

MEMORANDUM

Agenda Item No. 8(K)(2)

TO: Honorable Chairman Jose "Pepe" Diaz
and Members, Board of County Commissioners

DATE: May 4, 2021

FROM: Geri Bonzon-Keenan
County Attorney

SUBJECT: Resolution approving, pursuant to section 17-02 of the Code, a loan of up to \$500,000.00 of Documentary Stamp Surtax Program funds to the Cornerstone Group, or related entity, for the Regatta Place affordable housing project; authorizing the County Mayor to execute conditional loan commitments, standard shell contracts, standard shell loan documents, amendments, and other agreements necessary to accomplish the purposes of this resolution; and authorizing the County Mayor, upon a determination that such actions are in the best interest of the County, to subordinate and/or modify the terms of contracts, agreements, amendments and loan documents, and to exercise the termination, waiver, acceleration, or other provisions set forth therein

Resolution No. R-428-21

The accompanying resolution was prepared by the Public Housing and Community Development Department and placed on the agenda at the request of Prime Sponsor Commissioner Keon Hardemon.


Geri Bonzon-Keenan
County Attorney

GBK/uw

Memorandum



Date: May 4, 2021

To: Honorable Chairman Jose “Pepe” Diaz
and Members, Board of County Commissioners

From: Daniella Levine Cava
Mayor 

Subject: Resolution Approving a Loan of Prepaid Documentary Stamp Surtax Program Funds to the Cornerstone Group, or Related Entity, for Regatta Place

Recommendations

It is recommended that the Board of County Commissioners (Board):

- Allocate \$500,000.00 of Documentary Stamp Surtax (Surtax) Program funds received through the prepayment of Surtax program loans that funded the Captiva Club project, in the amount of \$452,000.00 and Bonita Pointe project, in the amount of \$48,000.00, and authorize, in accordance with section 17-02 of the Code of Miami-Dade County, the redeployment of the total amount of prepaid loans to the Cornerstone Group, or related entity, for the Regatta Place affordable housing project;
- Authorize the County Mayor or the County Mayor’s designee to execute conditional loan commitments, standard shell contracts, standard shell loan documents, amendments, and other agreements necessary to accomplish the purposes of this resolution; and
- Authorize the County Mayor or County Mayor’s designee, upon a determination that such actions are in the best interest of the County, to subordinate and/or modify the terms of contracts, agreements, amendments and loan documents so long as such modifications are approved by the County Attorney’s Office and are not substantially inconsistent with this resolution and to exercise the termination, waiver, acceleration, or other provisions set forth therein.

Scope

Regatta Place is an existing 108-unit garden style apartment complex located at 3150 NW 42nd Street, Miami, Florida. The site is property Folio No. 30-3121-067-0010, and is located within District 3, which is represented by Commissioner Keon Hardemon. Project funds will be utilized to address construction gaps that were the result of construction cost overruns.

Fiscal Impact/Funding Source

This item will not have a negative fiscal impact on the County’s General Fund.

Track Record/Monitor

The project will be monitored by Michael Liu, Director, Public Housing and Community Development Department (the Department).

Delegation of Authority

This item requests a delegation of authority to allow Department staff to execute conditional loan commitments, to subordinate and/or modify the terms of contracts, documents and amendments as necessary to accomplish the purposes of this resolution.

Background

In a letter dated September 29, 2020, and attached hereto as Exhibit 1, a request was made for \$500,000.00 of prepaid loan funds to be redeployed and loaned to the Cornerstone Group, or related entity, for the Regatta Place affordable housing project. Due to construction cost increases, the project experienced construction overruns. The project was allocated funds from various sources with tax-exempt bonds issued by the Florida Housing Finance Corporation (FHFC), State Apartment Incentive Loan/State Apartment Incentive Loan Extremely Low Income (SAIL/SAIL ELI) funds, and Surtax funds.

The Cornerstone Group seeks to redeploy repaid Surtax loan funds from the Captiva Club and the Bonita Pointe projects to the Regatta Place project. The Captiva Club Associates, Ltd., Bonita Pointe Associates, Ltd., and Regatta Place Associates, Ltd., are all subsidiaries of the Cornerstone Group. The Regatta Place project will be allocated repaid Surtax loan funds from the Captiva Club project that was awarded \$850,000.00 of Surtax program funds (Resolution No. R-1366-04) and the Bonita Pointe project that was awarded \$1,250,000.00 of Surtax program funds (Resolution No. R-52-04).

This prepayment and loan structure is permitted by section 17-02 of the Code of Miami-Dade County, which provides that any developer which repays its County loan in full before the date on which the loan is due may, upon approval of the Board, have the repaid funds loaned to it, or a related entity, for additional eligible affordable housing projects without the need to compete again for those funds. Table 1 below provides a summary of the loan repayment.

Table 1

Loan #	Project Name	Funding Source	Loan Amount	Maturity Date	Pay-Off Amount	Pay-Off Date
36041	Captiva Club Apts.	Surtax	\$850,000.00	7/1/2049	\$452,000.00	10/5/2020
36037	Bonita Pointe Apts.	Surtax	\$1,250,000.00	9/30/2034	\$48,000.00	10/5/2020
			\$2,100,000.00		\$500,000.00	

Upon approval of this item, a conditional loan commitment in substantially the form attached hereto as Exhibit 2 will be issued to the Cornerstone Group, or related entity, for the Regatta Place affordable housing project.

The Regatta Place affordable housing project will be subject to a full credit underwriting analysis, including subsidy layering review, and must receive a favorable recommendation from the underwriter and show written financing commitments for the total development costs prior to the financial closing of the loan approved herein for the release of loaned funds. The loan shall be subject to those terms for loans issued in accordance with section 17-02 of the Code of Miami-Dade County and as set forth in the FY 2020 Request for Applications (RFA), subject to change at the discretion of the County Mayor or County Mayor's designee based upon the credit underwriting analysis.



Morris Copeland
Chief Community Services Officer



MEMORANDUM

(Revised)

TO: Honorable Chairman Jose "Pepe" Diaz
and Members, Board of County Commissioners

DATE: May 4, 2021

FROM: 
Gen Bonzon-Keenan
County Attorney

SUBJECT: Agenda Item No. 8(K)(2)

Please note any items checked.

- _____ "3-Day Rule" for committees applicable if raised
- _____ 6 weeks required between first reading and public hearing
- _____ 4 weeks notification to municipal officials required prior to public hearing
- _____ Decreases revenues or increases expenditures without balancing budget
- _____ Budget required
- _____ Statement of fiscal impact required
- _____ Statement of social equity required
- _____ Ordinance creating a new board requires detailed County Mayor's report for public hearing
- _____ No committee review
- _____ Applicable legislation requires more than a majority vote (i.e., 2/3's present ____, 2/3 membership ____, 3/5's ____, unanimous ____, CDMP 7 vote requirement per 2-116.1(3)(h) or (4)(c) ____, CDMP 2/3 vote requirement per 2-116.1(3)(h) or (4)(c) ____, or CDMP 9 vote requirement per 2-116.1(4)(c)(2) ____ to approve
- _____ Current information regarding funding source, index code and available balance, and available capacity (if debt is contemplated) required

Approved _____ Mayor
Veto _____
Override _____

Agenda Item No. 8(K)(2)
5-4-21

RESOLUTION NO. R-428-21

RESOLUTION APPROVING, PURSUANT TO SECTION 17-02 OF THE CODE OF MIAMI DADE COUNTY, A LOAN OF UP TO \$500,000.00 OF DOCUMENTARY STAMP SURTAX PROGRAM FUNDS TO THE CORNERSTONE GROUP, OR RELATED ENTITY, FOR THE REGATTA PLACE AFFORDABLE HOUSING PROJECT; AUTHORIZING THE COUNTY MAYOR OR THE COUNTY MAYOR'S DESIGNEE TO EXECUTE CONDITIONAL LOAN COMMITMENTS, STANDARD SHELL CONTRACTS, STANDARD SHELL LOAN DOCUMENTS, AMENDMENTS, AND OTHER AGREEMENTS NECESSARY TO ACCOMPLISH THE PURPOSES OF THIS RESOLUTION; AND AUTHORIZING THE COUNTY MAYOR OR COUNTY MAYOR'S DESIGNEE, UPON A DETERMINATION THAT SUCH ACTIONS ARE IN THE BEST INTEREST OF THE COUNTY, TO SUBORDINATE AND/OR MODIFY THE TERMS OF CONTRACTS, AGREEMENTS, AMENDMENTS AND LOAN DOCUMENTS, AND TO EXERCISE THE TERMINATION, WAIVER, ACCELERATION, OR OTHER PROVISIONS SET FORTH THEREIN

WHEREAS, this Board desires to accomplish the purposes outlined in the accompanying memorandum, a copy of which is incorporated herein by reference,

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF MIAMI-DADE COUNTY, FLORIDA, that:

Section 1. This Board ratifies and adopts the matters set forth in the accompanying justification memorandum as if fully set forth herein.

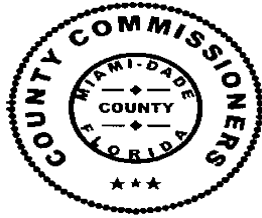
Section 2. This Board approves, pursuant to the provisions of section 17-02 of the Code of Miami Dade County, a loan to the Cornerstone Group, or related entity, in an amount not to exceed \$500,000.00 of Documentary Stamp Surtax Program funds for the Regatta Place affordable housing project consisting of 108 garden style units located at 3150 NW 42nd Street in District 3.

Section 3. All funding awards are contingent upon the Cornerstone Group or its related entity's compliance with the conditions set forth in this resolution and conditional loan commitments, including actual prepayment of the loaned funds. For the loan approved herein, the County Mayor or County Mayor's designee is authorized to execute conditional loan commitments, in substantially the form attached hereto and incorporated by reference, standard shell contracts, standard shell loan documents, amendments, and other agreements necessary to fulfill the purposes of this resolution. This Board further authorizes the County Mayor or County Mayor's designee, upon a determination that such actions are in the best interest of the County, to subordinate and/or modify the terms of contracts, agreements, amendments and loan documents so long as such modifications are approved by the County Attorney's Office and are not substantially inconsistent with this resolution and to exercise the termination, waiver, acceleration, or other provisions set forth therein.

The foregoing resolution was offered by Commissioner **Sally A. Heyman** , who moved its adoption. The motion was seconded by Commissioner **Rebeca Sosa** and upon being put to a vote, the vote was as follows:

Jose "Pepe" Diaz, Chairman	aye		
Oliver G. Gilbert, III, Vice-Chairman	aye		
Sen. René García	aye	Keon Hardemon	absent
Sally A. Heyman	aye	Danielle Cohen Higgins	aye
Eileen Higgins	aye	Joe A. Martinez	aye
Kionne L. McGhee	aye	Jean Monestime	aye
Raquel A. Regalado	aye	Rebeca Sosa	aye
Sen. Javier D. Souto	aye		

The Chairperson thereupon declared this resolution duly passed and adopted this 4th day of May, 2021. This resolution shall become effective upon the earlier of (1) 10 days after the date of its adoption unless vetoed by the County Mayor, and if vetoed, shall become effective only upon an override by this Board, or (2) approval by the County Mayor of this resolution and the filing of this approval with the Clerk of the Board.



MIAMI-DADE COUNTY, FLORIDA
BY ITS BOARD OF
COUNTY COMMISSIONERS

HARVEY RUVIN, CLERK

Melissa Adames

By: _____
Deputy Clerk

Approved by County Attorney as
to form and legal sufficiency.

A handwritten signature in black ink, appearing to be "Shannon D. Summerset-Williams", written over a horizontal line.

Shannon D. Summerset-Williams

Exhibit 1



September 29, 2020

Ms. Leyani Sosa
Public Housing & Community Development
701 NW 1st Court, 16th Floor
Miami, FL 33136

Re: Regatta Place

Dear Ms. Sosa:

Regatta Place is a recently completed project, located in the Brownsville neighborhood of Miami-Dade County. Funded with tax-exempt bonds issues by the FHFC, SAIL/SAIL ELI funds and PHCD Surtax funds, the development provides 108 garden style apartments.

Due to construction cost increases, including tariffs, the project experienced construction overruns. To fill some of that gap, we are redeploying \$500,000, with \$452,000 from Captiva Club Associates, Ltd. and \$48,000 from Bonita Pointe Associates, Ltd. payoffs of Surtax loans prior to maturity.

We greatly appreciate your consideration of this matter. Should you have any questions regarding Platform 3750, please do not hesitate to contact me at mara.mades@cornerstonegrp.com.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mara Mades', with a long horizontal flourish extending to the right.

Mara S. Mades
Manager
Regatta Place Associates, Ltd.

Cc: Clarence Brown

Exhibit 2

Miami-Dade County Conditional Loan Commitment

Date

To: Cornerstone Group, or related entity, for Regatta Place Associates, Ltd. ('the Borrower')

Re: Regatta Place
Folio #30-3121-067-0010 ("the Property")

Dear Borrower:

We are pleased to advise you that on _____ 2021, the Board of County Commissioners (BCC) approved a Conditional Loan Commitment for development activity at the above-listed property (the "Property"). The loan is conditionally committed for the payment of hard construction cost as a portion of the development costs to renovate the Property. This Conditional Loan Commitment is made based upon the request submitted by Borrower for **REPAID** loan funds and subject to the following terms and conditions:

- Borrower: Cornerstone Group, or related entity, for Regatta Place Associates, Ltd. ('the Borrower')
- Project: Regatta Place is an existing 108-unit garden style apartment complex located at 3150 NW 42nd Street, Miami, Florida (Folio #30-3121-067-0010) in Commission District 3.
- Loan Amount: The loan shall be in an amount of not-to-exceed \$500,000.00 as approved by the BCC in Resolution No. _____ for \$500,000.00 and includes all terms and conditions of such BCC approval, including project scope, activity type and, for federal funds, national objective to be achieved ("the loan"). The loan amount may be decreased as determined by the Mayor or the Mayor's designee, based upon Underwriting (defined below) and information and documentation provided by Borrower.
- Conditions: The Loan is conditioned upon the terms, conditions and requirements set forth below (the "Conditions"). The County shall not issue a final unconditional loan commitment, enter into a funding contract, close on the Loan or disburse the Loan funds until all the Conditions are met.
- Collateral: Upon satisfaction of the Conditions, Miami-Dade County (County) and Borrower will enter into a funding contract and loan agreement. The Loan shall be evidenced by a promissory note and secured by a construction/permanent mortgage with assignment of leases and rents, a collateral assignment of leases and rents, a collateral assignment of construction documents, a rental regulatory agreement (where applicable), and any other security or collateral as deemed appropriate by the Mayor or Mayor's designee, in his or her sole discretion, with approval of the County Attorney's Office. Borrower shall additionally be required to provide the County with an environmental indemnification agreement, a UCC- 1, title affidavit, partnership affidavit (if applicable), corporate resolution approving the loan documents, opinion of counsel, certification of borrower to borrower's counsel, and title policy making the County an insured. The Collateral shall be determined based upon financial feasibility and subsidy layering underwriting to be performed by County staff in an internal process and by an independent underwriter and paid for by Borrower.

("Underwriting") following review of a current title search. Additional forms of security may be required if liens, encumbrances, restrictions or covenants exist on the Property which the Mayor or Mayor's designee determines, in his or her sole discretion, threaten the County's Collateral. The Mayor or Mayor's designee shall determine, in his or her sole discretion and in consultation with the County Attorney's Office, whether the Collateral provided by Borrower is sufficient to close and disburse the Loan.

Interest Rate: Loan terms, including the interest rate, are those set forth in the FY 2020 SURTAX/SHIP/HOME Request for Applications (RFA) for Multi-Family Rental 4% LIHTC, 9% LIHTC, and All Other Financing projects. Those terms are 0% interest during construction - years 1 and 2; 1% interest only payments from Development Cash Flow – years 3-17, with another 0.50% interest accruing and due at maturity, (30-year loan term); and as modified prior to closing by the Mayor or Mayor's designee in accordance with the results of Underwriting.

Repayable: There will be no penalty for prepayment of the Loan (payment of Loan balance before the end of the repayment term). Repayment terms are those set forth in the FY 2020 SURTAX/SHIP/HOME RFA for repaid loan funds in accordance with Section 17-02 of the Code. All terms may be modified prior to closing by the Mayor or Mayor's designee in accordance with the results of Underwriting. The prepayment of any Loan shall not affect the term of affordability set forth in the Rental Regulatory Agreement or in any of the other Loan Documents.

Term: The Loan will be for 30 years, or as may be established prior to closing by the Mayor or Mayor's designee in accordance with the results of Underwriting.

Conditions:

1. Underwriting, as explained above, shall include financial feasibility review, subsidy layering review, and credit review. Underwriting is performed to protect the County's scarce affordable housing funds and is performed to ensure that the Project has sufficient financing to be completed timely and that the Project is not over-subsidized, meaning the Loan is not needed or the Loan Amount is too high. The County reserves the right to reduce the Loan Amount subject to Underwriting. The County further reserves the right to refuse to issue a final, unconditional loan commitment to Borrower or to enter into a contract for the Loan or to close on the Loan in the event that Underwriting determines that the project is financially unfeasible or otherwise is unfeasible. The costs of Underwriting are to be paid by Borrower.
2. Borrower must prove control of the Property through purchase or lease, as evidenced by a deed or lease and recorded memorandum of lease in Borrower's name. Absence of any threat of foreclosure, taking by eminent domain, or pending bankruptcy are additionally required.
3. Borrower must provide the County with written financing commitments showing committed financing for the entire Development Cost of the Project, including any gaps between the Loan and the overall costs to develop the Project. The Development Cost of the Project means the total cost of completing the entire Project, from acquisition to the issuance of Certificate of Occupancy, including but not limited to the costs for acquisition, design and planning, zoning and variances, financing costs, legal costs, construction, and permitting. In the event of a dispute as to what amount constitutes the actual Development Cost, Borrower and County will use the amount determined by Underwriting to be the Development Cost.
4. Conformance of the Project with the County legislation approving the Loan.
5. Complete plans and specifications of the Project.
6. Payment and performance bond in the amount of the entire construction budget or otherwise in conformance with applicable law. Where a payment and performance bond is not required by law, the Mayor or Mayor's designee may alternatively accept – at the Mayor or Mayor's designee's sole discretion – a letter of credit in an amount acceptable to the Mayor or Mayor's designee.
7. Appraisal of the Property showing that the value of the Project and Property, when completed, exceeds the total amount of debt from all sources to be secured by the Project, unless waived by the Mayor or Mayor's designee.

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8. A Phase I environmental report requiring no further action.
9. Such other conditions which are customary and reasonable for a loan of this nature, such as adhering to all Federal, State and local regulations, ordinances, codes and standards.
10. Meeting all requirements of the State Housing Initiatives Partnership ("SHIP"), Documentary Surtax or Home Investment Partnerships Program ("HOME") program, as applicable, and County resolutions and ordinances governing affordable housing development.
11. Compliance with Resolution No. R-346-15, establishing a maximum total development cost per unit; and, where applicable, Resolution No. R-343-15, establishing a maximum amount of total development costs that may be paid with Documentary Surtax funds.
12. The Loan, if SHIP or Surtax funds, may only be used for the development of affordable housing for residents with household incomes not greater than 140% of AMI. The Loan, if HOME or CDBG funds, may only be used for the development of affordable housing for residents with household incomes not greater than 80% of AMI.
13. REPAID loan funds will be included in the total County funding for the project for the leveraging calculation.

This Conditional Loan Commitment will expire in six (6) months if not extended by Miami-Dade County. An extension of this Conditional Loan Commitment may be granted at the sole and absolute discretion of Miami-Dade County. Any extension granted will be contingent upon compliance with and in accordance with Resolution No. R-232-14, as applicable and must be signed by the Mayor or Mayor's Designee to be valid. If the loan does not close prior to the expiration or extension of this Conditional Loan Commitment, the funds will be subject to recapture and allocated to other projects. This Conditional Loan Commitment is not assignable. This Conditional Loan Commitment is the sole and complete agreement between the parties as to the terms of the Loan described herein. The terms of this Conditional Loan Commitment may only be changed in writing in a document signed by the Mayor or the Mayor's designee. No representations, written or verbal, of Miami-Dade County employees, or others purporting to act on behalf of Miami-Dade County, may change the terms of this Commitment.

Miami-Dade County wishes to thank you for your proposal and the opportunity to provide financing for this development, and we look forward to closing this transaction.

Sincerely,

Miami-Dade County

Daniella Levine Cava, Mayor

Date: _____

c: Morris Copeland
Chief Community Services Officer

Approved as to Form and Legal Sufficiency

Shannon Summerset-Williams
Assistant County Attorney

Date: _____