

# BLOUNT COUNTY GOVERNMENT

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**RANDY VINEYARD**  
FINANCE DIRECTOR



## **MEMO**

**TO: Blount County Commission Commissioners**

**FROM: Randy Vineyard, Director of Accounts & Budgets**

**RE: Update on the Refinancing of the Blount Memorial Hospital Financing**

**DATE: September 5, 2019**

We have scheduled a Special Called Meeting of the Commission at 6:00 p.m. prior to the Commission Workshop on Tuesday, September 10, 2019.

The purpose is to refinance the General Obligation Bank Loan the County has with JP Morgan Chase, which is due in December 2019 and is supported by the full faith and credit of Blount County.

Blount Memorial hospital has provided updated information to the presentation you received from Holly Houston Benedict earlier this year, and we now have the report from the Comptroller's Office.

The benefits to the County remain positive. The refinancing will be Revenue Bonds issued by the County, but fully the financial obligation of Blount Memorial Hospital from its hospital revenues. There is no pledge of the County's tax authority. Additionally, the financing will allow for Blount Memorial Hospital to fully pay off the termination fee and eliminate the swap contract with Deutsche Bank.

The benefits to Blount Memorial Hospital also remain positive. The hospital will replace a three-year bank loan with a 10-year fixed rate loan with First Tennessee Bank and reduce their overall financing costs over the amortized loan period. It will provide added resources to allow Blount Memorial Hospital to make capital investment in its facility/infrastructure. The interest rates remain tax exempt and indexed to the US Treasury 10 year bond rates. A term sheet for the proposed transaction is included. The term sheet has an expiration date of September 25, 2019, so the transaction is time sensitive from that perspective, as well as the December due date on the loan with JP Morgan Chase.

Ultimately, this is a very good benefit to our citizens from a financial risk exposure or health care perspective. In other words, a win-win proposition.

I would welcome any questions that you may have, and I am willing to meet if you prefer prior to Tuesday's meeting.