

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

The 21th meeting of the Capital Trust Authority, Inc., Gulf Breeze, Florida, was held at 315 Fairpoint Dr, Gulf Breeze, Florida and on Thursday, March 21, 2024 at 9:00 a.m.

The following Board Members were present: Bob Cleveland (Secretary), Deborah Roche (Asst. Secretary), Bobby Potomski (Board Member), Burt Snooks (Board Member), Mayor Cherry Fitch (Board Member), Harry Wilder (Board Member). Also attending was Denis McKinnon (Executive Director), Samantha Abell (City Manager) and Connie Beargie (Office Administrator). Attending via teleconference was Kareem Spratling (BMO Bond Counsel), Brooke Gonzalez (BMO Bond Counsel), and special guest Richard Moreno (Building Hope).

AGENDA ITEM:

Capital Trust Authority Minutes from 2/22/2024

DISCUSSION:

No discussion.

MOTION/ACTION:

Bobby Potomski made a motion to approve the minutes as presented. Mayor Cherry Fitch seconded. Vote for approval was 6-0.

AGENDA ITEM:

Amending Resolution 09-24 – Orlando College of Osteopathic Medicine (OCOM)

DISCUSSION:

The purpose of the amending resolution is to appoint a new trustee and to change the property to a fee simple ownership, rather than the original proposed leasehold interest.

Denis stated the investor for OCOM is currently in litigation with the originally approved trustee, UMB Bank. For this reason, they have asked for approval to appoint US Bank as trustee, rather than UMB Bank. Changing the ownership from leasehold to fee simple will allow the borrower to acquire the property outright.

MOTION/ACTION:

Deborah Roche made a motion to approve Resolution 09-24 as presented. Bobby Potomski seconded. Vote for approval was 6-0.

AGENDA ITEM:

Award Resolution 10-24 – Miami Arts Classical Academy

DISCUSSION:

Miami Arts Classical Academy is an existing charter school located in Miami, Florida. The purpose of the bonds is to refinance tax-exempt and taxable debt. The school is a tuition free, public charter school concentrating on performing and expressive arts and consists of approximately 1500 students in grades 6-12. This project will be a private placement with First Citizens Bank and Trust Company.

Denis introduced Richard Moreno from Building Hope. Richard is the financial advisor to the borrower. Previously, the board had asked why enrollment numbers are down and revenue is up by 19%. Richard Moreno stated the numbers reflect post COVID-19 events while debt service had decreased. Current enrollment numbers are steadily increasing. Another question from the board related to the additional income generated from the parking garage, and how it affects overall public purpose. Richard stated the taxable bonds allow for private use of the parking garage and related additional income.

MOTION/ACTION:

Mayor Cherry Fitch made a motion to approve Resolution 10-24 as presented. Harry Wilder seconded. Vote for approval was 6-0.

AGENDA ITEM:

Inducement Resolution 11-24 – Mason Classical Academy

DISCUSSION:

Mason Classical Academy project is an existing K-12 charter school with approximately 1488 students located in Naples, Florida. Mason Classical is the highest rated school in Collier County. The purpose of the bonds is to finance the construction and equipping of a new gymnasium including weight room, locker room, tennis courts and classrooms.

Bob Cleveland commented that in the recommendation section of the write up, the words “preliminary approval” should be added, rather than the current approval language. Bob also

stated that in the future, he would like to see the minutes from each inducement resolution so that previous questions could be addressed in the award resolution write up.

MOTION/ACTION:

Deborah Roche made a motion to approve Resolution 11-24 as presented. Mayor Cherry Fitch seconded. Vote for approval was 6-0.

AGENDA ITEM:

Inducement Resolution 12-24 – Odyssey Charter School

DISCUSSION:

Odyssey Charter School is an existing charter school with two locations in Palm Bay, Florida. The purpose of the bonds is to finance the acquisition, construction and equipping of an additional campus and expansion to the existing campuses.

Mayor Cherry Fitch asked about adding day care to the pre-kindergarten location. Denis replied that the infant-prekindergarten location will assist with the addition of approximately 800 students in both K-12 and K-5 locations.

Harry Wilder asked if Building Hope has any financial interest in this property. Richard Moreno stated no, they operate as financial advisor only.

MOTION/ACTION:

Bobby Potomski made a motion to approve Resolution 12-24 as presented. Harry Wilder seconded. Vote for approval was 6-0.

AGENDA ITEM:

Inducement Resolution 13-24 – EducationRE (Central Florida Preparatory School)

DISCUSSION:

EducationRE is a non-profit owner of school facilities. The purpose of this financing is to purchase the facilities currently being leased by Central Florida Preparatory School (CFP), lease back the facilities to the school and construct a gymnasium with additional classrooms for up to 240 additional students. CFP is a private college prep school for K-12 students and a Montessori Pre-K for students ages 2-5. Tuition is \$11,000 per year.

Mayor Cherry Fitch asked if the school offers scholarships or tuition assistance programs. Denis replied that it offers both to qualifying families.

Bob Cleveland asked if a private school meets public purpose. Kareem Spratling stated that 501c3 K-12 schools are expressly included in state statutes. EducationRE offers a unique program whereby they not only lease the facilities back to the school at a reduced lease rate, they also gift the facilities to the school at such date the school can purchase the facilities outright or at bond maturity.

MOTION/ACTION:

Bobby Potomski made a motion to approve Resolution 13-24 as presented. Deborah Roche seconded. Vote for approval was 6-0.

AGENDA ITEM:

Inducement Resolution 14-24 – Convivial Manhattan

DISCUSSION:

Convivial St. Petersburg is a proposed continuing care retirement community to be comprised of approximately 170 independent living units and 48 assisted living/memory care units. The purpose of the financing is to purchase 5.27 acres of vacant land in St. Petersburg, Florida utilizing tax-exempt bond anticipation notes (BANS), in anticipation of issuing bonds to refinance the short term note and construct the facilities, including two nine story residential buildings.

Denis McKinnon stated the St. Petersburg area currently does not include an assisted living or memory care facility.

Bobby Potomski asked if the facility will include skilled nursing beds. Denis McKinnon replied that they will only provide skilled nursing if requested and paid for independently.

Bob Cleveland stated that he read a press release that LifeStar Living purchased the property in 2021 and asked for clarification of the projects current public purpose. Kareem Spratling cautioned the board about conducting independent research, press releases included. Kareem Spratling stated this property will be purchased by a non-profit and the developer will manage the property. Also, the property will be purchased at fair market value, if it is not, it will have a private use issue. Kareem Spratling further stated the development agreement will adhere to and satisfy all IRS rules.

Bob Cleveland mentioned the note holders will have no guarantee the project will be built. Kareem Spratling replied that all risk factors will be disclosed and the bonds will only be offered to qualified institutional buyers and accredited investors in \$100,000 denominations. Kareem also stated that typically, the same people that buy the BAN offering, also buy the final bonds.

Mayor Cherry Fitch asked if we have done this type of financing before. Denis McKinnon stated that we have done BAN financing in the past.

Burt Snooks asked what type of protection the Authority has on this project. Kareem Spratling replied that we have several layers of protection: bond counsel legal opinions, final review of documents, and basic legal requirements must be in place to return for final approval.

Bob Cleveland asked about the entrance and registration fees, who benefits from them and how does this project meet public purpose. Kareem Spratling replied that profits inure to the non-profit group for distribution; the project is in an area that lacks this type of facility; it meets the IRS requirements for a 501c3 status and the development agreement will not allow private funds to be leaked to the developer.

Bob Cleveland asked for more information regarding the registration fees and where they go prior to final approval. Deborah Roche mentioned the registration fees seem large. Denis stated the developer is available to talk to the board prior to final approval.

Bobby Potomski asked about old CTA assisted living and memory care projects and how they were funded or reimbursed through self-pay or Medicaid/Medicare fees; Bobby stated these fees are not too different from tuition fees.

MOTION/ACTION:

Deborah Roche made a motion to approve Resolution 14-24 as presented. Bobby Potomski seconded. Vote for approval was 6-0.

AGENDA ITEM:

Building Hope Summit Sponsorship Request

DISCUSSION:

The 3rd Annual Building Hope Impact Summit & Awards is being held April 23-25th. The Summit is good marketing opportunity where charter schools and supporting businesses gather together to network and plan for future charter schools nationwide. Building Hope has been a great partner to the Capital Trust Authority.

MOTION/ACTION:

Mayor Cherry Fitch made a motion to approve the \$10,000 sponsorship as presented. Bobby Potomski seconded. Vote for approval was 6-0.

No other formal business of the board was taken and the meeting adjourned at approximately 9:50am.

Minutes submitted by:  _____ Connie Beargie, Office Administrator

Approved by:  _____ Gary Michaels, Vice Chairman