

TAMPA BAY BUSINESS JOURNAL

AFTER FOUR DECADES, TAMPA FINANCIAL FIRM CEA GROUP SHIFTS GEARS

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CEA Group, the company founded by cable television pioneer J. Patrick “Rick” Michaels Jr. more than 40 years ago, has reinvented itself.

The company – which historically has topped the *Tampa Bay Business Journal’s* List of largest private equity firms– now focuses on investment banking and provides advisory services to companies with \$50 million to \$100 million in revenue who need help with buyouts, capital market needs, and merger and acquisition activity.

“We’re the hired help. ...Our job is to sell the opportunity,” said Michaels, founder, chairman and CEO.

It’s a switch for CEA, which harvested its last private equity fund, reaping the profits from its investments, three years ago. The company previously managed or co-managed 10 private equity funds with \$1.15 billion under management and has completed more than 900 transactions totaling \$45 billion in 60 companies.

Alumni of the firm include Ken Jones, who is now CEO of Third

Lake Capital, the Tampa-based investment fund for Ashley Furniture Inc.’s Wanek family; and Tom Cardy, a noted angel investor and former vice chairman and CEO of my-Matrixx Holdings, which sold last month to Express Scripts.

WHERE THE OPPORTUNITIES ARE

Michaels, a Florida native who studied at the London School of Economics and holds a master’s from Annenberg School of Communications at University of Pennsylvania, was one of the first employees and later a vice president at TM Communications, the cable industry subsidiary of Times Mirror Co. He founded CEA Group (the initials stand for Communications Equity Associates) in 1973 to broker cable TV system sales.

“The small companies didn’t have the financial expertise they needed to grow and scale,” he told CNBC Africa in a December 2016 interview. “What I saw was the business was going to grow rapidly ... and I wanted to be part of it.”

CEA Group eventually grew to the biggest firm of its kind.

The company also had an investment banking arm that serviced

some of its private equity needs, as well as those of a CEA subsidiary, Atlantic American Partners. Atlantic American used to handle local deals, including real estate, and changed its focus after the 2008 real estate crash to create special investment vehicles for foreigners seeking permanent U.S. residency through the EB-5 investment visa program. Those investment vehicles have provided money for the Aloft and Le Meridien projects in downtown Tampa and 500 Harbour Island, a 21-story apartment tower.

With the shift at Atlantic American, CEA’s investment banking arm became a standalone unit.

Among its services is finding private equity sponsors for growing companies with capital needs but with an owner who does not want to give up control or wants to retain at least a small stake, as well as those who want to divest completely, said Beth Cahill, senior managing director at CEA.

Michaels’ vast number of contacts built up over 44 years in business are invaluable in that undertaking, Cahill said. There are huge opportunities in defense, information technology and data centers, health care

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Rick Michaels



Beth Cahill



Michael Johnson

and infrastructure, she said.

There are also less obvious opportunities, said Michael Johnson, CEA vice president. One area is veterinarians, who run a cash business that's not impacted by insurance reimbursement rates. The veterinary industry is fragmented, providing consolidation opportunities, and growth is driven by advances in medicine as well as Americans' love for their pets.

"Everyone wants to save Fluffy," Cahill said.

SPECIAL PROJECTS

CEA Group's corporate headquarters are in downtown Tampa, where it has about 25 people, and there are offices in London, New York, Philadelphia and New Orleans. There's also a satellite office in Naples, Florida. Each of the offices outside of Tampa have a handful of employees.

Michaels also has kept a hand in media, entertainment and telecom-

related transactions and special projects anywhere in the world "if they pay right," he said.

He singled out two specialty real estate projects in which he's been involved.

CEA Atlantic Advisors represented Port Logistics, an Orlando firm, that partnered with Port Tampa Bay and Richard Corbett, a Tampa developer, to finalize the financing of an on-dock cold storage facility at the port. Moody Capital in Atlanta arranged the financing. The cold storage facility is scheduled to open this summer.

Another was providing debt financing for Florida Hospital Center Ice, a 150,000-square-foot ice and multi-sports facility in Wesley Chapel. Michaels worked with the ice rink's managing partners George Mitchell and Gordie Zimmermann on the deal.

"Banks don't like special purpose real estate," Michaels said. "We found a real estate lender willing to

take on the risk."

Michaels still does some direct investing. He's a principal in the proposed Frontgate/Pinewood Cyber Intelligence Campus, which Michaels said is poised to become a leading facility for cybersecurity training and research. Located immediately adjacent to the front gate of MacDill Air Force Base, it will provide a physical location for government, industry and academia to collaborate, conduct leading research and develop state-of-the-art technologies in the cyber domain, and to foster collaborative and strategic alliances.

He also has helped assemble other investors for the project.

Helping cybersecurity companies grow is a key interest and CEA Group focuses on the cybersecurity industry by working with two non-profits: the National Cyber Partnership in Tampa and the National Cyber Institute.