

Three Hospital Systems Join Forces for Inaugural Bond Issue

PRIMARY INDUSTRY

Health Care

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Key Facts

- Wellforce Inc. is a Massachusetts nonprofit corporation that oversees a regional health care delivery system focused on participating in and developing innovative health care models that improve patient care while lowering costs
- Mintz acted as bond counsel to the Massachusetts Development Finance Agency for the inaugural \$429 million bond issue for Wellforce Inc., which consolidated three obligated groups into one obligated group

The Situation

Wellforce Inc. is a health system with hospital campuses in Lowell, Melrose, Medford, and Boston, including two community hospital systems (Lowell General Hospital and MelroseWakefield Healthcare, Inc.) and one academic medical center (Tufts Medical Center). The borrowing was several years in the making, starting with strategy and governance issues for a consolidated system and resulting in one obligated group under one consolidated master trust indenture. These three hospital systems initially had their own existing debts and creditors with different terms.

The Approach

Mintz served as bond counsel to the Massachusetts Development Finance Agency in connection with the bond issue. In order to substitute the existing obligated groups' master trust indentures with a newly consolidated master trust indenture, our team drafted new debt agreements that systematically and strategically combined Lowell General Hospital, MelroseWakefield Healthcare, Tufts Medical Center, and several Home Health entities by stages, resulting in one obligated group under one master trust indenture. Mintz had also provided legal representation in the creation of Wellforce Inc. and in restructuring the system to foster a governance structure supporting the formation of the consolidated obligated group.

The Outcome

The inaugural bond issue for Wellforce closed in the amount of \$429 million and was rated BBB+. It included both taxable and tax-exempt bonds, insured bonds, current refundings and advance refundings of six issues of prior bonds, and new money financing. The closing required well over 100 documents, including 12 supplemental master trust indentures and 29 obligations. The newly combined obligated group under one master trust indenture resulted in consistent financial covenants and a stronger financial position overall.

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