



April 27, 2020

Memorandum

To: Frank Abbate, County Manager
Christine M. Schverak, Assistant County Attorney

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

Re: Review of Financing Structure for the Multi-Family Housing Revenue Bonds
(Southlake Towers Project) – REVISED

It is our understanding that Southlake Towers, LLLP (the "Borrower") has requested the Brevard County Housing Finance Authority (the "Authority") increase the not to exceed par amount of the Multi-Family Housing Revenue Bonds (Southlake Towers Project) (the "Bonds") from \$11,000,000 (initial request from October 2019) to \$13,200,000 to cover increased construction and development costs for the Project. The Bonds are being issued to finance the acquisition, rehabilitation, equipping and development of Southlake Towers (the "Project"). The Project is an existing apartment complex located at 5501 Pinewood Drive, NE, in Palm Bay, Florida, and consists of 85 units (22 efficiency and 63 one bedroom apartments), which will be rented to elderly residents (age 62 and over) of lower and moderate income.

As financial advisor to Brevard County, Florida (the "County"), PFM Financial Advisors LLC (PFM) is required to certify that the Bonds will meet or exceed the County's debt issuance guidelines, which require an investment grade underlying credit rating for publically offered bonds, provided however that unrated bonds may be approved by the County provided that 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 financial impact on the County, impair the County's credit ratings or impact the County's ability to issue debt in the future.

Since the original memo was provided, the Borrower and its' representatives have finalized the plan of finance. The construction will be financed with a tax-exempt loan from Wells Fargo Bank. Upon completion of the Project, a permanent loan will be sold to Freddie Mac and the construction loan will be repaid. This plan of finance will meet the criteria required by the County. We have also reviewed all of the relevant documentation and based on that review can confirm that the proposed issuance of the Bonds will not have any negative financial impact on the County.

Please note that PFM did not prepare or review any type of feasibility report related to the Borrower's ability to service the debt 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.

cc: Kathy Wall, Assistant to the County Manager