

MONTANA FACILITY FINANCE AUTHORITY
Board Meeting
January 18, 2017

Dorsey & Whitney Office
125 Bank St., Suite 600, Missoula, Montana
January 18, 2017 at 10:00 A.M.

MINUTES

BOARD MEMBERS PRESENT: Larry Putnam (Acting Chairman)
Bill Kearns
Dick King
Kim Rickard (via phone)
Matt Theil

BOARD MEMBERS ABSENT: Jon Marchi (excused)

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

GUESTS: Erin McCrady, Bond Counsel-Dorsey & Whitney
Kreg Jones, Municipal Advisor for Marcus Daly & Placement Agent for
KRMCD-DA Davidson (via phone)
Charles Pearce, CFO-Kalispell Regional Healthcare System
Bob Murdo, Authority Counsel-Jackson, Murdo & Grant

CALL TO ORDER

Acting Chairman Putnam called the January 18, 2017 board meeting of the Montana Facility Finance Authority (the "Authority") to order at 10:00 A.M. The meeting convened with five 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:

Marcus Daly Memorial Hospital

Mr. Gill introduced Erin McCrady, Bond Counsel-Dorsey & Whitney and Kreg Jones, Municipal Advisor-DA Davidson. Mr. Gill described the financing which is a Trust Fund Loan for up to

\$1.5 million to refinance a portion of Marcus Daly's existing taxable debt which was issued by multiple lenders. He indicated that this is a change from what the Board approved in the December meeting. Municipal Advisor, Kreg Jones, described the recent interest rate changes in the market as well as the financing changes Marcus Daly undertook regarding some of its current loans. These have resulted in a reduction in economic benefit of the prior financing plan for Marcus Daly.

Bond Counsel, Erin McCrady, provided additional background on her analysis of Marcus Daly's current loan structure and what changed since the discussion with the Board at the December meeting. The financing amount is a maximum of \$1.5 million with an interest rate of 3.92% and security includes two buildings.

Member Thiel asked about an expiration date for this financing. Mr. Gill indicated there is a one-year expiration on this financing.

Authority Counsel, Bob Murdo, indicated Section 2.01 (i) should be added to Resolution 17-01 to reflect that there is a one-year expiration on this financing.

Member King moved for adoption of Resolution 17-01. Member Thiel seconded the motion which passed unanimously.

Kalispell Regional Medical Center (KRMC)

Mr. Gill introduced Charles Pearce, CFO-Kalispell Regional Healthcare System. Mr. Gill described the financing which is a private placement for KRMC to build out their existing surgical tower.

Mr. Pearce described the projects included in this financing which are 1) building a Pediatric Intensive Care Unit and Pediatric Unit, 2) building operating rooms for heart procedures and 3) purchase of electronic health records software. He indicated KRMC expects to request additional funding later in 2017 for a Women's and Children's project.

Placement Agent, Kreg Jones, described the private placement for which bids will be received and that closing is anticipated before March 31, 2017. He indicated the Standard and Poor review is expected shortly.

Bond Counsel, Erin McCrady, discussed Resolution 17-02 for the sale and issuance up to \$14.5 million not to exceed 30 years. She described that the Resolution grants authority and flexibility for KRMC and DA Davidson to select the banks for bidding. She also indicated that the standard Loan Agreement and Pledge Agreements would be in place for the bonds and they would be in parity with existing bond debt under the Master Trust Indenture. Ms. McCrady indicated a TEFRA hearing will be needed.

Member Kearns moved for adoption of Resolution 17-02. Member King seconded the motion which passed unanimously.

GENERAL ADMINISTRATIVE

Minutes

Member Theil moved for approval of the meeting minutes for December 5-6, 2016 and December 15, 2016. Member Kearns seconded the motion which passed unanimously.

Accounting

Mr. Gill presented the Budget-v-Actual results and the Reserve Balances. He discussed current state of the audit.

Ms. Wendling presented the Annual Service Fees Summary and Staff Approved Loans and Grants noting that there is an approved Direct Loan which is expected to close in January.

Potential Financings

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

MISCELLANEOUS

Direct Loan Interest Rates

Mr. Gill provided an update regarding the Board-approved interest rate change for Direct Loans made in July, 2015. The change was from a 3% fixed rate to the greater of the five-year Treasury note plus 15 basis points or 2% fixed rate, whichever is greater. He indicated that rates have now moved to just over 2%.

Appointments

Mr. Gill indicated he has inquired regarding the status of appointments, with the Governor's office, and while the process is underway, there is no update at this time.

Legislature

Mr. Gill indicated that he is scheduled to testify before the Budget Appropriations Committee next week.

Executive Director Training

Mr. Gill provided an update on his training plan for 2017 and into 2018.

Other Updates


Member Putnam requested that new financings include detail from each applicant regarding the status of Electronic Health Records process.

CALENDAR

BOARD MEETINGS	CONVENTIONS
March 21 – 10:00 in Helena	
May 17 or 22 – 10:00 at TBD location	
	April 3-5 NAHEFFA Alexandria, VA
	September 6-8 NAHEFFA Boise, ID

ADJOURN

Acting Chairman Putnam adjourned the meeting at 11:50 A.M.

APPROVE: 
Larry Putnam, Acting Chairman

ATTEST: 
Adam Gill, Executive Director

APPROVAL DATE: 3/21/2017