



**AGENDA REPORT
April 10, 2018**

SUBJECT:

Resolution accepting the proposal of PNC Bank, National Association (PNC) to provide a term loan for the refunding of the North Brevard Recreation Special District Limited Ad Valorem Tax Refunding Bond (Parks and Recreation Program), Series 2011, South Brevard Recreation Special District Limited Ad Valorem Tax Refunding Bond (Parks and Recreation Program), Series 2011, and Limited Ad Valorem Tax Refunding Bond (Merritt Island Recreation Municipal Service Taxing Unit Parks and Recreation Program), Series 2011 (collectively, the "Series 2011 Bonds") and approving PNC's proposal and rate lock agreement.

FISCAL IMPACT:

The County's Finance Team has negotiated with PNC for a reduction in the interest rate on the Series 2011 Bonds to 2.58% from 3.46%. This will provide a net present value savings of approximately \$240,000 and the final maturities of the Series 2011 Bonds will remain unchanged. Additionally, the County will use unnecessary restricted bond reserves to reduce principal currently outstanding by \$2,450,000. These Bonds were issued to refinance construction projects within the North, Merritt Island and South Recreation Special Districts.

DEPT/OFFICE:

County Manager

REQUESTED ACTION:

Request the Board of County Commission adopt a Resolution accepting a proposal from PNC to provide a term loan for the refunding of the Series 2011 Bonds. Authorize the Chair to execute the Resolution and authorize the County Manager to execute the proposal and Rate Lock Agreement and deliver these documents to PNC.

SUMMARY EXPLANATION and BACKGROUND:

The 2017 Federal Tax Reform Act reduced the Federal Corporate Income Tax rate to 21% from 35%. Provisions of the loan agreements for the Series 2011 Bonds allowed PNC to increase the interest rates on these Series 2011 Bonds to 3.46% from 2.85% as a result of the reduction in the the Federal Corporate Income Tax rate.

Per negotiations between the County's Finance Team and PNC, PNC agreed to reduce the interest rates by allowing for a refunding of the Series 2011 Bonds through the issuance of a consolidated Non-Ad Valorem Refunding Revenue Note, Series 2018B (the "Series 2018B Note"). As security for the Series 2018B Note, the County will covenant and agree to budget and appropriate sufficient legally available Non-Ad Valorem

Revenues each year to pay the outstanding debt service payment annually through maturity of the Series 2018B Note. The interest rate on the Series 2018B Note will be 2.58% and the final maturity is unchanged. The County will continue to levy the voter approved ad valorem millage to satisfy the debt service on the Series 2018B Note.

PNC is willing to guarantee an interest rate of 2.58% for the Series 2018B Note while the County's Finance Team finalizes the note documents. The rate lock agreement requires the County to close on the Series 2018B Note by April 26, 2018 without penalty. The note document for the Series 2018B Note will be presented at the Board's April 24, 2018 meeting.

This request has been reviewed and approved by the County Attorney's Office, the Finance Director, the Budget Director, the County's Bond Counsel and Financial Advisor.

ATTACHMENTS:

Description

- **PNC Resolution**
- **Exhibit A Proposal of PNC Back, National Association**
- **Exhibit B Form of Rate Lock Agreement**



Tammy Rowe, Clerk to the Board, 400 South Street • P.O. Box 999, Titusville, Florida 32781-0999

Telephone: (321) 637-2001
Fax: (321) 264-6972
Tammy.Rowe@brevardclerk.us

April 11, 2018

MEMORANDUM

TO: Frank Abbate, County Manager

RE: Item II.D.5., Resolution Accepting the Proposal of PNC Bank to Provide a Term Loan for Refunding of the Recreational Special Districts Limited Ad Valorem Tax Refunding Bonds, Series 2011

The Board of County Commissioners, in regular session on April 10, 2018, adopted Resolution No. 18-047; accepted proposal from PNC to provide a term loan for the refunding of the Series 2011 Bonds; and authorized the County Manager to execute the proposal and Rate Lock Agreement and deliver the documents to PNC. Enclosed are fully-executed Resolution, Summary of Terms and Conditions, and Rate Lock Agreement.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe, Deputy Clerk

/cmw

Encls. (3)

cc: Contracts Administration
Budget
Finance

RESOLUTION NO. 2018-047

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF BREVARD COUNTY, FLORIDA ACCEPTING THE PROPOSAL OF PNC BANK, NATIONAL ASSOCIATION TO PROVIDE A TERM LOAN TO THE COUNTY TO BE EVIDENCED BY THE BREVARD COUNTY, FLORIDA NON-AD VALOREM REFUNDING REVENUE NOTE, SERIES 2018B; APPROVING THE FORM OF A RATE LOCK AGREEMENT AND AUTHORIZING THE COUNTY MANAGER TO EXECUTE AND DELIVER SUCH RATE LOCK AGREEMENT; AND PROVIDING FOR AN EFFECTIVE DATE.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF BREVARD COUNTY, that:

SECTION 1. FINDINGS. It is hereby found and determined that:

A. Brevard County, Florida (the "Issuer") recently received a proposal (the "Proposal") from PNC Bank, National Association (the "Lender") to provide a term loan (the "Term Loan") to the Issuer to be evidenced by the Issuer's Brevard County, Florida Non-Ad Valorem Refunding Revenue Note, Series 2018B (the "Series 2018B Note") to allow for the refinancing of all the Issuer's outstanding North Brevard Recreation Special District Limited Ad Valorem Tax Refunding Bond (Parks and Recreation Program), Series 2011, South Brevard Recreation Special District Limited Ad Valorem Tax Refunding Bond (Parks and Recreation Program), Series 2011, and Limited Ad Valorem Tax Refunding Bond (Merritt Island Recreation Municipal Service Taxing Unit Parks and Recreation Program), Series 2011 (collectively, the "Refunded Bonds"), in order to achieve debt service savings for the Issuer.

B. It is in the best interest of the Issuer to accept the Proposal and to authorize the County Manager to execute and deliver a rate lock agreement with respect thereto (the "Rate Lock Agreement").

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This Resolution is adopted pursuant to the Constitution of the State of Florida and all applicable laws of the State of Florida, including but not limited to, Chapter 125, Florida Statutes, and the Charter of the Issuer

SECTION 3. ACCEPTANCE OF THE LENDER'S PROPOSAL. The Lender's Proposal is attached hereto as Exhibit A. The Issuer hereby accepts such Proposal and, pending subsequent approval by the Board of County Commissioners of a

resolution providing for the specific terms and provisions of the Series 2018B Note (the "Note Resolution"), awards the sale of the Series 2018B Note to the Lender pursuant to the terms and provisions set forth in such Proposal, as such terms and provisions may be modified and included within the Note Resolution.

SECTION 4. APPROVAL OF RATE LOCK AGREEMENT. The Issuer hereby authorizes and directs the County Manager to execute the Rate Lock Agreement and deliver the Rate Lock Agreement to the Lender. The Rate Lock Agreement shall be in substantially the form attached hereto as Exhibit B with such changes, amendments, modifications, omissions and additions as may be approved by the County Manager, upon the advice of the Issuer's financial advisor and bond counsel. Execution by the County Manager of the Rate Lock Agreement shall be deemed to be conclusive evidence of the approval of such changes.

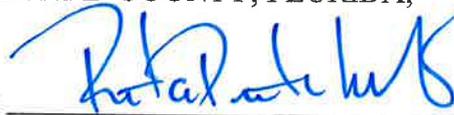
SECTION 5. SEVERABILITY. If any provision of this Resolution shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable in any context, the same shall not affect any other provision herein or render any other provision (or such provision in any other context) invalid, inoperative or unenforceable to any extent whatever.

SECTION 6. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption.

This Resolution passed and adopted this 10th day of April, 2018.

BOARD OF COUNTY COMMISSIONERS
BREVARD COUNTY, FLORIDA,

(SEAL)

By: 

Rita Pritchett, Chair

As approved by Board 4/10/18

ATTEST:


Scott Ellis, Clerk of the Circuit Court
and Ex-Officio Clerk to the Board of
County Commissioners of Brevard
County, Florida

EXHIBIT A

Proposal of PNC Bank, National Association



This Summary of Terms and Conditions for a Tax Exempt Non-Bank Qualified Bank Loan subject to final underwriting and document review for final approval.

**BREVARD COUNTY, FLORIDA
SUMMARY OF TERMS AND CONDITIONS
March 28, 2018**

Borrower	Brevard County ("County" or the "Borrower")
Bank	PNC Bank, National Association (the "Bank")
Amount	Subject to credit approval and documentation, PNC proposes to provide a Tax Exempt Non-Bank Qualified Bank Loan for the not to exceed \$12,500,000 Non Ad Valorem Tax Refunding Revenue Note, Series 2018B.
Purpose	The Note , together with cash proceeds from the County, is being issued to refund all of the County's outstanding North Brevard Recreation Special District Limited Ad Valorem Tax Refunding Bond (Parks and Recreation Program), Series 2011, South Brevard Recreation Special District Limited Ad Valorem Tax Refunding Bond (Parks and Recreation Program), Series 2011, and Limited Ad Valorem Tax Refunding Bond (Merritt Island Recreation Municipal Service Taxing Unit Parks and Recreation Program), Series 2011.
Collateral	The Notes will be secured by the County as it covenants and agrees to budget and appropriate in its annual budget from Non Ad Valorem Revenues, as defined in the Resolution, amounts sufficient to pay the principal and interest on the Series 2018B Bonds.
Amortization & Maturity:	Principal due annually beginning on July 1, 2019 and each July 1 thereafter until the Final Maturity Date of July 1, 2021.
Interest Rate:	Tax-Exempt Non-Bank Qualified Fixed Rate 2.58%
Interest Repayment:	Interest shall be payable semi-annually on January 1, and July 1 of each year commencing July 1, 2018. Interest will be accrued and payable on a 30/360-day count basis.

Brevard County, Florida
North Brevard Special Recreation \$9,465,000 District Limited Ad Valorem
Tax Refunding Bond, Series 2011 (Non-Bank Qualified Debt)
Summary of Terms and Conditions

Prepayment:	Prepayment at anytime within the guidelines of the Bank's Standard Make Whole provisions.
Yield Protection	If an event of taxability occurs due to action (or inaction) caused by the Board, the interest rate charged on the outstanding principal balance of the Loan shall, effective as of and after the date of the occurrence of such event of taxability, be increased to, calculated and recalculated at the taxable equivalent rate from the date of the determination of taxability.
Covenants	Affirmative and negative covenants will be specified by the Bank for inclusion in the Loan documents.
Expenses	All expenses incurred by the Bank shall be paid by the Borrower. These include, but are not limited to, fees and expenses of legal counsel (inside and outside) and any other expenses in connection with documenting, closing, monitoring or enforcing the Loan and shall be payable at closing or otherwise on demand. Payment by Borrower of expenses described above shall not be contingent upon the closing of the Loan. Legal fees will be for the account of County after documentation of the transaction has started, regardless of whether the transaction closes. Mike Williams of Akerman, LLP will serve as bank counsel and fees would be \$3,000.
Representations And Warranties	The Borrower shall make representations and warranties standard for this type of transaction, in form and substance satisfactory to the Bank.
Conditions Precedent	Including, but not limited to, the following all of which shall be in form and substance satisfactory to the Bank: <ol style="list-style-type: none">1) All documentation relating to the Loan in form and substance satisfactory to the Bank.2) Anti-dilution test will be the same as County's existing non-ad valorem debt transactions -- 1.50X.3) Satisfactory review of other agreements relating to the Loan.4) Evidence that Borrower is authorized to enter into this transaction.5) No material adverse change in the condition, financial or otherwise, operations, properties, assets or prospects of the Borrower.

Brevard County, Florida
North Brevard Special Recreation \$9,465,000 District Limited Ad Valorem
Tax Refunding Bond, Series 2011 (Non-Bank Qualified Debt)
Summary of Terms and Conditions

- 6) No material threatened or pending litigation against the borrower or additional material contingent obligations of the Borrower.
- 7) Delivery of opinions of counsel.
- 8) Payment of all legal fees.

Reporting Requirements

- 1) Annual audited financial statements for the borrower within 210 days of the Borrower's fiscal year end and the completion of a Covenant Compliance Certificate.
- 2) Budgets, forecasts and other items as may be reasonably requested by the Bank which are prepared by the Borrower

Events of Default

- 1) Payment default.
- 2) Breach of Representations or Warranties.
- 3) Violation of covenant(s).
- 3) Bankruptcy, insolvency.
- 4) Loan documents unenforceable.
- 5) Adverse judgments.
- 6) Change of control.
- 7) Cessation of business.
- 8) Default under governing bond documents.

Other Events of Default as appropriate.

Documentation

Resolution and other loan documents in form and substance satisfactory to the Banks must be executed and delivered containing representations, warranties, covenants, indemnities, conditions to lending, events of default and other provisions as are appropriate in the Bank's opinion and specified by the Bank.

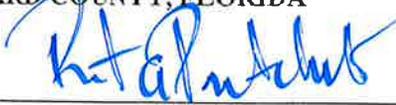
Governing Law

State of Florida. Consent to Florida Jurisdiction. Waiver of jury trial.

ACCEPTED:

Brevard County, Florida
North Brevard Special Recreation \$9,465,000 District Limited Ad Valorem
Tax Refunding Bond, Series 2011 (Non-Bank Qualified Debt)
Summary of Terms and Conditions

BREVARD COUNTY, FLORIDA

By: 

RITA PRITCHETT, CHAIR

Date: April 10, 2018

ATTEST:



SCOTT ELLIS, CLERK

EXHIBIT B

Form of Rate Lock Agreement



March 28, 2018

Brevard County Florida
2725 Judge Fran Jamieson Way
Viera, Florida 32940

Re: **Forward Fixed Rate Lock Letter**

Brevard County, Florida (the “**Issuer**”) has requested that PNC Bank, National Association (the “**Bank**”) provide the Issuer with a forward rate commitment (the “**Forward Rate**”) for the Issuer's Non-Ad Valorem Refunding Revenue Note, Series 2018B (the “**Facility**”) described in our Summary of Terms and Conditions of March 28, 2018 (the “**Terms and Conditions**”). The Forward Rate is offered at a fixed rate of 2.58% per annum for a principal amount of not exceeding \$12,410,000 beginning no later than April 26, 2018 (the “**Rate Lock Expiration Date**”). Principal and interest under the Facility shall be repaid as provided in the resolutions of the Issuer pursuant to which the Facility is issued.

The Bank is willing to commit to the Forward Rate upon the terms and conditions specified herein, subject to execution and delivery of the definitive documentation for the Facility in form and content satisfactory to the Bank and satisfaction of the other terms and conditions as are set forth in the Terms and Conditions. The documentation must be executed and delivered and funding of the Facility must occur by a date (the “**Closing Date**”) which is no later than the Rate Lock Expiration Date.

By accepting this letter, the Issuer agrees that in the event that for any reason the Closing Date does not occur on or before the Rate Lock Expiration Date, the Bank shall not be obligated to provide the Forward Rate and the Issuer shall pay to the Bank the amount of any loss or expense which the Bank may sustain or incur as a result of the Issuer's failure to close the Facility by such date, including but not limited to any loss of margin, loss or expense incurred in liquidating or employing deposits from third parties and any loss or expense incurred in connection with funds acquired by the Bank to fund borrowings subject to the Forward Rate. Such payment shall be due two (2) business days after the Bank gives notice to the Issuer of the amount thereof, setting forth in reasonable detail the basis for the calculation thereof. A certificate by the Bank as to such amount shall be conclusive if made in good faith. The Issuer acknowledges and agrees that such amount represents reasonable compensation for loss of bargain and is not a penalty.

This letter is governed by the laws of the State of Florida. No modification or waiver of any of the terms of this letter will be valid unless agreed to in writing by the Bank. When accepted, this letter will constitute the entire agreement between the Bank and the Issuer

Brevard County, Florida
March 28, 2018
Page 2

concerning the Forward Rate, and shall supersede all prior and contemporaneous understandings and agreements (written or oral) relating thereto.

To accept this letter, please sign the enclosed copy where indicated below and return it to the Bank no later than the Bank's close of business on April 10, 2018. If this letter is not accepted by said date, this letter will automatically terminate without liability or further obligation of the Bank.

Very truly yours,

PNC BANK, NATIONAL ASSOCIATION

By: _____

Name: Jerry D. Stanforth

Title: Senior Vice President

ACCEPTANCE

The Issuer hereby agrees to the above provisions, intending to be legally bound hereby. The Issuer understands that the above provisions may obligate the Issuer to make a significant payment to the Bank in the event the Closing Date does not occur by the Rate Lock Expiration Date, and the amount of any such payment cannot be predicted in advance of such event. The Issuer is fully informed of and is capable of evaluating, and has evaluated, the potential financial risks and benefits and the appropriateness in light of its individual circumstances, of this letter. The Issuer is entering into this letter in reliance only upon its own judgment, and is not relying upon any representations, warranty, views or advice of the Bank.

BREVARD COUNTY, FLORIDA

By: 

Name: RITA PRITCHETT CHAIR

Title: CHAIR

ATTEST:


SCOTT ELLIS, CLERK