

Capital Trust Agency, Inc.

Monday, September 19, 2022

8:00AM.

Meeting of the Board of Directors

315 Fairpoint Drive
Gulf Breeze, FL 32561

As Manager of CTA CDE, LLC and CTA CDE – Sub
1,2,3,4,5

Meeting called by: Denis A. McKinnon, III

Type of meeting: Regular

Facilitator: Burt Snooks
Chairman

Note Taker: Connie Beargie
Office Administrator

Attendees: Burt Snooks (Chairman), Gary Michaels (Vice Chairman), Bob Cleveland (Secretary), Chris Kemp (Assistant Secretary), Harrison Wilder (Board Member), Deborah Roche (Board Member), Tom Naile (Board Member), Kareem Spratling (Bond Counsel), and Denis McKinnon (Executive Director).

Please bring: Attached supplements

Agenda

<u>Item:</u>	<u>Description:</u>	<u>Presenter:</u>
1.	Call to Order	Burt Snooks
2.	Approval of Minutes: 8-11-2022	Denis McKinnon, III
3.	FYE 9-30-2023 Reserve Recommendation to City Council	Denis McKinnon, III
4.	Adjourn	Burt Snooks

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

The 225th meeting of the Capital Trust Agency, Inc., Gulf Breeze, Florida, was held at 315 Fairpoint Dr, Gulf Breeze, Florida and on Thursday, August 11, 2022 at 8:00 a.m.

The following Board Members were present: Burt Snooks (Chairman), Gary Michaels (Vice-Chairman), Bob Cleveland (Secretary), Chris Kemp (Assistant Secretary), Deborah Roche (Board Member), Tom Naile (Board Member), and Harrison Wilder (Board Member). Also attending was Denis McKinnon (Executive Director), and Connie Beargie (Office Administrator). Attending via Zoom telecommunications was Kareem Spratling (BMO) and Krista Hall (BMO).

AGENDA ITEM:

Approval of Minutes: 5/27/2022

DISCUSSION:

No discussion.

MOTION/ACTION:

Gary Michaels made a motion to approve the 5/27/2022 minutes as presented. Tom Naile seconded. Vote for approval was 7-0.

AGENDA ITEM:

Capital Trust Agency, CDE - Budget Amendment FYE 9/30/2022

DISCUSSION:

Denis McKinnon stated that although CTA CDE had no activity this past year, he has had discussions with the City Manager to keep the entity open for future projects with the City.

The Budget Amendment proposes paying the Authority \$500,000 for startup expenses. The balance of the funds in the CTA CDE accounts, currently in PNC bank, should be moved into a new account with Hancock Bank in order to avoid the higher fee structure at PNC Bank. Remaining funds could be allocated for future City of Gulf Breeze projects.

MOTION/ACTION:

Chris Kemp made a motion to approve the budget amendment for FYE 9/30/2022. Bob Cleveland seconded. Vote for approval was 7-0.

AGENDA ITEM:

Capital Trust Agency, CDE - Budget FYE 9/30/2023

DISCUSSION:

No Discussion

MOTION/ACTION:

Bob Cleveland made a motion to approve the budget for FYE 9/30/2023. Tom Naile seconded. Vote for approval was 7-0.

AGENDA ITEM:

Capital Trust Agency - Budget Amendment FYE 9/30/2022

DISCUSSION:

Denis McKinnon stated the interest income is slightly lower as well as the origination fee income. Both of these are to be expected due to market changes and the close of CTA new business operations. Denis also noted that several assisted living facilities did not perform as well as expected, however we are actively communicating with the principals and our business partners with the expectation of seeing improvements by the end of the year or they will be written off for auditing purposes.

Bob Cleveland stated he would like to see all programs remain on the budget revisions in order to account for all bad debt, not just the current revised quarter.

MOTION/ACTION:

Bob Cleveland made a motion to approve the budget amendment for FYE 9/30/2022. Deborah Roche seconded. Vote for approval was 7-0.

AGENDA ITEM:

Capital Trust Agency - Budget FYE 9/30/2023

DISCUSSION:

No Discussion

MOTION/ACTION:

Bob Cleveland made a motion to approve the budget for FYE 9/30/2023. Chris Kemp seconded. Vote for approval was 7-0.

AGENDA ITEM:

Bryant Miller Olive Engagement Letter

DISCUSSION:

Denis McKinnon stated the original engagement letter between CTA and BMO did not include a conflict waiver. The conflict waiver has become necessary due to the Authority’s recent engagement of BMO, which includes a conflict waiver.

Bob Cleveland asked if not on same side of the table, would BMO be able to represent CTA. Kareem said they would not represent either side of the transaction.

Kareem stated that, for example, if St. John’s Classical Academy came back to CTA with a request for additional bonds, they would be issued by the Authority and BMO would represent both sides.

MOTION/ACTION:

Deborah Roche made a motion to approve the Bryant Miller Olive Engagement Letter. Gary Michaels seconded. Vote for approval was 7-0.

No other formal business of the board was taken and the meeting adjourned at approximately 9:24 am.

Minutes submitted by: _____ Connie Beargie, Office Administrator

Approved by: _____ Burt Snooks, Chairman

TO: Capital Trust Agency Board of Directors
FROM: Denis A. McKinnon, III
RE: Staff Recommendation RE Agency's Reserves
DATE: September 19, 2022

Background:

On April 4th, 2022, the City of Gulf Breeze (the "City") and the Capital Trust Agency (the "Agency") entered into Joint Resolution 07-2022 describing the process by which the Agency would transfer funds to the City. Section 2 of the aforementioned resolution defines the process of setting a minimum amount to be held at the Agency.

Section 2. Minimum Amount to be kept in CTA custody.

- a. Beginning in FY 2021-22 and each fiscal year thereafter, the CTA shall submit as part of the CTA budget to the City, a proposed Minimum Amount.
- b. The City shall adopt the Minimum Amount unless the City Council votes to adopt an alternate Minimum Amount and the City Council makes a factual finding that the alternate Minimum Amount will not have a materially adverse effect on the operations of the CTA and the City gives the CTA written notice of such alternate Minimum Amount within thirty (30) days of the vote establishing the alternate Minimum Amount.

Recommendation:

Agency staff recommends the Board provides a proposed Minimum Amount of \$800,000 to the City Council for their consideration on 9-19-22 at 5:50PM. The City has requested a payment of \$1,000,000 for FYE 9-30-2023. The budget adopted by the Agency on August 11 reflects a transfer from reserves of \$372,980. The Agency's cash reserves at the end of 9-30-2023 is still expected to be in excess of \$4,000,000.

Capital Trust Agency, Inc.

FYE 9/30/2023

Revision 6/30/2022

	Proposed Budget FYE 9/30/2023	Amended Budget 6/30/2022	Proposed Budget vs Amended Budget 6/30/2022
INCOME			
Interest Income	\$600	\$445	\$155
Application Fee Income	\$0	\$27,000	(\$27,000)
Reimbursement Fee Income	\$0	\$10,500	(\$10,500)
Origination Fee	\$0	\$1,078,782	(\$1,078,782)
CTA-CDE Partnership Income	\$0	(\$22,018)	\$22,018
Aeroterm - Miami 2004	\$14,454	\$14,454	\$0
Atlantic Housing Foundation	\$65,902	\$65,902	\$0
Stonybrook	\$16,000	\$16,101	(\$101)
Windsor Cove	\$15,000	\$15,000	\$0
Jacksonville Pool	\$38,736	\$37,969	\$767
Holley Navarre	\$12,000	\$12,000	\$0
Sarasota Fountain of Hope	\$0	\$0	\$0
River City Science	\$16,026	\$16,026	\$0
Tuscan Gardens	\$0	\$0	\$0
Glorietta LTD	\$20,184	\$15,705	\$4,479
Tapestry Tallahassee	\$31,560	\$31,702	(\$142)
Garden Gate	\$0	\$75,833	(\$75,833)
Estero 2017	\$0	\$0	\$0
Odyssey Charter School	\$15,510	\$15,510	\$0
Tapestry Walden	\$20,112	\$20,112	\$0
Mission Springs	\$0	\$29,279	(\$29,279)
Viera	\$29,777	\$29,777	\$0
Renaissance - 2017	\$23,612	\$23,754	(\$142)
Tuscan Palm Coast	\$35,020	\$35,020	\$0
Heather Glenn	\$0	\$2,190	(\$2,190)
Elim Senior Housing	\$23,873	\$23,873	\$0
St Johns Classical Academy	\$20,658	\$20,658	\$0
Aviva	\$24,000	\$24,000	\$0
Pineapple Cove	\$16,872	\$16,872	\$0
Seaside	\$15,000	\$15,000	\$0
Coral Gardens	\$15,000	\$15,000	\$0
Babcock Ranch	\$27,680	\$27,680	\$0
H-Bay Ministries	\$0	(\$5,434)	\$5,434
FIU University Bridge	\$90,120	\$90,365	(\$245)
Somerset Academy	\$15,000	\$15,000	\$0
Florida Charter Education Found	\$20,860	\$21,023	(\$163)
Provision Proton Therapy - Orlando	\$0	\$0	\$0
CAD High School	\$0	\$0	\$0

CAD Broward County	\$0	\$0	\$0
American Eagle	\$0	\$0	\$0
Pineapple Cove 2	\$22,449	\$22,449	\$0
Sawgrass	\$0	\$0	\$0
Sunshine Paragon	\$12,000	\$12,000	\$0
Renaissance - 2019	\$38,120	\$38,269	(\$149)
Treasure Coast	\$19,575	\$19,575	\$0
Advantage Academy	\$19,140	\$19,140	\$0
Odyssey 2019	\$7,500	\$7,500	\$0
Alura Senior Living	\$40,332	\$40,332	\$0
GW Real Estate LLC	\$15,000	\$20,000	(\$5,000)
Franklin Academies	\$44,333	\$44,333	\$0
Image Schools	\$16,995	\$16,995	\$0
LLT School	\$15,708	\$15,710	(\$2)
Liza Jackson School	\$15,864	\$15,863	\$1
Pepin Academy	\$15,000	\$15,000	\$0
Wonderful Foundation	\$34,836	\$31,829	\$3,007
Team Success Academy	\$15,000	\$15,933	(\$933)
South Tech	\$15,000	\$15,000	\$0
Lutz Preparatory School	\$15,000	\$15,000	\$0
Pineapple Cove WM	\$15,000	\$15,000	\$0
St John's Classical	\$0	\$0	\$0
Building Faith EGF	\$49,488	\$49,541	(\$53)
AcadeMir Charter West	\$6,535	\$8,713	(\$2,178)
Image North Manatee	\$18,000	\$17,000	\$1,000
Wonderful Foundation 2	\$17,940	\$18,155	(\$215)
Pineapple Cove Lockmar	\$15,000	\$15,000	\$0
Discovery Education Holdings	\$22,176	\$22,183	(\$7)
Kingdom Development WPB	\$38,964	\$25,979	\$12,985
Kingdom Kensington Villas	\$24,000	\$15,997	\$8,003
Marie Selby Botanical Gardens	\$18,960	\$12,644	\$6,316
Lake Osborne	\$19,824	\$13,214	\$6,610
Lake Worth	\$42,084	\$28,059	\$14,025
Tallahassee Classical School	\$15,000	\$10,000	\$5,000
New Springs	\$15,000	\$10,000	\$5,000
Legends Academy	\$15,000	\$10,000	\$5,000
Imagine Schools West Melbourne	\$17,352	\$9,642	\$7,710
TOTAL INCOME	\$1,335,730	\$2,461,132	(\$1,125,403)

EXPENSE

Contractual Staff	\$312,953	\$241,307	\$71,647
Century Interlocal	\$0	\$259,205	(\$259,205)
Legal	\$60,000	\$83,189	(\$23,189)
PreClosing Costs	\$0	\$0	\$0
Professional Services	\$162,936	\$162,936	(\$0)
Special Consultants	\$22,500	\$20,667	\$1,833
Accounting & Auditing	\$9,500	\$9,500	\$0
Bank Charges	\$1,200	\$1,013	\$187
Food and Travel	\$12,000	\$10,478	\$1,522
Telephone	\$7,200	\$6,806	\$394
Postage	\$720	\$642	\$78
Utilities	\$3,600	\$3,398	\$202
Repairs & Maintenance Bldg	\$15,000	\$14,468	\$532
Office Supplies	\$1,500	\$1,500	\$0
Operating Supplies	\$3,000	\$2,439	\$561
Office Expense	\$600	\$339	\$261
Membership & Subscription	\$6,000	\$5,637	\$363
Charitable Giving	\$30,000	\$30,000	\$0
TOTAL EXPENSE	\$648,710	\$853,524	(\$204,814)
NET BEFORE OTHER INC & EXP	\$687,020	\$1,607,609	(\$920,588)
Other Expenses			
Charitable Education Fund	\$60,000	\$100,000	(\$40,000)
Scholarship Paid Out	\$0	\$0	\$0
Payment to City of Gulf Breeze	\$1,000,000	\$1,800,000	(\$800,000)
NET BEFORE OTHER EXPENSES	\$1,060,000	\$1,900,000	(\$840,000)
Other Income			
Transfer From Cash Reserves	\$372,980	\$292,391	\$80,589
NET INCOME	\$0	\$0	\$0

JOINT RESOLUTION NO. 07-2022

A JOINT RESOLUTION BETWEEN THE CITY COUNCIL OF THE CITY OF GULF BREEZE, FLORIDA AND THE GOVERNING BOARD OF THE CAPITAL TRUST AGENCY; PROVIDING FOR RATIFICATION OF THE CAPITAL TRUST AGENCY AS THE CUSTODIAN OF NET PROFITS AS DEFINED HEREIN; PROVIDING FOR A MINIMUM AMOUNT AS DEFINED HEREIN TO BE KEPT IN THE CUSTODY OF THE CAPITAL TRUST AGENCY; PROVIDING FOR PROCEDURES FOR THE CITY OF GULF BREEZE, FLORIDA TO DIRECT THE CAPITAL TRUST AGENCY TO DELIVER TO THE CITY OF GULF BREEZE, FLORIDA ANY AND ALL NET PROFITS AS DEFINED HEREIN; PROVIDING FOR A SEVERABILITY CLAUSE AND A REPEALER CLAUSE; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Gulf Breeze, Florida (the "City") is a municipal corporation of the State of Florida; and

WHEREAS, the Capital Trust Agency (the "CTA") is a legal entity and public agency of the State of Florida, organized and existing under the provisions of Chapter 163, Part I, Chapter 166, Part II, and Chapter 617, Florida Statutes, as amended; Ordinance No. 05-97 duly enacted by the City on July 7, 1997, as amended, restated and supplemented by Ordinance Nos. 04-00, 05-01 and 10-11 duly enacted on May 15, 2000, May 7, 2001 and September 6, 2011, respectively; Ordinance No. 2-00, duly enacted by the Town of Century, Florida ("Town") on August 7, 2000, as amended and supplemented by Ordinance Nos. 1-01 and 5-11 duly enacted on May 7, 2001 and October 3, 2011, respectively, and an Interlocal Agreement, dated as of August 2, 1999, between the City and the Town, as amended and supplemented; and

WHEREAS, pursuant to the Section IX. 1. of Articles of Incorporation of CTA, as amended, all net profits of CTA shall enure to the benefit of the City ("Net Profits"); and

WHEREAS, that as a matter of practice since the inception of CTA, CTA has acted as the custodian of the Net Profits until directed by the City to deliver any and all Net Profits from CTA to the City; and

WHEREAS, the September 2020 State Auditor General's report on its Operations Audit of the City of Gulf Breeze recommended that the City establish formal directives on the transfer of funds from CTA to the City; and

WHEREAS, The City and CTA desire to ratify CTA as the custodian of the Net Profits, to set a minimum amount of the Net Profits to be kept in CTA custody to meet minimum operating needs of the CTA ("Minimum Amount") and to memorialize procedures for the City to direct the delivery of any or all Net Profits from CTA to the City.

NOW THEREFORE, BE IT RESOLVED BY THE CITY AND CTA:

Section 1. CTA as Custodian of Net Profits.

It is hereby ratified by the City and CTA that CTA shall continue to be the custodian of the Net Profits.

Section 2. Minimum Amount to be kept in CTA custody.

- a. Beginning in FY 2021-22 and each fiscal year thereafter, the CTA shall submit as part of the CTA budget to the City, a proposed Minimum Amount.
- b. The City shall adopt the Minimum Amount unless the City Council votes to adopt an alternate Minimum Amount and the City Council makes a factual finding that the alternate Minimum Amount will not have a materially adverse effect on the operations of the CTA and the City gives the CTA written notice of such alternate Minimum Amount within thirty (30) days of the vote establishing the alternate Minimum Amount.

Section 3. Procedures for the City to direct the delivery of any or all Net Profits from CTA to the City.

- a. If the City desires that CTA deliver any or all Net Profits from CTA to the City, the City Council shall vote at a regular or special meeting of the City Council to send a written notice to CTA directing the CTA to deliver a sum from the Net Profits to the City within sixty (60) days of the City Council vote.
- b. Within thirty (30) days, the Board of Directors of the CTA shall hold a meeting to consider recommendations to the City, if any, about the proposed sum to be delivered to the City from the Net Profits.
 - (i) If the Board of Directors of the CTA fails to timely convene a meeting or has no recommendations to the City about the proposed sum to be delivered to the City from the Net Profits, CTA shall deliver to the sum from Net Profits within the time frame set forth in in sub-section 3.a. herein.
 - (ii) If the Board of Directors of the CTA has recommendations to the City about the sum to be delivered to the City from the Net Profits, CTA shall so advise the City in writing of the recommendation within ten (10) days after the meeting of the Board of Directors of the CTA.
- c. The City Council shall consider the recommendations of the Board of Directors of the CTA at the City Council's next regularly scheduled meeting after receipt of said recommendations. The City Council may accept or reject said recommendations, in whole or in part, and shall provide written notice of the City Council decision to the CTA within ten (10) days of said City Council meeting. and of the sum of Net Profits, if any, to be delivered to the City by CTA, which shall be delivered to the City within thirty (30) days of the said written notice.

Section 4. Severability.

In case any one or more of the provisions of this Joint Resolution shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Joint Resolution and they shall be construed and enforced without consideration of such illegal or invalid provisions.

Section 5. Repeal.

All provisions of resolutions of the City and CTA in conflict with the provisions of this Joint Resolution are, to the extent of such conflict, superseded and repealed.

Section 6. Effective Date.

This Joint Resolution shall take effect immediately upon its adoption by the City.

Adopted by the Capital Trust Agency this 4 day of April, 2022.

CAPITAL TRUST AGENCY

By: *Rupert J. Snooks*
Rupert J. Snooks, Chairman

Attested this 4 day of April, 2022

By: *Robert F. Cleveland*
Robert F. Cleveland, Secretary

Passed and Adopted by the City Council of the City of Gulf Breeze, Florida this 4 day of April, 2022.



(SEAL)

**GULF BREEZE, FLORIDA
CITY COUNCIL**

By: *Cherry Fitch*
Cherry Fitch, Mayor

ATTEST:

By: *Leslie A. Guyer*
Leslie A. Guyer, CMC, City Clerk