

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

The 25rd meeting of the Capital Trust Authority, Inc., Gulf Breeze, Florida, was held at 315 Fairpoint Dr, Gulf Breeze, Florida and on Tuesday, July 9, 2024 at 9:00 a.m.

The following Board Members were present: Chris Kemp (Chairman), Gary Michaels (Vice-Chairman), Bob Cleveland (Secretary), Christy Larkins (Board Member), Burt Snooks (Board Member), Bobby Potomski (Board Member), and Mayor Cherry Fitch (Board Member). Also attending were Denis McKinnon (Executive Director) and Connie Beargie (Office Administrator). Attending via teleconference was Kareem Spratling (BMO Bond Counsel), and Brooke Gonzalez (BMO Bond Counsel). Special guest was Richard Moreno (Building Hope).

AGENDA ITEM:

Capital Trust Authority Minutes from 6/20/2024

DISCUSSION:

No discussion.

MOTION/ACTION:

Mayor Cherry Fitch made a motion to approve the minutes as presented. Gary Michaels seconded. Vote for approval was 7-0.

AGENDA ITEM:

Award Resolution 24-24 – Mason Classical Academy

DISCUSSION:

Mason Classical Academy is an existing K-12 charter school located in Naples, Florida. The school is in the top 1% of all high schools in the United States and is the highest rated school in Collier County. Proceeds of the bonds are to refinance and replace the three existing taxable loans with tax-exempt bonds, construct a new gymnasium with locker rooms, tennis courts and classrooms to serve approximately 1488 students, and to purchase land for future construction of an approximately 100,000 square foot facility.

Christy Larkins stated she liked this project from inducement. Cherry Fitch agreed.

Gary Michaels asked how many new classrooms will be added. Richard Moreno replied that approximately 80 classrooms would be added in order to meet the demands of the community.

MOTION/ACTION:

Christy Larkins made a motion to approve Resolution 24-24 as presented. Mayor Cherry Fitch seconded. Vote for approval was 7-0.

AGENDA ITEM:

Award Resolution 25-24 – Summit Academy

DISCUSSION:

Summit Academy is an existing charter school located in Coral Springs, Florida and currently includes 472 students. The purpose of the bonds is to finance the acquisition of an existing building to accommodate approximately 662 students in grades K-8.

Denis McKinnon stated the organization has applied for its 501c3 determination letter and will need to convert the taxable bonds to tax-exempt bonds once the letter is received by the IRS. Christy Larkins asked if the board will need to meet again to approve the taxable bonds. Kareem Spratling responded that this type of bond structure is known as Cinderella bonds and the language is included in the initial bond documents; furthermore, BMO will issue a determination letter. Christy Larkins asked what happens if the IRS does not approve the determination letter. Kareem Spratling stated the interest rate will go up; however, he has reviewed the forms and it is reasonable to expect the letter to be approved in due course. Richard Moreno stated that performance models have been provided for both scenarios.

Bobby Potomski asked when the 2023-2024 school grades will be released. Richard Moreno replied that the grades are currently under review by the state and some information has been released.

MOTION/ACTION:

Gary Michaels made a motion to approve Resolution 25-24 as presented. Bobby Potomski seconded. Vote for approval was 7-0.

AGENDA ITEM:

Award Resolution 26-24 – Education RE

DISCUSSION:

EducationRE is requesting financing for the purchase of 3 existing charter school facilities to be located in Osceola and Palm Beach Counties. The 3 schools will have the option to purchase their facilities after 10 years.

Denis McKinnon stated the inducement included 4 schools. Summit Academy secured separate financing thereby reducing the final size of the bonds and the overall savings.

MOTION/ACTION:

Mayor Cherry Fitch made a motion to approve Resolution 26-24 as presented. Christy Larkins seconded. Vote for approval was 7-0.

AGENDA ITEM:

Award Resolution 27-24 – Babcock Ranch Neighborhood School

DISCUSSION:

Babcock Neighborhood School is an existing charter school with two locations in Charlotte County, Florida. The purpose of the bonds is to finance the construction and equipping of an additional building for 36 classrooms, renovations to the high school and a new music and arts building.

Richard Moreno said he would highly recommend a visit to this impressive school.

Bob Cleveland asked if the bonds will be issued on parity with the existing bonds. Kareem Spratling stated that we have a unique opportunity to issue the bonds on parity because the Agency includes the same bond documents, the Authority operates with the same board, so the Agency documents can be amended to allow the Authority to issue the new bonds on parity.

Bob Cleveland asked if the current bond holders need to do anything or approve anything. Kareem Spratling stated all bond covenants will be met and the additional bonds have already passed the Additional Bonds Test to determine their creditworthiness.

Christy Larkins asked if the fees will be ongoing or separate. Denis McKinnon stated the fees will be separate.

MOTION/ACTION:

Bob Cleveland made a motion to approve Resolution 27-24 as presented. Gary Michaels seconded. Vote for approval was 7-0.

AGENDA ITEM:

Inducement Resolution 28-24 – Navigator Academy of Leadership

DISCUSSION:

Navigator Academy is an existing K-8 school with over 1900 students on two campuses located in Valrico, Florida. The purpose of the bonds is to acquire the campuses and fund the construction of a new high school facility.

Christy Larkins asked about the amount of the bonds versus the cost of issuance. Denis McKinnon replied the 85M is the not to exceed amount and the sources and uses will be revised prior to final resolution.

Cherry Fitch asked why the low-test scores have not improved. Richard Moreno stated Covid and the new state exam system has impacted the overall grades and next year will be a better reflection of the new grading system.

Gary Michaels asked if we can get a report of the grades. Richard Moreno stated he could produce a report from the state that will include enrollment and retention statistics, and grades. Cherry Fitch asked if the report could include low-income statistics. Richard replied he can produce a custom report for the board.

MOTION/ACTION:

Christy Larkins made a motion to approve Resolution 28-24 as presented. Cherry Fitch seconded. Vote for approval was 7-0.

AGENDA ITEM:

Inducement Resolution 29-24 – Classical School of Sarasota

DISCUSSION:

Classical Academy is a preK-12 private school located in Sarasota, Florida. The purpose of the bonds is to finance 2 phases of construction. Phase 1 will consist of site improvements, installation of modular buildings and phase 2 will include a new educational facility, gymnasium, athletic fields and a parking lot to accommodate an additional 1300 students.

Burt Snooks asked how successful is their teaching method. Denis McKinnon replied the school is doing very well, they are above the national average and the wait list is large.

Chris Kemp asked for more information regarding the 5M debt to another outside party or individual. Kareem Spratling stated the debt will be subordinated and bond holders will be paid first in the waterfall, however, more information and disclosure notices will be forthcoming regarding this debt.

MOTION/ACTION:

Gary Michaels made a motion to approve Resolution 29-24 as presented. Christy Larkins seconded. Vote for approval was 7-0.

AGENDA ITEM:

Inducement Resolution 30-24 – AcadeMir School of Math and Science

DISCUSSION:

AcadeMir Math and Science consists of three charter school facilities located in Homestead, Florida. Enrollment for the three schools is approximately 725 students in grades K-8. The purpose of the bonds is to refinance the current debt and release the other schools from their pledged revenue obligation to Axos Bank.

Chris Kemp commented that the school must be very strong financially to be able to release the other schools. Denis McKinnon replied that they will realize significant debt service savings, a decreased interest rate, elimination of the balloon payment, as well as other financial benefits.

MOTION/ACTION:

Christy Larkins made a motion to approve Resolution 30-24 as presented. Mayor Cherry Fitch seconded. Vote for approval was 7-0.

AGENDA ITEM:

Inducement Resolution 31-24 – Five Keys, Inc. – Gardens School of Technology Arts

DISCUSSION:

Five Keys is a not for profit formed for the purpose of purchasing and leasing back the facilities known as the Gardens School of Technology Arts. The school has been open since 2011 and currently has 322 students in grades K-8. The school is located in Palm Beach Gardens, Florida.

Denis McKinnon stated the school is being purchased from a church and will lease back usage of the facilities to the church on Sundays.

MOTION/ACTION:

Bobby Potomski made a motion to approve Resolution 31-24 as presented. Mayor Cherry Fitch seconded. Vote for approval was 7-0.

AGENDA ITEM:

Inducement Resolution 32-24 – Harbour Pointe Charter School

DISCUSSION:

Harbour Pointe Charter School is a proposed K-8 charter school to be located in Jacksonville, Florida. Gregory Stickel (President/Principal) has over 29 years of charter school education and leadership experience. Proceeds of the bonds are for land acquisition and construction of a 50,000 square foot school. They are expected to open its doors in the fall of 2025.

Christy Larkins asked if the \$300,000 in start up costs are being provided by Mr. Stickel. Denis McKinon replied that it is early in the process and would report back to the board.

Burt Snooks asked if the recent strong governmental support of charter schools was an expected event when the new governor took office. Denis McKinnon replied that it was not anticipated. Gary Michaels asked if all these charter schools are negatively impacting public schools. Denis McKinnon replied that charter schools are outperforming public schools but not to the detriment as there are several deciding factors for enrollment at both schools.

MOTION/ACTION:

Gary Michaels made a motion to approve Resolution 32-24 as presented. Bobby Potomski seconded. Vote for approval was 7-0.

AGENDA ITEM:

Financials FYE 5-31-2024

DISCUSSION:

Denis McKinnon reported that the Authority is performing well.

MOTION/ACTION:

No Action Required.

AGENDA ITEM:

FYE 9/30/2025 Budget

DISCUSSION:

Denis McKinnon provided an overview of the proposed FYE 9-30-2025 budget. Denis commented that currently the Agency covers all of the office overhead, however, a portion of the expenses will be allocated to the Authority for reimbursement to the Agency. In addition, the annual payment to the City of Gulf Breeze will be split between the Authority (\$250,000) and the Agency (\$750,000).

Gary Michaels asked about current bank rates. Denis replied that he regularly shops the rates with local bankers.

Mayor Cherry Fitch asked if we could get an update from the City of Quincy regarding the use of the funds they have received from the Authority.

MOTION/ACTION:

Bob Cleveland made a motion to approve the FYE 9/30/2025 Budget as presented. Mayor Cherry Fitch seconded. Vote for approval was 7-0.

No other formal business of the board was taken and the meeting adjourned at approximately 10:45am.

Minutes submitted by: Connie Beargie Connie Beargie, Office Administrator

Approved by: Chris Kemp Chris Kemp, Chairman