

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

The 9th meeting of the Capital Trust Authority, Inc., Gulf Breeze, Florida, was held at 315 Fairpoint Dr, Gulf Breeze, Florida and on Thursday, April 20, 2023 at 9:00 a.m.

The following Board Members were present: Chris Kemp (Chairman), Gary Michaels (Vice-Chairman), Bob Cleveland (Secretary), Burt Snooks (Board Member), and Tom Naile (Board Member). Also attending was Denis McKinnon (Executive Director), Connie Beargie (Office Administrator), and Samantha Abell (City Manager). Attending via telephone/conference communication was Kareem Spratling (Bond Counsel), Brooke Gonzalez (Bond Counsel).

AGENDA ITEM:

Approval of Minutes: 4/6/2023

DISCUSSION:

No discussion

MOTION/ACTION:

Gary Michaels made a motion to approve the 4/6/23 minutes as presented. Tom Naile seconded the motion. Vote for approval was 5-0.

AGENDA ITEM:

Inducement Resolution 06-23 – Southeastern University

DISCUSSION:

Southeastern University is a 501(c)(3) not for profit private university located in Lakeland, Florida. The university is accredited and provides baccalaureate, master's, and doctorate degrees to their students. The purpose of the bonds is to refinance existing debt.

Denis McKinnon asked Kareem to explain why a conduit bond issuer is allowed to issue bonds on behalf of a Christian university. Kareem explained the recent Florida and US Supreme Court decisions supporting the bond issuance. Kareem Spratling said that the Resolution provides a description of the areas to be included in the financing. Kareem further stated that you will notice that the sanctuary is not included in the financing.

Denis McKinnon stated the primary reason for this refinance is due to their existing variable rate loan maturing and it is tied to the LIBOR index.

Bob Cleveland asked how this financing qualifies as public purpose. Denis McKinnon replied that the schools current financing has been called by their bank and by refinancing their debt we are ensuring the schools future success. In addition, the refinance will allow the school to enter a fixed rate loan and realize savings of over \$1 million annually. Kareem Spratling added that if the refinance does not take place, the school could face foreclosure and that would not be good for the students or the community.

Chris Kemp asked if the 1.4 cost of issuance noted in the Sources and Uses is typical. Denis McKinnon replied that yes, 2% and more is typical. Every participant in this transaction has agreed to reduce fees.

Chris Kemp asked about the fees for this project. Denis McKinnon stated we have reduced our fee for this financing to \$60,000 because schools such as this one can get financing with no fees at their local city or county. The reason they have approached the Authority is because of our reputation for being efficient and fast conduit bond issuer. Also, the local County does not want to use BMO as bond counsel and the school wants to use BMO.

Tom Naile asked if rising insurance rates have been accounted for in the projections. Denis McKinnon stated that the increase has been built into the current budget for the school.

Chris Kemp asked if we can request more information on the reserve funds. Denis McKinnon stated that yes, we will receive updated financial information in the coming weeks.

Gary Michaels says more information is needed about the school's current financials, the outstanding debt, and the school's intent to increase revenue while driving down costs. Gary also explained the school president has publicly expressed discriminatory statements in the past that could have a negative impact on the local community.

MOTION/ACTION:

Bob Cleveland made a motion to approve Resolution 06-23 as presented. Burt Snooks seconded. Vote for approval was 4-1.

AGENDA ITEM:

Pipeline Report

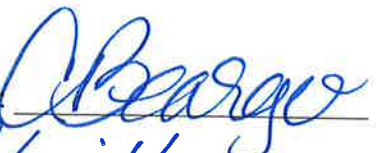

DISCUSSION:

Denis McKinnon presented the updated pipeline report and stated he is expecting at least 2 new applications for the next meeting.

MOTION/ACTION:

No motion required.

No other formal business of the board was taken and the meeting adjourned at approximately 10:10 am.

Minutes submitted by  Connie Beargie, Office Administrator
Approved by:  Chris Kemp, Chairman

