
LOAN AGREEMENT

BETWEEN

HERNANDO COUNTY, FLORIDA

AND

WEBSTER BANK, NATIONAL ASSOCIATION

DATED AS OF JUNE 20, 2023

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This **LOAN AGREEMENT** (this "Agreement") is made and entered into as of June 20, 2023, by and between **HERNANDO COUNTY, FLORIDA**, a political subdivision under the laws of the State of Florida (the "County"), and **WEBSTER BANK, NATIONAL ASSOCIATION**, a banking association duly organized and existing under the laws of the United States of America and authorized to do business in the State of Florida, and its successors and assigns (the "Noteholder");

WITNESSETH:

WHEREAS, the County is authorized by provisions of the Florida Constitution, Chapter 125, Florida Statutes, and other applicable provisions of law (collectively, the "Act") to, among other things, acquire, construct, equip, own, sell, lease, operate and maintain various capital improvements and public facilities to promote the health, welfare and economic prosperity of the residents of the County and to borrow money to finance and refinance the acquisition, construction, equipping and maintenance of such capital improvements and public facilities; and

WHEREAS, the County has various capital improvement requirements in the form of the hereinafter defined Project that need to be acquired and equipped in order to improve and maintain the health, safety and welfare of the residents of the County; and

WHEREAS, the County has determined that the most efficient and cost-effective method of financing costs of the Project is through a term loan; and

WHEREAS, the financial advisor for the County, RBC Capital Markets, LLC (the "Financial Advisor"), solicited bids on behalf of the County from various financial institutions to provide a term loan to the County to finance costs of the Project; and

WHEREAS, the proposal submitted by Webster Bank, National Association (including any subsequent successors or assigns, the "Noteholder") was the most favorable proposal received by the County; and

WHEREAS, the Noteholder is willing to make a term loan to the County, and the County is willing to incur such term loan, pursuant to the terms and provisions of this Agreement in an aggregate principal amount of \$ _____ to finance costs of the Project and to pay costs of issuance of the hereinafter defined Series 2023 Note.

NOW, THEREFORE, THIS AGREEMENT WITNESSETH:

That the parties hereto, intending to be legally bound hereby and in consideration of the mutual covenants hereinafter contained, **DO HEREBY AGREE** as follows:

ARTICLE I

DEFINITION OF TERMS

SECTION 1.01. DEFINITIONS. The terms defined in this Article I shall, for all purposes of this Agreement, have the meanings in this Article I specified, unless the context clearly otherwise requires.

"Act" shall mean the Florida Constitution, Chapter 125, Florida Statutes, and other applicable provisions of law.

"Agreement" shall mean this Loan Agreement, dated June 20, 2023, between the County and the Noteholder and any and all modifications, alterations, amendments and supplements hereto made in accordance with the provisions hereof.

"Board" shall mean the Board of County Commissioners of Hernando County, Florida.

"Bond Counsel" shall mean Nabors, Giblin & Nickerson, P.A., Tampa, Florida or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the Noteholder is authorized or required to be closed.

"Chairman" shall mean the Chairman of the Board or, in his or her absence or unavailability, the Vice Chairman of the Board.

"Clerk" shall mean the Clerk of the Circuit Court and Comptroller of Hernando County, Florida and Ex-Officio Clerk of the Board of County Commissioners of Hernando County, Florida and such other person as may be duly authorized to act on his or her behalf, including any Deputy Clerk.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and applicable rules and regulations.

"Counterparty" shall mean the entity entering into a Hedge Agreement with the County. Counterparty would also include any guarantor of such entity's obligations under such Hedge Agreement.

"County" shall mean Hernando County, Florida.

"County Administrator" shall mean the County Administrator of the County or, in his or her absence or unavailability, any Deputy County Administrator or a designee of the County Administrator.

"Debt" means at any date (without duplication) all of the following to the extent that they are secured by or payable in whole or in part from any Non-Ad Valorem Revenues (A) all obligations of the County for borrowed money or evidenced by bonds, debentures, notes or other similar instruments; (B) all obligations of the County to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; (C) all obligations of the County as lessee under capitalized leases; and (D) all indebtedness of other Persons to the extent guaranteed by, or secured by, Non-Ad Valorem Revenues of the County; provided, however, if with respect to any obligation contemplated in (A), (B), or (C) above, the County has covenanted to budget and appropriate sufficient Non-Ad Valorem Revenues as a secondary source of security for any such obligation but has not secured such obligation with a lien on or pledge of any Non-Ad Valorem Revenues then, and with respect to any obligation contemplated in (D) above, such obligation shall not be considered "Debt" for purposes of this Agreement unless the County has actually used Non-Ad Valorem Revenues to satisfy such obligation during the immediately preceding Fiscal Year or reasonably expects to use Non-Ad Valorem Revenues to satisfy such obligation in the current or immediately succeeding Fiscal Year. After an obligation is considered "Debt" as a result of the proviso set forth in the immediately preceding sentence, it shall continue to be considered "Debt" until the County has not used any Non-Ad Valorem Revenues to satisfy such obligation for two consecutive Fiscal Years.

"Determination of Taxability" shall mean the circumstance of interest paid or payable on the Series 2023 Note becoming includable for federal income tax purposes in the gross income of the Noteholder as a consequence of any act or omission of the County. A Determination of Taxability will be deemed to have occurred upon (a) the receipt by the County or the Noteholder of an original or a copy of an Internal Revenue Service Technical Advice Memorandum or Statutory Notice of Deficiency or other official letter or correspondence from the Internal Revenue Service which holds that any interest payable on the Series 2023 Note is includable in the gross income of the Noteholder; (b) the issuance of any public or private ruling of the Internal Revenue Service that any interest payable on the Series 2023 Note is includable in the gross income of the Noteholder, or (c) receipt by the County or the Noteholder of an opinion of Bond Counsel that any interest on the Series 2023 Note has become includable in the gross income of the Noteholder for federal income tax purposes. For all purposes of this definition, a Determination of Taxability will be deemed to occur on the date as of which the interest on the Series 2023 Note is deemed includable in the gross income of the Noteholder. A Determination of Taxability does not include and is not triggered by a change in law by Congress that causes the interest to be includable in the Noteholder's gross income.

"Financial Advisor" shall mean the County's financial advisor, which as of the date hereof is RBC Capital Markets, LLC.

"Fiscal Year" shall mean the 12-month period commencing on October 1 of any year and ending on September 30 of the immediately succeeding year.

"Fitch" shall mean Fitch Ratings, and any successors or assigns thereto.

"Governmental Funds" shall mean the "Governmental Funds" of the County as described and identified in the County's annual audit.

"Governmental Funds Revenues" shall mean total revenues of the County derived from any source whatsoever and that are allocated to and accounted for in the Governmental Funds as shown in the County's annual audit.

"Hedge Agreement" shall mean an agreement in writing between the County and a Counterparty pursuant to which (A) the County agrees to pay to the Counterparty an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest (which may be at a fixed or variable rate) payable on debt (or a notional amount) specified in such agreement during the period specified in such agreement and (B) the Counterparty agrees to pay to the County an amount, either at one time or periodically, which may, but is not required to, be determined by reference to the amount of interest (which may be at a fixed or variable rate) payable on debt (or a notional amount) specified in such agreement during the period specified in such agreement.

"Hedge Payments" shall mean any amounts payable by the County on the debt or the related notional amount under a Qualified Hedge Agreement; excluding, however, any payments due as a penalty or by virtue of termination of a Qualified Hedge Agreement or any obligation of the County to provide collateral.

"Interest Rate" shall mean a fixed interest rate equal to 3.90% per annum. The Interest Rate is subject to adjustment pursuant to Section 3.03 hereof.

"Maturity Date" shall mean May 1, 2033.

"Maximum Annual Debt Service" shall mean the largest aggregate amount of the annual debt service coming due on the Series 2023 Note in any Fiscal Year.

"Moody's" shall mean Moody's Investors Service, and any successor or assigns thereto.

"Non-Ad Valorem Revenues" shall mean all revenues of the County derived from any source whatsoever other than revenues generated from ad valorem taxation on real or personal property, and which are legally available to make the payments required herein.

"Noteholder" or **"Holder"** or **"holder"** or any similar term, when used with reference to a Note, shall mean Webster Bank, National Association and any successors or assigns thereto.

"Person" shall mean an individual, a corporation, a partnership, an association, a joint stock company, a trust, any unincorporated organization, governmental entity or other legal entity.

"Qualified Hedge Agreement" shall mean a Hedge Agreement with respect to which the County has received written notice from at least two of the Rating Agencies that the rating of the Counterparty is not less than "A."

"Project" shall mean the capital improvements generally described in Exhibit D hereto, as more particularly described in the plans and specifications on file with the County, as the same may be modified and/or supplemented from time to time.

"Rating Agencies" shall mean Fitch, Moody's and Standard and Poor's.

"Resolution" shall mean Resolution No. _____ adopted by the County on June 13, 2023, which, among other things, authorized the execution and delivery of this Agreement and the issuance of the Series 2023 Note.

"Series 2023 Note" shall mean the Hernando County, Florida Non-Ad Valorem Revenue Note, Series 2023, authorized to be issued by the Resolution and more particularly described in Article III hereof.

"Standard and Poor's" shall mean S & P Global Ratings, a business of Standard & Poor's Financial Services Inc., and any successors and assigns thereto.

"State" shall mean the State of Florida.

"Tax Certificate" shall mean the Certificate as to Arbitrage and certain Other Tax Matters to be executed by the County in connection with the issuance of the Series 2023 Note, as such certificate may be amended from time to time.

SECTION 1.02. INTERPRETATION. Unless the context clearly requires otherwise, words of masculine gender shall be construed to include correlative words of the feminine and neuter genders and vice versa, and words of the singular number shall be construed to include correlative words of the plural number and vice versa. Any capitalized term used in this Agreement not herein defined shall have the meaning ascribed to such term in the Resolution. This Agreement and all the terms and provisions hereof shall be construed to effectuate the purpose set forth herein and to sustain the validity hereof.

SECTION 1.03. TITLES AND HEADINGS. The titles and headings of the articles and sections of this Agreement, which have been inserted for convenience of

reference only and are not to be considered a part hereof, shall not in any way modify or restrict any of the terms and provisions hereof, and shall not be considered or given any effect in construing this Agreement or any provision hereof or in ascertaining intent, if any question of intent should arise.

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ARTICLE II

REPRESENTATIONS, WARRANTIES AND COVENANTS; SECURITY FOR SERIES 2023 NOTE

SECTION 2.01. REPRESENTATIONS AND COVENANTS BY THE COUNTY. The County represents, warrants and covenants that:

(a) The County is a duly organized and validly existing political subdivision under the Florida Constitution and other laws of the State. Pursuant to the Resolution, the County has duly authorized the execution and delivery of this Agreement, the performance by the County of all of its obligations hereunder, and the issuance of the Series 2023 Note in the principal amount of \$_____.

(b) The County has complied with all of the provisions of the Constitution and laws of the State, including the Act, and has full power and authority to enter into and consummate all transactions contemplated by this Agreement or under the Series 2023 Note, and to perform all of its obligations hereunder and under the Series 2023 Note, and to the best knowledge of the County, after due inquiry, the transactions contemplated hereby do not conflict with the terms of any statute, order, rule, regulation, judgment, decree, agreement, instrument or commitment to which the County is a party or by which the County is bound.

(c) The County is duly authorized and entitled to issue the Series 2023 Note and enter into this Agreement and, when executed and delivered, the Series 2023 Note and this Agreement will each constitute a legal, valid and binding obligation of the County enforceable in accordance with its respective terms, subject as to enforceability to bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors' rights generally, or by the exercise of judicial discretion in accordance with general principles of equity.

(d) There are no actions, suits or proceedings pending or, to the best knowledge of the County, threatened against or affecting the County, at law or in equity, or before or by any governmental authority, that, if adversely determined, would materially impair the ability of the County to perform the County's obligations under this Agreement or under the Series 2023 Note, in any way questioning or affecting the organization or existence of the County or the right of any of its officers to their respective offices, in any way questioning or affecting the covenant to budget and appropriate the Non-Ad Valorem Revenues, or which would have a materially adverse effect on the County (financial or otherwise).

SECTION 2.02. GENERAL REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE NOTEHOLDER. The Noteholder hereby represents, warrants and agrees that it is a national banking association authorized to execute and deliver this

Agreement and to perform its obligations hereunder, and such execution and delivery will not constitute a violation of its charter, articles of association or bylaws. Pursuant to the terms and provisions of this Agreement, the Noteholder agrees to provide a term loan to the County as evidenced hereby and by the Series 2023 Note for the purpose of financing costs of the Project and paying costs of issuance of the Series 2023 Note.

SECTION 2.03. SERIES 2023 NOTE SHALL NOT BE INDEBTEDNESS OF THE COUNTY OR STATE. The Series 2023 Note, when delivered by the County pursuant to the terms of this Agreement, shall not be or constitute an indebtedness of the County, the State of Florida or any political subdivision or agency thereof, within the meaning of any constitutional, statutory or charter limitations of indebtedness, but shall be payable solely as herein provided. The Noteholder shall never have the right to compel the exercise of the ad valorem taxing power of the County, or taxation in any form on any property therein to pay the Series 2023 Note or the interest thereon. The Series 2023 Note is a special and limited obligation secured by and payable as to principal and interest from the Non-Ad Valorem Revenues budgeted and appropriated to the extent and in the manner provided herein.

SECTION 2.04. COVENANT TO BUDGET AND APPROPRIATE NON-AD VALOREM REVENUES. During such time as the Series 2023 Note is outstanding hereunder or any amounts due hereunder or with respect to the Series 2023 Note remain unpaid or outstanding, the County covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from Non-Ad Valorem Revenues amounts sufficient to pay principal of and interest on the Series 2023 Note when due. Such covenant and agreement on the part of the County to budget and appropriate such amounts of Non-Ad Valorem Revenues shall be cumulative to the extent not paid and shall continue until such Non-Ad Valorem Revenues or other legally available funds in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. Notwithstanding the foregoing covenant of the County, the County does not covenant to maintain any services or programs, now provided or maintained by the County, which generate Non-Ad Valorem Revenues.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the County from pledging in the future its Non-Ad Valorem Revenues, nor does it require the County to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Noteholder a prior claim on the Non-Ad Valorem Revenues as opposed to claims of general creditors of the County. Such covenant to appropriate Non-Ad Valorem Revenues is subject in all respects to the payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on bonds and other debt instruments). However, the covenant to budget and appropriate for the purposes and in the manner stated herein shall have the effect of making available for the payment of the Series 2023 Note, in the manner described herein, Non-Ad Valorem Revenues and placing on the

County a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of Section 129.07, Florida Statutes, which generally provide that the governing body of each county may only make appropriations for each fiscal year which, in any one year, shall not exceed the amount to be received from taxation or other revenue sources; and subject, further, to the payment of services and programs which are for essential public purposes affecting the health, safety and welfare of the inhabitants of the County or which are legally mandated by applicable law.

SECTION 2.05. PAYMENT COVENANT. The County covenants that it shall duly and punctually pay from the Non-Ad Valorem Revenues in accordance with Section 2.04 hereof, the principal of and interest on the Series 2023 Note at the dates and place and in the manner provided herein and in the Series 2023 Note according to the true intent and meaning thereof and all other amounts due under this Agreement.

SECTION 2.06. ANTI-DILUTION. During such time as the Series 2023 Note is outstanding hereunder, or any amounts due hereunder or with respect to the Series 2023 Note remain unpaid or outstanding, the County agrees and covenants with the Noteholder that upon the issuance of any subsequent Debt (A) Non-Ad Valorem Revenues shall cover projected Maximum Annual Debt Service on the Series 2023 Note and maximum annual debt service on Debt by at least 1.5x; and (B) projected Maximum Annual Debt Service on the Series 2023 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 2023 Note or Debt. The calculations required by clauses (A) and (B) above shall be determined using the average of actual Non-Ad Valorem Revenues and Governmental Funds Revenues for the prior two Fiscal Years based on the County's annual audits. For purposes of the calculations required by clauses (A) and (B) above, Maximum Annual Debt Service on the Series 2023 Note and maximum annual debt service on Debt shall be done on an aggregate basis whereby the annual debt service for each is combined and the overall maximum is determined.

For the purposes of determining maximum annual debt service for Debt pursuant to the covenants contained in this Section 2.06, annual debt service on Debt means, with respect to Debt that bears interest at a fixed interest rate, the actual annual debt service, and, with respect to Debt which bears interest at a variable interest rate, annual debt service on such Debt shall be determined assuming that interest accrues on such Debt at the current "Bond Buyer Revenue Bond Index" as published in *The Bond Buyer* no more than two weeks prior to any such calculation; provided, however, if any Debt, whether bearing interest at a fixed or variable interest rate, constitutes Balloon Indebtedness, as defined in the immediately following sentence, annual debt service on such Debt shall be determined assuming such Debt is amortized from the date of incurrence over 30 years on an approximately level debt service basis. For purposes of the foregoing sentence, "Balloon

Indebtedness" means Debt, 25% or more of the original principal of which matures during any one Fiscal Year. In addition, with respect to debt service on any Debt which is subject to a Qualified Hedge Agreement, interest on such Debt during the term of such Qualified Hedge Agreement shall be deemed to be the Hedge Payments coming due during such period of time. With respect to debt service on any Debt with respect to which the County elects to receive or is otherwise entitled to receive direct subsidy payments from the United States Department of Treasury, when determining the interest on such Debt for any particular interest payment date the amount of the corresponding subsidy payment shall be deducted from the amount of interest which is due and payable with respect to such Debt on the interest payment date, but only to the extent that the County reasonably believes that it will be in receipt of such subsidy payment on or prior to such interest payment date.

SECTION 2.07. TAX COVENANT. (a) In order to maintain the exclusion from gross income for purposes of federal income taxation of interest on the Series 2023 Note, the County shall comply with each requirement of the Code applicable to the Series 2023 Note. In furtherance of the covenant contained in the preceding sentence, the County agrees to continually comply with the provisions of the Tax Certificate, which is incorporated fully by reference herein, as a source of guidance for achieving compliance with the Code.

(b) The County shall make any and all rebate payments required to be made to the United States Department of the Treasury in connection with the Series 2023 Note pursuant to Section 148(f) of the Code.

(c) So long as necessary in order to maintain the exclusion from gross income of interest on the Series 2023 Note for federal income tax purposes, the covenants contained in this Section shall survive the payment of the Series 2023 Note and the interest thereon, including any payment or defeasance thereof.

(d) The County shall not take or permit any action or fail to take any action which would cause the Series 2023 Note to be an "arbitrage bond" within the meaning of Section 148(a) of the Code.

SECTION 2.08. OTHER COVENANTS. The County will furnish to the Noteholder within 270 days after the close of each Fiscal Year a copy of the annual audited financial statements of the County, audited by a certified public accountants, together with the report of such accountants to the effect that such audit has been conducted in accordance with generally accepted auditing standards and stating whether such financial statements present fairly in all material respects the financial position of the County and the results of operations and cash flows for the periods covered by the audit report, all in conformity with generally accepted accounting principles applied on a consistent basis. The County shall provide the Noteholder with a copy of the annual budget of the County each year within 30 days of the final adoption of such budget. With reasonable promptness the County shall provide such other information as may be reasonably requested by the

Noteholder from time to time. The electronic annual audited financial statements or link thereof may be sent to the following email address (or such other address as the Noteholder supplies to the County in writing): PublicFinance@WebsterBank.com.

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ARTICLE III

DESCRIPTION OF SERIES 2023 NOTE; PAYMENT TERMS; OPTIONAL PREPAYMENT

SECTION 3.01. DESCRIPTION OF THE SERIES 2023 NOTE. (a) The County hereby authorizes the issuance and delivery of the Series 2023 Note to the Noteholder which Series 2023 Note shall be in a principal amount equal to _____ MILLION _____ HUNDRED THOUSAND AND 00/100 DOLLARS (\$ _____) and shall be designated as the "Hernando County, Florida Non-Ad Valorem Revenue Note, Series 2023." The text of the Series 2023 Note shall be substantially in the form attached hereto as Exhibit A, with such omissions, insertions and variations as may be necessary and desirable to reflect the particular terms of the Series 2023 Note. The provisions of the form of the Series 2023 Note are hereby incorporated in this Agreement.

(b) The Series 2023 Note shall be dated the date of its delivery. The Series 2023 Note shall be issued as one note and the authorized denomination of the Series 2023 Note shall be its outstanding principal amount. The Series 2023 Note shall be executed in the name of the County by the manual signature of the Chairman and the official seal of the County shall be affixed thereto and attested by the manual signature of the Clerk. In case any one or more of the officers, who shall have signed or sealed the Series 2023 Note, shall cease to be such officer of the County before the Series 2023 Note so signed and sealed shall have been actually delivered, such Series 2023 Note may nevertheless be delivered as herein provided and may be issued as if the person who signed or sealed such Series 2023 Note had not ceased to hold such office.

(c) The Series 2023 Note shall bear interest from its date of issuance at the Interest Rate (calculated on the basis of a 360-day year comprised of twelve 30-day months) as the same may be adjusted pursuant to Section 3.03 hereof. Interest on the Series 2023 Note shall be payable semi-annually on November 1 and May 1 of each year, commencing November 1, 2023 (each an "Interest Payment Date") so long as any amount under the Series 2023 Note remains outstanding. Principal of the Series 2023 Note shall be payable annually on May 1 of each year, commencing May 1, 2024 (each a "Principal Payment Date"), through and including the Maturity Date. The annual principal payments shall be set forth in the Series 2023 Note. The Series 2023 Note shall be purchased by the Noteholder from the County at a purchase price equal to 100.00% of the principal amount thereof.

(d) All payments of principal of and interest on the Series 2023 Note shall be payable in any coin or currency of the United States which, at the time of payment, is legal tender for the payment of public and private debts and shall be made to the Noteholder in whose name the Series 2023 Note shall be registered on the registration books maintained by the County as of the close of business on the fifteenth day (whether or not a Business

Day) of the calendar month next preceding an Interest Payment Date or Principal Payment Date by check or draft or by bank wire transfer or in such other manner as is agreed to between the County and the Noteholder. Notwithstanding the foregoing, the Noteholder shall be required to present and surrender a Series 2023 Note to the County only for the final payment of the principal of such Series 2023 Note or shall otherwise provide evidence that such Series 2023 Note has been fully paid and cancelled. If any Interest Payment Date or Principal Payment Date is not a Business Day, the corresponding payment shall be due on the next succeeding Business Day. The County shall maintain books and records with respect to the identity of the holder of the Series 2023 Note, including a complete and accurate record of any assignment of this Agreement and the Series 2023 Note as provided in Section 3.04.

(e) Except as otherwise provided herein, the Noteholder shall pay for all of its costs relating to servicing the Series 2023 Note.

SECTION 3.02. OPTIONAL PREPAYMENT. The Series 2023 Note may be prepaid on May 1, 2025, and any Interest Payment Date thereafter, at the option of the County, in whole or in part, from any moneys legally available therefor, upon 30 days prior written notice to the Noteholder, by paying to the Noteholder such principal amount of the Series 2023 Note to be prepaid, together with the unpaid interest accrued on such principal amount to the date of such prepayment at the following prices:

May 1, 2025 - November 1, 2025	101%
May 1, 2026 and thereafter	100%

Any partial prepayment of the Series 2023 Note shall be made in the minimum principal amount of \$250,000, and shall be applied in inverse order of the remaining principal payments.

SECTION 3.03. ADJUSTMENT TO INTEREST RATE. While the Series 2023 Note remains outstanding, upon the occurrence of a Determination of Taxability or if the Series 2023 Note loses its designation as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code ("Loss of BQ Designation"), the Interest Rate on the Series 2023 Note immediately shall be increased to such rate as shall be determined by the Noteholder, absent manifest error, as shall be necessary to provide to the Noteholder an after-tax yield on the then outstanding principal amount of the Series 2023 Note equal to the after-tax yield to the Noteholder, if such Determination of Taxability or Loss of BQ Designation had not occurred (the "Adjusted Rate"); provided, however, such Adjusted Rate shall never exceed the maximum rate allowable by law. Immediately upon a Determination of Taxability or Loss of BQ Designation, the County also agrees to pay to the Noteholder, the Additional Amount. "Additional Amount" means (a) the difference between (i) interest on the Series 2023 Note for the period commencing on the date on which the interest on the Series 2023 Note (or portion thereof) is deemed to have lost its tax-exempt status or bank-qualified designation and ending on the effective date of the

adjustment of the Interest Rate to the Adjusted Rate (the "Prior Taxable Period") at a rate per annum equal to the Adjusted Rate and (ii) the aggregate amount of interest paid on the Series 2023 Note during the Prior Taxable Period at the Interest Rate applicable to the Series 2023 Note prior to the adjustment to the Adjusted Rate, plus (b) any penalties, fines, fees, costs and interest paid or payable by the Noteholder to the Internal Revenue Service by reason of such Determination of Taxability or Loss of BQ Designation. The obligation to pay such additional interest and such other costs, expenses, penalties, attorney's fees and other losses shall survive the payment of the principal of the Series 2023 Note but shall be payable solely from the Non-Ad Valorem Revenues in the manner and to the extent described herein.

SECTION 3.04. TRANSFER AND ASSIGNMENT. The Noteholder's right, title and interest in and to the Series 2023 Note and any amounts payable by the County thereunder may be assigned and reassigned in whole only (not in part) by the Noteholder, without the necessity of obtaining the consent of the County; provided, that any such assignment, transfer or conveyance shall be made only to (a) an affiliate of the Noteholder or (b) a bank, insurance company or other financial institution or their affiliate, provided that any such entity is purchasing the Series 2023 Note for its own account with no present intention to resell or distribute the Series 2023 Note, subject to each entity's right at any time to dispose of the Series 2023 Note as it determines to be in its best interests. No assignment, transfer or conveyance permitted by this Section 3.04 shall be effective until the County shall have received a written notice of assignment that discloses the name and address of each such assignee. If the Noteholder notifies the County of its intent to assign and sell its right, title and interest in and to the Series 2023 Note as herein provided, the County agrees that, if so requested, it shall execute and deliver to the assignee Noteholder, a Series 2023 Note in the principal amount so assigned, registered in the name of the assignee Noteholder, executed and delivered by the County in the same manner as provided herein, in exchange for the transferred Series 2023 Note.

Nothing contained in this Section 3.04 shall be interpreted to prohibit the Noteholder from selling participations in the Series 2023 Note to any investor meeting the conditions set forth in the immediately preceding paragraph; provided the Noteholder remains the sole holder of the Series 2023 Note.

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ARTICLE IV

EVENTS OF DEFAULT; REMEDIES

SECTION 4.01. EVENTS OF DEFAULT. An "Event of Default" shall be deemed to have occurred under this Agreement if:

(a) The County shall fail to make timely payment of principal or interest when due with respect to the Series 2023 Note;

(b) Any representation or warranty of the County contained in Article II of this Agreement or any certificate provided to the Noteholder in connection with the transactions contemplated hereunder shall prove to be untrue in any material respect when made;

(c) Any covenant, condition or agreement of the County contained in this Agreement shall be breached or violated for a period of thirty (30) days from the earlier of (i) when the County receives notice from the Noteholder of such breach or violation or (ii) when the County was aware of such event and was required herein to notify the Noteholder pursuant to Section 5.05 hereof, unless the Noteholder shall agree in writing, in its sole discretion, to an extension of such time prior to its expiration;

(d) There shall occur the dissolution or liquidation of the County, or the filing by the County of a voluntary petition in bankruptcy, or the commission by the County of any act of bankruptcy, or adjudication of the County as a bankrupt, or assignment by the County for the benefit of its creditors, or appointment of a receiver for the County, or the entry by the County into an agreement of composition with its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the County in any proceeding for its reorganization instituted under the provisions of the Federal Bankruptcy Act, as amended, or under any similar act in any jurisdiction which may now be in effect or hereafter amended;

(e) The County admits in writing its inability to pay its debts generally as they become due or is adjudged insolvent by a court of competent jurisdiction, or it is adjudged bankrupt on a petition in bankruptcy filed by or against the County or an order, judgment or decree is entered by any court of competent jurisdiction appointing, without the consent of the County, a receiver or trustee of the County or of the whole or any part of its property, and if the aforesaid adjudications, orders, judgements or decrees shall not be vacated or set aside or stayed within ninety (90) days from the date of entry thereof.

SECTION 4.02. REMEDIES. If any event of default shall have occurred and be continuing, the Noteholder or any trustee or receiver acting for the Noteholder may either at law or in equity, by suit, action, mandamus or other proceedings in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State of Florida, or granted and contained in this Agreement, and may enforce and compel the

performance of all duties required by this Agreement or by any applicable statutes to be performed by the County or by any officer thereof, including, but not limited to, specific performance. No remedy herein conferred upon or reserved to the Noteholder is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative, and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. Notwithstanding any other provision hereof, no Noteholder, trustee or receiver shall ever have the right to declare the Series 2023 Note immediately due and payable.

[Remainder of page intentionally left blank]

ARTICLE V

MISCELLANEOUS

SECTION 5.01. ENTIRE AGREEMENT; AMENDMENTS TO THIS AGREEMENT. (a) This Agreement constitutes the entire agreement between the Noteholder and the County, and all negotiations and oral understandings between the parties are merged herein. The terms and conditions set forth in this Agreement supersede any and all previous agreements, promises, negotiations or representations. Any other agreements, promises, negotiations or representations not expressly set forth or incorporated into this Agreement are of no force and effect.

(b) Neither the Series 2023 Note, this Agreement nor the Resolution shall be amended, changed or modified without the prior written consent of the Noteholder and the County.

SECTION 5.02. COUNTERPARTS. This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original; but such counterparts shall together constitute but one and the same Agreement, and, in making proof of this Agreement, it shall not be necessary to produce or account for more than one such counterpart.

SECTION 5.03. SEVERABILITY. If any clause, provision or section of this Agreement shall be held illegal or invalid by any court, the invalidity of such provisions or sections shall not affect any other provisions or sections hereof, and this Agreement shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced, as if such illegal or invalid clause, provision or section had not been contained herein.

SECTION 5.04. TERM OF AGREEMENT. This Agreement shall be in full force and effect from the date hereof and shall continue in effect as long as the Series 2023 Note is outstanding.

SECTION 5.05. NOTICE OF CHANGES IN FACT. Within ten (10) Business Days of becoming aware of the same, the County will notify the Noteholder in writing of (a) any change in any material fact or circumstance represented or warranted by the County in this Agreement or in connection with the issuance of the Series 2023 Note, and (b) any default or event which, with notice or lapse of time or both, could become a default under this Agreement, specifying in each case the nature thereof and what action the County has taken, is taking and/or proposed to take with respect thereto. Regardless of the date of receipt of such notice by the Noteholder, such date shall not in any way modify the date of the occurrence of the actual Event of Default.

SECTION 5.06. NOTICES. Any notices or other communications required or permitted hereunder shall be sufficiently given if delivered personally or sent registered or certified mail, postage prepaid, to Hernando County, Florida, 20 N. Main Street, Brooksville, Florida 34601, Attention: Clerk of the Circuit Court and Comptroller for Hernando County, Florida, and to the Noteholder, Webster Bank, National Association, 360 Lexington Avenue, 5th Floor, New York, New York 10017, Attention: Public Sector Finance, or at such other address as shall be furnished in writing by any such party to the other, and shall be deemed to have been given as of the date so delivered or deposited in the United States mail.

SECTION 5.07. COUNTY'S NOTICE FILINGS RELATED TO THE SERIES 2023 NOTE FOR SEC RULE 15C2-12. In connection with the County's compliance with any continuing disclosure undertakings (each, a "Continuing Disclosure Agreement"), entered into by the County on and after the date hereof, pursuant to SEC Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "Rule"), the Noteholder acknowledges that the County may be required to file with the Municipal Securities Rulemaking Board's Electronic Municipal Market Access system, or its successor ("EMMA"), notice of the issuance of the Series 2023 Note and/or certain subsequent events reflecting financial difficulties in connection with the Series 2023 Note. The County agrees that it shall not file or submit, or permit to be filed or submitted, with EMMA any documentation that includes the following unredacted sensitive or confidential information about the Noteholder or its affiliates: address and account information of the Noteholder or its affiliates, e-mail addresses, telephone numbers, fax numbers, names and signatures of officers, employees and signatories of the Noteholder or its affiliates, or any account information, unless otherwise required for compliance with the Rule or otherwise required by law. The County acknowledges that the Noteholder is not responsible for the County's compliance or noncompliance with the Rule or any Continuing Disclosure Agreement.

SECTION 5.08. NO THIRD-PARTY BENEFICIARIES. This Agreement is for the benefit of the County and the Noteholder and their respective successors and assigns, and there shall be no third-party beneficiary with respect thereto.

SECTION 5.09. APPLICABLE LAW. The substantive laws of the State of Florida shall govern this Agreement.

SECTION 5.10. WAIVER OF JURY TRIAL. Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any proceedings relating to this Agreement.

SECTION 5.11. NO ADVISORY OR FIDUCIARY RELATIONSHIP. In connection with all aspects of each transaction contemplated hereunder (including in connection with any amendment, waiver or other modification hereof or of any other documents related hereto), the County acknowledges and agrees, that: (a) (i) it has consulted

its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, (ii) it is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and any other loan documents, (iii) the Noteholder is not acting as a municipal advisor or financial advisor to the County, and (iv) the Noteholder has no fiduciary duty pursuant to Section 15B of the Securities Exchange Act to the County with respect to the transactions contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Noteholder has provided other services or is currently providing other services to the County on other matters); (b) (i) the Noteholder is and has been acting solely as a principal in an arm's length commercial lending transaction and has not been, is not, and will not be acting as an advisor, agent or fiduciary, for the County, or any other person and (ii) the Noteholder has no obligation to the County with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other loan documents entered into in connection herewith; (c) notwithstanding anything herein to the contrary, it is the intention of the County and the Noteholder that the loan documents represent a commercial loan transaction not involving the issuance and sale of a municipal security, and that any bond, note or other debt instrument that may be delivered to the Noteholder is delivered solely to evidence the repayment obligations of the County under the loan documents; and (d) the Noteholder may be engaged in a broad range of transactions that involve interests that differ from those of the County, and the Noteholder has no obligation to disclose any of such interests to the County.

SECTION 5.12. INCORPORATION BY REFERENCE. All of the terms and obligations of the Resolution are hereby incorporated herein by reference as if said Resolution was fully set forth in this Agreement and the Series 2023 Note.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first set forth herein.

(SEAL)

HERNANDO COUNTY, FLORIDA

Chairman, Board of County Commissioners

ATTEST:

By: _____
Clerk of the Circuit Court and
Comptroller of Hernando County,
Florida and Ex-Officio Clerk of the
Board of County Commissioners

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

County Attorney's Office

**WEBSTER BANK, NATIONAL
ASSOCIATION**

By: Kevin C. King
Title: Senior Managing Director

EXHIBIT A

\$ _____

**UNITED STATES OF AMERICA
STATE OF FLORIDA
HERNANDO COUNTY, FLORIDA
NON-AD VALOREM REVENUE NOTE,
SERIES 2023**

Interest Rate	Date of Issuance	Final Maturity Date
3.90%	June 20, 2023	May 1, 2033

KNOW ALL MEN BY THESE PRESENTS, that **Hernando County, Florida** (the "County"), for value received, hereby promises to pay, solely from the Non-Ad Valorem Revenues described in the within mentioned Agreement, to the order of **Webster Bank, National Association**, or its successors or assigns (the "Noteholder"), the principal sum of _____ MILLION _____ HUNDRED THOUSAND AND 00/100 DOLLARS (\$ _____) pursuant to that certain Loan Agreement by and between Webster Bank, National Association and the County, dated as of June 20, 2023 (the "Agreement"), and to pay interest on the outstanding principal amount hereof from the Date of Issuance set forth above, or from the most recent date to which interest has been paid, at the Interest Rate per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months) identified above (subject to adjustment as provided in the Agreement) on November 1 and May 1 of each year, commencing on November 1, 2023 (each an "Interest Payment Date"), so long as any amount under this Note remains outstanding. Principal of this Note shall be payable on May 1 of each year, commencing on May 1, 2024, through and including the Final Maturity Date identified above or earlier prepayment. The principal repayment schedule for this Note is set forth in definitive form on Appendix I attached hereto. The principal and interest on this Note is payable in any coin or currency of the United States of America which, at the time of payment, is legal tender for the payment of public and private debts.

This Note is issued under the authority of and in full compliance with the Constitution and statutes of the State of Florida, including, particularly, Chapter 125, Florida Statutes, and other applicable provisions of law, and pursuant to Resolution No. _____ duly adopted by the County on June 13, 2023 (the "Resolution"), as such Resolution may be amended and supplemented from time to time, and is subject to all terms and conditions of the Resolution and the Agreement. Any capitalized term used in this Note and not otherwise defined shall have the meaning ascribed to such term in the Agreement.

This Note is being issued to finance the costs of the acquisition and equipping of various vehicles for the County's fleet replacement program, as more particularly described in the Resolution. This Note is payable from the County's covenant to budget and appropriate legally available Non-Ad Valorem Revenues in the manner and to the extent provided and described in the Agreement.

This Note shall bear interest at the Interest Rate identified above. Such Interest Rate is subject to adjustment as provided in Section 3.03 of the Agreement. The Noteholder shall provide to the County upon request such documentation to evidence the amount of interest due with respect to this Note upon any such adjustment. No presentation shall be required for any payment with respect to this Note except upon Final Maturity, as described in the Agreement.

Notwithstanding any provision in this Note to the contrary, in no event shall the interest contracted for, charged or received in connection with this Note (including any other costs or considerations that constitute interest under the laws of the State of Florida which are contracted for, charged or received) exceed the maximum rate of interest allowed under the State of Florida as presently in effect.

All payments made by the County hereon shall apply first to fees, costs, late charges and accrued interest, and then to the principal amount then due on this Note.

This Note may be prepaid on May 1, 2025, and any Interest Payment Date thereafter, at the option of the County, in whole or in part, from any moneys legally available therefor, upon 30 days prior written notice to the Noteholder, by paying to the Noteholder such principal amount of this Note to be prepaid, together with the unpaid interest accrued on such principal amount to the date of such prepayment at the following prices:

May 1, 2025 - November 1, 2025	101%
May 1, 2026 and thereafter	100%

Any partial prepayment of this 2023 Note shall be made in the minimum principal amount of \$250,000, and shall be applied in inverse order of the remaining principal payments.

This Note, when delivered by the County pursuant to the terms of the Agreement and the Resolution, shall not be or constitute an indebtedness of the County or of the State of Florida, within the meaning of any constitutional, statutory or charter limitations of indebtedness, but shall be payable from the Non-Ad Valorem Revenues, in the manner and to the extent provided in the Agreement and the Resolution. The Noteholder shall never have the right to compel the exercise of the ad valorem taxing power of the County or the State, or taxation in any form of any property therein to pay this Note or the interest thereon.

This Note shall be and have all the qualities and incidents of a negotiable instrument under the commercial laws and the Uniform Commercial Code of the State of Florida, subject to the immediately succeeding paragraph and any provisions for registration and transfer contained in the Agreement. So long as any of this Note shall remain outstanding, the County shall maintain and keep books for the registration and transfer of this Note.

The Noteholder's right, title and interest in and to this Note and any amounts payable by the County hereunder may be assigned and reassigned in accordance with and subject to the restrictions in the Agreement.

IN WITNESS WHEREOF, the County caused this Note to be signed by the manual signature of the Chairman and the seal of the County to be affixed hereto or imprinted or reproduced hereon, and attested by the manual signature of the Clerk, and this Note to be dated the Date of Issuance set forth above.

HERNANDO COUNTY, FLORIDA

(SEAL)

By: _____
Chairman, Board of County Commissioners

ATTEST:

Clerk of the Circuit Court and Comptroller
of Hernando County, Florida and Ex-Officio
Clerk of the Board of County Commissioners

Approved as to Form and
Legal Sufficiency:

County Attorney's Office

Principal Repayment Schedule for the**HERNANDO COUNTY, FLORIDA
NON-AD VALOREM REVENUE NOTE,
SERIES 2023**

<u>Payment Date</u>	<u>Principal</u>
May 1, 2024	
May 1, 2025	
May 1, 2026	
May 1, 2027	
May 1, 2028	
May 1, 2029	
May 1, 2030	
May 1, 2031	
May 1, 2032	
May 1, 2033	

EXHIBIT B

General Description of the Project

The Project generally includes the following vehicles (and related and necessary equipment), as the same may be amended and supplemented from time to time.

- Fire Apparatus
- Ladder Truck
- Grapple Truck
- Excavator
- Safety Trailer
- 333G Skidsteer
- Chipper
- Harvester
- Service Truck
- 1500 Trucks - Double
- 1500 Truck - Crew