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**MEDIA CONTACTS:**

Alan P. Richman  
President & CEO  
InnoVative Capital  
(610) 543-2490, Ext. 101  
arichman@innovativecapital.com  
www.innovativecapital.com

Daryle Voss  
District Administrator/CEO  
Matagorda County Hospital District  
(979) 241-6520  
dvoss@matagordageneral.org  
www.matagordageneral.org

**FINANCING SUCCESS FOR MATAGORDA COUNTY HOSPITAL DISTRICT**

**\$46 MILLION FHA 242 MORTGAGE INSURED**

**AAA RATED MUNICIPAL BONDS SOLD WITH AN INTEREST RATE OF 4.74%**

**SPRINGFIELD, PA and BAY CITY, TX: (January 29, 2008)** -- InnoVative Capital, LLC, acting as the FHA Mortgage Banker and Originating Mortgagee, structured, underwrote and secured FHA Section 242 Hospital Mortgage Insurance from the U.S. Department of Housing and Urban Development (“HUD”) on behalf of Matagorda County Hospital District to finance a \$46 million tax-exempt bond issue for the construction of the new Matagorda General Hospital (“MGH”). With FHA 242 Mortgage Insurance guaranteeing the District’s loan repayment, and requisite bond reserves, the District’s Series 2008 bonds were able to garner Standard and Poor’s highest credit rating of AAA. Despite the credit challenges confronting the municipal bond market in the face of numerous rating downgrades and uncertainty facing the future of most municipal bond insurers, the creditworthiness of FHA 242 credit enhancement backed by the full faith and credit of the U.S. Treasury provided institutional investors with the highest caliber credit offering in the municipal market.

MGH is a 66-bed sole community hospital, providing essential healthcare to the 38,000 residents of Matagorda County and its neighbors. Tracing its roots to 1913, with the first acute care facility in Bay City, Texas; MGH was established in 1965 by an act of the Texas Legislature to serve the healthcare needs of the residents of Matagorda County, regardless of economic status. The financial operations of MGH are bolstered by tax support of the District, which subsidizes uncompensated care in its service area. Hospital management services are provided to MGH by Brentwood, Tennessee based, QHR. In addition to its hospital, MGH operates two public health clinics and owns the Legacy Campus, a skilled nursing facility and assisted living center. Of note, MGH is the designated emergency response hospital for the South Texas Project, which currently operates two nuclear reactors in Matagorda County, and has applied to the Nuclear Regulatory Commission for a license to build two additional reactors.

“Building a new hospital and medical campus to replace our current facility, parts of which were built in the 1940’s, 1950’s, 1960’s and 1980’s, has been a necessary goal to assure the efficient delivery of healthcare services to our growing community,” said Daryle Voss, CEO of MGH. “Among many things, this new facility will assist us in reversing patient out-migration to hospitals outside of our community and assure the success of our physician recruitment initiatives,” added Mr. Voss.

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MGH's 118,000 square foot replacement hospital will operate with 58-beds and will be situated on a new 11-acre medical campus to be located on a major highway in a growth corridor of the County. The owner's representative for MGH, which served as the construction project manager overseeing the project budget and development schedule was American Health Facilities Development ("AHFD") and was represented by Jim Harbison, vice president. Through the efforts of AHFD and InnoVative Capital, MGH received the go-ahead to commence project construction in November 2007, well in advance of the January 2008 loan closing. The scheduled completion date for the new hospital is the fourth quarter 2009.

"Not only are we thrilled with our mortgage loan rate, but the expedited time it took for us to receive HUD's mortgage insurance commitment of nine weeks, from the date of InnoVative Capital's submission of our application was unexpected and phenomenal," said Mr. Voss. "Without our low AAA tax-exempt borrowing rate and our ability to close the project financing on time, which avoided any delay-related cost overruns, it would have been impossible for us to afford our project," said Bryan Prochnow, CFO of MGH. "I am not even sure with all the sub-prime and bond insurer problems that exist in the credit markets, we would have found many buyers for our debt without the FHA 242 Mortgage Insurance," he added.

Alan Richman, president and CEO of InnoVative Capital stated, "We were very pleased to provide Matagorda with low cost financing, because of the combination of FHA Section 242 Mortgage Insurance in conjunction with the sale of tax-exempt bonds. We are great proponents of the FHA 242 Program as the best financing option for a major percentage of America's hospitals, whose urgent need for replacement facilities are hampered by an inability to find affordable capital in the wake of the turmoil in the debt markets and buyers' sensitivity to high yield credit risks. With credit spreads widening across the yield curve, as an FHA Mortgagee, InnoVative Capital's ability to work with HUD to underwrite AAA FHA 242 Mortgage Insurance, turns high cost – high yield debt into low cost – high grade obligations. In doing so, it opens up a vast universe of eager institutional investors looking to buy securities that have the credit support of the United States. That's a powerful marketing and financing tool, when hospital ratings and municipal bond insurance ratings are in question."

InnoVative Capital, a HUD licensed FHA-licensed mortgage bank and healthcare financial advisory firm, specializes in capital project financing for rural, community and critical access hospitals utilizing the FHA 242 Mortgage Insurance Program, tax-exempt bonds, USDA, and equity financing strategies. InnoVative Capital provides cost effective and expedient access to the capital markets for real estate backed transactions, as well as mergers and acquisitions representation and turnaround support.

In its capacity as the FHA Mortgagee, and as a financial advisor, InnoVative Capital manages the FHA 242 Mortgage Insurance process between the hospital and HUD, while structuring debt financings incorporating the use of tax-exempt bonds, GNMA collateralized mortgage loans, commercial loans, tax-supported debt and government guarantees. InnoVative Capital's national hospital finance practice represents critical access hospitals, community hospitals, tertiary care urban facilities and health systems across the United States in the financing of their major capital construction projects. Among its current FHA 242 clients are hospitals in Colorado, Georgia, Wisconsin, Mississippi, Texas, Montana, Idaho, and Alabama. As the debt-related financial advisor to hospitals and healthcare facilities, InnoVative Capital's recent clients have secured tax-exempt debt financing in New York, Georgia, Pennsylvania, Indiana, Oklahoma and Texas.

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