

MONTANA FACILITY FINANCE AUTHORITY
Board Meeting
May 17, 2017

Deer Lodge Medical Center
1100 Hollenback Lane, Deer Lodge, Montana
May 17, 2017 at 10:00 A.M.

MINUTES

BOARD MEMBERS PRESENT: Larry Putnam, Chairman
Bill Kearns, Vice Chairman
Kent Burgess
Paul Komlosi (via phone)
Kim Rickard (via phone)
Matt Theil

BOARD MEMBERS ABSENT: John Rogers (excused)

STAFF PRESENT: Adam Gill, Executive Director
Linda Wendling, Financial Specialist

GUESTS: Forrest Ehlinger, CFO-Benefis Health System
Bruce Houlihan, Controller-Benefis Health System
Todd Gibson, Bond Counsel-Squire Patton Boggs (via phone)
Geoff Strenger, Financial Advisor-Kaufman Hall (via phone)
Jennifer Garber, CFO-Spring Meadow Resources (via phone)
Tony Pfaff, CEO-Deer Lodge Medical Center
Bob Murdo, Authority Counsel-Jackson, Murdo & Grant
Doug Hill, In-State Portfolio Manager, MT Board of Investments ("BOI")

BOARD MEETING

CALL TO ORDER

Chairman Putnam called the May 17, 2017 board meeting of the Montana Facility Finance Authority (the "Authority") to order at 10:00 A.M. The meeting convened with six members of the Board present.

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:

Benefis Health System

Mr. Gill introduced Forrest Ehlinger, CFO-Benefis Health System, Bruce Houlihan, Controller-Benefis Health System, Todd Gibson, Bond Counsel-Squire Patton Boggs and Geoff Strenger, Financial Advisor-Kaufman Hall. Mr. Gill described the financing which is a stand-alone private placement bond for up to \$35 million to refund the Series 2011B Facilities Revenue Note as well as a tax-exempt re-financing of a taxable note held by Wells Fargo.

Benefis Health System CFO, Ehlinger, described this financing as part of a larger package which they plan to complete in June. He indicated the net present value savings is \$2.8 million over 13 years with an estimated annual cash flow savings of over \$380,000.

Financial Advisor, Strenger, indicated that this bond will have a rate adjustment in 2024.

Bond Counsel, Gibson, described Resolution 17-04 which is for a bond up to \$35 million with a mandatory initial rate cap of 3% and a maximum maturity of 35 years.

Mr. Gill mentioned the TEFRA Hearing is scheduled for May 26.

Member Rickard moved for adoption of Resolution 17-04. Member Kearns seconded the motion which passed unanimously.

Spring Meadow Resources

Mr. Gill introduced Jennifer Garber, CFO-Spring Meadow Resources. Mr. Gill described the financing which is a Trust Fund Loan request for Spring Meadow Resources to purchase a group home property with a value of over \$500,000.

Spring Meadow Resources CFO, Garber, described the purchase which is a functioning group home under private license. She indicated the 6-bed home and farm will be self-sustaining.

Authority Counsel, Murdo, described Resolution 17-05 which is a Trust Fund loan, not to exceed \$380,000, to Spring Meadow Resources for the purchase of a group home. The interest rate is the agreed upon BOI/MFFA rate of 3.91% and the loan is for 20 years.

Member Burgess moved for adoption of Resolution 17-05. Member Komlosi seconded the motion which passed unanimously.

Deer Lodge Medical Center

Mr. Gill introduced Tony Pfaff, CEO-Deer Lodge Medical Center. Mr. Gill described the financing which is a Trust Fund Loan request for Deer Lodge Medical Center to reimburse the Hospital for construction costs to expand the hospital facilities. The loan will close in December. Mr. Gill indicated the Trust Fund Loan would be in second position after the outstanding Master Loan Program Bond Series 2010A and 2010B. Mr. Gill indicated the borrower must meet the loan covenants for the combined borrowings.

Deer Lodge Medical Center CEO, Pfaff, described the project which is construction of new medical office and lab space as well as renovation to the current facility. He described the new services the Hospital offers and the need for additional space.

Member Komlosi asked that if the borrower does not meet the loan covenants and a consultant is acquired to address the failure, is the Board required only to obtain the consultant or to also follow the consultant's recommendations. Mr. Komlosi also asked if long term lease obligations are included in the loan covenant debt service calculation.

Mr. Gill indicated that he would provide the covenants to Mr. Komlosi for discussion.

Authority Counsel, Murdo described Resolution 17-06 which is a Trust Fund loan to Deer Lodge Medical Center not to exceed \$1,500,000. The interest rate is the agreed upon BOI/MFFA rate of 3.90% with a 15 year term.

Member Kearns moved for adoption of Resolution 17-06. Member Theil seconded the motion which passed unanimously.

DIRECT LOAN PROGRAM

Mr. Gill discussed the Direct Loan Policy that is currently in place. He described what changes the Board approved in July, 2015 and how the current pool of funds will not cover the potential financings that are under review.

Member Kearns proposed that the Direct Loan Program limit be raised from \$1.35 million to \$2.75 million.

Member Komlosi asked if Board approval is required for a Direct Loan that would be structured with a balloon payment. Mr. Gill indicated that a loan structured with a balloon payment would be presented to the Board for approval and suggested that section 2b of the Policy be amended to include that language.

Member Kearns moved for adoption of the amended Policy. Member Theil seconded the motion which passed unanimously.

GENERAL ADMINISTRATIVE

Minutes

Member Theil moved for approval of the meeting minutes for March 21, 2017. Member Komlosi seconded the motion which passed unanimously.

Financials

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

Ms. Wendling presented the Annual Service Fees Summary.

MISCELLANEOUS

Legislative Audit Update

Mr. Gill provided an update on the status of the Legislative Audit.

Anticipated Financings

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

NAHEFFA

Member Putnam provided an update on the April NAHEFFA meeting.

Personnel


Mr. Gill provided an update on the posting for an Associate Director.

CALENDAR

BOARD MEETINGS	CONVENTIONS
July 31-August 1 (Three Forks)	September 6-8 NAHEFFA Boise, ID
October 3 (TBD location)	September 20-22 MHA Billings, MT
December 7 (dinner) & 8 (meeting) Helena, MT	

ADJOURN

Chairman Putnam adjourned the meeting at 12:42 P.M.

APPROVE: 
Larry Putnam, Chairman

ATTEST: 
Adam Gill, Executive Director

APPROVAL DATE: 8/1/07