

Hernando County, Florida
Direct Purchase Non-Ad Valorem Revenue Note, Series 2024
Summary of Terms and Conditions
February 14, 2024

This Summary of Terms and Conditions (the “Term Sheet”) is confidential, is intended as a statement of indicative terms only, and is provided to facilitate additional discussion. It is a proposal for your consideration only and not a commitment by DNT Asset Trust, a Delaware statutory trust and wholly-owned subsidiary of JPMorgan Chase Bank, N.A. (“JPMorgan”) to provide the financing described in this Term Sheet. The rates and fees set forth in this proposal are indicative and are subject to market conditions at all times until JPMorgan would commit to them in writing and, in any event, should not be regarded as indicative after the date of this Term Sheet. Subject to the foregoing, the terms in this proposal expire on March 15, 2024.

PRINCIPAL TERMS:

Purchaser	DNT Asset Trust, a Delaware statutory trust, wholly owned subsidiary of JPMorgan Chase Bank, N.A., and an accredited investor and qualified institutional buyer (“Purchaser”).
Bondholder Representative	JPMorgan Chase Bank, N.A. (the “Bondholder Representative” or the “Bank”) and its successors and assigns, or any other entity subsequently appointed by a majority of the bondholders, would act as the representative on behalf of the bondholders and would be the party to provide consent, direct remedies and take action on behalf of the Purchaser and other bondholders under the Facility Documents.
Issuer	Hernando County, Florida (the “Borrower”)
Facility/Amount	A single maturity Tax-Exempt Bond, in the amount of \$5,500,000 (the “Note” or “Facility”).
Purpose	Proceeds of the Facility would be used to fund (i) the purchase of fleet vehicles and (ii) to pay related cost of issuance.
Security	The Borrower will covenant and agree to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues amounts sufficient to pay debt service on the Note.
Interest Rates**	See Appendix
Interest Day Basis	30/360
Financial Covenants	Anti-Dilution Test at 1.5x of the Maximum Annual Debt Service
Note Maturity Date:	May 1, 2034
Legal Fees	Borrower to pay all legal fees of Purchaser. Legal fees are capped at \$9,000 (review only). Mark-David Adams of Locke Lord LLP to be engaged to represent the Purchaser. Mark-David can be reached by phone at 561-820-0281 or by email at mark.adams@lockelord.com.

**interest rates are indicative until commitment letter and rate lock letter executed by Issuer.

Additional customary terms and explanations follow in the attached Appendix

APPENDIX

INTEREST RATES, PAYMENTS AND FEES

Non-Bank Qualified**Fixed Interest Rate:**

The Facility would accrue interest at a fixed rate per annum as set forth below, based upon the tenor selected by the Issuer. The following fixed interest rates are indicative as of February 14, 2024 and are subject to change daily until a written rate lock letter agreement is executed between the Issuer and the Purchaser:

Tenor	Optional Redemption Date	Indicative Fixed Rate
10 Years	Standard Make Whole	4.02% per annum
10 Years	May 1, 2026	5.08% per annum
10 Years	May 1, 2028	4.47% per annum
10 Years	May 1, 2030	4.22% per annum
10 Years	May 1, 2032	4.09% per annum

Note Payments /**Amortization:**

Interest would be payable semi-annually commencing on November 1, 2024.

Principal would be payable annually commencing on May 1, 2025.

Maturity	Principal
5/1/2025	440,000
5/1/2026	485,000
5/1/2027	500,000
5/1/2028	520,000
5/1/2029	540,000
5/1/2030	560,000
5/1/2031	580,000
5/1/2032	600,000
5/1/2033	625,000
5/1/2034	650,000
Total	5,500,000

Prepayment/Breakage:

Subject to the notification requirements described in the Facility Documents, the Facility may be prepaid, in whole or in part, without premium or penalty if paid on or after the Optional Redemption Date. Any prepayment on a date other than on the Optional Redemption Date is subject to breakage costs payable by the Borrower.

Maximum Interest Rate:

No limitation would exist in the Facility Documents or authorizing resolution that restricts the interest rate to any rate lower than the maximum rate permitted by law.

Default Rate:

The then-applicable interest rate + 4.00%.

OTHER FACILITY TERMS AND PROVISIONS

- Drawdown:** The proceeds of the Facility would be fully drawn on the date of issuance.
- Required Documents:** The terms of the Facility would be evidenced by definitive agreements, instruments and documents (collectively, the “Facility Documents”) that are usual and customary for a direct purchase note transaction. The Facility Documents would include, but not be limited to, the terms and conditions outlined herein as well as representations and warranties, covenants, conditions precedent, events of default, remedies, to the extent permitted by law, waiver of jury trial, compliance with anti-corruption and sanctions laws, and would otherwise be satisfactory in form and substance to the Purchaser and its counsel. Such Facility Documents shall be prepared by Bond Counsel or Borrower’s Counsel, as appropriate.
- Conditions Precedent:** Usual and customary representations and warranties and other conditions prior to the issuance of the Note for like situated issuers and for the type and term of the Facility, including absence of default, absence of material litigation and absence of material adverse change from the Issuer’s financial conditions and operations as reflected in the financial statements of the Issuer as of September 30, 2022.
- Additional conditions precedent would include delivery of acceptable Facility Documents and legal opinions, including an opinion of bond counsel as to the validity and enforceability of the obligations of the Issuer under the Facility Documents and that interest payable on the Facility is exempt from federal taxation.
- The Issuer shall be rated AA- by S&P.
- Financial Covenants:** In addition to the financial covenants contained in the Issuer’s other debt documents, the Purchaser would require the following financial covenants, as further defined or described in the Facility Documents:
- The Issuer agrees and covenants with the Purchaser that upon the issuance of any subsequent Debt (A) Non-Ad Valorem Revenues shall cover projected Maximum Annual Debt Service on the Series 2024 Note and maximum annual debt service on Debt by at least 1.5x; and (B) projected Maximum Annual Debt Service on the Series 2024 Note and maximum annual debt service for all Debt will not exceed 20% of all Governmental Funds Revenues, exclusive of (i) ad valorem tax revenues restricted to payment of debt service on any Debt and (ii) any proceeds of the Series 2024 Note or Debt.
- Reporting Covenants:** The Borrower would provide the following items in an electronic format acceptable to the Purchaser:
1. Annual, audited, consolidated and consolidating financial statements of the Borrower within 180 days of fiscal year end.
 2. Together with the above financial statements, a certificate that no Event of Default has occurred to be signed by an Authorized Officer of the Issuer in a form satisfactory to the Bank.
 3. As soon as available, and, in any event, within 30 days after its approval, but in no event later than 60 days after the beginning of each Fiscal Year, the annual budget for the Borrower for such Fiscal Year.
 4. Additional information as reasonably requested by the Bank.

Tax Gross-Up:	If the interest payable on the Facility becomes taxable as a result of actions, inactions, error or omissions by the Issuer, the interest rate payable on the Facility would increase from the effective date of such taxability to a taxable equivalent rate. The Purchaser would not require any adjustment to the Interest Rate for (i) changes to the regulatory environment or required regulatory capital, or (ii) changes to the Purchaser's marginal corporate tax rate or (iii) changes due to a decline in the Issuer's public bond rating.
Sale / Assignment:	The Issuer would agree that the Purchaser may without limitation (i) at any time sell, assign, pledge or transfer all or a portion of the Note, or one or more interests in all or any part of the Purchaser's rights and obligations under the Note to one or more assignees and/or participants which may include affiliates of the Purchaser; and (ii) at the Purchaser's option, disclose information and share fees with such assignees and/or participants.
Waiver of Jury Trial:	The Issuer and the Purchaser will waive, to the fullest extent permitted by applicable law, any right to have a jury participate in resolving any dispute in any way related to this Term Sheet, any related documentation, or the transactions contemplated hereby or thereby.
Governing Law:	All aspects of the Facility including this Term Sheet and any Facility Documents would be governed by the laws of the State of Florida.
Municipal Advisor Disclosure:	The Issuer acknowledges and agrees that (i) the transaction contemplated herein is an arm's length commercial transaction between the Issuer and the Purchaser and its affiliates, (ii) in connection with such transaction, the Purchaser and its affiliates are acting solely as a principal and not as an advisor including, without limitation, a "Municipal Advisor" as such term is defined in Section 15B of the Securities and Exchange Act of 1934, as amended, and the related final rules (the "Municipal Advisor Rules"), agent or a fiduciary of the Issuer, (iii) the Purchaser and its affiliates are relying on the bank exemption in the Municipal Advisor Rules, (iv) the Purchaser and its affiliates have not provided any advice or assumed any advisory or fiduciary responsibility in favor of the Issuer with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (whether or not the Purchaser, or any affiliate of the Purchaser, has provided other services or advised, or is currently providing other services or advising the Issuer on other matters), (v) the Purchaser and its affiliates have financial and other interests that differ from those of the Issuer, and (vi) the Issuer has consulted with its own financial, legal, accounting, tax and other advisors, as applicable, to the extent it deemed appropriate.
Expenses:	The Issuer would pay or reimburse the Purchaser for all its out-of-pocket costs and expenses and reasonable attorneys' fees where not prohibited by applicable law and incurred in connection with (i) the development, preparation and execution of the Facility, and (ii) in connection with the enforcement or preservation of any rights under any agreement, any amendment, supplement, or modification thereto, and any other loan documents both before and after judgment.
Information Sharing:	The Issuer would agree that the Purchaser may provide any information or knowledge the Purchaser may have about the Issuer or about any matter relating to the Facility Documents or the Facility described in this Term Sheet to JPMorgan Chase & Co., or any of its subsidiaries or affiliates or their successors, or to any one or more purchasers or potential purchasers of the Note, or participants or assignees of the Note or the Facility described in this Term Sheet.
EMMA and Rating Agency Disclosure:	Purchaser acknowledges that information about the Facility may be posted on the MSRB's EMMA website as may be required under MSRB rules, may be referenced in "new event notice" requirements under SEC rules, or otherwise disclosed pursuant to best practices in order to maintain transparency with Issuer's existing creditors and rating agencies. Such information, inclusive of the Note indenture, may be posted and/or disclosed, subject to redaction, as requested by Purchaser, including, without limitation, signatures/names, account numbers, wire transfer and payment instructions and any other data that could be construed as sensitive information, to the extent that such redactions would not violate any disclosure obligations under applicable MSRB and SEC rules.

- Know Your Customer:** All “Know Your Customer” requirements will be met.
- Loan Closing Statement:** Issuer to provide loan closing statements, signed by an authorized signer, that provides all disbursement instructions including wire details, if applicable.
- Confidentiality:** This Term Sheet is for the Issuer’s confidential review and may not be disclosed by it to any other person other than its employees, attorneys, board members and financial advisors (but not other commercial lenders), and then only in connection with the transactions being discussed and on a confidential basis, except where disclosure is required by law, or where the Purchaser consents to the proposed disclosure.
- Purchaser Credit Decision:** Satisfactory final due diligence, in the Purchaser’s sole discretion, would be required consisting of, but may not be limited to, full review of requested financial statements and financing documents and discussions with management and other background due diligence of the Issuer and its management. Should the Issuer request financing substantially on the terms and conditions described in this Term Sheet, the Purchaser’s credit decision would be made promptly after receipt of such request and completion of due diligence.
- Bank Contacts:**
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Should you have any questions, please do not hesitate to contact either of us. Thank you for this opportunity.

Sincerely,

John McAuley

John McAuley

Olga Held

Olga Held