

MONTANA FACILITY FINANCE AUTHORITY
Board Meeting (Helena, MT)
June 19, 2018
9:00 A.M.

MINUTES

**BOARD MEMBERS
PRESENT:**

Larry Putnam, Chair
Bill Kearns, Vice Chair
Kent Burgess
Paul Komlosi
Kim Rickard
John Rogers
Matt Thiel

**BOARD MEMBERS
ABSENT:**

None

STAFF PRESENT:

Adam Gill, Executive Director
Seth Lutter, Associate Director
Linda Wendling, Financial Specialist

GUESTS:

Bob Murdo, Authority Counsel – Jackson, Murdo & Grant
Pamela Robertson, CEO – Kalispell Regional Medical Center
Tracey Talley, Interim CFO – Kalispell Regional Medical Center
William Gibson, Legal Counsel – Kalispell Regional Medical Center
Erin McCrady, Bond Counsel – Dorsey & Whitney
Kreg Jones, Underwriter – D.A. Davidson
Kristi Gatrell, CEO – Big Horn Memorial Healthcare
Bill Hodges, Foundation Director – Big Horn Memorial Healthcare
Roxie Cain, Controller – Big Horn Memorial Healthcare
Erica Johnston, Operations Services Branch Manager – DPHHS
Jonathon Heroux, Placement Agent – Piper Jaffray (via phone)
Mike Dowdy, CEO – Central Montana Medical Center (via phone)
Alan Aldrich, CFO – Central Montana Medical Center (via phone)
Rick Poss, Dir. Ancillary Services – Central Montana Medical Center (via phone)
Jim Kerins, Managing Consultant - CMS
Forrest Ehlinger, CFO – Benefis Health System (via phone)

BOARD MEETING

CALL TO ORDER

Chair Putnam called the June 19, 2018 board meeting of the Montana Facility Finance Authority (the “Authority”) to order at 9:00 A.M. The meeting convened with seven members of the Board present.

Minutes

Member Komlosi requested an amendment to the minutes.

Member Thiel moved for approval of the amended meeting minutes for April 12, 2018. Member Komlosi seconded the motion which passed unanimously.

PUBLIC COMMENT

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

FINANCINGS

Executive Director, Adam Gill, provided information on the following financings for board deliberation:

Kalispell Regional Medical Center

Mr. Gill introduced Pamela Robertson, CEO – Kalispell Regional Medical Center, Tracey Talley, Interim CFO – Kalispell Regional Medical Center, William Gibson, Legal Counsel – Kalispell Regional Medical Center, Erin McCrady, Bond Counsel – Dorsey & Whitney and Kreg Jones, Underwriter – D.A. Davidson. Mr. Gill described the financing which is a Stand Alone bond for up to \$100 million to fund the new Montana Children’s Medical Center, refinance a bridge loan for the same project, refund the Series 2014 and 2016 Facilities Revenue Notes, reimburse KRMC for monies spent on capital projects, fund a debt service reserve and pay the cost of issuance of the bonds. Mr. Gill noted that on June 15, KRMC requested the par amount of the bonds to be increased from \$95 million to \$100 million.

Pamela Robertson, CEO – Kalispell Regional Medical Center, provided background information on the medical center, the region and the benefit of the project to the community.

Chair Putnam, asked about the Office of Inspector General (“OIG”) investigation of Kalispell Regional Medical Center regarding physician compensation.

William Gibson, Legal Counsel – Kalispell Regional Medical Center, described the process and status of the OIG investigation.

Kreg Jones, Underwriter – D.A. Davidson, described the financing which will reschedule the debt to 30 years with no principal payment for 2 years. Mr. Jones indicated closing is scheduled for August but is dependent upon the Department of Justice resolution of the OIG investigation. Mr. Jones indicated the bond financing will not close until the OIG matter is resolved.

Erin McCrady, Bond Counsel – Dorsey & Whitney, described Resolution 18-03 and indicated that \$100 million dollars is the maximum bond amount.

Member Thiel moved for adoption of the amended Resolution 18-03. Member Komlosi seconded the motion which passed unanimously.

Big Horn Hospital Association

Mr. Gill introduced Kristi Gatrell, CEO – Big Horn Memorial Healthcare, Bill Hodges, Foundation Director – Big Horn Memorial Healthcare, Roxie Cain, Controller – Big Horn Memorial Healthcare, Erin McCrady, Bond Counsel – Dorsey & Whitney and Kreg Jones, Underwriter – D.A. Davidson. Mr. Gill described the financing which is a Master Loan Program bond for up to \$10 million to finance the renovation of the facility’s emergency department, patient wing, main entrance and lobby.

Mr. Gill indicated this is a preliminary resolution and fuller details will be discussed at the August board meeting.

Kristi Gatrell, CEO – Big Horn Memorial Healthcare, provided background information on the medical center, the region and the benefit of the project to the community.

Bill Hodges, Foundation Director – Big Horn Memorial Healthcare, provided additional detail regarding the importance of the project for patient care, the status of the capital campaign and the community support for the facility and the project.

Kreg Jones, Underwriter – D.A. Davidson, described the financing which is in the preliminary stage. A schedule has been drafted for financing and the bonds could be a public offering, but will probably be a private placement.

Erin McCrady, Bond Counsel – Dorsey & Whitney, described Resolution 18-04 which is for revenue bonds up to \$10 million dollars. Ms. McCrady indicated the financing is not fully structured yet.

Member Thiel moved for adoption of Resolution 18-04. Member Rogers seconded the motion which passed unanimously.

Montana State Hospital

Mr. Gill introduced Erica Johnston, Operations Services Branch Manager – DPHHS and Jonathon Heroux, Placement Agent – Piper Jaffray. Mr. Gill described the financing which is a Stand Alone bond to refund the Series 1997 bonds.

Erica Johnston, Operations Services Branch Manager – DPHHS, indicated that her role is to oversee financial operations of the hospital and that the financing will improve cash flow as well as provide savings to the State of Montana.

Jonathon Heroux, Placement Agent – Piper Jaffray, described the financing which is a private placement \$4.8 million. Mr. Heroux indicated the annual cash flow savings should be over \$600 thousand with \$186 thousand savings in net present value. The closing date is scheduled for July 19, 2018.

Erin McCrady, Bond Counsel – Dorsey & Whitney, described Resolution 18-05 indicating there are two parameters for refunding and the maturity date will not be extended.

Member Rickard moved for adoption of Resolution 18-05. Member Thiel seconded the motion which passed unanimously.

Central Montana Medical Center

Mr. Gill introduced Alan Aldrich, CFO – Central Montana Medical Center who, in turn, introduced Mike Dowdy, CEO - Central Montana Medical Center and Rick Poss, Director Ancillary Services – Central Montana Medical Center. Mr. Gill described the financing which is a Trust Fund Loan to finance the purchase of radiology equipment and renovation of the facility to house the equipment.

Mr. Poss, provided background on the need for the new equipment and the increased services it will bring to the community.

Bob Murdo, Authority Counsel, described Resolution 18-06 which is for up to \$1,175,000 to purchase equipment and complete renovation of the hospital.

Member Komlosi moved for adoption of amended Resolution 18-06. Member Thiel seconded the motion which passed unanimously.

DISCUSSION TOPICS

2021 Biennium Legislation

Authority Board Composition

Mr. Gill indicated the Governor's office is not interested in additional board requirements at this time so the proposal will be tabled.

Authority Eligible Clients

Mr. Gill introduced Jim Kerins, Managing Consultant - CMS, who facilitated a discussion regarding the Finance Authority's proposal to expand the definition of eligible facilities to include any structure or building for use by a 501(c)(3) nonprofit. Mr. Kerins will document the updated proposal with the changes discussed. Next steps include preparing the legislative case, identifying examples of projects and identifying a sponsor. These will be discussed at the next meeting.

Energy Efficiency Grant Program

Mr. Lutter provided an update on projects that are underway and how new projects will come through the Montana Facility Finance Authority.

Chair Putnam requested a report for future meetings that includes the grant applicants with status.

GENERAL ADMINISTRATIVE

Financials

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

MISCELLANEOUS

Anticipated Financings and Related Matters

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

NAHEFFA and Quad State Report

Member Thiel provided an update on the NAHEFFA meeting held in Boston.

Chair Putnam provided an update on the Quad City meeting held in Walla Walla.

BOARD MEETING CALENDAR

BOARD MEETINGS	CONVENTIONS
August 20 (conference call)	September 11-14, NAHEFFA, Denver, CO
September 19 (Billings)	September 19-21, MHA, Billings, MT
December 12 (Helena; dinner December 11)	October 17-19 HFMA, Billings, MT

ADJOURN

Chair Putnam adjourned the meeting at 2:50 P.M.

APPROVE: 
Larry Putnam, Chair

ATTEST: 
Adam Gill, Executive Director

APPROVAL DATE: 8/20/2018