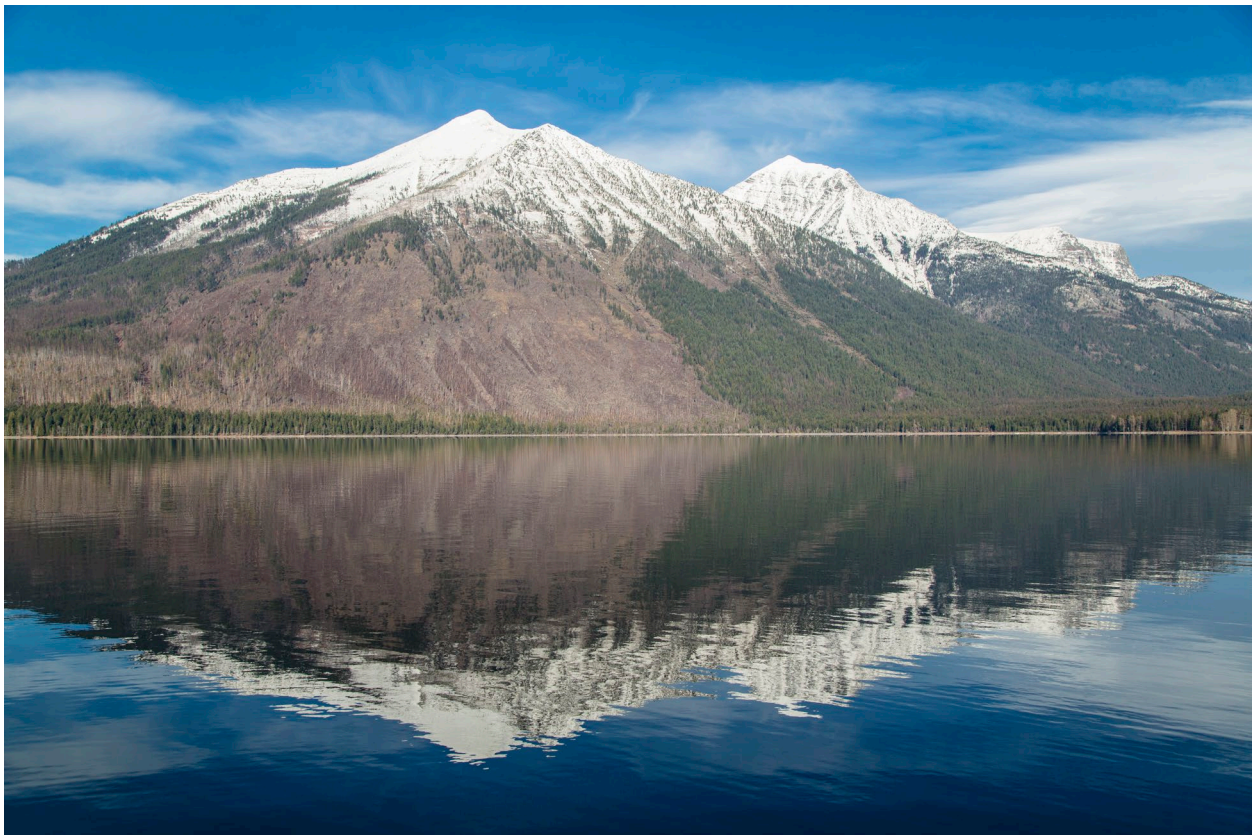


MONTANA FACILITY FINANCE AUTHORITY
Board Meeting

Montana Facility Finance Authority Office
2401 Colonial Drive, Helena

May 18, 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 & Monica Birlut
Date: May 11, 2021
Subject: MFFA Board Meeting Tuesday, May 18 2021

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

10:00AM on Tuesday, May 18
MFFA Offices in the Large Conference Room

We have three financings to discuss at this board meeting as well as a review of reports.

Marcus Daly Memorial Hospital in Hamilton will be before the board to request approval of a bond financing of their renovation and expansion project as well as a refunding of existing taxable and tax-exempt debt. The total financing is expected to be for up to \$37 million with \$10 million from the Master Loan Program for the renovation and expansion portion and up to \$27 million in stand-alone bonds for the refunding.

Community Hospital of Anaconda will be before the board to request approval of a bond financing of their renovation and expansion project as well as a refunding of existing taxable debt. The total financing is expected to be for up to \$30 million with up to \$8 million from the Master Loan Program for the renovation and expansion portion and up to \$22 million in stand-alone bonds for the refunding.

St. Peter's Hospital in Helena will be before the board to request approval of a bond financing of their new Electronic Health Record System. The total financing is expected to be for up to \$23 million in stand-alone bonds.

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

This will be the first time we've had an in-person meeting since December of 2019. It will be good to see folks even if only a few can be there in person. If you plan on attending in person, please remember to wear your mask.

ZOOM INSTRUCTIONS

<https://mt-gov.zoom.us/j/89818790224?pwd=RzhrNmtvL0JEb1hRUWlIMXlPS2pHQT09>

Meeting ID: 898 1879 0224

Password: 567916

OR

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

Meeting ID: 898 1879 0224

Password: 567916

MONTANA FACILITY FINANCE AUTHORITY

Board Meeting

MFFA Offices
2401 Colonial Ave 3rd Floor
May 18, 2021

MEETING AGENDA

- 10:00** **I. CALL TO ORDER**
A. Roll Call
B. Approval of Meeting Minutes (4/8)
- II. PUBLIC COMMENT** on Board Related Items
- III. FINANCINGS**
A. Marcus Daly Memorial Hospital
1. Loan Summary
2. Resolution No. 21-03
Joining by Phone:
John Bishop, CEO – Marcus Daly Memorial
Trevor Lewis, CFO – Marcus Daly Memorial
Erin McCrady, Bond Counsel – Dorsey & Whitney
Kreg Jones, Underwriter – DA Davidson
- B. St. Peter's Health**
1. Loan Summary
2. Resolution No. 21-04
Joining by Phone:
Nathan Coburn, CFO – St. Peter's Health
Bob Murdo, Bond Counsel – Jackson, Murdo & Grant
- C. Community Hospital of Anaconda**
1. Loan Summary
2. Resolution No. 21-05
Joining by Phone:
JoEllen Villa, CEO – Community Hospital of Anaconda
Meg Hickey-Boynton, CFO – Community Hospital of Anaconda
Erin McCrady, Bond Counsel – Dorsey & Whitney
John Henningsgard, Placement Agent – Piper Sandler
- 11:30** **IV. GENERAL ADMINISTRATIVE**
A. Financials
1. Budget -v- Actual
2. Reserve Balances
- B. Miscellaneous**
1. Anticipated Financings
2. Legislative Update
- V. CALENDAR**
- 12:00** **DISMISS**

ZOOM INSTRUCTIONS

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Password: 567916

MONTANA FACILITY FINANCE AUTHORITY
Board Meeting (Conference Call)
April 8, 2021
10:00 A.M.

MINUTES

BOARD MEMBERS

PRESENT:

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

BOARD MEMBERS

ABSENT:

Kim Rickard
John Iverson

STAFF PRESENT:

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

GUESTS:

Bob Murdo, Authority Counsel – Jackson, Murdo & Grant (via phone)
Parker Powell, CEO – Glendive Medical Center (via phone)
Bill Robinson, CFO – Glendive Medical Center (via phone)

BOARD MEETING

CALL TO ORDER

Board Chair Vu Pham called the April 8, 2021 board meeting of the Montana Facility Finance Authority (the “Authority”) to order at 10:06 A.M. The meeting convened with five members of the Board present.

Minutes

Chair Pham motioned to approve the February 25, 2021 board meeting minutes. Board Member Matt Thiel seconded the motion which passed unanimously.

PUBLIC COMMENT

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

FINANCINGS

Glendive Medical Center

Adam Gill, Executive Director of the MFFA, introduced Parker Powell, CEO and Bill Robinson, CFO of Glendive Medical Center. Mr. Gill requested a motion to consider the financing. Member Thiel motioned for consideration of Resolution No. 21-02 and Member Jade Goroski seconded. Mr. Gill described the project which is a Trust Fund Loan of \$1,500,000 to be used to purchase equipment including a CT machine and to refinance other miscellaneous pieces of equipment. Mr. Powell described the projects and the benefit this will bring to the facility and staff. Mr. Robinson described the market share of the facility and the financial effects of COVID.

MFFA Counsel, Bob Murdo described and explained Resolution No. 21-02, which provides up to \$1,500,000 for eligible facility costs. Adoption of Resolution No. 21-02 passed unanimously.

GENERAL ADMINISTRATIVE

Financials

Mr. Gill presented the Budget-v-Actual results, Staff Approved Loans, and the Reserve Balances. Seth Lutter, Associate Director, presented the Revenue Graph and Staff Approved 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.

ADJOURN

Chair Pham adjourned the meeting at 11:08 P.M.

APPROVE: _____
Vu Pham, Chair

ATTEST: _____
Adam Gill, Executive Director

APPROVAL DATE: _____

**Marcus Daly Memorial Hospital
Hamilton, MT
MLP & SA Bond Program
Bond Summary**

ELIGIBLE HEALTH FACILITY

Marcus Daly Memorial Hospital (“Marcus Daly” or “Hospital”) is a non-profit community hospital located in Hamilton, MT. Marcus Daly was founded in 1929 and designated a Critical Access Hospital “CAH”) December 1, 2004. Marcus Daly is a sole community provider for the Ravalli County market. Hospital services include acute care, inpatient and outpatient surgery, emergency care, ambulance, home health, clinic, inpatient and outpatient hospice care, and the related ancillary procedures (lab, imaging, rehabilitation, etc.) associated with those services.

PROJECT AND COST

The tax-exempt bond issue will be structured as a \$10 million Master Loan Program (“MLP”) issuance and approximately \$25 million Stand Alone (“SA”) Program issuance. The MLP will be for expansion and renovation projects where the SA will be for refinancing outstanding debt and the remaining balance for the expansion and renovation of projects.

The Master Loan Program financing is split into two projects:

- Construction including the creation of a new Procedure and Endoscopy Suite, new Conference Rooms, a new Infusion Center, a more direct main hallway, and a new Main Entrance.
- A new clinic in Stevensville, MT. The facility services are expected to include primary care, various specialist providers, diagnostic imaging, physical therapy, ambulance, and a small lab space.

The Stand Alone financing will cover:

- The Remainder of for the MLP financing projects.
- A new clinic in Darby, MT. The facility services are expected to include primary care, , diagnostic imaging, physical therapy, ambulance, and a small lab space.
- Expansion and Renovation of outpatient specialty services including Ophthalmology, Orthopedics and Sports Medicine Services.

SOURCES AND USES

	<u>Series 2021A</u>	<u>Series 2021B</u>	<u>Series 2021B</u>	<u>Series 2021B</u>	<u>Series 2021B</u>	
Sources:	<u>MLP</u>	<u>Stand Alone</u>	<u>2011 Refunding</u>	<u>2013 Refunding</u>	<u>2017 Refunding</u>	<u>Total</u>
Par Amount	10,000,000	11,480,000	2,020,000	3,890,000	7,985,000	35,375,000
Premium	1,897,263	1,240,542	243,783	464,579	939,661	4,785,828
Cash Contribution	35,215					35,215
Total Sources	<u>11,932,478</u>	<u>12,720,542</u>	<u>2,263,783</u>	<u>4,354,579</u>	<u>8,924,661</u>	<u>40,196,043</u>
Uses:						
Project Fund	10,909,917	11,590,083				22,500,000
Cash Deposit			2,068,042	3,973,830	8,136,493	14,178,364
Reserve Fund	749,400	951,607	167,443	322,452	661,898	2,852,800
Cost of Issuance	233,160	94,576	16,641	32,047	65,783	442,207
Underwriter's Discount	40,000	80,360	14,140	27,230	55,895	217,625
Rounding Amount		3,917	(2,483)	(980)	4,593	5,047
Total Uses	<u>11,932,478</u>	<u>12,720,542</u>	<u>2,263,783</u>	<u>4,354,579</u>	<u>8,924,661</u>	<u>40,196,043</u>

PROGRAM Master Loan Program and Stand-Alone Program Issuance

LOAN TERM TBD, but expected to be no more than 30 years

INTEREST RATE TBD

CLOSING DATE Summer 2021

MATURITY DATE TBD

SECURITY

Both series bonds will be secured by respective trust indentures and mortgages.

RATING

The Master Loan Program (the "Program") is secured by a pledge by the Montana Board of Investments to replenish the reserve fund if it is drawn upon. The Board of Investments received a rating of Aa2 from Moody's in October of 2020 and AA from Fitch in October of 2020. The Stand Alone bond rating is TBD.

MARKET/COMPETITION

The Hospital is a sole community provider, meaning that there are no competitors for in-patient services in the primary area. Secondary providers consist of St. Patrick Hospital and Community Medical Center, both in Missoula (approximately 50 miles/one hour away). Marcus Daly has agreements for certain services with St. Patrick Hospital. Procedures not currently covered by Marcus Daly would traditionally result in procedures performed in Missoula at either St. Patrick Hospital or Community Medical Center. Community Medical Center is considered a neo-natal regional referral hospital, thus difficult and/or complicated births would automatically be referred to that hospital.

With Marcus Daly venturing into Stevensville, there are some services provided in the Stevensville area, but it was assessed and determined by staff and the Board that this was a viable location for future growth based on an independent assessment provided by Stroudwater Associates.

GOVERNANCE

Marcus Daly Memorial Hospital is governed by an eleven member Board that includes community members, at least two active members of the medical staff and the Chief Medical Officer and Chief of Staff attend as ex-officio members.

MANAGEMENT

John Bishop, CEO, has been with the Hospital since May 2018. He received a BS in accounting in 2008 and a Master of Professional Accountancy in 2009, both from Montana State University. Mr. Bishop has served in the St. Charles Health System as the President of the Prineville and Madras Hospitals. Prior to Marcus Daly, he was the Chief Executive Officer of Madison Valley Medical Center in Ennis, Montana.

Trevor Lewis, CFO, has been with the Hospital since July 2020. He received his BS in Accounting in 2003 and a Master of Business Administration in Accounting in 2007. Trevor has previously served as the Chief Financial Officer of Arkansas Valley Regional Medical Center in Colorado and Page Hospital in Arizona.

Kathy Padilla, RN, Director of Nursing, has been with the Hospital since 2013 and in nursing management for 20 years. Before coming to Marcus Daly, she was the Clinical Director of a large outpatient ambulatory surgery center in Bellevue, Washington. Prior nursing experience was in hospitals in the Seattle area. She received her Bachelors of Science in Nursing from the University of Washington.

Troy Hanson, Chief Operating Officer, has been with the Hospital since 1995 and in his present position since 2003. Education consists of a BS in Microbiology and an MBA in 2005, both from the University of Montana. His prior work experience includes laboratory positions at various health facilities, primarily in Spokane and Missoula.

COVID-19 RESPONSE

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 stay-in-place orders across the country. The immediate financial impact on hospitals has been significant. Although Montana has not had a large number of COVID-19 patients at this time, hospitals have been forced to suspend non-essential services, such as elective surgeries, physical therapy, wellness programs, etc. This suspension has led to immediate revenue generation problems for healthcare organizations.

COVID had an abrupt financial impact on Marcus Daly. COVID's impact caused growth to plateau for a period but ultimately the Hospital saw a profitable year. Additional services were offered during this time including Telehealth, Viral Clinic and expansion in Lab volumes. Marcus Daly received COVID-related stimulus funding in the amount of \$6,270,871.

The Hospital does not anticipate having to return any stimulus funds. Marcus Daly followed guidelines and reviewed the methodology with its Auditors to ensure its approach was compliant

with regulations. It utilized direct costs to offset funds and any remaining funds were offset against lost revenue as compared to the previous baseline years defined in the guidance for recognizing Provider Relief Funds.

UTILIZATION

Utilization	FY 2018	FY 2019	FY 2020
Available Beds	25	25	25
Patient Days	4,158	5,446	4,602
Occupancy Rate	61%	59%	50%
Average Length of Stay	3.18	3.11	2.90
Emergency Room Visits	11,738	10,134	10,709
Home Health Visits	5,364	4,411	2,734
Clinic Visits	56,185	56,985	57,975
Surgical Procedures	1,354	1,112	1,613

PAYOR MIX

Payor Mix	FY 2018	FY 2019	FY 2020
Medicare	52%	55%	55%
Medicaid	19%	18%	16%
Commercial	17%	18%	18%
Self Pay	4%	3%	3%
Other	8%	6%	8%
Total	100%	100%	100%

HISTORICAL FINANCIALS

Financials as of 6/30	FY 2018	FY 2019	FY 2020
<u>Assets</u>			
Cash & Cash Equivalents	14,310,156	8,280,165	18,476,348
Investments	-	10,200,996	7,481,062
Receivables	9,868,194	10,294,064	10,472,939
Other Receivables	1,112,737	3,432,047	2,404,811
Inventory	2,084,849	1,987,155	2,361,269
Current Assets Limited to Use	1,362,270	1,366,242	1,513,207
Other Current Assets	587,388	629,788	1,152,349
Total Current Assets	29,325,594	36,190,457	43,861,985
Fixed Assets	77,359,034	86,786,621	91,310,203
Accumulated Depreciation	40,292,413	43,109,261	47,249,564
Fixed Assets (net of depreciation)	37,066,621	43,677,360	44,060,639
Board Designated Funds	1,447,473	1,819,872	1,608,906
Assets Held in Trust	10,006,966	1,351,055	1,379,201
Other Assets	2,258,543	2,756,582	2,789,284
Total Assets	\$ 80,105,197	\$ 85,795,326	\$ 93,700,015
<u>Liabilities</u>			
Accounts Payable & Accrued Expenses	7,715,635	8,316,591	7,484,543
Current Portion of Long-Term Debt	1,362,270	1,366,242	1,513,207
Other Current Liabilities	2,153,893	927,998	3,779,661
Total Current Liabilities	\$11,231,798	\$10,610,831	\$12,777,411
Long-Term Debt (less current portion)	29,982,016	28,740,223	29,791,957
Other Long-Term Liabilities	2,111,975	2,529,957	2,455,771
Unrestricted Fund Balance	34,590,066	41,360,334	46,324,424
Restricted Fund Balance	2,189,342	2,553,981	2,350,452
Fund Balance	36,779,408	43,914,315	48,674,876
Total Liabilities & Fund Balance	\$80,105,197	\$85,795,326	\$93,700,015
<u>Revenue and Expense</u>			
Net Patient Service Revenue	61,228,978	65,345,501	66,944,980
Other Operating Revenue	5,293,225	9,217,144	12,770,649
Total Operating Revenue	66,522,203	74,562,645	79,715,629
Interest	784,475	858,676	1,299,292
Depreciation & Amortization	4,020,778	4,025,813	5,042,337
Other Operating Expenses	58,646,354	63,641,126	69,731,483
Total Operating Expenses	63,451,607	68,525,615	76,073,112
Income from Operations	\$3,070,596	\$6,037,030	\$3,642,517
Non-Operating Revenue	345,588	638,639	553,801
Excess of Revenue Over Expenses	\$3,416,184	\$6,675,669	\$4,196,318

KEY RATIOS

According to the National Rural Health Resource Center, the performance and health of a Critical Access Hospital 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	Favorable Trend
Days in Accounts Receivable	58.83	57.50	57.10	58.29	Up
Days Cash on Hand	96.78	144.88	141.65	81.20	Up
Total Margin	5.10%	8.95%	5.26%	0.39%	Up
Operating Margin	4.62	8.10	4.57	-7.02	Up
Debt Service Coverage	4.64	5.21	3.95	2.87	Up
Average Age of Plant (Years)	10.02	10.71	9.37	12.23	Up
Long Term Debt to Capitalization	46.43%	41.00%	39.14%	25.83%	Down

INTERIM FINANCIALS

The interim financials as of March 31, 2021 (9 months) shows a net gain of \$6.74 million compared to a budgeted net gain of \$3.48 million for the same period and an operating net of \$4.01 million which compares to a budgeted net of \$964,101 for the same period. As of March 31, 2021, Marcus Daly is showing \$26.53 million in cash which is a 47% increase from prior year.

Outpatient revenue is \$81.76 million compared to a budgeted \$72.40 million. This increase is due to additional volume and revenues for expanded surgery and other service lines.

FINANCIAL OBSERVATIONS

Overall, the Hospital is in solid financial health. It has been able to expand services and facilities aggressively without diminishing its debt position or draining its cash reserves.

Assets and Liabilities

- Cash and equivalents increased from \$8.2 million in FY 2019 to \$18.47 million in FY 2020. This increase is due to primary & specialty care growth and a transfer from investments to cash.
- Investments dropped from \$10 million in FY 2019 to \$7.4 million in FY 2020. There was a cash withdrawal from the investment funds to ensure there was cash on hand when COVID began. The funds have been since returned and reinvested. Overall, the Hospital saw a 40% increase in cash and investments in FY 2020 compared to FY 2019.

Revenues and Expenses

- Marcus Daly saw \$3.77 million in deferred revenue attributed from \$1.7 million in Medicare Advance Payments and \$2 million in Stimulus funds.
- Other operating revenue increased from \$3.65 million in FY 2019 to \$7.31 million in FY 2020. This is the amount for other operating revenue prior to audit recognizing stimulus. This method was later changed to follow the more defined guidance from HHS.

- Under operating expenses, salaries and benefits and other operating expenses grew by \$5.57 million from FY 2019 to FY 2020. This was because Marcus Daly added were several new services:
 - May 2019 – New Surgery Center
 - August 2019 – Urology
 - October 2019 – Dermatology
 - January 2020 – Pain Management
 - October 2020 – Gastroenterology

ANTICIPATED CHANGES DUE TO PROJECT

Marcus Daly Memorial Hospital hired Stroudwater Associates healthcare consulting firm during 2019 to determine the feasibility of expanding its medical facilities further north in the Bitterroot Valley. An analysis of the local population, future growth trends, and projected medical needs was completed. Marcus Daly believes that the Stevensville project will increase its primary care footprint, with expanded number of providers, imaging services and labs available at that location. The Hospital Project will provide improved efficiency in care delivery and include an expansion to provide Cancer Infusion Services.

PRO FORMA

Pro Forma	FY 2018	FY 2019	FY 2020	Pro Forma FY 2019	Pro Forma FY 2020
Revenues Minus Expenditures	3,416,184	6,675,669	4,196,318	6,675,669	4,196,318
Add Depreciation/Amortization	4,020,778	4,025,813	5,042,337	4,025,813	5,042,337
Interest Expense	784,475	858,676	1,299,292	858,676	1,299,292
Available for Debt Service	8,221,437	11,560,158	10,537,947	11,560,158	10,537,947
Existing Debt Service	1,362,270	1,366,242	1,513,207	1,143,118	1,143,118
Debt Service on New Money	N/A	N/A	N/A	2,831,000	2,831,000
Total Debt Service	1,362,270	1,366,242	1,513,207	3,974,118	3,974,118
Debt Service Ratio Calculation	6.04	8.46	6.96	2.91	2.65

OUTSTANDING DEBT

Lender	Original Issue	Interest Rate	Outstanding 2/28/2021
Trail West*	\$ 1,455,831	3.92%	\$ 1,291,456
Farmers State Bank *	\$ 2,505,860	3.65%	\$ 2,068,357
Farmers State Bank *	\$ 5,300,000	3.65%	\$ 3,993,237
Trail West *	\$ 1,500,000	3.31%	\$ 1,405,293
Facilities Revenue Bond, Series 2017 *	\$ 9,505,000	4.29%	\$ 8,225,000
Master Loan Program, Series 2017 C	\$ 15,000,000	3.74%	\$ 13,350,000
Trust Fund Loan 2019	\$ 1,500,000	3.31%	\$ 1,424,112
Totals	\$ 36,766,691		\$31,757,455

* Being refunded in Series 2021B bonds

FINANCE TEAM MEMBERS

Finance Team Member	Firm	Primary
Disclosure Counsel	Dorsey & Whitney LLP	Erin McCrady
Underwriter	D.A. Davidson	Kreg Jones

STRENGTHS

- The Hospital has been able to undergo a number of expansion and renovation projects without depleting cash reserves or diminishing debt service coverage.
- The Hospital has very strong key ratios and an impressive debt service coverage ratio.
- The Hospital is a respected member of the community and is served by a strong, experienced leadership team.
- Positive economic outlook for its expansion projects.

WEAKNESSES

- Political and market uncertainty for hospitals, especially Critical Access Hospitals.
- The Hospital has added a significant amount of debt in the past few fiscal years.

RECOMMENDATION

Approval of the financing is recommended based upon the Hospital's proven ability to meet debt service and cash reserves amidst large expansions and COVID.

CERTIFICATE AS TO RESOLUTION

I, the undersigned, being the duly qualified and acting recording officer of the Montana Facility Finance Authority (the “Authority”), hereby certify that the attached resolution is a true copy of Resolution No. 21-03, entitled: “RESOLUTION RELATING TO A PROJECT AND REFUNDING AND REFINANCING ON BEHALF OF MARCUS DALY MEMORIAL HOSPITAL; GRANTING APPROVAL FOR THE SALE AND ISSUANCE OF REVENUE AND REFUNDING BONDS THEREFOR, INCLUDING MASTER LOAN PROGRAM BONDS; AND AUTHORIZING EXECUTION OF DOCUMENTS WITH RESPECT THERETO” (the “Resolution”), on file in the original records of the Authority in my legal custody; that the Resolution was duly adopted by the Authority at a meeting on May 18, 2021, and that the meeting was duly held by the Authority and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

WITNESS my hand officially as such recording officer this ____ day of _____, 2021.

Adam Gill
Executive Director

RESOLUTION NO. 21-03

RESOLUTION RELATING TO A PROJECT AND REFUNDING AND REFINANCING ON BEHALF OF MARCUS DALY MEMORIAL HOSPITAL; GRANTING APPROVAL FOR THE SALE AND ISSUANCE OF REVENUE AND REFUNDING BONDS THEREFOR, INCLUDING MASTER LOAN PROGRAM BONDS; AND AUTHORIZING EXECUTION OF DOCUMENTS WITH RESPECT THERETO

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

Section 1. Recitals.

1.01. The Authority is authorized by the Montana Health Facility Authority Act, Montana Code Annotated, Title 90, Chapter 7, Parts 1, 2 and 3, as amended (the “Act”), to issue and sell its revenue bonds and loan the proceeds thereof to one or more participating institutions (as defined in the Act) to finance, refinance or provide reimbursement for eligible costs of constructing, acquiring and equipping eligible facilities (as defined in the Act) and to enter into agreements regarding the eligible facilities being financed or refinanced by the revenue bonds for, among other things, considerations sufficient, in the judgment of the Authority, to pay the principal of and interest on the revenue bonds when due. The Authority is required to secure the bonds by pledging the revenues received from the participating institutions and the bonds may be secured by mortgages, assignments and other security devices deemed advantageous by the Authority. The Authority may also secure the bonds pursuant to an indenture of trust between the Authority and a corporate trustee.

1.02. The Authority has developed its Master Loan Program (the “Program”) pursuant to which the Authority is authorized to issue and sell its revenue bonds and loan proceeds thereof to participating institutions to finance, refinance or provide reimbursement for eligible costs of constructing, acquiring and equipping eligible health facilities. Sections 90-7-317 through 90-7-320 of the Act establish a capital reserve account in an enterprise fund credited to the Authority (the “Capital Reserve Account”), which the Authority may pledge, in whole or in part, as security for the payment of bonds issued under the Program and authorize the Board of Investments of the State of Montana (the “Board of Investments”) to loan money to the Authority for deposit in the Capital Reserve Account. Bonds heretofore issued under the Program are secured by the Capital Reserve Account.

1.03. Marcus Daly Memorial Hospital Corporation, a Montana nonprofit corporation (the “Borrower”), owns and operates certain hospital and health care facilities (the “Facilities”), including an acute care hospital located at 1200 Westwood Drive, Hamilton, Montana (the “Hospital”). The Borrower has requested that the Authority issue its revenue and refunding bonds, in one or more series (the “Series 2021 Bonds”), in a maximum aggregate principal amount not to exceed \$37,000,000, and loan the proceeds thereof to the Borrower to be used for the following purposes:

(a) to finance or reimburse the Borrower for all or a portion of the costs of (i) design, engineering, construction, and equipping of improvements to the Hospital consisting of a 14,000 square foot addition to the Hospital, including new endoscopy suites, procedure suites, information technology space, conference center, infusion and cancer service areas, a new main entrance, and other related improvements; (ii) design, engineering, construction, and equipping of a new 6,000 square foot medical clinic in Darby, Montana; (iii) design, engineering, construction, and equipping of a new 20,000 square foot primary and urgent care facility in Stevensville, Montana; (iv) acquisition, design, engineering, and renovation of a building in Hamilton, Montana to be used for ophthalmology services; and (v) design, engineering, construction, and renovation of an existing building on the Hospital campus to be used for orthopedics and sports services (collectively, the “Project”);

(b) to refund the Authority’s Health Care Facilities Revenue and Refunding Bonds (Marcus Daly Memorial Hospital Corporation Project), Series 2017 (the “Refunding”);

(c) to refinance outstanding loans of the Borrower, which loans originally financed or refinanced certain improvements to the Hospital campus (the “Refinancing”);

(d) to make deposits to debt service reserve funds for the Series 2021 Bonds;
and

(e) to pay expenses incurred in connection with the issuance of the Series 2021 Bonds and the refunding and refinancing.

The Borrower has requested that up to \$10,000,000 aggregate principal amount of the Series 2021 Bonds be issued under and pursuant to the Program (the “Program Bonds”). The Authority hereby requests that the Board of Investments make a loan to the Authority, the proceeds of which will be deposited in a subaccount in the Capital Reserve Account and used to secure the Program Bonds upon the terms and conditions contained in the Board of Investments Agreement (as hereinafter defined).

The purposes of the Refunding and Refinancing are to achieve debt service savings and provide for level debt service on such indebtedness.

Costs of the Project and the Refunding and Refinancing in excess of the proceeds of the Series 2021 Bonds shall be paid by the Borrower with cash on hand and contributions from a capital campaign of the Marcus Daly Hospital Foundation.

Section 2. Determinations and Approvals.

2.01. The Authority hereby determines that the issuance of its Series 2021 Bonds is in the best interests of the State of Montana (the “State”) and authorizes its staff, together with Dorsey & Whitney LLP, as bond counsel to the Authority (“Bond Counsel”), to prepare documents necessary to issue the Series 2021 Bonds and loan the proceeds thereof to the Borrower. The Authority hereby approves the issuance of the Series 2021 Bonds in a maximum aggregate principal amount not to exceed \$37,000,000 for the purposes set forth in Section 1.03

hereof. Up to \$10,000,000 aggregate principal amount of the Series 2021 Bonds may be issued under and pursuant to the Program. The Series 2021 Bonds shall be special, limited obligations of the Authority payable solely from and secured by the payments required to be made by the Borrower (except to the extent payable from the proceeds of the Series 2021 Bonds and, with respect to the Program Bonds, from the Capital Reserve Account) and will not constitute or give rise to a pecuniary liability of the Authority or a charge against the general credit or taxing powers of the State.

The Series 2021 Bonds may be sold to one or more underwriters in public offerings and/or one or more financial institutions in private placement transactions (each, a “Purchaser”), each such Purchaser to be selected by the Authority and the Borrower. The Series 2021 Bonds will be sold pursuant to one or more Bond Purchase Agreements among the Authority, the Borrower and the applicable Purchaser (each, a “Bond Purchase Agreement”).

2.02. The Authority hereby authorizes and directs any one or more of the Executive Director, the Chair or the other members of the Authority to negotiate the sale of the Series 2021 Bonds to the applicable Purchasers. The Series 2021 Bonds shall be in the principal amounts, mature on such dates, bear interest at such rates, be subject to redemption, bear such dates, and be sold at such purchase prices as are set forth in the applicable Bond Purchase Agreement; provided that:

(a) the aggregate principal amount of the Series 2021 Bonds shall not exceed \$27,000,000 (exclusive of any original issue premium or discount thereon), and up to \$10,000,000 aggregate principal amount of the Series 2021 Bonds may be issued under and pursuant to the Program;

(b) the final maturity of each series of Series 2021 Bonds shall not exceed 31 years from the date of issuance thereof; and

(c) the true interest cost for each series of the Series 2021 Bonds shall not exceed 4.25% per annum; provided, however, that the true interest cost for Program Bonds shall not exceed 3.50% per annum.

Section 3. General.

3.01. If Series 2021 Bonds (other than Program Bonds) are issued and sold, the Authority will enter into various agreements, including but not limited to a bond indenture of trust (the “Bond Indenture”) or similar agreement with a trustee (the “Bond Trustee”) providing for the issuance of the applicable Series 2021 Bonds, and a loan agreement or similar agreement with the Borrower satisfying the requirements of the Act (the “Loan Agreement”).

3.02. If Program Bonds are issued and sold, the following documents will be prepared and entered into (collectively, the “Program Documents”):

(a) Amendment to Capital Reserve Account Agreement, amending and supplementing the Capital Reserve Account Agreement, dated as of October 1, 1994 as heretofore amended and supplemented (as so amended and supplemented, the “Board of

Investments Agreement”) to be entered into by the Authority and the Board of Investments;

(b) Loan Agreement (the “Program Loan Agreement”) to be entered into by the Authority and the Borrower;

(c) Supplemental Indenture of Trust (the “Supplemental Program Indenture”), amending and supplementing the Master Indenture of Trust, dated as of October 1, 1994 as heretofore amended and supplemented (as so amended and supplemented, the “Program Indenture”), to be entered into by the Authority and U.S. Bank National Association, as trustee (the “Program Trustee”);

(d) Combination Mortgage, Security Agreement and Fixture Financing Statement to be executed by Borrower in favor of the Program Trustee;

(e) Parity Agreement, by and among the Authority, the Borrower, the Bond Trustee and the Program Trustee, if required; and

(f) Promissory Note to be executed and delivered by the Authority to the Board of Investments pursuant to the Board of Investments Agreement.

3.03. The loan repayments or other amounts payable by the Borrower to the Authority under the Loan Agreement, the Program Loan Agreement and other agreements to be entered into in connection with the issuance of Series 2021 Bonds shall be sufficient, if paid timely and in full, to pay the principal of, premium, if any, and interest on the such Series 2021 Bonds as and when the same shall become due and payable. The Borrower shall make all such payments either directly or through the Authority of any and all costs incurred by the Authority in connection with the Series 2021 Bonds, whether or not they are issued.

3.04. In connection with any public offering of Series 2021 Bonds, the Authority staff is hereby authorized and directed to cooperate with the Borrower, the applicable Purchasers and each of their counsel in the preparation of a Preliminary Official Statement and a Final Official Statement to be distributed to prospective purchasers of such Series 2021 Bonds; provided, however, that the Authority takes no responsibility for, and makes no representations or warranties as to, the accuracy, completeness or sufficiency of the information in any Preliminary Official Statement or any Final Official Statement, except as to matters relating to the Authority. The Executive Director is authorized on behalf of the Authority to deem any Preliminary Official Statement near final as of its date, in accordance with Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 4. Commitment Conditional. The Authority retains the right in its sole and absolute discretion to withdraw from participation and accordingly not issue any or all of the Series 2021 Bonds (including Program Bonds) should the Authority at any time prior to the execution and delivery of the applicable Bond Purchase Agreement by the Authority determine that it is in the best interests of the Authority not to issue such Series 2021 Bonds (including Program Bonds) or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for the financing. In addition, the approval by the Authority of the issuance of the Program Bonds is subject to the approval by the

Board of Investments of the loan to the Authority with respect to the Program Bonds, as described in Section 1.03 hereof.

Section 5. Public Hearing. Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), requires that, prior to the issuance of the Series 2021 Bonds, the Authority shall hold a public hearing on the Project, the Refunding, the Refinancing and the issuance of the Series 2021 Bonds in connection therewith, following notice thereof. The Executive Director is authorized and directed to publish notice of the public hearing, to conduct that hearing at the time and place specified in the published notice and to provide minutes of that public hearing to the Borrower and to Bond Counsel.

Section 6. Approval of Governor. The Executive Director is authorized and directed to forward to the Governor a certified copy of this Resolution and the minutes of the public hearing referred to in Section 5 and to request on behalf of the Authority that he approve the issuance of the Series 2021 Bonds for the purposes contemplated by this Resolution as required by Section 147(f) of the Code.

Section 7. Findings. Based on such facts and circumstances as the Authority deems relevant, the Authority hereby finds, determines and declares as follows:

- (a) the Borrower is an “institution” and the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds comprise “eligible facilities” and “eligible health facilities” within the meaning of the Act;
- (b) the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds are authorized to be financed or refinanced thereby pursuant to the Act;
- (c) based solely on information provided and representations made by the Borrower, the loan of the proceeds of the Series 2021 Bonds to the Borrower will not exceed the total eligible costs of the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds, as determined by the Borrower;
- (d) the loan repayments or other amounts payable by the Borrower to the Authority under the Loan Agreement, the Program Loan Agreement and other agreements to be entered into in connection with the issuance of Series 2021 Bonds shall be sufficient, if paid timely and in full, to pay the principal of, premium, if any, and interest on the applicable Series 2021 Bonds as and when the same shall become due and payable, to maintain sufficient debt service reserve funds therefor, to meet all other obligations in connection with such agreement and to provide for costs of servicing and securing such Series 2021 Bonds and loan of the proceeds of such Series 2021 Bonds;
- (e) the Hospital, as improved by the improvements to the Facilities, will be operated by the Borrower for the purpose of fulfilling its obligation to provide health care facilities;
- (f) based solely upon information provided and representations made by the Borrower, the Borrower has sufficient experience and expertise to operate the Facilities

as improved by the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds;

(g) based solely upon information provided and representations made by the Borrower, the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds is financially feasible and the Borrower will have sufficient revenues to provide for the payment of the principal of and interest with respect to the Series 2021 Bonds as due;

(h) pursuant to the Bond Indenture, the loan repayments and certain other amounts payable under the Loan Agreement will be pledged to the repayment of the Series 2021 Bonds (exclusive of the Program Bonds);

(i) pursuant to the Supplemental Program Indenture, the payments to be made under the Program Loan Agreement and amounts payable under the Board of Investments Agreement are pledged to the payment of the Program Bonds;

(j) based solely on information provided and representations made by the Borrower, to the extent legally required, the construction of the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds has been reviewed and approved by the appropriate regional and State health planning boards and has received all approvals required by Montana Code Annotated, Title 50, Chapter 3, Part 3, as amended; and

(k) based solely on information provided and representations made by the Borrower, including the reports or surveys on file with the Borrower by the Department of Public Health and Human Services and the Occupational Safety and Health Agency, the construction of the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds does not significantly affect the quality of the human environment, within the meaning of Montana Code Annotated, Section 75-1-201(1)(b)(iii).

Section 8. Execution of Documents and Series 2021 Bonds.

8.01. The Executive Director or any one or more of the other officers of the Authority are hereby authorized and directed to execute Bond Purchase Agreements, the Bond Indenture, the Loan Agreement, the Program Documents and such other agreements and documents to be executed by the Authority in connection with the issuance of the Series 2021 Bonds, in the name and on behalf of the Authority, and in such form as is approved by the officer or officers executing the same, which approval shall be conclusively presumed by the execution thereof.

8.02. The Chair and the Executive Director, or any one or more of the other members of the Authority, are hereby authorized to prepare and execute (i) Series 2021 Bonds (exclusive of the Program Bonds) as prescribed in the applicable Bond Indenture and deliver such Series 2021 Bonds to the Bond Trustee, together with a certified copy of this resolution and the other documents required by such Bond Indenture and the applicable Bond Purchase Agreement for authentication of such Series 2021 Bonds by the Bond Trustee and delivery by the Bond Trustee of such Series 2021 Bonds to the applicable Purchaser; and (ii) Program Bonds as prescribed in

the Supplemental Program Indenture and deliver such Program Bonds to the Program Trustee, together with a certified copy of this resolution and the other documents required by the Supplemental Program Indenture and the applicable Bond Purchase Agreement for authentication of such Program Bonds by the Program Trustee and delivery by the Program Trustee of such Program Bonds to the applicable Purchaser.

8.03. The Executive Director or any one or more of the other officers of the Authority, are authorized and directed to prepare and furnish to the applicable Purchasers and Bond Counsel, when Series 2021 Bonds are issued, certified copies of all applicable proceedings and records of the Authority relating to such Series 2021 Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of such Series 2021 Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them, or as may be necessary or desirable to accomplish the issuance and sale of such Series 2021 Bonds, and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, shall constitute representations of the Authority as to the truth of all statements of fact contained therein.

Section 9. Limited Liability of Authority and State. The Series 2021 Bonds and the Authority's obligations under the Bond Purchase Agreements, the Bond Indenture, the Loan Agreement, the Program Documents and all other financing and security documents and agreements executed in connection with the issuance of the Series 2021 Bonds shall be special, limited obligations of the Authority payable solely from and secured by the payments required to be made by the Borrower (except to the extent payable from the proceeds of the Series 2021 Bonds and, with respect to Program Bonds, from the Capital Reserve Account) and will not constitute or give rise to a pecuniary liability of the Authority or a charge against the general credit or taxing powers of the State of Montana.

Section 10. Authority Fees. As authorized by Section 90-7-211 of the Act, the Authority may assess the Borrower for certain initial planning service fees and annual planning service fees. The initial planning service fee and annual planning service fee to be assessed against the Borrower with respect to the Series 2021 Bonds shall be in accordance with the Authority's fee schedules, which may amended from time to time. Assuming \$37,000,000 aggregate principal amount of Series 2021 Bonds are issued, the estimated initial planning service fee for the Series 2021 Bonds is \$46,250. The estimated annual planning service fee for the Series 2021 Bonds (excluding the Program Bonds) is 5 basis points (0.05%), unless and until changed by the Authority. The estimated annual planning service fee for the Program Bonds is 10 basis points (0.10%), unless and until changed by the Authority. No holder of the Series 2021 Bonds or any other bonds of the Authority outstanding from time to time shall have any interest in such funds or any right, by contract or otherwise, to direct the application of such funds to the payment or security of such bonds.

Section 11. Repealer. All other resolutions of the Board, or parts thereof, inconsistent herewith are hereby repealed only to the extent of such inconsistency. This repealer shall not be construed as reviving any resolution or part thereof.

PASSED AND APPROVED BY THE MONTANA FACILITY FINANCE
AUTHORITY this 18th day of May, 2021.

Vu Pham
Chair

**St. Peter's Health
Helena, Montana
Stand Alone Private Placement
Loan Summary**

ELIGIBLE HEALTH FACILITY

St. Peter's Health ("SPH" or "Hospital") operates a private, general acute care, community hospital facility located in Helena, Montana. The hospital is licensed to operate 99 medical-surgical, obstetrical and intensive/cardiac care beds, 24 behavioral health beds and 14 neonatal bassinets. The consolidated financial statements include the accounts of St. Peter's Health, St. Peter's Foundation, and Peak Health Helena, LLC, a 65 percent owned affiliate. A Montana not-profit organization, St. Peter's is recognized as a tax-exempt entity under section 501(c)(3) of the Internal Revenue Code.

PROJECT AND COST

The Authority received a financing request from St. Peter's Health. The tax-exempt bond issue will be structured as a \$23 million Stand Alone private issuance and the proceeds will be used to transition to EPIC, a new electronic health record system. The upgrade will replace the current system. The upgrade will help improve efficiency and contain costs related to record retention.

SOURCES AND USES

Sources:	
Bond Issue	\$ 23,000,000
Borrower's Equity	\$ 1,360,000
Total	\$ 24,360,000
Uses:	
Software and Implementation	\$ 24,130,000
Estimated Cost of Issuance	\$ 230,000
Total	\$ 24,360,000

PROGRAM Stand Alone Private Placement

LOAN TERM 10 years

INTEREST RATE TBD

CLOSING DATE Summer 2021

MATURITY DATE Est. 2031

SECURITY The Series 2021 transaction will be secured by the Hospital's rights and interests in the EPIC electronic medical record system including software and licensing fees, IT hardware, and network servers.

INVESTOR LETTER

Bank of America is considered a “sophisticated investor” and will conduct its own due diligence on St. Peter’s Health and make its own internal analysis of St. Peter’s Health’s ability to repay the debt.

MARKET/COMPETITION

The Hospital is a sole community provider with a primary service area encompassing the southern portion of Lewis and Clark County and the northern portion of Jefferson County. Lewis and Clark County is considered a secondary market for hospitals in Butte, Great Falls, Bozeman, Kalispell, and Billings. For other specialized services not provided at the Hospital, patients may go to Great Falls, Missoula, or Billings.

MANAGEMENT

Wade Johnson, Chief Executive Officer – Mr. Johnson joined St. Peter’s Health in 2017 as the Chief Executive Officer. Wade has over 20 years of healthcare leadership experience. During his career, Wade has served as the CEO for two different hospitals in Idaho and a health system in New England. In addition, Mr. Johnson has held various leadership and board positions for state healthcare associations and professional organizations. He received his bachelor’s degree in Psychology from Eastern Washington University, a Master of Science degree from the UNT Health Science Center Graduate School of Biomedical Sciences, and Master of Business Administration from Gonzaga University. Mr. Johnson is a fellow of the American College of Healthcare Executives and is a certified Six Sigma Change Facilitator.

Nathan Coburn, Chief Financial Officer – Mr. Coburn joined St. Peter’s Health in 2018 as the Chief Financial Officer. Nathan has over 20 years of professional financial experience as an auditor, controller and has been in a CFO role for the last decade. Nathan earned a BBA in Accounting and a Master’s of Science Degree in Accountancy from Boise State University, is a certified public accountant, and is a Fellow of the Healthcare Financial Management Association.

Dr. Shelly Harkins, Chief Medical Officer – Dr. Harkins serves as the Chief Medical Officer and President of the Regional Medical Center at St. Peter’s Health in Helena. Dr. Harkins is an experienced physician executive with more than 20 years of healthcare experience in hospitals, medical groups, and health systems. Prior to joining the St. Peter’s Health team, Dr. Harkins served as System Chief Medical Officer at Beacon Health System in South Bend, Indiana and as Chief Medical Officer at St. Elizabeth’s Hospital in Belleville, Illinois. Dr. Harkins began her healthcare career as an Active Duty US Air Force Attending Physician. She spent the majority of her clinical career as a Hospitalist and was the founder and Chief Hospitalist of the St. Elizabeth’s Hospital Program.

Dr. Harkins holds a Doctor of Medicine from East Carolina University’s Brody School of Medicine in Greenville, North Carolina and completed her internship and residency in Family Medicine there as well. She earned a Master of Healthcare Administration from Saint Louis University in St. Louis, Missouri, and holds a Bachelor’s from North Carolina State University in Raleigh, NC. Dr. Harkins is boarded in both Family Medicine and Hospice and Palliative Care Medicine, and is a certified Wound Care Specialist.

Dr. Todd Wampler, President of the St. Peter's Health Medical Group – Helena native Dr. Wampler is a Capital High graduate who earned an undergraduate degree at Carroll College, and obtained his medical degree at the University of Michigan. He completed a Family Medicine residency including a Chief Resident year at Poudre Valley Hospital in Fort Collins, Colorado. He then served four years in the Air Force at Buckley Air Force Base, where he was Chief of the Medical Staff.

Dr. Wampler then returned home to Helena, and joined St. Peter's Health. While pursuing his passion for patient care, he developed another—for physician leadership. So, while practicing primary care he took on gradually expanding leadership roles within the system, and obtained his Masters of Medical Management degree at the University of Southern California. In June 2020, after 18 years of full-time primary care practice, Dr. Wampler began his role as President of the St. Peter's Health Medical Group.

GOVERNANCE

St. Peter's Health is governed by an 11-person board including: 9-persons representative of the community, the Chief of the Medical Staff of St. Peter's Health as a voting Director, and the Chair of the St. Peter's Health Foundation's Board of Trustees as a voting Director. The Corporation's Chief Executive Officer shall be a non-voting Director.

COVID-19 RESPONSE

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 stay-in-place orders across the country. The immediate financial impact on hospitals has been significant. Although Montana has not had a large number of COVID-19 patients at this time, hospitals have been forced to suspend non-essential services, such as elective surgeries, physical therapy, wellness programs, etc. This suspension has led to immediate revenue generation problems for healthcare organizations.

St. Peter's Health adapted in many ways to meet the challenge of the Covid-19 pandemic. Alternate testing sites were created to safely administer COVID-19 tests, tele-visits were embraced by providers and patients, screening areas were created at each entrance to keep patients and providers safe, SPH staff administered vaccines at the Regional Medical Center and mass community vaccine clinics, and supply chain employees used 3D printers to create thousands of modular masks and surgical mask stays.

The Hospital's financial returns in FY 2020 were significantly impacted by the COVID-19 pandemic. All elective procedures were halted on March 16th and slowly restarted on June 1st. Gross patient revenue was 6% below budget in March and 32% below budget in May which is the end of SPH's fiscal year. \$300,000 per month in additional expenses were incurred to staff testing sites, supply additional PPE, staff screening points and pay for additional coverage. SPH received \$12,488,000 in Cares Act Provider Relief funds and \$25,114,000 in Medicare Accelerated Payments. Only \$2,837,596 of the Provider Relief Funds tied to direct COVID-19 expenses were recognized in FY 2020, and the balance related to lost revenue and additional expenses is projected to be recognized in FY 2021.

Financial returns in FY 2021 benefitted from Provider Relief Funds that had not been recognized in FY 2020. Additional expenses directly tied to COVID-19 continued through the year averaging

\$300,000 per month. FY 2021 revenues and volumes recovered strongly in the summer but were tempered by lower than expected volumes in February, March, and April due to a very weak flu season.

COVID-19 highlighted the need for better agility so SPH replaced traditional budgeting with dynamic planning to be more agile and react quicker to future challenges. Dynamic planning combines frequent forecasts and reforecasts with an emphasis on continual improvement against historical benchmarks.

FY 2022 volumes are forecasted to return to normal. Leading indicators from the clinics, urgent care locations and the Emergency department show higher usage through the last quarter of FY 2021. COVID-19 related expenses decreased in April and May and are projected to be 70% lower in FY 2022.

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HISTORICAL FINANCIALS

Audited Financials as of 5/31	2018	2019	2020
<u>Assets</u>			
Cash & Cash Equivalents	23,106,474	25,456,631	52,985,983
Receivables	29,183,719	29,707,718	26,477,453
Other Receivables	2,296,218	3,679,824	2,135,197
Inventory	4,887,394	5,460,341	6,711,286
Assets Whose Use is Limited	4,385,927	4,318,482	4,229,259
All Other Current Assets	3,256,610	3,395,844	2,433,334
Total Current Assets	\$ 67,116,342	\$ 72,018,840	\$ 94,972,512
Fixed Assets	222,203,758	232,013,781	252,188,154
Accumulated Depreciation	113,133,276	121,419,900	127,633,843
Fixed Assets (net)	109,070,482	110,593,881	124,554,311
Board Designated Funds	65,650,324	66,849,774	71,128,417
Assets Held in Trust	3,610,915	-	-
Other Assets	101,415,216	110,652,653	124,260,936
Total Assets	\$ 346,863,279	\$ 360,115,148	\$ 414,916,176
<u>Liabilities</u>			
Accounts Payable & Accrued Expenses	27,650,790	27,141,367	32,337,682
Current Portion of Long-Term Debt	3,476,318	3,579,544	4,128,109
Other Current Liabilities	249,708	3,790,173	14,656,766
Total Current Liabilities	\$ 31,376,816	\$ 34,511,084	\$ 51,122,557
Long-Term Debt	26,114,518	22,585,273	20,349,074
Other Long-Term Liabilities	24,626,481	26,314,824	63,201,113
Unrestricted Fund Balance	247,460,134	259,056,689	261,055,510
Restricted Fund Balance	17,285,330	17,647,278	19,187,922
Fund Balance	264,745,464	276,703,967	280,243,432
Total Liabilities & Fund Balance	\$ 347,112,987	\$ 363,905,321	\$ 429,572,942
<u>Revenue and Expense</u>			
Net Patient Service Revenue	215,094,283	230,892,226	237,485,116
Other Operating Revenue	7,503,962	7,689,380	13,811,589
Total Operating Revenue	222,598,245	238,581,606	251,296,705
Interest	816,887	715,073	724,014
Depreciation & Amortization	11,052,434	11,116,927	12,112,595
Other Operating Expenses	205,304,983	216,808,671	238,129,970
Total Operating Expenses	\$ 217,174,304	\$ 228,640,671	\$ 250,966,579
Income from Operations	\$ 5,423,941	\$ 9,940,935	\$ 330,126
Non-Operating Revenue	12,798,360	5,484,541	14,525,246
Excess of Revenue Over Expenses	\$ 18,222,301	\$ 15,425,476	\$ 14,855,372

KEY RATIOS

Key Ratios	Moody's A FY 2019			
	2018	2019	2020	Median Ratios
Days Cash on Hand	157.17	154.89	189.66	252.6
Days in Accounts Receivable	49.52	46.96	40.69	44.5
Cushion Ratio (x)	20.21	22.02	28.84	27.2
Current Ratio (x)	2.14	2.09	1.86	1.5
Operating Margin	2.44%	4.17%	0.13%	1.1%
Excess Margin	7.74%	6.32%	5.59%	4.5%
Debt to Capitalization	9.55	8.02	7.23	32.2
Debt Service Coverage (x)	6.85	6.50	6.43	4.3
Average Age of Plant	10.24	10.92	10.54	11.9

FINANCIAL OBSERVATIONS

Interim Financials as of March 31, 2021

The Hospital is in great financial shape so far in FY 2021. The interim financials shows a net gain of \$19.48 million. During this period patient service revenue increased by about \$22 million in FY 2021 compared to FY 2020. This variance in gross revenue was caused by the beginning of COVID, a 3% price increase in 2021, and the addition of the anesthesia group.

Other operating revenue increased by \$12 million in FY 2021 compared to FY 2020. Other Operating Revenue Included COVID Stimulus funds, \$4.5 million recognized through March 2021, and additional growth in 340B contract pharmacy revenue. Non-operating revenue increased by \$6 million in FY 2021 compared to FY 2020. This increase was caused by improved investment returns.

Assets and Liabilities

- Cash and cash equivalents increased from \$25.45 million in FY 2019 to \$52.98 million in FY 2020. This increase was due to SPH participating in the Medicare COVID-19 Accelerated and Advance Payments Program and received an advance payment of \$25,113,558.
- Fixed assets increased from \$222.20 million in FY 2018 to \$232.01 million in FY 2019 and \$252.18 million in FY 2020. The increases in Fixed Assets were caused by an increase in capital spending in FY19 and FY20. These increases were caused by a mix of new equipment and facility additions and renovations. Highlights of changes included the following.
 - Renovation of OR and expansion to six OR suites
 - Remodel and expansion of sterile processing department
 - DaVinci Surgical Robot Equipment
 - New Mixed Use Therapy Building – 7,000 Square Feet
 - New 3T MRI
 - New Ultrasound Equipment
 - New Pharmacy Space to comply with USP 797/800
 - New Administration Building

- Broadway Clinic expansion into shelled space
- New ERP and Data Analytics Implementations
- Other current liabilities went from \$3.79 million in FY 2019 to \$14.65 million in FY 2020. This increase incorporates a \$9.63 million refundable advance through the Provider Relief Funds.
- Other long term liabilities went from \$26.31 million in FY 2019 to \$63.20 million in FY 2020. This increase was caused by an increase in pension liabilities of \$12.6 million and the long term portion of the Medicare COVID-19 Accelerated and Advance Payment of \$25,113,558.
- Repayment of the \$25,113,558 received for Medicare COVID-19 Accelerated and Advance Payment began on 4/27/2021. 25% of Medicare remits will be held for the next 10 months then will climb to 50% for the next six months. \$52,920 has been repaid as of 5/7/21.

Revenues and Expenses

- Other operating revenue increased from \$7.68 million in FY 2019 to \$13.81 million in FY 2020. This increase was caused by an increase in 340B revenue associated with contract pharmacies and \$2.8 million in Provider Relief Funds associated with the CARES act.
- Under expenses and losses, the highest line item was Salaries which increased from \$100.84 million in FY 2019 to \$113.39 million in FY 2020. Salary increases were caused by annual increases and by clinical department expansions. Additional providers were added to the following services lines.
 - Orthopedics
 - Rheumatology
 - Urology
 - Primary Care
 - General Surgery
 - Psychiatry
 - Cardiology
 - Physical Therapy
 - Occupational Therapy
- Non-operating revenue changed from \$12.79 million in FY 2018 to \$5.48 million in FY 2019 and up to \$14.52 million in FY 2020. Non-Operating revenue fluctuations were caused by unrealized gains in each year. Investment in 2018, 2019, and 2020 respectively was \$9.9 million, \$3.0 million, and \$12.3 million.

UTILIZATION

Utilization Stats	FY2018	FY2019	FY2020
Patient Days	24,547	24,730	25,190
Avg. Length of Stay	4.52	4.27	4.43
Total Accute Discharges	5,427	5,797	5,684
Outpatient Visits	196,100	205,287	212,136
E.R. Visits	25,713	24,970	24,668
Clinic Visits	271,703	288,763	324,220
Average Daily Census	67.30	67.80	68.80

PAYOR MIX

Payor	FY2018	FY2019	FY2020
Medicare	45.9%	48.7%	49.1%
Medicaid	15.5%	14.2%	14.1%
Blue Cross	15.5%	14.5%	13.7%
Commercial	16.6%	16.8%	16.6%
Personal Pay	1.9%	1.6%	1.8%
Worker's Comp	0.8%	0.8%	0.6%
HMO	0.0%	0.0%	0.1%
Other	3.8%	3.3%	4.1%
Total	100%	100%	100%

*The “Other” column on the Payor Mix is for entities SPH bills that are not really considered insurances such as:

- Crime Victims
- Sheriff Department
- Dept. of Correction
- MT Cancer Screening program

ANTICIPATED FINANCIAL CHANGES DUE TO PROJECT

The new EPIC electronic healthcare record system is essential to improving the Hospital’s operations. The system provides numerous benefits to the Hospital including but not limited to: data interconnectivity with its various locations, cost avoidance including improved utilization management, improved documentation and efficiency, revenue cycle optimization which allows for decreased accounts receivable days and increased point of service cash collection, increased inpatient and outpatient operating efficiency, and self-scheduling for patients and seamless telemedicine visits.

PRO FORMA

Pro Forma	FY 2018	FY 2019	FY 2020	Pro Forma
Revenues Minus Expenditures	18,222,301	15,425,476	14,855,372	14,855,372
Add Depreciation/Amortization	11,052,434	11,116,927	12,112,595	12,112,595
Interest Expense	816,887	715,073	724,014	724,014
Available for Debt Service	30,091,622	27,257,476	27,691,981	27,691,981
Existing Debt Service	4,392,258	4,191,391	4,303,558	4,303,558
Debt Service on New Money	N/A	N/A	N/A	210,028
Total Debt Service	4,392,258	4,191,391	4,303,558	4,513,586
Debt Service Ratio Calculation	6.85	6.50	6.43	6.14

FINANCE TEAM MEMBERS

Finance Team Member	Firm	Primary
Authority Counsel	Jackson, Murdo, and Grant	Bob Murdo
Lessor	Bank of America	Pat Stampfel
Lessor Counsel		Susan Ariel
Escrow Agent	Bank of America	Erik Benson

OUTSTANDING/PAST MFFA LOANS

Outstanding MFFA Bonds/Loans				
Series	Original Issue	Outstanding 3/31/2021	Maturity	Project
2013 Stand Alone Issue	\$ 21,435,000	\$ 8,330,000	6/1/2024	Refunding of 2004 Issue used to construct the patient tower and other hospital renovations
2015 Stand Alone Issue	\$ 14,945,000	\$ 7,845,000	6/1/2025	Refunding of 2007 Issue used to construct a medical office building
Totals	\$ 36,380,000	\$ 16,175,000		

FOUNDATION

St. Peter's Health Foundation was established in 1978 to raise funds to support the operation of the Hospital. The Foundation's bylaws provide that all funds raised, except for funds required for operation of the Foundation, be distributed to or be held for the benefit of the Hospital. The Foundation's bylaws also provide the Hospital with the authority to direct its activities, management and policies. The Foundation's general funds, which represent the Foundation's unrestricted resources, are distributed to the Hospital in amounts and in periods determined by the Foundation's Board of Directors, who may also restrict the use of general funds for Hospital plant replacement or expansion funds. Specific-purpose funds and income from endowment funds of the Foundation are distributed to the Hospital as required to comply with the purpose specified by the donors.

STRENGTHS

- The Hospital is backed by the Foundation which has the sole purpose of supporting the Hospital.
- Excellent continuous financial performance.
- Excellent ratios and days cash on hand.

WEAKNESSES

- Difficult and unknown operating environment moving forward due to COVID-19.

RECOMMENDATION

Approval is recommended based upon the following considerations:

- Ability to maintain profitability amidst expansion.
- Excellent financial position throughout the Hospital's history.

CERTIFICATE AS TO RESOLUTION NO. 21-04

I, the undersigned, being the duly qualified and acting recording officer of the Montana Facilities Finance Authority (the "Authority"), hereby certify that the attached resolution is a true copy of Resolution No. 21-04, entitled: "RESOLUTION AUTHORIZING ST. PETER'S HEALTH TO FINANCE A NEW ELECTRONIC MEDICAL RECORD SYSTEM UNDER TITLE 90, CHAPTER 7, PARTS 1, 2, AND 3 MONTANA CODE ANNOTATED, AS AMENDED; APPROVING THE PROJECT AND THE TERMS AND CONDITIONS OF THE LOAN AND THE ISSUANCE OF THE NOTES AND THE EXECUTION OF DOCUMENTS RELATED THERETO." (the "Resolution"), on file in the original records of the Authority in my legal custody; that the Resolution was duly adopted by the Authority at a meeting on May 18, 2021, and that the meeting was duly held by the Authority and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

WITNESS my hand officially as such recording officer this 18th day of May, 2021.

Adam Gill
Executive Director

RESOLUTION NO. 21-04

RESOLUTION AUTHORIZING ST. PETER'S HEALTH TO FINANCE A NEW ELECTRONIC MEDICAL RECORD SYSTEM UNDER TITLE 90, CHAPTER 7, PARTS 1, 2, AND 3 MONTANA CODE ANNOTATED, AS AMENDED; APPROVING THE PROJECT AND THE TERMS AND CONDITIONS OF THE LOAN AND THE ISSUANCE OF THE NOTES 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, Parts 1, 2, and 3, Montana Code Annotated, as amended (hereinafter referred to as the "Act"), to issue revenue bonds or notes for the purpose of financing and refinancing the acquisition and installation of equipment for an eligible Facilities as defined in the Act, and to enter into agreements regarding the equipment being financed by the revenue bonds or notes for, among other things, consideration sufficient, in the judgment of the Authority, to pay the principal of and interest on the revenue bonds or notes when they become due.

1.02. St. Peter's Health ("Obligor") is a Montana nonprofit public benefit corporation organized for the purposes outlined in its articles of incorporation, as restated or amended, including the authority to provide health care services. Obligor is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

1.03. The Obligor owns and operates: an acute care hospital and related health care facilities located at the Obligor's main campus at 2475 Broadway in the City of Helena, Montana, an urgent care clinic at 3330 Ptarmigan Lane, Helena, Montana, a physical therapy and sports medicine clinic at 1280 North Montana Avenue, Helena, Montana, a physical therapy clinic located at 3439 Ptarmigan Lane, Helena, Montana, a primary care clinic located at 515 South Front Street, Townsend, Montana, and a plastic surgery and medical aesthetics clinic located at 27218 Colonial Drive, Suite 101, Helena, Montana (collectively the "Facilities").

1.04. The Obligor has presented a proposal to the Authority requesting the Authority assist the Obligor with the financing of the purchase, construction, equipping, installation, and development of a new EPIC electronic medical record system for use at the Facilities, including software, hardware and licensing (the "Project") and paying certain costs, expenses and incidentals by the Authority's issuance of its revenue note, entitled Montana Facility Finance Authority Banc of America Public Capital Corp Program Revenue Notes (St. Peter's Health Project) Series 2021 in the aggregate principal amount of up to \$23,000,000 (the "Notes"). To defray some or all of the costs of the Project, the Authority is authorized by the Act to issue its obligations and sell such obligations at public or private sale in such manner and at such time as

may be determined by this body to be most advantageous. Such obligations may be secured by such security devices that may be deemed advantageous to the purchasers of the obligations. Under the provisions of the Act, any obligation so issued by the Authority shall be a special limited obligation of the Authority and the obligations and interest thereon shall not constitute nor give rise to a pecuniary liability of the Authority or the State, or a charge against the State's general credit or taxing powers.

1.05. On May 18, 2021, after duly published notice, this Authority held a public hearing on the proposed financing of the Project.

1.06. The Authority has received an application from the Obligor to finance the Project and the Authority determines that the application is complete and, after the results of the public hearing, the Project is eligible for financing under the Act.

1.07. The following documents relating to the Project and the Notes have been prepared, which documents in proposed form are before this Authority at this meeting and shall be placed on file in the office of the Authority:

(a) A Master Financing Agreement dated as of _____, 2021 (with exhibits, schedule and attachments relating to the Project and the Obligor), among Banc of America Public Capital Corp, as Lender, the Montana Facilities Finance Authority, as Issuer, and St. Peter's Health as Obligor (the "Master Financing Agreement");

(b) Equipment Schedule No. 1 to the Master Financing Agreement dated as of _____, 2021 among the Lender, the Authority, and the Obligor (together with the Master Financing Agreement, the "Agreement");

(c) Form of the Notes;

(d) Form of an Escrow Agreement among the Lender, the Authority, Bank of America, National Association as Escrow Agent, dated as of _____, 2021;

(e) Form of the Tax Certificate and Agreement between the Obligor and the Authority to be dated as of the date of closing; and

(f) A Closing Document List.

Section 2. Findings.

2.01. Based solely on the application and other representations and information provided by or on behalf of the Obligor, the Authority hereby finds, determines, and declares as follows:

(a) the Obligor is an eligible "institution" and the Project, consists of the acquisition and installation of "related equipment" for an "eligible Facilities" within the meaning of the Act;

(b) the loan to the Obligor pursuant to the Agreement will not exceed the total eligible costs of the Project as determined by the Obligor;

(c) pursuant to the Agreement, the loan repayment and amount payable under the Agreement is pledged to the repayment of the Notes and will be sufficient to pay the principal of, premium, if any, and interest on the Notes as due, to meet all other obligations in connection with the Agreement and to provide for costs of servicing and securing the Notes;

(d) the Project is to be operated by the Obligor for the purpose of providing an electronic health record system in the eligible Facilities;

(e) the Obligor has provided information and representations that the Project is financially feasible and the Obligor expects the Obligor will generate sufficient revenue to provide for the payment of the principal of and interest on the loan as due;

(f) the Project is not subject to approval under Montana Code Annotated, Title 50, Chapter 5, Part 3, as amended;

(g) the Project does not significantly affect the quality of the human environment, within the meaning of Section 75-1-201(1)(b)(iii), MCA;

(h) the issuance of the Notes will not exceed the Authority's aggregate issuance authority for the current biennium described in Section 90-7-302(1), MCA; and

(i) The foregoing findings and determinations are made pursuant to the Act and are not made for the benefit of, and may not be relied upon by the owners, from time to time, of the Notes.

Section 3. Approval and Authorizations.

3.01. The Project and the issuance of the Notes is hereby approved by the Authority, subject to the approval by the Governor of the state of Montana and subject also to such additions to the Notes or deletions therefrom as are approved by the officers executing the same.

3.02. The form of the Master Financing Agreement, the Equipment Schedule No. 1, the form of the Notes, the Escrow Agreement, and the Tax Agreement between the Authority and the obligor, filed with the Authority are approved. The Chairman or the Executive Director, or any one or more of such officers of the Authority are hereby authorized and directed, subject to the execution of the public approval certificate by the Governor of the State, to negotiate the sale of the Notes to the Lender and to negotiate these documents further to the satisfaction of the parties. The Notes shall be in the aggregate principal amount, mature on such date, bear interest at such rate per annum, be subject to redemption, bear such date, and be sold to the Lender at the principal amount thereof; provided that:

a) The total aggregate principal amount of the Notes shall not exceed \$23,000,000;

- b) The indicative annualized interest rate for the Notes shall not exceed _____%; and
- c) The final maturity of the Notes shall not be later than ten years from the date of issuance of the Notes.

3.03. In anticipation of the collection of revenues under the Agreement, the Authority shall proceed forthwith to issue the Notes, in the form and upon the terms provided by this Resolution. Principal of and interest on the Notes shall be payable monthly. The Notes shall be paid from the loan repayments collected under the Master Financing Agreement and is subject to prepayment on any payment date with a prepayment premium as provided in the Master Financing Agreement and Equipment Schedule 1. Principal of and interest on the Notes are payable by check or draft and mailed to the person in whose name the Notes are registered in the Note Register maintained by the Authority or its designee. The Chairman or the Executive Director are authorized and directed to (1) approve the final interest rate on the Notes, (2) prepare and execute the Notes and other documents as prescribed herein and in the Agreement, and (3) deliver the Notes to the entity whose name appears on the Notes and in the registration book of the Authority (the “Register”) as owner of the Notes (the “Registered Owner”).

3.04. The Authority, or its designee shall serve as Registrar (the “Registrar”) and shall keep, or cause to be kept, at its offices sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the Authority. The Obligor shall pay to the Authority and Registrar from time to time reasonable compensation for all services rendered under this Resolution, together with reasonable expenses, charges, fees of counsel, accountants and consultants and other disbursements, including those of its attorneys, agents and employees, incurred in good faith in and about the performance of their powers and duties under this Resolution. The Notes shall be transferable at the written request of the Registered Owner thereof or by its attorney duly authorized in writing, upon surrender thereof together with a written instrument of transfer. The Registrar will note the date of registration and the name and address of the new owner upon the Note Register and in the registration blanks appearing on the Notes. Alternatively, the Authority will, at the request and expense of the Registered Owner, issue a new Note in a principal amount equal to the principal balance of the Note to be replaced and of like tenor except as to number, principal amount and the number and amount of the installments payable thereunder, and registered in the name of such transferee as may be designated by the Registered Owner. The Registrar may deem and treat the person in whose name the Notes are last registered upon the Note Register, with such registration also noted on the Notes, as the absolute owner thereof, whether or not overdue, for the purpose of receiving payment of or on account of the principal balance, or interest and for all other purposes, and all such payments so made to the Registered Owner or upon its order shall be valid and effectual to satisfy and discharge the liability upon the Notes to the extent of the sum or sums so paid, and the Authority shall not be affected by any notice to the contrary.

3.05. The Authority has determined that the Lender is the purchaser of the Notes and is purchasing for its own account or for the account of a related entity 100% of whose common stock is owned directly or indirectly by the Lender or any of its affiliates and is knowledgeable in financial and business matters and capable of evaluating the merits and risks of the Notes and the

Authority is not required to deliver an official statement or provide continuing disclosure concerning the Notes.

3.06. The Chairman or Executive Director, or any one or more of such officers, are authorized and directed to prepare and furnish to the Obligor and purchaser, when the Notes are issued, certified copies of all proceedings and records of the Authority relating to the Notes, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality of the Notes as such facts appear from the books and records in the officers' custody and control or as otherwise known to them, or as may be necessary or desirable to accomplish the issuance and sale of the Notes, and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, shall constitute representations of the Authority as to the truth of all statements of fact contained therein.

Section 4. Limited Authority and State Liability.

4.01. The Notes and the Authority's obligations issued under the Agreement shall be special, limited obligations of the Authority and will not constitute or give rise to a pecuniary liability of the Authority or a charge against the general credit or taxing powers of the State of Montana.

Section 5. Application and Planning Fees.

5.01 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 15 basis points (0.15%) of the principal amount of the Notes. The annual planning service fee will be five basis points (0.05%) times the then outstanding principal amount of the Notes, unless and until changed by the Authority.

5.02 No holder of the Notes or any other outstanding obligations of the Authority shall have any interest in such fees or any right, by contract or otherwise, to direct the application of such fees to the payment or security of such obligations.

Passed and approved by the Authority this 18th day of May, 2021.

MONTANA FACILITY FINANCE AUTHORITY

ATTEST:

By: _____
Its: Chairman _____

By: _____
Its: Executive Director

**Community Hospital of Anaconda
Anaconda, Montana
Master Loan Program/Stand Alone Program
Loan Summary**

ELIGIBLE HEALTH FACILITY

Community Hospital of Anaconda (the “Hospital” or “CHA”), located in Anaconda, Montana, is a 25-bed critical access hospital (CAH) and a 62-bed nursing facility. The Hospital provides healthcare services to patients in the Deer Lodge County and Silver Bow County areas. Services provided include acute care hospital, long-term nursing care, emergency room, physicians’ clinics (family medicine, pediatrics, rheumatology, oncology/hematology, endocrinology, general surgery, urology, orthopedic & spine surgery), home health, hospice, and the related ancillary procedures (imaging, laboratory, etc.).

PROJECT AND COST

The tax-exempt bond issue will be private issuances structured as an approximately \$7.64 million Master Loan Program issuance and \$19.94 million Stand Alone Program issuance. The Stand Alone financings will refinance loans held by First Montana Bank and Rocky Mountain Bank, including a USDA Rural Development Guaranteed Loan.

The Hospital’s Infusion/Oncology Physician Clinic project is estimated to be \$6,920,000. The approximate total square footage for the Infusion / Oncology center is 16,654 square feet. The Infusion center specifically will be 4,031 square feet and will include four private rooms, an open area for patients to visit family and friends, a nurse’s station, utility rooms and work areas, and an open kitchen. A pharmacy will be 483 square feet and will include positive and negative mixing rooms and storage space. This space will also include atmospheric waiting rooms and physician offices, clinic exam rooms, and private offices. Architectural drawings are on the following page.

SOURCES AND USES

Sources:	Series 2021A	Series 2021B&C	
	MLP	Stand Alone	Total
Par Amount	7,640,000	18,370,000	26,010,000
Taxable Par Amount		1,570,000	1,570,000
Total Sources	7,640,000	19,940,000	27,580,000
Uses:			
Project Fund	6,920,000		6,920,000
Refunding of Prior Loans		19,609,810	19,609,810
Reserve Fund	481,125		481,125
Cost of Issuance	238,875	330,190	569,065
Total Uses	7,640,000	19,940,000	27,580,000

<u>PROGRAM</u>	Master Loan Program and Stand Alone Program Private Issuances
<u>LOAN TERM</u>	20 years
<u>INTEREST RATE</u>	TBD
<u>CLOSING DATE</u>	Estimate July 2021
<u>MATURITY DATE</u>	2041

SECURITY

Both series of bonds will be secured by respective trust indentures and mortgages on parity.

RATING

The Master Loan Program (the “Program”) is secured by a pledge by the Montana Board of Investments to replenish the reserve fund if it is drawn upon. The Board of Investments received a rating of Aa2 from Moody’s in October 2020 and AA from Fitch in October 2020. The Stand Alone portion will not be rated.

MARKET/COMPETITION

The Hospital’s market share covers both Deer Lodge County and Silver Bow County. Deer Lodge County encompasses 741 square miles and includes the community of Anaconda while Silver Bow County is 719 square miles and includes Butte. The total population of the full-service area is approximately 44,055 people. CHA has clinics in Butte and serves chemo patients from eight separate counties. Market share is also derived from Granite and Powell counties.

The closest hospital to Community Hospital of Anaconda is St. James Healthcare in Butte, which is located approximately 24 miles away and Montana State Hospital which is a publicly operated psychiatric hospital in Warm Springs 10 miles away. The nearest Critical Access Hospitals are Powell County Memorial Hospital in Deer Lodge, which is 28 miles away and Granite County Medical Center in Philipsburg, which is 30 miles away.

MANAGEMENT

JoEllen Villa, Chief Executive Officer – Ms. Villa has served as Chief Executive Officer for Community Hospital of Anaconda since 2018. Ms. Villa is responsible for establishing a strategic financial plan and an organizational culture committed to cost reduction and responsible stewardship of resources. Ms. Villa is a registered nurse and has spent more than 40 years working for CHA in various capacities, including: Vice President of Quality and Regulatory Compliance, Vice President of Clinical Services, and Vice President of Nursing. She has a Bachelor of Science Nursing from Montana State University.

Margaret (Meg) Hickey-Boynton, Chief Financial Officer & Assistant C.E.O. – Ms. Hickey-Boynton has served as the Chief Financial Officer for Community Hospital of Anaconda since 2018 and is responsible for all functions related to financial operations of CHA including accounting, budgetary, audits, and regulatory compliance. Before becoming the CFO, she was the Vice President

of Human Resources from 2005 – 2018. Ms. Hickey-Boynton has a BS in Accounting and MBA from the University of Montana.

GOVERNANCE

Community Hospital of Anaconda's board of trustees is comprised of community members representing multiple facets of its community from the financial sector to small business owners to retirees and school district employees. The Chief Executive Officer and Chief of the Medical Staff are also members of the board.

COVID-19 RESPONSE

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 stay-in-place orders across the country. The immediate financial impact on hospitals has been significant. Although Montana has not had a large number of COVID-19 patients at this time, hospitals have been forced to suspend non-essential services, such as elective surgeries, physical therapy, wellness programs, etc. This suspension has led to immediate revenue generation problems for healthcare organizations.

Community Hospital of Anaconda received the notification of the need for a facility wide response to the COVID-19 pandemic on Friday, March 13, 2020. Admin facilitated a COVID response including establishing testing protocols, evaluating need for additional PPE, planning for clinic and Emergency Room response, as well as establishing communication with the Public Health Department.

CHA established a Staff Conservation Policy whereby employees could work from home if possible and/or be paid their regularly scheduled work hours if the department was on hold for services. With the assistance of Glacier Bank, CHA was able to secure an SBA PPP Loan in the amount of \$5.43 million. During March and April 2020, CHA experienced a greater than 40% drop in service utilization including outpatient services, elective surgeries, clinic visits and more. These funds allowed CHA to maintain payroll and benefits for its 400+ employees at the compensation levels they received prior to the onset of the virus, without resorting to furloughs or any other cost cutting strategies.

All non-essential testing, rehab and surgical procedures were put on hold until the facility could establish safety measure for providers, staff and patients. This included establishing a temporary COVID unit in the Post Anesthesia Care Unit, establishing a tent for patient evaluation and testing to reduce the potential of bringing the virus into the facility, creating viral screening areas in the clinic to keep patients separate, provide HEPA air filtration and adequate PPE; establish weekend coverage by the family practice providers to work the areas created for viral screening; provide a telehealth service for providers so that patients could continue to be cared for within the safety of their homes, provide entry screening for staff and patients, create visitor restriction protocols to further protect the public staff and patients, and keep employee census low until these precautions were in place so that services could reopen.

CHA has had a very robust vaccination service working in conjunction with public health and local pharmacies; nearly 70% of Anaconda Deer Lodge County residents have had at least one vaccination. This has kept incidences of infection and hospitalizations low in March and April of 2021 and CHA is functioning at pre-pandemic levels in most areas.

CHA continues to invest in equipment to improve its viral response. Negative air pressure rooms have been created on the medical surgical unit. Equipment for COVID testing has been expanded so that on-site capacity for testing is improved.

HISTORICAL FINANCIALS

Audited Financials as of 12/31	2018	2019	Unaudited 2020
<u>Assets</u>			
Cash & Cash Equivalents	\$10,920,978	\$14,949,992	\$26,472,787
Investments	10,411,351	10,430,205	12,852,176
Patient Recvbls (net) & Due from 3rd-Party Payors	10,746,001	13,746,733	13,061,314
Other Receivables	100,862	41,298	153,941
Inventory	1,799,263	1,781,876	2,222,708
All Other Current Assets	515,816	520,160	350,157
Total Current Assets	\$24,082,920	\$31,040,059	\$55,113,083
Fixed Assets	43,144,916	43,670,405	44,364,761
Accumulated Depreciation	21,254,520	22,822,554	24,385,634
Fixed Assets (net)	21,890,396	20,847,851	19,979,127
Assets Limited to Use	168,008	218,025	72,800
Other Assets	538,348	488,699	441,932
Total Assets	\$57,091,023	\$63,024,839	\$75,606,942
<u>Liabilities</u>			
Accounts Payable & Other Accrued Expenses	\$1,683,357	\$1,792,320	\$1,890,048
Current Portion of Long-Term Debt	645,489	681,067	682,190
Other Current Liabilities	7,391,930	7,780,987	19,532,911
Total Current Liabilities	\$9,720,776	\$10,254,374	\$22,105,149
Long-Term Debt (Less Current Portion)	20,340,658	19,676,970	19,330,232
Unrestricted Net Assets	27,029,589	33,093,495	34,171,561
Total Liabilities & Fund Balance	\$57,091,023	\$63,024,839	\$75,606,942
<u>Revenues and Expenses</u>			
Net Patient Service Revenue	\$66,933,165	\$73,075,210	\$75,350,754
Other Operating Revenue	548,710	502,806	412,958
Total Operating Revenue	67,481,875	73,578,016	75,763,712
Interest	1,042,896	1,009,989	990,009
Depreciation & Amortization	1,861,142	1,677,886	1,577,248
Other Operating Expenses	62,564,917	67,301,382	73,355,554
Total Operating Expenses	65,468,955	69,989,257	75,922,811
Operating Income	\$2,012,920	\$3,588,759	(\$159,099)
Nonoperating Revenue	(512,778)	2,475,147	1,237,327
Excess of Revenue Over Expenses	1,500,142	6,063,906	1,078,228

KEY RATIOS

According to the National Rural Health Resource Center, the performance and health of a Critical Access Hospital can be identified using six important financial indicators. The table below displays each of these 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	Unaudited FY 2020	2018 MT Median	Favorable Trend
Days in Accounts Receivable	58.60	68.66	63.67	58.29	Down
Days Cash on Hand	119.59	124.55	193.48	81.20	Up
Operating Margin	2.24%	7.97%	-0.21%	-7.02	Up
Debt Service Coverage	2.66	5.29	2.18	2.87	Down
Average Age of Plant (Years)	11.42	13.60	15.46	12.23	Down
Long Term Debt to Capitalization	42.94%	37.29%	36.13%	25.83%	Down

FINANCIAL OBSERVATIONS

Interim Financials as of March 31, 2021 (3 months)

The Hospital is having a strong FY 2021, despite the difficult operating environment caused by the COVID-19 Pandemic. The Hospital reports \$21.64 million in net patient service revenue compared to a budget of \$19.70 million. The Hospital is showing \$2.70 million in revenue over expenses to a budgeted \$4.75 million. The reason for the difference is the Hospital budgeted forgiveness of the PPP loan of \$5.43 million in March. Glacier Bank, who holds this loan, has stated that the SBA is generally taking longer than 90 days to process forgiveness of loans over \$1 million.

Inpatient revenue is under budget by \$2.42 million while outpatient revenue is over budget by \$5.49 million. The Hospital is seeing more inpatient surgical procedures that are transitioning to outpatient procedures due to COVID. Insurers are also steering services to the outpatient side while some patients are postponing surgical procedures until the pandemic is better under control.

Assets and Liabilities

- Cash and cash equivalents increased from \$14.94 million in FY 2019 to \$26.47 million in Unaudited FY 2020. Cash increased due to the receipt of Paycheck Protection funds in the amount of \$5.43 million and US HHS Stimulus Funding in the amount of \$6.15 million.
- Other current liabilities went from \$673,189 in FY 2019 to \$12.11 million in FY 2020. This increase is also due to the PPP funds and Stimulus funding being recorded as liabilities pending forgiveness.
- Salaries, wages, and benefits increased by \$1.7 million between FY 2019 and FY 2020. This Increase is due to additional staffing due to COVID (extra nursing; door attendants; housekeeping and viral screening clinic, etc). In addition, staff received an average salary increase of 3%.

Revenues and Expenses

- Net patient receivables increased from \$66.93 million in FY 2018 to \$73.07 million in FY 2019. Oncology revenues increased 36% (\$4.9 million) from 2018 to 2019. Outpatient surgical and implant revenue increased \$1.3 million over 2018.

- Operating margin decreased from 7.97% in FY 2019 to (.21%) in Unaudited FY 2020. This decrease in operating margin is due to decreased volumes and increased supply costs due to COVID, an increase in operating costs mainly associated with salaries, wages, and employee benefits increasing in the year.
- The majority of nonoperating revenue is net investment income. Investment income increased from (\$591,703) in FY 2018 to \$2.24 million in FY 2019. This change was due strictly to market performance. In 2019, the Dow increased approximately 23% over 2018.
- Pharmacy revenues increased from \$22.73 million in FY 2018 to \$27.71 million in FY 2019. Total pharmacy revenue includes oncology medication which is the reason for the increase.

UTILIZATION

Hospital	2018	2019	2020
Inpatient Admissions	1,133	1,009	868
Swing Beds	192	207	170
ER	5,748	5,762	3,571
Convenient Care	4,555	4,849	4,524
Observaton Admissions	312	333	242
Inpatient Surgical	321	317	311
Outpatient Surgical	2,239	2,240	1,649
Total Outpatient Encounters	810,411	747,948	685,851

Nursing Home / Home Options	2019	2020
Admissions	25	16
Patient Days	9,494	6,713
Hospice Visits	2,507	3,804
Home Health Visits	2,523	2,713

Clinic	2018	2019	2020
Pinter Family Medicine	25,107	27,695	25,960
Pinter Surgical Specialists	12,356	12,270	10,870
Anaconda Pediatrics	8,031	6,962	5,496
SW Montana Clinic Butte	8,699	10,598	10,261
Rheumatologist	1,394	1,344	1,367
Oncologist	2,356	2,395	1,950

PAYOR MIX

Payor Mix	FY 2018	FY 2019	FY 2020
Medicare	30%	30%	32%
Medicaid	12%	11%	9%
Commercial	36%	38%	35%
Self Pay	22%	21%	24%
Total	100%	100%	100%

ANTICIPATED CHANGES DUE TO PROJECT

The Hospital is budgeting to see an increase in Oncology Revenue of \$1.1 million for a total of \$22.9 million due to this project. In the past three years, the Oncology Services at CHA have increased 66%. When the new Oncology Clinic and Infusion Center is built the Hospital is projecting a 25% increase in revenue. Upon completion of the Oncology Clinic, the Hospital will immediately begin recruitment of a Fellowship trained Oncologist to join Dr. James Hueftle. The projection of the financial impact the first year with a second Oncologist will see a 30% increase in revenue. By year three the Hospital is projecting a 50% increase in revenue.

PRO FORMA

	FY 2018	FY 2019	Unaudited FY 2020	Pro Forma FY 2019	Pro Forma Unaudited FY 2020
Revenues Minus Expenditures	1,500,142	6,063,906	1,078,228	6,063,906	1,078,228
Add Depreciation/Amortization	1,861,142	1,677,886	1,577,248	1,677,886	1,577,248
Interest Expense	1,042,896	1,009,989	990,009	1,009,989	990,009
Available for Debt Service	4,404,180	8,751,781	3,645,485	8,751,781	3,645,485
Existing Debt Service	1,657,815	1,655,478	1,671,076		
Maximum Debt Service on New Money	N/A	N/A	N/A	1,825,000	1,825,000
Total Debt Service	1,657,815	1,655,478	1,671,076	1,825,000	1,825,000
Debt Service Ratio Calculation	2.66	5.29	2.18	4.80	2.00

COVID SUPPORT

Payor	Amount
US Department of Health and Human Services (HHS)	\$ 6,195,070.00
Paycheck Protection Program	5,431,100.00
SHIP Grant	76,652.00
Montana Health Research & Education Foundation	5,000.00
DPHHS Medicaid Nursing Facility Supplemental Payment	195,774.00
Total Support	\$11,903,596.00

CHA submitted its PPP forgiveness application in July 2020 with additional information requested by the SBA submitted in December 2020. Per Glacier Bank, SBA is behind schedule in approving the larger PPP loan forgiveness applications. CHA is finalizing its US HHS Stimulus accounting for FY 2020 and expects approximately \$3.95 million should be forgiven. CHA has until June 30, 2021 to account for the remaining funds. These calculations will be subject to audit by HHS. The Hospital did not receive any Advanced Medicare payments.

FINANCE TEAM MEMBERS

Finance Team Members	Firm	Primary
Bond Counsel	Dorsey & Whitney	Erin McCrady
Borrower's Representative		John Bartos
Placement Agent	Piper Sandler	John Henningsgard
Borrower's Counsel	Justin Cole	Garlington, Lohn & Robinson
Trustee	US Bank	Brandon Elzinga

STRENGTHS

- The Hospital is in excellent financial position even during COVID.
- Excellent liquidity and debt coverage ratios including over 190 days cash on hand.
- Refinancings will improve cash flows.
- COVID-related stimulus support provides CHA with more security and ability to pay debts.
- Management is expanding services to increase revenues.

WEAKNESSES

- Difficult and unknown operating environment moving forward due to COVID-19.
- Significant debt issuance.

RECOMMENDATION

Approval is recommended based upon the following considerations:

- Ability to maintain profitability amidst expansion and COVID.
- Strong financial position and experienced management.

CERTIFICATE AS TO RESOLUTION

I, the undersigned, being the duly qualified and acting recording officer of the Montana Facility Finance Authority (the “Authority”), hereby certify that the attached resolution is a true copy of Resolution No. 21-05, entitled: “RESOLUTION RELATING TO A PROJECT AND REFINANCING ON BEHALF OF COMMUNITY HOSPITAL OF ANACONDA; GRANTING APPROVAL FOR THE SALE AND ISSUANCE OF REVENUE AND REFUNDING BONDS THEREFOR, INCLUDING MASTER LOAN PROGRAM BONDS; AND AUTHORIZING EXECUTION OF DOCUMENTS WITH RESPECT THERETO” (the “Resolution”), on file in the original records of the Authority in my legal custody; that the Resolution was duly adopted by the Authority at a meeting on May 18, 2021, and that the meeting was duly held by the Authority and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

WITNESS my hand officially as such recording officer this ____ day of _____, 2021.

Adam Gill
Executive Director

RESOLUTION NO. 21-05

RESOLUTION RELATING TO A PROJECT AND
REFINANCING ON BEHALF OF COMMUNITY HOSPITAL
OF ANACONDA; GRANTING APPROVAL FOR THE SALE
AND ISSUANCE OF REVENUE AND REFUNDING BONDS
THEREFOR, INCLUDING MASTER LOAN PROGRAM
BONDS; AND AUTHORIZING EXECUTION OF
DOCUMENTS WITH RESPECT THERETO

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

Section 1. Recitals.

1.01. The Authority is authorized by the Montana Health Facility Authority Act, Montana Code Annotated, Title 90, Chapter 7, Parts 1, 2 and 3, as amended (the “Act”), to issue and sell its revenue bonds and loan the proceeds thereof to one or more participating institutions (as defined in the Act) to finance, refinance or provide reimbursement for eligible costs of constructing, acquiring and equipping eligible facilities (as defined in the Act) and to enter into agreements regarding the eligible facilities being financed or refinanced by the revenue bonds for, among other things, considerations sufficient, in the judgment of the Authority, to pay the principal of and interest on the revenue bonds when due. The Authority is required to secure the bonds by pledging the revenues received from the participating institutions and the bonds may be secured by mortgages, assignments and other security devices deemed advantageous by the Authority. The Authority may also secure the bonds pursuant to an indenture of trust between the Authority and a corporate trustee.

1.02. The Authority has developed its Master Loan Program (the “Program”) pursuant to which the Authority is authorized to issue and sell its revenue bonds and loan proceeds thereof to participating institutions to finance, refinance or provide reimbursement for eligible costs of constructing, acquiring and equipping eligible health facilities. Sections 90-7-317 through 90-7-320 of the Act establish a capital reserve account in an enterprise fund credited to the Authority (the “Capital Reserve Account”), which the Authority may pledge, in whole or in part, as security for the payment of bonds issued under the Program and authorize the Board of Investments of the State of Montana (the “Board of Investments”) to loan money to the Authority for deposit in the Capital Reserve Account. Bonds heretofore issued under the Program are secured by the Capital Reserve Account.

1.03. Community Hospital of Anaconda, a Montana nonprofit corporation (the “Borrower”), owns and operates certain hospital and health care facilities (the “Facilities”), including an acute care hospital located at 401 West Pennsylvania Street, Anaconda, Montana (the “Hospital”). The Borrower has requested that the Authority issue its revenue and refunding bonds, in one or more series and which may be taxable and/or tax-exempt (the “Series 2021 Bonds”), in a maximum aggregate principal amount not to exceed \$30,000,000, and loan the proceeds thereof to the Borrower to be used for the following purposes:

(a) to finance or reimburse the Borrower for all or a portion of the costs of design, engineering, construction, and equipping of improvements to the Hospital consisting of a new hematology/oncology clinic, including exam rooms, infusion center, pharmacy space, and office, research, and other work spaces; parking improvements; and other site improvements (collectively, the “Project”);

(b) to refinance outstanding loans of the Borrower, which loans originally financed or refinanced certain improvements to the Hospital campus (the “Refinancing”);

(c) to make deposits to debt service reserve funds for the Series 2021 Bonds;
and

(d) to pay expenses incurred in connection with the issuance of the Series 2021 Bonds and the Refinancing.

The Borrower has requested that up to \$30,000,000 aggregate principal amount of the Series 2021 Bonds be issued under and pursuant to the Program (the “Program Bonds”). The Authority hereby requests that the Board of Investments make a loan to the Authority, the proceeds of which will be deposited in a subaccount in the Capital Reserve Account and used to secure the Program Bonds upon the terms and conditions contained in the Board of Investments Agreement (as hereinafter defined).

The purpose of the Refinancing is to achieve debt service savings and provide for level debt service on such indebtedness.

Costs of the Project and the Refinancing in excess of the proceeds of the Series 2021 Bonds shall be paid by the Borrower with cash on hand.

Section 2. Determinations and Approvals.

2.01. The Authority hereby determines that the issuance of its Series 2021 Bonds is in the best interests of the State of Montana (the “State”) and authorizes its staff, together with Dorsey & Whitney LLP, as bond counsel to the Authority (“Bond Counsel”), to prepare documents necessary to issue the Series 2021 Bonds and loan the proceeds thereof to the Borrower. The Authority hereby approves the issuance of the Series 2021 Bonds in a maximum aggregate principal amount not to exceed \$30,000,000 for the purposes set forth in Section 1.03 hereof. Up to \$8,000,000 aggregate principal amount of the Series 2021 Bonds may be issued under and pursuant to the Program. The Series 2021 Bonds shall be special, limited obligations of the Authority payable solely from and secured by the payments required to be made by the Borrower (except to the extent payable from the proceeds of the Series 2021 Bonds and, with respect to the Program Bonds, from the Capital Reserve Account) and will not constitute or give rise to a pecuniary liability of the Authority or a charge against the general credit or taxing powers of the State.

The Series 2021 Bonds may be sold to one or more underwriters in public offerings and/or one or more financial institutions in private placement transactions (each, a “Purchaser”), each such Purchaser to be selected by the Authority and the Borrower. The Series 2021 Bonds

will be sold pursuant to one or more Bond Purchase Agreements among the Authority, the Borrower and the applicable Purchaser (each, a “Bond Purchase Agreement”).

2.02. The Authority hereby authorizes and directs any one or more of the Executive Director, the Chair or the other members of the Authority to negotiate the sale of the Series 2021 Bonds to the applicable Purchasers. The Series 2021 Bonds shall be in the principal amounts, mature on such dates, bear interest at such rates, be subject to redemption, bear such dates, and be sold at such purchase prices as are set forth in the applicable Bond Purchase Agreement; provided that:

(a) the aggregate principal amount of the Series 2021 Bonds shall not exceed \$30,000,000 (exclusive of any original issue premium or discount thereon), and up to \$8,000,000 aggregate principal amount of the Series 2021 Bonds may be issued under and pursuant to the Program;

(b) the final maturity of each series of Series 2021 Bonds shall not exceed 31 years from the date of issuance thereof; and

(c) the true interest cost for each series of the Series 2021 Bonds shall not exceed 6.0% per annum; provided, however, that the true interest cost for Program Bonds shall not exceed 4.0% per annum.

Section 3. General.

3.01. If Series 2021 Bonds (other than Program Bonds) are issued and sold, the Authority will enter into various agreements, including but not limited to a bond indenture of trust (the “Bond Indenture”) or similar agreement with a trustee (the “Bond Trustee”) providing for the issuance of the applicable Series 2021 Bonds, and a loan agreement or similar agreement with the Borrower satisfying the requirements of the Act (the “Loan Agreement”).

3.02. If Program Bonds are issued and sold, the following documents will be prepared and entered into (collectively, the “Program Documents”):

(a) Amendment to Capital Reserve Account Agreement, amending and supplementing the Capital Reserve Account Agreement, dated as of October 1, 1994 as heretofore amended and supplemented (as so amended and supplemented, the “Board of Investments Agreement”) to be entered into by the Authority and the Board of Investments;

(b) Loan Agreement (the “Program Loan Agreement”) to be entered into by the Authority and the Borrower;

(c) Supplemental Indenture of Trust (the “Supplemental Program Indenture”), amending and supplementing the Master Indenture of Trust, dated as of October 1, 1994 as heretofore amended and supplemented (as so amended and supplemented, the “Program Indenture”), to be entered into by the Authority and U.S. Bank National Association, as trustee (the “Program Trustee”);

(d) Combination Mortgage, Security Agreement and Fixture Financing Statement to be executed by Borrower in favor of the Program Trustee;

(e) Parity Agreement, by and among the Authority, the Borrower, the Bond Trustee and the Program Trustee, if required; and

(f) Promissory Note to be executed and delivered by the Authority to the Board of Investments pursuant to the Board of Investments Agreement.

3.03. The loan repayments or other amounts payable by the Borrower to the Authority under the Loan Agreement, the Program Loan Agreement and other agreements to be entered into in connection with the issuance of Series 2021 Bonds shall be sufficient, if paid timely and in full, to pay the principal of, premium, if any, and interest on the such Series 2021 Bonds as and when the same shall become due and payable. The Borrower shall make all such payments either directly or through the Authority of any and all costs incurred by the Authority in connection with the Series 2021 Bonds, whether or not they are issued.

3.04. In connection with any public offering of Series 2021 Bonds, the Authority staff is hereby authorized and directed to cooperate with the Borrower, the applicable Purchasers and each of their counsel in the preparation of a Preliminary Official Statement and a Final Official Statement to be distributed to prospective purchasers of such Series 2021 Bonds; provided, however, that the Authority takes no responsibility for, and makes no representations or warranties as to, the accuracy, completeness or sufficiency of the information in any Preliminary Official Statement or any Final Official Statement, except as to matters relating to the Authority. The Executive Director is authorized on behalf of the Authority to deem any Preliminary Official Statement near final as of its date, in accordance with Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 4. Commitment Conditional. The Authority retains the right in its sole and absolute discretion to withdraw from participation and accordingly not issue any or all of the Series 2021 Bonds (including Program Bonds) should the Authority at any time prior to the execution and delivery of the applicable Bond Purchase Agreement by the Authority determine that it is in the best interests of the Authority not to issue such Series 2021 Bonds (including Program Bonds) or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for the financing. In addition, the approval by the Authority of the issuance of the Program Bonds is subject to the approval by the Board of Investments of the loan to the Authority with respect to the Program Bonds, as described in Section 1.03 hereof.

Section 5. Public Hearing. Section 147(f) of the Internal Revenue Code of 1986, as amended (the "Code"), requires that, prior to the issuance of the Series 2021 Bonds, the Authority shall hold a public hearing on the Project, the Refinancing and the issuance of the Series 2021 Bonds in connection therewith, following notice thereof. The Executive Director is authorized and directed to publish notice of the public hearing, to conduct that hearing at the time and place specified in the published notice and to provide minutes of that public hearing to the Borrower and to Bond Counsel.

Section 6. Approval of Governor. The Executive Director is authorized and directed to forward to the Governor a certified copy of this Resolution and the minutes of the public hearing referred to in Section 5 and to request on behalf of the Authority that he approve the issuance of the Series 2021 Bonds for the purposes contemplated by this Resolution as required by Section 147(f) of the Code.

Section 7. Findings. Based on such facts and circumstances as the Authority deems relevant, the Authority hereby finds, determines and declares as follows:

(a) the Borrower is an “institution” and the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds comprise “eligible facilities” and “eligible health facilities” within the meaning of the Act;

(b) the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds are authorized to be financed or refinanced thereby pursuant to the Act;

(c) based solely on information provided and representations made by the Borrower, the loan of the proceeds of the Series 2021 Bonds to the Borrower will not exceed the total eligible costs of the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds, as determined by the Borrower;

(d) the loan repayments or other amounts payable by the Borrower to the Authority under the Loan Agreement, the Program Loan Agreement and other agreements to be entered into in connection with the issuance of Series 2021 Bonds shall be sufficient, if paid timely and in full, to pay the principal of, premium, if any, and interest on the applicable Series 2021 Bonds as and when the same shall become due and payable, to maintain sufficient debt service reserve funds therefor, to meet all other obligations in connection with such agreement and to provide for costs of servicing and securing such Series 2021 Bonds and loan of the proceeds of such Series 2021 Bonds;

(e) the Hospital, as improved by the improvements to the Facilities, will be operated by the Borrower for the purpose of fulfilling its obligation to provide health care facilities;

(f) based solely upon information provided and representations made by the Borrower, the Borrower has sufficient experience and expertise to operate the Facilities as improved by the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds;

(g) based solely upon information provided and representations made by the Borrower, the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds is financially feasible and the Borrower will have sufficient revenues to provide for the payment of the principal of and interest with respect to the Series 2021 Bonds as due;

(h) pursuant to the Bond Indenture, the loan repayments and certain other amounts payable under the Loan Agreement will be pledged to the repayment of the Series 2021 Bonds (exclusive of the Program Bonds);

(i) pursuant to the Supplemental Program Indenture, the payments to be made under the Program Loan Agreement and amounts payable under the Board of Investments Agreement are pledged to the payment of the Program Bonds;

(j) based solely on information provided and representations made by the Borrower, to the extent legally required, the construction of the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds has been reviewed and approved by the appropriate regional and State health planning boards and has received all approvals required by Montana Code Annotated, Title 50, Chapter 3, Part 3, as amended; and

(k) based solely on information provided and representations made by the Borrower, including the reports or surveys on file with the Borrower by the Department of Public Health and Human Services and the Occupational Safety and Health Agency, the construction of the improvements to the Facilities financed or refinanced by the issuance of the Series 2021 Bonds does not significantly affect the quality of the human environment, within the meaning of Montana Code Annotated, Section 75-1-201(1)(b)(iii).

Section 8. Execution of Documents and Series 2021 Bonds.

8.01. The Executive Director or any one or more of the other officers of the Authority are hereby authorized and directed to execute Bond Purchase Agreements, the Bond Indenture, the Loan Agreement, the Program Documents and such other agreements and documents to be executed by the Authority in connection with the issuance of the Series 2021 Bonds, in the name and on behalf of the Authority, and in such form as is approved by the officer or officers executing the same, which approval shall be conclusively presumed by the execution thereof.

8.02. The Chair and the Executive Director, or any one or more of the other members of the Authority, are hereby authorized to prepare and execute (i) Series 2021 Bonds (exclusive of the Program Bonds) as prescribed in the applicable Bond Indenture and deliver such Series 2021 Bonds to the Bond Trustee, together with a certified copy of this resolution and the other documents required by such Bond Indenture and the applicable Bond Purchase Agreement for authentication of such Series 2021 Bonds by the Bond Trustee and delivery by the Bond Trustee of such Series 2021 Bonds to the applicable Purchaser; and (ii) Program Bonds as prescribed in the Supplemental Program Indenture and deliver such Program Bonds to the Program Trustee, together with a certified copy of this resolution and the other documents required by the Supplemental Program Indenture and the applicable Bond Purchase Agreement for authentication of such Program Bonds by the Program Trustee and delivery by the Program Trustee of such Program Bonds to the applicable Purchaser.

8.03. The Executive Director or any one or more of the other officers of the Authority, are authorized and directed to prepare and furnish to the applicable Purchasers and Bond

Counsel, when Series 2021 Bonds are issued, certified copies of all applicable proceedings and records of the Authority relating to such Series 2021 Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of such Series 2021 Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them, or as may be necessary or desirable to accomplish the issuance and sale of such Series 2021 Bonds, and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, shall constitute representations of the Authority as to the truth of all statements of fact contained therein.

Section 9. Limited Liability of Authority and State. The Series 2021 Bonds and the Authority's obligations under the Bond Purchase Agreements, the Bond Indenture, the Loan Agreement, the Program Documents and all other financing and security documents and agreements executed in connection with the issuance of the Series 2021 Bonds shall be special, limited obligations of the Authority payable solely from and secured by the payments required to be made by the Borrower (except to the extent payable from the proceeds of the Series 2021 Bonds and, with respect to Program Bonds, from the Capital Reserve Account) and will not constitute or give rise to a pecuniary liability of the Authority or a charge against the general credit or taxing powers of the State of Montana.

Section 10. Authority Fees. As authorized by Section 90-7-211 of the Act, the Authority may assess the Borrower for certain initial planning service fees and annual planning service fees. The initial planning service fee and annual planning service fee to be assessed against the Borrower with respect to the Series 2021 Bonds shall be in accordance with the Authority's fee schedules, which may amended from time to time. Assuming \$30,000,000 aggregate principal amount of Series 2021 Bonds are issued, the estimated initial planning service fee for the Series 2021 Bonds is \$37,500. The estimated annual planning service fee for the Series 2021 Bonds (excluding the Program Bonds) is 5 basis points (0.05%), unless and until changed by the Authority. The estimated annual planning service fee for the Program Bonds is 10 basis points (0.10%), unless and until changed by the Authority. No holder of the Series 2021 Bonds or any other bonds of the Authority outstanding from time to time shall have any interest in such funds or any right, by contract or otherwise, to direct the application of such funds to the payment or security of such bonds.

Section 11. Repealer. All other resolutions of the Board, or parts thereof, inconsistent herewith are hereby repealed only to the extent of such inconsistency. This repealer shall not be construed as reviving any resolution or part thereof.

PASSED AND APPROVED BY THE MONTANA FACILITY FINANCE
AUTHORITY this 18th day of May, 2021.

Vu Pham
Chair

Montana Facility Finance Authority
Budget v. Actual Expenses
04/30/21
83% Expended

Legislative Budget	Year to Date			
	Category	Budget	Actual	\$ Variance % Variance
\$803,500	A) INCOME	\$493,663	534,935	41,273 8%
135,000	Application Fees	112,500	139,249	26,749 24%
538,500	Annual Fees	272,829	312,183	39,354 14%
130,000	Investment Income	108,333	83,503	(24,830) -23%
\$304,697	B) PERSONAL SERVICES EXPENSE	\$253,914	236,384	(17,531) -7%
297,697	Salaries & benefits	248,081	233,034	(15,047)
7,000	Board Per Diem	5,833	3,350	(2,483)
\$311,840	C) OPERATING EXPENSES**	\$201,533	143,301	(58,232) -29%
52,842	Contracted & Other Services	44,035	42,119	(1,916) -4%
	Misc. Other Services		11,786	
	Legal Services		13,234	
	Legislative Audit		15,201	
	ITSD		1,898	
12,044	Supplies/Materials/Equipment	10,037	3,766	(6,270) -62%
7,824	Communications	6,520	3,459	(3,061) -47%
29,378	Travel	24,482	1,667	(22,814) -93%
27,188	Rent	22,657	25,748	3,092 14%
	Building Rent		25,246	
	Other Rent		502	
156	Repairs & Maintenance	130	170	40 30%
70,408	Miscellaneous	58,673	43,968	(14,705) -25%
	Commerce Department Services		33,614	
	Administration (statewide) Indirect Costs		1,466	
	Education		2,685	
	Other Miscellaneous		6,203	
0	Equipment	0	463	
42,000	BOI Administrative Support**	35,000	21,941	(13,060) -37%
\$186,963	REVENUES IN EXCESS OF EXPENSES (A-B-C)	38,215	155,250	117,035 306%
330,000	Grants-Obligated/Paid	37,500	0	
(\$143,037)	Current Year Increase in Net Assets		155,250	
	INCREASE (DECREASE) IN NET ASSETS		155,250	

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

A/E 06015	Operating Account Summary	Current Balance	Policy Guideline
	Total Fund Balance Available Net Capital Reserve "B" Balance	3,263,207	
	Less: Working Capital Reserve Requirement	1,805,748	1,805,748 (a)
	Available for Restricted Capital Reserve "A"	1,457,459	9,643,137 (b)
	Fund Balance: Sub-Total	3,263,207	11,448,884
A/E 06015	Trust Fund Loan Pool		
	RC 710300, Accounts 521190	38,907	
	Plus: Prior Year End Capital Reserve "B" Fund Balance Sub Total	337,544	
	Capital Reserve "B" Fund Balance	376,451	928,539 (d)
A/E 06012	Direct Loan Program		
	Current Program Fund Balance	4,814,654	
	Less: Outstanding Loan Balance	3,286,578	
	Funds Available to Loan from Direct Loan Program	1,528,076	
	Fund Balance: Sub-Total	4,814,654	6,012,722 (c)
	Total Projected Fund Balance	8,454,312	18,390,146

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	6,012,722
(d) 10% of the Trust Fund Loan Pool Balance as of 7/1/20	9,285,392

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
June 21-23, 2021 PACENation, 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