

CAPITAL TRUST AGENCY

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May 22, 2019

VIA EMAIL

Mr. Jimmy L. Morales
City Manager
City of Miami Beach, Florida
1700 Convention Center Drive
Miami Beach, Florida 33139
JimmyMorales@miamibeachfl.gov

Re: Action Requested: Adoption of a resolution by the City Commission of the City of Miami Beach, 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 financing the acquisition and renovation of a multi-family rental housing facility

Dear Mr. Morales:

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 to issue tax-exempt and taxable debt to provide capital funding of projects beneficial to the citizens of Florida. CTA has been asked to serve as issuer of bonds for a 252-unit multi-family rental housing facility, more fully described below, located in the City of Miami Beach, Florida (the "City").

CTA has agreed to issue its revenue bonds in an amount not to exceed \$35,000,000 (the "Bonds") in one or more series, either taxable or tax-exempt, or both, and loan the proceeds thereof to Elderly Housing Development and Operations Corporation, a not for profit corporation of the District of Columbia, authorized to do business in the State of Florida, and/or one or more related and/or affiliated entities ("Elderly Housing Development and Operations Corporation"), and a tax-exempt organization described in Section 501(c)(3) of the Internal Revenue Service Code of 1986 (the "Code"). Elderly Housing Development and Operations Corporation, acting through itself or through its affiliates, desires to finance the cost to acquire, renovate, install and equip a 252-unit multi-family rental housing facility (consisting of 250 one-bedroom units and two office units) for persons of low income located at 533 & 1040 Collins Avenue, Miami, Beach, Florida, known as Council Towers Apartments (the "Facility").

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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 City of the use of the proceeds of the Bonds within the City 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 Elderly Housing Development and Operations Corporation, respectfully requests that the City, at a meeting of its City Commission (the "City Commission"), consider providing its TEFRA approval by resolution of the City Commission. We have reviewed the City Commission's meeting schedule and we believe the City Commission's meeting on June 5, 2019 will provide adequate time for the resolution to be finalized and to provide the citizens of the City with notice. In addition, the Code requires there be a public hearing regarding the Bonds prior to the City Commission's consideration of the TEFRA Resolution. The law requires this hearing to be no sooner than seven (7) days following its published notice date.

Finally, for purposes of Section 163.01, Florida Statutes, as amended (the "Interlocal Cooperation Act"), CTA respectfully requests the local jurisdiction's permission to finance the project within the local jurisdiction's corporate limits.

We have been in contact with the City's Bond Counsel, Squire Patton Boggs (US) LLP (who is also bond counsel on the CTA transaction) and the City Attorney's office. We have also provided them the following:

1. The proposed form of a resolution to be considered by the City Commission. As you will note from the language in Section 5 of the attached resolution, **the City 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 City.** The Bonds will be limited obligations of CTA, payable solely from the revenue derived from Elderly Housing Development and Operations Corporation and pledged to the payment of the Bonds; and
2. The form of a notice of public hearing ("TEFRA Notice") required to be published in a newspaper of general circulation within the City at least seven (7) days before the TEFRA Hearing. We have, through the City Attorney's office provided the public hearing notice to the Clerk and to the City Commission and this notice has been published in the *Miami Herald* on May 19, 2019.

As noted in documents above, the Bonds **are not** obligations of the City, and **the City, the City Commission and its employees and agents have been granted appropriate indemnity.**

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For any professional counsel and advice the City may deem necessary to solicit, Elderly Housing Development and Operations Corporation will make restitution for all reasonable expenses incurred by the City, including payment of the fees and expenses of the City's Bond Counsel.

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

If there is a problem with scheduling this matter for consideration at the City Commission's June 5, 2019 meeting, or if you or any of the members of the City Commission or your staff require any additional information, please contact me at your earliest convenience.

Sincerely,



Ed Gray III
Executive Director

cc: (All with enclosures)
Mark Mustian, Esq.
Sandy MacLennan, Esq.
Rafael Paz, Esq.

Attachment:
Form TEFRA Resolution (including indemnification certificate from the Borrower)