

Public Approval of Tarrant County Cultural Education Facilities Finance Corporation Texas Health Resources Tax-Exempt Loans

The County Judge and the Commissioners Court of Collin County have been requested to approve tax-exempt loans to be issued for the benefit of Texas Health Resources for the purposes described below.

The Tarrant County Cultural Education Facilities Finance Corporation, a Texas nonprofit corporation (the "Corporation"), is in the process of entering into two separate tax-exempt loan agreements: (i) one among the Corporation, Texas Health Resources, a Texas nonprofit corporation ("THR") and The Northern Trust Company, and (ii) the other among the Corporation, THR and UMB Bank, n.a., in a combined aggregate amount not to exceed \$140,000,000. The proceeds of each of the two tax-exempt loans are being used to refund two prior tax-exempt loans entered into in 2010: (i) one among the Corporation, THR, and Compass Mortgage Corporation, and (ii) the other among the Corporation, THR and Bank of America, N.A. The proceeds of the prior tax-exempt loans were used to finance or refinance certain health facilities owned and operated by THR, including the expansion of *Texas Health Presbyterian Hospital of Allen* by adding 11 Licensed Beds. The proceeds of the proposed tax-exempt loans will be used to refund the previous loans and will not be used on future projects.

In order for the interest on the tax-exempt loans to be excludable from gross income for federal income tax purposes, Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires that the tax-exempt loans and the facilities financed with the proceeds of the loans (the "Project") be approved by the "applicable elected representative" (meaning the highest elected official or "AER") of the county in which each facility is located. The approval can only be given following a special purpose public hearing conducted under Section 147(f) of the Code. The Corporation conducted the required public hearing on June 26, 2015, after the publication of the notice of such public hearing in the *Dallas Morning News* as required by the Code. A copy of the Minutes of the Public Hearing with a copy of the Notice of Public Hearing and the Affidavit of Publication accompanies this request and are attachments to the Approval of the Applicable Elected Representative.

Approval of the issuance of the tax-exempt loans and the Project financed by the loans is requested solely for the purpose of complying with the public approval requirements of the Code regarding tax-exemption of the interest on the tax-exempt loans. Such approval does not create or imply any obligation by the County with respect to the payment of the tax-exempt loans or the operation of the Project.