



TD Bank, N.A.
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December 3, 2020

Mr. Jim Abernathy
Budget & Financial Management Analyst
Pinellas County
315 Court St.
Clearwater, FL 33756

Mrs. Molly Clark
Managing Director
Public Resources Advisory Group
150 Second Avenue North
St. Petersburg, FL 33701

RE: Pinellas County, Florida – Request for Proposal Cinderella Sewer Revenue Refunding Bond, Series 2021A
(Not to Exceed \$45,000,000)

Dear Mr. Abernathy and Mrs. Clark:

In response to the Request for Proposal for Pinellas County, Florida – Request for Proposal Cinderella Sewer Revenue Refunding Bond, Series 2021A (the "Bond"), TD Bank, N.A. (the "Bank") is pleased to submit the following proposal to Pinellas County, Florida (the "County").

The structure of the proposed Credit Accommodation is outlined in the attached term sheet which provides a statement of suggested terms, but under no circumstance shall such statement be construed as a complete summarization of terms necessary for consummation of the proposed Credit Accommodation. PLEASE NOTE THIS PROPOSAL IS SUBJECT TO FORMAL CREDIT REVIEW AND UNDERWRITING IN ACCORDANCE WITH THE BANK'S INTERNAL POLICY AND NOTHING HEREIN SHALL CONSTITUTE A BINDING COMMITMENT TO LEND. Further, we expressly advise you that the Bank has not approved the Credit Accommodation. The Bank shall not be liable to the County or any other person for any losses, damages or consequential damages which may result from the County's reliance upon this proposal letter or the proposed Credit Accommodation, the proposed term sheet or any transaction contemplated hereby.

The Bank's Bond Proposal is subject to acceptance by the County prior to 3:00 pm eastern standard time on January 13, 2021 and is contingent upon a Bond Closing with mutually acceptable documents between the County and Bank prior to 3:00 pm eastern standard time on January 20, 2021, unless otherwise negotiated between the Parties.


This letter is delivered to you on the condition that its existence and its contents will not be disclosed without our prior written approval, except (i) as may be required to be disclosed in any legal proceeding or (ii) as may otherwise be required by law and on a confidential and "need to know" basis, to your directors, officers, employees, advisors and agents.

We appreciate this opportunity and are delighted to provide this Bond Proposal. We look forward to working with you to successfully complete this transaction. My contact information is noted above.

Very truly yours,

TD BANK, N.A.

By: _____


Robert W. Catoe
Vice President

TD Bank, N.A.
TERMS AND CONDITIONS OF CREDIT ACCOMMODATION DATED
December 3, 2020 ("Bond")

THIS IS A STATEMENT OF TERMS AND CONDITIONS AND NOT A COMMITMENT TO LEND. ALL CREDIT ACCOMMODATIONS ARE SUBJECT TO FORMAL CREDIT UNDERWRITING AND APPROVAL.

1. Loan

- a) **Borrower(s):** Pinellas County, Florida (the "County")
- b) **Facility:** Series 2021A: Bank Loan (the "2021A Bond") issued as a Cinderella Bond, as described herein.
- c) **Purpose:** Proceeds will be issued to advance refund its outstanding Sewer Revenue Refunding Bonds, Series 2012 callable on October 1, 2022 and pay costs of issuance.
- d) **Amount:** Not to exceed \$45,000,000.00 USD
- e) **Collateral:** The 2021A Bond, and the exchange tax-exempt bond, if applicable, and the interest thereon are payable from Net Revenues of the County's Sewer System.
- f) **Settlement Date:** On or Before January 20, 2021
- g) **Maturity:** October 1, 2031
- h) **Repayment Terms:**

Interest on the 2021A Bond will be paid semi-annually (April 1 and October 1), commencing on April 1, 2021 based upon a 30/360 day basis.

Principal on the 2021A Bond will be paid annually (October 1), commencing on October 1, 2021, with final maturity of October 1, 2031 in accordance with the Amortization Schedule attached in Appendix A.
- j) **Interest Rate:** Taxable Fixed Rate: 1.44% until satisfaction of conditions to exchange the taxable bond and convert to the tax-exempt rate as described below.

This rate will be held until a settlement date no later than January 20, 2021 so long as the Bank receives notification that it will be recommended Lender within 3 business days, and the 10-year USD Swap Rate doesn't increase more than 10 basis points.

The initial taxable rate may be converted to a tax-exempt rate of 1.17%, which based on current tax law we understand can be within 90 days prior to the first optional redemption date of the 2013 Bond, provided that there shall be no default or event of default and there shall be delivered to the

Bank an opinion of bond counsel that the interest on the replacement 2021 Bond is excludable from gross income of the owners thereof for Federal income tax purposes. Until the conditions precedent for the conversion to the tax-exempt rate shall be satisfied, the 2021A Bond shall continue to bear interest at the taxable rate.

Upon the conversion to the tax-exempt rate, accrued interest on the taxable Bond will be due and payable. Upon issuance of taxable Bond, all material documentation and forms of opinions to be agreed to and final forms set forth in a forward delivery and exchange agreement.

k) **Prepayment Provision:**

Option A: At the time of any full or partial prepayment, (i) A "Yield Maintenance Fee" in an amount computed as follows shall apply:

This Note may be prepaid on any Business Day in whole or in part upon thirty (30) days prior written notice to the Bank. In the event of any prepayment of this Note, whether by voluntary prepayment, acceleration or otherwise, the Borrower shall, at the option of the Bank, pay a "fixed rate prepayment charge" equal to the greater of (i) 1.00% of the principal balance being prepaid multiplied by the "Remaining Term," as hereinafter defined, in years or (ii) a "Yield Maintenance Fee" in an amount computed as follows:

The current cost of funds, specifically the bond equivalent yield for United States Treasury securities (bills on a discounted basis shall be converted to a bond equivalent yield) with a maturity date closest to the "Remaining Term", shall be subtracted from the "Stated Interest Rate". If the result is zero or a negative number, there shall be no Yield Maintenance Fee due and payable. If the result is a positive number, then the resulting percentage shall be multiplied by the amount being prepaid times the number of days in the "Remaining Term" and divided by 360. The resulting amount is the "fixed prepayment charge" due to the Bank upon prepayment of the principal of this Bond plus any accrued interest due as of the prepayment date and is expressed in the following calculation:

Yield Maintenance Fee = [Amount Being Prepaid x (Stated Interest Rate - Current Cost of Funds) x Days in the Remaining Term/360 days] + any accrued interest due "Remaining Term."

"Remaining Term" as used herein shall mean the remaining term of the 2021 Bond.

Option B: No Prepayment Penalty: Borrower can elect to have a "No Prepayment" penalty associated with this Bond by adding a premium of **12 basis points** to the quoted proposed Bond Rate.

Payments under any option will be applied in inverse order of scheduled maturity or amortization.

l) **Default Rate of Interest:**

The "default rate of interest" shall be six (6) percentage points in excess of the Prime Rate as quoted in the Wall Street Journal, with a Prime Floor of 3.00%.

Events of Default: In accordance with Section 7:01 of the Master Bond Resolution.

- m) **Late Charges:** If any payment due the Bank is more than fifteen (15) days overdue, a late charge of six percent (6%) of the overdue payment shall be assessed.

2. **Fees and Expenses:** The Borrower shall pay to the Bank on demand any and all costs and expenses (including, without limitation, reasonable attorneys' fees and disbursements, court costs, litigation and other expenses) incurred or paid by the Bank in connection with the Bond. The County's bond counsel will provide documentation associated with this transaction. Documentation will be subject to the review and approval of the Bank and the Bank's counsel. The County agrees to pay all legal fees and expenses of the Bank associated with the review and closing of this transaction, which costs may be paid with proceeds of the Bond with a not to exceed \$18,500 upon initial issuance and \$5,000 upon conversion of taxable Bond to tax-exempt Bond. Bank's counsel shall be the following:

Michael Wiener
Holland & Knight LLP
2115 Harden Blvd.
Lakeland, FL 33803
(863)499-5362

3. **Financial Reporting:**

a) ***Borrower(s) shall furnish the following financial reports:***

<u>Type of Report(s)</u>	<u>Frequency</u>	<u>Due Date</u>
<i>Audited Financial Statements</i>	Annually	Within 210 days after the end of the fiscal year
<i>Annual Budget</i>	Annually	Within 60 days after its adoption

The Bank reserves the right to request reasonable additional financial information to supplement or verify certain financial assumptions or verify the creditworthiness of the Borrower.

4. **Legal Opinion:**

Prior to closing, there shall be delivered to the Bank an opinion of Bond Counsel acceptable to the Bank covering matters customary for a transaction of this type and nature and which shall, without limitation, opine that: (1) the Borrower is duly formed; (2) all Bond documents have been validly authorized and executed by and on behalf of the Borrower, if any; (3) all Bond documents are valid, binding, enforceable in accordance with their terms and do not violate any legal requirements, including without limitation, organizational documents, laws and material agreements; (4) that the interest on the replacement 2021A Bond is not excludable from gross income of the owners thereof for Federal income tax purposes, and (5) the Bond and Bond documents are exempt from registration and qualification under the Securities Act of 1933 and Trust Indenture Act of 1939. An opinion of counsel to the County in form and substance satisfactory to the Bank.

5. Financial Covenants:

All standard covenants and provisions shall be applicable to the Bond consistent with the Master Bond Resolution, including but not limited to:

Rate Covenant: In accordance with Section 5.04 of the Master Bond Resolution

Add Bonds Test: In accordance with Section 6.02 of the Master Bond Resolution.

Such covenants shall not be amended without consent of the Bank.

6. Other Conditions:

- a. Documents for the tax-exempt Bond will include taxability language (including retroactive interest, penalties and other fees and costs associated therewith) allowing for a higher taxable Bond rate should the IRS deem the Bond to be a taxable facility solely due to events associated with action or inaction of Borrower.
- b. Borrower covenants and agrees that documents will include language stipulating that the Bond Facility and all existing and future Sewer Revenue Obligations secured by Net Revenues of the County's Public Utility System shall be on parity without preference to be given to any particular issuance.
- d. No Material Adverse Change to the Borrower.
- e. All standard representations, warranties, rights and remedies in the event of default that are acceptable to the bank.
- f. To the extent that any other senior bondholder or lender has acceleration rights or exercises acceleration as a remedy, Bank shall have the same rights and remedies.
- g. The implementation of certain terms, conditions, covenants or other non-material changes to the proposed Credit Accommodation required as part of the Bank's formal credit approval shall be deemed an approval in substantially the form outlined in this proposed Credit Accommodation.
- h. All legal matters and documentation to be executed in connection with the contemplated proposed Credit Accommodation shall be satisfactory in form and substance to the Bank and counsel to the Bank.
- i. Patriot Act Notice. Lender is subject to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56) (signed into law October 26, 2001)) (the "Act") and hereby notifies the Borrower that pursuant to the requirements of the Act, it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow Lender to identify the Borrower in accordance with the Act.

THIS PROPOSAL IS NOT AND SHOULD NOT BE CONSTRUED AS A COMMITMENT BY THE BANK OR ANY AFFILIATE TO ENTER INTO ANY CREDIT ACCOMMODATION.

Appendix A: Amortization Schedule

<u>Payment Date</u>	<u>Principal</u>	
	<u>Amortization</u>	
10/1/2021	\$	3,760,000
10/1/2022	\$	3,815,000
10/1/2023	\$	3,955,000
10/1/2024	\$	4,010,000
10/1/2025	\$	4,050,000
10/1/2026	\$	4,095,000
10/1/2027	\$	4,150,000
10/1/2028	\$	4,195,000
10/1/2029	\$	4,215,000
10/1/2030	\$	4,295,000
10/1/2031	\$	4,340,000
TOTAL	\$	44,880,000