

Brevard County Health Facilities Authority
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MINUTES

February 21, 2022

The Brevard County Health Facilities Authority convened on the 21st day of February, 2022, at the hour of 11:00 a.m., in the Lecture Room of Brevard County Agricultural Center, 3695 Lake Drive, Cocoa, Florida.

Present in person: Peter Fuscas, Vice Chairman
Judy Gizinski, Secretary
Ned Kellar, Asst. Secretary
Alice Noblin, Member
Angela A. Abbott, Esquire
Michael A. Scialdone, EVP and CFO, Health First
Arthur Craig Springer, III, System VP, Health First
Brett Esrock, Health First
Matthew Gerrell, Health First

Present by phone: Saba Noorali, VP, Kaufman, Hall & Associates
Glenn Wagner, Senior VP, Kaufman, Hall & Associates
Nicholas Romanello, Senior VP and General Counsel, Health First
Tony Gold, System VP, Health First
Christopher Walrath, Chapman and Cutler, Bond Counsel
Steve Crisafulli

- I. The Vice Chairman opened the public hearing regarding the proposed issuance of not to exceed \$750,000,000, Brevard County Health Facilities Authority, Hospital Revenue Bonds, (Health First Obligated Group), Series 2022 A, 2023 A and 2024 A, at 11:00 a.m. and acknowledged proof of publication of the Notice of Public Hearing on the Authority's website on February 11, 2022 and on the Authority's website on February 10, 2022. No comments being received, the Vice Chairman closed the public hearing at 11:01 a.m.
- II. The Vice Chairman called the meeting to order at 11:01 a.m and acknowledged proof of publication of the Notice of Meeting.
- III. Public Comments: The Vice Chairman called for public comments. Hearing none, public comment was closed.

George Mikitarian
Chairman

Peter Fuscas
Vice Chairman

Judy Gizinski
Secretary

Ned Kellar
Asst. Secretary

Alice Noblin
Member

Angela A. Abbott
Attorney

- IV. The Vice Chairman introduced Alice Noblin as a new member of the Authority. He asked her speak about herself. Ms. Noblin stated that she lives in Brevard County and she works at the University of Central Florida. She currently acts as the interim Associate Dean with the College of Community Innovation and Education, located at the downtown Orlando campus. The Department that she represents within that College is Global Health Management and Informatics. She also has been the longstanding program director for the Health Informatics and Information Management undergraduate program. She teaches in both the undergraduate and masters programs. She teaches project management and credentials include a PMP and RHIA. She teaches, does some research and performs administrative work at UCF. The Oath of Office was taken by Alice Noblin.
- V. Motion made by Judy Gizinski, seconded by Ned Kellar, and carried unanimously to approve the minutes of the June 23, 2021, meeting, as presented.
- VI. Discussion approval of the issuance of not to exceed \$750,000,000, Brevard County Health Facilities Authority Hospital Revenue Bonds (Health First Obligated Group) Series 2022 A, 2023 A and 2024 A:

Judy Gizinski complemented the presentation materials before the Authority. She inquired about Health First's expectation of its ability to repay a loan of this size. Michael Scialdone responded that only \$400 million is new money, primarily for the financing of the new hospital in Merritt Island. The remaining bonds will refund prior bonds at near historically low tax exempt rates. The pro formas are very conservative with respect to Health First's ability to repay. The refunding bonds will reduce interest costs. The 2022 A bonds will include the new money and some refunding bonds. The 2023 A issue is a forward refunding of the 2013 bonds and the 2024 A issue is a two year forward refunding of the 2014 bonds. As Chief Financial Officer of Health First, Mr. Scialdone stated that he is very comfortable with the ability of Health First to repay the bonds.

Ms. Gizinski inquired about the financing of the wellness village. Mr. Scialdone responded that tax exempt bonds will only finance the hospital and reimburse qualifying tax exempt expenses. Health First will fund the wellness village with other funds. Mr. Fusscas asked for clarification of the use of funds. Mr. Scialdone responded that about \$260 million will go into a project fund and \$140 million will be reimbursement of tax exempt uses. He stated that the interest rate on the current bonds is over four percent (4%). The expected rate on the new bonds is less than four percent (4%). Once all the approvals are in place, the bonds will be priced in mid-March. There will be a meeting with Standard & Poor's and Moody's this week to review the ratings. Ms. Gizinski asked whether the rates on the 2023 A and 2024 A bonds will be locked in now. Ms. Scialdone responded affirmatively.

Ms. Gizinski inquired about the transition plan from Cape Canaveral Hospital ("CCH") to the new hospital. Brett Esrock stated that CCH will continue to operate until the new facility is ready. There is no expected loss of revenue or patient impact due to the transition, with the except of one or two transition day. Ms. Noblin stated that she appreciated the references to the impact of COVID on services and work force. She asked about the impact of supply chain disruptions. Mr. Esrock

responded that impacts are built into the plan. Ms. Noblin noted that this financing and construction have been delayed because of supply chain disruptions. Mr. Fusscas asked whether Health First is experiencing work force and staffing issues. Mr. Esrock responded that there have been issues, especially due to the pandemic and Health First will have to operate differently as a result. Mr. Fusscas inquired about vaccine mandates. Mr. Esrock responded that Health First is required to adhere to vaccine requirements for portions of the facility. Legal counsel is working through the requirements of the state and federal government. In order to receive Medicare and Medicaid reimbursement, the facility must comply with federal vaccination mandates. Ms. Gizinski stated that she thinks that the new facility and this financing are good for the community.

Ms. Abbott stated that there are a few action items. She pointed out that the agenda package included the report of PFM, and a proposed ongoing engagement letter with PFM, as financial advisor. She stated that PMF serves as the County's Financial Advisor, and has served as financial advisor to the Authority in the past. PFM will be reviewing the transaction and will provide a letter to the County stating that the transaction meets the County's guidelines, and the letter in the package stating that the transaction meets the Authority's guidelines. A separate engagement letter between the Authority and PFM is required under the municipal securities rules. Ms. Abbott recommended that it is prudent to have the input of the financial advisor. The fee of PFM will be paid by the borrower. Mr. Fusscas stated that he has worked with PFM and holds the firm in high regard. Motion made by Judy Gizinski, seconded by Alice Noblin and carried unanimously to approve the ongoing engagement letter with PFM for the review of proposed financings and the rendering of opinions that the financings meet the Authority's guidelines.

Ms. Abbott noted that the Authority's Guidelines indicate that the Authority may charge a review fee of \$10,000 and an annual fee of .009% of the outstanding bonds in connection with its bond issues. Historically, the Authority has not charged Health First the review fee, which is to cover fees and costs of the Authority in case the issue does not close, and the Authority has never charged the annual fee. The Authority requires the applicant to pay the Authority's annual special district fee and to reimburse Ms. Abbott for the payment from the time of the last bond issue. She added that the Authority has never had any funds of its own and if it did there would be reporting and audit requirements. Health First has requested the waiver of the review fee and annual fee, which Ms. Abbott recommends. Motion by Judy Gizinski, seconded by Peter Fusscas and carried unanimously to waive the review fee and the annual fee stated in the Guidelines in connection with this bond issue.

Ned Kellar remarked that he lives in Merritt Island and is excited about and is supportive of this project.

Motion by Judy Gizinski, seconded by Alice Noblin and carried unanimously to approve Resolutions 2022-01 and 2022-02 entitled:

RESOLUTION NO. 2022-01

A RESOLUTION PRELIMINARILY APPROVING THE ISSUANCE OF NOT TO EXCEED \$750,000,000 BREVARD COUNTY HEALTH FACILITIES AUTHORITY HOSPITAL

REVENUE BONDS (HEALTH FIRST OBLIGATED GROUP) IN ONE OR MORE SERIES OVER THE LONGEST PERIOD PERMITTED BY LAW (THE "BONDS") TO (I) FINANCE, REFINANCE, OR REIMBURSE HEALTH FIRST SHARED SERVICES, INC., ("HEALTH FIRST"), HOLMES REGIONAL MEDICAL CENTER, INC. ("HOLMES"), CAPE CANAVERAL HOSPITAL, INC. ("CCH"), AND VIERA HOSPITAL, INC. ("VIERA," AND TOGETHER WITH CCH, HOLMES AND HEALTH FIRST, THE "BORROWERS") FOR THEIR RESPECTIVE PAYMENT OF THE COSTS OF CERTAIN CAPITAL IMPROVEMENTS TO AND EQUIPMENT FOR CERTAIN OF THEIR HEALTH CARE FACILITIES (THE "PROJECT"), (II) REFUND CERTAIN REVENUE BONDS PREVIOUSLY ISSUED BY THE AUTHORITY FOR THE BENEFIT OF THE BORROWERS, AND (III) MAKING OTHER DETERMINATIONS AS TO OTHER MATTERS RELATED THERETO.

RESOLUTION NO. 2022-02

A Resolution of the Brevard County Health Facilities Authority (the "*Authority*"): (i) authorizing the issuance and sale by the Authority of its Brevard County Health Facilities Authority Hospital Revenue Bonds (Health First Obligated Group), in one or more series and in an aggregate principal amount not exceeding \$750,000,000 (the "*Bonds*"), and the loan of the proceeds thereof to one or more of the following Florida not-for-profit corporations: (1) Health First Shared Services, Inc. ("*Health First*"), (2) Holmes Regional Medical Center, Inc. ("*Holmes*"), (3) Cape Canaveral Hospital, Inc. ("*CCH*"), and (4) Viera Hospital, Inc. ("*Viera*," and together with CCH, Holmes and Health First, the "*Borrowers*"), to be used to (a) finance, refinance, or reimburse one or more of the Borrowers for their respective payment of the costs of certain capital improvements to and equipment for certain of their health care facilities; (b) refund the outstanding Brevard County Health Facilities Authority Revenue Refunding Bonds, Series 2014 (Health First, Inc. Project) (the "*Series 2014 Bonds*"), issued in the original aggregate principal amount of \$255,385,000, \$239,060,000 of which is currently outstanding, (c) refund the outstanding Brevard County Health Facilities Authority Revenue Refunding Bonds, Series 2013A (Health First, Inc. Project) (the "*Series 2013A Bonds*"), issued in the original aggregate principal amount of \$65,910,000, \$55,865,000 of which is currently outstanding, (d) refund the outstanding Brevard County Health Facilities Authority Health Facilities Revenue Bonds, Series 2009A (Health First, Inc. Project) (the "*Series 2009A Bonds*," and together with the Series 2013A Bonds and the Series 2014 Bonds, the "*Prior Bonds*"), issued in the original aggregate principal amount of \$70,000,000, \$30,916,666 of which is currently outstanding, (e) provide one or more debt service reserve funds for the benefit of all or a portion of the Bonds, if deemed necessary or desirable, and (f) pay certain costs of issuance of the Bonds, including the costs of any credit or liquidity enhancement thereof, as well as the costs of terminating certain interest rate hedge agreements relating to the certain of the Prior Bonds, if deemed necessary or desirable; (ii) authorizing the execution and delivery of (a) one or more Bond Purchase Agreements providing for the sale of the Bonds, (b) one or more Bond Trust Indentures securing the Bonds, (c) one or more Loan Agreements providing for the loan of the proceeds of the Bonds to one or more of the Borrowers, (d) one or more escrow deposit agreements relating to the refunding of the Prior Bonds, and (e) one or more Tax Exemption Certificates and Agreements with respect to the Bonds; (iii) approving the execution and delivery by the Borrowers of an Amended and Restated Master Trust Indenture, one or more Supplemental Master Trust Indentures

and one or more Obligations to be issued thereunder securing the Bonds; (iv) authorizing the use and distribution of one or more Preliminary Official Statements and one or more Official Statements in connection with the issuance of the Bonds; (v) providing that the Bonds shall not constitute a debt, liability or obligation of Brevard County, Florida or of the State of Florida or of any political subdivision thereof, but shall be payable solely from the revenues provided therefor, and that neither the faith and credit nor any taxing power of Brevard County, Florida or of the State of Florida or of any political subdivision thereof is pledged to the payment of the principal of, premium, if any, or interest on the Bonds; (vi) making certain covenants, agreements and findings in connection with the issuance of the Bonds, (vii) providing for severability, repealing clauses and an effective date; and (viii) providing for other matters and general authorizations in connection with the foregoing.

Ms. Abbott stated that this issue is scheduled to go before the Board of County Commissioners on March 8, 2022.

VII. The meeting adjourned at 11:24 a.m.