

# Bryant Miller Olive

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July 6, 2020

**VIA FEDEX DELIVERY**

Mayor Jerry L. Demings

-AND-

Orange County Board of County Commissioners

Orange County Administration Center

201 S. Rosalind Avenue, 5th Floor

Orlando, Florida 32801

Re: APPROVAL AND EXECUTION OF RESOLUTION OF THE ORANGE COUNTY BOARD OF COUNTY COMMISSIONERS REGARDING AUTHORIZING THE FIRST AMENDMENT TO INTERLOCAL AGREEMENT WITH CAPITAL PROJECTS FINANCE AUTHORITY; PROVIDING FOR AN EFFECTIVE DATE.

Dear Mayor Demings:

Based on the terms of an Interlocal Agreement dated November 17, 2000, Capital Projects Finance Authority issued its Student Housing Revenue Bonds, Series 2000F and Series 2000G (the "Bonds") the proceeds of which were loaned to CaPFA Capital Corp. 2000F (the "Borrower") to finance the acquisition of the student housing facilities commonly referred to as Knight's Circle and The Point at Central. These two facilities provide affiliated housing primarily to students attending the University of Central Florida. The land upon which the facilities are located is owned by a wholly owned subsidiary of the University of Central Florida Foundation (the "UCF Foundation") and ground leased to the Borrower.

The Project was doing fine until 2011 when it was discovered that all 39 buildings at Knight's Circle had severe water intrusion damage related to design flaws. The Series 2000F Bonds were insured and the bond insurance company advanced the funds to finance the remediation costs. Also, during the reconstruction efforts the bond insurer advanced funds to pay debt service payments on the Series 2000F Bonds from October 2011 to October 2012 under the bond insurance policy. At the time payments commenced on the bond insurer advances the outstanding balance was approximately \$62.5 million of which \$55 million remains outstanding. After the payment of operating expenses and debt service payments on the Series 2000F Bonds all surplus revenues are now applied to pay down the bond insurer advances (The "Advances"). Because all excess revenues currently are paid to the holder of the Advances there

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are no capital reserves or debt service reserves maintained by the Borrower. Any capital expenditures must be approved by the holder of the Advances and are treated as operating expenses making budgeting for future needs rather difficult.

In addition, the Foundation has not received a ground rent payment since 2011 and won't receive any ground rent payments until the payment schedule for the Bonds and the repayment of the Advances are restructured.

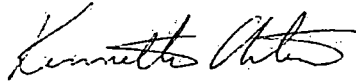
What is contemplated is a refinancing/restructure of the payments on the Bonds and the Advances to realize interest cost savings and a smoothing of the cash flows. Currently the Bonds have a final maturity of October 1, 2031. In order to achieve savings and smooth out the cash flows of the facilities the refunding bonds will need a slight extension of the maturity but will not require an extension of the ground lease term. This will allow the Borrower to reduce total average debt service from approximately \$18 million to approximately \$14 million, allow the Borrower to fund a repair and replacement reserve from revenues and fund a debt service reserve from refunding bond proceeds and allow a modest ground rent payment to be made to the Foundation starting this year.

In order to accomplish the refinancing the existing interlocal agreement between Orange County and the Authority needs to be amended to authorize the issuance of the refunding bonds. A copy of the Resolution and the amendment has been sent to Lila McHenry in the Orange County Attorney's Office for review.

**ACTION REQUESTED: APPROVAL AND EXECUTION OF RESOLUTION OF THE ORANGE COUNTY BOARD OF COUNTY COMMISSIONERS REGARDING AUTHORIZING THE FIRST AMENDMENT TO INTERLOCAL AGREEMENT WITH CAPITAL PROJECTS FINANCE AUTHORITY; PROVIDING FOR AN EFFECTIVE DATE.**

If you have any questions regarding this matter, please feel free to contact me at your convenience.

Yours very truly,



Kenneth R. Artin

Enclosures:

1. Proposed Resolution for adoption by the Board of County Commissioners at the July 28, 2020 meeting.

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cc: Byron W. Brooks, AICP, Orange County Administrator (w/o encl.)  
Randy Singh, Deputy County Administrator (w/o encl.)  
Cheryl J. Gillespie, Agenda Development Supervisor (w/encl.)  
Lila McHenry, Assistant County Attorney (w/encl.)  
Fred Winterkamp, Manager, Fiscal and Business Services (w/encl.)  
Phil Diamond, Comptroller (w/encl.)  
Jennifer Cerasa, UCF Foundation (via e-mail, w/o encl.)  
Theodore Kiser, Capital Projects Finance Authority (via e-mail, w/o encl.)

FIRST AMENDMENT TO  
INTERLOCAL AGREEMENT

**THIS FIRST AMENDMENT TO INTERLOCAL AGREEMENT** (this "Amendment") made and entered into as of August \_\_, 2020, by and between the **CAPITAL PROJECTS FINANCE AUTHORITY**, a public body corporate and politic organized and existing under the laws of the State of Florida (hereinafter referred to as the "Sponsor"), and **ORANGE COUNTY, FLORIDA**, a political subdivision organized and existing under the laws of the State of Florida (hereinafter referred to as the "County").

**WITNESSETH:**

In consideration of the mutual benefits and obligations assumed herein, the undersigned hereby agrees as follows:

**Section 1. Findings.** The undersigned hereby find, determine and declare as follows:

- A. The Sponsor and the County previously entered into that certain interlocal agreement dated as of November 17, 2000 (the "Original Agreement") pursuant to which the County granted the Sponsor the authority to operate within its jurisdiction to assist CAPFA Capital Corp. 2000F, an instrumentality of the Sponsor, (the "Borrower") with respect to the financing of the acquisition of certain student housing facilities primarily leased to student matriculating at the University of Central Florida.
- B. Pursuant to the authority granted to the Sponsor the Sponsor issued on December \_\_, 2000 its Capital Projects Finance Authority Student Housing Revenue Bonds, Series 2000F and Series 2000G (the "Bonds") of which \$94,500,000 is currently outstanding.
- C. The proceeds of the Bonds were loaned to the Borrower to acquire its interests in the student housing facilities commonly referred to as Knights Circle which contains approximately 744 units and located on an approximately 21.28 acre site at 12440 Golden Knight Circle, Orlando Florida and The Pointe at Central containing approximately 432 units and located on an approximately 24.62 acre site at 2635 College Knight Court, Orlando, Florida.
- D. The land upon which the student housing facilities is located is owned by a wholly owned subsidiary of the University of Central Florida Foundation, Incorporated (the "UCF Foundation") and ground leased by the UCF Foundation to the Borrower for a term expiring in 2040.
- E. In 2011, major capital expenditures were required to remediate construction defects in all of the buildings comprising Knights Circle which were funded by advances from the municipal bond insurance company insuring the payment of the Bonds. The

protective advances are currently outstanding in a principal amount of approximately \$54,000,000 (the "Protective Advances").

- F. The Borrower desires to refinance the Bonds and the Protective Advances which will provide debt service savings and a more level amortization of the Protective Advances.
- G. Section 3 of the Original Agreement provided the authority to issue bonds to finance the loan to the Borrower in an amount not to exceed \$160,000,000. The original par amount of the Bonds equaled \$158,255,000.
- H. The parties desire to clarify that the limitation in Section 3 of the Original Agreement allows the Sponsor to issue revenue refunding bonds to refinance the outstanding Bonds and the Protective Advances that is currently contemplated to require bonds to be issued in approximately \$160,000,000; however, at no time will more than \$160,000,000 be outstanding at any one time.
- I. All capitalized terms not otherwise defined in this Amendment shall have the meaning as set forth in the Original Agreement.

**Section 2. Authorization to the Sponsor.** The Public Agency hereby authorizes, as required by Local Law, the Sponsor to provide a loan or loans from the Program to the Borrower for the purpose of financing or refinancing the acquisition, construction, rehabilitation, improvement and equipping of the Local Projects in the Area of Operation; provided that the principal amount of any loan or loans to the Borrower related to the Project shall not exceed \$160,000,000 at any given time. All proceeds of any of Bonds of the Sponsor loaned to the Borrower will be administered by the Sponsor or its agents (as set forth in Section 5 of the Original Agreement) and all payments due from such revenues shall be paid by the Sponsor or its agents without further action by the Public Agency. All such actions shall be taken in the name of and be the special limited financial obligations of the Sponsor. The provisions of this Section 2 supersede the provisions in Section 3 of the Original Agreement.

**Section 3. Original Agreement Remains in Effect.** Except as otherwise amended and supplemented by this Amendment, the Original Agreement remains in full force and effect.

**Section 4. Filing of this Amendment.** It is agreed that this Amendment shall be filed by the Sponsor, or its authorized agent or representative, and by the Public Agency, each in accordance with Section 1(H) of the Original Agreement.

**Section 5. No Financial Obligation.** NOTHING IN THE ORIGINAL AGREEMENT OR THIS AMENDMENT SHALL BE DEEMED IN ANY WAY TO CREATE ANY FINANCIAL OBLIGATION OF THE PUBLIC AGENCY. NO LIABILITY OR RESPONSIBILITY FOR

PAYMENT OF THE SPONSOR'S BONDS IS ASSUMED BY THE PUBLIC AGENCY UNDER THE ORIGINAL AGREEMENT AS MODIFIED BY THIS AMENDMENT.

**Section 6. Severability of Invalid Provisions.** If any one or more of the covenants, agreements or provisions herein contained shall be held contrary to any express provisions of law or contrary to the policy of express law, though not expressly prohibited, or against public policy, or shall for any reason whatsoever be held invalid, then such covenants, agreements or provisions shall be null and void and shall be deemed separable from the remaining covenants, agreements or provisions and shall in no way affect the validity of any of the other provisions hereof.

**Section 7. Effective Date.** This Amendment shall be effective upon execution hereof by the Sponsor and Public Agency and upon filing in accordance with Section 4 hereof.

**Section 8. Counterparts.** This Amendment may be executed in any number of counterparts, each of which shall be regarded as an original and all of which shall constitute but one and the same instrument.

**IN WITNESS WHEREOF,** the parties to this Interlocal Agreement have caused their names to be affixed by the proper officers thereof as of the date first above written.

CAPITAL PROJECTS FINANCE AUTHORITY  
Sponsor

By: \_\_\_\_\_  
Chairman

ATTEST:

By: \_\_\_\_\_  
Secretary

ORANGE COUNTY, FLORIDA  
By: Board of County Commissioners

By: \_\_\_\_\_

Attest: Orange County Comptroller as Clerk  
Of the Board of County Commissioners

By: \_\_\_\_\_  
Clerk