



October 14, 2024

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 (Oak Meadows Project)

It is our understanding that Cocoa Leased Housing Associates I, LLLP, a Minnesota limited liability limited partnership (the "Borrower"), and Cocoa Leased Housing Associates I, LLC, a Minnesota limited liability company, general partner of the Borrower, has requested the Brevard County Housing Finance Authority (the "Authority") issue not to exceed \$17,600,000 Multi-Family Housing Revenue Bonds (Oak Meadows Project) (the "Bonds") to finance the acquisition, rehabilitation, equipping and development of the Oak Meadows project in Brevard County (the "Project"). The Project consists of the rehabilitation of an existing apartment complex located at 1605 Flower Mound Lane, Cocoa, Florida, containing 120 garden and townhouse apartment units (12 one bedroom, 60 two bedroom and 48 three bedroom apartments). The apartments will be rented to individuals and families. A Land Use Restriction Agreement encumbering the property will require that a minimum of 25% of the apartment units will be set aside and available only to persons earning less than 35% of area median income with the remaining 75% available to persons earning less than 60% of area median income, for as long as the financing is outstanding, or for a term of 30 years, whichever is longer.

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. The Board previously adopted Resolution 23-136 on November 14, 2023, approving this issue. Since the Bonds may not be issued within one year of the public hearing approval, the Authority held another public hearing on August 28, 2024, following proper publication of notice, for the purpose of receiving public input on the proposed issue and is now seeking the limited approval of the Board.

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 Authority's guidelines that require a credit rating in one of the three highest categories of a nationally recognized rating agency. Non-rated bonds may also be issued but require the bond purchaser to execute an Investor Letter and be sold in minimum denominations of at least \$100,000.



Therefore, it is PFM's opinion that the Bonds will meet the criteria required by the County. If the final plan of finance differs from this description, the Borrower will need to provide an updated plan of finance before the issuance of the Bonds. 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.

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.