

CAPITAL TRUST AGENCY

315 Fairpoint Drive • Gulf Breeze, Florida 32561 • Office 850-934-4046 • Fax 850-934-4048

November 11, 2020

VIA EMAIL

Mr. Frank Abbate, County Manager
Brevard County, Florida
2725 Judge Fran Jamieson Way, Building C
Viera, Florida 32940
frank.abbate@brevardfl.gov

Re: Action Requested: Adoption of a resolution by the Board of County Commissioners of Brevard County, Florida, for the purposes of Section 147(f) of the Internal Revenue Code and the Florida Interlocal Cooperation Act, approving the issuance by the Capital Trust Agency of its Bonds (as hereinafter defined) for the purpose of (i) refunding all or a portion of the Series 2018 Bonds (as hereinafter defined) and/or (ii) financing, including through reimbursement, the construction, installation, improvement and equipping of an expansion to an existing charter school facility

Dear Mr. Abbate:

I am the Executive Director of the Capital Trust Agency ("CTA"). CTA was created in 1999 through enabling Florida Statutes that provide for governmental entities to sponsor and facilitate public purpose financings that meet applicable state and federal laws. We have worked with numerous counties and municipalities throughout Florida, including Brevard County, Florida (the "County") to issue tax-exempt and taxable debt in order to provide capital funding of projects beneficial to the citizens of Florida. In fact, CTA worked with the County on the original financing and refinancing referenced below. With the County's assistance, CTA issued bonds on behalf of Pineapple Cove Classical Academy at West Melbourne, Inc., a Florida not for profit corporation (the "Borrower") and CTA has been asked to serve again as issuer of bonds for the Borrower, as more fully described below.

CTA has agreed to issue its Educational Facilities Revenue Bonds (Pineapple Cove Classical Academy at West Melbourne, Inc. Project), Series 2020, in an amount not to exceed \$36,000,000 (the "Bonds"), in one or more installments or series, either taxable or tax-exempt, or both, and loan the proceeds thereof to the Borrower, a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Service Code of 1986, as amended (the "Code"). The Borrower, acting through itself or through its affiliates, plans to (i) refinance all of the remaining amount outstanding of the CTA's Educational Facilities Revenue Bonds (Pineapple Cove Classical Academy at West Melbourne, Inc. Project), Series 2018A and Taxable Series 2018B (the "Series 2018 Bonds"), the proceeds of which were applied to finance and refinance, including through reimbursement, the construction, installation, improvement and equipping of an approximately

57,750 square foot charter school facility to accommodate approximately 800 students at full occupancy, including related facilities, fixtures, furnishings and equipment, known as Pineapple Cove Classical Academy at West Melbourne, located at 3455 Norfolk Parkway, West Melbourne, Florida 32904 (the "Existing Site"), if deemed necessary or desirable by the Borrower; (ii) finance, including through reimbursement, the construction, installation, improvement and equipping of an expansion to be located on the Existing Site, comprised of a new approximately 24,000 square foot building accommodating approximately 300 students in grades K-8 with the ability to accommodate grades K-12, including 15 additional classrooms, a new approximately 16,000 square foot gymnasium, athletic fields and additional parking, including related facilities, fixtures, furnishings and equipment, and, if deemed necessary or desirable by the Borrower, the expansion of an existing roadway located on the Existing Site; (iii) funding a debt service reserve fund for the Bonds, if deemed necessary or desirable by the Borrower; (iv) funding capitalized interest for the Bonds, if deemed necessary or desirable by the Borrower; and (v) paying certain costs of issuing the Bonds.

In order for the Bonds to be issued as tax-exempt bonds, certain requirements of the Code relating to the issuance of the Bonds must be met. One such requirement is the approval by the County of the use of the proceeds of the Bonds within the County in accordance with the Tax Equity and Fiscal Responsibility Act ("TEFRA"), as required by Section 147(f) of the Code. Accordingly, CTA, on behalf of the Borrower, respectfully requests that the County, at a meeting of its Board of County Commissioners (the "Board"), consider providing its TEFRA approval by resolution of the Board. We have reviewed the Board's meeting schedule and we believe the Board's meeting on December 8, 2020 will provide adequate time for the resolution to be finalized and to provide the citizens of the County with notice. In addition, the Code requires there be a public hearing regarding the Bonds prior to the Board's consideration of the TEFRA Resolution. We have received permission to publish the required notice of public hearing and will do so in the coming days so that we can provide an Affidavit of Publication with the Agenda Package. The law requires this hearing to be no sooner than seven (7) days following its published date.

Finally, for purposes of Section 163.01, Florida Statutes, as amended (the Interlocal Cooperation Act), CTA respectfully requests the County's permission to finance and refinance the described improvements within the County.

We have been in contact with Assistant County Attorney Christine M. Schverak and the County's Bond Counsel Steve Miller, Esq. of Nabors, Giblin & Nickerson and the County's Financial Advisor, Jay Glover from PFM Financial Advisors. Each have reviewed and approved the following:

1. The proposed form of a resolution to be considered by the Board. As you will note

from the language in Section 5 of the attached resolution, the County will have absolutely no liability with respect to the Project or to pay principal of or interest on the Bonds and the issuance of the Bonds will not result in any obligation, financial or otherwise, of the County. The Bonds will be limited obligations of CTA, payable solely from the revenue derived from the Borrower and pledged to the payment of the Bonds;

2. The proposed form of a TEFRA Script that the Chair of the Board might use as an aid in conducting the TEFRA Hearing; and
3. The proposed form of a TEFRA Notice required to be published in a newspaper of general circulation within the County at least seven (7) days before the TEFRA Hearing. If you determine that we can move forward, we will coordinate the publication of the TEFRA Notice with the Clerk to the Board and will provide you with an affidavit of publication.

As noted in documents 1 – 3 above, the Bonds are not obligations of the County, and the County, the Board and its employees and agents have been granted appropriate indemnity.

As a side note, the bond counsel law firm working with CTA on this transaction is the Tampa office of Bryant Miller Olive P.A. For any professional counsel and advice the County may deem necessary to solicit, the Borrower will make restitution for all reasonable expenses incurred by the County, including payment of the review fee to each of the County's Bond Counsel and the County's Financial Advisor.

We truly believe this financing is a positive for all involved. We are pleased to be a part of it, and appreciate the County giving our request for TEFRA approval due consideration.

If there is a problem with scheduling this matter for consideration at the Board's December 8, 2020 meeting, or if you or any of the members of the Board or your staff require any additional information, please contact me at your earliest convenience.

Sincerely,



Denis A. McKinnon, III
Executive Director

Mr. Frank Abbate, County Manager
Brevard County, Florida
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cc: (All with enclosures)
Eden Bentley, County Attorney
Christine M. Schverak, Assistant County Attorney

Attachments:

Form TEFRA Resolution (including indemnification certificate from the Borrower)
Proposed TEFRA Script
Proposed TEFRA Notice