

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

The 11th meeting of the Capital Trust Authority, Inc., Gulf Breeze, Florida, was held at 315 Fairpoint Dr, Gulf Breeze, Florida and on Thursday, May 25, 2023 at 9:00 a.m.

The following Board Members were present: Bob Cleveland (Acting Chairman and Secretary), Deborah Roche (Assistant Secretary), Burt Snooks (Board Member), Harry Wilder (Board Member), Tom Naile (Board Member), Christy Larkins (Board Member), and Bobby Potomski (Board Member). Also attending was Denis McKinnon (Executive Director), Connie Beargie (Office Administrator), and Samantha Abell (City Manager). Special Guests included Kareem Spratling (BMO Bond Counsel), Brooke Gonzalez (BMO Bond Counsel). Also attending via teleconference was Jerry Ford (Ford & Associates) and Phil Schmidt (Southeastern University Vice President of Finance) via telephone.

**AGENDA ITEM:**

Inducement Resolution 08-23 – Education RE

**DISCUSSION:**

Education RE is a 501c3 non-profit with 4 charter school facilities located in Osceola, Broward and Palm Beach counties. The four schools will have an opportunity to purchase their buildings after 10 years. At the end of the bond term, the facilities will be gifted to the schools.

Kareem Spratling stated that due to a previous CTA board decision, additional value has been added to this bond issue as the schools will be cross-collateralized, they will not pay more than the appraised value of the property, and they will own both the facilities and the land.

Denis McKinnon stated the schools will recognize over \$400,000 in rent savings with this financing.

Burt Snooks asked why they entered into new leases with the current owner. Denis replied the leases needed to be restructured and include specific language in order to qualify for tax exempt bonds.

Bob Cleveland asked why the schools are leasing and not buying the facilities now. Kareem Spratling stated it is due to ability; Combining the four schools together on parity will benefit each school and expedite their future successes.

**MOTION/ACTION:**

**Christy Larkins made a motion to approve Resolution 08-23 as presented. Bobby Potomski seconded. Vote for approval was 7-0.**

**AGENDA ITEM:**

Award Resolution 09-23 – 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 the University's existing debt that is tied to the London Interbank Offered Rate (LIBOR).

Burt Snooks commented that the presentation provided is very helpful and appreciated.

Bob Cleveland asked for clarification on why they are funding a debt service reserve fund if they will have approximately 16M in unrestricted funds. Jerry Ford replied that the project will receive better interest rates and will appeal to a broader market with the reserve fund in place. In addition, the reserve fund will be released at the time of the final payment.

**MOTION/ACTION:**

**Deborah Roche made a motion to approve Resolution 09-23 as presented. Tom Naile seconded. Vote for approval was 7-0.**

**NEW BUSINESS:**

One on One Board Member Meetings

**DISCUSSION:**

Bob Cleveland asked why the one-on-one meetings were necessary. Kareem Spratling replied that it was not a legal requirement to have the individual meetings, it was a scheduling issue that prevented a workshop type meeting. Samantha Abell stated it was also an opportunity for board members to ask specific questions.

Burt Snooks asked if a list of items can be provided in order for the board to understand what the underwriters are looking for and following up on. Denis McKinnon replied that the underwriters are responsible for following SEC and Federal Securities guidelines and rules. Kareem Spratling stated the engagement letter performs this duty.

Bob Cleveland expressed appreciation for the refresher information that the board is not to seek outside information, they are specifically tasked with verifying the project is legal and it meets public purpose. Furthermore, the board is encouraged to ask questions based on the information provided.

Bob Cleveland asked with all the underwriters, bond attorneys and financial advisors, why a board is necessary at all. Samantha Abell replied that the board is a recommendation from the City Council that allows the City Council to focus on their specific set of governmental duties and recognizes the completely different set of responsibilities, perspectives and experiences that the Authority board provides and ultimately benefits the City.

Bob Cleveland asked if the project meets public purpose, meaning all public purpose, and if the information provided in the board packet does not address specific doctrines, how is the board to approach this issue. Kareem Spratling replied that it must be constitutional, legal, and the project must comply with their 501c3 letter. Kareem further stated that if it is a religious organization, we will ask upfront from now on and verify that they are not discriminating or harming people with hate. Denis McKinnon commented that if a hint of discriminating behavior surfaces, the project will not be presented to the board. Denis said he would provide more detail in the pipeline report so the board can see why some projects do not make it to the inducement stage.

**MOTION/ACTION:**

**No Action Required.**

No other formal business of the board was taken and the meeting adjourned at approximately 10:30 am.

Minutes submitted by:  Connie Beargie, Office Administrator

Approved by:  Chris Kemp, Chairman

