



Brevard County Board of County Commissioners

2725 Judge Fran Jamieson
Way
Viera, FL 32940

Legislation Text

File #: 3943, Version: 1

Subject:

Resolution approving the issuance by Brevard County Health Facilities Authority of Hospital Revenue Bonds (Health First Obligated Group), in one or more series in an aggregate principal amount not exceeding \$750,000,000

Fiscal Impact:

None.

Dept/Office:

County Attorney's Office

Requested Action:

The Brevard County Health Facilities Authority (the "Authority") is requesting that the Board approve a Resolution to allow the issuance by the Authority of tax-exempt revenue and refunding bonds (Health First Obligation Group), in one or more series to fund new capital projects and to refund outstanding bonds.

Summary Explanation and Background:

The Brevard County Health Facilities Authority (the "Authority") was created pursuant to the Health Facilities Authorities Law, Part III of Chapter 154, Florida Statutes (the "Act") upon a determination of a need for the Authority by the Board of County Commissioners under Section 154.207(1) of the Act, through the enactment of Ordinance No. 77-16, as codified in Section 54-36, in the Code of Ordinances. The primary function of the Authority is to issue its tax-exempt revenue bonds to finance and to refinance health facilities for not-for-profit organizations in Brevard County, which bonds are payable solely from the revenues of such health facilities.

Health First Shared Services, Inc. (herein "Health First") a Florida not-for-profit corporation, and its affiliates, including Cape Canaveral Hospital, Holmes Regional Medical Center, Inc. and Viera Hospital, Inc., have requested the Authority issue its tax-exempt health facilities revenue bonds in an amount not to exceed \$750,000,000, to assist Health First and its affiliates to (1) finance new capital projects, including the replacement hospital for Cape Canaveral Hospital, to be located in Merritt Island, which will have 120 private inpatient beds, six operating suites and 28 emergency bays, (approximately \$400,000,000), (2) refund all or a portion of the Authority's outstanding Series 2009A Bonds (approximately \$30,916,666); (2) refund all or a portion of the Authority's outstanding Series 2014 Bonds (approximately \$239,060,000); (3) refund all or a portion of the Authority's outstanding Series 2013A Bonds (approximately \$55,865,000); and, (4) provide debt service reserve funds, and pay interest and costs associated with the issuance of such bonds. If market conditions remain stable, the expected present value savings in connection with the refunded bonds will be approximately 8.2% of the par amount of Bonds being refunded, net of issuance costs, which would result in

approximately \$25 million of present value savings, net of issuance costs.

The bonds will be payable solely from revenues of the Health First Obligated Group, will bear a fixed rate of interest, and will be rated by one or more national rating agencies in the “A” category. The bonds will not pledge the revenues or ad valorem taxes of the County or the Authority.

The Authority held a public hearing on February 21, 2022, following proper publication of notice, for the purpose of receiving public input on the proposed issue, a report on which is attached to the proposed Resolution. The proposed Resolution acknowledges the public hearing and authorizes the issuance by the Authority of the bonds. In order to issue tax-exempt bonds, the Authority must receive the limited approval of the Board of County Commissioners. The Board's approval of the issuance of the Bonds by the Authority to finance costs of the Project is required by applicable federal tax law and by Sections 159.287(1) and 125.01(z) of the Florida Statutes.

The County's financial advisor (PFM Financial Advisors) has reviewed the transaction and anticipates the funding will be within the County's debt issuance guidelines if it remains at proposed levels. (See attachment). PFM also represents Brevard County Health Facilities Authority on this transaction, and has performed the same analysis that this transaction meets the Authority's issuance guidelines.

The County's outside bond counsel has reviewed the project and provided the following statement: “The resolution proposed to be adopted by the BOCC satisfies the pertinent federal and state law requirements and provides that neither the County nor any of the elected officials or staff of the County will have any obligation or liability, financial or otherwise, with respect to the Project or the Bonds.” (See attachment.)

Cost Benefit Analysis provided by Brevard County Health Facilities Authority:

This issue will reduce interest expenses and provide funds to finance, refinance and reimburse the costs of new capital projects, including the replacement hospital for Cape Canaveral Hospital, to be located in Merritt Island, which will be available to citizens of Brevard County. There is no fiscal impact to the Board of County Commissioners or the Authority. The County is authorizing the Authority to issue its bonds solely to satisfy federal and state law requirements and the County shall be indemnified by Health First Obligated Group with respect to the issuance of the bonds and the Project.

A representative of the Health Facilities Authority will be available for questions at the meeting.

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Clerk to the Board Instructions:

Return a signed Resolution to the County Attorney's Office