

July 16, 2018

Mr. Mark S. Woodward  
County Administrator  
Pinellas County  
315 Court Street, Room 601  
Clearwater, Florida 33756

Re: Pinellas County, Florida Sewer Revenue Bonds, Series 2008A (the “Series 2008A Bonds”) and Pinellas County, Florida Sewer Revenue Refunding Bond, Series 2008B-1 (the “Series 2008B-1 Bonds”)

Dear Mr. Woodward:

I have received your letter dated May 30, 2018 regarding the Bank’s adjustment to the interest rate of the above referenced Series 2008A Bond and Series 2008B-1 Bond (collectively, the “Bonds”). The Bank confirms its original position set forth in its original letter dated January 9, 2018 and e-mail dated May 9, 2018, that the Bonds and related documentation allow for an adjustment to the interest rate in order to take into account the decrease in the federal corporate tax rate from 35% to 21% effective January 1, 2018. This adjustment does not impact the fixed nature of the interest rate of the Bonds. The interest rate is fixed, but subject to customary adjustments, as set forth in Bonds.

Each Bond provides that: “for so long as this Bond is owned by the Registered Holder, the Interest Rate set forth above assumes a maximum corporate tax rate of 35%. In the event of a change in the maximum corporate tax rate, so long as this Bond is held by the Registered Holder, or its successors or assigns, the Registered Holder shall have the right to adjust such Interest Rate in order to maintain the same after-tax yield.”

The rate of interest on the Bonds was a discounted interest rate in recognition of the subsidy bestowed by Congress, received by Bank as an exemption on interest earned and passed along to governmental borrowers such as the County in the form of a lower rate of interest on their debt obligations. The Bonds, per the language quoted above, provide for adjustment in the tax exempt interest rate (i.e., a reduction in the discount afforded due to the tax exemption) if the value of that tax exemption is reduced by a systemic change in the corporate tax rate, not just a change in the Bank’s effective tax rate. When Congress decided to reduce the corporate tax rate effective January 1, 2018, the intended effect was to increase the net-of-tax return to corporations such as the Bank. The indirect consequence was to reduce the subsidy (i.e., the discount on borrowing) to

governmental borrowers which impacts the yield on the Bonds. To not increase the tax-exempt interest rate as provided in the Bonds would penalize the Bank for lending to a governmental borrower on a tax-exempt basis.

For the foregoing reasons, the Bank believes that the Bonds require an adjustment to the interest rate as a result of the change in corporate tax rate.

That said, in recognition of the Bank's valued banking relationship with the County, the Bank discounted the current contractual rate for the Series A Bonds from 5.36% to 5.11% and the current contractual rate for the Series 2008B-1 Bonds from 5.15% to 4.86% effective June 1, 2018. It is noted that the Bank provided this reduced rate because of the existing general banking relationship and by taking this action, Bank is not waiving its rights under Bonds and the interest rate remains subject to potential adjustment in case of any future change in tax laws.

We hope this offer provides a satisfactory resolution to this matter. We would be happy to discuss this matter further once you have had a chance to review internally and with your advisors.

Sincerely,



Holly Kuhlman  
Senior Vice President  
Bank of America, N.A.

Sherry Burd  
Senior Vice President  
Bank of America, N.A.

Cc: E. Magee, M. Bowen