

New fund tackles health care financing

Marquette plans to inject \$350M into the sector

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A new local capital fund plans to loan out \$350 million to health care companies over the next five years.

The fund is backed by Minneapolis-based Marquette Financial Cos., a broad-based commercial capital company with \$2.6 billion under management, owned by the Carl Pohlad family. The Portland office is located in the downtown World Trade Center and is a wholly owned subsidiary of Marquette Financial Cos.

Marquette Healthcare Finance will make loans between \$1 million and \$20 million to established health care companies. Its funding will be in the form of asset-based loans, or secure loans in which borrowers pledge assets such as accounts receivable or real estate as collateral.

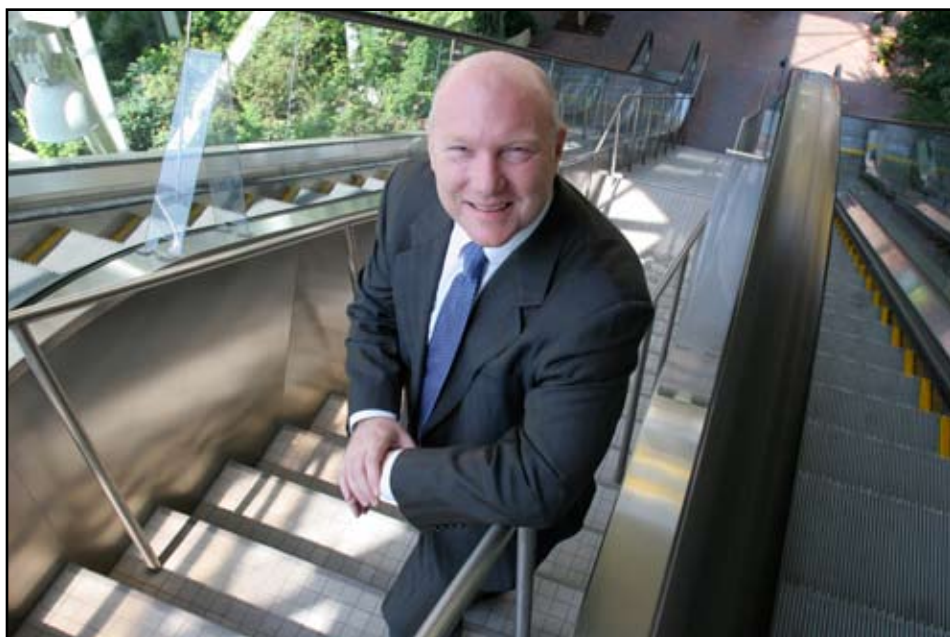
"We are not a venture fund in any way, shape or form," said Martin Golden, executive vice president for Marquette Financial Cos. and the managing director in charge of the new health care division. "We're a health care finance company."

The company will target hospitals, skilled nursing facilities, health care staffing companies, diagnostic imaging centers, home health and medical device companies, among other medical businesses.

The health care lending market is competitive, but remains promising despite its risks.

"It's a great time to be a borrower," said Imran Javaid, director of the health care real estate group for CapitalSource Inc. of Chevy Chase, Md., a Marquette competitor. "There are lot of lenders chasing a relatively small cadre of quality deals."

Marquette Healthcare Finance will look for



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Martin Golden is heading up the health care initiative for Marquette.

financing opportunities all over the United States. Revolving lines of credit, real estate financing and secured term loans are among the varieties of financing it will extend.

The new subsidiary, one of 14 that Marquette operates, has not yet inked a health care deal.

The company chose to locate in Portland "because we found a talent pool there, starting with Marty Golden," said Jim Casper, president of Marquette Business Credit.

Golden previously worked 14 years in health care finance, including stints at General Electric Co.'s GE Healthcare Financial Services and Wells Fargo's Foothill subsidiary.

The health care division will bring on about four people to start but will build to about 25 workers in Portland as its loans increase over the next five years. Golden is interviewing to fill key positions at the new office, which opened its doors in June, including an underwriting manager to help determine credit risk and loan

size, and a business development officer.

Health care lending is more complicated than most capital endeavors, partly because of the ever-changing nature of reimbursement from the government and private health plans. Specific industry knowledge is more important in health care lending than other industries, Golden said.

Competitors in this space include Textron Inc.'s health care finance unit, CIT Group's health care division, Wells Fargo Foothill and General Electric's health care finance unit. Local banks also typically make loans to health care companies.

In contrast to many of its competitors, Marquette Healthcare Finance will focus on the lower end of the middle market; many competitors have moved into making larger-sized loans up to \$100 million.

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