



August 26, 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 (Tropical Manor Project)

It is our understanding that HKH Tropical LP has requested the Brevard County Housing Finance Authority (the "Authority") issue not to exceed \$8,000,000 Multi-Family Housing Revenue Bonds (Tropical Manor Project) (the "Bonds") to finance the acquisition, rehabilitation, equipping and development of Tropical Manor Project (the "Project"). The Project is an existing 85-unit apartment complex (85 two-bedroom apartments) located at 1165 Jordan Road, Merritt Island, Florida. A Land Use Restriction Agreement encumbering the property will require that a minimum of 40% of the apartment units will be set aside and available only to persons and families earning less than 60% of median income, for as long as the financing is outstanding, or for a term of 15 years, whichever is longer.

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 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 is being developed and is currently expected to include a construction loan followed by permanent financing with a qualified institutional investor in minimum denominations of \$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 all of 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.

cc: Kathy Wall, Assistant to the County Manager