

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION

IN RE:	§	
	§	
GAINESVILLE HOSPITAL DISTRICT	§	Case No. 17-40101
D/B/A NORTH TEXAS MEDICAL	§	
CENTER, ¹	§	Adv. No. 17-04072
	§	
DEBTOR.	§	Chapter 9
	§	

**DEBTOR’S MOTION FOR VALIDATION AND APPROVAL OF
COMPENSATION FOR SERVICES AND REIMBURSEMENT FOR EXPENSES OF
HILLTOP SECURITIES, DEBTOR’S FINANCIAL ADVISOR**

TO THE HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE:

Hilltop Securities (“Hilltop”), financial advisor to Gainesville Hospital District d/b/a North Texas Medical Center (the “District” or the “Debtor”), respectfully requests entry of an order validating and approving Hilltop’s fees for its professional services and reimbursement for its expenses for services rendered in connection with: (i) identifying UHS of Delaware, Inc. (“UHS”) as an affiliation partner; and; (ii) the Debtor entering into the management agreement (the “Management Agreement”) dated January 20, 2017 with McAllen Medical Center Physicians, Inc., an affiliate of UHS. In support of the Motion, Hilltop submits the following:

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334 and 157. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

2. On January 17, 2017 (the “Petition Date”), the Debtor filed a voluntary petition for relief under chapter 9 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Eastern District of Texas (the “Bankruptcy Court”), thereby commencing the above-captioned municipal debt adjustment case (the “Case”). The Bankruptcy Court held a hearing on

¹ The last four digits of the Debtor’s federal tax identification number are: 1664. The location of the Debtor’s principal place of business and the service address for the Debtor is: 1900 Hospital Blvd., Gainesville, TX 76240.

February 28, 2017 on the Debtor's qualification under the Bankruptcy Code, and on March 1, 2017, the Bankruptcy Court entered its Order for Relief.

3. The Debtor filed its bond validation suit (the "Validation Petition") in the form of an adversary proceeding entitled the Original Complaint/Petition for Expedited Declaratory Judgment [Adv. Case No. 17-04072, Dkt. No. 1], on July 28, 2017 (the "Validation Petition Date").

4. The Validation Petition sought to establish and validate the Debtor's authority to issue limited tax general obligation refunding bonds, from time to time in one or more series as may be necessary (the "Bonds"), pursuant to Chapter 1207 of the Texas Government Code, to restructure and refinance the Debtor's general or special obligations identified in the Validation Petition (the "Validated Obligations").

5. After a hearing on the Validation Petition on August 21, 2017, the Court entered the Declaratory Judgment (the "Judgment") [Adv. Case No. 17-04072, Dkt. No. 22] on August 22, 2017, authorizing the Debtor to issue Bonds to restructure and refinance the Debtor's Validated Obligations. The Judgment provides, in pertinent part:

(hhh) Upon a satisfactory showing to this Court that the amounts the District is obligated to pay in satisfaction of one or more of the Obligations which, in whole or in part, do not qualify for immediate refunding at the time this Court signs its final judgment prayed for herein, are at that time (1) due and owing in the amounts submitted, (2) sufficiently definite to qualify for refunding under the Refunding Law, and (3) that such amounts do not exceed the "not to exceed" amounts set forth in the Petition, such amounts, by a signed and entered order of this Court, will be deemed legally binding, incontestable liabilities of the District, the District may issue Bonds that meet the requirements of the parameters heretofore established).

6. In accordance with the Judgment, Hilltop submits this Motion for the court's validation and approval of its \$150,000 transaction fee that was earned as of the execution of the Management Agreement on January 20, 2017, as Prepetition and Unpaid Postpetition Obligations.

7. Hilltop has provided financial advisory services to the Debtor since 2002. Most recently, the Debtor engaged Hilltop to advise the Debtor on strategic partnerships. The engagement is set out in a

Financial Consulting Agreement that was executed in August 2016.² All services for which compensation is requested by NRF were performed for or on behalf of the Debtor.

8. Hilltop incurred a total of \$150,000 in fees on behalf of the Debtor in connection with as a transaction fee for its services rendered. Hilltop submits that the Debtor is obligated to pay to Hilltop a total of \$150,000 for its transaction fee and that such amount is currently due and owing.

9. Hilltop further submits that such amounts are sufficiently definite to qualify for refunding under Article 717k-3 of Vernon's Annotated Texas Civil Statutes ("717k-3"), which was later codified under Chapter 1207, Texas Government Code (together with its predecessor statute, 717k-3, the "Refunding Law").

10. Moreover, Hilltop submits that such amounts classified as Prepetition and Unpaid Postpetition Obligations do not exceed the "not to exceed" amounts set forth for such category in the Judgment.

11. Hilltop has received no payment and no promises for payment from any source for services rendered or to be rendered in any capacity in connection with the matters covered by this Motion during the relevant period. There is no agreement or understanding between Hilltop and any other person for the sharing of compensation to be received for services rendered in this case.

12. Hilltop reserves the right to seek such additional fees or expenses in any supplemental request for relief.

WHEREFORE, Hilltop respectfully requests that the Court (a) grant its Motion for validation and approval of compensation for its services in the amount of \$150,000 as Prepetition and Unpaid Postpetition Obligations and (b) order that such amounts are deemed legally binding, incontestable liabilities of the District and that the District may issue Bonds to satisfy the Prepetition and Unpaid Postpetition Obligations, including the costs of issuance related to such Bonds, that meet the requirements of the parameters established in the Judgment.

² A true and correct copy of the Financial Consulting Agreement is attached hereto as Exhibit 1.

Dated: November 27, 2017
Dallas, Texas

Respectfully submitted,

NORTON ROSE FULBRIGHT US LLP

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**COUNSEL FOR THE DEBTOR AND
DEBTOR-IN-POSSESSION**

CERTIFICATE OF SERVICE

The undersigned attorney hereby certifies that a true and correct copy of the foregoing Application was served upon the counsel and parties of record, electronically through the Bankruptcy Court's Electronic Case Filing System on those parties that have consented to such service.

/s/ William R. Greendyke

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**DECLARATION OF SARA BEDFORD IN SUPPORT OF DEBTOR'S
MOTION FOR VALIDATION AND APPROVAL OF COMPENSATION
FOR SERVICES AND REIMBURSEMENT FOR EXPENSES OF
HILLTOP SECURITIES, DEBTOR'S FINANCIAL ADVISOR**

I, Sara Bedford, hereby declare the following under penalty of perjury:

1. I am over 21 years of age and am competent to make this declaration under penalty of perjury (the "Declaration"). I am Vice President at Hilltop Securities ("Hilltop"), financial advisor to Gainesville Hospital District d/b/a North Texas Medical Center (the "District") or the "Debtor").

2. This Declaration is made in connection with the *Debtor's Motion for Validation and Approval of Compensation for Services and Reimbursement of Expenses of Hilltop Securities, Debtor's Financial Advisor* (the "Motion"), dated November 27, 2017, for compensation for its transaction fee that was earned as of the execution of the Management Agreement on January 20, 2017, as Prepetition and Unpaid Postpetition Obligations and reimbursement of expenses.²

3. I declare that I have read the Motion.

¹ The last four digits of the Debtor's federal tax identification number are: 1664. The location of the Debtor's principal place of business and the service address for the Debtor is: 1900 Hospital Blvd., Gainesville, TX 76240.

² All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Motion.

4. I declare that Hilltop has provided financial advisory services to the Debtor since 2002. Most recently, the Debtor engaged Hilltop to advise the Debtor on strategic partnerships. The engagement is set out in a Financial Consulting Agreement that was executed in August 2016. All services for which compensation is requested by Hilltop were performed for or on behalf of the Debtor.

5. I further declare that Hilltop incurred a total of \$150,000 in fees on behalf of the Debtor in connection with as a transaction fee for its services rendered in connection with: (i) identifying UHS of Delaware, Inc. ("UHS") as an affiliation partner; and; (ii) the Debtor entering into the management agreement (the "Management Agreement") dated January 20, 2017 with McAllen Medical Center Physicians, Inc., an affiliate of UHS.

6. I declare that to the best of my knowledge, information, and belief, formed after reasonable inquiry, the compensation and expense reimbursement sought is in amounts sufficiently definite to qualify for refunding under Article 717k-3 of Vernon's Annotated Texas Civil Statutes, which was later codified under Chapter 1207, Texas Government Code.

7. I declare that to the best of my knowledge, information, and belief, formed after reasonable inquiry, the compensation and expense reimbursement classified as Prepetition and Unpaid Postpetition Obligations do not exceed the "not to exceed" amounts set forth for such category in the Judgment.

8. Except as otherwise indicated, all facts set forth in this Declaration are based upon my personal knowledge. If I were called to testify, I would testify competently to the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Debtor.

FURTHER AFFIANT SAYETH NAUGHT.

Signed: /s/ Sara Bedford
Sara Bedford