

From:

Maggie Morris  
Vice President-Regional Manager  
255 Alhambra Circle,  
Coral Gables, FL 33134  
(240 938 1653)  
Margaret.Morris@td.com

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Financing Proposal For:  
PFM, Financial Advisors, LLC  
On behalf of:  
Hernando County, FL

4/22/2025

Dear Lindsay,

TD Equipment Finance, Inc. ("TDEF") is pleased to present the following Proposal for your consideration. The structure of the transaction is outlined in the attached Proposal Exhibit which also sets forth certain terms and conditions. **PLEASE NOTE THIS PROPOSAL IS SUBJECT TO CREDIT REVIEW AND UNDERWRITING IN ACCORDANCE WITH TDEF'S INTERNAL CREDIT POLICY. NOTHING IN THIS PROPOSAL SHALL BE CONSTRUED AS A COMMITMENT TO LEND.** TDEF looks forward to doing business with you and hopes you find the attached Proposal acceptable. If so, please sign and date the enclosed signature page and return it to us by May 1, 2025.

Sincerely,

P. djil

Vice President-Regional Manager  
TD Equipment Finance, Inc.

Proposal Exhibit

<b>Lender:</b>	TD Equipment Finance, Inc., its successors and assigns
<b>Borrower:</b>	A state or a political subdivision thereof.
<b>Equipment:</b>	Essential Rolling Stock as described in Exhibit A
<b>Maximum Purchase Price:</b>	\$6,000,000.00
<b>Commencement Date:</b>	<p>Subject to the terms and conditions of the Loan, the Loan shall commence upon the earlier of (a) Borrower's acceptance of the Equipment and (b) Lender's deposit of the Purchase Price for the Loan in an escrow fund or similar fund as provided in the Loan, but in no event later than 5/29/2025</p> <p>Loan Term: 120 months</p> <p>Payment Amount: See amortization schedules attached hereto and made a part hereof</p>
<b>Payments:</b>	<p>Payments Due: Principal &amp; Interest - Annual, commencing 5/1/26</p> <p>Interest - Semi-annual, commencing 10/1/2025</p>
<b>Prepayment:</b>	The Loan may be prepaid at any time in whole, but not in part, subject to a prepayment premium based on the greater of Yield Maintenance or 1% of the then- outstanding principal balance of the Loan.
<b>Tax-exempt Interest Rate:</b>	3.53%
<b>Indexing:</b>	The Tax Exempt Interest Rate quoted above based on Lender's cost of funds and will be held until 5/29/2025. If the Commencement Date does not occur by 5/29/2025, the interest rate will be adjusted to reflect any change in Lender's cost of funds. The interest rate and payments under the Loan will be fixed for the term of the Loan.
<b>Structure:</b>	<p>The Loan will constitute a "state or local bond" with the meaning of Section 103(a) of the Internal Revenue Code of 1986, as amended (the "Code").</p> <p>Lender shall Loan the Equipment to Borrower without representation or warranty on an AS IS BASIS. The Loan will be a "triple net Loan" under which Borrower will be responsible for all expenses relating to the Equipment including, but not limited to, maintenance, insurance coverage (in an amount and in a form acceptable to Lender), and all taxes (e.g. sales, use and personal property). Borrower shall bear all risk of loss, damage and liability to the Equipment.</p>
<b>Tax Status:</b>	The Loan may be either bank qualified or non bank tax exempt obligation under Section 265 (b)(3) of the Code. The interest portion of the payments under the Loan will be excludable from the gross income of Borrower for federal income taxation purposes. Upon a determination that the interest component of the payments under the Loan is includable in gross income of Lender for federal income tax purposes, the interest rate

on the Loan will increase to a rate sufficient to restore Lender to its after-tax yield from and after the date such interest became includable in Lender's gross income, and taking into account all penalties, fines, interest and additions to tax.

**Legal Opinions:**

Borrowers counsel shall deliver an opinion to Lender at closing in form and substance satisfactory to Lender which shall address, among other things, Borrowers authority to enter in to Loan and the enforceability of the Loan. Borrower will also provide an opinion of nationally recognized bond counsel with respect to the tax-exempt status of the interest payable under the Loan.

**Costs & Expenses:**

NONE

**Documentation:**

The documentation for the Loan will contain covenants, representations and warranties usual and customary for transactions of this type and others appropriate to the transaction. All documentation to be executed in connection herewith shall be in satisfactory form and substance to Lender. Lender shall verify the Equipment specifications including, but not limited to, model number, number of units, installation costs, year of manufacturing and maintenance contracts; and approve the final Equipment configuration, and acceptance of the financing.

**Covenants:**

Additional debt secured by either a covenant to budget and appropriate or specific non-ad valorem revenue(s) may not be issued unless: (1) legally available non-ad valorem revenues cover pro-forma MADS by at least 1.5x and (2) proforma MADS does not exceed 20% of General Fund revenues, exclusive of (a) ad valorem tax revenues restricted for the payment of debt service on any debt and (b) proceeds of bonds or debt.

Borrower shall maintain at least one Public Debt Rating and rating(s) shall not fall below Baa1/BBB+.

**LENDER'S PROPOSAL/FINANCIAL INFORMATION:**

This Proposal is subject to final credit review and approval, and not, nor should it be construed as, a commitment by Lender or any affiliate to enter into the proposed Loan transaction. In order to complete its credit due diligence, Borrower shall furnish Lender with the following:

- Three years most current audited annual financial statements, and shall be furnished annually thereafter, if not otherwise published on Borrower's website
- Copy of meeting minutes
- Copy of budget
- Statement of essential use
- Other supporting data as may be requested

**AUTHORIZATION:** Borrower acknowledges and agrees that Lender may furnish all Borrower-presented information, financials, analysis, and related credit and review materials to its employees, counsel and agents, as well as its participants and/or assigns. Borrower authorizes Lender to contact TD Bank, N.A. and other references of Borrower and to order any and all credit checks and investigative reports, all as Lender deems necessary in connection with the evaluation of the transaction.

**GENERAL:**

TD Equipment Finance, Inc. complies with Section 326 of the USA Patriot Act. This Act mandates that we verify certain information about Borrower while processing any Loan request.

**EXPIRATION:**

This Loan Proposal shall expire, if not accepted by a qualified official by 5:00 pm, on May 1, 2025.

**APPROVED AND ACCEPTED:**

By: \_\_\_\_\_

Print Name:

Title:

Date: