



ESCAMBIA COUNTY HEALTH FACILITIES AUTHORITY

MEETING AGENDA January 14, 2020 4 p.m.

1. Call to order and accept proof of publication of notice of meeting.
2. Approve Minutes of December 17, 2019 meeting.
3. **Open Forum/Public Comment:** The Health Facilities Authority allows any person to speak regarding agenda items other than ministerial or information only matters. Speakers must complete the speaking request form prior to the start of the meeting. Each speaker or group representative is limited to three (3) minutes of speaking time. Speakers shall refrain from abusive or profane remarks; disruptive outbursts; protests; or other conduct which interferes with the orderly conduct of the meeting.
4. **Financial Matters:**
 - a. Status update on Baptist Health Care Corporation Bond Offering Series 2020A and 2020B
 - b. Reports on Operations for the months of November and December 2019.
 - c. Report on Investments
 - d. Discussion on Revisions to Proposed Future Bond Fees
5. **Operations:**
 - a. Status of Financial Audit for FYE 9-30-19
6. **Routine Authority Business:**
 - a. NAHEFFA Conference – April 27-29, 2020 Charleston, SC
 - a. Miscellaneous Announcements and other matters.

Next scheduled meeting of the Authority: February 18, 2020

**ESCAMBIA COUNTY HEALTH FACILITIES AUTHORITY
MEETING MINUTES
December 17, 2019
4 p.m.**

Members Present: Eugene Franklin
Jim Hall
Michael Kohler
Susan Ashby

Members Absent: Keith Bullock

Others Present: Virginia Yeagle, Administrator, CPA
Michael Stebbins, General Counsel
Paula G. Drummond, Special Counsel
Kareem Spratling, Authority Bond Counsel – Bryant Miller Olive
Jackie Bell, Public Finance Professional – Bryant Miller Olive

Guests: Mike Gleason, CFO Baptist Health Care Corporation
Rob Tonkinson, CFO Baptist Hospital
David Kates, Chapman & Cutler, Baptist Bond Counsel
Bill Mitchem, Beggs & Lane, Baptist local counsel

1. **Call to order and accept proof of publication of notice of meeting:** Chairman Franklin called the meeting to order at 4 p.m. Additional Board Members in attendance were Mr. Jim Hall, Mr. Michael Kohler, and new member Ms. Susan Ashby who was appointed by the Escambia County Board of County Commissioners at their December 5, 2019 meeting. Ms. Ashby was sworn in and completed her oath of office paperwork prior to the meeting. Member Keith Bullock was absent. Also present were Virginia Yeagle, Administrator; Mike Stebbins, General Counsel, Paula G. Drummond, Special Counsel, Kareem Spratling and Jackie Bell with Bryant Miller Olive (BMO), Authority Bond Counsel.

Attending for the Baptist Health Care Group were: Rob Tonkinson, CFO for Baptist Hospital; Mike Gleason, CFO for Baptist Health Care Corporation; Bill Mitchem, Beggs & Lane, local counsel for Baptist; and David Kates, Chapman and Cutler, Bond Counsel for the Baptist financing.

Notice of the meeting was published in the County's weekly meeting notice in the Pensacola News Journal in the Saturday editions on December 7 and 14, 2019 and on the Authority's website since the workshop on December 3, 2019.

2. **Approve Minutes of November 19, 2019 meeting:** Motion was made by Mr. Kohler and seconded by Mr. Hall to approve the minutes as presented. Motion passed unanimously.

3. **Open Forum/Public Comment:** No members of the public attended.

4. **Financial Matters: Baptist Health Care Corporation Financing**

1. **Acceptance of Report of Public Hearing Officer and approval of TEFRA hearing Minutes:**

Ms. Drummond explained the Report of the Hearing Officer and the TEFRA Hearing Minutes which were prepared following the TEFRA public hearing held on December 12, 2019 in connection with the issuance by the Authority of its revenue bonds in one or more series in an amount not to exceed \$925,000,000 on behalf of Baptist Health Care Corporation, Baptist Health Care Foundation, Inc., Baptist Hospital, Inc., Baptist Medical Group, LLC, Baptist Urgent Care, LLC, Jay Hospital, Inc., Lakeview Center, Inc., Global Connections to Employment, Inc. and Baptist Brent Lane Properties, LLC (the "Borrowers"). She advised these documents would be presented to the Escambia and Santa Rosa County Commissioners as back up materials in support of the resolutions they would be asked to approve authorizing the issuance of the bonds.

Motion was made by Mr. Kohler and seconded by Mr. Hall to accept the Report of Hearing Officer and approve the TEFRA hearing minutes as presented. The Motion passed unanimously.

2. Consider approval of Resolution 2019-06 for the issuance of not to exceed \$925,000,000 Heath Care Facilities Revenue Bonds Series 2020 (Baptist Health Care Corporation Obligated Group) in one or more tax-exempt and taxable series: Ms. Drummond gave an overview of the current progress of the bond financing. She asked Mr. Spratling with BMO to explain the purpose of the Resolution and the various provisions which would be authorized upon its approval. Mr. Spratling provided detailed information about the contents of the Resolution. In summary, the primary provisions of the Resolution (1) authorized the issuance of the bonds in two Series A & B in an aggregate principal amount not to exceed \$925,000,000; (2) provided for the negotiated sale of the bonds to the named underwriters, subject to the specific parameters outlined in the Resolution; (3) approved the form of and authorized bond indentures for each series of bonds, and appointed Regions Bank as Trustee; (4) approved the form of and authorized loan agreements to be entered into between the Authority and the Borrowers for each series of bonds; (5) approved the form of and authorized Bond Purchase Agreements for each series of bonds; (6) authorized a Preliminary Official Statement (POS) and a final Official Statement in substantially the form of the POS; (7) authorized an Escrow Deposit Agreement, if needed, between the Authority, the Borrower and Regions Bank, as Escrow Agent; (8) authorized the Authority to enter into a Blanket Issuer Letter of Representation to the extent needed for distributions of the bonds through DTC book entry system; (9) provided that the bonds were special limited obligations of the Authority payable solely from the funds pledged under the applicable Indenture; and (10) authorized the Authority Officers, Administrator, General and Special Counsel to do all things required of them by the Resolution and documents, and to execute all documents and do all things necessary to effectuate the purpose and intent of the Resolution.

Mr. Mike Gleason, CFO of Baptist Health Care, gave an update on its meetings with the rating agencies, and the schedule for approvals by the Escambia and Santa Rosa County Commissioners. Mr. Gleason indicated the bonds would be priced and marketed towards the end of January, 2020. Attorney David Kates, Borrower Bond Counsel, explained the two series of bonds, taxable and tax exempt, and how the proceeds from each series would be used. The options for the Authority's outstanding Series 2010 bonds were discussed. Mr. Kates explained Baptist could either refund the bonds through Series 2020 A or B, or leave them outstanding with reduced interest payments by entering into a separate total return swap with an underwriter (anticipated to be Bank America Merrill Lynch) when the bonds can be purchased in lieu of redemption as of August 15, 2020, under provisions found in the bond indenture. After more discussion on the mechanics of the financing, a motion was made by Mr. Hall and seconded by Mr. Kohler, to approve Resolution 2019-06 as presented. Motion passed unanimously. Following the approval of the Resolution, all representatives from Baptist and BMO left the meeting.

Ms. Drummond advised the Board that the Authority management team consisting of Chairman Franklin, Ms. Yeagle and the Authority attorneys had developed the fee schedule which was presented to the Baptist management during the previous week at their request. She advised the proposed fee schedule was accepted by Baptist as presented shortly before the December 17th meeting. Ms. Drummond advised the fee schedule called for a substantial upfront fee for the Authority, with no annual fees. She explained the method of calculating fees based on the final amount of bonds issued, with all fees paid at closing out of bond proceeds allocated to the costs

Not final until approved

of issuance fund. Ms. Yeagle and Chairman Franklin confirmed the receipt of a substantial upfront fee was more beneficial to the Authority as these proceeds would be invested over the long term, and formally designated for Authority operations. Ms. Yeagle advised the \$22,000 annual fee currently paid by Baptist for the Series 2010 bonds would continue so long as those bonds remained outstanding. Questions from Mr. Hall and Mr. Kohler about the process of developing the fee schedule, and the lack of an annual fee, were answered. After additional discussion about the full Board being more involved initially in establishing fee schedules, the Board Members agreed the amount of the fee to be received on closing of the Series 2020 bonds was acceptable to them. Ms. Yeagle agreed to prepare a proposed fee schedule for future bond issues to be presented for discussion at a future Board meeting.

There being no further business to discuss, the meeting adjourned at 5:45 pm.

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Minutes approved in public meeting on this 14th day of January, 2020.

ESCAMBIA COUNTY HEALTH FACILITIES AUTHORITY

ATTEST:

By: _____
Chairman or Vice Chairman

Secretary or Assistant Secretary