



**CITY OF BELLE ISLE, FLORIDA
CITY COUNCIL AGENDA ITEM COVER SHEET**

Meeting Date: October 15, 2019

To: Honorable Mayor and City Council Members

From: B. Francis, City Manager

Subject: Officer's Certificate in connection with 2012 Bonds

Background: In 2014 the City Surplussed several buildings on the CCA campus (Crawford House, Log Cabin, and the Blue Building). The cabin was sold, the Crawford House was purchased or donated to the Pine Castle Pioneer Days, Inc., then later turned over to the Historic Society, and the Blue Building was demolished. All buildings were appraised and determined to have little or no value. There is no record of these transactions ever being approved by the Bond Trustee. The City Council recently voted to donate the old Green House at 5903 Randolph Avenue.

As this was part of the bond issue, I contacted the Bond Trustee for guidance on what process was used for the previous 3 buildings. The trustee was unaware of these previous transactions. We then contacted the Bond Counsel for guidance on how to rectify the prior proceedings and then how to proceed with the donation of the Green House.

The Bond Counsel drafted an Officer's Certificate in connection with the City's Series 2012 Bonds and its transfer of related assets comprising a portion of the Project.

This Certificate has to be approved by the City Council and then sent to the CCA Board for approval and execution by the Board Chair. If not approved and signed, the lease could be in default.

Staff Recommendation: Approve the Officer's Certificate

Suggested Motion: I move we approve the Officer's Certificate and forward it to the CCA Board for approval.

Alternatives: Do not approve and default on the lease.

Fiscal Impact: TBD

Attachments: Officer's Certificate

\$9,625,000
CITY OF BELLE ISLE, FLORIDA
CHARTER SCHOOL LEASE REVENUE BONDS, SERIES 2012
(CORNERSTONE CHARTER ACADEMY AND CORNERSTONE CHARTER HIGH SCHOOL PROJECT)

OFFICER'S CERTIFICATE

This Officer's Certificate is being delivered by an Authorized Representative in connection with the City of Belle Isle, Florida's (the "City") prior issuance of its \$9,625,000 Charter School Lease Revenue Bonds, Series 2012 (Cornerstone Charter Academy and Cornerstone Charter High School Project) (the "Bonds") issued under and secured by that certain Trust Indenture dated as of October 1, 2012 (the "Indenture"), by and between the City and Regions Bank, as trustee (the "Trustee") and the Lease Agreement dated as of October 1, 2012 (the "Lease"), by and between the City and Belle Isle Charter Schools, Inc. (the "Tenant"). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Indenture and Lease.

Background. The City of Belle Isle City Council (the "City Council") previously declared certain property owned by the City and comprising a portion of the Project as surplus property without commercial value pursuant to the Belle Isle Code of Ordinance No. 2-221 (collectively, the "Surplussed Property"). The Surplussed Property is more particularly listed and described as follows: (i) "Crawford House" with tax parcel number 24-23-29-3400-00-073 located at 5933 Randolph Avenue, Belle Isle, FL 32809; (ii) "Log Cabin" with tax parcel number 24-23-29-3400-00-073 located at 5903 Randolph Avenue, Belle Isle, FL 32809; and (iii) "Blue House" located at 1028 Waltham Avenue, Belle Isle, FL 32809. The Log Cabin was subsequently transferred to another entity. The Blue House was subsequently transferred to another entity. The Crawford House was sold and transferred for its historic and cultural value to Pine Castle Pioneer Days, Inc. ("Pine Castle"), a Florida nonprofit corporation organized and existing under the laws of the State of Florida, pursuant to an Agreement for Sale of Surplus Property dated September 25, 2013, for a sum of \$2,067.00. T

The Tenant has used a building comprising a portion of the Project known as the "Beacon House" located at 5903 Randolph Avenue, Belle Isle, Florida 32809, as a school store and for various offices. However, due to the age and disrepair of the Beacon House, the Tenant and the City have no use for the building and the Tenant has requested the City remove the Beacon House from the property comprising the Project to provide additional space for school activities and operations. The Tenant has since utilized other space for the school store and various offices. Due to the age and historical significance of Beacon House, Pine Castle has previously approached the City and the Tenant requesting to have Beacon House donated to Pine Castle. As a result, at a meeting of the City Council on July 2, 2019, the City Council simultaneously (i) determined that to maintain the historical value of the Beacon House it would need to remain on the property comprising a portion of the Project and (ii) approved the donation of the Beacon House to Pine Castle with the qualification that the Beacon House would remain at its current location.

Transfer of Assets. Pursuant to Section 13.14 of the Lease, other than payments and Transfers contemplated by the Lease and/or the Indenture, the Tenant agreed that it would not Transfer Charter School Revenues, other than in the ordinary course of Tenant's business, or other assets related to the Project without the consent of 100% of the holders or Beneficial Owners of the Bonds Outstanding, except for Transfers of assets:

(a) to any Person if prior to the sale, lease or other disposition there is delivered to the Trustee an Officer's Certificate stating that such assets have or will within the next 12 months become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency, or economic value of the remaining assets of such Tenant or the operation of the Project; or

(b) with respect to any Transfer of assets, to any Person in the ordinary course of the Tenant's business and on terms not less favorable to the Tenant than arm's length; or

(c) to any Person if the aggregate net book value of the assets transferred pursuant to this clause in any five consecutive Charter School Fiscal Years, does not exceed 5% of the net book value of all assets of the Tenant as shown in the Annual Financial Statements for the most recent Charter School Fiscal Year.

Transfers of the Surplussed Property. The undersigned Authorized Representative on behalf of the Tenant certifies that pursuant to Section 13.14(c) of the Lease, the aggregate net book value of the Surplussed Property in the five consecutive Charter School Fiscal Years immediately preceding the transfer of such Surplussed Property, did not exceed 5% of the net book value of all assets of the Tenant as shown in the Annual Financial Statements for the Charter School Fiscal Year immediately preceding the transfers of such Surplussed Property.

Transfer of the Beacon House. The undersigned Authorized Representative on behalf of the Tenant certifies that pursuant to Section 13.14(a) of the Lease the "Beacon House" has become inadequate, obsolete, worn out, unsuitable, unprofitable, undesirable or unnecessary and the sale, lease, removal or other disposition thereof will not impair the structural soundness, efficiency, or economic value of the remaining assets of such Tenant or the operation of the Project.

TENANT:

**CITY OF BELLE ISLE CHARTER SCHOOLS,
INC.,** a not-for-profit corporation

By: _____
Authorized Representative

By: _____
Secretary