**MINUTES OF THE**

**CAPITAL TRUST AGENCY, INC.**

The 221st meeting of the Capital Trust Agency, Inc., Gulf Breeze, Florida, was held at the Gulf Breeze City Hall at 315 Fairpoint Dr, Gulf Breeze, Florida and on Thursday, December 2, 2021 at 8:00 a.m.

The following Board Members were present: Burt Snooks (Chairman), Gary Michaels (Vice-President), Bob Cleveland (Secretary), Chris Kemp (Assistant Secretary), Harrison Wilder (Board Member), and Tom Naile (Board Member). Also attending was Denis McKinnon (Executive Director), Mike Stebbins (Counsel) and Samantha Abell (City Manager). Attending via telecommunications conference was Kareem Spratling (BMO), and special guests Phil Guistolise (Trinity Partners), Steve Wasserman and Peter Wasserman from the Wasserman Group.

**AGENDA ITEM:**

Approval of Minutes: 11/18/2021

**DISCUSSION:**

No discussion.

**MOTION/ACTION:**

**Tom Naile made a motion to approve the 11/18/2021 minutes as presented. Harry Wilder seconded. Vote for approval was 6-0.**

**AGENDA ITEM:**

Approval of Minutes: 11/23/2021

**DISCUSSION:**

Bob Cleveland asked for clarification of Kareem Spratling’s comments under the New Business heading regarding board scrutiny of new projects. Bob asked if the comment “Kareem disagrees with previous advice as to the level of scrutiny the CTA board *should* delve into” should really read “*required to*” delve into.

Kareem stated the CTA Board is one of the best and most thorough Boards he works with. Kareem stated that he disagrees with advice the CTA Board had previously received as to the level of scrutiny the Board should delve into at meetings. The CTA Board is not responsible for underwriting the transactions. The board should not approve deals where it definitively knows or has reason to know the deal will default.

**MOTION/ACTION:**

**Tom Naile made a motion to approve the 11/23/2021 minutes as presented. Harry Wilder seconded. Vote for approval was 6-0.**

**AGENDA ITEM:**

Authorizing Resolution #34-21 – Alura Senior Living Amendments

**DISCUSSION:**

Greenwich Investment Management has agreed to amend the loan agreement for the purpose of depositing monthly settlement payments into the working capital trust account and for these funds to be used for reimbursement of legal fees.

Gary Michaels asked if the previous contractor, Straticon, was ever used in previous CTA bond projects. Denis replied that although we have never used them, they are still in business.

Chris Kemp asked how this workout plan will benefit CTA. Kareem Spratling stated that this workout plan is a net positive to CTA because the bonds are not in default and funds are being added to the project.

**MOTION/ACTION:**

**Bob Cleveland made a motion to approve resolution 34-21. Chris Kemp seconded. Vote for approval was 6-0.**

**AGENDA ITEM:**

Authorizing Resolution #35-21 – VOA Estero Amendments

**DISCUSSION:**

Denis McKinnon stated the purpose of this Authorizing Resolution is to extend the maturity date of the Bond Anticipation Notes (BANs) to June 30, 2022. The interest rate will also be reduced from 18% to 10%. Denis stated that not all interest will be forgiven, just the delta or 8% of the accumulated interest will be forgiven with the new indenture agreement.

Chris Kemp asked if the bondholders approve of this amendment. Kareem stated that the direction has come directly from the bondholders for CTA to approve this amendment.

Chris Kemp asked in the 5 years since this project started, what has been accomplished so far. Denis McKinnon replied that the own they land and 13M has been used for predevelopment and marketing. CTA is not being asked to issue new money at this time.

**MOTION/ACTION:**

**Gary Michaels made a motion to approve resolution 35-21. Chris Kemp seconded. Vote for approval was 6-0.**

**AGENDA ITEM:**

Award Resolution #36-21 – Tallahassee Classical School

**DISCUSSION:**

Tallahassee Classical School is an existing charter school serving over 550 students in grades K-8. The purpose of the bonds is to refinance the current construction loan and purchase 2 adjacent parcels of land.

Denis McKinnon stated this school has moved from portable classrooms into permanent facilities and they continue to grow and prosper.

Gary Michaels commented that the 2 additional parcels of land will give them room to expand.

M**OTION/ACTION:**

**Bob Cleveland made a motion to approve resolution 36-21. Tom Naile seconded. Vote for approval was 6-0.**

**AGENDA ITEM:**

Authorizing Resolution #37-21 – Imagine Schools at West Melbourne, Inc. – Milestones Community School

**DISCUSSION:**

Milestones Community School was founded in 1998 and currently serves approximately 540 students in grades K-8. The purpose of the bonds is to finance the acquisition of the charter school facility, fund debt service reserves and pay costs of issuance.

Rosemawr Wealth Management is the sole purchaser of the bonds and also owns the property and leases the property being purchased by the Imagine group.

Gary Michaels asked if the two appraisals we asked for came back satisfactorily. Denis said they are in process and both appraisals must be higher than the purchase price in order to close on this bond issue.

Bob Cleveland asked if the management company is a for profit company. Denis McKinnon stated that it is actually a non-profit company. Kareem Spratling mentioned that this is unique in the charter school space; the management company is typically for profit, but Imagine Schools is different in this respect.

Gary Michaels asked if the financial projections are realistic. Denis stated that because the management company is waiving their fee for the first 2 years in the amount of $1.6 million, resulting in substantial funds flowing directly to the school, and expenses and debt service will be subordinated, the financial position should be a credit positive outcome.

Chris kemp asked if Rosemawr and the management company are affiliated. Kareem Spratling stated that they are not affiliated.

Harry Wilder asked if Rosemawr is a wealth management company and if their clients will be the purchasers of these bonds. Denis McKinnon stated that the bonds must adhere to our bond stipulations of accredited investors only and sold in $100,000 increments. Bob asked if they could put the bonds in one of their bond funds. Kareem Spratling stated that they could put the bonds inside one of their funds, but they still must be an accredited investor.

Denis stated that concessions have been made by all parties in order for this school to succeed.

M**OTION/ACTION:**

**Bob Cleveland made a motion to approve resolution 37-21. Tom Naile seconded. Vote for approval was 6-0.**

**AGENDA ITEM:**

Authorizing Resolution #38-21 – The Village at Lake Worth

**DISCUSSION:**

The Village at Lake Worth is an existing 216-unit market rate apartment complex to be converted into an affordable housing apartment complex with restricted rents based upon a Land Use Restriction Agreement. The project is 100% occupied.

Denis McKinnon stated this will be a bank loan to Align Capital.

Phil Guistolise stated that both this project and the Lake Osborne project have basically the same structure and are newer properties, they have lower development fees, their maximum rents are lower and are work force housing projects.

Chris Kemp asked Steve and Peter Wasserman why the developer fee is so high and how does a developer get chosen. Peter Wasserman replied that the developer fee is tied to the money at risk in a project and many times it is the developer who has the property already and they are looking for financing.

Gary Michaels asked about the replacement reserves and if further upkeep of the properties is regulated. Phil Guistolise stated that it is not regulated, but generated by the replacement cost of the units. Kareem stated the lender requires reserves. Peter stated these reserves are restricted by the trustee and there is a process to release the reserve funds from the trustee.

Gary Michaels asked if there are security cameras at the property. Peter Wasserman replied that he likes cameras at the leasing and common areas, but he has found that the residents do not care for them and have a tendency to disable them.

Bob Cleveland asked why there is a tax reserve. Steve Wasserman replied that is a lender requirement in order to cover any tax liability that may occur in the first year. Phil Guistolise added that if no tax exemption is filed and the funds are released, they will be used to pay down the balance of the bonds.

Bob Cleveland asked if one half of the developer fee is anticipated to be paid upfront at closing and then the balance is deferred until the end of year one. Peter Wasserman said that typically, the development fee is paid at closing, however, they are deferring the second half of the payment until end of year.

Bob Cleveland asked what is expected of the asset managers in order to command a fee of $160,000. Peter stated the asset management company is their first line of defense so to speak, an on-site landlord. They take tenant calls, handles all emergencies, they are copied on all emails, they keep track of all property related activity; they are paid to be responsive and professional. Kareem Spratling stated the asset management must comply with all safe harbor regulations.

M**OTION/ACTION:**

**Gary Michaels made a motion to approve resolution 38-21. Chris Kemp seconded. Vote for approval was 6-0.**

**AGENDA ITEM:**

Authorizing Resolution #39-21 – The Village at Lake Osborne

**DISCUSSION:**

The Village at Lake Osborne is an existing 118-unit market rate apartment complex to be converted into an affordable housing apartment complex with restricted rents based upon a Land Use Restriction Agreement. The project is 100% occupied.

Bob Cleveland asked why the fees are higher on Lake Osborne than Lake Worth. Kareem Spratling replied that a limited public placing such as this one has more documents than a bank placement and ultimately, more fees.

M**OTION/ACTION:**

**Tom Naile made a motion to approve resolution 39-21. Bob Cleveland seconded. Vote for approval was 6-0.**

No other formal business of the board was taken and the meeting adjourned at approximately 9:10 am.

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

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