CASE STUDY
ZIEGLER INVESTMENT BANKING

FLEET LANDING

DECEMBER 2018

$114,715,000
City of Atlantic Beach, Florida
Health Care Facilities Revenue Bonds, Series 2018
(Fleet Landing Project)

CLIENT PROFILE

Naval Continuing Care Retirement Foundation, Inc. d/b/a Fleet Landing (the Borrower or the Community) is a Florida not-for-profit incorporated in 1985 to develop and operate a continuing care retirement community originally serving former military officers and their spouses exclusively. In 2003, the Community began serving all qualified persons including non-military residents.

Fleet Landing is a life-care, entrance fee-based continuing care retirement community located in Atlantic Beach, Florida. The Community opened in November 1990, occupying an 86-acre site including a seven-acre lake. The Community currently consists of 354 independent living units, 56 assisted living units, 24 memory support units and 67 skilled nursing beds. Fleet Landing is a retirement community regulated under Chapter 651, Florida Statutes.

The Community's campus has since expanded to encompass approximately 125 acres. Atlantic Beach Country Club, a residential and golfing community, is located to the south of and adjacent to the Community, and a mix of residential and commercial areas are to the east, north and west of the Community. For more information on Fleet Landing please visit their website at www.fleetlanding.com.

TRANSACTION HIGHLIGHTS

The Borrower will use the proceeds of the Series 2018 Bonds, together with other sources of funds, primarily to construct a new five-story residential building to include 128 independent living apartments to be known as Beacon Pointe; and a three-story health center expansion consisting of 38 assisted living apartments and 30 skilled nursing units. Additional uses of the proceeds will be used to construct a new dining center; provide reimbursement for prior capital expenditures; refund two outstanding bank loans; fund 22 months of capitalized interest; fund a debt service reserve fund for each series of bonds; and pay the issuance costs of the bonds.

At the time of marketing the Series 2018 Bonds, 123 of the 128 new independent living units (96%) have been reserved by depositors. Greystone will serve as the development consultant for the expansion.

The Series 2018 Bonds are tax-exempt, fixed rate bonds being issued on a parity basis with the outstanding Series 2013A and Series 2013B Bonds. The Series 2018A Bonds will include deferred amortization to wrap-around the existing bonds in order to provide level aggregate annual debt service. In connection with the issuance of the Series 2018 Bonds, Fitch Ratings has assigned a rating of BBB (stable) to the Series 2018 Bonds and the Series 2013 Bonds.

The final bond structure included a total of $42,010,000 in temporary debt to be redeemed with the proceeds of initial entrance fees from the new independent living units after establishing working capital and operating reserves.

REFERENCES

For references on Ziegler's role in this financing, please contact:

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For further information on the outstanding bonds for this issuer, please visit the Electronic Municipal Market Access system at http://emma.msrb.org/.

TRANSACTION HIGHLIGHTS (CONTINUED)

The temporary debt consisted of Ziegler's Tax-Exempt Mandatory Paydown Securities (TEMPS-70sm) and Tax-Exempt Mandatory Paydown Securities (TEMPS-85sm) to be redeemed at approximately 70% and 85% initial occupancy of the new independent living units.

THE ZIEGLER DIFFERENCE

Given the requirements of Chapter 651, Florida Statutes of escrowing 75% of initial entrance fee collections prior to attaining 70% initial occupancy of the new independent living units, Ziegler incorporated its proprietary TEMPS-70's within the bond structure to redeem a large portion of the temporary debt upon establishing reserves and the release of escrowed amounts at 70% initial occupancy.

The existing mortgage limited the amount of outstanding indebtedness of the Borrower. Such amount would be exceeded upon the issuance of the Series 2018 Bonds. Ziegler separated the closing dates of the Series 2018A and Series 2018B Bonds in order to obtain bondholder consent to amend the existing mortgage and allow the subsequent issuance of the Series 2018B Bonds.

Ziegler served as the sole underwriter for the Series 2018 Bonds. The issuance of the Series 2018 Bonds represents the third time that Ziegler has served as the underwriter for a financing for the Borrower dating back to 2013.

Ziegler actively marketed the Series 2018 to potential investors. The strong marketing effort resulted in 18 institutions participating in the offering. The 35-year bond issue achieved a yield to maturity of 4.583%.