



AGENDA REPORT
April 24, 2018

SUBJECT:

Resolution authorizing the issuance of a term loan with PNC Bank, National Association (PNC) to provide 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 United Parks and Recreation Program) Series 2011 (collectively, the "Series 2011 Bonds").

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 \$242,000 and the final maturities of the Series 2011 Bonds will remain unchanged. Additionally, the County will use 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 to adopt a Resolution authorizing the issuance of Non-Ad Valorem Refunding Revenue Note, Series 2018B (the "Series 2018B Note") to evidence the term loan in an aggregate principal amount of not-to-exceed \$12,500,000 and a fixed interest rate of 2.58% per annum to refinance Series 2011 Bonds, pursuant to the proposal by PNC. Delegate the authority to the Chair to execute the Note and various closing documents with respect to the issuance of the Series 2018B Note and to authorize the County Manager to approve all necessary budget change requests to implement this request.

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 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 the Series 2018B Note. As security for the Series 2018B Note, the County

will covenant and agree to budget and appropriate sufficient legally available revenues each year to pay the outstanding debt service payment annually through maturity of the Series 2018B Note. The County will continue to levy the voter approved ad valorem millage to satisfy the debt service on the Series 2018B. The interest rate on the Series 2018B Note will be 2.58% and the final maturity has not changed from July of 2021. This request has been reviewed and approved by the County Attorney, the Finance Director, the Budget Director, the County's Bond Counsel and Financial Advisor.

ATTACHMENTS:

Description

- **Resolution Authorizing the Issuance of Non Ad Valorem, Sereis 2018B**



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

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April 25, 2018

M E M O R A N D U M

TO: Frank Abbate, County Manager

RE: Item II.D.2., Resolution Authorizing the Refunding of Special Recreation Districts Limited Ad Valorem Tax Refunding Bond, Series 2011

The Board of County Commissioners, in regular session on April 24, 2018, adopted Resolution No. 18-056, authoring the issuance of Non-Ad Valorem Refunding Revenue Note, Series 2018B (the "Series 2018B Note"), to evidence the term loan in an aggregate principal amount of not-to-exceed \$12,500,000 and a fixed interest rate of 2.58 percent per annum to refinance Series 2011 Bonds, pursuant to the proposal by PNC Bank, National Association (PNC); authorized delegating the authority to the Chair to execute the Note and various closing documents with respect to the issuance of the Series 2018B Note; and authorized you to approve all necessary budget change requests.

Upon copy of this memorandum, a fully-executed Resolution was provided to the County Attorney's office at the Board meeting.

Your continued cooperation is greatly appreciated.

Sincerely yours,

BOARD OF COUNTY COMMISSIONERS
SCOTT ELLIS, CLERK

Tammy Rowe

Tammy Rowe, Deputy Clerk

/ds

cc: County Attorney
Finance
Budget

RESOLUTION NO. 18-056

A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS OF BREVARD COUNTY, FLORIDA AUTHORIZING THE ISSUANCE OF ITS NON-AD VALOREM REFUNDING REVENUE NOTE, SERIES 2018B IN THE AGGREGATE PRINCIPAL AMOUNT OF NOT TO EXCEED \$12,500,000 TO REFINANCE CERTAIN OUTSTANDING INDEBTEDNESS; COVENANTING TO BUDGET AND APPROPRIATE CERTAIN LEGALLY AVAILABLE NON-AD VALOREM REVENUES TO PAY DEBT SERVICE ON THE SERIES 2018B NOTE; MAKING CERTAIN OTHER COVENANTS AND AGREEMENTS IN CONNECTION WITH THE ISSUANCE OF SUCH SERIES 2018B NOTE; PROVIDING CERTAIN TERMS AND DETAILS OF SUCH SERIES 2018B NOTE, INCLUDING THE NEGOTIATED SALE OF SAID SERIES 2018B NOTE PURSUANT TO THE PROPOSAL OF PNC BANK, NATIONAL ASSOCIATION; PROVIDING FOR THE RIGHTS, SECURITIES AND REMEDIES FOR THE OWNER OF THE SERIES 2018B NOTE; DELEGATING CERTAIN AUTHORITY TO CERTAIN OFFICERS OF THE COUNTY; AND PROVIDING FOR AN EFFECTIVE DATE.

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

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

A. Brevard County, Florida (the "Issuer" or the "County"), previously issued its 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 to PNC Bank, National Association (the "Noteholder") in order to refinance the costs of certain parks and recreation projects within the County (collectively, the "Prior Indebtedness").

B. As a result of the reduction of corporate income tax rates pursuant to the Tax Cuts and Jobs Act of 2017, the interest rates on the Prior Indebtedness were increased in accordance with the terms and provisions of the Prior Indebtedness.

C. Pursuant to negotiations between the financial advisor for the Issuer, PFM Financial Advisors LLC (the "Financial Advisor"), and the Noteholder, the Noteholder submitted a proposal to the Issuer to provide for the refunding of the Prior Indebtedness at interest rates lower than those originally borne by the Prior Indebtedness resulting in debt service savings for the Issuer (the "Proposal").

D. The Board of County Commissioners of the Issuer accepted the Proposal of the Noteholder at its meeting held on April 10, 2018.

E. The most efficient and cost-effective method of refinancing the Prior Indebtedness is through the issuance of the Brevard County, Florida Non-Ad Valorem Refunding Revenue Note, Series 2018B (the "Series 2018B Note") to the Noteholder in accordance with the provisions hereof and the terms of the Proposal.

F. Due to the potential volatility of the market for tax-exempt obligations such as the Series 2018B Note and the complexity of the transactions relating to such Series 2018B Note, it is in the best interest of the Issuer to sell the Series 2018B Note by a negotiated sale to the Noteholder pursuant to the terms of the Proposal and the provisions hereof, rather than at a specified advertised date, thereby permitting the Issuer to obtain the best possible price and interest rate for the Series 2018B Note.

G. The Issuer now desires to approve the issuance of the Series 2018B Note and the award of the sale thereof to the Noteholder.

H. In consideration of the purchase and acceptance of the Series 2018B Note authorized to be issued hereunder to the Noteholder, this Resolution shall constitute a contract between the Issuer and the Noteholder.

I. The Series 2018B Note shall be secured solely by a covenant of the Issuer, subject to certain conditions set forth herein, to budget and appropriate from Available Non-Ad Valorem Revenues (as defined herein) amounts sufficient to pay the principal of and interest on the Series 2018B Note, when due, and the ad valorem taxing power of the Issuer will never be necessary or authorized to pay the principal of and interest on the Series 2018B Note or to make any other payments provided for in this Resolution, and the Series 2018B Note shall not constitute a lien upon any property whatsoever of or in the Issuer, except as otherwise provided in Section 9 hereof.

J. Notwithstanding the foregoing, the Issuer currently intends to continue levying ad valorem taxes to pay debt service for the Series 2018B Note, which levy was previously approved in accordance with applicable law and had been used to secure and pay the Prior Indebtedness; provided, however, such levy of ad valorem taxes shall not secure the Series 2018B Note in any manner.

SECTION 2. AUTHORITY FOR THIS RESOLUTION. This Resolution is enacted pursuant to the provisions of the Constitution of the State of Florida, Chapter 125, Florida Statutes, the Charter of the Issuer, and other applicable provisions of law (collectively, the "Act").

SECTION 3. DEFINITIONS. Capitalized terms not otherwise defined herein shall have the following meanings except as the context may clearly indicate otherwise:

"Adjusted Ad Valorem Tax Revenues" shall mean all ad valorem tax revenues of the Issuer after deducting therefrom the required debt service payments on any limited or unlimited general obligation debt of the Issuer.

"Adjusted Non-Ad Valorem Revenues" shall mean all Non-Ad Valorem Revenues (except revenues of any enterprise fund of the County, unless and until such revenues are transferred from such enterprise fund to the County's general fund) less that portion, if any, of the Adjusted Costs of Essential Services which exceeds Adjusted Ad Valorem Tax Revenues.

"Adjusted Costs of Essential Services" shall mean that portion of the Costs of Essential Services which are identified as "general government" or "public safety" in the Issuer's Annual Audit.

"Annual Audit" shall mean the annual audited financial statements of the Issuer prepared in accordance with generally accepted accounting principles applicable to governmental entities such as the Issuer.

"Applicable Interest Period" means the period from the date of issuance of the Series 2018B Note to the final maturity date of the Series 2018B Note.

"Available Non-Ad Valorem Revenues" shall mean all Non-Ad Valorem Revenues of the Issuer that are legally available to pay principal of and interest on the Series 2018B Note, except for (i) revenues of any enterprise fund of the County, unless and until such revenues are transferred from such enterprise fund to the County's general fund, (ii) Non-Ad Valorem Revenues from any specific source or sources that have been pledged to secure other indebtedness of the County, until such funds become available for deposit into the County's general fund under the documentation creating such pledge, and (iii) Non-Ad Valorem Revenues required to pay or make provision for the payment of the Costs of Essential Services.

"Balloon Indebtedness" means any indebtedness, 25% or more of the original principal of which matures during any one Fiscal Year.

"Board" shall mean the Board of County Commissioners of the Issuer.

"Bond Counsel" shall mean shall mean Nabors, Giblin & Nickerson, P.A. or any other attorney at law or firm of attorneys, of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States of America.

"Business Day" shall mean any day other than a Saturday, Sunday or a day on which the Noteholder is authorized or required to be closed.

"Chair" shall mean the Chair of the Board or the Vice Chair of the Board.

"Clerk" shall mean the Clerk of the Circuit Court of the County and Ex-Officio Clerk to the Board or any Deputy Clerk of the County.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

"Costs of Essential Services" shall mean the cost of services and programs which are for essential public purposes affecting the health, welfare and safety of the inhabitants of the County or which are legally mandated by applicable law.

"County" or "Issuer" shall mean Brevard County, Florida, a political subdivision of the State.

"County Manager" shall mean the County Manager of the Issuer or any Assistant County Manager.

"Determination of Taxability" shall mean a final decree or judgment of any Federal court or a final action of the Internal Revenue Service determining that interest paid or payable on the Series 2018B Note is or was includable in the gross income of the Noteholder for Federal income tax purposes as a result of action or inaction of the Issuer; provided, no Determination of Taxability shall be deemed to occur unless the Issuer has been given written notice of such occurrence and, to the extent permitted by law, an opportunity to participate in and seek, at the Issuer's own expense, a final administrative determination by the Internal Revenue Service or determination by a court of competent jurisdiction (from which no further right of appeal exists) as to the occurrence of such Determination of Taxability.

"Financial Advisor" shall mean PFM Financial Advisors LLC, Financial Advisor to the Issuer.

"Fiscal Year" shall mean the period commencing on October 1 of each year and ending on the immediately succeeding September 30.

"Interest Rate" shall have the meaning ascribed thereto in Section 6B hereof.

"Maturity Date" shall mean July 1, 2021.

"Maximum Annual Debt Service" shall mean with respect to indebtedness that bears interest at a fixed interest rate, the largest aggregate amount of annual debt service coming due in any Fiscal Year in which such indebtedness is scheduled to be outstanding, and, with respect to indebtedness which bears interest at a variable interest rate, Maximum Annual Debt Service shall be determined assuming that interest accrues on such indebtedness at the current "Bond Buyer Revenue Bond Index" as published in *The Bond Buyer* no more than three business days prior to any such calculation; provided, however, if any indebtedness, whether bearing interest at a fixed or variable interest rate, constitutes Balloon Indebtedness, Maximum Annual Debt Service on such indebtedness shall be determined assuming such indebtedness is amortized over 20 years (from the date of issuance of such indebtedness) on an approximately level annual debt service basis.

"Non-Ad Valorem Revenues" shall mean all revenues of the Issuer not derived from ad valorem taxation.

"Noteholder" shall mean initially PNC Bank, National Association, and, subsequently, any successive owner of the Series 2018B Note which such successive owner is required to be either (i) a "Qualified Institutional Buyer" as defined under Rule 144A promulgated by the Securities and Exchange Commission pursuant to the Securities Act of 1933, as amended, or an "Accredited Investor" as defined in Rule 501 of Regulation D (an "Accredited Investor") promulgated under the Securities Act of 1933, (ii) a bank, savings institution or insurance company (whether acting in a trustee or custodial capacity for any Accredited Investor or Qualified Institutional Buyer or on its own behalf) or (iii) a trust or custodial arrangement each of the beneficial owners of which is an Accredited Investor or Qualified Institutional Buyer.

"Other Debt" shall mean all of the following to the extent that they are secured by or payable in whole or in part from any Non-Ad Valorem Revenues (i) all obligations of the Issuer for borrowed money evidenced by bonds, debentures, notes or other similar instruments; (ii) all obligations of the Issuer to pay the deferred purchase price of property or services, except trade accounts payable under normal trade terms and which arise in the ordinary course of business; and (iii) all obligations of the Issuer as lessee under capitalized leases.

"Paying Agent" and or "Registrar" as it relates to the Series 2018B Note shall mean the Clerk or his designee.

"Person" shall mean natural persons, firms, trusts, estates, associations, corporations, partnerships and public bodies.

"Pledged Funds" shall mean (i) the proceeds of the Series 2018B Note pending the application thereof and (ii) Available Non-Ad Valorem Revenues actually budgeted and appropriated pursuant to Section 9 hereof.

"Prepayment Price" shall mean the principal amount of the Series 2018B Note being prepaid plus an amount equal to the present value, if positive, of the product of (a) the difference between (i) the yield, on the beginning date of the Applicable Interest Period, of a U.S. Treasury obligation with a maturity the same or substantially similar to the Applicable Interest Period minus (ii) the yield on the prepayment date, of a U.S. Treasury obligation with a maturity the same or substantially similar to the remaining maturity of the Applicable Interest Period, and (b) the principal amount to be prepaid, and (c) the number of years, including fractional years, from the prepayment date to the end of the Applicable Interest Period. The yield on any U.S. Treasury obligation shall be determined by reference to Federal Reserve Statistical Release H.15(519) "Selected Interest Rates." For purposes of making such present value calculations, the yield, on the beginning date of the Applicable Interest Period, of a U.S. Treasury obligation with a maturity the same or substantially similar to the Applicable Interest Period shall be the discount rate. For purposes of determining the Prepayment Price, a separate calculation shall be made with respect to each principal payment date (and the final maturity date) with respect to the portion of the Series 2018B Note prepaid, using the Applicable Interest Period, and the sum of such calculations shall be the Prepayment Price.

"Proposal" shall mean the proposal of the Noteholder to purchase the Series 2018B Note, a copy of which Proposal is attached hereto as Exhibit A.

"Resolution" shall mean this Resolution, pursuant to which the Series 2018B Note is authorized to be issued, including any supplemental resolutions.

"Series 2018B Note" shall mean the Brevard County, Florida Non-Ad Valorem Refunding Revenue Note, Series 2018B, authorized to be issued pursuant to this Resolution, the form of which is attached hereto as Exhibit A.

"State" shall mean the State of Florida.

SECTION 4. PROPOSAL. To the extent of any conflict between the provisions of this Resolution and the Proposal, this Resolution shall prevail.

SECTION 5. AUTHORIZATION OF SERIES 2018B NOTE. Subject and pursuant to the provisions of this Resolution, an obligation of the Issuer to be known as the "Brevard County, Florida Non-Ad Valorem Refunding Revenue Note, Series 2018B" is hereby authorized to be issued under and secured by this Resolution in the aggregate principal amount of not to exceed \$12,500,000 for the purposes of

refinancing the Prior Indebtedness and paying the costs of issuing the Series 2018B Note. The Board authorizes the refinancing of the Prior Indebtedness.

SECTION 6. DESCRIPTION AND TERMS OF SERIES 2018B NOTE; PREPAYMENT.

A. The Series 2018B Note shall be dated the date of its delivery and shall mature on the Maturity Date. The aggregate principal amount of the Series 2018B Note and the principal payments due on the Series 2018B Note shall be determined by the County Manager upon the advice of the Financial Advisor and shall be approved by the Noteholder and set forth in the Series 2018B Note. Principal payments shall be payable annually on July 1 of each year commencing July 1, 2019 and ending on the Maturity Date. The Series 2018B Note shall be executed on behalf of the Issuer with the manual signature of the Chair, the official seal of the Issuer, and be attested with the manual signature of the Clerk. In case any one or more of the officers who shall have signed or sealed the Series 2018B Note or whose facsimile signature shall appear thereon shall cease to be such officer of the Issuer before the Series 2018B Note so signed and sealed has been actually sold and delivered, such Series 2018B Note may nevertheless be sold and delivered as herein provided and may be issued as if the person who signed or sealed such Series 2018B Note had not ceased to hold such office. The Series 2018B Note shall be sold by the Issuer and purchased by the initial Noteholder at a purchase price equal to 100% of the principal amount thereof.

B. The Series 2018B Note shall bear interest from its date of issuance, payable semi-annually on January 1 and July 1 of each year, commencing on July 1, 2018, at a fixed interest rate of 2.58% per annum (the "Interest Rate"). Interest shall be calculated on the basis of twelve 30-day months and a 360-day year. The Interest Rate is subject to adjustment as provided in Section 13 hereof. The Series 2018B Note shall be issued as one note and the authorized denomination of the Series 2018B Note shall be its outstanding principal amount, as such principal amount changes from time to time.

C. The Series 2018B Note shall be subject to prepayment, in whole or in part, on any date at the option of the Issuer, at the Prepayment Price plus interest accrued on the amount being prepaid to the date of prepayment. The Issuer shall provide the Noteholder with no less than five (5) Business Days prior written notice of any such prepayment

Principal prepayments shall be applied to the Series 2018B Note in the inverse order of scheduled principal payment dates.

D. The Series 2018B Note shall be in substantially the form set forth in Exhibit A attached hereto with such changes as shall be approved by the County Manager and the Chair, such approval to be conclusively evidenced by the execution thereof by the Chair.

E. No presentment or delivery shall be required for prepayment or principal installment payments on the Series 2018B Note.

SECTION 7. REGISTRATION AND EXCHANGE OF SERIES 2018B NOTE; PERSONS TREATED AS NOTEHOLDER. So long as the Series 2018B Note shall remain unpaid, the Issuer will keep books for the registration and transfer of the Series 2018B Note. The Series 2018B Note shall be transferable only upon such registration books in whole but not in part, upon delivery to the Issuer of an instrument in form and substance reasonably acceptable to the Issuer evidencing the sale or transfer of the Series 2018B Note. The Issuer, through the Clerk, shall serve as the Paying Agent and Registrar for the Series 2018B Note. The Series 2018B Note may only be transferred to a Person who meets the definition of Noteholder in Section 3 hereof.

Notwithstanding the foregoing, the Noteholder may sell participations in the Series 2018B Note to any number of participants.

The Person in whose name the Series 2018B Note shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes, and payment of principal and interest on such Series 2018B Note shall be made only to or upon the written order of the Noteholder. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Series 2018B Note to the extent of the sum or sums so paid.

SECTION 8. OTHER COVENANTS OF ISSUER. For so long as any of the principal of and interest on the Series 2018B Note shall be outstanding and unpaid, the Issuer covenants with the Noteholder as follows:

A. Payment of Series 2018B Note. The Series 2018B Note shall be secured by and payable from the Pledged Funds. The Issuer does hereby irrevocably pledge the Pledged Funds to the payment of the Series 2018B Note in accordance with the provisions hereof. The pledge of and lien on the Pledged Funds shall attach at the time of delivery of the Series 2018B Note.

The Issuer covenants and agrees to transfer to the Noteholder, solely from the Pledged Funds on or prior to the date designated for payment of any principal of or interest on the Series 2018B Note, sufficient moneys to pay such principal or interest.

B. Books and Records; Other Information. Books and records of the Issuer shall be kept in which complete and correct entries shall be made, in accordance with generally accepted accounting principles. No later than 210 days following the end of each Fiscal Year, the Issuer shall make its Annual Audit available to the Noteholder, either by posting such Annual Audit on the Issuer's public website or by providing it directly to the Noteholder. Such financial statements will be in sufficient detail to determine compliance with all applicable financial covenants contained in this Resolution.

No later than 60 days after its adoption, the Issuer shall make its annual budget available to the Noteholder, either by posting such adopted budget on the Issuer's public website or by providing it directly to the Noteholder.

The Issuer shall provide the Noteholder with other information relating to the Series 2018B Note or the security with respect thereto upon reasonable request.

D. Notice of Defaults. The Issuer shall within ten (10) days after it acquires actual knowledge thereof, notify the Noteholder in writing upon the happening, occurrence, or existence of any Event of Default (as defined in Section 17 hereof), and any event or condition which with the passage of time or giving of notice, or both, would constitute an Event of Default, and shall provide the Noteholder with such written notice, a detailed statement by a responsible officer of the Issuer of all relevant facts and the action being taken or proposed to be taken by the Issuer with respect thereto.

E. Records. The Issuer agrees that any and all records of the Issuer with respect to the Series 2018B Note shall be open to inspection by the Noteholder or its representatives at all reasonable times at the offices the Issuer upon reasonable advance written notice.

SECTION 9. COVENANT TO BUDGET AND APPROPRIATE.

Subject to the other provisions of this Section 9, the Issuer covenants and agrees to appropriate in its annual budget, by amendment, if necessary, from Available Non-Ad Valorem Revenues, amounts sufficient to make the payments of principal and interest of the Series 2018B Note. Such covenant and agreement on the part of the Issuer to budget and appropriate such amounts of Available Non-Ad Valorem Revenues shall be cumulative to the extent not paid and shall continue until such Available Non-Ad Valorem Revenues in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. No lien upon or pledge of such budgeted Non-Ad Valorem Revenues shall be in effect until such monies are budgeted and appropriated.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the Issuer from pledging in the future its Non-Ad Valorem Revenues or any component thereof, nor does it require the Issuer to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Noteholder of the Series 2018B Note a prior claim on any Non-Ad Valorem Revenues except as provided in the immediately preceding paragraph. Such covenant to budget and appropriate Available Non-Ad Valorem Revenues is subject in all respects to the prior payment of obligations secured by a pledge of Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on other debt instruments). Anything in this Resolution to the contrary notwithstanding, it is understood and agreed that the obligations of the Issuer, if any, to pay amounts due hereunder shall be payable from the portion of Available Non-Ad Valorem Revenues budgeted and appropriated as provided for hereunder and nothing herein shall be deemed to pledge ad valorem tax

revenues for such interest or to permit or constitute a mortgage or lien upon any assets owned by the Issuer and no Noteholder nor any other person, may compel the levy of ad valorem taxes on real or personal property within the boundaries of the Issuer to pay such interest.

Notwithstanding any provisions of this Resolution or the Series 2018B Note to the contrary, the Issuer shall never be obligated to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues. Neither this Resolution nor the obligations of the Issuer hereunder shall be construed as a pledge of or a lien on all or any legally available Non-Ad Valorem Revenues of the Issuer but shall be payable solely as provided herein and is subject in all respects to the provisions of Section 129.01, Florida Statutes.

The covenant to budget and appropriate for the purposes and in the manner stated herein shall have the effect of making available for the payment of the Series 2018B Note, in the manner described herein, Available Non-Ad Valorem Revenues, and placing on the Issuer a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations hereunder; subject, however, in all respects to the restrictions of Sections 129.03 and 129.07, Florida Statutes. The Issuer agrees that its covenant and agreement to budget and appropriate Available Non-Ad Valorem Revenues shall be deemed entered into for the benefit of the Noteholder and this obligation may be enforced by a court of competent jurisdiction.

SECTION 10. ANTI-DILUTION AND ADDITIONAL DEBT. During each Fiscal Year that the Series 2018B Note is outstanding hereunder, the Issuer agrees and covenants with the Noteholder that Adjusted Non-Ad Valorem Revenues shall be no less than 1.5x the projected aggregate Maximum Annual Debt Service on the Series 2018B Note and Other Debt for each Fiscal Year. During each Fiscal Year that the Series 2018B Note is outstanding hereunder, prior to the incurrence of any additional Other Debt, the Issuer agrees and covenants with the Noteholder that Adjusted Non-Ad Valorem Revenues shall be no less than 1.5x the aggregate Maximum Annual Debt Service on the Series 2018B Note and Other Debt, including the proposed Other Debt. Such calculation shall be determined using the average of actual Adjusted Non-Ad Valorem Revenues for the prior two Fiscal Years based on the Issuer's Annual Audits. The Issuer agrees to provide the Noteholder with a certification that such test has been satisfied and accompanying calculation prior to the incurrence of such additional Other Debt.

SECTION 11. APPLICATION OF PROCEEDS OF SERIES 2018B NOTE.

A. A sufficient amount of the Series 2018B Note proceeds shall be applied to the payment of costs and expenses relating to the issuance of the Series 2018B Note.

B. A sufficient amount of the proceeds of the Series 2018B Note proceeds shall be applied by the Noteholder to prepay the Prior Indebtedness in full as of the date of issuance of the Series 2018B Note. Any remaining proceeds of the Series 2018B Note shall be applied to pay scheduled debt service in the Series 2018B Note.

SECTION 12. TAX COVENANT. The Issuer covenants to the Noteholders of the Series 2018B Note that the Issuer will not make any use of the proceeds of the Series 2018B Note at any time during the term of the Series 2018B Note which, if such use had been reasonably expected on the date the Series 2018B Note was issued, would have caused such Series 2018B Note to be an "arbitrage bond" within the meaning of the Code. The Issuer will comply with the requirements of the Code and any valid and applicable rules and regulations promulgated thereunder necessary to ensure the exclusion of interest on the Series 2018B Note from the gross income of the holder thereof for purposes of federal income taxation.

SECTION 13. ADJUSTMENT TO INTEREST RATE. While the Series 2018B Note remains outstanding, upon the occurrence of a Determination of Taxability, the interest rate shall be adjusted in such manner as shall be determined by the Noteholder, absent manifest error, as shall be necessary to provide to the Noteholder an after-tax yield on the then outstanding principal amount of the Series 2018B Note equal to the after-tax yield to the Noteholder, if such Determination of Taxability had not occurred, from the date such interest must be included in such gross income, whereupon the Issuer shall reimburse the Noteholder for the difference between (a) the interest then due computed at the adjusted rate, and (b) the interest previously paid on the Series 2018B Note at the unadjusted rate, along with all costs, expenses, penalties, attorneys fees and all other losses incurred by the Noteholder as a result of such Determination of Taxability (but not due to any negligent delay of the Noteholder), within 30 days after the date a written notice (including a copy of the Determination of Taxability) is delivered by the Noteholder to the Issuer stating that such a determination has been made and stating the amount that is then due. The obligation to pay such additional interest and such other costs, expenses, penalties, attorney's fees and other losses shall survive the payment of the principal of the Series 2018B Note but shall be payable solely from Pledged Funds in the manner and to the extent described in the Resolution.

SECTION 14. AMENDMENT. The Issuer will not modify or amend this Resolution without the written consent of the Noteholder.

SECTION 15. LIMITATION OF RIGHTS. With the exception of any rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Resolution or the Series 2018B Note is intended or shall be construed to give to any Person other than the Issuer and the Noteholder any legal or equitable right, remedy or claim under or with respect to this Resolution or any covenants, conditions and provisions herein contained; this Resolution and all of the covenants, conditions and provisions hereof

being intended to be and being for the sole and exclusive benefit of the Issuer and the Noteholder.

SECTION 16. NOTE MUTILATED, DESTROYED, STOLEN OR LOST. In case the Series 2018B Note shall become mutilated, or be destroyed, stolen or lost, the Issuer shall issue and deliver a new Series 2018B Note of like tenor as the Series 2018B Note so mutilated, destroyed, stolen or lost, in exchange and in substitution for such mutilated Series 2018B Note, or in lieu of and in substitution for the Series 2018B Note destroyed, stolen or lost and upon the Noteholder furnishing the Issuer proof of ownership thereof and indemnity reasonably satisfactory to the Issuer and complying with such other reasonable regulations and conditions as the Issuer may prescribe and paying such expenses as the Issuer may incur. The Series 2018B Note so surrendered shall be canceled.

SECTION 17. EVENTS OF DEFAULT; REMEDIES OF NOTEHOLDER. The following shall constitute "Events of Default": (A) if the Issuer fails to pay any payment of principal of or interest on the Series 2018B Note when due and payable; (B) if the Issuer defaults in the performance or observance of any covenant or agreement contained in this Resolution or the Series 2018B Note (other than set forth in (A) above) and fails to cure the same within the earlier of thirty (30) days following written notice from the Noteholder or thirty (30) days following the date the Issuer had knowledge of such default; (C) filing of a petition by or against the Issuer relating to bankruptcy, reorganization, arrangement or readjustment of debt of the Issuer or for any other relief relating to the Issuer under the United States Bankruptcy Code, as amended, or any other insolvency act or law now or hereafter existing, or the involuntary appointment of a receiver or trustee for the Issuer, and, in the case of a proceeding other than a voluntary proceeding commenced by the Issuer, the continuance of any such event for 90 days undismissed or undischarged; or (D) any representation or warranty of the Issuer contained in this Resolution or in any certificate or other closing document executed and delivered by the Issuer in connection with the issuance of the Series 2018B Note shall prove to have been untrue in any material respect when executed and delivered.

Upon the occurrence and during the continuation of any Event of Default, the Noteholder may either at law or in equity, by suit, action, mandamus or other proceeding (including specific performance) in any court of competent jurisdiction, protect and enforce any and all rights under the laws of the State, or granted or contained in this Resolution, and may enforce and compel the performance of all duties required by this Resolution, or by any applicable statutes to be performed by the Issuer or by any officer thereof. Additionally, upon the occurrence and continuation of an Event of Default specified in section (A) above, or the owner of any Other Debt that is payable from a covenant to budget and appropriate Available Non-Ad Valorem Revenues or Non-Ad Valorem Revenues declares the entire principal amount of such Other Debt immediately due and payable

(including by a put or tender right), the Noteholder may declare the entire outstanding principal amount of the Series 2018B Note to be immediately due and payable.

SECTION 18. 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 19. RULES OF INTERPRETATION. Unless expressly indicated otherwise, references to sections or articles are to be construed as references to sections or articles of this instrument as originally executed. Use of the words "herein," "hereby," "hereunder," "hereof," "hereinbefore," "hereinafter" and other equivalent words refer to this Resolution and not solely to the particular portion in which any such word is used.

SECTION 20. CAPTIONS. The captions and headings in this Resolution are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Resolution.

SECTION 21. PERSONAL LIABILITY EXEMPTION. No recourse under or upon any obligation, covenant or agreement of this Resolution or the Series 2018B Note or for any claim based thereon or otherwise in respect thereof, shall be had against any member of the Board, the Chair, the Clerk, the County Attorney, the County Manager or any staff, employees or agents of the Issuer, past, present or future, either directly or through the Issuer (collectively, "Issuer Participants") it being expressly understood (i) that no personal liability whatsoever shall attach to, or is or shall be incurred by, the Issuer Participants under or by reason of the obligations, covenants or agreements contained in this Resolution or implied therefrom, and (ii) that any and all such personal liability, either at common law or in equity or by constitution or statute, of, and any and all such rights and claims against, every Issuer Participant are waived and released as a condition of, and as a consideration for, the execution of this Resolution and the issuance of the Series 2018B Note, on the part of the Issuer.

SECTION 22. AUTHORIZATIONS. The Chair and any member of the Board, the County Attorney, the Clerk, the County Manager and such other officials and employees of the Issuer as may be designated by the Issuer are each designated as agents of the Issuer in connection with the issuance and delivery of the Series 2018B Note and the refinancing of the Prior Indebtedness and are authorized and empowered, collectively or individually, to take all action and steps and to execute all instruments, documents, and contracts on behalf of the Issuer that are necessary or desirable in connection with the execution and delivery of the Series 2018B Note and the refinancing of the Prior Indebtedness, and which are specifically authorized or are not inconsistent with the terms and provisions of this Resolution.

SECTION 23. WAIVER OF JURY TRIAL; APPLICABLE LAW AND JURISDICTION. (A) To the extent permitted by applicable law, the Issuer and the Noteholder, knowingly, voluntarily and intentionally waives any right each may have to a trial by jury in respect of any litigation based on, or arising out of, under or in connection with this Resolution, the Series 2018B Note or any agreement contemplated to be executed in connection with this Resolution, or any course of conduct, course of dealing, statements (whether verbal or written) or actions of any party with respect hereto.

(B) The substantive laws of the State of Florida shall govern this Resolution, the Series 2018B Note or any agreement contemplated to be executed in connection with this Resolution. The Issuer submits to the jurisdiction of Florida courts and federal courts and agrees that venue for any suit concerning this Resolution or the Series 2018B Note shall be in Brevard County, Florida and the Middle District of Florida.

SECTION 24. REPEALER. All resolutions or parts thereof in conflict herewith are hereby repealed.

SECTION 25. EFFECTIVE DATE. This Resolution shall be effective immediately upon its adoption.

This Resolution passed and adopted this 24th day of April, 2018.

BOARD OF COUNTY COMMISSIONERS
BREVARD COUNTY, FLORIDA,

(SEAL)

By: 

Rita Pritchett, Chair

As approved by Board 4/24/18

ATTEST:



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

EXHIBIT A
FORM OF SERIES 2018B NOTE

April 26, 2018

\$12,410,000.00

BREVARD COUNTY, FLORIDA
NON-AD VALOREM REFUNDING REVENUE NOTE, SERIES 2018B

Maturity Date: July 1, 2021

Brevard County, Florida (the "Issuer"), for value received, promises to pay from the sources hereinafter provided, to the order of **PNC Bank, National Association**, or registered assigns (hereinafter, the "Owner"), the principal sum of TWELVE MILLION FOUR HUNDRED TEN THOUSAND AND 00/100 DOLLARS, in the amounts and on the dates described below, together with interest on the principal balance at a rate of 2.5809% per annum (subject to adjustment as described in the hereinafter described Resolution) semi-annually on each January 1 and July 1 commencing July 1, 2018. Interest shall be calculated on the basis of twelve 30-day months and a 360-day year.

Principal on this Note is payable annually in lawful money of the United States of America at such place as the Owner may designate to the Issuer in writing pursuant to the following schedule:

<u>Payment Date</u>	<u>Principal Amount</u>
July 1, 2019	\$4,070,000
July 1, 2020	4,125,000
July 1, 2021	4,215,000

This Note may be prepaid in whole or in part on any date at the option of the Issuer upon five (5) Business Days (as defined in the Resolution) prior written notice, at the Prepayment Price (as defined in the Resolution) plus accrued interest on the amount being prepayment to the date of prepayment.

If any date for the payment of principal and interest hereon or the taking of any action hereunder shall fall on a day which is not a Business Day, the payment due or action to be taken on such date shall be due on the next succeeding day which is a Business Day, but the Issuer shall not receive credit for the payment until it is actually received by the Owner.

All payments by the Issuer pursuant to this Note shall apply first to accrued interest, then to other charges due the Owner, and the balance thereof shall apply to principal.

This Note is issued pursuant to the provisions of the Constitution of the State of Florida, Chapter 125, Florida Statutes, the Charter of the Issuer, and other applicable provisions of law (the "Act"), and a resolution adopted by the Board of County Commissioners of the Issuer on April 24, 2018 relating to this Note (the "Resolution"), and is subject to all the terms and conditions of the Act and the Resolution. All terms,

conditions and provisions of the Resolution are by this reference thereto incorporated herein as a part of this Note. Terms used herein in capitalized form and not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

Payments of the principal of and interest on this Note shall be limited obligations of the Issuer, payable solely from the Pledged Funds to the extent provided in the Resolution. The Issuer has agreed in the Resolution, subject to the limitations described therein, to appropriate in its annual budget, by amendment, if necessary, from Available Non-Ad Valorem Revenues, amounts sufficient to make the payments of principal and interest of this Note. Such covenant and agreement on the part of the Issuer to budget and appropriate such amounts of Available Non-Ad Valorem Revenues shall be cumulative to the extent not paid, and shall continue until such Available Non-Ad Valorem Revenues in amounts sufficient to make all such required payments shall have been budgeted, appropriated and actually paid. No lien upon or pledge of such budgeted Non-Ad Valorem Revenues shall be in effect until such monies are budgeted and appropriated.

Such covenant to budget and appropriate does not create any lien upon or pledge of such Non-Ad Valorem Revenues, nor does it preclude the Issuer from pledging in the future its Non-Ad Valorem Revenues or any component thereof, nor does it require the Issuer to levy and collect any particular Non-Ad Valorem Revenues, nor does it give the Owner a prior claim on the Non-Ad Valorem Revenues except as provided in the immediately preceding paragraph. Such covenant to budget and appropriate Available Non-Ad Valorem Revenues is subject in all respects to the prior payment of obligations secured by a pledge of such Non-Ad Valorem Revenues heretofore or hereafter entered into (including the payment of debt service on other debt instruments). Anything in the Resolution to the contrary notwithstanding, it is understood and agreed that the obligations of the Issuer, if any, to pay amounts due on this Note shall be payable from the portion of Available Non-Ad Valorem Revenues budgeted and appropriated as provided for under the Resolution and nothing in the Resolution or this Note shall be deemed to pledge ad valorem tax revenues for such interest or to permit or constitute a mortgage or lien upon any assets owned by the Issuer and the Owner of this Note nor any other person, may compel the levy of ad valorem taxes on real or personal property within the boundaries of the Issuer to pay such interest.

Notwithstanding any provisions of the Resolution or this Note to the contrary, the Issuer shall never be obligated to maintain or continue any of the activities of the Issuer which generate user service charges, regulatory fees or any Non-Ad Valorem Revenues. Neither the Resolution nor the obligations of the Issuer under the Resolution or this Note shall be construed as a pledge of or a lien on all or any legally available Non-Ad Valorem Revenues of the Issuer, but shall be payable solely as provided herein and is subject in all respects to the provisions of Section 129.01, Florida Statutes.

The covenant to budget and appropriate for the purposes and in the manner stated in the Resolution shall have the effect of making available for the payment of this Note, in

the manner described in the Resolution, Available Non-Ad Valorem Revenues, and placing on the Issuer a positive duty to appropriate and budget, by amendment, if necessary, amounts sufficient to meet its obligations under the Resolution; subject, however, in all respects to the restrictions of Sections 129.03 and 129.07, Florida Statutes. The Issuer agrees that its covenant and agreement to budget and appropriate Available Non-Ad Valorem Revenues shall be deemed entered into for the benefit of Owner of this Note and this obligation may be enforced by a court of competent jurisdiction.

The Note shall not constitute a general obligation or a pledge of the faith, credit or taxing power of the Issuer, the State, or any political subdivision or agency thereof, within the meaning of any constitutional or statutory provisions. Neither the State, nor any political subdivision or agency thereof, nor the Issuer shall be obligated (i) to exercise its ad valorem taxing power in any form on any real or personal property of or in the Issuer to pay the principal of the Note, the interest thereon, or other costs incidental thereto or (ii) to pay the same from any other funds of the Issuer except from the Pledged Funds, in the manner provided in the Resolution.

This Note may be exchanged or transferred by the Owner hereof, in whole but not in part, but only upon the registration books maintained by the Issuer and in the manner and subject to the conditions provided in the Resolution.

The interest rate on this Note is subject to adjustment as provided in Section 13 of the Resolution.

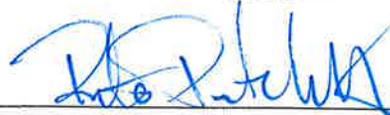
It is hereby certified, recited and declared that all acts, conditions and prerequisites required to exist, happen and be performed precedent to and in the execution, delivery and the issuance of this Note do exist, have happened and have been performed in due time, form and manner as required by law, and that the issuance of this Note is in full compliance with and does not exceed or violate any constitutional or statutory limitation.

[Remainder of page intentionally left blank]

.IN WITNESS WHEREOF, Brevard County, Florida, has issued this Note and has caused the same to be signed by the Chair of the Board of County Commissioners and attested to and countersigned by the Clerk of said Board, either manually or with their facsimile signatures, and its corporate seal or a facsimile thereof to be reproduced hereon, all as of the 26th day of April, 2018.

BREVARD COUNTY, FLORIDA

(SEAL)

By:  _____

Rita Pritchett, Chair

Approved by the Board on April 24, 2018

ATTEST:

By:  _____

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