

**CITY COUNCIL RESEARCH DIVISION
LEGISLATIVE SUMMARY**



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Bill Type and Number: Ordinance 2020-368

Introducer/Sponsor(s): Council President at the request of the Mayor

Date of Introduction: June 23, 2020

Committee(s) of Reference: NCSPHS, F, R

Date of Analysis: June 25, 2020

Type of Action: Authorization to issue health care facilities revenue bonds; authorization to execute loan agreement and bond indenture; approval of interlocal agreement; assignment of loan agreement; appointment of trustees; delegation of bond sale and authorization of execution and delivery of bond purchase agreement; Ordinance Code waiver

Bill Summary: The bill authorizes the issuance of up to \$200 million in health care facilities revenue bonds on behalf of Genesis Health, Inc. (d/b/a Brooks Rehabilitation) to 1) refund previous health care facility revenue bond issues, 2) finance or reimburse two termination payments for interest rate swap agreements, and 3) finance the construction and equipping of a 60-bed inpatient rehabilitation facility. It authorizes a negotiated sale of the bonds, assigns the loan agreement, appoints a bond trustee, and otherwise authorizes the various actions and documents necessary to consummate the bond sale and loan. The bill authorizes execution of an interlocal agreement between the City and the City of Daytona Beach to permit a portion of the bond proceeds to be used in that city (for the purpose of refunding a previous bond issue for which a portion of the proceeds were used for a project in Daytona Beach). It waives a provision of the Ordinance Code requiring that the bonds be rated "A" or better and to permit a rating of BBB+ to be acceptable.

Background Information: The borrower, Genesis Health, has previously received health care facilities revenue bond proceeds in 2010, 2011 and 2013 for a variety of projects including the construction and equipping of a new inpatient rehabilitation hospital in Jacksonville, the acquisition of assets used to provide home health services through Brooks Home Care Advantage, Inc., the construction and equipping of several outpatient rehabilitation facilities, the construction of a new skilled nursing facility (now known as Bartram Crossing Skilled Nursing) and the purchase and equipping of several pre-existing nursing facilities, and the construction and equipping of a rehabilitation center in Daytona Beach. The company requests this new bond issue for the purpose of refinancing the previous bond issues at a favorable rate, terminating two interest rate swaps that it entered into in 2010 and 2011, and constructing and equipping a new 60-bed inpatient rehabilitation facility in Jacksonville.

Policy Impact Area: Health care service provision

Fiscal Impact: The bill authorizes the issuance of up to \$200 million in health care facility revenue bonds, which are not a financial liability of the City except from the proceeds derived from the repayment of the loan. Neither the faith and credit of the Issuer, nor the faith and credit or taxing power of the City are pledged to repayment of the bonds.

Analyst: Clements