



ESCAMBIA COUNTY HEALTH FACILITIES AUTHORITY

MEETING AGENDA

July 23, 2019

4 p.m.

1. Call to order and accept proof of publication of notice of meeting.
2. Approve Minutes of May 30, 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. Reports on Operations for the month of May and June 2019.
 - b. FY 18-19 Budget review
5. **Operations:**
 - a. Grant request for Clinic at Dixon School of the Arts
 - b. Grant request from Gulf Coast Kids House for retina camera
 - c. Status of Covenant Hospice 2005 A&B Bond Amendment
 - d. Status of Members Hall and Bullock Reappointment to the Board
 - e. Status of Lakeview – Century Project
 - f. Status of Administrator Transition.
6. **Routine Authority Business:**
 - a. NEHEFFA Fall Conference – September 22-24, Portland, Maine
 - a. Miscellaneous Announcements and other matters.

Next scheduled meeting of the Authority: August 27, 2019

**ESCAMBIA COUNTY HEALTH FACILITIES AUTHORITY
MEETING MINUTES
May 30, 2019
4:00 p.m.**

Members Present: Eugene Franklin
Michael Kohler
Jim Hall
Keith Bullock

Others Present: Virginia Yeagle, Authority Administrator/CPA
Mike Stebbins, Authority Counsel

1. Call to order and accept proof of publication of notice of meeting.

Chairman Franklin called the meeting to order at 4pm. Board members in attendance were. Mr. Mike Kohler, Mr. Jim Hall and Mr. Keith Bullock. Ms. Linda Miragliotta was absent. Also, present were Virginia Yeagle, Administrator and Mike Stebbins, General Counsel. Guests in attendance were Alina Arbuthnot attorney with Maynard Cooper Gale, Robert Jones attorney with Beggs & Lane representing Covenant Hospice, Odin Berg, administrative representative from Covenant Hospice, and Paula G. Drummond, attorney representing the Authority as Issuer's Counsel. David Lister and Allison Jones from Saltmarsh, Cleaveland & Gund joined the meeting at 4:30pm

Notice of the meeting was published in the BCC weekly meeting notice in the Pensacola News Journal on Saturday May 25, 2019 and on the Authority's website since the March 19, 2019 meeting.

2. Approve Minutes of March 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: None

4. Financial Matters:

- a. Presentation by Ms. Drummond of Resolution 2019-1 - Authorizing the Amendment of the Loan Agreement relating to the Authority's Series 2005 A&B Revenue Bonds previously issued for the benefit of Covenant Hospice, Inc; Approving the release of certain property from the trust estate; Providing certain other actions in connection therewith; and providing an effective date.

Ms. Drummond introduced attorney Robert Jones, attorney for Covenant Hospice; Mr. Odin Berg, administrative representative from Covenant Hospice; and bond counsel Alina Arbuthnot of Maynard Cooper & Gale, Birmingham, AL. Ms. Drummond explained the primary purpose of Resolution 2019-01 was to (1) authorize Covenant Hospice to lease an office building on Palafox Street it had financed with a portion of the proceeds of the Authority's Series 2005A bonds loaned to Covenant Hospice; (2) approve a Third Supplemental Loan Agreement to amend the original Loan Agreement to add a new definition of Permitted Encumbrances and to correct a reference to a provision in the Mortgage & Security Agreement ; (3) to acknowledge that Covenant Hospice will redeem those Series 2005A Bonds attributable to the leased property; (4) authorize the Authority's officers to executed the documents to which the Authority is a party, and to take all actions necessary to complete the matters set forth in the Resolution; and (5) to set forth a schedule of fees and expenses incurred by the Authority to be paid by Covenant Hospice upon closing of the transaction. Ms. Drummond asked Mr. Berg to

explain why Covenant had decided to lease the Palafox building. Mr. Berg advised that the use of electronic recordkeeping had reduced Covenant's need for office space, and the company's main headquarters on 12th Avenue were adequate to house its administrative operations. He further indicated that the Palafox Street office building would be leased to Lakeview Center, Inc., a local non-profit mental health care organization. Ms. Drummond asked bond attorney Arbuthnot to advise the Board on the federal tax regulations applicable to the transaction. Ms. Arbuthnot advised that the lease of the Palafox office building to a third party created a situation under the tax regulations where the bond proceeds attributable to that facility were no longer qualified for tax exemption. She indicated the regulations provided for a 90-day window from the date of the change in use to remediate the issue by redeeming the non-qualified bonds, thus preserving the tax-exempt status of the bonds. She advised that \$1,315,000 was the amount of bonds which had to be redeemed on or before June 28, 2019. On question from Mr. Hall, Ms. Arbuthnot advised this dollar amount was calculated based on a formula established by the Internal Revenue Service. There was further discussion about the transaction which disclosed that the Palafox Street office building will be released from the mortgage securing the bonds, and the bondholder BBVA Compass Bank had consented to the transactions outlined in the Resolution. Motion was made by Mr. Hall and seconded by Mr. Bullock to adopt Resolution 2019-01 as presented. Vote was taken and the motion passed unanimously.

- b. **Fiscal Year 2018 Audited Financial Statements:** David Lister and Allison Jones from the auditing firm Saltmarsh, Cleaveland & Gund presented the fiscal year 2018 audited financial statements. Ms. Jones reviewed in detail the audit report and financial statements as well as the compliance reports and management letter. Ms. Jones explained the Board's responsibilities for the financial statements compared to the responsibilities of the auditors for the financial statements. Ms. Jones expressed appreciation for the cooperation she and her staff received during the audit from Ms. Drummond and Ms. Yeagle. There were no questions from the Board. Mr. Hall made a motion to accept the audited financial statements as presented, Mr. Kohler seconded the motion. Motion passed unanimously. Mr. Lister and Ms. Jones left the meeting at this time.
- a. **Reports on Operations for the months of March and April 2019.** Ms. Yeagle presented the account balances for the Checking and Savings account for the months ended April 30, 2019 and March 31, 2019. Also presented was the Monthly Operations Report for the period March 1, 2019 to April 30, 2019 by account. Ms. Yeagle noted that the crime (insurance) policy was renewed in April for a three-year term (2019-2022). Also renewed was the annual policy for liability coverage with Hartford. In June, the policy for property insurance will be renewed. Ms. Yeagle also presented a report on the Fair Market Comparison of securities held in the Investment account as of February 28, 2019 and April 30, 2019. Ms. Yeagle noted that cash is being accumulated in a short-term money market security in anticipation of being used to fund the payout on the Lakeview/Century project anticipated to be late July or early August. Motion made by Mr. Kohler, seconded by Mr. Hall to approve the reports as presented. Motion passed unanimously.

5. Operations:

a. Status of Lakeview – Century Project

Ms. Yeagle updated the Board on the status of the project. It has been delayed due to some unexpected Contractor delays. The timeframe now stands at end of June for a Certificate of Occupancy and a ribbon cutting ceremony tentatively planned for the end of July. Ms. Yeagle will follow up with both Lakeview and Community Health Clinics on the status in June.

b. Office Lease and Common Area Maintenance Charges for 2018

Ms. Yeagle discussed the invoice received from Beck properties (the property manager for the Authority’s office space) for additional 2018 common area maintenance (CAM) charges. The invoice received did not include credit for the portion of CAM paid by Ms. Yeagle’s CPA practice. Ms. Yeagle calculated the correct amount that should be owed by the Authority for 2018 CAM shortfall. The shortfall will be paid with the June 2019 rent. CAM for 2018 was approximately \$4.15 a square foot. The lease for the space is a triple net lease and expires in September 2021.

c. Status of Administrator Transition

Ms. Yeagle gave an update on the progress on the transition. Due to the financial audit and Covenant Hospice matter, not much time has been spent on the records management training. However, Ms. Yeagle and Ms. Drummond have scheduled time in June to work on this final transition area. Ms. Drummond is working on the records management disposition log for the Authority to ensure that it is complete and concise. The next phase is to determine what documents have been purged and what documents can be purged in accordance with final 2017 State of Florida record retention requirements.

6. Routine Authority Business:

a. Board Members Hall and Bullock’s terms end in August 2019.

Ms. Yeagle will be working with Mr. Hall and Mr. Bullock on the updating their resumes and submitting their information to the Escambia County Board of County Commissioners for reappointment for a new 4 year term.

b. Fall NAHEFFA Conference – The Fall NAHEFFA Conference will be in Portland Maine with conference date September 23-24, 2019. Opening reception will be Sunday evening. Travel days will most likely be Saturday, September 21 and Wednesday, September 25. More information on the conference schedule will be given at the July 23 meeting.

c. Miscellaneous Announcements and other matters.

None

There being no further business to discuss, the meeting adjourned at 5:15 p.m.

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Minutes approved in public meeting on this 23rd day of July, 2019.

ESCAMBIA COUNTY HEALTH FACILITIES AUTHORITY

ATTEST:

By: _____
Chairman or Vice Chairman

Secretary or Assistant Secretary