



November 6, 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 Capital Trust Agency Educational Facilities Revenue Bonds (Pineapple Cove Classical Academy at West Melbourne, Inc. Project), Series 2020

The Capital Trust Agency (the "Agency") is proposing to issue not to exceed \$36,000,000 Educational Facilities Revenue Bonds (Pineapple Cove Classical Academy at West Melbourne, Inc. Project), Series 2020 (the "Bonds"), the proceeds of which will be loaned to Pineapple Cove Classical Academy at West Melbourne, Inc., a Florida not for profit corporation (the "Borrower"). The proceeds of the Bonds will be used for the purpose of (i) refinancing all of the remaining amount outstanding of the Agency's Educational Facilities Revenue Bonds (Pineapple Cove Classical Academy at West Melbourne, Inc. Project), Series 2018A and Taxable Series 2018B, 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) financing, 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 (collectively, the "Project").

In order to comply with certain Federal and State law requirements, as applicable, with respect to the issuance of private activity bonds such as the Bonds, the Agency has requested that the Brevard County Board of County Commissioners (BOCC) hold a TEFRA public hearing with respect to the issuance of the Bonds, and to adopt a resolution providing limited approval of the issuance of the Bonds. You have asked PFM Financial Advisors LLC, as Financial Advisor to the County, to review the documentation provided to the County as well as the proposed financing structure 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.

We have reviewed all of the relevant documentation as well as the proposed financing structure and based on that review, can confirm that the proposed issuance of the Bonds will not have any



negative impact on the County. The County will have absolutely no liability with respect to the Project or to pay principal of or interest on the Bonds. The Bonds will be sold via a negotiated limited public offering, with Truist Securities, Inc. serving as the underwriter. It is our understanding that the Bonds will possess an investment grade credit ratings and/or be sold in minimum denominations of \$100,000 to one or more accredited investors and/or qualified institutional buyers.

Given that the County is not the issuer of the Bonds and there is no financial obligation on the part of the County, PFM has not been asked to review any financial information related to the Borrower's ability to repay the Bonds as part of the scope of this engagement.