

CASE STUDY: NON-RATED TAX EXEMPT BOND FINANCING

\$59,130,000

**Tarrant County Cultural Education Facilities Finance Corporation
Series 2007 Hospital Revenue Bonds
Doctors' Hospital Project, Bridgeport, Texas**

*Non-Rated Tax-Exempt Bonds
Issued to Finance a Start-Up Community Hospital Project
Development, Construction, Equipment, Working Capital and Permanent Funding*



BRIDGEPORT DOCTORS' HOSPITAL

10 October 2006

PageSouthernlandPage

"Based on InnoVative Capital's reputation for getting difficult deals done, we retained their services to help us get our financing back on track, after our previous financing source failed to live up to their promises. InnoVative Capital delivered! They directed all aspects of the financing process, no detail was too small. Their efforts culminated in a successful non-rated tax-exempt bond offering for our start-up hospital project. We could not be more pleased with their efforts on our behalf."

- Paul Owens, CEO, Doctors' Hospital

- Financial Advisor -

Development, Debt-Financing & Ongoing Hospital Representation

InnoVative CAPITAL[®]

Financing HEALTHCARE. Dedicated to HOSPITALS. Committed to COMMUNITIES.

DOCTORS' HOSPITAL - BRIDGEPORT, TEXAS

BACKGROUND

A Community Suffers the Closure of its Hospital

The last acute care facility in Bridgeport, Texas was built with Hill-Burton funding in 1949. Originally owned and operated by local physicians, in 1988 it was sold to outside investors representing a private hospital management company, who had promised to deliver a much-needed replacement facility to the community. The new hospital never materialized, as financial troubles at the company's other hospitals led to its overall corporate demise. Without a new facility, and lacking a sponsor, the Bridgeport hospital closed in 1991. This left the community with no local acute care services and a major impediment to future economic growth; as quality healthcare is considered essential for commercial investment. Reestablishing a hospital became a priority for the citizens of Bridgeport.

The Future of the Hospital and the Community

After years of discussions, community leaders and local physicians in 2002 began efforts to reestablish a hospital in Bridgeport. The group contributed funds, received federal, state and local grants, hired a hospital CEO, engaged an architect, retained a construction firm and began the pursuit of project funding. Doctors' Hospital was becoming a reality.

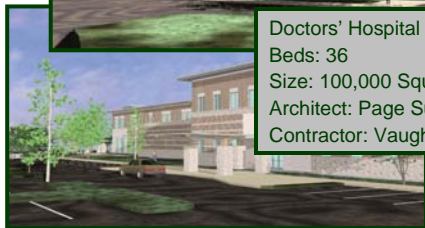
PROMISES ARE MADE & BROKEN

Site Work Starts but Quickly Stops

To meet certain grant requirements, site work began in July 2004, prior to the procurement of project financing, but with the belief from its original bankers that financing was on the horizon. However, in March 2005, still without a permanent funding source and the project "seed" money having dried-up, construction stopped with the completion of a foundation and cementing of hospital pilings.



Doctors' Hospital - Bridgeport, TX
Beds: 36
Size: 100,000 Square Feet
Architect: Page Sutherland Page
Contractor: Vaughn Construction



GETTING DIFFICULT DEALS DONE

With a Reputation for Financing Complicated Transactions, InnoVative Capital is Retained

Delays in construction were resulting in a rapid increase in the cost of the project, as well as causing doubt in the community that the hospital would ever be built. It was feared that this loss of confidence could have the effect of damaging physician recruitment and hamper the growing momentum of economic development in anticipation of the new hospital. It was imperative that Doctors' obtain financing as quickly as possible. With a national reputation for financing extremely complex transactions, InnoVative Capital was selected as the ideal partner to get this project back on track.

EXAMINATION PHASE

Transactional Due Diligence

InnoVative Capital began the engagement, gathering and analyzing project budgets, physician reports, census, demographic information, municipal data, market studies and competitor's utilization patterns. This upfront analysis confirmed the initial viability of meeting the client's expectations.

DIAGNOSTIC PHASE

Identifying Credit Strengths & Weaknesses

InnoVative Capital modeled financial projections that generated sources and uses requirements for the proposed project, including upfront working capital reserves required to fund start-up operating deficits. Doctors' Hospital posed two main challenges that had to be addressed before approaching capital sources: (1) a start-up rural hospital with no operating history, and (2) it was located in a potentially competitive market, without the benefits of CON laws. InnoVative Capital believed not only had these issues been inadequately addressed, by the prior bankers, but the project's inherent credit strength had not been properly identified and highlighted. With the unwavering support of doctors committed to join the hospital's medical staff and their loyal patient base, the new hospital could potentially experience strong utilization from opening day. However, assistance was required, Doctors' Hospital needed to retain a consulting firm to support its pre-opening activities and a hospital management company to provide ongoing operational assistance.

others promise...

WE DELIVER

\$59,130,000



Doctors' Hospital
Bridgeport, Texas

*Non-Rated Tax Exempt Bonds
for a Start-up Community Hospital*

Financial Advisor

InnoVative CAPITAL

\$19,000,000



Daviness Community Hospital
Washington, Indiana

*Interest Rate Swap Structured
Tax-Exempt Bond Refinancing*

Financial Advisor

InnoVative CAPITAL

\$28,250,000



North Valley Hospital
Whitefish, Montana

*FHA Insured Mortgage Loan
for a Replacement CAH*

Mortgage Banker

InnoVative CAPITAL

\$32,600,000



Summit Hospital
Phenix City, Alabama

*FHA Insured Mortgage Loan
for a Start-up Proprietary Hospital*

Mortgage Banker

InnoVative CAPITAL

\$23,870,000



Ohio Valley General Hospital
McKees Rocks, Pennsylvania

*Rated Tax Exempt Bonds
for an Expansion Project*

Financial Advisor

InnoVative CAPITAL

\$50,000,000

Memorial
HEALTH

Memorial Health Medical Center
Savannah, Georgia

*Rated Tax Exempt Bonds
for an Expansion Project*

Financial Advisor

InnoVative CAPITAL

\$18,500,000



Shoshone Medical Center
Kellogg, Idaho

*FHA Insured Mortgage Loan
for a Replacement CAH*

Mortgage Banker

InnoVative CAPITAL

\$3,500,000

Somerset Court at University Place

University Place
Winston-Salem, North Carolina

*FHA Insured Mortgage Loan
for an Assisted Living Facility*

Mortgage Banker

InnoVative CAPITAL

\$6,500,000

SHOREFRONT JEWISH GERIATRIC CENTER

Shorefront Geriatric Center
Brooklyn, New York

*FHA Insured Mortgage Loan
for a Renovation Project*

Mortgage Banker

InnoVative CAPITAL

GETTING DIFFICULT DEALS DONE IS OUR PASSION

- + Specialists in non-rated hospital debt issuance
- + HUD licensed FHA mortgage lender
- + Unique construction/permanent USDA banking
- + Success in obtaining hospital tax support
- + Turnkey InnoVative Capital Funding Delivery SystemSM
- + Proprietary CFO HELPERSM hospital analytics
- + Acquisition financing, equity and working capital
- + Bond restructurings and financial turnarounds

InnoVative CAPITAL

InnoVative Capital, LLC • 1489 Baltimore Pike • Building 400 • Springfield, PA • 19064
Tel: 610-543-2490 • Fax: 610-543-2491 • www.innovativecapital.com

© 2007 InnoVative Capital, LLC