

Angela Abbott

Subject: FW: Venue at Viera

From: Scott Culp
Sent: Tuesday, April 14, 2020 1:18 PM
To: Marianne Edmonds
Cc: David Leon (david.leon@nelsonmullins.com); Jay Brock; Tricia Doody
Subject: Venue at Viera

Marianne,

Thank you for taking the time to discuss our request to the Brevard HFA regarding the Venue at Viera MMRB transaction.

It is always helpful to gain a better understanding of each parties needs and constraints when trying to develop alternatives that are mutually beneficial.

As we discussed, the request regarding the Issuer Fees and Cost of Issuance may be more appropriate structured as a Forgivable Loan. However, after our call and subsequent internal discussions, we recognized that a forgivable loan is taxable which significantly reduces the value. Alternatively, we would propose that you consider a fee structure wherein the Issuer Fees are established at 50% of your published rate and the Cost of Issuance funded 50% by us and 50% by the HFA, with the 50% balance of the Issuer Fees and Cost of Issuance due and payable as an obligation of Atlantic Housing or its Bond Purchaser Affiliate, at any time during the minimum 15 year bond term that the Owner is not in compliance (*allowing for appropriate cure period*) with any of the terms or requirements of the MMRB regulatory agreements.

With regard to our request to waive Performance & Payment Bonds, Letters of Credit and/or Liquidity Maintenance for Construction Completion Guarantee, we would offer to include the Owner, Bond Purchaser, and HFA as multiple Obligees on the major subcontractor performance and payment bonds. In addition, an entity with some commonality of Ownership with the Developer and Applicant would provide a Construction Completion Guarantee. That entity would be one that has been underwritten by the Credit Underwriter and deemed to have the financial resources adequate to support the Construction Completion Guarantee.

With regard to the funding of equity at closing, we discussed our recommendation that our Bridge Loan be allowed to be funded as needed but required prior to any bond proceeds being funded until such time as the bond proceeds are sufficient to fund the balance of the construction cost to complete the project.

We also discussed limitations on the future sale of the bonds after purchased by the entity controlled by one of our Principals. We would propose that any subsequent future sale of the bonds would not require HFA approval if sold only to Sophisticated Investors in minimum denominations of \$500,000.

We are available to continue the discussion prior to the next scheduled Brevard HFA Board meeting so that we can achieve a mutually agreeable recommendation to the Board.

Thanks for your time.

W. Scott Culp



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