

CAPITAL TRUST AGENCY

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

September 14, 2018

VIA EMAIL

Mr. Mark S. Woodard, County Administrator
Pinellas County, Florida
315 Court Street
Clearwater, Florida 33756
mwoodard@pinellascounty.org

Re: Action Requested: Adoption of a resolution of the Board of County Commissioners of Pinellas County, 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 of three senior living facilities

Dear Mr. Woodard:

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 to finance the acquisition of three senior living facilities, one of which is located in Pinellas County, Florida (the "County").

The facility located in the County is a senior living community known as Grand Villa of Largo, located at 750 Starkey Road, Largo, Pinellas County, Florida (the "Pinellas County Facility"). The other two facilities are located in Altamonte Springs, Seminole County, Florida, and Ormond Beach, Volusia County, Florida (together with the Pinellas County Facility, the "Facilities").

CTA's Senior Living Revenue Bonds (Grand Villa Portfolio Project) are expected to be issued in an amount not to exceed \$60,000,000 (the "Bonds") in one or more series, either taxable or tax-exempt, or both, and the proceeds thereof would be loaned to QSH/Mid Florida, LLC, a Florida limited liability company, and/or one or more related and/or affiliated entities (collectively, the "Borrower"), whose sole member is Quality Senior Housing Foundation, Inc., a Georgia nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"). The Borrower, acting through itself or through its affiliates, plans to acquire and own the Facilities. The initial manager of the Facilities will be IND-Ormond, Inc. d/b/a SenCare Management, or an affiliate thereof or another entity chosen by the Borrower. The Facilities will be financed under a single bond issue.

Mr. Mark S. Woodard, County Administrator
Pinellas County, Florida
September 14, 2018
Page 2

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 County of the use of the proceeds of the Bonds within the County 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 the Borrower, respectfully requests that the County, at a meeting of its Board of County Commissioners (the "Board"), consider providing its TEFRA approval by resolution of the Board. We have reviewed the Board's meeting schedule and we believe the Board's meeting on October 9, 2018 will provide adequate time for the resolution to be finalized and to provide the citizens of the County with the required notice. In addition, the Code requires there be a public hearing regarding the Bonds prior to the Board's consideration of the TEFRA Resolution. With the permission of the County, CTA is prepared to publish the required notice of public hearing. **If desirable, CTA can also hold this public hearing and provide a transcript and report of the hearing officer to the County thus relieving the County of any administrative burden.** The law requires this hearing to be no sooner than 14 days following the published date of the notice.

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

We have made contact with the Office of the County Attorney and Pinellas County Economic Development and will provide them the following documentation:

1. The proposed form of a resolution to be considered by the Board, which will expressly provide that **the County will have absolutely no liability to pay principal of or interest on the Bonds, and the issuance of the Bonds will have no financial impact on the County.** The Bonds will be limited obligations of CTA, payable solely from the revenue derived from the Borrower and pledged to the payment of the Bonds;
2. The proposed form of a TEFRA Script that the Chair of the Board might use as an aid in conducting the TEFRA Hearing; and
3. The proposed form of a TEFRA Notice required to be published in a newspaper of general circulation within the County at least 14 days before the TEFRA Hearing. If you determine that we can move forward, we will coordinate the publication of the TEFRA Notice and will provide you with an affidavit of publication.

As noted in documents 1 – 3 above, the Bonds **are not** obligations of the County, and **the County, the Board and the County's employees and agents have been granted the appropriate indemnity.**

Mr. Mark S. Woodard, County Administrator
Pinellas County, Florida
September 14, 2018
Page 3

As a side note, the bond counsel law firm working with CTA on this transaction is the Jacksonville office of Foley & Lardner LLP. Additionally, we have engaged the law firm of Bryant Miller Olive P.A. as our review bond counsel on the transaction. For any professional counsel and advice the County may deem necessary to solicit, the Borrower will make restitution for all reasonable expenses incurred by the County. I understand that Bryant Miller Olive P.A. serves as bond counsel to the County.

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

If you or any of the members of the Board or your staff require any additional information, please contact me at your earliest convenience.

Sincerely,

Ed Gray III
Executive Director

cc: (All with enclosures)
Cindy Margiotta, Pinellas County Economic Development
Donald S. Crowell, Chief Assistant County Attorney