

THIS NOTE IS SUBJECT TO TRANSFER RESTRICTIONS, MORE FULLY DESCRIBED IN THE LOAN AGREEMENT REFERRED TO HEREIN, AND MAY NOT BE TRANSFERRED EXCEPT TO A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PROMULGATED UNDER THE SECURITIES ACT OF 1933.

REVENUE NOTE, SERIES 2014B

SARASOTA COUNTY, FLORIDA (the "County"), a political subdivision of the State of Florida created and existing pursuant to the Constitution and the laws of the State of Florida, for value received, promises to pay, but solely from the sources hereinafter provided, to the order of DNT ASSET TRUST, a Delaware business trust or registered assigns (together with any other registered owner of this Note, hereinafter, the "Lender"), the principal sum of SEVENTEEN MILLION NINE HUNDRED FIFTY-FIVE THOUSAND DOLLARS (\$17,955,000) or such lesser amount as shall be outstanding hereunder, together with interest on the principal balance outstanding at the Interest Rate (defined below) (subject to adjustment as hereinafter provided), calculated based upon a year of 360 days consisting of twelve 30-day months, such amounts to be payable as provided herein. This Note is issued pursuant to a Resolution of the County adopted on October 22, 2014 (the "Resolution") and in conjunction with a Loan Agreement, dated as of October 24, 2014, between the County and the Lender (the "Loan Agreement") and is subject to all the terms and conditions of the Loan Agreement. All terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto, or referenced, in the Loan Agreement.

Principal of and interest on this Revenue Note, Series 2014B (the "Note") are payable in immediately available funds constituting lawful money of the United States of America at the Principal Office or such place as the Lender may designate in writing to the County at least 10 days prior to such payment date.

The County shall pay the Lender interest on the outstanding principal balance of this Note in arrears, on each October 1 and April 1, commencing April 1, 2015, to and including the Final Maturity Date (defined below). The principal amount of this Note shall be payable in annual installments in the amounts and on the dates set forth on Schedule A hereto, commencing on October 1, 2015, and with the final installment payable October 1, 2024 (the "Final Maturity Date"). If any date for the payment of principal or interest is not a Business Day, such payment shall be due on the next succeeding Business Day in the manner provided in the Loan Agreement.

All payments by the County pursuant to this Note shall apply first to accrued interest, then to other charges due the Lender, and the balance thereof shall apply to the principal sum due; provided, however, in an Event of Default, payment shall be applied in accordance with Section 6.02 of the Loan Agreement.

The "Interest Rate," as used herein, shall mean 2.30% per annum unless adjusted as provided herein.

In the event of a Determination of Taxability, the Interest Rate shall be adjusted to cause the after-tax yield on this Note to the Lender after such Determination of Taxability to equal what the yield would have been to the Lender in the absence of such Determination of Taxability (the

INFORMATION ONLY

"Taxable Rate"), effective retroactively to the date on which such Determination of Taxability was made.

In addition, the Lender or any subsequent owners of this Note, as appropriate, shall be paid an amount equal to any additions to tax, interest and penalties, and any arrears in interest that are required to be paid to the United States of America by the Lender or any subsequent owners of this Note as a result of such Determination of Taxability. All such additional interest, additions to tax, penalties and interest shall be paid by the County within sixty (60) days following the Determination of Taxability and demand by the Lender. A "Determination of Taxability" shall mean as a result of an action or inaction of the County (i) the issuance by the Internal Revenue Service of a statutory notice of deficiency or other written notification which holds in effect that the interest payable on this Note is includable for federal income tax purposes in the gross income of the Lender, which notice or notification is not contested by either the County or the Lender or any subsequent owners of this Note, or (ii) a determination by a court of competent jurisdiction that the interest payable on this Note is includable for federal income tax purposes in the gross income of the Lender or any subsequent owners thereof, which determination either is final and non-appealable or is not appealed within the requisite time period for appeal, or (iii) the admission in writing by the County to the Lender to the effect that interest on this Note is includable for federal income tax purposes in the gross income of the Lender or any subsequent owners thereof.

In the event that interest on this Note during any period becomes partially taxable as a result of a Determination of Taxability applicable to less than all of this Note, then the interest rate on this Note shall be increased during such period by an amount equal to: $(A-B) \times C$ where:

- (A) "A" equals the Taxable Rate (expressed as a percentage);
- (B) "B" equals the interest rate on this Note (expressed as a percentage); and
- (C) "C" equals the portion of this Note the interest on which has become taxable as the result of such tax change (expressed as a decimal).

In addition, the Lender or any subsequent owners of this Note, as appropriate, shall be paid an amount equal to any additions to tax, interest and penalties, and any arrears in interest that are required to be paid to the United States by the Lender or any subsequent owners of this Note as a result of such Determination of Taxability. All such additional interest, additions to tax, penalties and interest shall be paid by the County from Pledged Funds within sixty (60) days following the Determination of Taxability and demand by the Lender or any subsequent owners.

In the event of a change in the Corporate Tax Rate (as hereinafter defined) during any period where interest is accruing on a tax-exempt basis causes a reduction in the tax equivalent yield on this Note, the interest payable on this Note shall be increased to compensate for such change in the effective yield to a rate calculated by multiplying the Interest Rate by the ratio equal to $(1 \text{ minus } A) \text{ divided } (1 \text{ minus } B)$, where A equals the Corporate Tax Rate in effect as of the date of the corporate tax rate adjustment as announced by the IRS and B equals the Corporate Tax Rate in effect on the date of the original issuance of this Note. The Corporate Tax Rate shall mean the highest marginal statutory rate of federal income tax imposed on corporations and applicable to the Lender (expressed as a decimal), provided however that the maximum corporate rate shall for purposes of this paragraph not be less than 30%.

INFORMATION ONLY

Upon the occurrence and during the continuance of an Event of Default under the Loan Agreement, the Interest Rate shall be equal to the Default Rate.

Notwithstanding the foregoing, in no event shall the Interest Rate in any year exceed the maximum rate permitted by applicable law.

The County to the extent permitted by law hereby waives presentment, demand, protest and notice of dishonor.

This Note is payable solely from the Pledged Funds to the extent provided in the Loan Agreement and subject to the pledge of the Pledged Funds as more specifically provided in the Resolution and the Loan Agreement. Notwithstanding any other provision of this Note, the County is not and shall not be liable for the payment of the principal of and interest on this Note or otherwise monetarily liable in connection herewith from any property other than as provided in the Loan Agreement and the Resolution.

This Note shall not be prepayable prior to its maturity.

NOTWITHSTANDING ANYTHING HEREIN OR IN THE LOAN AGREEMENT OR THE RESOLUTION TO THE CONTRARY, THIS NOTE AND THE INTEREST HEREON DOES NOT AND SHALL NOT CONSTITUTE A GENERAL INDEBTEDNESS OF THE COUNTY BUT SHALL BE PAYABLE SOLELY FROM THE MONEYS AND SOURCES DESIGNATED THEREFOR PURSUANT TO THE LOAN AGREEMENT, THIS NOTE AND THE RESOLUTION. NEITHER THE FAITH AND CREDIT NOR ANY AD VALOREM TAXING POWER OF THE COUNTY IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS NOTE OR OTHER COSTS INCIDENTAL HERETO.

All terms, conditions and provisions of the Loan Agreement are by this reference thereto incorporated herein as a part of this Note.

This Note may be exchanged or transferred but only as provided in the Loan Agreement.

It is hereby certified, recited and declared that all acts, conditions and prerequisites required to exist, happen and be performed precedent to and in connection with the execution, delivery and the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Note is in full compliance with and does not exceed or violate any constitutional or statutory limitation.

INFORMATION ONLY

IN WITNESS WHEREOF, the County has caused this Note to be executed in its name as of the date hereinafter set forth.

The date of this Note is October 24, 2014.

(SEAL)

SARASOTA COUNTY, FLORIDA

By: 

Chair, Board of County Commissioners

ATTEST:


Deputy Clerk

INFORMATION ONLY

SCHEDULE A

Date (October 1)	Principal <u>Amount</u>
2015	\$1,525,000
2016	1,665,000
2017	1,705,000
2018	1,740,000
2019	1,780,000
2020	1,825,000
2021	1,865,000
2022	1,905,000
2023	1,950,000
2024	1,995,000

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