1993</td>
<td>796,109</td>
<td>6,192,683</td>
<td>19,066,086</td>
</tr>
<tr>
<td>1994</td>
<td>823,715</td>
<td>6,365,599</td>
<td>20,741,715</td>
</tr>
<tr>
<td>1995</td>
<td>907,982</td>
<td>7,502,639</td>
<td>22,722,675</td>
</tr>
<tr>
<td>1996</td>
<td>1,043,770</td>
<td>8,118,088</td>
<td>23,848,244</td>
</tr>
<tr>
<td>1997</td>
<td>1,426,588</td>
<td>8,245,235</td>
<td>25,099,106</td>
</tr>
<tr>
<td>1998</td>
<td>1,534,290</td>
<td>11,852,642</td>
<td>25,414,504</td>
</tr>
<tr>
<td>1999</td>
<td>1,450,335</td>
<td>12,237,524</td>
<td>26,928,621</td>
</tr>
<tr>
<td>2000</td>
<td>1,715,594</td>
<td>11,401,942</td>
<td>28,906,339</td>
</tr>
<tr>
<td>2001</td>
<td>1,686,316</td>
<td>10,376,439</td>
<td>30,375,869</td>
</tr>
<tr>
<td>2002</td>
<td>1,821,618</td>
<td>12,433,442</td>
<td>31,348,713</td>
</tr>
<tr>
<td>2003</td>
<td>2,039,545</td>
<td>14,619,926</td>
<td>33,615,046</td>
</tr>
<tr>
<td>2004</td>
<td>2,147,248</td>
<td>17,021,575</td>
<td>33,307,667</td>
</tr>
<tr>
<td>2005</td>
<td>3,563,940</td>
<td>21,411,673</td>
<td>38,136,809</td>
</tr>
<tr>
<td>2006</td>
<td>2,380,430</td>
<td>23,560,469</td>
<td>42,332,115</td>
</tr>
<tr>
<td>2007</td>
<td>1,948,433</td>
<td>29,267,779</td>
<td>44,187,340</td>
</tr>
<tr>
<td>2008</td>
<td>2,141,145</td>
<td>n/a</td>
<td></td>
</tr>
</tbody>
</table>

<sup>(1)</sup> Does not include the three Beach Communities and Baldwin.


### Ad Valorem Taxation

The following information regarding millage rates and ad valorem tax revenues for the fiscal year ending September 30, 2009 is provided for informational purposes. Ad valorem tax revenues are not pledged to the payment of the Series 2008B Bonds.
Millage Rates - FYE September 30, 2009

**Taxing Entity:**

<table>
<thead>
<tr>
<th>General Services District:</th>
<th>Mills</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Government</td>
<td>8.4841</td>
</tr>
<tr>
<td>Florida Inland Navigational District</td>
<td>.0345</td>
</tr>
<tr>
<td>Schools</td>
<td>7.5610</td>
</tr>
<tr>
<td>Water Management District</td>
<td>.4158</td>
</tr>
<tr>
<td><strong>TOTAL - GENERAL SERVICES DISTRICT</strong></td>
<td>16.4954</td>
</tr>
</tbody>
</table>

Source: Property Appraisers Office, City of Jacksonville, Florida

---

Ad Valorem Taxes - September 30, 2008

<table>
<thead>
<tr>
<th></th>
<th>Levied</th>
<th>Collected</th>
<th>Percent Collected</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Fund</td>
<td>496,920,528</td>
<td>479,028,328</td>
<td>96.40%</td>
</tr>
<tr>
<td>Duval County</td>
<td>514,919,310</td>
<td>496,441,926</td>
<td>96.41%</td>
</tr>
</tbody>
</table>

Source: Tax Collector’s Office. Values include all of Duval County (including Beach Communities and Town of Baldwin).

---

Ten Largest Taxpayers

<table>
<thead>
<tr>
<th>Total 2008 Assessments</th>
<th>Percentage Total Assessments</th>
</tr>
</thead>
<tbody>
<tr>
<td>$455,501,336</td>
<td>0.75%</td>
</tr>
<tr>
<td>$384,520,304</td>
<td>0.63%</td>
</tr>
<tr>
<td>$304,077,607</td>
<td>0.50%</td>
</tr>
<tr>
<td>$246,630,623</td>
<td>0.40%</td>
</tr>
<tr>
<td>$239,275,131</td>
<td>0.39%</td>
</tr>
<tr>
<td>$228,388,756</td>
<td>0.37%</td>
</tr>
<tr>
<td>$197,625,530</td>
<td>0.32%</td>
</tr>
<tr>
<td>$180,057,281</td>
<td>0.29%</td>
</tr>
<tr>
<td>$167,468,756</td>
<td>0.27%</td>
</tr>
<tr>
<td>$158,599,113</td>
<td>0.26%</td>
</tr>
</tbody>
</table>

| TOTAL                  | $2,562,144,437 | 4.20% |

Source: Tax Collector’s Office.
APPENDIX B

SUMMARY OF CERTAIN PROVISIONS OF THE SPECIAL REVENUE BOND ORDINANCE
[THIS PAGE INTENTIONALLY LEFT BLANK]
The following are brief summaries of certain provisions of the Special Revenue Bond Ordinance. This summary does not purport to be complete and reference is made to the Special Revenue Bond Ordinance for a full and complete statement of such provisions. The Special Revenue Bond Ordinance is referred to in this Appendix B as the “Bond Ordinance.”

Definitions of Certain Terms

As used in this Summary:

"Act" means Sections 159.11 and 212.055(2), Florida Statutes and Chapters 125 and 166, Florida Statutes, Article VIII, Section 2, Constitution of the State of Florida, the Charter and other applicable provisions of law.

"Additional Bonds" means additional obligations issued in compliance with the terms, conditions and limitations contained in the Bond Ordinance which are payable on a parity with, and rank equally in all other respects with the Bonds originally issued thereunder, including, without limitation, Commercial Paper Obligations.

"Aggregate Budgeted Expenditures" means for any Fiscal Year, the aggregate of the budgeted total expenditures, plus transfers out of the General Fund as provided in the Annual Budget for such Fiscal Year.

"Amortization Certificate" means the certificate of the City delivered concurrently with the issuance of Non-Self Sufficient Debt setting forth the principal amount of such Non-Self Sufficient Debt to be paid or redeemed prior to maturity in accordance with the requirements of the Bond Ordinance, as the same may be modified in accordance with the Bond Ordinance.

"Amortization Installment" means the funds required to be deposited in the Debt Service Account in a given Bond Year for the payment at maturity or redemption of a portion of a Series of Term Bonds on the next succeeding April 1 or October 1, as established by the City at or before the delivery of that Series of Term Bonds.

"Annual Budget" means the budget, as amended and supplemented from time to time, prepared by the City for each Fiscal Year in accordance with the laws of the State of Florida.

"Authorized Depositary" means any bank, trust company, national banking association, savings and loan association, savings bank or other banking association selected by the City as a depositary under the Bond Ordinance.
"Average Annual Debt Service Requirement" means the sum of the amounts determined by calculating separately with respect to each Series of Non-Self Sufficient Debt then outstanding and then proposed to be issued, the amount equal to the aggregate of the Debt Service Requirement with respect to such Series of Non-Self Sufficient Debt for each Bond Year divided by the number of years (including fractional years) from the date of calculation to the date of final scheduled maturity of such Non-Self Sufficient Debt.

"Bond Counsel" means counsel designated by the City and experienced in matters relating to the validity of, and the exclusion from gross income for federal income tax purposes of interest on, obligations of states and their political subdivisions.

"Bonds" means the Series 2008 Bonds originally issued under the Bond Ordinance and any Additional Bonds.

"Bondholder," "Registered Owner," "Holder" and "Owner" means the registered owner (or its authorized representative) of a Bond.

"Bond Year" means the annual period beginning on the first day of October of each year and ending on the last day of September of the following year; provided that when such term is used to describe the period during which deposits are to be made pursuant to the Bond Ordinance to amortize principal and interest on the Bonds maturing or becoming subject to redemption, or pursuant to similar provisions with respect to other Non-Self Sufficient Debt, interest and principal maturing or becoming subject to redemption on October 1 of any year shall be deemed to mature or become subject to redemption on the last day of the preceding Bond Year.

"Capital Transfer" means any interfund transfer from the General Fund to another fund of the City, designated for a specific capital project (and not for debt service with respect to debt incurred for such capital project).

"Certified Interest Rate" shall mean the rate of interest determined by an investment banking or financial advisory firm selected by the City (i) in the case of Variable Rate Debt, as the rate of interest such Variable Rate Debt would bear if, assuming the same maturity date, terms and provisions (other than interest rate, optional redemption and tender rights) as the Variable Rate Debt of such maturity, such Variable Rate Debt were issued at a fixed interest rate and sold at par, and (ii) in the case of Designated Maturity Debt and Commercial Paper Obligations, as the rate such Designated Maturity Debt or Commercial Paper Obligations would bear if, assuming the amortization thereof as provided in the Amortization Certificate, such Designated Maturity Debt or Commercial Paper Obligations were issued at a fixed rate and sold at par.

"Chief Financial Officer" means the Director of Administration and Finance of the City or such other officer of the City serving as its chief financial officer as defined in Section 218.403, Florida Statutes.

"City" means the City of Jacksonville, Florida.

"Code" means the Internal Revenue Code of 1986, as amended, or any applicable corresponding provisions of any future laws of the United States of America relating to federal income taxation, and except as otherwise provided herein or required by the context hereof, includes interpretations thereof contained or set forth in the applicable regulations of the Department of Treasury (including applicable final regulations and temporary regulations), the applicable rulings of the Internal Revenue Service (including published Revenue Rulings and private letter rulings) and applicable court decisions.

"Commercial Paper Obligations" means all of the Bonds (which may be designated as notes or other obligations) of a Series or a proportionate maturity thereof with a maturity of less than 271 days so designated by the City prior to the issuance thereof.

"Composite Reserve Requirement" shall mean an amount of money, or the aggregate available amount under one or more Reserve Products, or a combination thereof, equal to the lesser of (i) the Maximum Annual Debt Service calculated with respect to all Series of Bonds Outstanding under the Bond Ordinance that are secured by the Composite Reserve Subaccount, (ii) 125% of the Average Annual Debt Service Requirement calculated with respect to all Series of Bonds Outstanding under the Bond Ordinance that are secured by the Composite Reserve Subaccount, or (iii) 10% of the aggregate stated original principal amount of all Series of Bonds Outstanding under the Bond Ordinance that are secured by the Composite Reserve Subaccount, provided, however, that in determining the aggregate stated original principal amount of Bonds Outstanding for the purposes of this clause (iii), the issue price of Bonds (net of pre-issuance accrued interest) shall be substituted for the original stated principal amount of those Bonds if such Bonds were sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity.

"Composite Reserve Subaccount" shall mean the subaccount in the Reserve Account established pursuant to the Bond Ordinance.

"Cost" or "Cost of the Project," with respect to each Project authorized pursuant to the terms of the Bond Ordinance, shall include, without limiting the items of cost permitted under the Act the following items to the extent they relate to a Project: (a) all direct costs of the Project items described in the plans and specifications for the Project; (b) all costs of planning, designing, acquiring, constructing, financing and start-up costs of the Project; (c) all costs of issuance of Bonds issued to finance such Project or to refund indebtedness issued for such purposes, including the cost of any municipal bond
insurance, fees and expenses of Bond Counsel, underwriters and underwriters’ (or dealers’) counsel, special tax counsel and financial advisors, printing costs, rating agency fees, initial acceptance fees of paying agents, trustees, depositaries and all fees and costs of the Credit Facility Provider providing the Credit Facility and of other financial institutions providing special credit or liquidity facilities with respect to the Bonds; (d) the cost of acquisition, by purchase or condemnation, of any lands, structures, improvements, rights-of-way, franchises, easements or interests therein and all of the properties tangible or intangible, deemed necessary or convenient for the maintenance and operation of the Project; (e) all engineering, legal and financial costs and expenses; (f) all expenses for estimates of costs and of revenues; (g) costs of obtaining governmental and regulatory permits, licenses and approvals; (h) all fees of special advisors and consultants associated with one or more aspects of the Project; (i) interest on Bonds prior to and during acquisition or construction of such Project for which such Bonds were issued, and for such additional periods as the City may reasonably determine to be necessary for the placing of such Project in operation; (j) the reimbursement to the City of all such Costs of such Project that have been advanced by the City from its available funds before the delivery of a Series of Bonds issued to finance such costs to the extent such reimbursements do not, in the opinion of Bond Counsel, adversely affect the exclusion of interest on the Bonds other than Taxable Bonds from gross income for federal income tax purposes; (k) those amounts required to be rebated to the United States of America in order to preserve the exclusion from gross income for federal income tax purposes of interest on the Bonds issued with the intent that such interest be so excluded to the extent the City elects to pay such amounts from the Project Account; and (l) such other costs and expenses which shall be necessary or incidental to the financing herein authorized and the construction and acquisition of the Project and the placing of same in operation or other implementation of the undertaking to be financed with proceeds of Bonds issued under the Bond Ordinance.

"Covenant Revenues" means those revenues of the City that are deposited to the credit of the City’s General Fund derived from any source whatsoever that are legally available for the payment of the obligations of the City under the Bond Ordinance, inclusive of operating transfers from other funds into the General Fund but exclusive of revenues derived from ad valorem taxation. It shall be assumed for purposes of calculating Covenant Revenues and Self Sufficient Debt that amounts required to be transferred from the City’s General Fund to community redevelopment trust funds pursuant to Section 163.387, Florida Statutes or for other purposes for which tax increment revenues are pledged or committed, will come from revenues derived from ad valorem taxation and not from Covenant Revenues.

"Debt Service Account" means the accounts established by that name pursuant to the Bond Ordinance.

"Debt Service Requirement" means for a given Bond Year the remainder, after subtracting any accrued and capitalized interest for that Bond Year that has been
deposited into the Debt Service Account or a separate subaccount in the Project Account for that purpose with respect to Bonds outstanding under the Bond Ordinance or that has been deposited in a similar account established with respect to Non-Self Sufficient Debt not issued as Bonds under the Bond Ordinance, from the sum of:

(a) The amount required to pay the interest coming due on Non-Self Sufficient Debt during that Bond Year,

(b) The amount required to pay the principal of Non-Self Sufficient Debt, including the principal of Serial Bonds and the principal of Term Bonds, maturing in that Bond Year that are not included in the Amortization Installments for such Term Bonds or in mandatory sinking fund redemption requirements with respect to other Non-Self Sufficient Debt,

(c) The Amortization Installments for all Series of Term Bonds for that Bond Year and the mandatory sinking fund redemption requirements with respect to other Non-Self Sufficient Debt, including such payments as may be required pursuant to the City’s Amortization Certificate(s) and the Bond Ordinance, and

(d) The premium, if any, payable on all Bonds and other Non-Self Sufficient Debt required to be redeemed in that Bond Year in satisfaction of the Amortization Installment or mandatory sinking fund redemption requirements with respect to other Non-Self Sufficient Debt or in accordance with the City’s Amortization Certificate(s) and the Bond Ordinance.

For purpose of determining the Debt Service Requirement, unless the interest rate is fixed for the duration of the applicable Bond Year(s), in which case the actual interest rate shall be used, the interest rate on Variable Rate Debt outstanding or proposed to be issued shall be calculated at the greater of (i) the actual rate of interest borne by such Variable Rate Debt or (ii) the Certified Interest Rate with respect thereto as of the date of calculation.

If a Series of Variable Rate Debt is subject to purchase by the City pursuant to a mandatory or optional tender by the holder, the "tender" date or dates shall be ignored and the stated maturity dates thereof shall be used for purposes of this calculation. The interest rate for Bonds and Additional Bonds issued as Variable Rate Debt for purposes of determining the amount, if any, to be deposited into a subaccount in the Reserve Account for such Variable Rate Debt (other than the Composite Reserve Subaccount) shall be as required by the supplemental ordinance or resolution authorizing the issuance of such Variable Rate Debt.

For purposes of issuing Non-Self Sufficient Debt, the Debt Service Requirement shall be calculated assuming that the principal amount of each Series of Designated Maturity Debt shall have a final maturity of not later than thirty (30) years from the date
of original issuance thereof and shall be amortized in accordance with the Amortization Certificate provided by the City, assuming such Designated Maturity Debt bears interest at the Certified Interest Rate determined based upon such amortization.

To the extent that the City has entered into a Qualified Hedge Agreement with respect to any Outstanding Non-Self Sufficient Debt, or intends to enter into a Qualified Hedge Agreement in connection with the issuance of Additional Bonds or other Non-Self Sufficient Debt, and notwithstanding the provisions of clauses (a) and (b) above, while the Qualified Hedge Agreement is in effect and so long as the counterparty has not defaulted thereunder (including without limitation, under a credit support annex or comparable agreement related thereto), for the purpose of determining the Debt Service Requirement, the interest rate with respect to the principal amount of such Bonds or other Non-Self Sufficient Debt equal to the "notional" amount specified in the Qualified Hedge Agreement shall be assumed to be (a) if the City's payment obligations under the Qualified Hedge Agreement are computed based on a fixed rate of interest, the actual rate of interest upon which the City's payment obligations are computed under such Qualified Hedge Agreement, (b) if the City's payment obligations under the Qualified Hedge Agreement are computed based upon a variable rate of interest, the interest rate with respect to the principal amount of such Bonds or other Non-Self Sufficient Debt shall be determined in accordance with the provisions of this definition with respect to calculation of interest on Variable Rate Debt as if such Bonds or other Self-Sufficient Debt were Variable Rate Debt, plus in either case (c) any interest rate differential or basis differential between the rate payable by the counterparty under the Qualified Hedge Agreement and the interest rate payable by the City on the Bonds or other Non-Self Sufficient Debt to which the Qualified Hedge Agreement pertains, as determined by the Authorized Issuer Representative. The interest coming due on Bonds or other Self-Sufficient Debt for which as Qualified Hedge Agreement is in place for purposes of this definition shall be the net aggregate amount each applicable period, taking into account (i) the actual interest borne by such Bonds or other Non-Self Sufficient Debt for such period (using the assumptions described above for Variable Rate Debt, if applicable), (ii) the Qualified Hedge Receipts for such period and (iii) the Qualified Hedge Payments for such period, with the payments described in clauses (ii) and (iii) of this sentence being calculated on the applicable notional amount.

For purposes of calculating the Annual Debt Service with respect to Commercial Paper Obligations or other Non-Self Sufficient Debt issued in the form of commercial paper notes, only the interest component of such Commercial Paper Obligations or other Non-Self Sufficient Debt and the principal component of the Commercial Paper Obligations or other Non-Self Sufficient Debt that the City reasonably expects to retire and not to pay with the proceeds of roll-over Commercial Paper Obligations or other Non-Self Sufficient Debt in such Bond Year (as reflected in the Amortization Certificate) shall be included in the calculation of the Debt Service Requirement. The interest rate on the Commercial Paper Obligations or other Non-Self Sufficient Debt issued in the form of commercial paper notes shall be computed in the same manner as the computation of
interest on Variable Rate Debt as described above, assuming a principal amortization as provided in the Amortization Certificate.

If two Series of Variable Rate Debt, or one or more maturities within a Series, are issued simultaneously with inverse floating interest rates providing a composite fixed interest rate for such Bonds or other Non-Self Sufficient Debt taken as a whole, such composite fixed rate shall be used in determining the Debt Service Requirement with respect to such Bonds or other Non-Self Sufficient Debt.

"Deputy Registrar and Paying Agent" means any Authorized Depositary designated by the City to serve as Deputy Registrar and Paying Agent or place of payment for any one or more Series of Bonds issued under the Bond Ordinance that shall have agreed to arrange for the timely payment of the principal of, interest on and redemption premium, if any, with respect to the Bonds to the registered owners thereof, from funds made available by the City, and any successors designated pursuant to the Bond Ordinance.

"Designated Maturity Debt" means all Non-Self Sufficient Debt of a Series, or a particular maturity thereof, with a stated maturity of fifteen (15) years or less, designated as such by the City prior to the issuance thereof, for which either (a) no Serial maturities or Amortization Installments (with respect to Bonds issued under the Bond Ordinance) or mandatory sinking fund redemption installments (with respect to other Non-Self Sufficient Debt) have been established or (b) the aggregate of such Serial maturities and Amortization Installments or mandatory sinking fund redemption installments that have been established is less than the principal amount of such Non-Self Sufficient Debt.

"Direct Obligations" means non-callable direct obligations of the United States of America and securities fully and unconditionally guaranteed as to the timely payment of principal and interest by the United States of America, provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee.

"Federal Securities" means direct obligations of the United States of America or obligations the payment of the principal of and interest on which when due is unconditionally guaranteed by the United States of America.

"Fiscal Year" means the period commencing on October 1 of each year and ending on the succeeding September 30, or such other consecutive 12-month period as may be designated as the Fiscal Year of the City pursuant to general law.

"Fitch" means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns and, if such corporation shall no longer perform the functions of a security rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.
"General Fund" means the City’s General Fund as reported in the City’s Comprehensive Annual Financial Report.

"Governing Body" means the Council of the City.

"Investment Obligations" means, to the extent permitted by law (a) Federal Securities, or (b) direct obligations of the Federal Intermediate Credit Banks, Federal Land Banks, Federal Farm Credit System, Federal Home Loan Banks or Banks for Cooperatives, or (c) certificates of deposit or other interest bearing obligations of any bank, savings and loan association or trust company (including any Authorized Depositary) authorized to engage in the banking business, either fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation or fully collateralized by obligations described in (a) or (b) above having a fair market value (determined at least quarterly) equal to the principal amount of such certificates of deposit or other interest bearing obligations, or (d) repurchase agreements with any authorized depository or primary reporting government dealer, in each case having a capital and surplus or net capital of not less than $100,000,000, and having senior debt obligations rated at least A by at least one nationally recognized rating service, secured by collateral of the type and in the amount described in (c) above, or (e) general obligation or full faith and credit bonds, notes or obligations of any state or any municipality or political subdivision of any state, or any revenue bonds, notes or obligations of any such entities, or any agency or authority thereof, if such obligations are rated by at least one nationally recognized rating service in either of the two highest classifications approved by the Comptroller of the Currency for the investment of funds of national banks, or (f) any other obligations in which surplus municipal funds may be invested under the laws of the State of Florida, or any ordinance of the City authorized thereunder and as shall comply with the City’s investment policy, as the same may be amended from time to time, including without limitation, the Local Government Surplus Funds Trust Fund created and established pursuant to Part IV, Chapter 218, Florida Statutes, as amended.

"Maximum Annual Debt Service" with respect to Non-Self Sufficient Debt means, as of any particular date of calculation, the largest Debt Service Requirement for any remaining Bond Year except that the amount of principal coming due on the final maturity date with respect to Non-Self Sufficient Debt shall be reduced by (a) the aggregate principal amount of such Non-Self Sufficient Debt to be redeemed from Amortization Instalments to be made in prior Bond Years and (b) the aggregate principal amount of Non-Self Sufficient Debt to be paid or redeemed in prior Bond Years pursuant to the City’s Amortization Certificate.

"Mayor" means the Mayor of the City or, in his absence or inability to perform, the alternate officer authorized by ordinance of the City.
"Moody’s" means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns and, if such corporation shall no longer perform the function of a securities rating agency, "Moody’s" shall be deemed to refer to such other nationally recognized rating agency as the City shall designate.

"Municipal Obligations" means any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state which at the time of purchase are rated "AAA" by S&P and/or Fitch and/or and "Aaa" by Moody’s.

"Non-Ad Valorem Expenditures" means all expenditures from the General Fund (including debt service payments with respect to the Bonds), net of interfund transfers between such funds and net of expenditures funded with ad valorem tax revenues deposited into the General Fund.

"Non-Self Sufficient Debt" means any indebtedness of the City for the payment of borrowed money other than Self Sufficient Debt.

"Outstanding Bonds" or "Bonds outstanding" or "Outstanding" in reference to Bonds means all Bonds which have been issued pursuant to the Bond Ordinance, except:

(a) Bonds cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

(b) Bonds for the payment or redemption of which cash funds or Refunding Securities or any combination thereof shall have been theretofore irrevocably set aside in a special account with the Deputy Registrar and Paying Agent (whether upon or prior to the maturity or redemption date of any such Bonds) in an amount which, together with earnings on such Refunding Securities, will be sufficient to pay the principal of and interest on such Bonds at maturity or upon their earlier redemption; provided that, if such Bonds are to be redeemed before the maturity thereof, notice of such redemption shall have been given according to the requirements of the Bond Ordinance or irrevocable instructions directing the timely publication of such notice and directing the payment of the principal of and interest on all Bonds at such redemption dates shall have been given to the Deputy Registrar and Paying Agent; and

(c) Bonds which are deemed paid upon being called for redemption in accordance with the Bond Ordinance or mutilated, destroyed, stolen or lost Bonds in lieu of which other Bonds have been issued pursuant to the Bond Ordinance.

With respect to Non-Self Sufficient Debt other than Bonds, "Outstanding" or "outstanding" means all such Non-Self Sufficient Debt issued by the City except:
(x) Non-Self Sufficient Debt cancelled after purchase in the open market or because of payment at or redemption prior to maturity;

(y) Non-Self Sufficient Debt that has been defeased in accordance with the terms thereof, and

(z) Non-Self Sufficient Debt that is deemed to no longer be outstanding under and for purposes of the ordinance, resolution or other authorizing instrument under which such Non-Self Sufficient Debt is issued.

"Projects" means the construction or acquisition of additions, extensions and improvements to various capital improvements or other governmental undertakings of the City described from time to time by supplemental ordinance or resolution of the City, and the refunding of indebtedness issued to finance any such Projects.

"Qualified Hedge Agreement" means an agreement such as an interest rate swap, collar, cap or other functionally similar agreement, between the City and a counterparty whose long-term unsecured debt at the time of entering into such agreement is rated, or whose obligations are guaranteed by an entity whose long-term unsecured debt at the time of entering into such agreement is rated, in one of the two highest rating categories (without regard to gradations) by at least two nationally recognized securities rating agencies, which agreement requires that if such counterparty or guarantor, as the case may be, does not maintain a rating in one of the three highest rating categories (without regard to gradations) from at least two securities rating agencies, one of the following shall occur (a) such counterparty shall provide a new guarantor, or some form of credit enhancement from any entity, whose long-term unsecured debt is then rated in one of the three highest rating categories or above (without regard to gradations), or (b) such counterparty shall be obligated to post collateral for the benefit and protection of the City under the terms of a credit support annex or comparable agreement, and which agreement is entered into by the City as a debt management tool with respect to the Bonds or a portion thereof issued under the Bond Ordinance or other Non-Self Sufficient Debt, and is designated by the City as a Qualified Hedge Agreement for purposes of the Bond Ordinance.

"Qualified Hedge Payments" means the net payment obligation of the City arising under a Qualified Hedge Agreement, which are calculated on the basis of interest on a notional amount which may correspond with all, or any portion of, the principal amount of certain Bonds issued under the Bond Ordinance or other Non-Self Sufficient Debt or a particular Series or maturity thereof, based upon a fixed or a variable rate index or formula. Qualified Hedge Payments include only regularly scheduled payments under a Qualified Hedge Agreement determined by reference to interest on a notional amount and shall not include any other payments under such agreement (for example, any termination fee, fee for extension, indemnification obligations or other fees payable under the Qualified Hedge Agreement).
"Qualified Hedge Receipts" means the net payment obligation of the counterparty to the City arising under a Qualified Hedge Agreement, which are calculated on the basis of interest on a notional amount which may correspond with all, or any portion of, the principal amount of certain Bonds issued under the Bond Ordinance or other Non-Self Sufficient Debt or a particular Series or maturity thereof, based upon a fixed or a variable rate index or formula. Qualified Hedge Receipts include only regularly scheduled payments under a Qualified Hedge Agreement determined by reference to interest on a notional amount and shall not include any other payments under such agreement (for example, any termination fee, fee for extension, indemnification obligations or other fees payable under the Qualified Hedge Agreement).

"Rating Agency" means Moody’s, Fitch and S&P and any other nationally recognized rating agency, to the extent they have in effect a rating on any of the Bonds outstanding under the Bond Ordinance at the request of the City.

"Rebate Account" means the Rebate Account created and established pursuant to the Bond Ordinance.

"Rebate Amount" means, with respect to each Series of Bonds issued under the Bond Ordinance that are not Taxable Bonds, the excess of the amount earned on all non-purpose investments (as defined in Section 148(f)(6) of the Code, as amended) over the amount which would have been earned if such non-purpose investments were invested at a rate equal to the yield on such Series of Bonds, plus any income attributable to such excess but shall not include any amount exempted by Section 148(f) of the Code from payment to the United States.

"Refunding Securities" means Federal Securities and Municipal Obligations.

"Reserve Account" means the respective accounts by that name established pursuant to the Bond Ordinance.

"Reserve Product" means bond insurance, a surety bond or a letter of credit or other credit facility used in lieu of a cash deposit in the Reserve Account and meeting the terms and conditions of the Bond Ordinance.

"Reserve Product Provider" means a nationally recognized bond insurance provider or a bank or other financial institution providing a Reserve Product, and meeting any other requirements imposed pursuant to the supplemental ordinance or resolution pursuant to which the Series of Bonds to be insured by such Reserve Product is authorized.

"Reserve Requirement" means, with respect to the Composite Reserve Subaccount, the Composite Reserve Requirement; and with respect to each Series of Bonds issued under the Bond Ordinance that is not secured by the Composite Reserve
Subaccount, the amount of money, if any, or available amount of a Reserve Product, if any, or a combination thereof, required by supplemental ordinance or resolution enacted or adopted or otherwise designated by the City prior to the issuance of such Series of Bonds to be maintained in the subaccount in the Reserve Account with respect to such Series of Bonds pursuant to the Bond Ordinance; provided that the amount so designated by the City shall not cause any existing rating on any Bonds or Series of Bonds Outstanding hereunder to be lowered, suspended or withdrawn with respect to each Series of Bonds issued under the Bond Ordinance.

"S&P" means Standard & Poor's, a division of the McGraw Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns and, if such corporation shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the City.

"Self Sufficient Debt" means any indebtedness of the City for borrowed money that is either (a) secured by or payable exclusively from a source of revenues other than Covenant Revenues, or (b) primarily payable from revenues of the type described in clause (a) above and secondarily from Covenant Revenues if the Covenant Revenues have not been used (or, as provided below, deemed to have been used) to pay any portion of such indebtedness for the three Fiscal Years preceding the date of determination and if the City projects that the Covenant Revenues will not be so used during the next two Fiscal Years; and either (c) that is secured by a revenue source that has been in effect for at least three Fiscal Years and that would have provided coverage of at least 125% of the average annual debt service on such obligations secured by such revenue source in each of the three preceding Fiscal Years or, (d) if the revenue source has not been in existence for at least three Fiscal Years, that is secured by a revenue source that would have provided coverage of at least 150% of the average annual debt service on such obligations secured by such revenue source in at least the last full Fiscal Year preceding the issuance of such obligations and that is projected to provide at least 150% debt service coverage (based on revenue and debt service projections by the City) in each of the three ensuing Fiscal Years; and (e) in any such case, in the three preceding Fiscal Years, no debt service on which has been paid (or, as provided below, deemed to have been paid) from Covenant Revenues. For purposes of calculating the coverage requirements described in this definition, the historical and projected receipts of a particular revenue source shall be adjusted retroactively to the initial date of the calculation period to reflect changes in rates, levies or impositions enacted prior to the date of calculation. For purposes of this definition, Covenant Revenues will be deemed to have been used to pay debt service on any debt if Covenant Revenues have been transferred in the relevant period, other than pursuant to a Capital Transfer, to a fund or account used to pay debt service on such debt.

"Serial Bonds" means all Bonds of a Series other than Term Bonds.
"Series" means any portion of the Bonds or of other Non-Self Sufficient Debt of an issue authenticated and delivered in a single transaction, payable from an identical source of revenue and identified pursuant to the supplemental ordinance or resolution authorizing such Bonds or the authorizing instrument with respect to such other Non-Self Sufficient Debt as a separate Series of Bonds or indebtedness, regardless of variations in maturity, interest rate, Amortization Installments or other provisions, and any Bonds or other Non-Self Sufficient Debt thereafter authenticated and delivered in lieu of or in substitution of a Series of Bonds or other Non-Self Sufficient Debt.


"Taxable Debt" means Bonds or other Non-Self Sufficient Debt, the interest on which is not intended at the time of issuance thereof to be excluded from the gross income of the owners thereof for federal income tax purposes.

"Term Bonds" means Bonds of a Series for which Amortization Installments are established, and such other Bonds of a Series so designated by supplemental ordinance or resolution of the City adopted or otherwise designated by the City on or before the date of delivery of such Bonds.

"Variable Rate Debt" means Bonds or other Non-Self Sufficient Debt issued with a variable, auction reset, adjustable, convertible or other similar interest rate which is not fixed in percentage for the remaining term thereof.

**Bond Ordinance Constitutes a Contract**

The Bond Ordinance shall be deemed to be and shall constitute a contract between the City and the respective Bondholders. The covenants and agreements set forth in the Bond Ordinance to be performed by the City shall be for the equal benefit, protection and security of the Bondholders and all Bonds shall be of equal rank and without preference, priority, or distinction over any other thereof, except as expressly provided in the Bond Ordinance.

**Bonds Mutilated, Destroyed, Stolen or Lost**

If any Bond is mutilated, destroyed, stolen or lost, the City or its agent may, in its discretion (a) deliver a duplicate replacement Bond, or (b) pay a Bond that has matured or is about to mature. A mutilated Bond shall be surrendered to and cancelled by the Deputy Registrar and Paying Agent with respect to the applicable Series of Bonds. The Bondholder must furnish the City or its agent proof of ownership of any destroyed, stolen or lost Bond; post satisfactory indemnity; comply with any reasonable conditions the City or its agent may prescribe; and pay the City's or the agent's reasonable expenses.
Project Account

The Bond Ordinance creates the "Special Revenue Bond Project Account" (the "Project Account") as part of the Special Revenue Bond Fund created under the Bond Ordinance. Proceeds of the Bonds shall be deposited into the Project Account for the payment of the Cost of each Project to be financed under the Bond Ordinance as designated by supplemental ordinance or resolution of the City.

The City shall establish separate subaccounts in the Project Account for each Project to be financed by one or more Series of Bonds issued under the Bond Ordinance. Each such subaccount in the Project Account shall be kept separate and apart from all other accounts and subaccounts of the City, and the funds on deposit therein shall be withdrawn, used and applied by the City solely for the payment of the acquisition and construction costs of such Project and purposes incidental thereto as set forth in the Bond Ordinance.

Any funds on deposit in the Project Account that, in the opinion of the City, are not immediately necessary for expenditure, as hereinabove provided, shall be held and may be invested, in the manner provided by law, in Investment Obligations pursuant to the Bond Ordinance. All income derived from investments of funds in the Project Account shall be deposited in the appropriate subaccount therein to which such investment income is attributable.

Budgetary Debt Service on Variable Rate Bonds and Commercial Paper Obligations

If Bonds constituting Variable Rate Debt or Commercial Paper Obligations are outstanding under the Bond Ordinance in any Fiscal Year, the amounts to be included in the Debt Service Requirement with respect to such Variable Rate Debt or Commercial Paper Obligations shall be initially determined in accordance with the assumptions provided in the definition of "Debt Service Requirement;" provided, however, that for the initial budget for a Fiscal Year, such assumptions shall be applied and the assumed interest rates shall be calculated using the interest rates and Certified Interest Rate determined as of May 31 preceding the commencement of such Fiscal Year. During each Fiscal Year in which Bonds constituting Variable Rate Debt or Commercial Paper Obligations are outstanding, the City shall monitor the actual interest rates applicable thereto in order to determine the sufficiency of the amounts budgeted and appropriated in accordance with such assumed rates. If for any two consecutive calendar months the actual average rate of interest on such Bonds constituting Variable Rate Debt or Commercial Paper Obligations, if continued to the end of such Fiscal Year, would cause the average rate of interest on such Bonds or Commercial Paper Obligations for such Fiscal Year to exceed the assumed interest rate, the City shall, in accordance with and subject to budgetary procedures and limitations imposed by applicable law, initiate proceedings to amend the Annual Budget to increase the amount of the Covenant Revenues budgeted and appropriated pursuant to the Bond Ordinance for such Fiscal
Year based upon a revised assumed interest rate for such Bonds constituting Variable Rate Debt or Commercial Paper Obligations equal to 110% of the average rate of interest on such Bonds or Commercial Paper Obligations, as the case may be, during such preceding calendar month; provided, however, that if the actual Variable Rate is fixed for the remainder of the Fiscal Year, such amendment shall be based upon 110% of the actual Variable Rate.

**Deposits Constitute Trust Funds**

All funds or other property which at any time may be owned or held in the possession of or deposited with the City in the Special Revenue Bond Fund under the provisions of the Bond Ordinance shall be held in trust, applied only in accordance with the provisions of the Bond Ordinance, and shall not be subject to lien or attachment by any creditor of the City.

**Investment of Moneys**

Moneys held for the credit of the funds and accounts created under the Bond Ordinance shall be invested and reinvested by the City in Investment Obligations. Such investments or reinvestments shall mature not later than the respective dates, as estimated by the City, that the moneys held for the credit of said funds or accounts will be needed for the purposes of such funds or accounts. Investment earnings shall be applied as provided in the Bond Ordinance.

**Tax Covenants**

The City intends that the interest on each Series of Bonds issued under the Bond Ordinance that are not Taxable Debt be and remain excluded from gross income for federal income tax purposes. The City represents to and covenants with the Holders of the Bonds issued under the Bond Ordinance that are not Taxable Debt that it will comply with the requirements applicable to it contained in Section 103 and Part IV of Subchapter B of Subpart A of Chapter 1 of the Code to the extent necessary to preserve the exclusion of interest on each Series of Bonds from gross income for federal income tax purposes.

**Funding Sources for General Fund**

The City covenants and agrees that as long as any Bonds are Outstanding under the Bond Ordinance, it shall continue to deposit to the credit of the City's General Fund those revenue sources that are deposited to the credit of the General Fund as provided in the City's Annual Budget for Fiscal Year 2005-06, excluding, however, any increases in revenues resulting from increases in rates or levies or expansions in rates or levies or new revenue sources that are designated by the City to be deposited other than in the General Fund.
Annual Audits and Reports

The City shall within one hundred eighty (180) days after the close of each Fiscal Year, cause the financial statements of the City to be properly audited by a recognized independent certified public accountant or recognized independent firm of certified public accounts, and shall require such accountants to complete their report on the annual financial statements in accordance with applicable law. Such annual financial statements shall contain, but not be limited to, a balance sheet, a statement of revenues, expenditures and changes in fund balance, and any other statements as required by law or accounting convention, and a report by such accountants disclosing any material default on the part of the City of any covenant or agreement in the Bond Ordinance which is disclosed by the audit of the financial statements. The annual financial statement shall be prepared in conformity with generally accepted accounting principles.

The City shall also require its Chief Financial Officer to file with the City within one hundred eighty (180) days after the end of each Fiscal Year a written report certifying that all payments, deposits and credits to and payments, transfers and withdrawals from each fund and account created under the Bond Ordinance have been made in strict compliance with the terms of the Bond Ordinance.

The Governing Body shall require its duly authorized officer to file with the City any special financial reports as requested at any time by a written document sighed by Bondholders owning more than fifty percent (50%) of the aggregate principal amount of the Bonds then outstanding.

The Chief Financial Officer shall, with respect to each Series of Non-Self Sufficient Debt issued on or after the date of issuance of the first Series of Bonds under the Bond Ordinance for which Amortization Installments or serial maturities have not been established, file with the Governing Body prior to the beginning of each Fiscal Year, commencing with the Fiscal Year beginning five (5) years prior to commencement of the required amortization of such Series of Non-Self Sufficient Debt pursuant to the Bond Ordinance, a report setting forth a plan for the amortization of such Series of Non-Self Sufficient Debt in accordance with the requirements of the Bond Ordinance.

A copy of each report of the Chief Financial Officer, together with the comprehensive annual financial report as certified according to the requirements stated above, shall be available for inspection at the offices of the City and shall be promptly furnished to the managing underwriter of each Series of Bonds and mailed to any Bondholder requesting the same upon payment by such Bondholder of the cost of reproduction and mailing.
Annual Budget

The City covenants and agrees to prepare and adopt for each Fiscal Year an Annual Budget for the City in the manner provided and in accordance with applicable law.

Qualified Hedge Agreements

The City may, to the extent permitted by law, enter into one or more Qualified Hedge Agreements concurrently with the issuance of Non-Self Supporting Debt under the Bond Ordinance, provided that the financial tests described in the Bond Ordinance are complied with applying the assumptions and provisions relating to Qualified Hedge Agreements set forth in the definition of "Debt Service Reserve Requirement." In addition, the City may, to the extent permitted by law, enter into one or more Qualified Hedge Agreements with respect to Non-Self Sufficient Debt previously issued and outstanding; provided that, as estimated by the Chief Financial Officer, (i) entering into the Qualified Hedge Agreement would provide a present value net interest cost savings to the City versus the present value net interest cost to the City on such Non-Self Sufficient Debt if such Qualified Hedge Agreement were not entered into, or (ii) entering into such Qualified Hedge Agreement would be permitted under the financial tests described in the Bond Ordinance applying the assumptions and provisions relating to Qualified Hedge Agreements set forth in the definition of "Debt Service Reserve Requirement" and, if such Qualified Hedge Agreement relates to Bonds issued under the Bond Ordinance that are not Taxable Debt, there is provided to the City an opinion of Bond Counsel that the City's execution, delivery and performance of the Qualified Hedge Agreement will not, in and of themselves cause the interest on such Bonds not be excludable from gross income for federal income tax purposes.

Unless the counterparty to any Qualified Hedge Agreement associated with Bonds issued under the Bond Ordinance shall agree that Qualified Hedge Payments with respect thereto shall be subordinate to payments on the Bonds or shall be unsecured, Qualified Hedge Payments under such Qualified Hedge Agreement shall be on parity with payments on Bonds, all in the manner and to the extent specified in the Bond Ordinance. Qualified Hedge Payments under any Qualified Hedge Agreement associated with Bonds issued under the Bond Ordinance shall only be paid in the manner and to the extent specified in the Bond Ordinance. Neither Qualified Hedge Payments nor other payments due under any Qualified Hedge Agreement shall be secured by funds on deposit in the Reserve Account or funds on deposit in the Project Account.
Events of Default

The Bond Ordinance provides that each of the following events is an "event of default":

(a) payment of principal of any Bond shall not be made when the same shall become due and payable, either at maturity or on required payment dates by proceedings for redemption or otherwise; or

(b) payment of any installment of interest shall not be made when the same shall become due and payable; or

(c) payment of any Qualified Hedge Payment associated with Bonds outstanding under the Bond Ordinance shall not be made when the same shall become due and payable and any applicable grace or notice period provided in the applicable Qualified Hedge Agreements shall have lapsed; or

(d) the City shall fail to make any cash deposits required to be made under the Bond Ordinance and such failure shall continue unremedied for a period of five (5) days after the occurrence thereof; or

(e) the City shall fail to comply with any of the covenants and obligations of the City under the Bond Ordinance (other than with respect to making required cash deposits) and such failure shall continue unremedied for a period of thirty (30) days after the occurrence thereof; or

(f) an order or decree shall be entered, with the consent or acquiescence of the City, appointing a receiver or receivers of the City, or the filing of a petition by the City for relief under federal bankruptcy laws or any other applicable law or statute of the United States of America or the State of Florida, which shall not be dismissed, vacated or discharged within thirty (30) days after the filing thereof; or

(g) any proceedings shall be instituted, with the consent or acquiescence of the City, for the purpose of effecting a composition between the City and its creditors or for the purpose of adjusting the claims of such creditors, pursuant to any federal or state statutes now or hereafter enacted, if the claims of such creditors are under any circumstances payable from amounts deposited in the General Fund.

In determining whether a default has occurred pursuant to (a), (b) or (c) above, no effect shall be given to payments made under any Bond Insurance Policy. Notwithstanding the foregoing, with respect to the events described in clause (e) above, the City shall not be deemed in default under the Bond Ordinance if such default can be cured within a reasonable period of time and if the City in good faith institutes appropriate curative action and diligently pursues such action until the default has been corrected.
Enforcement of Remedies

Upon the happening and continuance of any event of default, then and in every such case the Owners of not less than 25% of the principal amount of Bonds then Outstanding, may appoint any state bank, national bank, trust company or national banking association qualified to transact business in Florida to serve as trustee for the benefit of the Holders of all Bonds then outstanding (the "Trustee"). Notice of such appointment, together with evidence of the requisite signatures of the Holders of 25% of the principal amount of Bonds Outstanding and the trust instrument under which a trustee shall have agreed to serve shall be filed with the City and such Trustee and notice of such appointment shall be published in a financial journal of general circulation in the City of New York, New York. After the appointment of the first Trustee under the Bond Ordinance no further Trustees may be appointed; however, the Holders of a majority of the principal amount of Bonds then Outstanding may remove the Trustee initially appointed and appoint a successor and subsequent successors at any time. If the default for which the Trustee was appointed is cured or waived pursuant to the Bond Ordinance the appointment of the Trustee shall terminate with respect to such default.

After a Trustee has been appointed pursuant to the foregoing, the Trustee may proceed, and upon the written request of owners of 25% of the principal amount of Bonds Outstanding shall proceed, to protect and enforce the rights of the Bondholders under the laws of the State of Florida, including the Act, and under the Bond Ordinance by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board, body or officer having jurisdiction, either for the specific performance of any covenant or agreement contained therein or in aid of execution of any power therein granted or for the enforcement of any proper legal or equitable remedy, all as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

Effect of Discontinuing Proceedings

In case any proceeding taken by the Trustee or any Bondholder on account of any default shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Trustee or such Bondholder, then and in every such case the City, the Trustee and Bondholders shall be restored to their former positions and rights under the Bond Ordinance and all rights, remedies and powers of the Trustee shall continue as though no such proceeding had been taken.

Directions to Trustee as to Remedial Proceedings

Notwithstanding anything in the Bond Ordinance to the contrary, the Holders of a majority of the principal amount of Bonds then Outstanding shall have the right, by an instrument or concurrent instruments in writing executed and delivered to the Trustee,
to direct the method and place of conducting all remedial proceedings to be taken by the Trustee under the Bond Ordinance, provided that such direction shall not be otherwise than in accordance with law or the provisions of the Bond Ordinance and that the Trustee shall have the right to decline to follow any such direction which in the opinion of the Trustee would be unjustly prejudicial to Bondholders not parties to such direction.

**Restrictions on Actions by Individual Bondholders**

No Bondholder shall have any right to institute any suit, action or proceeding in equity or at law for the execution of any trust under the Bond Ordinance or for any other remedy thereunder unless such Bondholder previously shall have given to the Trustee written notice of the event of default on account of which such suit, action or proceeding is to be taken, and unless the Holders of not less than 25% of the principal amount of Bonds then Outstanding shall have made written request of the Trustee after the right to exercise such powers or right of action, as the case may be, shall have accrued, and shall have afforded the Trustee a reasonable opportunity either to proceed to exercise the powers granted under the Bond Ordinance or to institute such action, suit or proceeding in its or their name, and unless, also, there shall have been offered to the Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, including the reasonable fees of its attorneys (including fees on appeal), and the Trustee shall have refused or neglected to comply with such request within a reasonable time; and such notification, request and offer of indemnity are declared in every such case, at the option of the Trustee, to be conditions precedent to the execution of the powers and trusts of the Bond Ordinance or for any other remedy thereunder. It is understood and intended that no one or more Owners of the Bonds shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security of the Bond Ordinance, or to enforce any right thereunder, except in the manner therein provided, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit of all Bondholders, and that any individual rights of action or any other right given to one or more of such Owners by law are restricted by the Bond Ordinance to the rights and remedies therein provided.

Nothing contained in the Bond Ordinance, however, shall affect or impair the right of any Bondholder, individually, to enforce the payment of the principal of and interest on his Bond or Bonds at and after the maturity thereof, at the time, place, from the source and in the manner provided in the Bond Ordinance.

**Remedies Cumulative**

No remedy in the Bond Ordinance conferred upon or reserved to the Bondholders is intended to be exclusive of any other remedy or remedies, and each and every such remedy will be cumulative and in addition to every other remedy given
hereunder or now or under the Bond Ordinance existing at law or in equity or by statute.

**Waiver of Default**

No delay or omission of any Bondholder to exercise any right or power accruing upon any default will impair any such right or power or will be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy provided under the Bond Ordinance to the Bondholders may be exercised from time to time, and as often as may be deemed expedient.

**Application of Moneys after Default**

If an Event of Default shall happen and shall not have been remedied, the City or a trustee or receiver appointed for the purpose shall apply all amounts, available under the Bond Ordinance (except for amounts in the subaccounts of the Reserve Account which shall be applied solely to the payment of the Series of Bonds for which they were established) as follows and in the following order:

(a) To the payment of the reasonable and proper charges, expenses and liabilities of the trustee or receiver, Deputy Registrar and Paying Agent hereunder and all fees due any provider of a Reserve Product; and

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

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

   FIRST: to the payment to the Persons entitled thereto of all installments of interest then due, in the order of the maturity of such installments, and Qualified Hedge Payments then due, and, if the amount available shall not be sufficient to pay in full any particular installment and Qualified Hedge Payment, then to the payment ratably, according to the amounts due on such installment and Qualified Hedge Payment, to the Persons entitled thereto, without any discrimination or preference;

   SECOND: to the payment to the Persons entitled thereto of the unpaid principal of any of the Bonds which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Bonds called for redemption for the payment of which moneys are held in escrow for the defeasance under the Bond Ordinance), in the order of their due dates, with interest upon such Bonds from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according
to the amount of such principal due on such date, to the Persons entitled thereto without any discrimination or preference; and

THIRD: to the payment of the Redemption Price of any Bonds called for optional redemption pursuant to the provisions of the Bond Ordinance.

(2) If the principal of all the Bonds shall have become due and payable, all such moneys shall be applied to the payment of the principal of and interest on the Bonds, and Qualified Hedge Payments then due and unpaid, with interest thereon as aforesaid, without preference or priority of principal over interest or Qualified Hedge Payments or of interest or Qualified Hedge Payments over principal, or of any installment of interest over any other installment of interest, or any Qualified Hedge Payment over any other Qualified Hedge Payment, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the Persons entitled thereto without any discrimination or preference.

Modification or Amendment

Without Bondholders’ Consent. The City, from time to time and at any time, may enact such supplemental or amendatory ordinances or resolutions without the consent of the Bondholders, for any of the following purposes:

(a) To cure any ambiguity or formal defect or omission or to correct any inconsistent provisions in the Bond Ordinance or to clarify any matters or questions arising under the Bond Ordinance.

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

(c) To add to the conditions, limitations and restrictions on the issuance of Bonds under the provisions of the Bond Ordinance other conditions, limitations and restrictions thereafter to be observed.

(d) To permit coupon Bonds as provided by the Bond Ordinance.

(e) To add to the covenants and agreements of the City in the Bond Ordinance other covenants and agreements thereafter to be observed by the City or to surrender any right or power in the Bond Ordinance reserved to or conferred upon the City.

(f) To authorize the issuance of Additional Bonds in accordance with the requirements of the Bond Ordinance.
(g) To make any other change that, in the opinion of the City, would not materially adversely affect the security for the Bonds. In making such determination, the City shall not take into consideration any Bond Insurance Policy.

Copies of any proposed supplemental or amendatory ordinance shall be provided by the City to any nationally recognized securities rating agency then maintaining a rating of any Bonds Outstanding under the Bond Ordinance prior to the effective date thereof.

*With Bondholders’ Consent.* Subject to the terms and provisions contained in the Bond Ordinance, the Holder or Holders of not less than a majority of the principal amount of Bonds then Outstanding shall have the right, from time to time, anything contained in the Bond Ordinance to the contrary notwithstanding, to consent to and approve the enactment or adoption of such supplemental or amendatory ordinance or resolution as shall be deemed necessary or desirable by the City for the purpose of supplementing, modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Bond Ordinance; provided, however, that if such modification or amendment will, by its terms, not take effect so long as any Bonds of any specified Series or maturity remain Outstanding, the consent of the Holders of such Bonds shall not be required and such Bonds shall not be deemed to be Outstanding for the purpose of any calculation of Outstanding Bonds under the Bond Ordinance. Any supplemental or amendatory ordinance or resolution which is adopted in accordance with the provisions of the Bond Ordinance shall also require the written consent of the Insurer of any Bonds which are Outstanding at the time such supplemental or amendatory ordinance or resolution affecting such Bonds shall take effect. No supplemental or amendatory ordinance or resolution may be approved or adopted which shall permit or require (a) an extension of the maturity of the principal of or the payment of the interest on any Bond issued under the Bond Ordinance, (b) reduction in the principal amount of any Bond or the redemption price or the rate of interest thereon, (c) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (d) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental or amendatory ordinance or resolution. Nothing in the Bond Ordinance contained, however, shall be construed as making necessary the approval by Bondholders or the Insurer of the enactment or adoption of any supplemental or amendatory ordinance or resolution as authorized in the Bond Ordinance.

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

Whenever there shall be delivered to and filed with the City an instrument or instruments in writing purporting to be executed by the Holders of not less than a majority of the principal amount of Bonds then Outstanding, which instrument or instruments shall refer to the proposed supplemental or amendatory ordinance or resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the City may adopt such supplemental or amendatory ordinance or resolution in substantially such form, without liability or responsibility to any Holder of any Bond, whether or not such Holder shall have consented thereto.

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

Upon the enactment or adoption of any supplemental or amendatory ordinance or resolution pursuant to the provisions of the Bond Ordinance, the Bond Ordinance shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Bond Ordinance of the City and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced in all respects under the provisions of the Bond Ordinance as so modified and amended.

Copies of any proposed supplemental or amendatory ordinance or resolution shall be provided by the City to any nationally recognized securities rating agency then maintaining a rating of any Bonds Outstanding under the Bond Ordinance prior to the effective date thereof.

**Defeasance and Release of Bond Ordinance**

If, at any time after the date of issuance of the Bonds, (a) any Bonds secured by the Bond Ordinance, shall have become due and payable in accordance with their terms.
or otherwise as provided in the Bond Ordinance or shall have been duly called for redemption, or the City gives the Deputy Registrar and Paying Agent irrevocable instructions directing the payment of the principal of, premium, if any, and interest on such Bonds at maturity or at any earlier redemption date by the City, or any combination thereof, and (b) the whole amount of the principal, premium, if any, and the interest so due and payable upon all of such Bonds then outstanding, at maturity or upon redemption, shall be paid, or sufficient moneys shall be held by the Deputy Registrar and Paying Agent or an escrow agent, in irrevocable trust for the benefit of such Bondholders (whether or not held in any accounts created under the Bond Ordinance and if not in accounts created by the Bond Ordinance, under an escrow deposit agreement in a form reasonably acceptable to the Insurer of any Bonds being defeased) which, as verified by a report of a nationally recognized independent certified public accountant or nationally recognized firm of independent certified public accountants, when invested in Refunding Securities maturing not later than the maturity or redemption dates of such principal, premium, if any, and interest will, together with the income realized on such investments, be sufficient to pay all such principal, premium, if any, and interest on said Bonds at the maturity thereof or the date upon which such Bonds are to be called for redemption prior to maturity, then and in that case the right, title and interest of such Bondholders under the Bond Ordinance and the pledge of and lien on the amounts in the funds and accounts established under the Bond Ordinance, and all other pledges and liens created thereby or pursuant to the Bond Ordinance, with respect to such Bondholders under the Bond Ordinance and the pledge of and lien on the amounts in the funds and accounts established under the Bond Ordinance, and all other pledges and liens created thereby or pursuant to the Bond Ordinance, with respect to such Bondholders created by the Bond Ordinance other than moneys held for redemption or payment of Bonds and to pay all other sums payable by the City thereunder shall be distributed to the City for any lawful purpose; otherwise the Bond Ordinance shall be, continue and remain in full force and effect.
BOND TERMS AGREEMENT

relating to

$_____________________
CITY OF JACKSONVILLE, FLORIDA
SPECIAL REVENUE BONDS, SERIES 2009B-1A

and

$_____________________
CITY OF JACKSONVILLE, FLORIDA
TAXABLE SPECIAL REVENUE BONDS, SERIES 2009B-1B
(DIRECT PAYMENT BUILD AMERICA BONDS)

Dated as of September 1, 2009
**TABLE OF CONTENTS**

**ARTICLE I**
**DEFINITIONS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.01</td>
<td>Definitions</td>
<td>2</td>
</tr>
<tr>
<td>1.02</td>
<td>Certain References</td>
<td>4</td>
</tr>
<tr>
<td>1.03</td>
<td>Timing of Actions</td>
<td>4</td>
</tr>
</tbody>
</table>

**ARTICLE II**
**THE SERIES 2009B-1 BONDS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.01</td>
<td>Issuance of Bonds, Dates, Maturities and Interest</td>
<td>5</td>
</tr>
<tr>
<td>2.02</td>
<td>Method and Place of Payment</td>
<td>5</td>
</tr>
<tr>
<td>2.03</td>
<td>Exchange and Transfer of Series 2009B-1 Bonds; Book Entry System</td>
<td>5</td>
</tr>
<tr>
<td>2.04</td>
<td>Application of Bond Proceeds</td>
<td>8</td>
</tr>
<tr>
<td>2.05</td>
<td>Reserve Requirement</td>
<td>8</td>
</tr>
</tbody>
</table>

**ARTICLE III**
**REDEMPTION OF SERIES 2009B-1 BONDS BEFORE MATURITY**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.01</td>
<td>Redemption of Series 2009B-1 Bonds</td>
<td>9</td>
</tr>
</tbody>
</table>

**ARTICLE IV**
**DEPUTY REGISTRAR AND PAYING AGENT**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.01</td>
<td>Deputy Registrar and Paying Agent</td>
<td>11</td>
</tr>
</tbody>
</table>

**ARTICLE V**
**SALE OF BONDS**

<table>
<thead>
<tr>
<th>Section</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>5.01</td>
<td>Bond Purchase Agreement</td>
<td>11</td>
</tr>
<tr>
<td>5.02</td>
<td>Official Statement</td>
<td>11</td>
</tr>
</tbody>
</table>
BOND TERMS AGREEMENT

THIS BOND TERMS AGREEMENT is executed and delivered by the undersigned Mayor and Corporation Secretary of the City of Jacksonville, Florida (the "Issuer") pursuant to Sections 6 and 14 of Ordinance 2009-446-E of the Issuer for the purpose of providing the terms of the $___________________ City of Jacksonville, Florida Special Revenue Bonds, Series 2009B-1 (the "Series 2009B-1 Bonds") consisting of $_________ Special Revenue Bonds, Series 2009B-1A (the “Series 2009B-1A”) and $_________ Taxable Special Revenue Bonds, Series 2009B-1B (Direct Payment Build America Bonds) (the “Series 2009B-1B Bonds”);

BACKGROUND:

The Council of the Issuer enacted Ordinance 2006-888-E (the "Bond Ordinance"), which repealed and superseded Ordinance 2005-1086-E, providing for the issuance by the Issuer of its Special Revenue Bonds for the purpose of financing the construction and acquisition of additions, extensions and improvements to, and the repair of, municipal capital improvements and for other governmental undertakings authorized from time to time and the refunding of indebtedness of the Issuer issued for such purposes, as authorized from time to time. The Council of the Issuer has also enacted Ordinance 209-446-E (the “Supplemental Ordinance,” and together with the Bond Ordinance, the "Ordinance"), which supplemented the Bond Ordinance and authorized the issuance of Special Revenue Bonds, Series 2009B (the “Series 2009B Bonds”) of the Issuer in one or more series in an amount necessary to provide not in excess of $300,000,000 of net project funds for the purpose of authorizing the undertaking, acquisition and construction of the Better Jacksonville Project. Section 14 of Ordinance 2009-446-E authorizes the Mayor and the Corporation Secretary of the Issuer to execute and deliver one or more Bond Terms Agreements to implement the Supplemental Ordinance and the Bond Ordinance and to specify the terms of Special Revenue Bonds authorized thereby. In accordance with the Ordinance, the Mayor has determined that it is in the best interest of the Issuer to issue the Series 2009B-1 Bonds in the aggregate principal amount of $___________________ of Series 2009B-1A Bonds and $_________ of Series 2009B-1B Bonds as the two initial series of the Special Revenue Bonds, Series 2009B authorized to be issued under and pursuant to the Ordinance for the purpose of (i) authorizing the undertaking, acquisition and construction of the Better Jacksonville Project, (ii) funding a Reserve Subaccount at the Reserve Requirement for the Series 2009B-1 Bonds, and (iii) paying the cost of issuing the Series 2009B-1 Bonds.

NOW, THEREFORE, the Mayor and Corporation Secretary execute and deliver this Bond Terms Agreement for the purpose of supplementing the Ordinance and providing the terms of the Series 2009B-1 Bonds.
ARTICLE I
DEFINITIONS

SECTION 1.01. DEFINITIONS. All terms used herein in capitalized form and not otherwise defined herein or in the appendices hereto shall have the meanings ascribed to such terms in the Ordinance. In addition, the following terms as used in this Bond Terms Agreement, the Series 2009B-1 Bonds and any certificate or document executed in connection therewith shall have the following meanings (or are defined elsewhere in this Bond Terms Agreement as indicated below) unless the context otherwise indicates:

“2009B Reserve Requirement” means an amount equal to the lesser of: (i) the Maximum Annual Debt Service calculated with respect to all Series of Bonds Outstanding under the Ordinance that are secured by the 2009B Reserve Subaccount, (ii) 125% of the Average Annual Debt Service Requirement calculated with respect to all Series of Bonds Outstanding that are secured by the 2009B Reserve Subaccount, or (iii) 10% of the aggregate stated original principal amount of all Series of Bonds Outstanding hereunder that are secured by the 2009B Reserve Subaccount, provided, however, (1) in determining the aggregate stated original principal amount of Bonds Outstanding for the purposes of this clause (iii), the issue price of Bonds (net of pre-issuance accrued interest) shall be substituted for the original stated principal amount of those Bonds if such Bonds were sold at either an original issue discount or premium exceeding two percent (2%) of the stated redemption price at maturity, and (2) Maximum Annual Debt Service and the Average Annual Debt Service Requirement shall be calculated by subtracting the expected Direct Payments associated with any Series 2009B Bonds secured by the 2009B Reserve Subaccount.

“2009B Reserve Subaccount” means the account by that name created and established in Section 2.05 hereof.

"Beneficial Owner" means any Person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2009B-1 Bond (including any Person holding a Series 2009B-1 Bond through nominees, depositaries or other intermediaries), or (b) is treated as the owner of any Series 2009B-1 Bond for federal income tax purposes.

"Bondholder" or "Holder" means, as of any time, the registered owner of any Series 2009B-1 Bond as shown in the register kept by the Deputy Registrar and Paying Agent.

"Business Day" means any day other than a Saturday, Sunday or other day on which the New York Stock Exchange is closed or on which banks are authorized or required to be closed in the City of Jacksonville, Florida or the City of New York, New York

"Closing Date" means the date of delivery of the Series 2009B-1 Bonds to the Underwriter against payment therefor.
“Direct Payments” means the amount of any credit expected to be received by the City with respect to any “build America bonds” which are “qualified bonds” pursuant to Section 6431 of the Code.

“Fitch” means Fitch Ratings, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Issuer” means the City of Jacksonville, Florida and its successors and assigns.

“Moody’s” means Moody’s Investors Service, Inc., a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody’s” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.

“Notice Address” means:

(a) As to the Issuer: City of Jacksonville, Florida
117 W. Duval Street
City Hall – Suite 300
Jacksonville, Florida 32202
Attention: Chief Financial Officer
(904) 630-1298

(b) As to the Deputy Registrar and Paying Agent: Wells Fargo Bank, National Association
7077 Bonneval Road, Suite 400
Jacksonville, Florida 32216
Attention: Corporate Trust Department
(904) 281-2746

or, in each case, such other address or addresses as any such Person shall designate by notice actually received by the addressor.

“Participant” means, with respect to DTC or another Securities Depository, a member of or participant in DTC or such other Securities Depository, respectively.

“Person” means a corporation, association, partnership, limited liability company, joint venture, trust, organization, business, individual or government or any governmental agency or political subdivision thereof.

“Principal Office” means, with respect to the Deputy Registrar and Paying Agent, the address of the Deputy Registrar and Paying Agent identified as its Notice Address in this Bond Terms Agreement or otherwise notified in writing by the Deputy Registrar and Paying Agent to the Issuer.
"Rating Agency" means, as of any date, each of Moody's, if such Series 2009B-1 Bonds are then rated by Moody's, Fitch, if such Series 2009B-1 Bonds are then rated by Fitch, and S&P, if such Series 2009B-1 Bonds are then rated by S&P.

"Securities Depository" means DTC or, if applicable, any successor securities depository appointed pursuant to the third to last paragraph of Section 2.03 of this Bond Terms Agreement.

"Series 2009B-1 Bonds" means the Issuer's Special Revenue Bonds, Series 2009B-1 issued hereunder in the original aggregate principal amount of $__________________, consisting of $___________ Series 2009B-1A Bonds and $______________, Series 2009B-1B Bonds.

“Series 2009B-1A Bonds” means the Issuer’s Special Revenue Bonds, Series 2009B-1A issued hereunder.

“Series 2009B-1B Bonds” means the Issuer’s Taxable Special Revenue Bonds, Series 2009B-1B (Direct Payment Build America Bonds) issued hereunder.

"State" means the State of Florida.

"S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer.


SECTION 1.02. CERTAIN REFERENCES. Any reference in this Bond Terms Agreement to the Issuer or the Deputy Registrar and Paying Agent shall include those Persons who succeed to their functions, duties or responsibilities pursuant to or by operation of law or who are lawfully performing their functions. Any reference in this Bond Terms Agreement to any statute or law or chapter or section thereof shall include all amendments, supplements or successor provisions thereto.

SECTION 1.03. TIMING OF ACTIONS. If the date for making any payment or the last day for the performance of any act or the exercise of any right provided in this Bond Terms Agreement shall not be a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Bond Terms Agreement, except as otherwise specifically provided herein.
ARTICLE II

THE SERIES 2009B-1 BONDS

SECTION 2.01. ISSUANCE OF BONDS, DATES, MATURITIES AND INTEREST.

(a) Issuance. Two Series of Bonds shall be issued under and pursuant to the Ordinance in accordance with the terms hereof and shall be designated "City of Jacksonville, Florida Special Revenue Bonds, Series 2009B-1A" and "Taxable Special Revenue Bonds, Series 2009B-1B (Direct Payment Build America Bonds)."

(1) The Series 2009B-1A Bonds shall be issued in the original aggregate principal amount of $______________, and shall be substantially in the form attached hereto as Exhibit A-1 and provided in Section 6.09 of the Bond Ordinance, with such variations, omissions and insertions as are permitted or required by the Ordinance and hereby.

(2) The Series 2009B-1B Bonds shall be issued in the original aggregate principal amount of $__________, shall be Taxable Debt under the Bond Ordinance, and are hereby designated as "build America bonds" under Section 54AA(f) of the Code and as "qualified bonds" under Section 54AA(g) of the Code. The Series 2009B-1B Bonds shall be substantially in the form attached hereto as Exhibit A-2 and provided in Section 6.09 of the Bond Ordinance, with such variations, omissions and insertions as are permitted or required by the Ordinance and hereby.

(3) Each of the Series 2009B Bonds shall be numbered consecutively from one upward within each series, preceded by the letter "R." The Series 2009B Bonds shall be issued as registered bonds in the denomination of $5,000 each, or any integral multiple thereof.

(b) Dates. The Series 2009B-1 Bonds shall be dated as of the date of their delivery.

(c) Maturities and Interest Rates. The Series 2009B-1 Bonds shall mature on October 1 in the years and in the principal amounts, and shall bear interest, calculated based on a 360-day year consisting of twelve 30-day months, payable semi-annually on April 1 and October 1 of each year (each an "Interest Payment Date"), commencing April 1, 2010, at the rate or rates set forth below:

[INSERT TABLE]

SECTION 2.02. METHOD AND PLACE OF PAYMENT. The principal and premium, if any, and interest on the Series 2009B-1 Bonds shall be payable in lawful money of the United States of America. Interest on the Series 2009B-1 Bonds shall be paid by check or draft drawn upon the Deputy Registrar and Paying Agent and mailed to the Bondholders at the addresses as they appear on the registration books maintained by the Deputy Registrar and Paying Agent at the close of business on the fifteenth (15th) day (whether or not a Business Day) of the month next preceding the
Interest Payment Date (the "Record Date"), irrespective of any transfer or exchange of such Series 2009B-1 Bonds subsequent to such Record Date and prior to such Interest Payment Date, unless the Issuer shall be in default in the payment of interest due on such Interest Payment Date. In the event of any such default, such defaulted interest shall be payable to the persons in whose names such Series 2009B-1 Bonds are registered at the close of business on a special record date for the payment of such defaulted interest as established by notice deposited in the US. Mail, postage prepaid, by the Issuer to the Registered Owners of Series 2009B-1 Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Series 2009B-1 Bonds are registered at the close of business on the fifth (5th) day (whether or not a Business Day) preceding the date of mailing. Notwithstanding the foregoing, except that in the case of such Bondholders of $1,000,000 or more in aggregate principal amount of such Series 2009B-1 Bonds, upon the written request of such Bondholders to the Deputy Registrar and Paying Agent, specifying the account or accounts to which such payment shall be made, such payments shall be made by wire transfer of immediately available funds on the applicable Interest Payment Date following such Record Date. Any request referred to in the preceding sentence shall remain in effect until revoked or revised by such Bondholders by an instrument in writing delivered to the Deputy Registrar and Paying Agent.

SECTION 2.03. EXCHANGE AND TRANSFER OF SERIES 2009B-1 BONDS; BOOK ENTRY SYSTEM. Upon surrender of Series 2009B-1 Bonds at the Principal Office of the Deputy Registrar and Paying Agent, together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form and with such guaranty of signature as shall be satisfactory to the Deputy Registrar and Paying Agent, a Series 2009B-1 Bond may be exchanged for a fully registered Series 2009B-1 Bond of the same maturity, aggregating in an amount equal to the then unpaid principal amount of the such Series 2009B-1 Bonds surrendered, of authorized denominations.

As to any Series 2009B-1 Bond, the Bondholder shall be deemed and regarded as the absolute owner thereof for all purposes and neither of the Issuer or the Deputy Registrar and Paying Agent shall be affected by any notice, actual or constructive, to the contrary.

Any Series 2009B-1 Bonds may be registered as transferred upon the books kept for the registration and transfer of the Series 2009B-1 Bonds only upon surrender thereof to the Deputy Registrar and Paying Agent, together with an assignment duly executed by the Bondholder or his attorney or legal representative in such form and with such guaranty of signature as shall be satisfactory to the Deputy Registrar and Paying Agent; provided, that the Deputy Registrar and Paying Agent shall not be obligated to make any exchange or registration of transfer during the period between a Record Date and the corresponding Interest Payment Date. Upon the registration of transfer of any such Series 2009B-1 Bonds and on request of the Deputy Registrar and Paying Agent, the Issuer shall execute, and the Deputy Registrar and Paying Agent shall authenticate and deliver, a new Series 2009B-1 Bond, registered in the name of the transferee or transferees, of the same subseries maturity, aggregating in an amount equal to the then unpaid principal amount of the Series 2009B-1 Bond surrendered, of authorized denominations.
In all cases in which Series 2009B-1 Bonds shall be exchanged for or in replacement of other Series 2009B-1 Bonds, the Series 2009B-1 Bonds to be issued shall be signed and sealed on behalf of the Issuer and authenticated by the Deputy Registrar and Paying Agent, all as provided in Section 6.03 of the Bond Ordinance. The obligation of Issuer and the rights of the Bondholders with respect to such Series 2009B-1 Bonds shall be the same as with respect to the Series 2009B-1 Bonds being exchanged or replaced. Such registrations of transfer or exchanges of Series 2009B-1 Bonds shall be without charge to the Bondholders, except that any taxes or governmental charges required to be paid until respect to the same shall be paid by the Bondholder requesting such registration of transfer or exchange as a condition precedent to the exercise of such privilege.

Whenever any Outstanding Series 2009B-1 Bond shall be delivered to the Deputy Registrar and Paying Agent for cancellation pursuant to this Bond Terms Agreement, or for exchange or registration of transfer pursuant to this Section 2.03, such Series 2009B-1 Bonds shall be promptly canceled and destroyed by the Deputy Registrar and Paying Agent (subject to applicable record retention requirements) and counterparts of a certificate of destruction evidencing such destruction shall be retained by the Deputy Registrar and Paying Agent and, if requested by the Issuer shall be furnished by the Deputy Registrar and Paying Agent to the Issuer.

The foregoing provisions of this Section 2.03 to the contrary notwithstanding, the Series 2009B-1 Bonds will be issued initially as one fully registered bond for each maturity of each subseries in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and deposited in the custody of DTC. The Beneficial Owners will not receive physical delivery of the Series 2009B-1 Bonds. Individual purchases of the Series 2009B-1 Bonds may be made in book-entry form only in principal amounts equal to authorized denominations thereof. Payments of principal, premium, if any, and interest on the Series 2009B-1 Bonds will be made to DTC or its nominee as Bondholder.

DTC shall pay interest to the Beneficial Owners of record through its Participants as of the close of business on the Record Date. DTC shall pay the redemption price of the Bonds called for redemption to the Beneficial Owners of record through its Participants in accordance with its customary procedures.

Transfer of ownership interests in the Series 2009B-1 Bonds shall be made by DTC and its Participants, acting as nominees of the Beneficial Owners, in accordance with rules specified by DTC and its Participants.

Bond certificates will be issued directly to owners of such Series 2009B-1 Bonds other than DTC, or its nominee, upon the occurrence of the following events (subject, however, to operation of the two sentences following clause (c) below):

(a) DTC determines not to continue to act as securities depository for the Series 2009B-1 Bonds; or

(b) the Issuer has advised DTC of its determination that DTC is incapable of discharging its duties; or
(c) the Issuer has determined that it is in the best interest of the Bondholders not to continue the book-entry system of transfer or that interests of the Beneficial Owners of the Series 2009B-1 Bonds might be adversely affected if the book-entry system of transfer is continued.

Upon occurrence of the event described in (a) or (b) above, the Issuer shall attempt to locate another qualified Securities Depository. If the Issuer fails to locate another qualified Securities Depository to replace DTC, the Deputy Registrar and Paying Agent shall authenticate and deliver Series 2009B-1 Bonds in certificated form. In the event the Issuer makes the determination noted in (b) or (c) above (as to which the Issuer undertakes no obligation to make any investigation to determine the occurrence of any events that would permit the Issuer to make any such determination), and has made provisions to notify the Beneficial Owners of the Series 2009B-1 Bonds of the availability of Series 2009B-1 Bond certificates by mailing an appropriate notice to DTC, the Issuer shall cause the Deputy Registrar and Paying Agent to authenticate and deliver the Series 2009B-1 Bonds in certificated form pursuant to DTC’s Participants (as requested by DTC) in appropriate amounts. Principal of, premium, if any, and interest on the Series 2009B-1 Bonds shall be payable as otherwise provided in this Article II.

Neither the Issuer nor the Deputy Registrar and Paying Agent will have any responsibility or obligations to the Participants or the Beneficial Owners with respect to (i) the accuracy of any records maintained by DTC or any Participant; (ii) the payment by DTC or any Participant of any amount due to any Beneficial Owner in respect of the principal amount, premium, if any, or interest on the Series 2009B-1 Bonds; (iii) the delivery by DTC or any Participant of any notice to any Beneficial Owner or to the Deputy Registrar and Paying Agent or other party which is required or permitted under the terms of this Bond Terms Agreement to be given to or by the Bondholders; (iv) the selection of any Beneficial Owners to receive payment in the event of any partial redemption of Series 2009B-1 Bonds; or (v) any consent given or other action taken by Cede & Co. as the nominee of DTC, as registered owner.

So long as Cede & Co. is the Registered Owner of the Series 2009B-1 Bonds, as nominee of DTC, references herein and in the Ordinance to the Bondholders or the Holders of the Series 2009B-1 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Series 2009B-1 Bonds.

SECTION 2.04. APPLICATION OF BOND PROCEEDS. The net proceeds from the sale of the Series 2009B-1 Bonds shall be applied as set forth below:

{INSERT SOURCES AND USES PER OFFICIAL STATEMENT}

SECTION 2.05. RESERVE REQUIREMENT. The Series 2009B-1 Bonds shall not be secured by the Composite Reserve Subaccount referred to in the Ordinance. The Series 2009B-1 Bonds shall be secured by the 2009B Reserve Subaccount which is hereby created and established pursuant to Section 9.05 of the Bond Ordinance and Section 8 of the Supplemental Ordinance. Upon the issuance of the Series 2009B-1 Bonds, an amount equal to the 2009B Reserve Requirement shall
be deposited to the credit of the 2009B Reserve Subaccount. The Issuer may, but shall not be required to, secure any or all additional Series 2009B Bonds and any other Additional Bonds payable from Infrastructure Sales Tax revenues, by the 2009B Reserve Subaccount on a composite basis with the Series 2009B-1 Bonds.

**ARTICLE III**

**REDEMPTION OF SERIES 2009B-1 BONDS BEFORE MATURITY**

**SECTION 3.01. REDEMPTION OF SERIES 2009B-1 BONDS.**

(a) The Series 2009B-1A Bonds maturing prior to October 1, _____ are not subject to optional redemption prior to maturity. The Series 2009B-1A Bonds maturing on and after October 1, _____ shall be subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part, on any date on or after October 1, ______, in such maturities as the City shall in its discretion select or by lot within a maturity if less than a full maturity, at the redemption prices listed below, plus accrued interest to the redemption date:

<table>
<thead>
<tr>
<th>Date</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
</tbody>
</table>

(b) The Series 2009B-1B Bonds maturing prior to October 1, 20__, are not subject to redemption prior to maturity. The Series 2009B-1B Bonds maturing on and after October 1, 20__, shall be subject to redemption prior to their stated dates of maturity, at the option of the City, in whole or in part, on any date on or after October 1, 20__, in such maturities as the City shall in its discretion select or by lot within a maturity if less than a full maturity, at the redemption prices listed below, plus accrued interest to the redemption date.

<table>
<thead>
<tr>
<th>Date</th>
<th>Redemption Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
<tr>
<td>October 1, 20__ through September 30, 20__</td>
<td>___%</td>
</tr>
</tbody>
</table>

(c) The Series 2009B-1A Bonds maturing on October 1, 20__, are subject to mandatory redemption, in part by lot, from Amortization Installments deposited in the Debt Service Account, commencing on October 1, 20__, and on each October 1 thereafter, at a redemption price of par plus accrued interest to the redemption date, in the years and in the respective amounts as follows:
<table>
<thead>
<tr>
<th>Date</th>
<th>Amortization Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20___</td>
<td>$</td>
</tr>
<tr>
<td>October 1, 20___*</td>
<td></td>
</tr>
</tbody>
</table>

* Final Maturity

(d) The Series 2009B-1B Bonds maturing on October 1, 20___, are subject to mandatory redemption, on a pro rata basis, as nearly as practicable in integral multiples of $5,000 from Registered Owners (or while the DTC book-entry system of registration is in effect from the DTC Participants and Beneficial Owners) from Amortization Installments required to be deposited in the Debt Service Account, commencing on October 1, 20___, and on each October 1 thereafter, at a redemption price of par plus accrued interest to the redemption date, in the years and in the respective amounts as follows:

<table>
<thead>
<tr>
<th>Date</th>
<th>Amortization Installment</th>
</tr>
</thead>
<tbody>
<tr>
<td>October 1, 20___</td>
<td>$</td>
</tr>
<tr>
<td>October 1, 20___*</td>
<td></td>
</tr>
</tbody>
</table>

* Final Maturity

(e) The Series 2009B1-B Bonds are subject to redemption on any date prior to their maturity at the option of the City, in whole or in part upon the occurrence of an Extraordinary Event, at a redemption price equal to the greater of:

1. 100% of the principal amount of the Series 2009B1-B Bonds to be redeemed; or
2. the sum of the present value of the remaining scheduled payments of principal and interest to the maturity date of the Series 2009B1-B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2009B1-B Bonds are to be redeemed, discounted to the date on which the Series 2009B1-B Bonds are to be redeemed on a semi-annual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus 100 basis points; plus, in each case, accrued interest on the Series 2009B1-B Bonds to be redeemed to the redemption date.

For purposes of this Section 3.01(e):

“Treasury Rate” means, with respect to any redemption date for a particular Series 2009B1-B Bond, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity excluding inflation indexed securities (as compiled and published in the most recent Federal Reserve Statistical
Release H. 15 (519) that has become publicly available at least two Business Days prior to the redemption date or, if such Statistical Release is no longer published, any publicly available source of similar market data) most nearly equal to the period from the redemption date to the maturity date of the Series 2009B1-B Bond to be redeemed; provided, however, that if the period from the redemption date to such maturity date is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

An "Extraordinary Event" will have occurred if a change has occurred to Section 54AA or 6431 of the Code (as such Sections were added by Section 1531 of the Recovery Act, pertaining to "Build America Bonds") pursuant to which the City’s 35% cash subsidy payment from the United States Treasury with respect to the Series 2009B1-B Bonds is reduced or eliminated.

ARTICLE IV

DEPUTY REGISTRAR AND PAYING AGENT

SECTION 4.01. DEPUTY REGISTRAR AND PAYING AGENT. Wells Fargo Bank, National Association, Jacksonville, Florida, is hereby designated as the Deputy Registrar and Paying Agent with respect to the Series 2009B-1 Bonds for purposes of the Ordinance and hereof.

ARTICLE V

SALE OF BONDS

SECTION 5.01. BOND PURCHASE AGREEMENT. The Series 2009B-1 Bonds shall be sold to the Underwriters upon the terms and conditions hereof and of a Bond Purchase Agreement dated as of September ____, 2009 between the City and the Underwriters, through a negotiated sale.

SECTION 5.02. OFFICIAL STATEMENT. The form and context of the Preliminary Official Statement dated as of _________, 2009 for the Series 2009B-1 Bonds (the “POS”) are hereby approved, and the POS is “deemed final”, subject to permitted omissions, on behalf of the City for purposes of Rule 15c2-12 of the Securities and Exchange Commission. The form and content of a final Official Statement, in substantially the form of the POS, with the addition of the marketing terms contained in this Bond Terms Agreement and the Bond Purchase Agreement are approved, and the distribution of the final Official Statement is authorized in connection with the issuance and sale of the Series 2009B-1 Bonds.
IN WITNESS WHEREOF, each of the Mayor and Corporation Secretary of the City of Jacksonville, Florida has caused this Bond Terms Agreement to be executed and delivered as a sealed instrument in all as of September 1, 2009.

CITY OF JACKSONVILLE, FLORIDA

By: _________________________________
   John Peyton, Mayor

(SEAL)

ATTEST:

By: _________________________________
   Neill W. McArthur, Jr.
   Corporation Secretary
# EXHIBIT A-1

TO

BOND TERMS AGREEMENT

[FORM OF SERIES 2009B-1A BOND]

No. R-__

$__________________

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF JACKSONVILLE
SPECIAL REVENUE BOND, SERIES 2009B-1A

<table>
<thead>
<tr>
<th>Interest Rate</th>
<th>Maturity Date</th>
<th>Original Dated Date</th>
<th>CUSIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>October 1,</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

REGISTERED HOLDER:

PRINCIPAL AMOUNT: ____________________________________________ Dollars

The City of Jacksonville, Florida (hereinafter called the “Issuer”), for value received, hereby promises to pay to the Registered Holder identified above, or to registered assigns or legal representatives, but solely from the Covenant Revenues budgeted and appropriated and deposited pursuant to the Ordinance as hereinafter described, and from the Infrastructure Sales Tax revenues deposited pursuant to the Ordinance as hereinafter described, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender hereof at the designated office of Wells Fargo Bank, National Association, Jacksonville, Florida or its successors, as Deputy Registrar and Paying Agent (the “Registrar”), and to pay, solely from such special revenues, interest on the principal sum from the date hereof, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, until payment of the principal sum, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of April and the first day of October of each year, commencing on April 1, 2010. Interest will be paid by check or draft mailed to the Registered Holder hereof at his address as it appears on the registration books of the Issuer maintained by the Registrar at the close of business on the 15th day (whether or not a business day) of the month next preceding the interest payment date (the “Record Date”), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest as established by notice by deposit in the U.S. mail, postage prepaid, by the Issuer to the Registered Holders of Bonds not less than fifteen days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day (whether or not a business day) preceding the date of mailing.
This Bond and the interest hereon is payable solely from and secured by a lien upon and pledge of certain revenues of the Issuer held in the funds and accounts created pursuant to Ordinance No. 2006-888-E finally enacted by the Issuer on September 12, 2006, as supplemented by Ordinance 2009-446-E, finally enacted by the Issuer on August 11, 2009 and as supplemented by a Bond Terms Agreement dated as of September 1, 2009 (collectively, the “Ordinance”) and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Ordinance. All terms used herein in capitalized form and not otherwise defined shall have the meanings ascribed thereto in the Ordinance. Pursuant to the Ordinance, the Issuer has covenanted and agreed, to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its Annual Budget for each Fiscal Year, by amendment, if necessary and to deposit to the credit of the Revenue Account established pursuant to the Ordinance, Covenant Revenues of the Issuer in an amount which together with other legally available funds budgeted and appropriated for such purpose equal to the Debt Service Requirement with respect to all Bonds outstanding under the Ordinance (excluding any other Non-Self Sufficient Debt) for the applicable Fiscal Year, plus an amount sufficient to satisfy all other payment obligations of the Issuer under the Ordinance for the applicable Fiscal Year. “Covenant Revenues” is defined in the Ordinance to mean those revenues of the Issuer that are deposited to the credit of the Issuer’s General Fund derived from any source whatsoever that are legally available for the payment of the obligations of the Issuer under the Ordinance, inclusive of operating transfers from other funds into the General Fund, but exclusive of revenues derived from ad valorem taxation. It shall be assumed for purposes of calculating Covenant Revenues and Self Sufficient Debt that amounts required to be transferred from the Issuer’s General Fund to community redevelopment trust funds pursuant to Section 163.387, Florida Statutes or for other purposes for which tax increment revenues are pledged or committed, will come from revenues derived from ad valorem taxation and not from Covenant Revenues. Such covenant and agreement on the part of the Issuer to budget and appropriate sufficient amounts of Covenant Revenues shall be cumulative, and shall continue until such Covenant Revenues in amounts, together with any other legally available revenues budgeted and appropriated for such purposes, sufficient to make all required payments under the Ordinance as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the appropriate funds and accounts under the Ordinance; provided, however, that such covenant shall not constitute a lien, either legal or equitable, on any of the Issuer’s Covenant Revenues or other revenues, nor shall it preclude the Issuer from pledging in the future any of its Covenant Revenues or other revenues to other obligations, nor shall it give the Bondholders a prior claim on the Covenant Revenues. Anything herein or in the Ordinance to the contrary notwithstanding, all obligations of the Issuer under the Ordinance shall be secured only by the Covenant Revenues and other legally available funds actually budgeted and appropriated and deposited into the funds and accounts created under the Ordinance, as provided for therein, and by the Infrastructure Sales Tax revenues actually deposited into the Better Jacksonville Revenue Fund pursuant to the Ordinance. The Issuer may not expend moneys not appropriated or in excess of its current budgeted revenues. The obligation of the Issuer to budget, appropriate and make payments hereunder from its Covenant Revenues is subject to the availability of Covenant Revenues in the General Fund of the Issuer after satisfying funding
requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the Issuer.

Reference is hereby made to the Ordinance for the provisions, among others, relating to the terms, lien and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Holders of the Bonds, the extent of and limitations, on the Issuer’s rights, duties and obligations, and the provisions permitting the issuance of additional parity indebtedness, to all of which provisions the Registered Holder hereof for himself and his successors in interest assents by acceptance of this Bond.

This Bond shall not be deemed to constitute a debt or a pledge of the faith and credit or taxing power of the Issuer, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation. Nothing herein or in the Ordinance shall be deemed to create a pledge of or lien on Covenant Revenues, the Infrastructure Sales Tax revenues, the ad valorem tax revenues or any other revenues of the Issuer, or permit or constitute a mortgage or lien upon any assets owned by the Issuer. It is expressly agreed by the Registered Holder of this Bond that such Registered Holder shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for any purpose, including, without limitation, for the payment of the principal of and interest or premium on this Bond or for the payment of any other amounts provided for in the Ordinance, nor shall the Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the Issuer.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of $__________, of like date, tenor and effect, except as to number, maturity and interest rate, issued to finance a portion of the costs of various capital improvements comprising the Better Jacksonville Projects, as described in the Ordinance, pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Ordinance, Article VIII, Section 2, Constitution of the State of Florida, Sections 159.11 and 212.055(2) and Chapters 125 and 166, Florida Statutes, and the Issuer’s Charter. This Bond is also subject to the terms and conditions of the Ordinance.

The Bonds of this issue are subject to redemption prior to their maturity [Insert Applicable Redemption Provisions from Bond Terms Agreement].

Notice of such redemption shall be given in the manner required by the Ordinance.

The registration of this Bond may be transferred upon the registration books upon delivery to the designated office of the Registrar accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the owner of this Bond or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of this Bond, along with the social security number or federal employer identification number of such transferee. In all cases of a transfer of a Bond,
The Registrar shall at the earliest practical time in accordance with the provisions of the Ordinance enter the transfer of ownership in the registration books and shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. The Issuer and the Registrar may charge the owner of such Bond for the registration of every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the designated corporate trust office of the Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

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 hereto, and that the issuance of the Bonds of this Series does not violate any constitutional or statutory limitation or provision.

Neither the members of the governing body of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication endorsed hereon shall have been signed by the Registrar.
IN WITNESS WHEREOF, the City of Jacksonville, Florida, has issued this Bond and has caused the same to be signed by its Mayor and attested to and countersigned by its Corporation Secretary, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be reproduced hereon, all as of the Original Dated Date set forth above.

CITY OF JACKSONVILLE, FLORIDA

By: ________________________________
    Mayor

[SEAL]

Attested and Countersigned:

By: ________________________________
    Corporation Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated in and executed under the provisions of the within mentioned Ordinance.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: ________________________________
    Authorized Officer

Date of Authentication:
ASSIGNMENT

FOR VALUE RECEIVED, the undersigned _________________________ (the “Transferor), hereby sells, assigns and transfers unto (the ______________________ (the “Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF TRANSFEE

The within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ______________________ as attorney to register the transfer of the within Bond on the books kept for registration and registration of transfer thereof, with full power of substitution in the premises.

Date: ______________________

____________________________
Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name 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 Federal Employer Identification Number of the Transferee is supplied.
EXHIBIT A-2
TO
BOND TERMS AGREEMENT

[FORM OF SERIES 2009B-1B BOND]

No. R-__ $__________________

UNITED STATES OF AMERICA
STATE OF FLORIDA
CITY OF JACKSONVILLE
TAXABLE SPECIAL REVENUE BOND, SERIES 2009B-1B
(DIRECT PAYMENT BUILD AMERICA BOND)

Interest Rate Maturity Date Original Dated Date CUSIP
% October 1,

REGISTERED HOLDER:

PRINCIPAL AMOUNT: ________________________________ Dollars

The City of Jacksonville, Florida (hereinafter called the “Issuer”), for value received, hereby promises to pay to the Registered Holder identified above, or to registered assigns or legal representatives, but solely from the Covenant Revenues budgeted and appropriated and deposited pursuant to the Ordinance as hereinafter described, and from the Infrastructure Sales Tax revenues deposited pursuant to the Ordinance as hereinafter described, on the Maturity Date identified above (or earlier as hereinafter provided), the Principal Amount identified above, upon presentation and surrender hereof at the designated office of Wells Fargo Bank, National Association, Jacksonville, Florida or its successors, as Deputy Registrar and Paying Agent (the “Registrar”), and to pay, solely from such special revenues, interest on the principal sum from the date hereof, or from the most recent interest payment date to which interest has been paid, at the Interest Rate per annum identified above, until payment of the principal sum, or until provision for the payment thereof has been duly provided for, such interest being payable semiannually on the first day of April and the first day of October of each year, commencing on April 1, 2010. Interest will be paid by check or draft mailed to the Registered Holder hereof at his address as it appears on the registration books of the Issuer maintained by the Registrar at the close of business on the 15th day (whether or not a business day) of the month next preceding the interest payment date (the “Record Date”), irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the Issuer shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name such Bond is registered at the close of business on a special record date for the payment of such defaulted interest as established by notice by deposit in the U.S. mail, postage prepaid, by the Issuer to the Registered Holders of Bonds not less than fifteen days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of
business on the fifth (5th) day (whether or not a business day) preceding the date of mailing.

This Bond and the interest hereon is payable solely from and secured by a lien upon and pledge of certain revenues of the Issuer held in the funds and accounts created pursuant to Ordinance No. 2006-888-E finally enacted by the Issuer on September 12, 2006, as supplemented by Ordinance 2009-446-E, finally enacted by the Issuer on August 11, 2009 and as supplemented by a Bond Terms Agreement dated as of September 1, 2009 (collectively, the “Ordinance”) and certain other funds and investment earnings thereon, all in the manner and to the extent provided in the Ordinance. All terms used herein in capitalized form and not otherwise defined shall have the meanings ascribed thereto in the Ordinance. Pursuant to the Ordinance, the Issuer has covenanted and agreed, to the extent permitted by and in accordance with applicable law and budgetary processes, to prepare, approve and appropriate in its Annual Budget for each Fiscal Year, by amendment, if necessary and to deposit to the credit of the Revenue Account established pursuant to the Ordinance, Covenant Revenues of the Issuer in an amount which together with other legally available funds budgeted and appropriated for such purpose equal to the Debt Service Requirement with respect to all Bonds outstanding under the Ordinance (excluding any other Non-Self Sufficient Debt) for the applicable Fiscal Year, plus an amount sufficient to satisfy all other payment obligations of the Issuer under the Ordinance for the applicable Fiscal Year. “Covenant Revenues” is defined in the Ordinance to mean those revenues of the Issuer that are deposited to the credit of the Issuer’s General Fund derived from any source whatsoever that are legally available for the payment of the obligations of the Issuer under the Ordinance, inclusive of operating transfers from other funds into the General Fund, but exclusive of revenues derived from ad valorem taxation. It shall be assumed for purposes of calculating Covenant Revenues and Self Sufficient Debt that amounts required to be transferred from the Issuer’s General Fund to community redevelopment trust funds pursuant to Section 163.387, Florida Statutes or for other purposes for which tax increment revenues are pledged or committed, will come from revenues derived from ad valorem taxation and not from Covenant Revenues. Such covenant and agreement on the part of the Issuer to budget and appropriate sufficient amounts of Covenant Revenues shall be cumulative, and shall continue until such Covenant Revenues in amounts, together with any other legally available revenues budgeted and appropriated for such purposes, sufficient to make all required payments under the Ordinance as and when due, including any delinquent payments, shall have been budgeted, appropriated and actually paid into the appropriate funds and accounts under the Ordinance; provided, however, that such covenant shall not constitute a lien, either legal or equitable, on any of the Issuer’s Covenant Revenues or other revenues, nor shall it preclude the Issuer from pledging in the future any of its Covenant Revenues or other revenues to other obligations, nor shall it give the Bondholders a prior claim on the Covenant Revenues. Anything herein or in the Ordinance to the contrary notwithstanding, all obligations of the Issuer under the Ordinance shall be secured only by the Covenant Revenues and other legally available funds actually budgeted and appropriated and deposited into the funds and accounts created under the Ordinance, as provided for therein, and by the Infrastructure Sales Tax revenues actually deposited into the Better Jacksonville Revenue Fund pursuant to the Ordinance. The Issuer may not expend moneys not appropriated or in excess of its current budgeted revenues. The obligation of the Issuer to budget, appropriate and make payments hereunder from its Covenant Revenues is subject to the availability of
Covenant Revenues in the General Fund of the Issuer after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the Issuer.

Reference is hereby made to the Ordinance for the provisions, among others, relating to the terms, lien and security of the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the Registered Holders of the Bonds, the extent of and limitations, on the Issuer’s rights, duties and obligations, and the provisions permitting the issuance of additional parity indebtedness, to all of which provisions the Registered Holder hereof for himself and his successors in interest assents by acceptance of this Bond.

This Bond shall not be deemed to constitute a debt or a pledge of the faith and credit or taxing power of the Issuer, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation. Nothing herein or in the Ordinance shall be deemed to create a pledge of or lien on Covenant Revenues, the Infrastructure Sales Tax revenues, the ad valorem tax revenues or any other revenues of the Issuer, or permit or constitute a mortgage or lien upon any assets owned by the Issuer. It is expressly agreed by the Registered Holder of this Bond that such Registered Holder shall never have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the Issuer or any other political subdivision of the State of Florida or taxation in any form on any real or personal property for any purpose, including, without limitation, for the payment of the principal of and interest or premium on this Bond or for the payment of any other amounts provided for in the Ordinance, nor shall the Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the Issuer.

This Bond is one of an authorized issue of Bonds in the aggregate principal amount of $__________, of like date, tenor and effect, except as to number, maturity and interest rate, issued to finance a portion of the costs of various capital improvements comprising the Better Jacksonville Projects, as described in the Ordinance, pursuant to the authority of and in full compliance with the Constitution and laws of the State of Florida, including particularly the Ordinance, Article VIII, Section 2, Constitution of the State of Florida, Sections 159.11 and 212.055(2) and Chapters 125 and 166, Florida Statutes, and the Issuer’s Charter. This Bond is also subject to the terms and conditions of the Ordinance.

The Bonds of this issue are subject to redemption prior to their maturity [Insert Applicable Redemption Provisions from Bond Terms Agreement].

Notice of such redemption shall be given in the manner required by the Ordinance.

The registration of this Bond may be transferred upon the registration books upon delivery to the designated office of the Registrar accompanied by a written instrument or instruments of transfer in form and with guaranty of signature satisfactory to the Registrar, duly executed by the owner of this Bond or by his attorney-in-fact or legal representative, containing written instructions as to the details of transfer of this Bond, along with the social security number or federal
employer identification number of such transferee. In all cases of a transfer of a Bond, The Registrar shall at the earliest practical time in accordance with the provisions of the Ordinance enter the transfer of ownership in the registration books and shall deliver in the name of the new transferee or transferees a new fully registered Bond or Bonds of the same maturity and of authorized denomination or denominations, for the same aggregate principal amount and payable from the same source of funds. The Issuer and the Registrar may charge the owner of such Bond for the registration of every such transfer of a Bond an amount sufficient to reimburse them for any tax, fee or any other governmental charge required (other than by the Issuer) to be paid with respect to the registration of such transfer, and may require that such amounts be paid before any such new Bond shall be delivered.

If the date for payment of the principal of, premium, if any, or interest on this Bond shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the city where the designated corporate trust office of the Registrar is located are authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized to close, and payment on such day shall have the same force and effect as if made on the nominal date of payment.

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 hereto, and that the issuance of the Bonds of this Series does not violate any constitutional or statutory limitation or provision.

Neither the members of the governing body of the Issuer nor any person executing the Bonds shall be liable personally on the Bonds by reason of their issuance.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Ordinance until the Certificate of Authentication endorsed hereon shall have been signed by the Registrar.
IN WITNESS WHEREOF, the City of Jacksonville, Florida, has issued this Bond and has caused the same to be signed by its Mayor and attested to and countersigned by its Corporation Secretary, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be reproduced hereon, all as of the Original Dated Date set forth above.

CITY OF JACKSONVILLE, FLORIDA

By: ________________________________
   Mayor

[SEAL]

Attested and Countersigned:

By: ________________________________
   Corporation Secretary

CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds designated in and executed under the provisions of the within mentioned Ordinance.

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: ________________________________
   Authorized Officer

Date of Authentication:
ASSIGNMENT

FOR VALUE RECEIVED, the undersigned _________________________ (the “Transferor), hereby sells, assigns and transfers unto (the ______________________ (the “Transferee)

PLEASE INSERT SOCIAL SECURITY OR OTHER IDENTIFYING NUMBER OF TRANSFEE

The within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints ________________________________ as attorney to register the transfer of the within Bond on the books kept for registration and registration of transfer thereof, with full power of substitution in the premises.

Date: ______________________

____________________________
Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

NOTICE: No transfer will be registered and no new Bond will be issued in the name of the Transferee, unless the signature(s) to this assignment correspond(s) with the name 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 Federal Employer Identification Number of the Transferee is supplied.
APPENDIX D

FORMS OF BOND COUNSEL OPINIONS
September 30, 2009

Mayor and City Council Members of
the City of Jacksonville, Florida
Jacksonville, Florida

$52,090,000
CITY OF JACKSONVILLE, FLORIDA
SPECIAL REVENUE BONDS, SERIES 2009B-1A

Ladies and Gentlemen:

We have served as Bond Counsel to the City of Jacksonville, Florida (the "City") in connection with the issuance and sale by the City of its $52,090,000 Special Revenue Bonds, Series 2009B-1A (the "Series 2009B-1A Bonds") pursuant to and under the authority of Sections 159.11 and 212.055(2) and Chapters 125 and 166, Florida Statutes, Article VIII, Section 2 of the Constitution of the State of Florida, the City Charter and other applicable provisions of law, and Ordinance 2006-888-E of the City (which repealed and superseded Ordinance 2005-1086-E) enacted on September 12, 2006 and Ordinance 2009-446-E enacted on August 11, 2009, as supplemented by a Bond Terms Agreement dated as of September 1, 2009 (collectively, the "Bond Ordinance"). In such capacity, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. All capitalize undefined terms used herein shall have the meaning set forth in the Bond Ordinance.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Bond Ordinance and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the Office of General Counsel of the City, as to the due creation and valid existence of the City, the due enactment of the Bond Ordinance, the due execution and delivery of the Series 2009B-1A Bonds and the compliance by the City with all conditions contained in ordinances of the City precedent to the issuance of the Series 2009B-1A Bonds.
Pursuant to the Bond Ordinance, the principal of, premium, if any, and interest on the Bonds shall be payable from revenues of the City that are deposited into the City's General Fund derived from any source whatsoever that are legally available for the payment of obligations of the City but exclusive of revenues derived from ad valorem taxation (the "Covenant Revenues") which the City budgets and appropriates annually for such purposes and deposits in the funds and accounts created pursuant to the Bond Ordinance, all in the manner and to the extent provided in the Bond Ordinance.

The Series 2009B-1A Bonds are additionally payable from Infrastructure Sales Tax revenues in the manner and with the priority of payment and to the extent provided in the Bond Ordinance.

The Bondholders will not have a lien on or a pledge of the Covenant Revenues until such funds are budgeted, appropriated and deposited into the funds and accounts created pursuant to the Bond Ordinance. The obligation of the City to budget and appropriate Covenant Revenues for the payment of the Series 2009B-1A Bonds is subject to certain budgetary processes and to the availability of Covenant Revenues in its General Fund after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the City.

The Bondholders will not have a lien on the Infrastructure Sales Tax revenues until such funds are deposited in the Better Jacksonville Revenue Fund under the Bond Ordinance, after making all prior required payments as provided in the Bond Ordinance.

The Series 2009B-1A Bonds shall not be deemed to constitute a general debt, liability or obligation, or a pledge of the faith and credit of the City, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation. Nothing in the Bond Ordinance shall be deemed to create a pledge of or lien on the Covenant Revenues, the Infrastructure Sales Tax Revenues, the ad valorem tax revenues, or any other revenues of the City, or permit or constitute a mortgage or lien upon any assets owned by the City. The Registered Owners of the Series 2009B-1A Bonds shall not have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City or any other political subdivision of the State of Florida or taxation in any form on any real or personal property or the use or application of ad valorem tax proceeds for any purpose, including, without limitation, for the payment of the principal of and interest or premium on the Series 2009B-1A Bonds or for the payment of any other amounts provided for in the Bond Ordinance or to maintain or continue any of the activities of the City which generate user service charges, regulatory fees or any other Covenant Revenues, nor shall the Series 2009B-1A Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the City.
The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that:

(i) The Bond Ordinance constitutes a valid and binding obligation of the City, enforceable against the City in accordance with its terms. The covenant to budget and appropriate contained in Section 8.01 of Ordinance 2006-888-E imposes a duty to budget and appropriate from the Covenant Revenues of the City, if necessary by amendment, to the extent permitted by and in accordance with budgetary procedures and limitations provided by applicable law, amounts sufficient to meet its obligations under the Bond Ordinance. The obligations of the City under the Bond Ordinance are, however, subject to the availability of money in the General Fund after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the City, and to other restrictions of Sections 129.07 and 166.241, Florida Statutes, which make it unlawful for any county or municipality, respectively, to expend moneys not appropriated or in excess of such county or municipality’s current budgeted revenues. Subject to such limitations, the City’s obligations are cumulative and would carry over from Fiscal Year to Fiscal Year.

The covenant to budget and appropriate as contained in the Bond Ordinance does not create any lien upon or pledge of, or give the Bondholders a claim on the Covenant Revenues prior to claims of general creditors of the City determined and liquidated as to amount prior to the time an appropriated amount is deposited in the funds and accounts created pursuant to the Bond Ordinance, nor does it preclude the City from pledging in the future its Covenant Revenues, nor does it require the City to levy and collect any particular Covenant Revenues or to continue services giving rise to such revenues.

(ii) The Series 2009B-1A Bonds are valid and legally binding special obligations of the City, payable solely from Covenant Revenues, the Infrastructure Sales Tax revenues, and other legally available revenues of the City actually budgeted and appropriated for payment thereof and deposited in the funds and accounts created pursuant to the Bond Ordinance, and the funds, if any, on deposit in the 2009B Reserve Subaccount, all in the manner and to the extent provided in the Bond Ordinance.

(iii) Interest on the Series 2009B-1A Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; additionally, such interest is not taken into account in determining adjusted current earnings for purposes of computing the alternative minimum tax on corporations. The opinion set forth in the preceding sentence is subject to the
condition that the City complies with all requirements of the Internal Revenue Code of 1986, as amended, (the "Code") that must be satisfied subsequent to the issuance of the Series 2009B-1A Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The City has covenanted in the Bond Ordinance to comply with all such requirements. Failure to comply with certain of such requirements may cause interest on the Series 2009B-1A Bonds to be included in gross income for federal income tax purposes retroactively to the date of issuance of the Series 2009B-1A Bonds.

It is to be understood that the rights of the owners of the Series 2009B-1A Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Official Statement or any other offering material relating to the Series 2009B-1A Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the Series 2009B-1A Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Series 2009B-1A Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the City or the underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Series 2009B-1A Bonds or regarding the perfection or priority of the lien on the revenues of the City budgeted and appropriated and deposited in the funds and accounts created by the Bond Ordinance. Further, we express no opinion regarding federal income or state tax consequences arising with respect to the Series 2009B-1A Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Sincerely yours,
September 30, 2009

Mayor and City Council Members of the City of Jacksonville
Jacksonville, Florida

$55,925,000
CITY OF JACKSONVILLE, FLORIDA
TAXABLE SPECIAL REVENUE BONDS, SERIES 2009B-1B
(DIRECT PAYMENT BUILD AMERICA BONDS)

Ladies and Gentlemen:

We have served as Bond Counsel to the City of Jacksonville, Florida (the "City") in connection with the issuance and sale by the City of its $55,925,000 Taxable Special Revenue Bonds, Series 2009B-1B (Direct Payment Build America Bonds) (the "Series 2009B-1B Bonds") pursuant to and under the authority of Sections 159.11 and 212.055(2) and Chapters 125 and 166, Florida Statutes, Article VIII, Section 2 of the Constitution of the State of Florida, the City Charter and other applicable provisions of law, and Ordinance 2006-888-E of the City (which repealed and superseded Ordinance 2005-1086-E) enacted on September 12, 2006 and Ordinance 2009-446-E enacted on August 11, 2009, as supplemented by a Bond Terms Agreement dated as of September 1, 2009 (collectively, the "Bond Ordinance"). In such capacity, we have examined such law and certified proceedings, certifications and other documents as we have deemed necessary to render this opinion. All capitalize undefined terms used herein shall have the meaning set forth in the Bond Ordinance.

As to questions of fact material to our opinion, we have relied upon representations of the City contained in the Bond Ordinance and in the certified proceedings and other certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation. We have not undertaken an independent audit, examination, investigation or inspection of such matters and have relied solely on the facts, estimates and circumstances described in such proceedings and certifications. We have assumed the genuineness of signatures on all documents and instruments, the authenticity of documents submitted as originals and the conformity to originals of documents submitted as copies.

In rendering this opinion, we have examined and relied upon the opinion of even date herewith of the Office of General Counsel of the City, as to the due creation and valid existence of the City, the due enactment of the Bond Ordinance, the due execution and delivery of the Series 2009B-1B Bonds and the compliance by the City with all conditions contained in ordinances of the City precedent to the issuance of the Series 2009B-1B Bonds.
Pursuant to the Bond Ordinance, the principal of, premium, if any, and interest on the Bonds shall be payable from revenues of the City that are deposited into the City's General Fund derived from any source whatsoever that are legally available for the payment of obligations of the City but exclusive of revenues derived from ad valorem taxation (the "Covenant Revenues") which the City budgets and appropriates annually for such purposes and deposits in the funds and accounts created pursuant to the Bond Ordinance, all in the manner and to the extent provided in the Bond Ordinance.

The Series 2009B-1B Bonds are additionally payable from Infrastructure Sales Tax revenues in the manner and with the priority of payment and to the extent provided in the Bond Ordinance.

The Bondholders will not have a lien on or a pledge of the Covenant Revenues until such funds are budgeted, appropriated and deposited into the funds and accounts created pursuant to the Bond Ordinance. The obligation of the City to budget and appropriate Covenant Revenues for the payment of the Series 2009B-1B Bonds is subject to certain budgetary processes and to the availability of Covenant Revenues in its General Fund after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the City.

The Bondholders will not have a lien on the Infrastructure Sales Tax revenues until such funds are deposited in the Better Jacksonville Revenue Fund under the Bond Ordinance, after making all prior required payments as provided in the Bond Ordinance.

The Series 2009B-1B Bonds shall not be deemed to constitute a general debt, liability or obligation, or a pledge of the faith and credit of the City, the State of Florida or any political subdivision thereof within the meaning of any constitutional, legislative or charter provision or limitation. Nothing in the Bond Ordinance shall be deemed to create a pledge of or lien on the Covenant Revenues, the Infrastructure Sales Tax Revenues, the ad valorem tax revenues, or any other revenues of the City, or permit or constitute a mortgage or lien upon any assets owned by the City. The Registered Owners of the Series 2009B-1B Bonds shall not have the right, directly or indirectly, to require or compel the exercise of the ad valorem taxing power of the City or any other political subdivision of the State of Florida or taxation in any form on any real or personal property or the use or application of ad valorem tax proceeds for any purpose, including, without limitation, for the payment of the principal of and interest or premium on the Series 2009B-1B Bonds or for the payment of any other amounts provided for in the Bond Ordinance or to maintain or continue any of the activities of the City which generate user service charges, regulatory fees or any other Covenant Revenues, nor shall the Series 2009B-1B Bonds constitute a charge, lien or encumbrance, either legal or equitable, on any property, assets or funds of the City.
The opinions set forth below are expressly limited to, and we opine only with respect to, the laws of the State of Florida and the federal income tax laws of the United States of America.

Based upon and subject to the foregoing, we are of the opinion that:

(i) The Bond Ordinance constitutes a valid and binding obligation of the City, enforceable against the City in accordance with its terms. The covenant to budget and appropriate contained in Section 8.01 of Ordinance 2006-888-E imposes a duty to budget and appropriate from the Covenant Revenues of the City, if necessary by amendment, to the extent permitted by and in accordance with budgetary procedures and limitations provided by applicable law, amounts sufficient to meet its obligations under the Bond Ordinance. The obligations of the City under the Bond Ordinance are, however, subject to the availability of money in the General Fund after satisfying funding requirements for obligations having an express lien on or pledge of such revenues and after satisfying funding requirements for essential governmental services of the City, and to other restrictions of Sections 129.07 and 166.241, Florida Statutes, which make it unlawful for any county or municipality, respectively, to expend moneys not appropriated or in excess of such county or municipality's current budgeted revenues. Subject to such limitations, the City's obligations are cumulative and would carry over from Fiscal Year to Fiscal Year.

The covenant to budget and appropriate as contained in the Bond Ordinance does not create any lien upon or pledge of, or give the Bondholders a claim on the Covenant Revenues prior to claims of general creditors of the City determined and liquidated as to amount prior to the time an appropriated amount is deposited in the funds and accounts created pursuant to the Bond Ordinance, nor does it preclude the City from pledging in the future its Covenant Revenues, nor does it require the City to levy and collect any particular Covenant Revenues or to continue services giving rise to such revenues.

(ii) The Series 2009B-1B Bonds are valid and legally binding special obligations of the City, payable solely from Covenant Revenues, the Infrastructure Sales Tax revenues, and other legally available revenues of the City actually budgeted and appropriated for payment thereof and deposited in the funds and accounts created pursuant to the Bond Ordinance, and the funds, if any, on deposit in the 2009B Reserve Subaccount, all in the manner and to the extent provided in the Bond Ordinance.

(iii) Interest on the Series 2009B-1B Bonds is included in gross income for federal income tax purposes under Sector 54AA(f) of the Internal Revenue Code of 1986, as amended (the “Code”). The Series 2009B-1B Bonds are “build America bonds” under Section 54AA(d) of the Code and are “qualified bonds” under Section 54AA(g) of the Code. This opinion is not intended or written to be used, and cannot be used, by a holder of a 2009B-1B Bond for purposes of avoiding federal
income tax penalties that may be imposed on the holder of such 2009B-1B Bond. The opinion set forth in this paragraph is provided to support the promotion or marketing of the 2009B-1B Bonds. Each holder of the 2009B-1B Bonds should seek advice based on such holder’s particular circumstances from an independent tax advisor. We express no opinion as to any other tax consequences regarding the 2009B-1B Bonds. The opinion set forth in the preceding sentence is subject to the condition that the City complies with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2009B-1B Bonds in order that the Series 2009B-1B Bonds will continue to qualify as “build America Bonds” and “qualified bonds”. Failure to comply with certain of such requirements may cause the City to lose its entitlement to the credit as provided in Section 6431 of the Code.

It is to be understood that the rights of the owners of the Series 2009B-1B Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and of the constitutional powers of the United States of America and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted.

For purposes of this opinion, we have not been engaged or undertaken to review and, therefore, express no opinion herein regarding the accuracy, completeness or adequacy of the Official Statement or any other offering material relating to the Series 2009B-1B Bonds. This opinion should not be construed as offering material, an offering circular, prospectus or official statement and is not intended in any way to be a disclosure statement used in connection with the sale or delivery of the Series 2009B-1B Bonds. Furthermore, we are not passing on the accuracy or sufficiency of any CUSIP numbers appearing on the Series 2009B-1B Bonds. In addition, we have not been engaged to and, therefore, express no opinion as to compliance by the City or the underwriters with any federal or state statute, regulation or ruling with respect to the sale and distribution of the Series 2009B-1B Bonds or regarding the perfection or priority of the lien on the revenues of the City budgeted and appropriated and deposited in the funds and accounts created by the Bond Ordinance. Further, we express no opinion regarding federal income or state tax consequences arising with respect to the Series 2009B-1B Bonds other than as expressly set forth herein.

Our opinions expressed herein are predicated upon present law, facts and circumstances, and we assume no affirmative obligation to update the opinions expressed herein if such laws, facts or circumstances change after the date hereof.

Sincerely yours,
APPENDIX E

FORM OF CONTINUING DISCLOSURE CERTIFICATE
[THIS PAGE INTENTIONALLY LEFT BLANK]
CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the City of Jacksonville, Florida (the "Issuer") in connection with the issuance of its $52,090,000 Special Revenue Bonds, Series 2009B-1A and its $55,925,000 Taxable Special Revenue Bonds, Series 2009B-1B (Direct Payment Build America Bonds) (collectively, the "Bonds"). The Bonds are being issued pursuant to Ordinance 2006-888-E enacted on September 12, 2006, as supplemented and amended from time to time, and as particularly supplemented by Ordinance No. 2009-446-E enacted on August 11, 2009 (collectively, the “Bond Ordinance”).

SECTION 1. PURPOSE OF THE DISCLOSURE CERTIFICATE. This Disclosure Certificate is being executed and delivered by the Issuer for the benefit of the Holders and Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with the continuing disclosure requirements of Securities and Exchange Commission Rule 15c2-12.

SECTION 2. DEFINITIONS. In addition to the definitions set forth in the Bond Ordinance which apply to any capitalized term used in this Disclosure Certificate, unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

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

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

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"Participating Underwriters" shall mean the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each entity authorized and approved by the Securities and Exchange Commission to act as a repository for purposes of complying with the Rule. The Repositories currently approved by the Securities and Exchange Commission may be found by visiting the Securities and Exchange Commission’s website at "http://www.sec.gov/info/municipal/nrmsir.htm."
"Rule" shall mean the continuing disclosure requirements of Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State" shall mean the State of Florida.

SECTION 3. PROVISION OF ANNUAL REPORTS.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than each April 30th, commencing April 30, 2010 with respect to the report for the fiscal year ended September 30, 2009, provide to any Repository in electronic format as prescribed by such Repository, an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date provided, further, in such event unaudited financial statements are required to be delivered as part of the Annual Report in accordance with Section 4(a) below. If the Issuer’s fiscal year changes, it shall give notice of such change in the same manner as for a Listed Event under Section 5(c).

(b) Not later than fifteen (15) Business Days prior to the date set forth in (a) above, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). If the Issuer is unable to provide to any Repository and the Insurer an Annual Report as required in subsection (a), the Issuer shall send a notice to any Repository, in electronic format as prescribed by such Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

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

(ii) if the Dissemination Agent is other than the Issuer, file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing any Repository, and the Insurer to which it was provided.
SECTION 4. CONTENT OF ANNUAL REPORTS. The Issuer’s Annual Report shall contain or include by reference the following:

(a) the audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement dated September 24, 2009 (the “Official Statement”), and the audited financial statements shall be filed in the same manner as the Annual Report when they become available; and

(b) updates of information set forth in the Official Statement relating to the captions entitled "City of Jacksonville, Florida General Fund Schedule of Revenues and Expenditures" and CALCULATION OF COVENANT REVENUES AND ANTI-DILUTION TEST LIMITATION.”

(c) description of any indebtedness payable in whole or in part from the Pledged Funds (as defined in the Official Statement).

The information provided under Section 4(b) may be included by specific reference to documents, including official statements of debt issues of the Issuer or related public entities, which are available to the public on the Repository’s Internet Web site or filed with the Securities and Exchange Commission.

SECTION 5. REPORTING OF SIGNIFICANT EVENTS.

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

1. principal and interest payment delinquencies;

2. non-payment related defaults;

3. unscheduled draws on the debt service reserves reflecting financial difficulties;

4. unscheduled draws on credit enhancements reflecting financial difficulties;

5. substitution of credit or liquidity providers, or their failure to perform;
6. adverse tax opinions or events affecting the tax-exempt status of the Bonds;

7. modifications to rights of the holders of the Bonds;

8. Bond calls (other than scheduled mandatory redemption);

9. defeasances;

10. release, substitution, or sale of property securing repayment of the Bonds; and

11. ratings changes; and

12. notice of any failure on the part of the Issuer to meet the requirements of Section 3 hereof.

(b) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall promptly determine if such event would be material under applicable federal securities laws; provided, however, that any event under clauses 1, 4, 5, 6, 10 and 11 above shall always be deemed to be material.

(c) If the Issuer determines that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the Issuer shall promptly file a notice of such occurrence with (i) any Repository, in electronic format as prescribed by such Repository, and (ii) the Insurer.

SECTION 6. IDENTIFYING INFORMATION. In accordance with the Rule, all disclosure filings submitted in pursuance to this Disclosure Certificate to any Repository must be accompanied by identifying information as prescribed by the Repository. Such information may include, but not be limited to:

(a) the category of information being provided;
(b) the period covered by any annual financial information, financial statement or other financial information or operation data;
(c) the issues or specific securities to which such documents are related (including CUSIPs, issuer name, state, issue description/securities name, dated date, maturity date, and/or coupon rate);
(d) the name of any obligated person other than the Issuer;
(e) the name and date of the document being submitted; and
(f) contact information for the submitter.
SECTION 7. TERMINATION OF REPORTING OBLIGATION. The Issuer’s obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds or if the Rule is repealed or no longer in effect. If such termination occurs prior to the final maturity of the Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5(c).

SECTION 8. DISSEMINATION AGENT. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Certificate. The initial Dissemination Agent shall be the Issuer.

SECTION 9. AMENDMENT; WAIVER. Notwithstanding any other provision of this Disclosure Certificate, the Issuer may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of the Issuer, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the holders or Beneficial Owners of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of holders or Beneficial Owners, or (ii) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the holders or Beneficial Owners of the Bonds.

Notwithstanding the foregoing, the Issuer shall have the right to adopt amendments to this Disclosure Certificate necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time.

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

SECTION 10. ADDITIONAL INFORMATION. Nothing in this Disclosure Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. DEFAULT. In the event of a failure of the Issuer to comply with any provision of this Disclosure Certificate, any holder or Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Certificate; provided, however, the sole remedy under this Disclosure Certificate in the event of any failure of the Issuer to comply with the provisions of this Disclosure Certificate shall be an action to compel performance. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution.

SECTION 12. DUTIES, IMMUNITIES AND LIABILITIES OF DISSEMINATION AGENT. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.
SECTION 13. BENEFICIARIES. This Disclosure Certificate shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and holders and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Dated as of September 30, 2009.

CITY OF JACKSONVILLE, FLORIDA

By:__________________________________________

John Peyton, Mayor

By:__________________________________________

G. Michael Miller, Chief Financial Officer

By:__________________________________________

Michael R. Givens, Treasurer
EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: City of Jacksonville, Florida

Name of Bond Issue: Special Revenue Bonds, Series 2009B-1A and Taxable Special Revenue Bonds, Series 2009B-1B (Direct Payment Build America Bonds)

Date of Issuance: September 30, 2009

NOTICE IS HEREBY GIVEN that the Issuer has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4(b) of the Continuing Disclosure Certificate dated as of September 30, 2009. The Issuer anticipates that the Annual Report will be filed by ________________________________.

Dated:__________________

[DISSEMINATION AGENT]

By:_________________________________________
Name:_________________________________________
Title:_________________________________________