

# Capital Trust Authority, Inc.

## Meeting of the Board of Directors

Monday, September 19, 2022

8:00AM.

315 Fairpoint Drive  
Gulf Breeze, FL 32561

**Meeting called by:** Denis A. McKinnon, III

**Type of meeting:** Regular

**Facilitator:** Burt Snooks  
Chairman

**Note Taker:** Connie Beargie  
Office Administrator

**Attendees:** Burt Snooks (Board Member), Bob Cleveland (Board Member), Chris Kemp (Board Member), Harry Wilder (Board Member), Tom Naile (Board Member), Kareem Spratling (Bond Counsel), Samantha Abell (City Manager), and Denis McKinnon (Executive Director).

**Please bring:** Attached supplements

## Agenda

<u>Item:</u>	<u>Description:</u>	<u>Presenter:</u>
1.	Call to Order	Burt Snooks
2.	August 11, 2022 Minutes	Denis McKinnon, III
3.	FYE 9-30-2023 Reserve Recommendation to City Council	Denis McKinnon, III
4.	Adjourn	Burt Snooks

**MINUTES OF THE  
CAPITAL TRUST AUTHORITY, INC.**

The 2nd meeting of the Capital Trust Authority, Inc., Gulf Breeze, Florida, was held at 315 Fairpoint Dr, Gulf Breeze, Florida and on Thursday, August 11, 2022 at 8:00 a.m.

The following Board Members were present: Burt Snooks (Chairman), Gary Michaels (Vice-Chairman), Bob Cleveland (Secretary), Chris Kemp (Assistant Secretary), Deborah Roche (Board Member), Tom Naile (Board Member), and Harrison Wilder (Board Member). Also attending was Denis McKinnon (Executive Director), and Connie Beargie (Office Administrator). Attending via Zoom telecommunications was Kareem Spratling (BMO) and Krista Hall (BMO).

**AGENDA ITEM:**

Approval of Minutes: June 16, 2022

**DISCUSSION:**

No discussion.

**MOTION/ACTION:**

**Tom Naile made a motion to approve the 6/16/2022 minutes as presented. Harry Wilder seconded the nomination. Vote for approval was 7-0.**

**AGENDA ITEM:**

FYE 9/30/2022 Budget

**DISCUSSION:**

Denis stated that the initial budget for the Authority includes a \$500,000 payment from CTACDE for startup funds to pay for operating expenses such as D&O insurance, legal fees, accounting and auditing, and office expenses for new letterhead, signage, etc.

Gary Michaels asked if the funds are considered a transfer to the Authority or income. Denis replied it is considered income for government accounting purposes.

Harry Wilder asked if there have been discussions with Samantha Abell on taking an aggressive approach to growing the Authority. Denis stated the approach will be conservative.

Gary Michaels asked what the current legal expenditure is to date considering the \$200,000 legal fees budgeted for this year. Kareem Spratling stated they have a running total of \$154,000 in legal fees to date, and can commit to not exceeding the \$200,000 for the validation.

Gary Michaels asked when the validation will be approved. Kareem stated the validation hearing is set for August 22<sup>nd</sup> and a 30-day appeal period begins. The Authority should be ready for business on September 22<sup>nd</sup> provided there are no appeals. If there is an appeal, it will be an expedited process that adds an additional 30-60 days to the calendar. Kareem further stated that as of this date, no objections have been submitted and it is highly unprofessional for an attorney to wait until the last minute to oppose the validation.

**MOTION/ACTION:**

**Chris Kemp made a motion to approve the proposed budget for FYE 9/30/2022 as presented. Harry Wilder seconded. Vote for approval was 7-0.**

**AGENDA ITEM:**

FYE 9/30/2023 Budget

**DISCUSSION:**

Denis stated he has several conversations in the works for projects to be closed prior to the end of the year and the budget includes income projections for roughly 5-6 deals closing prior to the end of the year.

**MOTION/ACTION:**

**Gary Michaels made a motion to approve the proposed budget for FYE 9/30/2023 as presented. Bob Cleveland seconded. Vote for approval was 7-0.**

No other formal business of the board was taken and the meeting adjourned at approximately 9:34 am.

Minutes submitted by: \_\_\_\_\_ Connie Beargie, Office Administrator

Approved by: \_\_\_\_\_ Burt Snooks, Chairman

TO: Capital Trust Authority Board of Directors  
FROM: Denis A. McKinnon, III  
RE: Staff Recommendation RE Authority's Reserves  
DATE: September 19, 2022

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**Background:**

On June 6<sup>th</sup>, 2022, the City of Gulf Breeze (the "City") and the City of Quincy entered into an Interlocal Agreement creating the Capital Trust Authority (the "Authority"). Attached to the Interlocal Agreement and subsequently adopted by the Authority's Board of Directors are the Articles of Incorporation. Article IX Section 4 describes the process by which the Authority will transfer funds to the City. Section 4 of the aforementioned resolution defines the process of setting a minimum amount to be held at the Authority.

4. Beginning in fiscal year 2022-2023, and each fiscal year thereafter, the Corporation shall submit, as part of the Corporation's proposed budget to Gulf Breeze, a proposed Minimum Amount. Gulf Breeze shall adopt the proposed Minimum Amount, unless:
  - a. the City Council votes to adopt an alternative Minimum Amount;
  - b. the City Council makes a factual finding that the alternative Minimum Amount will not have a materially adverse effect on the operations of the Corporation; and
  - c. Gulf Breeze gives the Corporation written notice of such alternate Minimum Amount within thirty (30) days of the vote establishing the alternate Minimum Amount.

**Recommendation:**

Authority staff recommends the Board provides a proposed Minimum Amount of \$50,000 to the City Council for their consideration on 9-19-22 at 5:50PM.

**Capital Trust Authority, Inc**

Proposed Budget FYE 9/30/2023

Revision Date 6/30/2022

	<b>Proposed Budget FYE 9/30/2023</b>	<b>Amended Budget FYE 6/30/2022</b>	<b>Proposed Budget vs Amended Budget 6/30/2022</b>
<b>INCOME</b>			
Interest Income	\$0	\$0	\$0
Payment From CTA CDE	\$0	\$500,000	(\$500,000)
Origination Fee	\$90,000	\$0	\$90,000
New Program	\$13,500	\$0	\$13,500
New Program	\$13,500	\$0	\$13,500
New Program	\$9,000	\$0	\$9,000
New Program	\$9,000	\$0	\$9,000
New Program	\$4,500	\$0	\$4,500
New Program	\$4,500	\$0	\$4,500
<b>TOTAL INCOME</b>	<b>\$144,000</b>	<b>\$500,000</b>	<b>(\$356,000)</b>
<b>EXPENSE</b>			
Legal	\$36,000	\$200,000	(\$164,000)
Professional Services	\$13,575	\$13,575	\$0
Accounting & Auditing	\$5,000	\$5,000	\$0
Travel Expenses	\$6,000	\$0	\$6,000
Bank Charges	\$0	\$0	\$0
Office Expense	\$12,000	\$50,000	(\$38,000)
<b>TOTAL EXPENSE</b>	<b>\$72,575</b>	<b>\$268,575</b>	<b>(\$196,000)</b>
<b>NET INCOME</b>	<b>\$71,425</b>	<b>\$231,425</b>	<b>(\$160,000)</b>
<b>OTHER INCOME</b>			
Transfer From Cash Reserves	(\$71,425)	(\$231,425)	\$160,000
<b>TOTAL INCOME</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**ARTICLES OF INCORPORATION**

**OF**

**CAPITAL TRUST AUTHORITY, INC.  
(a Florida not for profit corporation)**

**ARTICLE I: NAME.**

The name of the corporation shall be Capital Trust Authority, Inc. (the "Corporation").

**ARTICLE II: PRINCIPAL PLACE OF BUSINESS.**

The principal place of business and mailing address of the Corporation shall be 315 Fairpoint Drive, Gulf Breeze, Florida 32561.

**ARTICLE III: CORPORATE PURPOSES AND POWERS.**

The Corporation is organized exclusively for the charitable, nonprofit purposes of relieving the burdens of government by (i) assisting in the financing, acquisition, construction, development, equipping, furnishing, renovating, rehabilitating, expanding, maintaining, operating, and/or promoting of certain facilities, intangibles, and Capital Projects, and (ii) providing and establishing Conduit Programs for Borrowers, within the State of Florida and in the jurisdiction of other Public Agencies where the Corporation is authorized to operate.

Capitalized terms used herein and not otherwise defined herein have the meaning ascribed thereto in the Interlocal Agreement dated as of June 6, 2022, as may be amended and supplemented from time-to-time (collectively, the "Enabling Agreement"), between the City of Gulf Breeze, Florida ("Gulf Breeze") and the City of Quincy, Florida.

In order to assist in carrying out its purposes, the Corporation shall have the power to borrow the necessary funds to pay for acquisition, construction, renovation, and/or other

improvements of Capital Projects, the indebtedness for which borrowed money may be evidenced by securities or obligations of the Corporation of any kind or character issued from time to time, which may either be unsecured or secured by any mortgage, deed of trust, or other lien upon any part or all of the funds, properties, and assets, at any time then or thereafter acquired by the Corporation, and to provide (or arrange for the provision of) services necessary for the acquisition, construction, renovation, or other improvements, operations, management, and maintenance of such projects.

Subject to the limitations otherwise set forth in these Articles of Incorporation, the Corporation shall have all of the powers, privileges, and rights necessary or convenient for carrying out the purposes for which the Corporation is formed, and all the benefits, privileges, rights, and powers created, given, extended, or conferred by the provisions of all applicable laws of the State of Florida pertaining to not for profit corporations and any additions or amendments thereto.

#### **ARTICLE IV: MEMBERSHIP.**

The Corporation shall have no members.

#### **ARTICLE V: INITIAL REGISTERED AGENT.**

The name and street address of the initial registered agent is Denis A. McKinnon, III, 315 Fairpoint Drive, Gulf Breeze, Florida 32561.

#### **ARTICLE VI: DIRECTORS.**

The Directors of the Corporation shall be appointed by the City Council of Gulf Breeze (the "City Council"). The Corporation shall have at least three (3) directors, one of whom shall be a member of the City Council, who shall serve as a full voting, ex officio member of the Board.



The number of members of the Board of Directors of the Corporation (each, a "Director") which the Corporation may have shall thereafter be determined by the City Council, however in no event shall there be less than three (3) Directors. Directors shall be appointed for such terms as the City Council may determine and shall be subject to removal by the City Council.

#### **ARTICLE VII: BYLAWS.**

Bylaws of the Corporation (the "Bylaws") shall be adopted by the Directors and may be altered, amended or rescinded by the Directors in the manner provided in the Bylaws; provided, however, that after the issuance of any securities or obligations of the Corporation, no such amendment shall take effect until a certified copy of a resolution or other official proceeding of the City Council approving such amendment shall have been filed with the Secretary of the Corporation.

#### **ARTICLE VIII: AMENDMENTS.**

These Articles of Incorporation may be amended or repealed, in full or in part, by a majority vote at any duly organized meeting of the Board of Directors; provided, however, to the extent permitted by applicable law, after the issuance of any securities or obligations of the Corporation and while any such securities or obligations may be outstanding, the powers, restrictions and limitations set forth herein, may not be amended or rescinded unless necessary to comply with the requirements of applicable law, and no other amendment shall take effect until a certified copy of a resolution or other official proceeding of the City Council approving such amendment shall have been filed with the Secretary of the Corporation.

## ARTICLE IX: RESTRICTIONS AND LIMITATIONS.

1. No dividends shall be paid by the Corporation and no part of the net earnings of the Corporation shall enure to the benefit of or be distributable to its directors, officers, or other private persons, except that the corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the provisions set forth in Article III hereof.

2. All net profits of the Corporation (the "Net Profits") shall enure to the benefit of Gulf Breeze, and until such time as Gulf Breeze requests the delivery of some or all of the Net Profits from the Corporation, as further described below, the Corporation shall act as the custodian of the Net Profits on Gulf Breeze's behalf.

3. Notwithstanding the above, the Corporation shall always be the custodian of a minimum amount of Net Profits to accommodate the Corporation's own minimum operating needs (the "Minimum Amount").

4. Beginning in fiscal year 2022-2023, and each fiscal year thereafter, the Corporation shall submit, as part of the Corporation's proposed budget to Gulf Breeze, a proposed Minimum Amount. Gulf Breeze shall adopt the proposed Minimum Amount, unless:

- a. the City Council votes to adopt an alternative Minimum Amount;
- b. the City Council makes a factual finding that the alternative Minimum Amount will not have a materially adverse effect on the operations of the Corporation; and
- c. Gulf Breeze gives the Corporation written notice of such alternate Minimum Amount within thirty (30) days of the vote establishing the alternate Minimum Amount.

5. If Gulf Breeze desires that the Corporation deliver any or all of the Net Profits, excluding the Minimum Amount, to Gulf Breeze, the following procedure shall be followed:

- a. The City Council shall vote at a regular or special meeting of the City Council to send a written notice to the Corporation, directing the Corporation to deliver a specified amount from the Net Profits (the "Specified Amount") to Gulf Breeze within sixty (60) days of such vote;
- b. Within thirty (30) days of the delivery of such written notice, the Board of Directors of the Corporation shall hold a meeting to consider recommendations to Gulf Breeze, if any, about the proposed delivery of the Specified Amount to Gulf Breeze;
  - i. If the Board of Directors of the Corporation fails to timely convene a meeting or has no recommendation to Gulf Breeze about the proposed Specified Amount, the Corporation shall deliver the Specified Amount within the time frame set forth in this Section 5; or
  - ii. If the Board of Directors of the Corporation has recommendations to Gulf Breeze about the Specified Amount to be delivered to Gulf Breeze, the Corporation shall so advise Gulf Breeze in writing of the recommendation within ten (10) days after the meeting of the Board of Directors of the Corporation;
- c. If written recommendations from the Board of Directors of the Corporation concerning the Specified Amount are timely submitted, the City Council shall consider such recommendations at the City Council's next regularly scheduled

meeting after receipt of said recommendations. The City Council may accept or reject said recommendations, in whole or in part, and shall provide written notice of the City Council decision to the Corporation within ten (10) days of said City Council meeting, and of the Specified Amount, if any, to be delivered to Gulf Breeze by the Corporation, which shall be delivered to Gulf Breeze within thirty (30) days of the said written notice.

6. No compensation of any nature whatsoever may be paid to or for the benefit of any Director, nor shall any compensation or other remuneration be paid to any one as consideration or in exchange for any services rendered to or for the benefit of the Corporation by any Director. The foregoing notwithstanding, the Corporation shall be authorized and empowered to reimburse a Director for actual, reasonable out-of-pocket expenses incurred by a Director while acting in such Director's official capacity on behalf of the Corporation.

7. No securities or obligations of the Corporation shall be issued unless there shall have been filed with the Secretary of the Corporation a certified copy of a resolution or other proceedings of the City Council approving the issuance of such securities or obligations.

8. The Corporation shall not participate or intervene to any extent (including the publishing or distribution of statements) in any political campaign for or against any candidate for public office.

9. In the event of dissolution, the residual assets of the Corporation shall be distributed to Gulf Breeze, for public purposes, and none of the assets shall be distributed to any Director of the Corporation.

10. The Corporation shall not, without: (i) the affirmative vote of 100% of the members of its Board of Directors, and (ii) the prior written consent of the City Council:

- a. Institute a proceeding to be adjudicated insolvent, or consent to the institution of any bankruptcy or insolvency case or proceeding against it, or file or consent to a petition under any applicable federal or state law relating to bankruptcy, seeking the Corporation's liquidation or reorganization or any other relief for the Corporation as debtor, or consent to the appointment of a receiver, liquidator, assignee, trustee, custodian or sequestrator (or other similar official) of the Corporation or a substantial part of its property, or make any assignment for the benefit of creditors, or admit in writing its inability to pay its debts generally as they become due, or take any corporate action in furtherance of any such action;
- b. Amend, alter, change or repeal Article III hereof or this Article IX;
- c. Engage in any business or activity other than as expressly authorized by Article III hereof; or
- d. Consolidate with or merge into any other entity or convey, transfer or lease its properties or assets substantially as an entirety to another entity, or permit any entity to merge into the Corporation or convey, transfer or lease its properties and assets substantially as an entirety to the Corporation.

**ARTICLE X: INCORPORATOR.**

The incorporator of the Corporation is Denis A. McKinnon, III, whose address is 315 Fairpoint Drive, Gulf Breeze, Florida 32561.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the undersigned incorporator has executed these Articles of Incorporation on this 16<sup>th</sup> day of June, 2022.

\_\_\_\_\_  
DENIS A. MCKINNON, III

STATE OF FLORIDA :  
COUNTY OF SANTA ROSA :

The foregoing instrument was acknowledged before me by means of (\_\_\_\_) physical presence or (\_\_\_\_) online notarization, this \_\_\_\_ day of \_\_\_\_\_, 2022, by DENIS A. MCKINNON, III. He (\_\_\_\_) is personally known to me or (\_\_\_\_) produced a valid driver's license as identification.

\_\_\_\_\_  
Notary Public; State of Florida

Print Name: \_\_\_\_\_

My Commission Expires: \_\_\_\_\_

My Commission No.: \_\_\_\_\_

**CERTIFICATE OF DESIGNATION OF REGISTERED AGENT/REGISTERED OFFICE  
FOR  
CAPITAL TRUST AUTHORITY, INC.**

Pursuant to the provisions of Section 617.0501, Florida Statutes, CAPITAL TRUST AUTHORITY, INC., a corporation not for profit organized under the laws of the State of Florida, submits the following statement in designating the registered agent/registered office in the State of Florida.

1. The name of the corporation is: Capital Trust Authority, Inc.
2. The name and address of the registered agent and office is:

Denis A. McKinnon, III  
315 Fairpoint Drive, Gulf Breeze  
Florida 32561

Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this certificate, I hereby certify the appointment as the registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relating to the proper and complete performance of my duties, and I am familiar with and accept the obligations of my position as registered agent.

Dated this 16<sup>th</sup> day of June, 2022.

Denis A. McKinnon, III

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

Denis A. McKinnon, III

Its: Executive Director