



**CITY OF TYLER, TEXAS
CITY COUNCIL COMMUNICATION**

Agenda Number: C-A-13

Date: September 13, 2006

Subject: Request that the City Council consider the adoption of a Resolution approving financing the acquisition of hospital equipment by the Health Facilities Development Corporation of Central Texas, Inc., from General Electric Capital Corporation to be used by East Texas Medical Center Regional Healthcare System.

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Item Reference: Request from tax counsel for the Health Facilities Development Corporation of Central Texas, Inc., to approve a transaction involving hospital equipment. Texas Health and Safety Code Chapter 221.

The City of Tyler has received a request from the tax counsel for the Health Facilities Development Corporation of Central Texas, Inc., to approve a hospital equipment transaction involving East Texas Medical Center Regional Healthcare System. They propose, on behalf of the Health Facilities Development Corporation of Central Texas, Inc. and the City of Hubbard, Texas, to finance the acquisition of certain hospital equipment in a maximum principal amount of \$10,000,000.00 from General Electric Capital Corporation, and to provide financing to East Texas Medical Center Regional Healthcare System in Tyler for the acquisition of the equipment. The proposed transaction is being done pursuant to a tax-exempt program.

The hospital equipment is to be used at various locations within the city limits of Tyler and, therefore, under Texas Health and Safety Code Section 221.030, the consent of the City of Tyler is needed for the financing of the acquisition of the equipment. **Tax counsel for the Health Facilities Development Corporation of Central Texas, Inc., has indicated that such consent is needed solely to meet the requirements of the Texas Health and Safety Code and will in no way impose any payment or other obligation on the City of Tyler in connection with the transaction.** The City is in receipt of the \$575.00 review fee required by City Code Section 2-42.c. Other health-related transactions previously approved by the City Council include:

	NAME OF PROJECT	CITY COUNCIL APPROVAL DATE	AMOUNT	FINANCIAL/LEGAL
1.	Mother Frances, sublease hospital equipment through Bell County HFDC from GE Capital Corp. (R-95-18, 12/20/95)	12/95	\$--	Glen Collins (MF) McCall, Parkhurst & Horton (Bell County HFDC)
2.	ETMC equipment lease and sublease purchase agreement (R-96-5; 2/28/96)	2/96	\$3,000,000	Nations Bank handled

3.	ETMC equipment lease/sublease through Bell County HFDC (R-97-5, 2/26/97)	2/97	\$1,100,000	McCall, Parkhurst & Horton (Ted Brizzolara - ETMC & Bell County HFDC)
4.	ETMC equipment & helicopter lease/sublease through Bell County HFDC (R-97-27, 9/24/97)	9/97	\$4,593,699.80	McCall, Parkhurst & Horton (Mark Malveaux); Bill Lawrence
5.	ETMC equipment (ambulances) (12) lease through Chandler HFDC (R-97-39, 11/5/97)	11/97	\$1,000,000	Winstead, Secrest & Minick; Nationsbank
6.	ETMC equipment lease/sublease through Bell County HFDC (R-98-3, 2-25-98)	2/98	\$2,600,000	McCall Parkhurst & Horton (Mark Malveaux); B. Lawrence
7.	ETMC equipment lease/sublease through Bell County HFDC (R-98-35, 11/18/98)	11/98	\$2,500,000	McCall Parkhurst & Horton (Ted Brizzolara); B. Lawrence
8.	ETMC equipment lease/sublease through Bell County HFDC (R-99-21, 6/16/99)	6/99	\$5,000,000	McCall Parkhurst & Horton (Ted Brizzolara); B. Lawrence
9.	Rusk County HFDC issue bonds for the acquisition and renovation of nursing facility (R-99-22, 6/16/99)	6/99	\$22,000,000	McCabe & Voss
10.	Tarrant County HFDC issue bonds to Century Nursing Centers – GEAC, LLC to acquire, construct, equipment and/or improve certain nursing homes (“health facilities”) (R-99-52, 11/17/99)	11/99	\$85,000,000	Potter, Minton, Roberts, Davis and Jones
11.	ETMC equipment lease/sublease through Bell County HFDC (R-99-55, 12/22/99)	12/99	\$5,000,000	McCall Parkhurst & Horton (Robert Hood)
12.	ETMC equipment lease/sublease through Bell county HFDC (R-2000-32, 5/24/00)	5/00	\$5,000,000	McCall Parkhurst & Horton (Robert Hood)
13.	ETMC equipment lease/sublease through Bell County HFDC (R-2000-61; 11/15/00)	11/15/00	\$2,000,000	McCall Parkhurst & Horton (Ted Brizzolara); Potter, Minton, Roberts, Davis & Jones; (Lindsey Birdsong)
14.	ETMC equipment lease/sublease through Bell County HFDC (R-2001-8; 3/28/01)	3/28/01	\$1,500,000	McCall Parkhurst & Horton (Ted Brizzolara); Potter, Minton, Roberts, Davis & Jones; (Lindsey Birdsong)
15.	ETMC equipment lease/sublease through Bell County HFDC (R-2001-11; 6/13/01)	6/13/01	\$2,000,000	McCall Parkhurst & Horton (Ted Brizzolara); Potter, Minton, Roberts, Davis & Jones; (Lindsey Birdsong)
16.	ETMC equipment lease/sublease through Bell County HFDC (R2001-32; 12/5/01)	12/5/01	\$8,000,000	McCall Parkhurst & Horton (Bobby Hood); Adams & Coker, P.C. (Mike Coker)
17.	ETMC equipment lease/sublease through General Electric Capital Corp (R-2002-24, 12/11/02)	12/11/02	16,000,000	McCall Parkhurst & Horton (Bobby Hood); Adams & Coker, P.C. (Mike Coker)
18.	Tyler HFDC issue bonds for benefit of Mother Frances Hospital Regional Health Care Center (R-2003-4; 3/12/03)	3/12/03	\$145,000,000	Potter Minton (Randall L. Roberts)

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19.	ETMC equipment lease/sublease through General Electric Capital Corp. (R-2003-27, 12/10/03)	12/10/03	\$8,000,000	McCall Parkhurst & Horton (Ted Brizzolara); Adams & Coker, P.C. (Mike Coker)
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Information was forwarded to the individual members of the Tyler Health Facilities Development Corporation Board (THFDCB) for their information. City has not received any negative comments from the THFDCB. City staff would like to express sincere appreciation to Mr. Randall Roberts of Potter Minton P.C. as well as to the members of the Tyler Health Facilities Development Corporation, for their review and assistance relating to this and similar transactions.

RECOMMENDATION:

It is recommended that the City Council adopt the attached Resolution approving the financing of the acquisition of hospital equipment by the Health Facilities Development Corporation of Central Texas, Inc. from General Electric Capital Corporation to be used by East Texas Medical Center Regional Healthcare System, and approving, but not providing for, financing thereof.



**Drafted/Recommended By:
Department Leader**

Gary C. Landers, City Attorney

**Edited/Submitted By:
City Manager**



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August 9, 2006

UPS DELIVERY

Mr. Bob Turner
City Manager
City of Tyler
212 N. Bonner
Tyler, Texas 75702

Re: East Texas Medical Center Regional Healthcare System -- Equipment Financing by HFDC of Central Texas, Inc.

Dear Mr. Turner:

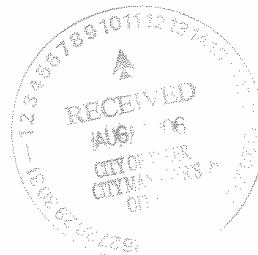
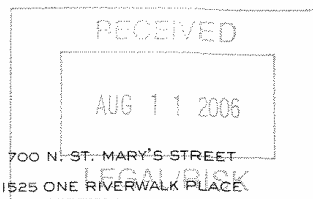
HFDC of Central Texas, Inc. (the "Issuer") proposes, on behalf of the City of Hubbard, Texas, to finance the acquisition of certain hospital equipment (the "Equipment") from General Electric Capital Corporation, and to provide financing to East Texas Medical Center Regional Healthcare System (the "Hospital") in Tyler, Texas for the acquisition of the Equipment. The Equipment constitutes "health facilities" under, and the financing would be entered into pursuant to, the Texas Health Facilities Development Act, Chapter 221, Texas Health and Safety Code (the "Act").

The Issuer established its tax-exempt financing program to assist hospitals such as the Hospital by lowering the cost of acquiring necessary hospital equipment. Our firm acts as bond counsel to the Issuer in connection with this program.

Section 221.030 of the Act requires that for any equipment that is located outside of the City of Hubbard, Texas to be financed by the Issuer with this tax-exempt financing program, the Issuer must first obtain the consent to such financing of each city, county and hospital district within which such equipment is located.

The Equipment will be used at the Hospital and is located within the boundaries of the City of Tyler. Therefore, pursuant to Section 221.030 of the Act, the consent of the City of Tyler is required prior to the financing of the Equipment pursuant to the tax-exempt financing program. For your convenience, I have enclosed proposed form of a consent resolution for the City Council.

This consent is required solely for the purposes of satisfying Section 221.030 of the Act and to enable the Issuer to proceed with the proposed financing of the Equipment pursuant to the tax-exempt financing program. Such consent in no way imposes any payment or other obligation on the City of Tyler in connection with the financing. The City has provided a similar consent many times in the past for similar transactions for the Hospital.



Therefore, on behalf of the Issuer and the Hospital I respectfully request that consideration of adoption of the enclosed consent resolution be placed on the agenda of the City Council at its next available meeting, and that the City Council approve and adopt such consent resolution. Upon such approval, I would also very much appreciate it if you would return three completed, originally executed and sealed consent resolutions to me in the self-addressed, stamped envelope enclosed for your convenience.

Please do not hesitate to contact me should you have any questions or comments. Thank you very much for your cooperation and assistance.

Sincerely yours,

McCall, Parkhurst & Horton L.L.P.

A handwritten signature in black ink, appearing to read "Ted Brizzolara, III". The signature is written in a cursive, somewhat stylized font.

L. E. (Ted) Brizzolara, III

LEB:bc
Enclosures

cc: Mr. Byron Hale, East Texas Medical Center
Mike Coker, Esq., Adams & Coker, P.C.
Randy Roberts, Potter Minton

RESOLUTION NO. R-2006-20

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TYLER, TEXAS, APPROVING THE FINANCING OF THE ACQUISITION OF HOSPITAL EQUIPMENT BY THE HEALTH FACILITIES DEVELOPMENT CORPORATION FROM GENERAL ELECTRIC CAPITAL CORPORATION TO BE USED BY EAST TEXAS MEDICAL CENTER REGIONAL HEALTHCARE SYSTEM.

WHEREAS, Texas Health and Safety Code Chapter 221, as amended (“Act”), authorizes and empowers the Health Facilities Development Corporation (“Issuer”), on behalf of the City of Hubbard, Texas, (“Issuing Unit”), to acquire, by lease, purchase or loan, health facilities found by the Board of Directors of said corporation to be required, necessary or convenient for health care, research and education, any one or more, within the State of Texas and in furtherance of the public purposes of the Act; and

WHEREAS, Texas Health and Safety Code Sec. 221.030(a)(1) provides that the Issuer may provide for financing and refinancing of one or more such facilities located outside the city limits of the Issuer with the consent of every city, county, and hospital district within which such health facility is or is to be located; and

WHEREAS, the Health Facilities Development Corporation of Central Texas, Inc. will finance the acquisition of certain hospital equipment (“Project”) in a maximum principal amount of \$10,000,000 from General Electric Capital Corporation, and will provide financing to East Texas Medical Center Regional Healthcare System for the acquisition of the health equipment; and

WHEREAS, the health equipment is to be at East Texas Medical Center Regional Healthcare System’s facilities within the City of Tyler, Texas at 1000 South Beckham Avenue; 1520 West Front Street and 700 Olympic Plaza Circle in Tyler, Texas, and is located outside the limits of the Issuing Unit; and

WHEREAS, the consent of the City of Tyler is needed for the financing of the acquisition of said equipment; and

WHEREAS, the individual members of the Tyler Health Facilities Development Corporation Board have been made aware of the proposed transaction;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF TYLER, TEXAS:

PART 1: That the City Council hereby approves and consents to the financing of the acquisition of hospital equipment by the Health Facilities Development Corporation of Central Texas, Inc. from General Electric Capital Corporation and the use of said hospital equipment by East Texas Medical Center Regional Healthcare System, and hereby approves the financing in a maximum principal amount of \$10,000,000 as required by Texas Health and Safety Code Section 221.030(a)(1) and Internal Revenue Code Section 147(f), provided that the City of Tyler shall have no liability or obligation whatsoever with regard to the financing of said hospital equipment and shall not be required to take any further action with respect thereto.

PART 2: That this Resolution shall be effective upon the date of passage by the City Council.

ADOPTED THIS 13th day of September, 2006.

JOSEPH O. SEEBER, MAYOR OF THE
CITY OF TYLER, TEXAS

ATTEST:

APPROVED:

CASSANDRA BRAGER, CITY CLERK

CITY ATTORNEY