



February 22, 2022

Memorandum

To: Frank Abbate, County Manager
Christine M. Schverak, Assistant County Attorney

From: Jay Glover, Managing Director – PFM Financial Advisors LLC

Re: Review of Financing Structure for the Not to Exceed \$750,000,000 Health Facilities Authority Hospital Revenue Bonds (Health First Obligated Group), Series 2022A, 2023A and 2024A

It is our understanding that Health First Shared Services, Inc. and its affiliates (the "Borrower") have requested the Brevard County Health Facilities Authority (the "Authority") issue not to exceed \$750,000,000 Hospital Revenue Bonds (Health First Obligated Group) (the "Bonds") made up of the following series:

- Hospital Revenue Bonds, Series 2022A (the "2022A Bonds") to fund new money capital projects and current refund outstanding 2009A Bonds, including payment of termination payment associated with an interest rate swap.
- Hospital Revenue Bonds, Series 2023A (the "2023A Bonds") to refund on a forward basis outstanding 2013A Bonds.
- Hospital Revenue Bonds, Series 2024A (the "2024A Bonds") to refund on a forward basis outstanding 2014A Bonds.

Florida Statutes require the County approve the proposed issuance of the Bonds by the Authority. Before doing so, the County has requested that PFM Financial Advisors LLC ("PFM"), the County's financial advisor, certify that the issuance of the Bonds meets or exceeds County's debt issuance guidelines, which require an investment grade underlying credit rating for publicly offered bonds, provided however that unrated bonds may be approved by the County provided that they are sold only to accredited investors in minimum denominations of \$100,000. We have also been asked to ensure that the proposed transaction will not have a negative financial impact on the County, impair the County's credit ratings or impact the County's ability to issue debt in the future.

The Bonds will be issued as fixed rate, tax-exempt bonds secured by a gross receipts pledge of Health First Obligated Group. The Borrower has indicated that the 2022A Bonds and 2023A Bonds will be sold via a negotiated public offering with JP Morgan serving as book running senior manager and Barclay's as co-senior manager. The 2024A Bonds will be sold directly to Barclay's with the same security, covenants, and ratings. While not yet assigned, the Borrower has indicated their expectation that the Bonds will possess A category underlying credit ratings, which is consistent with the current ratings of the Borrower. Therefore, it is PFM's opinion that the Bonds meet the criteria of possessing an investment grade credit rating. Based on the proposed structure of the Bonds, their issuance will not have a negative financial impact on the County. Prior to the closing of the Bonds, we request that the Borrower provide final documents to PFM for our review to confirm they are consistent with the terms of the transaction as outlined in this memorandum, including the final credit rating report.



Given that the County bears no financial responsibility related to the repayment of debt service on the Bonds, PFM has not been asked to review any financial information related to the Borrower's ability to repay the Bonds as part of the scope of this engagement. PFM bears no liability for potential errors in the information provided by the Borrower or its' representatives.