

# CAPITAL TRUST AGENCY

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315 Fairpoint Drive • Gulf Breeze, Florida 32561 • Office 850-934-4046 • Fax 850-934-4048

April 22, 2020

## VIA EMAIL

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

This letter is a follow-up to my letter of May 20, 2019 (copy attached) referencing the issuance by the Capital Trust Agency ("CTA") of bonds in an amount not to exceed \$35,000,000 to finance the acquisition and rehabilitation of the 252-unit multi-family rental housing facility located in the City of Miami Beach, Florida (the "City") and known as "Council Towers" (the "Facility"). The City previously held a public hearing on June 5, 2019 indicating its approval for limited purposes described in my previous letter of the issuance of the bonds by the CTA and the financing of the Facility.

Since the City's approval on June 5, 2019, the Facility sponsor, Elderly Housing Development and Operations Corporation ("EHDOC"), has indicated that the acquisition and rehabilitation costs have increased. As a result and at EHDOC's request, the CTA has approved an increase in the maximum bond amount to \$38,450,000, which is permitted under federal income tax regulations with the existing limited City approval.

Additionally, for a variety of reasons, including most recently the COVID-19 disruption nationwide, the financing closing schedule has been delayed. Under federal income tax regulations applicable to the issuance of tax-exempt bonds such as those to be issued by the CTA, the City's June 5, 2019 approval will expire on June 5, 2020. EHDOC and the CTA are working expeditiously with its development and financing partners to close the financing for the Facility before the end of May 2020; however there is concern that the financing may experience an additional delay that could push the closing past June 5, 2020. Out of an abundance of caution, we are requesting that the City hold another public hearing and provide its limited

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City Manager  
City of Miami Beach, Florida  
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approval again so as to limit any potential further delay in closing the transaction and commencing the rehabilitation activities.

To that end, there has been prepared a new public hearing notice and resolution for the City's consideration which is identical to the documents provided in 2019 with the exception of the authorized amount (now \$38,450,000) and the date of consideration and adoption. A new indemnification from EHDOC will be provided and EHDOC will reimburse the City for the cost of the hearing notice publication.

If there is a problem with scheduling this matter for consideration at the City Commission's May 13, 2020 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,

A handwritten signature in blue ink that reads "Ed Gray III" with a stylized flourish at the end.

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)

# CAPITAL TRUST AGENCY

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315 Fairpoint Drive • Gulf Breeze, Florida 32561 • Office 850-934-4046 • Fax 850-934-4048

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](mailto: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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City Manager  
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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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City Manager  
City of Miami Beach, Florida  
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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)