

# Capital Trust Agency, Inc.

## Meeting of the Board of Directors

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

Thursday, July 20, 2023

9:00AM.

315 Fairpoint Drive  
Gulf Breeze, FL 32561

Meeting called by: Denis A. McKinnon, III

Type of meeting: Regular

Facilitator: Chris Kemp  
Chairman

Note Taker: Connie Beargie  
Office Administrator

Attendees: Chris Kemp (Chairman), Gary Michaels (Vice Chairman) Bob Cleveland (Secretary/Treasurer), Deborah Roche (Asst. Secretary), Burt Snooks (Board Member), Cherry Fitch (Mayor/Board Member), Christy Larkins (Board Member), Bobby Potomski (Board Member), Kareem Spratling (General Counsel), Brooke Gonzalez (General Counsel), Samantha Abell (City Manager), and Denis McKinnon, III (Executive Director).

Please bring: Attached supplements

## Agenda

<u>Item:</u>	<u>Description:</u>	<u>Presenter:</u>
1.	Call to Order	Chris Kemp
2.	Approval of Minutes: 4-20-2023	Denis McKinnon, III
3.	Amending Resolution 01-23 – Imagine Schools West Pasco	Denis McKinnon, III
4.	Capital Trust Agency Budget FYE 9-30-2024	Denis McKinnon, III
5.	Adjourn	Chris Kemp

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

The 232nd meeting of the Capital Trust Agency, Inc., Gulf Breeze, Florida, was held at 315 Fairpoint Dr, Gulf Breeze, Florida and on Thursday, April 20th, 2023 at 9:00 a.m.

The following Board Members were present: Chris Kemp (Chairman), Gary Michaels (Vice-Chairman), Bob Cleveland (Secretary), Burt Snooks (Board Member), Tom Naile (Board Member). Also attending was Denis McKinnon (Executive Director), Connie Beargie (Office Administrator) and Samantha Abell (City Manager). Attending via telephone conference was Kareem Spratling (Bond Counsel), Brooke Gonzalez (Bond Counsel).

**AGENDA ITEM:**

Approval of Minutes – 04/06/2023

**DISCUSSION:**

No Discussion

**MOTION/ACTION:**

Gary Michaels made a motion to approve the 04/06/2023 minutes as presented. Tom Naile seconded the motion. Vote for approval was 5-0.

**AGENDA ITEM:**

Take Stock in Children – Charitable Giving Request

**DISCUSSION:**

Denis McKinnon stated that we have received a request from Pete Snider with the Take Stock in Children program to donate to their laptop program this year. Denis McKinnon stated that we have contributed to their laptop program in recent years. The cost is \$850 per laptop.

Tom Naile asked if we can request that the laptop recipients be from Santa Rosa County. Denis McKinnon stated that he would make that a requirement.

**MOTION/ACTION:**

## MEMORANDUM

TO: Capital Trust Agency  
Denis A. McKinnon, III, Executive Director

FROM: Bryant Miller Olive P.A.

DATE: July 17, 2023

RE: Agency Resolution No. 01-23

## QUESTION PRESENTED

Why are you recommending that the Capital Trust Agency ("Agency") adopt Resolution No. 01-23 ("Agency Resolution No. 01-23") in connection with the issuance of bonds by the Capital Trust Authority ("Authority")? Capitalized terms used in this Memorandum and not defined herein have the meaning ascribed to such terms in Agency Resolution No. 01-23.

## BRIEF ANSWER

In public finance, the concept of "parity debt" is commonplace and extremely important. As a reminder, "parity debt" results when two or more issuances of debt (i.e. bonds) share the same priority of claim or lien on the same underlying collateral and security for repayment of the debt (e.g. the same lien on revenues derived from operation of a charter school). The concept of parity debt is somewhat foreign outside of public finance. For example, it is unusual to see a residential mortgage where one bank grants a mortgage on a home, and years later, another bank grants another mortgage on the same home without subordinating to the rights of the first bank. The reason that we have the concept of parity in public finance is because the revenue streams are often extremely specific and limited, and borrowers and issuers often need to borrow funds and pledge and repledge those revenue streams on a regular basis.

This is applicable to the question presented above because ideally, when parity debt is incurred, it is done so pursuant to an amendment of the original documents. As applicable to the instant case, in January 2020, Agency issued the 2020 Bonds for the benefit of the Borrower pursuant to the Original Trust Indenture between Agency and the Trustee. Because Agency is not currently issuing bonds, the Borrower has asked Authority to issue a new series of bonds later this year (the "2023 Bonds") on a parity with the 2020 Bonds. It is possible for Authority to issue the 2023 Bonds on parity with the 2020 Bonds without amending the Original Indenture, but this would be more cumbersome for the working group and for the Borrower because it would

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require the creation of a substantially identical set of bond documents for the 2023 Bonds that precisely match up to the bond documents for the 2020 Bonds, particularly as it relates to the pledge of collateral and security and remedies attached thereto. This approach creates two sets of bond documents where only one set is needed. Furthermore, this would not be an issue if Agency was still issuing bonds.

Fortunately, Agency and Authority are managed by the same board of directors and therefore have the ability to remedy this situation for the Borrower. The sole purpose of Agency Resolution No. 01-23 and the form of the First Supplemental Indenture attached to it is to allow Authority to issue the 2023 Bonds on parity with the 2020 Bonds without having to write an entirely new set of bond documents for the 2023 Bonds. This has created efficiencies for the working group and will continue to create efficiencies for the Borrower, the Trustee and Authority going forward in that those parties will only have to monitor and comply with a single set of bond documents.

## RESOLUTION NO. 01-23

**A RESOLUTION OF THE GOVERNING BOARD OF THE CAPITAL TRUST AGENCY APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST SUPPLEMENTAL TRUST INDENTURE AMENDING CERTAIN PROVISIONS OF A TRUST INDENTURE RELATING TO THE AGENCY'S OUTSTANDING SERIES 2020 BONDS (AS HEREIN DEFINED); APPROVING AND AUTHORIZING THE EXECUTION AND DELIVERY OF ALL OTHER RELATED INSTRUMENTS; PROVIDING FOR MISCELLANEOUS MATTERS IN CONNECTION WITH THE FORGOING; AND PROVIDING AN EFFECTIVE DATE.**

**WHEREAS**, the Capital Trust Agency (the "Issuer"), a legal entity and public agency of the State of Florida, is authorized by the laws of the State of Florida, particularly Chapter 163, Part I, Chapter 166, Part II, Chapter 617, Florida Statutes, as amended; Ordinance No. 05-97 duly enacted by the City Council of the City of Gulf Breeze, Florida ("Gulf Breeze"), 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 2-00 duly enacted by the Town Council of the Town of Century, Florida ("Century"), 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 the Interlocal Agreement, dated as of August 2, 1999, between Gulf Breeze and Century, as amended and supplemented, particularly as amended and supplemented by Amendment No. 118 to the Interlocal Agreement, dated November 4, 2019, with powers as a "local agency" under Chapter 159, Part II, and other applicable provisions of law (collectively, the "Act") to sell and deliver its bonds for the purpose of financing or refinancing, including through reimbursement, and advancing the general welfare of the State and its people by providing for tourism facilities, as defined by the Act; and

**WHEREAS**, the Issuer issued on January 30, 2020, its Educational Facilities Revenue Bonds (Imagine School at Land O' Lakes Project), Series 2020A and Taxable Educational Facilities Revenue Bonds (Imagine School at Land O' Lakes Project), Series 2020B (collectively, the "Series 2020 Bonds") pursuant to and secured by a Trust Indenture, dated as of January 1, 2020 (the "Original Indenture"), by and between the Issuer and U.S. Bank National Association, now U.S. Bank Trust Company, National Association, as trustee (the "Trustee"); and

**WHEREAS**, pursuant to Resolution No. 51-2019, duly adopted by the City Council of the City of Gulf Breeze, Florida, on November 4, 2019; Resolution No. 22-19 duly adopted by the Town Council of the Town of Century, Florida, on November 4, 2019; Resolution Nos. 25-19 and 33-19, each duly adopted by the Issuer on September 26, 2019 and November 7, 2019, respectively, approvals were duly and validly provided pursuant to the Act; and

**WHEREAS**, pursuant to a Loan Agreement, dated January 1, 2020, between the Issuer and Imagine - Pasco County, LLC, a Florida limited liability company (the "Borrower"), whose

provisions of this Resolution and other actions relating to the First Supplemental Indenture heretofore taken by the Issuer.

(b) In addition, subsequent to the First Supplemental Indenture, the Chairman, Vice-Chairman, Secretary, Executive Director, Issuer's Counsel and Bond Counsel are each designated agents of the Issuer in connection with the First Supplemental Indenture, and are authorized and empowered, collectively or individually, to take all action and steps to execute and deliver any and all instruments, documents, investments or contracts on behalf of the Issuer which are necessary or desirable in connection with the First Supplemental Indenture.

#### **Section 4. No Third Party Beneficiaries.**

Unless specifically noted, nothing in this Resolution or in the First Supplemental Indenture, express or implied, is intended or shall be construed to confer upon any person other than the Issuer, the Borrower, the holders of the Series 2020 Bonds, and the Trustee any right, remedy or claim, legal or equitable, under and by reason of any provision of this Resolution or of the First Supplemental Indenture. This Resolution and the First Supplemental Indenture are for the sole and exclusive benefit of the Issuer, the Borrower, the holders of the Series 2020 Bonds, and the Trustee.

#### **Section 5. Severability.**

In case any one or more of the provisions of this Resolution, the First Supplemental Indenture or the Series 2020 Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Resolution, the First Supplemental Indenture or the Series 2020 Bonds, as the case may be, and they shall be construed and enforced without consideration of such illegal or invalid provisions.

#### **Section 6. No Personal Liability.**

No covenant, stipulation, obligation or agreement contained in this Resolution or contained in the First Supplemental Indenture, the Series 2020 Bonds, or any instrument contemplated by each shall be deemed to be a covenant, stipulation, obligation or agreement of any officer, member, agent or employee of the Issuer in his or her individual capacity, and no member of the Issuer executing the First Supplemental Indenture or other documents related to the issuance of the Series 2020 Bonds including those approved by this Resolution shall be liable personally for such documents or the obligations under each, or be subject to any personal accountability by reason of his or her delivery or execution of such documents on behalf of the Issuer.

**CERTIFICATE OF SECRETARY**

I, Robert F. Cleveland, Secretary to the Capital Trust Agency, Santa Rosa County, Florida, do hereby certify that the above and foregoing is a true and correct copy of Resolution No. 01-23 and its supporting exhibit as the same was duly adopted and passed at a public meeting of the Board of Directors of the Capital Trust Agency on the 20<sup>th</sup> day of July, 2023, and as the same appears on record in my office.

IN WITNESS WHEREOF, I hereunto set my hand and official seal this \_\_\_\_ day of July, 2023.

**CAPITAL TRUST AGENCY**

(SEAL)

By: \_\_\_\_\_  
Its: Secretary