

# 2022

**Montana Facility Finance Authority**  
**ANNUAL REVIEW**

Providing low-cost capital financing options for Montana communities

## BOARD



**Vu Pham**

*board chair, attorney*

### Board Members

Appointed by the Governor

- **John Iverson**, *consultant*
- **Mel Reinhardt**, *regional sales manager*
- **Jade Goroski**, *finance officer, City of Shelby*
- **Kim Rickard**, *business manager, laborer's union*
- **Matt Thiel**, *attorney*
- **Paul Komlosi**, *retired economic development consultant*

2022 was a year of growth for the MFFA. In collaboration with amazing partners, we successfully launched Montana's Commercial Property Assessed Capital Enhancement Program ("C-PACE") and closed a financing for Bridger Brewing Company, LLC in Broadwater County. This C-PACE project allows for massive-scale development by funding a private water and sewer district near Three Forks – the first project of its kind financed through C-PACE, ever. In addition, we continued our work with our healthcare clients to provide access to low-cost financing in this year's volatile market.

### Milestones and achievements in 2022 included:

- Issuing \$85.2 million in tax-exempt bonds (two bonds/two series), over \$1.12 million in Direct Loans (four loans) and over \$2.44 million in Trust Fund Loans (three loans) raising our total financings structured since 1983 to over \$4.12 billion.
- Closing Montana's first C-PACE financing, a \$5.5 million loan for Headwaters Water and Sewer District. The first ever, anywhere, use of C-PACE for a private utility district funds a membrane bio-reactor system that recycles wastewater into greywater which is resold at half price. It will save the private utility district over \$10 million and over 300 million gallons of water.

- The MFFA was recognized for its C-PACE work with a national PACESetter Award from PACENation for Program Design and Implementation. We also received an Impact Award from the Montana Economic Developers Association for the Headwaters Water and Sewer District Project.
- Issuing \$36 million in bonds for St. John's United (Billings) to renovate and repurpose an existing building into a 36-bed skilled nursing facility as well as administrative space. The project is expected to increase annual census by up to 20% and drive efficiency savings of over \$1 million per year.
- A series of Direct Loans and Trust Fund Loans for Central Montana Medical Center to restructure existing debt at lower interest rates and purchase a new MRI machine. The refinancing (\$375,000 Direct Loan & \$821,686 Trust Fund Loan) will save the facility over \$3,000 per month. The MRI financing (\$375,000 Direct Loan & \$625,000 Trust Fund Loan) ensures continued access to MRI imaging services to the community.

We look forward to the challenges and expectations of the future and want to thank our dedicated and forward-looking Board of Directors, our professional staff, financing partners, financial institutions, and associates for your support and expertise.

*- Adam Gill*

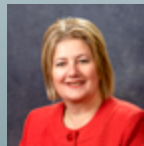
## AUTHORITY STAFF



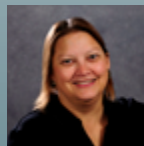
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## HISTORY OF THE AUTHORITY

The Montana Facility Finance Authority was created by the 1983 Legislature. It is governed by a seven-member quasi-judicial board. The Authority was created to assist health care and related facilities contain future health care costs by offering financing at low-cost, tax-exempt interest rates. These cost savings are shared with the consumer in the form of lower facility charges.

The Facility Finance Authority is funded entirely by proprietary funds with revenues collected from interest, fees, and charges from participating institutions. No public funds or tax monies are appropriated to the Authority. Below are the variety of financing options available to our clients:

### Stand-Alone Bond Financings

These bonds are flexible and can be structured with fixed or variable interest rates and with or without credit enhancement and/or ratings. Public offering or private placement options are available, depending on the size of the deal.

### Master Loan Program

Through an agreement with Board of Investments, this program provides low-interest, tax-exempt financing for smaller hospitals. Loans range from \$1.5 million to \$20 million, and can be marketed for more than one borrower at a time.

### Commercial Property Assessed Capital Enhancements (“C-PACE”)

C-PACE is a financing mechanism that enables low-cost, long-term funding for energy efficiency, renewable energy and water conservation projects for commercial, industrial, agricultural, nonprofit, and multi-family properties with four or more units.

C-PACE financing is repaid as an assessment on the property’s regular tax bill and is processed the same way as other local public benefit assessments.

### Direct Loan Program

This staff –approved program offers low-interest loans for eligible projects including construction and renovation, facility acquisition, loan refinancing, and purchase of equipment and finance costs. The program is designed to provide a flexible

### Trust Fund Loan Program

Subject to Board approval, these low-interest financing offer terms of up to 20 years and a maximum loan size of \$1.5 million. These loans can be combined with a Direct Loan for a total loan amount of \$2 million.

### Montana Capital Assistance Program (MCAP)

These grants are for small rural hospitals to finance Facility Master Plans, Capital Financing Plans, Energy Efficiency Audits and Scope of Services Review. The maximum grant size is \$25,000 with a required 10% match.

## C-PACE FINANCING

### BROADWATER COUNTY

#### BRIDGER BREWING CO.

**Type:** Commercial Property Assessed Capital Enhancements

**Purpose:** To finance a private water-sewer system to service a new development.

**Interest Rate:** 5.15% (Series A); 5.37% (Series B)

**Amount:** \$1,750,000 (Series A) and \$3,774,420 (Series B)

**Term:** 25 Years      **Pricing Date:** 2/24/2022

**Closing Date:** 5/20/2022 (Series A)  
and 7/18/2022 (Series B)

**Benefit:** The financing will provide savings of up to \$10 million and save 300 million gallons of water over its useful life.



This is Montana's first Commercial Property Assessed Capital Enhancement ("C-PACE") project. The financing occurred in two phases to support the Headwaters Utility Association which was created by Bridger Brewing to service the intersection of I-90 and Highway 287 in Broadwater County. The first phase closed May 20th for \$1.75 million and the second phase closed on July 18th for a total financing of over \$5.5 million

The project is a water treatment system that will allow development of commercial and multifamily properties at the intersection of I-90 and Highway 287 near Three Forks. The system is expected to save Bridger Brewing, through reduced cost of operation and as revenue on the water system, approximately \$10 million over its useful life.

Apart from being the first C-PACE project in Montana, this marks the first time that C-PACE has been used to finance a water and sewer district anywhere in the world.

The innovative membrane bioreactor system Bridger Brewing is implementing will result in approximately 300 million gallons in conserved water over the useful life.

This project took more than four years to complete with a myriad of partners including Dividend Finance, Citizen's Alliance Bank, and Montana Business Assistance Connection. The new Utility Association will pay the C-PACE loan back through a special assessment on the property taxes of the property served by the District.

## BOND FINANCING

### YELLOWSTONE COUNTY

#### BILLINGS CLINIC

**Type:** Stand Alone

**Purpose:** \$49,190,000 forward delivery to refund the Series 2018C Variable Rate Revenue Bonds which were used to refinance the Series 2008 and Series 2011 bonds.

**Interest Rate:** 2.22 %

**Amount:** \$49,190,000

**Term:** 10 Years    **Pricing Date:** 11/2/2021

**Closing Date:** 5/17/2022

**Benefit:** Forward delivery allows for the elimination of the 2018C Bond swaps which have a mandatory call in 2023.

### YELLOWSTONE COUNTY

#### ST. JOHN'S LUTHERAN MINISTRIES

**Type:** Stand Alone

**Purpose:** Repurposing an existing 43-unit assisted living building into a 36-unit Skilled Nursing Facility specializing in post-acute transitional care.

**Interest Rate:** 2.49%

**Amount:** \$36,000,000

**Term:** 10 Years    **Pricing Date:** 2/4/2022

**Closing Date:** 4/15/2022

**Benefit:** St. Johns expects an average increase in census of 10% - 20% as well as efficiency savings of \$1 million per year



### FERGUS COUNTY

#### CENTRAL MONTANA MEDICAL CENTER

**Type:** Trust Fund Loan & Direct Loan Combination

HOSPITAL & CLINIC  
ENTRANCE

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**Purpose:** To refinance an existing Trust Fund Loan and Direct Loan

**Interest Rate:** 2.51% (TFL) and 2.15% (DL)

**Amount:** \$821,686 (TFL) and \$375,000 (DL)

**Term:** 8 Years      **Pricing Date:** 2/2/2022

**Closing Date:** 7/15/2022

**Benefit:** The refinancing will save the facility over \$3,000 per month.

**Purpose:** To finance a new MRI machine

**Interest Rate:** 2.32% (TFL) and 2.00% (DL)

**Amount:** \$625,000 (TFL) and \$375,000 (DL)

**Term:** 5 Years      **Pricing Date:** 2/2/2022

**Closing Date:** 11/29/2022

**Benefit:** The nearest MRI machine to CMMC is over 100 miles away so this is a necessary improvement to the facility.

## INTERNAL FINANCINGS

### CHOUTEAU COUNTY

#### MISSOURI RIVER MEDICAL CENTER

**Type:** Trust Fund Loan

**Purpose:** Proceeds will be used to build a new rural health clinic to replace the current facility that was built in 1950s.

**Interest Rate:** 3.25 %

**Amount:** \$1,000,000

**Term:** 20 Years    **Pricing Date:** 8/18/2021

**Closing Date:** 6/15/2022

**Benefit:** The need for the clinic comes from a need to replace the current facility built in the 1950s. The new building will allow for social distancing, maintain confidentiality, and provide more space for both patients and providers.

### CHOUTEAU COUNTY

#### BIG SANDY MEDICAL CENTER

**Type:** Direct Loan

**Purpose:** Purchase land and a mobile home for temporary housing for traveling staff.

**Interest Rate:** 3.35 %

**Amount:** \$85,000

**Term:** 5 Years    **Pricing Date:** 10/05/2022

**Closing Date:** 10/14/2022

**Benefit:** Increases the ability to recruit and retain interim and temporary staff needed to operate the medical center and clinic at full capacity.

### **SANDERS COUNTY**

#### **CLARK FORK VALLEY HOSPITAL**

**Type:** Direct Loan

**Purpose:** Purchase of a 3D mammography machine.

**Interest Rate:** 4.48%

**Amount:** \$285,000

**Term:** 7 Years      **Pricing Date:** 10/25/2022

**Closing Date:** 12/09/2022

**Benefit:** The new mammography machine is a critical part of the community's healthcare needs and will provide more comprehensive services.

## Montana Facility Finance Authority

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The Montana Facility Finance Authority offers unique financings for vital nonprofits, providing innovative fiscal solutions that:

Help **People**

Build **Communities**

Advance **Technology**

Modernize **Facilities**