

MONTANA FACILITY FINANCE AUTHORITY
Board Meeting

Montana Facility Finance Authority Office
2401 Colonial Drive, Helena

April 8, 2021

“Enhance Montana healthcare and community capabilities through access to cost-effective capital financing and development services.”



MEMORANDUM

Montana Facility Finance Authority

Department of Commerce
2401 Colonial Drive, 3rd Floor
P.O. Box 200506, Helena MT 59620
(406) 444-0259

To: MFFA Board Members
From: Adam Gill & Seth Lutter
Date: April 1, 2021
Subject: MFFA Board Meeting via Zoom Thursday, April 8, 2021 at 10:00 AM

Enclosed, please find board meeting materials for our upcoming MFFA Board Meeting held via Zoom:

ZOOM INSTRUCTIONS

<https://mt-gov.zoom.us/j/98529674267?pwd=RUVoNG05bk1UQ2NhQUI6ZDVlUk03QT09>

Meeting ID: 985 2967 4267

Password: 781688

OR

Dial by Telephone: +1 (406) 444-9999

Meeting ID: 985 2967 4267

Password: 781688

Given that it is prudent to be socially distancing at this time, the meeting will be by Zoom. We have one Trust Fund Loan financing and our usual review of reports.

Glendive Medical Center will be before the board to request approval of a Trust Fund Loan financing of recent and upcoming equipment purchases. The financing will improve Glendive's cash position in advance of a larger renovation project they are undertaking with their own funds. They are requesting \$1.5 million with a term of five years.

As always, please call or write if you have any questions.

MONTANA FACILITY FINANCE AUTHORITY

Board Meeting

April 8, 2021

Held via Zoom

Helena, MT

MEETING AGENDA

- 10:00 I. CALL TO ORDER**
A. Roll Call
B. Approval of Meeting Minutes (2/25)
- II. PUBLIC COMMENT** on Board Related Items
- III. FINANCINGS**
A. Glendive Medical Center
1. Loan Summary
2. Resolution No. 21-02
Joining by Phone:
Parker Powell, CEO – Glendive Medical Center
Bill Robinson, CFO – Glendive Medical Center
- 10:45 IV. GENERAL ADMINISTRATIVE**
A. Financials
1. Budget -v- Actual
2. Revenue Graph
3. Reserve Balances
4. Staff Approved Loans & Grants
- B. Miscellaneous**
1. Anticipated Financings
2. Legislative Update
- V. CALENDAR**
- 11:15 DISMISS**

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MONTANA FACILITY FINANCE AUTHORITY
Board Meeting (Conference Call)
February 25, 2021
12:00 P.M.

MINUTES

BOARD MEMBERS

PRESENT:

Vu Pham, Chair (via phone)
Mel Reinhardt (via phone)
Jade Goroski (via phone)
Paul Komlosi (via phone)
John Iverson (via phone)
Matt Thiel (via phone)
Kim Rickard (via phone)

BOARD MEMBERS

ABSENT:

STAFF PRESENT:

Adam Gill, Executive Director (via phone)
Seth Lutter, Associate Director (via phone)

GUESTS:

Nathan Bilyeu, Authority Counsel – Jackson, Murdo & Grant (via phone)
Bob Murdo, Authority Counsel – Jackson, Murdo & Grant (via phone)
David Espeland, CEO – Fallon Medical Complex (via phone)
Marjorie Losing, CFO – Fallon Medical Complex (via phone)

BOARD MEETING

CALL TO ORDER

Chair Pham called the February 25, 2021 board meeting of the Montana Facility Finance Authority (the “Authority”) to order at 12:00 P.M. The meeting convened with all members of the Board present.

Minutes

Member Thiel motioned to approve the December 10, 2020 board meeting minutes. Member Komlosi seconded the motion which passed unanimously.

PUBLIC COMMENT

The meeting was opened for public comment. *No comments were received.*

FINANCINGS

Fallon Medical Complex

Mr. Gill introduced David Espeland, CEO and Marjorie Losing, CFO of Fallon Medical Complex. Mr. Gill requested a motion to consider the financing. Member Thiel motioned for consideration of Resolution No. 21-01 and Chair Pham seconded. Mr. Gill described the project which is a Trust Fund Loan of \$259,214 to upgrade the hospital's nurse call, telemetry, and wander management systems. Mr. Espeland described the projects and the benefit this will bring to the facility and staff.

Mr. Murdo described and explained Resolution No. 21-01, which provides up to \$259,214 for eligible facility costs. Adoption of Resolution No. 21-01 passed unanimously.

GENERAL ADMINISTRATIVE

Financials

Mr. Gill presented the Budget-v-Actual results and the Reserve Balances. Mr. Lutter presented the Revenue Graph and Staff Approved Loans and Grants.

Legislative Update

Mr. Gill provided an update on legislative matters and the potential impact on the MFFA.

MISCELLANEOUS

Anticipate Financings and Related Matters

Mr. Gill discussed potential financings for the upcoming year and the anticipated dates of those financings.

2021 Calendar

The 2021 calendar was discussed and board meetings were set for 2021.

ADJOURN

Chair Pham adjourned the meeting at 12:54 P.M.

APPROVE: _____
Vu Pham, Chair

ATTEST: _____
Adam Gill, Executive Director

APPROVAL DATE: _____

**Glendive Medical Center
Glendive, Montana
Trust Fund Loan Program
Loan Summary**

ELIGIBLE HEALTH FACILITY

Glendive Medical Center (the “Borrower” or “GMC”) operates as a 25-bed critical access hospital and a 36-bed skilled nursing facility in Glendive, Montana, providing inpatient, outpatient, and emergency services, and a nursing home primarily for residents of eastern Montana. In addition, Glendive Medical Center operates Eastern Montana Veterans’ Home, an 80-bed long-term care facility, and a 13-unit assisted living facility in Glendive, Montana.

Glendive Medical Center also has several related entities under its umbrella including a for-profit subsidiary, a foundation, and a property holding company. Additional information on these entities is below.

Glendive Medical Center Foundation, Inc. was established exclusively for the benefit of, to perform the functions of, or to carry out the purposes of Glendive Medical Center. The Chief Executive Officer of Glendive Medical Center, or designee, is the Foundation Director.

Gabert Medical Services, Inc., which is wholly owned by GMC, is a for-profit corporation established to help recruit and retain physicians in the community. Gabert employs physicians and provides outpatient services. GMC Properties LLC, which is wholly owned by GMC, leases and operates an apartment building in Glendive, MT which is used to house travelling and locum providers.

PROJECT AND COST

The MFFA received a Trust Fund Loan application from Glendive Medical Center on March 9, 2021. The loan amount is for \$1,500,000 and the loan proceeds will be used to purchase equipment including a CT machine and to refinance other miscellaneous pieces of equipment. GMC is also utilizing \$181,319 of its own cash for the project.

<u>PROGRAM</u>	Trust Fund Loan
<u>LOAN TERM</u>	5 Years
<u>INTEREST RATE</u>	2.25% per annum
<u>PAYMENT</u>	\$26,457.44 per month; \$317,489.31 per annum
<u>CLOSING DATE</u>	est. Spring 2021
<u>MATURITY DATE</u>	est. Spring 2026
<u>SECURITY</u>	UCC on related equipment

SOURCES AND USES

Sources:		
MFFA Loan Proceeds	1,500,000	
Glendive Medical Center Cash Portion	181,319	
TOTAL	1,681,319	
Uses:		
Computed Tomography (CT) System	686,655	
GE C-arm	183,267	
GE - Anesthesia Machine	100,000	
Ultrasound	120,000	
NovaSure	16,500	
ER Stretchers	24,511	*
Stress EKG	19,389	
Phillips Ventilator V60+	17,275	
Three GE Omnibed Infant Warmers	150,000	
Fetal Heart Monitors	47,515	
Bioquell H2O2 room sterilization unit	39,500	*
Cepheid Lab Instrument	43,140	*
Fukuda Central Monitor- ICU COVID wing	20,945	*
Stryker LP15 Defib for ICU COVID	24,825	
Washing machines for COVID linen	187,797	
TOTAL	1,681,319	

* Indicates refinance while no asterisk designates new equipment purchase

MARKET/COMPETITION

The total population of Dawson County, including Glendive, is approximately 9,017 people. The economy relies primarily on farming, ranching, and oil exploration. The closest health center to Glendive Medical Center is Prairie County Clinic in Terry, which is located approximately 38 miles away. McCone County Health Center in Circle is 48 miles away and Holy Rosary Healthcare in Miles City is located 79 miles away, respectively.

MANAGEMENT

Parker Powell, CEO – has served as Glendive Medical Center’s Chief Executive Officer for almost 8 years. He received his undergraduate degree in Healthcare Administration through Montana State University – Billings, and completed his Masters in the fall of 2013 in Healthcare Administration. He previously served as the Administrator for Prairie Community Hospital in Terry, MT, for 4 years.

William F. Robinson, CPA, CHFP, Vice President of Finance –was hired as the Vice President of Finance for GMC in August of 2015 after formerly serving as the Controller for West Park Hospital in Cody Wyoming. Prior to that he worked for an engineering firm for 25+ years and retired from that organization as a VP and CFO. He received his Bachelor of Science degree in Business Administration from Montana Tech in 1984 and received his Masters of Business Administration in 1987 from the University of Montana.

Jill Domek, RN, and VP of Patient Care Services – has been with GMC for 10 years. She has 34 years of nursing experience in acute and long term care and obtained her Nursing Home Administrators license in 2007, serving as the VP of Aging Services for GMC from 2007-2012, before moving into the VP of Patient Care Services role.

Shawna Dorwart RN, MN, CNL is the VP of Patient Care Services. Shawna has been with GMC for 35 years, starting her career as an acute care staff nurse. Shawna holds a Master of Nursing in Clinical Nurse Leadership. She has served as the Director of Surgery, Long Term Care Assistant Director of Nursing, Director of Quality, and Acute Care Director of Nursing before moving into the VP of Patient Care Services role.

GOVERNANCE

On September 1, 2013, the GMC and Billings Clinic entered into an affiliation agreement. Under the affiliation agreement the Billings Clinic is responsible for selecting and employing the Chief Executive Officer of GMC. The agreement specifies the GMC will have an 11-member board, of which Billings Clinic appoints two members. The agreement gives the right to supervise and direct the management of GMC.

COVID-19 PANDEMIC RESPONSE AND RECOVERY

In 2020, the United States was faced with the Coronavirus (Covid-19) Pandemic. The Pandemic forced the United States to shut down large portions of the economy and issue shelter-in-place orders across the country. The immediate financial impact on hospitals was significant. Hospitals were forced to suspend non-essential services, such as elective surgeries, physical therapy, wellness, programs, etc. This suspension led to immediate revenue generation problems for healthcare organizations.

To respond to the Pandemic, Congress passed the CARES Act and the bill was signed into law on March 27, 2020. The CARES Act was a \$2.2 trillion stimulus bill aimed to help business and individuals recover from the economic effects of the Pandemic. The CARES Act provided \$175 billion to hospitals nationwide to cover the costs of treating COVID-19 patients, as well as recovering lost revenues from non-essential procedures. The CARES Act also provided \$669 billion for the Paycheck Protection Program (PPP), which provides a loan to small businesses and nonprofits to cover payroll costs. The PPP loan is fully forgivable, as long as the funds are used for eligible expenses.

GMC responded to the COVID pandemic by instituting a comprehensive health and safety plan overseen by an Incident Command. Protocols such as mask wearing, temperature checks, and screening of all employees and visitors has been in place since the beginning of the national emergency. In the initial few months, GMC shutdown elective surgery but slowly reopened in July 2020 after protocols were in place to help ensure staff and patient safety. Additionally, GMC restricted access to the nursing homes and those restrictions are still in place today. GMC continues to screen visitors and requires everyone in the facility to wear masks.

UTILIZATION

Hospital	2017	2018	2019	2020
Licensed Beds	25	25	25	25
Admissions	590	479	421	543
Newborn Admissions	87	58	59	70
Total Patient Days	1,297	1,204	1,093	1,548
Average Length of Stay (days)	2	3	3	3
Outpatient Visits	21,248	21,113	19,568	22,366
Emergency Visits	3,849	3,712	3,865	3,592

GMC Nursing Home	2017	2018	2019	2020
Licensed Beds	71	56	56	36
Beds in Operation	71	56	56	36
Admissions	21	29	33	15
Total Patient Days	14,374	12,523	14,273	13,632
Occupancy Rate	59.68%	61.27%	69.83%	93.91%

*GMC expects its number of license beds for the GMC Nursing Home to stay steady.

Eastern Montana Veteran's Home	2017	2018	2019	2020
Licensed Beds	80	80	80	80
Beds in Operation	80	80	80	80
Admissions	43	41	30	34
Total Patient Days	22,236	21,485	23,340	25,612
Occupancy Rate	76.15%	73.58%	79.93%	87.47%

*GMC expects its Eastern Montana Veteran's Home residents will increase post-Covid.

PAYOR MIX

	2018	2019	2020
Medicare	37%	30%	29%
Medicaid	16%	12%	16%
Third Party Payors	37%	49%	47%
Private Pay/Other	10%	9%	8%

HISTORICAL FINANCIALS

FISCAL YEARS ENDED	6/30/2018	6/30/2019	6/30/2020
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 649,931	\$ 235,792	\$ 4,527,619
Investments	839,240	884,972	1,011,988
Patient Recvbls (net) & Due from 3rd-Party	6,989,450	5,900,822	6,730,958
Other Receivables	430,859	405,274	1,207,200
Inventory	1,461,633	977,961	1,025,648
Current Assets Whose Use is Limited	1,926,726	2,258,643	1,714,876
All Other Current Assets	191,003	154,262	420,058
Total Current Assets	12,488,842	10,817,726	16,638,347
Fixed Assets	65,571,557	66,874,836	68,641,851
Accumulated Depreciation	45,103,545	48,138,996	49,955,706
Fixed Assets (net)	20,468,012	18,735,840	18,686,145
Board Designated Funds	2,364,192	2,345,468	2,407,082
Assets Held in Trust	1,503,813	1,106,102	1,700,376
Other Assets	468,364	385,978	353,920
Total Assets	\$ 37,293,223	\$ 33,391,114	\$ 39,785,870
<u>LIABILITIES & FUND BALANCE</u>			
Accounts Payable & Accrued Expenses	8,852,875	8,599,501	5,420,595
Current Portion of Long-Term Debt	1,462,551	1,807,218	1,282,851
Other Current Liabilities	-	-	9,857,707
Total Current Liabilities	10,315,426	10,406,719	16,561,153
Long-Term Debt (Less Current Portion)	23,405,142	21,704,950	21,199,982
Other Long-Term Liabilities	875,886	641,522	768,081
Unrestricted Fund Balance	1,490,265	(654,921)	246,062
Restricted Fund Balance	1,206,504	1,292,845	1,010,592
Fund Balance	2,696,769	637,924	1,256,654
Total Liabilities & Fund Balance	\$ 37,293,223	\$ 33,391,115	\$ 39,785,870
<u>REVENUES & EXPENSES</u>			
Gross Patient Service Revenue	44,275,784	44,624,070	48,827,071
Deductions from Patient Revenue	-	-	-
Net Patient Service Revenue	44,275,784	44,624,070	48,827,071
Other Operating Revenue	1,439,395	1,003,992	1,670,448
Total Operating Revenue	45,715,179	45,628,062	50,497,519
Interest	1,060,037	915,707	916,388
Depreciation & Amortization	2,807,245	2,573,229	2,449,917
Other Operating Expenses	43,302,947	44,617,387	46,356,424
Total Operating Expenses	47,170,229	48,106,323	49,722,729
Income from Operations	(1,455,050)	(2,478,261)	774,790
Nonoperating Revenue	(1,164,905)	252,969	41,237
Excess of Rev Over Exp Excl Extraord	\$ (2,619,955)	\$ (2,225,292)	\$ 816,027

KEY RATIOS

According to the National Rural Health Resource Center (NRHRC), the performance and health of a Critical Access Hospital (CAH) can be identified using eight important financial indicators. The table below displays each of these eight indicators with the 2018 CAH MT medians as listed in the *CAH Indicators Report: Summary of 2018 Medians by State*.

CAH Financial Indicator	FY 2018	FY 2019	FY 2020	2018 MT Median
Days in Accounts Receivable	57.62	48.27	50.32	58.29
Days Cash on Hand	31.70	27.79	61.36	81.20
Total Margin	2.64%	2.63%	8.41%	0.39%
Operating Margin	-3.18%	-5.43%	1.53%	-7.02%
Debt Service Coverage	0.57	0.53	1.54	2.87
Average Age of Plant (Years)	16.07	18.71	20.39	12.23
Long Term Debt to Capitalization	94%	103.11%	98.85%	25.83%

FINANCIAL OBSERVATIONS

Interim Financials as of January 31, 2021

FY 2020 ended on a positive note with GMC recording a net profit of \$816,027 despite a revenue drop off in April and May associated with the COVID pandemic. Additionally, GMC received a PPP loan of \$4.5 million which provided GMC with the necessary capital to keep current with vendors. The PPP loan will most likely be forgiven prior to the end of FY 2021 and will be recognized as income. The Hospital also received \$5.6 million in CARES Act money which is designated to go towards COVID-related expenses and capital improvements.

Cash and investments totaled \$5.6 million at 6/30/2020 and grew to \$7.9 million at 1/31/21. Over time, GMC has moved cash into investments in order to earn a return on the cash. Of the \$6.7 million in investments as of January 31, 2021, \$5.6 million of it is Provider Relief Funds.

GMC has recorded a net profit of approximately \$1 million in FY 2021 through January. With the recognition of the PPP loan and other CARES funding as income, GMC could potentially record a net income of \$11 million to \$13 million in FY 2021 compared to \$816,027 in FY 2020.

GMC has submitted its PPP loan forgiveness request to Stockman Bank and Stockman submitted paperwork to SBA in December 2020. SBA's deadline of approval is 90 days from submission, however, they are backlogged so GMC is hoping the amount will be forgiven and recognized as income before the 6/30/2020 fiscal year end.

Assets

- Cash and cash equivalents saw a significant increase from \$235,792 in FY 19 to \$4.52 million in FY 20. This was driven by the Hospital receiving Covid-related stimulus sources (sources listed in a table below).
- Other receivables from \$405,274 in FY 2019 to \$1.2 million in FY 2020. Montana Medicaid recalculated its rates and did a retrospective look into the previous year. This accounted for \$821,000 of additional income. This increase in calculated rates is an ongoing change for the future, although GMC is unsure on how this will affect future years.

Liabilities

- Account Payable decreased from \$8.59 million in FY 2019 to \$5.42 million in FY 2020. This change was due to the Hospital receiving cash through the PPP and other sources which helped to pay down some of the debt including its operating line of credit.

Revenues and Expenses

- Gross patient service revenues increased from \$44.62 million in FY 2019 to \$48.82 million in FY 2020. This increase in revenues is due to GMC having a full-time orthopedics department in FY 2020.
- Net non-operating revenue fell from a loss of \$1.16 million in 2018 to a gain of \$252,969 in 2019 and then \$41,237 in 2020. In the 2021 interims it has climbed back up to \$961,810. The reason for the fluctuation is in 2018 the Hospital saw a loss on the refinancing of its bonds of (\$1,473,020). In 2019, contributions fell by \$92,000. In 2020 contributions decreased again by \$117,000 and investment income decreased by \$52,000 and net expense associated with its houses increased by \$32k. For 2021 on the internal statements, some variance occur because of how the auditors classify accounts on the audited statements.

SUMMARY OF COVID STIMULUS SUPPORT

Payor	Description	Amount
US Department of Health and Human Services (HHS)	Stimulus money from the CARES Act.	\$ 5,614,868.55
US Department of Health and Human Services (HHS)	RHC allocation from CARES Act	49,461.42
Paycheck Protection Program	Grant to support salaries and benefits	4,541,000.00
Health Resources and Services Administration (HRSA)	SHIP Grant	76,652.00
PacificSource	Community Health Excellence Responsive Grant	10,000.00
Montana Health Research & Education Foundation	Grant to improve rural healthcare delivery	5,000.00
Montana DPHHS	Medicaid Supplemental Payments	596,605.00
Montana Department of Commerce (MDOC)	COVID-19 Stay Connected Grant	2,569.89
Total Support		\$ 10,896,156.86

PRO FORMA

	FY 2018	FY 2019	FY 2020	Pro Forma FY 2020
Revenues Minus Expenditures	(2,619,955)	(2,225,292)	816,027	816,027
Add Depreciation/Amortization	2,807,245	2,573,229	2,449,917	2,449,917
Interest Expense	1,060,037	915,707	916,388	916,388
Available for Debt Service	1,247,327	1,263,644	4,182,332	4,182,332
Existing Debt Service	1,125,322	1,462,551	1,807,218	1,807,218
Debt Service on New Money	N/A	N/A	N/A	317,487
Total Debt Service	2,185,359	2,378,258	2,723,606	3,041,093
Debt Service Ratio Calculation	0.57	0.53	1.54	1.38

*Eide Bailly's Debt Service Ratio Calculation for FY 2020 is 2.11. Eide's calculation is in accordance with the Master Loan Program covenants and allows for adjustments to exclude extraordinary revenues and expenditures.

*If GMC is able to claim all Covid-related stimulus support in FY 21 its Debt Service Coverage ratio would become 4.96x.

ANTICIPATED FINANCIAL CHANGES DUE TO PROJECT

The equipment purchases/refinancings will help ensure that GMC has the necessary infrastructure to provide a safe and clean environment and enhance the quality of care for its patients. The purchase of the new CT machine will provide higher quality images, aiding providers with the diagnosis and treatment which will improve the quality of patient care.

GMC is remodeling the majority of its acute care to upgrade the ICU and Labor & Delivery areas which will enhance patient care and lead to increased revenue. The upgrades to the ICU will allow GMC to treat patients that previously would have been sent out to a larger facility. The upgrades to Labor & Delivery will enhance patient care and allow care for more complicated cases. GMC believes that the upgrades in this area will result in a better patient environment and potentially increase GMC's share of the market for newborns. The clinic upgrade will create better patient flow and confidentiality. Finally, the HVAC systems will be upgraded and run more efficiently which will lead to lower energy costs.

OUTSTANDING MFFA BONDS/LOANS

Series	Original Issue		standing 5/1/21	Maturity	Project
Master Loan Program Series 2017	\$ 21,470,000	\$ 18,635,000		7/1/2033	Refunding the Master Loan Program Series 2008 which expanded and renovated the hospital.
Totals	\$ 21,470,000	\$ 18,635,000			

STRENGTHS

- Refunding some equipment will decrease expenses and improve cash flows.
- Management agreement with Billings Clinic provides GMC with expertise and reduced costs of services.
- Covid-related stimulus support provides GMC with more security and ability to pay debts.
- Management is expanding services to increase revenues.

WEAKNESSES

- FY 2020 is the first year since FY 2010 that GMC has run a net positive.
- Cash and investments have been depleted since FY 2013.
- GMC has struggled to meet bond covenants for timeliness of annual disclosure.

RECOMMENDATION

Approval is recommended based the Hospital strengthening its financial position by lowering its borrowing costs, by Covid stimulus supported funds, and GMC's dedication and implementation of new programs which have significantly improved the Hospital's net income.

RESOLUTION NO. 21-02

RESOLUTION ON A PROPOSAL TO MAKE A LOAN TO GLENDIVE MEDICAL CENTER PURSUANT TO TITLE 90, CHAPTER 7, AND TITLE 17, CHAPTER 6, PART 3, MONTANA CODE ANNOTATED, AS AMENDED; APPROVING THE RELATED LOAN APPLICATION; APPROVING THE PROJECT AND THE TERMS AND CONDITIONS OF THE LOAN AND THE EXECUTION OF DOCUMENTS RELATED THERETO.

BE IT RESOLVED by the Montana Facility Finance Authority (the "Authority"), as follows:

Section 1. Recitals.

1.01. The Authority is authorized pursuant to Title 90, Chapter 7, and Title 17, Chapter 6, Part 3, Montana Code Annotated, as amended (hereinafter referred to as the "Act"), to make a loan from the Permanent Coal Tax Trust Fund for a capital project as defined in the Act. Glendive Medical Center, a Montana non-profit corporation with its operations located in Glendive, Montana (the "Obligor") has presented a proposal to the Authority requesting the Authority assist the Obligor with the purchase of a CT system and other equipment (the "Project") by making a loan to the Obligor in an amount not to exceed \$1,500,000 (the "Loan").

1.02. The Authority determines that the Loan is for a capital project as described in the Act and does not exceed 10% of the \$15,000,000 amount of the Permanent Coal Tax Trust Fund to be administered under the Act by the Authority.

1.03 The Authority has received the Obligor's Loan application and deems the application complete and determines that the Project is eligible for financing under the Act.

1.04 The Authority and the Board of Investments of the State of Montana have calculated the interest rate for the Loan in accordance with a commitment letter specifying the date through which the commitment is valid, the interest rate and term of the Loan.

1.05 The following documents relating to the Project and the Loan will be prepared and shall be placed on file in the office of the Authority:

- (a) A Loan Agreement (with exhibits and attachments), the "Loan Agreement," with the Authority as Lender and Obligor as borrower,
- (b) A Mortgage and Security Agreement, the "Mortgage", if applicable and
- (c) A Note in the principal amount of the Loan from the Obligor to the Authority (the "Note").

Section 2. Findings.

2.01. Based on the application, the Authority hereby finds, determines and declares as follows:

(a) the Obligor is an "institution" and the Project consists of the financing or refinancing of "eligible facilities" within the meaning of the Act, in that the improved facility is a critical access hospital;

(b) the amount of the Loan to the Obligor pursuant to the Loan Agreement based solely on information provided and representations made by the Obligor will not exceed the total eligible costs of the Project;

(c) pursuant to the Loan Agreement, the Loan repayments will be sufficient to pay the principal of, and interest on the Note as due, to meet all other obligations in connection with the Loan Agreement and to provide for costs of servicing and securing the Note;

(d) the Project is to be operated by the Obligor for the purpose of providing Hospital services;

(e) based solely upon information and representations provided by the Obligor, the Obligor will have sufficient revenues to provide for the payment of the principal of and interest on the Loan as due;

(f) pursuant to Section 17-6-308(4). MCA, the Loan Agreement will provide that principal and interest payments on the Loan will be deposited in the Coal Severance Tax Permanent Fund until all principal and interest has been paid;

(g) the Project is not subject to certificate of need approval under Montana Code Annotated, Title 50, Chapter 5, Part 3, as amended; and

(h) the Loan complies with the terms of the Authority's Trust Fund Loan Pool Policy.

Section 3. Approval and Authorizations.

3.01. The Project and the Loan are hereby approved by the Authority.

3.02. The forms of (a) the Loan Agreement and the attachments thereto and (b) the Note, filed with the Authority are approved. The Chairman, Executive Director, or any one or more of such officers of the Authority are hereby authorized and directed: (i) to execute the Loan Agreement and its Exhibits and Attachments in the name and on behalf of the Authority, upon execution thereof by the other parties thereto; and (ii) to file or record any security instruments in the name of, and on behalf of, the Authority. The above-referenced documents shall be executed in substantially the form previously approved, subject to such additions thereto or deletions therefrom as are approved by the officers executing the same, which approval shall be conclusively

presumed by the execution thereof, and such other documents as required by the Authority's counsel shall also be executed at the closing.

Section 4. Application and Planning Fees.

4.01 As authorized by Section 90-7-211 of the Act, the Authority may assess certain initial planning service fees and annual planning service fees to be paid by participating institutions (as defined in the Act) in connection with any application to the Authority for financial assistance. The initial planning service fee will be one percent (1%) of the final loan amount. The annual planning service fee for the Obligor will be 50 basis points (.50%) of the outstanding amount of the Loan, assessed each month and included in the amortization schedule provided to the Obligor, unless and until changed by the Authority.

Passed and approved by the Authority this 8th day of April 2021.

MONTANA FACILITY FINANCE AUTHORITY

ATTEST:

By: Vu Pham
Its: Chairman

By: Adam Gill
Its: Executive Director

Montana Facility Finance Authority
Budget v. Actual Expenses
03/31/21
75% Expended

Legislative Budget	Year to Date			
	Category	Budget	Actual	\$ Variance % Variance
\$803,500	A) INCOME	\$468,563	515,246	46,683 10%
135,000	Application Fees	101,250	130,446	29,196 29%
538,500	Annual Fees	269,813	308,112	38,299 14%
130,000	Investment Income	97,500	76,688	(20,812) -21%
\$304,697	B) PERSONAL SERVICES EXPENSE	\$228,523	216,726	(11,797) -5%
297,697	Salaries & benefits	223,273	214,076	(9,197)
7,000	Board Per Diem	5,250	2,650	(2,600)
\$311,840	C) OPERATING EXPENSES**	\$181,380	133,776	(47,604) -26%
52,842	Contracted & Other Services	39,632	38,938	(694) -2%
	Misc. Other Services		10,733	
	Legal Services		11,300	
	Legislative Audit		15,201	
	ITSD		1,704	
12,044	Supplies/Materials/Equipment	9,033	3,745	(5,288) -59%
7,824	Communications	5,868	3,180	(2,688) -46%
29,378	Travel	22,034	1,667	(20,366) -92%
27,188	Rent	20,391	23,418	3,027 15%
	Building Rent		22,934	
	Other Rent		484	
156	Repairs & Maintenance	117	141	24 21%
70,408	Miscellaneous	52,806	40,329	(12,477) -24%
	Commerce Department Services		30,818	
	Administration (statewide) Indirect Costs		1,537	
	Education		1,785	
	Other Miscellaneous		6,189	
0	Equipment	0	417	
42,000	BOI Administrative Support**	31,500	21,941	(9,560) -30%
\$186,963	REVENUES IN EXCESS OF EXPENSES (A-B-C)	58,660	164,744	106,084 181%
330,000	Grants-Obligated/Paid	37,500	0	
(\$143,037)	Current Year Increase in Net Assets		164,744	
	INCREASE (DECREASE) IN NET ASSETS		164,744	

* Income presented on CASH basis. GAAP accrual accounting would reflect approximately \$1,693.74 less income annually, or < 0.4%

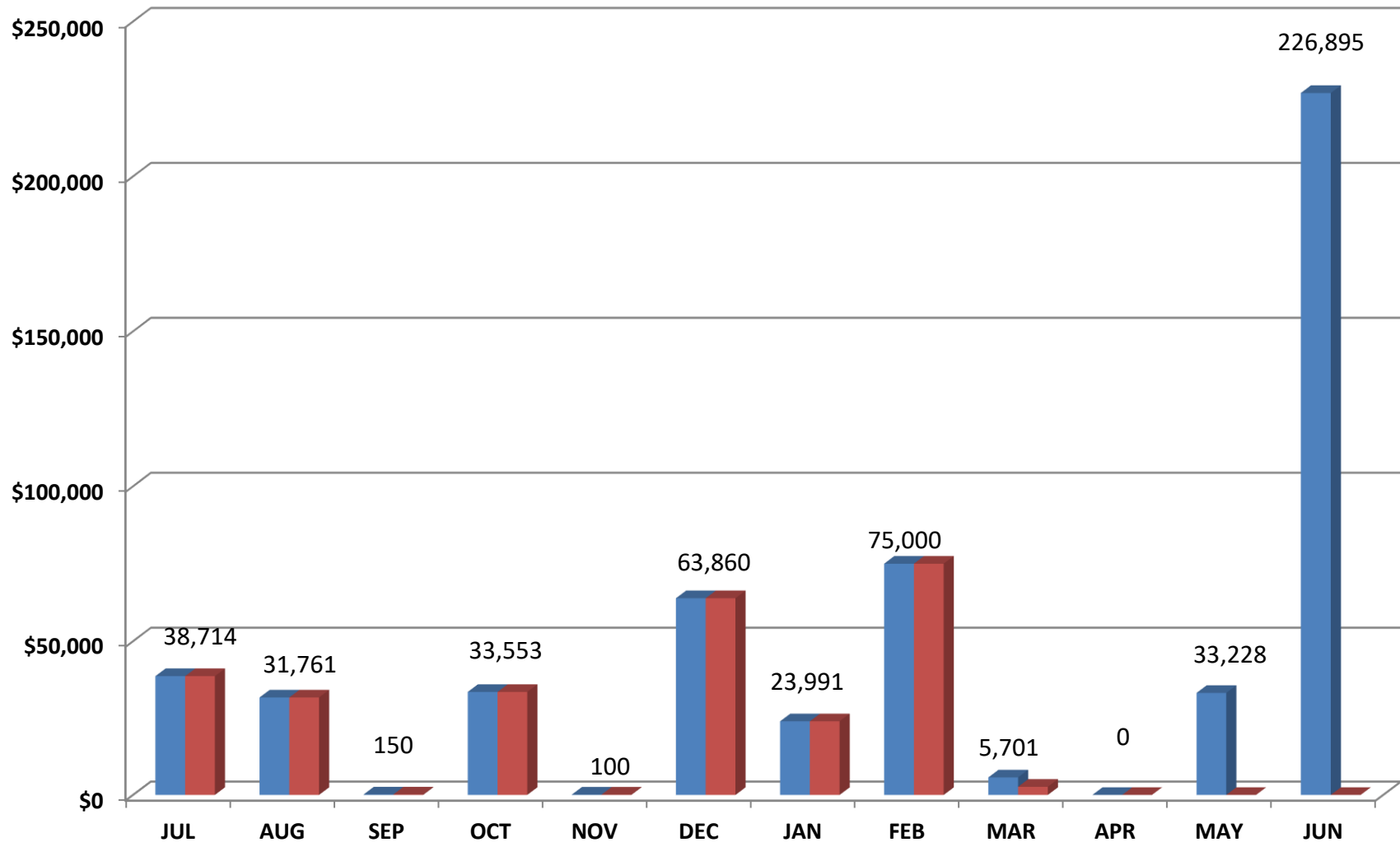
FY 2021 Annual Service Fees

As of March 31, 2021

Annual Projected: \$532,952

YTD Projected: \$272,829

YTD Collected: \$269,778



A/E 06015	Operating Account Summary	Current Balance	Policy Guideline
	Total Fund Balance Available Net Capital Reserve "B" Balance	3,283,200	
	Less: Working Capital Reserve Requirement	1,805,748	1,805,748 (a)
	Available for Restricted Capital Reserve "A"	1,477,452	9,643,137 (b)
	Fund Balance: Sub-Total	3,283,200	11,448,884
A/E 06015	Trust Fund Loan Pool		
	RC 710300, Accounts 521190	34,836	
	Plus: Prior Year End Capital Reserve "B" Fund Balance Sub Total	337,544	
	Capital Reserve "B" Fund Balance	372,380	928,539 (d)
A/E 06012	Direct Loan Program		
	Current Program Fund Balance	4,808,268	
	Less: Outstanding Loan Balance	3,345,832	
	Funds Available to Loan from Direct Loan Program	1,462,436	
	Fund Balance: Sub-Total	4,808,268	6,006,500 (c)
	Total Projected Fund Balance	8,463,847	18,383,923

Notes:

Policy Guidelines - Minimum Funding Requirements

(a) Twice the current Fiscal Year annual budget.	902,874
(b) 10% of the outstanding BOI enhanced bond balance as of 7/1/20	96,431,366
(c) \$5,936,307 as of 7/1/20 plus YTD loan payments, account investment	6,006,500
(d) 10% of the Trust Fund Loan Pool Balance as of 7/1/20	9,285,392

MONTANA FACILITY FINANCE AUTHORITY

Staff Approved Loans

2/01/21 - 3/31/21

Submitted Applications

<u>Borrower</u>	<u>Location</u>	<u>Date Submitted</u>	<u>Term</u>	<u>Interest</u>	<u>Amount</u>	<u>Project</u>
Total Pending Direct Loans:					\$ -	

Approved Applications

<u>Borrower</u>	<u>Location</u>	<u>Date Approved</u>	<u>Term</u>	<u>Interest</u>	<u>Amount</u>	<u>Project</u>
Bighorn Valley Health Center	Hardin	09/04/20	10	2.25%	\$ 500,000	Clinic Renovation Project
Total Approved Direct Loans:					\$ 500,000	

Funds Available Under

Direct Loan Program:

Loan Fund: (3/31/2021)	4,808,268
Total Outstanding Loans: (3/31/2021)	(3,348,832)
Approved Applications from above:	(500,000)
Total Available to Loan at 3/31/2021	\$ 959,436

Funded Applications from 7/1/20:

<u>Borrower</u>	<u>Location</u>	<u>Date Funded</u>	<u>Term</u>	<u>Interest</u>	<u>Amount</u>	<u>Project</u>
Total Loans Funded since 7/1/20					\$ -	

MONTANA FACILITY FINANCE AUTHORITY

Staff Approved Grants

2/1/21 - 3/31/21

Commitments Pending

<u>Facility</u>	<u>Location</u>	<u>Date Submitted</u>	<u>Date Approved</u>	<u>Date Paid</u>	<u>Amount</u>	<u>Project</u>	<u>Program</u>
Missoula YWCA (final)	Missoula, MT	11/12/2018	11/12/2018		\$ 7,500	Energy Efficiency Grant	EEP
Liberty Medical Center	Chester, MT	2/6/2020	2/6/2020		\$ 15,000	Capital Improvement Plan	MCAP
Wheatland Memorial Healthcare	Harlowtown, MT	2/26/2021	2/26/2021		\$ 15,000	Capital Improvement Plan	MCAP
Total Pending Grants:					<u><u>\$ 37,500</u></u>		

Grants Paid since 7/1/2020

<u>Grantee</u>	<u>Location</u>	<u>Date</u>	<u>Approved</u>	<u>Paid</u>	<u>Amount</u>	<u>Project</u>	<u>Program</u>
Total Grants:					<u><u>\$ -</u></u>		

2021

APRIL

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	Brd Mtg	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

MAY

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	Brd Mtg	19	20	21	22
23/30	24/31	25	26	27	28	29

JUNE

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	Brd Mtg	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28	29	30			

JULY

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	31

AUGUST

S	M	T	W	T	F	S
1	2	3	4	5	6	7
8	9	10	11	12	13	14
15	16	Brd Mtg	Brd Mtg	19	20	21
22	23	24	25	26	27	28
29	30	31				

SEPTEMBER

S	M	T	W	T	F	S
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30		

OCTOBER

S	M	T	W	T	F	S
					1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	Brd Mtg	22	23
24/31	25	26	27	28	29	30

NOVEMBER

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				

DECEMBER

S	M	T	W	T	F	S
			1	2	3	4
5	6	Brd Mtg	Brd Mtg	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

2022

JANUARY

S	M	T	W	T	F	S
						1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23/30	24/31	25	26	27	28	29

FEBRUARY

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
27	28					

MARCH

S	M	T	W	T	F	S
		1	2	3	4	5
6	7	8	9	10	11	12
13	14	15	16	17	18	19
20	21	22	23	24	25	26
28	29	29	30	31		

HOLIDAYS AND OBSERVANCES

1-Jan New Year's Day
17-Jan MLK Day
21-Feb Presidents' Day
31-May Memorial Day

4-Jul Independence Day
6-Sep Labor Day
11-Oct Columbus Day
11-Nov Veterans Day Ob.

25-Nov Thanksgiving Day
25-Dec Christmas Day

CONFERENCES

Spring 2021 MEDA Spring Conf.
Apr 18-20, 2021 NAHEFFA, Virtual
Aug 4-6 2021 Quad State, Coeur d'Alene

Sep 8-10, 2021 NAHEFFA, Milwaukee, WI
Sep 20-24, 2021 MHA, Billings, MT
Fall 2021 HFMA Fall Conference