

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

The 31st meeting of the Capital Trust Authority, Inc., Gulf Breeze, Florida, was held at 315 Fairpoint Dr, Gulf Breeze, Florida and on Friday, January 31st, 2024 at 9:00 a.m.

The following Board Members were present: Chris Kemp (Chairman), Burt Snooks (Board Member), Harry Wilder (Board Member), Christy Larkins (Secretary), and Mayor JB Schluter (Board Member). Also attending were Denis McKinnon (Executive Director) and Connie Beargie (Office Administrator). Attending via teleconference was Kareem Spratling (BMO Bond Counsel) and special guests Morris Long (QSH Hospital Management) and Stan Brading (QSH President).

AGENDA ITEM:

Capital Trust Authority Minutes from November 22, 2024

DISCUSSION:

No discussion.

MOTION/ACTION:

Mayor JB Schluter made a motion to approve the minutes as presented. Christy Larkins seconded. Vote for approval was 5-0.

AGENDA ITEM:

Capital Trust Authority Minutes from December 12, 2024

DISCUSSION:

No discussion.

MOTION/ACTION:

Christy Larkins made a motion to approve the minutes as presented. Harry Wilder seconded. Vote for approval was 5-0.

AGENDA ITEM:

Award Resolution 01-25 – St. John’s Classical Academy

DISCUSSION:

St. John’s Classical Academy operates two charter schools in Clay County, Florida. The purpose of the bonds is to refinance existing debt, install modular classrooms at the original Fleming Island campus and the new Orange Park campus. CTA has issued bonds on behalf of St. John’s in 2017 and again in 2019. Both projects have performed well.

Denis McKinnon gave a brief overview of the project and referenced the Raymond James presentation included in the packet that is presented to potential bond holders. Denis reported that the school is outgrowing their campus with almost 1400 students in grades K-12 and a waitlist of 810 students.

Chris Kemp inquired about the follow up questions regarding the demographics of the schools. Harry Wilder asked if economic statistics are included in the overall demographics of the schools. Denis reported that the school’s population includes 23.9% minority students and 5.2% economically disadvantaged students. Denis reported that discrimination has not been identified or reported.

Harry Wilder commented that the Moody’s rating is a positive event and asked why we do not see more rated bonds. Denis McKinnon replied that rated bonds are generally expensive and as a result, most borrowers do not pursue the rating. In addition, the BA2 rating is 1 rating below investment grade rating; Maintaining cash flow and more history will increase the rating. Christy Larkins asked if the rating includes the 2017 and 2019 projects. Denis replied one of those projects has been refinanced and paid off but Moody’s looks at the totality of the school’s financial position including existing debt when providing a rating.

MOTION/ACTION:

Christy Larkins made a motion to approve Resolution 01-25 as presented. Mayor JB Schluter seconded. Vote for approval was 5-0.

AGENDA ITEM:

Inducement Resolution 02-25 – Quality Senior Housing – Central Florida (Grand Villa Portfolio Project)

DISCUSSION:

QSH - Central Florida (AKA the Grand Villa Portfolio Project) consists of six existing senior healthcare facilities, all located in Florida. The purpose of the bonds is to finance the acquisition of the portfolio and renovations to the facilities.

Christy Larkin asked if the facility is limited to assisted living and memory care. Stan Brading replied yes, the Grand Villa Portfolio is a true assisted living and memory care facility.

Harry Wilder asked if we have experience with the underwriter, Mesirow Financial Holdings and Butler Snow as Bond Counsel. Denis McKinnon replied that this is the first time we have worked with Mesirow, however, we have worked with Chris Sheehan who was with Stifel and Emily Magee who brought her Foley Lardner team to Butler Snow.

Christy Larkins requested financials for the portfolio. Denis McKinnon stated a consolidated audit will be forthcoming.

MOTION/ACTION:

Harry Wilder made a motion to approve Resolution 02-25 as presented. Christy Larkins seconded. Vote for approval was 5-0.

AGENDA ITEM:

Inducement Resolution 03-25 – Quality Senior Housing – St. Augustine

DISCUSSION:

The Symphony at St. Augustine is an existing assisted living facility. The purpose of the bonds is to convert the assisted living facility into a geriatric behavior hospital. Quality Senior Living (QSH) is a 501c3 not for profit with 11 senior healthcare facilities located in North Carolina, Georgia, Indiana, Texas, Michigan, Illinois and Ohio.

Chris Kemp asked what is the status of the health care industry since COVID-19 and also asked for an explanation of behavioral and mental health. Stan Brading from QSH replied that they were fortunate to get through COVID with minimal interruptions to daily activities and staffing requirements. They received the government sponsored Paycheck Protection Program (PPP) funds with no debt defaults to report. Morris Long (QSH) stated that mental health addresses substance abuse whereas behavioral health involves treating geriatric patients needing a med wash in order to determine a base line and thereby avoid medically induced psychotic episodes. Morris also stated that lumping geriatric patients in psychiatric facilities with younger patients is just not safe.

Chris Kemp asked where does QSH get their patients from. Morris Long replied from all referral types: home health providers, hospice, nurse referrals, personal; all voluntary placements.

Christy Larkins asked how many hospitals does QSH run or own. Morris Long replied they currently have 9 facilities that they manage. Morris stated all 9 facilities remained open during COVID with no layoffs.

Christy Larkins asked if the patients are local. Morris Long replied they pull patients locally and up to 60 miles. Christy asked how many beds are at the St. Augustine facility. Morris long replied they have 72 beds.

Kareem Spratling explained that although the resolution is for a Health Care Facility, per 159 of the Florida Statutes, it is tracking as a hospital.

Harry Wilder asked about the 9 million in subordinated debt. Stan Brading (QSH) stated the details are still being formulated by our underwriters and CTA bond counsel. Kareem Spratling (BMO) stated the seller will most likely hold the subordinated debt as tax exempt bonds.

MOTION/ACTION:

Christy Larkins made a motion to approve Resolution 03-25 as presented. Mayor JB Schluter seconded. Vote for approval was 5-0.

AGENDA ITEM:

Pipeline Report

DISCUSSION:

Denis McKinnon gave an overview of the pipeline report.

MOTION/ACTION:

No Motion Required.

AGENDA ITEM:

FYE Financials as of 12/31/2024

DISCUSSION:

Denis McKinnon stated a new Money Market account and a CD was recently opened.

MOTION/ACTION:

No Motion Required.

No other formal business of the board was taken and the meeting adjourned at approximately 10:00am.

Minutes submitted by:  Connie Beargie, Office Administrator

Approved by:  Chris Kemp, Chairman

