

## Deal Spotlight: Healthcare

### Virginia Mason Medical Center Washington Health Care Facilities Authority

Series 2007C

\$85,000,000

Ratings: Aa3 (Moody's)/AA (S&amp;P)

Underlying Ratings: Baa2 (Moody's)/BBB (S&amp;P)

UW: Shattuck Hammond Partners,

a Division of Morgan Keegan &amp; Co., Inc.

Dated Date: 12/3/07

Virginia Mason Medical Center (“VMMC” or the “Medical Center”) issued \$85 million of fixed rate Series C bonds through the Washington Health Care Facilities Authority. The bonds were part of a larger financing which included a total of nearly \$300 million of insured and uninsured bonds. Bond proceeds will be used to construct and equip new healthcare facilities, both inpatient and outpatient, which will be adjacent to the Medical Center’s current primary facilities.

The Medical Center is near downtown Seattle, Washington. VMMC is an integrated health-care organization that includes a multi-specialty medical group practice of approximately 420 physicians, and a tertiary-care hospital with 336 licensed beds. There are also seven satellite clinics located throughout Seattle and the greater Puget Sound region. The Medical Center maintains “Centers of Excellence” in oncology, cardiology, gastroenterology, hyperbaric medicine and diabetes and is a leading transplant center in the Pacific Northwest and Inter-Mountain West areas.

VMMC has a unique market position with a physician-led clinic providing in excess of 900,000 annual provider visits and a premier tertiary hospital and regional referral center providing more than 11,000 annual admissions. In addition, approximately one-third of VMMC's admissions come from outside of the Seattle metropolitan area, while just less than half of the provider visits take place at the satellite clinics.

The bonds are secured by a pledge of gross revenues of the Medical Center and by a mortgage on the hospital campus.

VMMC, which has a BBB underling rating from S&P and Baa2 from Moody’s, accessed the market at lower interest rates based on Radian’s “AA” ratings. Attached are sample maturities with their spread to the Municipal Market Data Line (MMDL) AAA GO Index.

Maturity	2028	2036	2042
Coupon	5.375%	5.50%	5.50%
Yield	5.50%	5.66%	5.70%
Spread to MMDL High Grade (bps)	+117	+120	+123*

\* Spread to 2037 MMDL

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