



April 25, 2025

Memorandum

To: Frank Abbate, County Manager
Morris Richardson, County Attorney

From: Jay Glover, Managing Director – PFM Financial Advisors LLC

Re: Review of Financing Structure for the Multi-Family Housing Revenue Bonds (Sunset Palms Apartments Project)

It is our understanding that the Brevard County Housing Finance Authority (the "Authority") is proposing to issue tax-exempt private activity bonds (the "Bonds") in order to finance the acquisition, rehabilitation, equipping and development of Sunset Palms Apartments, consisting of 263 apartment units, all of which will be rented to seniors (62 years and up) (the "Project"). Per a Land Use Restriction Agreement encumbering the property, a minimum of 40% of the units will be set aside and available only to persons earning less than 60% of the median income. The Project will be located at 2070 Londale Avenue, Palm Bay, Florida. Proceeds of the Bonds will be loaned to Sunset Palms Apartments, LP (the "Borrower"). The Borrower will own and operate the Project and will be responsible for payment of debt service on the Bonds. The Borrower's general partner is Kittle Property Family Foundation, Inc., a State of Indiana corporation.

To issue tax-exempt bonds for the Project, the Authority must receive the limited approval of the Board of County Commissioners (the "Board") as required by applicable federal tax law. As financial advisor to Brevard County, Florida (the "County"), PFM Financial Advisors LLC (PFM) has been asked to certify that the Bonds will meet or exceed the County's debt issuance guidelines, which require an investment grade underlying credit rating for publicly offered bonds, provided however that unrated bonds may be approved by the County if they are sold only to institutional investors in minimum denominations of \$100,000. We have also been asked to ensure that the proposed transaction will not have a negative financial impact on the County, impair the County's credit ratings or impact the County's ability to issue debt in the future.

The Borrower and its' representatives have indicated that a plan of finance has not yet been finalized. However, the Borrower expects the Bonds will be issued within the guidelines as outlined above. Therefore, it is PFM's opinion that the Bonds will meet the criteria required by the County. We have also reviewed the relevant documentation and based on that review can confirm that the proposed issuance of the Bonds will not have a negative financial impact on the County as the Bonds will be payable solely from revenues of the Project and will not pledge the revenues or ad valorem taxes of the County or the Authority.

PFM did not prepare or review any type of feasibility report related to the Borrower's ability to pay debt service on the Bonds and has no responsibility to do so. PFM also bears no liability for potential errors in the information provided by the Borrower or its' representatives.