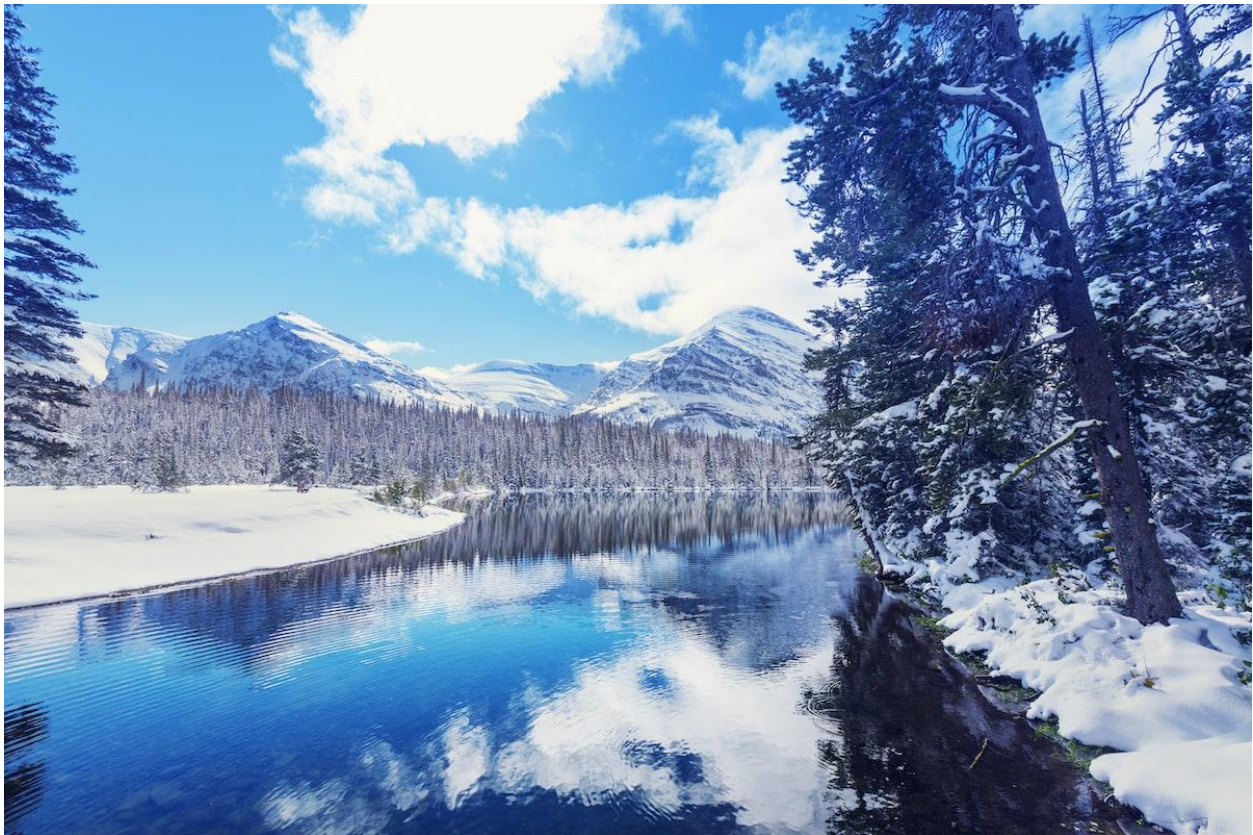


**MONTANA FACILITY FINANCE AUTHORITY**  
Board Meeting

**Montana Facility Finance Authority Office**  
**2401 Colonial Drive, Helena**

**February 25, 2021**

“Enhance Montana healthcare and community capabilities through access to cost-effective capital financing and development services.”



# **MONTANA FACILITY FINANCE AUTHORITY**

## **Board Meeting**

**February 25, 2021**

**Helena, MT**

### **NEW MEMBER ORIENTATION AGENDA**

- 9:00 I. Introductions**
- 9:10 II. Rural Hospital Finance**  
Scott Nelson, Partner – Eide Bailley
- 9:40 III. Overview of Healthcare in Montana**  
Sean Becker, VP of Shared Services – Montana Hospital Association
- 10:15 IV. Tax-Exempt Private Activity Bonds**  
Erin McCrady, Bond Counsel – Dorsey & Whitney LLP
- 10:45 V. Authority History & Programs**  
Adam Gill, Executive Director – MFFA
- 11:15 VI. MFFA Board Roll & Responsibilities**  
Bob Murdo, MFFA Counsel – Jackson Murdo & Grant PC
- 11:45 BREAK**

### **MEETING AGENDA**

- 12:00 I. CALL TO ORDER**  
A. Roll Call  
B. Approval of Meeting Minutes (12/8)
- II. PUBLIC COMMENT** on Board Related Items
- 12:15 III. FINANCINGS**  
**A. Fallon Medical Complex**  
1. Loan Summary  
2. Resolution No. 21-01  
Joining by Phone:  
David Espeland, CEO – Fallon Medical Complex  
Marjorie Losing, CFO – Fallon Medical Complex
- 12:45 IV. GENERAL ADMINISTRATIVE**  
**A. Financials**  
1. Legislative Audit Update  
2. Budget -v- Actual  
3. Revenue Graph  
4. Reserve Balances  
5. Staff Approved Loans & Grants
- B. Miscellaneous**  
1. Anticipated Financings

2. Legislative Update

- 1:15      V.    CALENDAR**  
              **A. Establish meeting dates for 2021**
- 1:30                DISMISS**

**CALL-IN INSTRUCTIONS**

Call: 1-406-444-9999

Meeting ID: 968 1467 2526

Password: 540947

**MONTANA FACILITY FINANCE AUTHORITY**  
**Board Meeting (Conference Call)**  
**December 10, 2020**  
**10:00 A.M.**

**MINUTES**

**BOARD MEMBERS**

**PRESENT:**

Larry Putnam, Chair (via phone)  
Bill Kearns, Vice-Chair (via phone)  
Jan Bastian (via phone)  
Paul Komlosi (via phone)  
John Rogers (via phone)  
Matt Thiel (via phone)  
Kim Rickard (via phone)

**BOARD MEMBERS**

**ABSENT:**

**STAFF PRESENT:**

Adam Gill, Executive Director (via phone)  
Seth Lutter, Associate Director (via phone)  
Colin Gunstream, Financial Specialist (via phone)

**GUESTS:**

Nathan Bilyeu, Authority Counsel – Jackson, Murdo & Grant (via phone)  
Bob Murdo, Authority Counsel – Jackson, Murdo & Grant (via phone)  
Jim Kerins, Managing Consultant – Communication and Management (via phone)

**BOARD MEETING**

**CALL TO ORDER**

Chair Putnam called the December 10, 2020 board meeting of the Montana Facility Finance Authority (the “Authority”) to order at 10:00 A.M. The meeting convened with all members of the Board present.

Minutes

Member Komlosi requested an amendment to the August 13, 2020 meeting minutes. Vice-Chair Kearns moved to approve the amended minutes. Member Komlosi seconded the motion which passed unanimously.

Member Komlosi moved to approve the October 15, 2020 minutes. Vice-Chair Kearns seconded the motion which passed unanimously.

**PUBLIC COMMENT**

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

## **GENERAL ADMINISTRATIVE**

### Financials

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

### Legislative Update

Mr. Gill provided an update on legislative matters and the potential impact on the MFFA. Mr. Gill also outlined the appointment process for new Board members and noted that the current Board members would be considered active until incoming Governor Gianforte made his appointments.

### Executive Director Review

Jim Kerins, Managing Consultant – CMS, joined the Board and conducted the annual review for the Executive Director. Mr. Lutter and Mr. Gunstream were absent for this portion of the meeting.

## **MISCELLANEOUS**

### Anticipate Financings and Related Matters

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

## **ADJOURN**

Chair Putnam adjourned the meeting at 12:16 P.M.

APPROVE: \_\_\_\_\_  
Vu Pham, Chair

ATTEST: \_\_\_\_\_  
Adam Gill, Executive Director

APPROVAL DATE: \_\_\_\_\_

**Fallon Medical Complex  
Baker, Montana  
Trust Fund Loan Program  
Loan Summary**

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**ELIGIBLE HEALTH FACILITY**

Fallon Medical Complex, Inc. (“FMC” or the “Hospital”) is a 25-bed critical access hospital (“CAH”) in Baker, Montana. The Hospital provides medical care to Fallon County, Montana and the surrounding areas. FMC is organized as a Montana non-profit corporation and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3).

**PROJECT AND COST**

The Authority received a loan request from Fallon Medical Complex on January 7, 2021. The loan amount is \$259,214 and the proceeds will be used to upgrade the Hospital’s nurse call and wander management systems, as well as the Hospital’s telemetry system. The Accutech Wander Management upgrade will ensure patient safety especially in the long-term care section of the Hospital. The Fukuda Denshi telemetry system allows continuous monitoring of a patient’s health condition, as well as insight into their medical history, thus improving the efficiency of nursing care through more effective time-management. With upgraded telemetry systems, key data can be quickly sent through tablets and computers, which improves response time and leads to better patient outcomes.

FMC’s current nurse call system was purchased in 2004. Since that time, companies have leveraged technology upgrades to include much greater system flexibility and functionality. Replacement parts are not available for the existing system and fewer technicians are able to support it. The proposed Jeron system includes a computer-based reporting module that summarizes call statistics, such as call activity, response time, exception reports, etc., to greatly improve patient safety and satisfaction.

The Hospital does not anticipate additional cost savings due to the project, but the Hospital views this upgrade as vital to their current revenue stream and does anticipate additional work efficiency when the project is completed.

<b><u>PROGRAM</u></b>	Trust Fund Loan
<b><u>LOAN TERM</u></b>	5 Years
<b><u>INTEREST RATE</u></b>	2.25% per annum
<b><u>PAYMENT</u></b>	\$4,572.09 per month; \$54,865.12 per annum
<b><u>CLOSING DATE</u></b>	est. Spring 2021
<b><u>MATURITY DATE</u></b>	est. Spring 2026
<b><u>SECURITY</u></b>	UCC on related equipment

## **SOURCES AND USES**

<b>Sources:</b>	
MFFA Loan Proceeds	\$ 259,214.00
<b>Total</b>	<b>\$ 259,214.00</b>
<b>Uses:</b>	
Nursing services equipment upgrade	\$ 259,214.00
<b>Total</b>	<b>\$ 259,214.00</b>

## **MARKET/COMPETITION**

Fallon County encompasses 1,619 square miles and includes the communities of Baker and Plevna. The total population is approximately 2,900 people. The economy relies primarily on farming, ranching, and oil exploration. The closest hospital to Fallon Medical Complex is Dahl Memorial Healthcare in Ekalaka, which is located approximately 36 miles away. Glendive Medical Center in Glendive is located 72 miles away and Holy Rosary Healthcare in Miles City is located 79 miles away, respectively.

## **MANAGEMENT**

**David Espeland, CEO**, has been the CEO at Fallon Medical Complex since August 1995. Under his 25-year tenure, FMC has grown from \$4.7 million to \$11 million in gross revenue, and \$5.6 million to \$25 million in assets. In 2020, FMC was named one of the Top 100 Critical Access Hospitals in the nation by the Chartis Group. Mr. Espeland received a Bachelor of Science in Agriculture from Montana State University in 1981 and an MBA from the University of Oregon in 1991.

**Marjorie Losing, CFO**, has been the CFO at the Hospital since March of 2017. Prior to becoming the CFO, she worked as the controller. Mrs. Losing attended college at Black Hills State University in Spearfish, SD and received a Bachelor's degree in Business Administration with a specialization in Accounting. Mrs. Losing currently serves on the Board of Directors for the local Chamber of Commerce.

## **COUNTY SUPPORT**

The Hospital receives two tax subsidies per year from Fallon County. The County collects approximately \$825,000 for the Hospital and issues a \$400,000 operating subsidy and \$425,000 mill levy subsidy. The operating subsidy supports the Hospital's operations. The Mill Levy is recorded by the Hospital as a receivable and funds are disbursed when funds are needed for capital projects.

## **COVID-19 PANDEMIC**

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 shelter-in-place orders across the country. The immediate financial impact on hospitals was significant. Hospitals were forced to suspend non-essential services, such as elective surgeries, physical therapy, wellness, programs, etc. This suspension led to immediate revenue generation problems for healthcare organizations.

## **RESPONSE AND RECOVERY**

To respond to the Pandemic, Congress passed the CARES Act and the bill was signed into law on March 27, 2020. The CARES Act was a \$2.2 trillion stimulus bill aimed to help business and individuals recover from the economic effects of the Pandemic. The CARES Act provided \$175 billion to hospitals nationwide to cover the costs of treating COVID-19 patients, as well as recovering lost revenues from non-essential procedures. The CARES Act also provided \$669 billion for the Paycheck Protection Program (PPP), which provides a loan to small businesses and nonprofits to cover payroll costs. The PPP loan is fully forgivable, as long as the funds are used for eligible expenses.

Fallon Medical Complex was able to take full advantage of these programs and received \$3.79 million in CARES Act funds and \$847,500 from the PPP program. These funds helped restore the Hospital's cash position and recover lost revenue during the initial shut down.

Since May 2020, Montana underwent a phased re-opening plan. This plan allowed hospitals and other businesses to offer non-essential services again. Fallon was in a fortunate position where the initial shut down did not impact revenues greatly. The Hospital saw a decrease in outpatient visits due to patients cancelling non-essential appointments. However, patients have been utilizing services since reopening and the Hospital has recovered from a revenue standpoint. The Hospital did have to accrue additional expense to respond to Covid, primarily due to Personal Protective Equipment (PPE), screening tools, and additional salary expense. As of November 2020, this has amounted to approximately \$180,000.

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## HISTORICAL FINANCIALS

<b>FISCAL YEARS ENDED 6/30</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
<b><u>ASSETS</u></b>			
Cash & Cash Equivalents	5,572,241	5,479,779	11,761,360
Investments			
Patient Recvbls (net) & Due from 3rd-Party Payors	1,316,210	2,477,293	2,739,702
Other Receivables	102,890	488,679	-
Inventory	205,808	190,271	215,754
All Other Current Assets	125,510	23,114	26,649
<b>Total Current Assets</b>	<b>\$ 7,322,659</b>	<b>\$ 8,659,136</b>	<b>\$ 14,743,465</b>
Fixed Assets	21,113,265	21,699,675	21,932,895
Accumulated Depreciation	11,607,118	12,420,631	12,886,970
Fixed Assets (net)	9,506,147	9,279,044	9,045,925
Board Designated Funds	1,329,967	1,425,413	1,357,259
Assets Held in Trust	-	-	-
Other Assets	-	-	-
<b>Total Assets</b>	<b>\$ 18,158,773</b>	<b>\$ 19,363,593</b>	<b>\$ 25,146,649</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable & Other Accrued Expenses	744,543	1,272,370	1,797,340
Current Portion of Long-Term Debt	6,059	14,514	88,988
Other Current Liabilities	46,150	4,387	99,938
<b>Total Current Liabilities</b>	<b>\$ 796,752</b>	<b>\$ 1,291,271</b>	<b>\$ 1,986,266</b>
Long-Term Debt (Less Current Portion)	-	55,362	349,457
Other Long-Term Liabilities	4,387	-	3,273,964
Unrestricted Fund Balance	17,006,251	17,675,997	18,179,703
Restricted Fund Balance	351,383	340,963	1,357,259
Fund Balance	17,357,634	18,016,960	19,536,962
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 18,158,773</b>	<b>\$ 19,363,593</b>	<b>\$ 25,146,649</b>
Gross Patient Service Revenue	9,849,192	10,116,803	10,288,881
Deductions from Patient Service Revenue	215,453	188,677	-
Net Patient Service Revenue	9,633,739	9,928,126	10,288,881
Other Operating Revenue	452,986	276,821	918,169
<b>Total Operating Revenue</b>	<b>\$ 10,086,725</b>	<b>\$ 10,204,947</b>	<b>\$ 11,207,050</b>
Interest	648	1,314	2,595
Depreciation & Amortization	1,095,519	907,864	952,416
Other Operating Expenses	9,250,427	9,641,509	9,665,867
<b>Total Operating Expenses</b>	<b>\$ 10,346,594</b>	<b>\$ 10,550,687</b>	<b>\$ 10,620,877</b>
Income from Operations	\$ (259,869)	\$ (345,740)	\$ 586,173
Nonoperating Revenue	997,443	923,324	933,834
<b>Excess of Rev Over Exp Excl Extraord Items</b>	<b>\$ 737,574</b>	<b>\$ 577,584</b>	<b>\$ 1,520,007</b>

## **KEY RATIOS**

According to the National Rural Health Resource Center (NRHRC), the performance and health of a Critical Access Hospital (CAH) 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*. The table also presents the favorable trend of the ratios.

CAH Financial Indicator	FY 2018	FY 2019	FY 2020	2018 MT Median	Favorable Trend
Days in Accounts Receivable	49.87	91.08	97.19	58.29	Down
Days Cash on Hand	272.33	261.38	495.25	81.20	Up
Total Margin	7.31%	5.19%	12.51%	0.39%	Up
Operating Margin	-2.58%	-3.39%	5.23%	-7.02%	Up
Debt Service Coverage	169.93	91.63	15.26	2.87	Up
Salaries to Net Patient Revenue	62.56%	61.30%	62.29%	51.35%	Down
Average Age of Plant (Years)	10.6	13.68	13.53	12.23	Down
Long Term Debt to Capitalization	0.00%	0.31%	1.89%	25.83%	Down

## **FINANCIAL OBSERVATIONS**

### Interim Financials as of November 30, 2020

The Hospital has been able to return to normal operations and rebound financially with the help of stimulus sources and increased hospital utilization. Cash and cash equivalents decreased from \$11.76 million in FY 20 to \$10.57 million for five months ending November 30, 2020. Accounts receivable has increased from \$2.73 million in FY 20 to \$3.24 million for five months ending November 30, 2020. This is driven by increased hospital utilization since Montana has undergone its phased re-opening plan.

Net patient revenue for five months ending November 30, 2020 is strong at \$4.07 million, which is favorable to budget of \$3.66 million. Net income for the period is reported at a (\$289,863) loss, however, this is favorable to budget of a (\$436,691) loss.

### Assets

- Cash and cash equivalents saw a significant increase from \$5.47 million in FY 19 to \$11.76 million in FY 20. This was driven by the Hospital receiving \$4.75 million in stimulus sources and recognizing \$1.5 million in net income in FY 20.
- Patient receivables increased from \$1.31 million in FY 18 to \$2.47 million in FY 19 and increased further to \$2.73 million in FY 20. The reason for this increase in FY 19 was a large increase in utilization of inpatient and skilled Medicare patient days in May and June 2019. Payment for these services were not received until August and September 2019 and the allowance for doubtful accounts was reduced to \$173,000 from \$731,000.
- Other receivables decreased from \$488,679 in FY 19 to \$0 in FY 20. The FY 20 financials are unaudited and after the audited financials are published, there will be a revision to recognize other receivables.
- Total assets increased from \$19.36 million in FY 19 to \$25.14 million in FY 20. This was driven by the increase in cash due to stimulus sources.

## Liabilities

- Current liabilities increased from \$744,543 in FY 18 to \$1.29 million in FY 19, and to \$1.98 million in FY 20. The increase from FY 18 to FY 19 is attributed to a \$480,000 estimated third party payor settlement. The increase from FY 19 to FY 20 is attributed to an increase in accounts payable from \$1.27 million in FY 19 to \$1.79 million in FY 20. The Hospital recorded its PPP grant in accrued expenses in case the grant wasn't approved for forgiveness. Since the close of FY 20, the grant has been forgiven and the liability was eliminated.
- Current portion of long-term debt increased from \$14,514 in FY 19 to \$88,988 in FY 20. This is attributed to the Hospital taking additional MFFA Direct Loans in FY 20.
- Long-term debt increased from \$55,362 in FY 19 to \$349,457 in FY 20. This is attributed to the Hospital taking out a \$300,000 MFFA Direct Loan on June 4, 2020 and an \$85,671 MFFA Direct Loan on March 17, 2020.
- Other long-term liabilities increased from \$0 in FY 19 to \$3.27 million in FY 20. This was caused by the Hospital placing the majority of its CARES stimulus money in long-term liabilities. The Hospital anticipates that it will have to pay at least a portion of its CARES money back to the US Treasury. However, further guidance from Treasury will be required before the Hospital knows how much it will have to pay back.

## Revenues and Expenses

- Net patient service revenue increased from \$9.92 million in FY 19 to \$10.28 million in FY 20. The Hospital was able to show strong revenues during the Pandemic. The Hospital did have to reverse the lost revenue recognition due to new guidance regarding the HHS Cares Act funds. Further guidance will be necessary to account for lost revenues due to the Pandemic.
- Other operating revenue increased from \$276,821 in FY 19 to \$918,169 in FY 20. This was driven by the Hospital recognizing other Covid stimulus sources.
- Operating expenses increased \$10.55 million in FY 19 to \$10.62 million in FY 20. This was driven by increased expense accrued by the Hospital to respond to the Covid Pandemic.
- Net income saw a strong increase from \$577,584 gain in FY 19 to \$1.52 million gain in FY 20.

## SUMMARY OF COVID STIMULUS SUPPORT

Payor	Description	Amount
US Department of Health and Human Services (HHS)	Stimulus money from the CARES Act.	3,668,777
US Department of Health and Human Services (HHS)	RHC allocation from CARES Act	49,461
Paycheck Protection Program (Small Business Administration)	Grant to support salaries and benefits	847,500
Health Resources and Services Administration (HRSA)	SHIP Grant	76,652
Montana Department of Public Health and Human Services (DPHHS)	Grant to improve rural healthcare delivery	5,000
Montana Department of Public Health and Human Services (DPHHS)	Medicaid Supplemental Payments	104,920
Montana Department of Commerce (MDOC)	COVID-19 Stay Connected Grant	2,000
<b>Total Support</b>		<b>\$4,754,310.11</b>

## **UTILIZATION STATISTICS**

<b>Volume Indicators</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
# of Licensed Beds	25	25	25
Beds in operation	25	25	25
Admissions	169	159	180
Total Patient Days (incl Swing)	6,102	5,447	6,349
Average Length of Stay (days)	2.66	2.44	2.76
Occupancy Rate (incl Swing)	67%	60%	65%
OP Visits	15,853	17,014	14,642
Emergency Dept	992	1,091	949
Laboratory	18,829	18,974	17,328

## **PAYOR MIX**

<b>Payor Mix</b>	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>
Medicare	38%	36%	41%
Medicaid	10%	11%	13%
Private Insurance	32%	33%	28%
Private Pay	20%	20%	18%
Total	100%	100%	100%

The increase in Medicare payments and subsequent decrease in private pay is attributed to the passing of Medicaid expansion.

## **PRO FORMA**

<b>Pro Forma</b>				<b>FY 2019</b>	<b>FY 2020</b>
	<b>FY 2018</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>Pro Forma</b>	<b>Pro Forma</b>
Revenues Minus Expenditures	737,574	577,584	1,520,007	577,584	1,520,007
Add Depreciation/Amortization	1,095,519	907,864	952,416	907,864	952,416
Interest Expense	648	1,314	2,595	1,314	2,595
Available for Debt Service	1,833,741	1,486,762	2,475,018	1,486,762	2,475,018
Existing Debt Service	19,826	16,227	97,402	16,227	97,402
Debt Service on New Money	N/A	N/A	N/A	54,865	54,865
Total Debt Service	19,826	16,227	97,402	71,092	152,267
Debt Service Ratio Calculation	92.49	91.62	25.41	20.91	16.25

## **FOUNDATION**

The Friends of FMC Foundation is a non-profit organization funded by local donations from community citizens/businesses and annual community events. The foundation assists with equipment purchases and projects at the Complex and most of the proceeds are used to build equity capital.

### **STRENGTHS**

- Strong cash position with \$11.76 million in cash and cash equivalents and 495 days cash on hand.
- Low debt and strong debt service coverage ratio at 16.25 times.
- Experienced and strong management team.

### **WEAKNESSES**

- Uncertainty moving forward in regard to long-term impact of Covid-19.
- Difficult operating environment for rural healthcare.

### **RECOMMENDATION**

The MFFA has a reasonable expectation of loan repayment by Fallon Medical Complex and approval is recommended for these reasons:

- Sufficient funds to meet debt service.
- Historically strong financials.
- Support from the county through annual levies and funds.

RESOLUTION NO. 21-01

RESOLUTION ON A PROPOSAL TO MAKE A LOAN TO FALLON MEDICAL COMPLEX PURSUANT TO TITLE 90, CHAPTER 7, AND TITLE 17, CHAPTER 6, PART 3,, MONTANA CODE ANNOTATED, AS AMENDED; APPROVING THE RELATED LOAN APPLICATION; APPROVING THE PROJECT AND THE TERMS AND CONDITIONS OF THE LOAN 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, and Title 17, Chapter 6, Part 3, Montana Code Annotated, as amended (hereinafter referred to as the “Act”), to make a loan from the Permanent Coal Tax Trust Fund for a capital project as defined in the Act. Fallon Medical Complex, a Montana non-profit corporation with its operations located in Baker, Montana (the “Obligor”) has presented a proposal to the Authority requesting the Authority assist the Obligor with the upgrade of its nurse call and wander management systems (the “Project”) by making a loan to the Obligor in an amount not to exceed \$259,214.00 (the “Loan”).

1.02.     The Authority determines that the Loan is for a capital project as described in the Act and does not exceed 10% of the \$15,000,000 amount of the Permanent Coal Tax Trust Fund to be administered under the Act by the Authority.

1.03     The Authority has received the Obligor’s Loan application and deems the application complete and determines that the Project is eligible for financing under the Act.

1.04     The Authority and the Board of Investments of the State of Montana have calculated the interest rate for the Loan in accordance with a commitment letter specifying the date through which the commitment is valid, the interest rate and term of the Loan.

1.05     The following documents relating to the Project and the Loan will be prepared and shall be placed on file in the office of the Authority:

- (a)     A Loan Agreement (with exhibits and attachments), the “Loan Agreement,” with the Authority as Lender and Obligor as borrower,
- (b)     A Mortgage and Security Agreement, the “Mortgage”, if applicable and
- (c)     A Note in the principal amount of the Loan from the Obligor to the Authority (the “Note”).

## Section 2. Findings.

2.01. Based on the application, the Authority hereby finds, determines and declares as follows:

(a) the Obligor is an "institution" and the Project consists of the financing or refinancing of "eligible facilities" within the meaning of the Act, in that the improved facility is a critical access hospital;

(b) the amount of the Loan to the Obligor pursuant to the Loan Agreement based solely on information provided and representations made by the Obligor will not exceed the total eligible costs of the Project;

(c) pursuant to the Loan Agreement, the Loan repayments will be sufficient to pay the principal of, and interest on the Note as due, to meet all other obligations in connection with the Loan Agreement and to provide for costs of servicing and securing the Note;

(d) the Project is to be operated by the Obligor for the purpose of providing hospital services;

(e) based solely upon information and representations provided by the Obligor, the Obligor will have sufficient revenues to provide for the payment of the principal of and interest on the Loan as due;

(f) pursuant to Section 17-6-308(4). MCA, the Loan Agreement will provide that principal and interest payments on the Loan will be deposited in the Coal Severance Tax Permanent Fund until all principal and interest has been paid;

(g) the Project is not subject to certificate of need approval under Montana Code Annotated, Title 50, Chapter 5, Part 3, as amended; and

(h) the Loan complies with the terms of the Authority's Trust Fund Loan Pool Policy.

## Section 3. Approval and Authorizations.

3.01. The Project and the Loan are hereby approved by the Authority.

3.02. The forms of (a) the Loan Agreement and the attachments thereto and (b) the Note, filed with the Authority are approved. The Chairman, Executive Director, or any one or more of such officers of the Authority are hereby authorized and directed: (i) to execute the Loan Agreement and its Exhibits and Attachments in the name and on behalf of the Authority, upon execution thereof by the other parties thereto; and (ii) to file or record any security instruments in the name of, and on behalf of, the Authority. The above-referenced documents shall be executed in substantially the form previously approved, subject to such additions thereto or deletions therefrom as are approved by the officers executing the same, which approval shall be conclusively

presumed by the execution thereof, and such other documents as required by the Authority's counsel shall also be executed at the closing.

Section 4.     Application and Planning Fees.

4.01     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 one percent (1%) of the final loan amount. The annual planning service fee for the Obligor will be 50 basis points (.50%) of the outstanding amount of the Loan, assessed each month and included in the amortization schedule provided to the Obligor, unless and until changed by the Authority.

Passed and approved by the Authority this 25<sup>th</sup> day of February 2021.

MONTANA FACILITY FINANCE AUTHORITY

ATTEST:

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By: Vu Pham  
Its: Chairman

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By: Adam Gill  
Its: Executive Director



**Montana Facility Finance Authority**  
**Budget v. Actual Expenses**  
**01/31/21**  
**58% Expended**

Legislative Budget	Year to Date			
	Category	Budget	Actual	\$ Variance % Variance
<b>\$803,500</b>	<b>A) INCOME</b>	<b>\$346,712</b>	<b>385,816</b>	39,104 11%
135,000	Application Fees	78,750	120,500	41,750 53%
538,500	Annual Fees	192,129	202,394	10,265 5%
130,000	Investment Income	75,833	62,922	(12,911) -17%
<b>\$304,697</b>	<b>B) PERSONAL SERVICES EXPENSE</b>	<b>\$177,740</b>	<b>164,829</b>	(12,911) -7%
297,697	Salaries & benefits	173,657	162,679	(10,978)
7,000	Board Per Diem	4,083	2,150	(1,933)
<b>\$311,840</b>	<b>C) OPERATING EXPENSES**</b>	<b>\$141,073</b>	<b>83,342</b>	(57,732) -41%
52,842	Contracted & Other Services	30,825	15,372	(15,453) -50%
	Misc. Other Services		6,057	
	Legal Services		7,502	
	Legislative Audit		549	
	ITSD		1,263	
12,044	Supplies/Materials/Equipment	7,026	3,699	(3,326) -47%
7,824	Communications	4,564	2,488	(2,076) -45%
29,378	Travel	17,137	1,667	(15,470) -90%
27,188	Rent	15,860	18,676	2,816 18%
	Building Rent		18,312	
	Other Rent		364	
156	Repairs & Maintenance	91	104	13 15%
70,408	Miscellaneous	41,071	32,338	(8,734) -21%
	Commerce Department Services		23,439	
	Administration (statewide) Indirect Costs		1,537	
	Education		1,662	
	Other Miscellaneous		5,700	
0	Equipment	0	324	
42,000	BOI Administrative Support**	24,500	8,674	(15,826) -65%
<b>\$186,963</b>	<b>REVENUES IN EXCESS OF EXPENSES (A-B-C)</b>	<b>27,899</b>	<b>137,645</b>	109,747 393%
330,000	Grants-Obligated/Paid	37,500	0	
(\$143,037)	Current Year Increase in Net Assets		137,645	
	<b>INCREASE (DECREASE) IN NET ASSETS</b>		<b>137,645</b>	

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

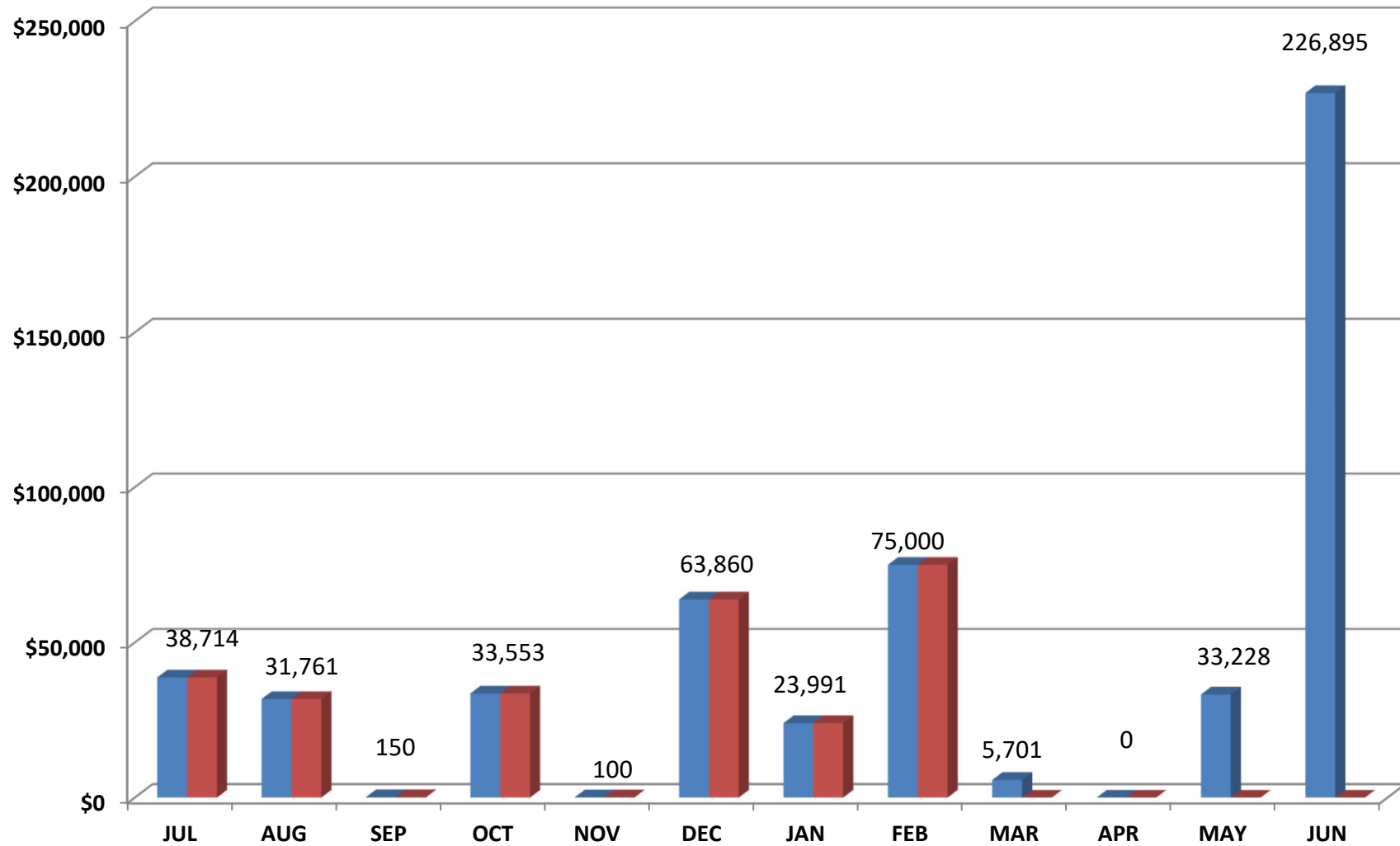
## FY 2021 Annual Service Fees

As of February 18, 2021

Annual Projected: \$532,952

YTD Projected: \$267,129

YTD Collected: \$267,129



**Montana Facility Finance Authority**  
**Reserve Balances**  
**1/31/2021**

<b>A/E 06015</b>	<b>Operating Account Summary</b>	<b>Current Balance</b>	<b>Policy Guideline</b>
	Total Fund Balance Available Net Capital Reserve "B" Balance	3,279,806	
	Less: Working Capital Reserve Requirement	1,805,748	1,805,748 (a)
	Available for Restricted Capital Reserve "A"	1,474,059	9,643,137 (b)
	Fund Balance: Sub-Total	3,279,806	11,448,884
<b>A/E 06015</b>	<b>Trust Fund Loan Pool</b>		
	RC 710300, Accounts 521190	26,994	
	Plus: Prior Year End Capital Reserve "B" Fund Balance Sub Total	337,544	
	Capital Reserve "B" Fund Balance	364,538	928,539 (d)
<b>A/E 06012</b>	<b>Direct Loan Program</b>		
	Current Program Fund Balance	4,795,440	
	Less: Outstanding Loan Balance	3,577,917	
	Funds Available to Loan from Direct Loan Program	1,217,523	
	Fund Balance: Sub-Total	4,795,440	5,994,140 (c)
	Total Projected Fund Balance	8,439,784	18,371,564

**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 earnings.	5,994,140
(d) 10% of the Trust Fund Loan Pool Balance as of 7/1/20	9,285,392

# MONTANA FACILITY FINANCE AUTHORITY

## Staff Approved Loans

12/01/20 - 1/31/21

### Submitted Applications

<u>Borrower</u>	<u>Location</u>	<u>Date Submitted</u>	<u>Term</u>	<u>Interest</u>	<u>Amount</u>	<u>Project</u>
Total Pending Direct Loans:					\$ -	

### Approved Applications

<u>Borrower</u>	<u>Location</u>	<u>Date Approved</u>	<u>Term</u>	<u>Interest</u>	<u>Amount</u>	<u>Project</u>
Bighorn Valley Health Center	Hardin	09/04/20	10	2.25%	\$ 500,000	Clinic Renovation Project
Total Approved Direct Loans:					\$ 500,000	

### Funds Available Under

#### Direct Loan Program:

Loan Fund: (1/31/2021)	4,795,440
Total Outstanding Loans: (1/31/2021)	(3,577,917)
Approved Applications from above:	(500,000)
Total Available to Loan at 1/31/2021	\$ 717,523

### Funded Applications from 7/1/20:

<u>Borrower</u>	<u>Location</u>	<u>Date Funded</u>	<u>Term</u>	<u>Interest</u>	<u>Amount</u>	<u>Project</u>
Total Loans Funded since 7/1/20					\$ -	

# MONTANA FACILITY FINANCE AUTHORITY

## Staff Approved Grants

12/1/20 - 1/31/21

### Commitments Pending

<u>Facility</u>	<u>Location</u>	<u>Date Submitted</u>	<u>Date Approved</u>	<u>Date Paid</u>	<u>Amount</u>	<u>Project</u>	<u>Program</u>
Missoula YWCA (final)	Missoula, MT	11/12/2018	11/12/2018		\$ 7,500	Energy Efficiency Grant	EEP
St. Luke's Community Healthcare	Ronan, MT	9/5/2019	9/5/2019		\$ 15,000	Capital Improvement Plan	MCAP
Liberty Medical Center	Chester, MT	2/6/2020	2/6/2020		\$ 15,000	Capital Improvement Plan	MCAP
<b>Total Pending Grants:</b>					<u><u>\$ 37,500</u></u>		

### Grants Paid since 7/1/2020

<u>Grantee</u>	<u>Location</u>	<u>Date</u>	<u>Approved</u>	<u>Paid</u>	<u>Amount</u>	<u>Project</u>	<u>Program</u>
<b>Total Grants:</b>					<u><u>\$ -</u></u>		

# 2021

## 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
24/31	25	26	27	28	29	30

## 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	27
28	29	30	31			

## APRIL

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	

## 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	18	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	9	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	17	18	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	21	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	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	

## HOLIDAYS AND OBSERVANCES

**1-Jan** New Year's Day  
**18-Jan** MLK Day  
**15-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  
**Apr 21-23, 2021** HFMA Spring Conf., Bozeman, MT

**Sep 8-10, 2021**  
**Sep 20-24, 2021**  
**Fall 2021**

**NAHEFFA, Milwaukee, WI**  
**MHA, Billings, MT**  
**HFMA Fall Conference**