

MONTANA FACILITY FINANCE AUTHORITY
Board Meeting

Best Western Great Northern Hotel & Convention Center
835 Great Northern Blvd, Helena

August 18, 2021

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



MEMORANDUM

Montana Facility Finance Authority

Department of Commerce
2401 Colonial Drive, 3rd Floor
P.O. Box 200506, Helena MT 59620
(406) 444-0259

To: Members of the MFFA Board
From: Adam Gill, Seth Lutter & Monica Birlut
Date: August 11, 2021

Subject: MFFA Board Retreat Tuesday, August 17 & Wednesday, August 18

Enclosed, please find board meeting materials for our upcoming MFFA Retreat and Board Meeting:

Tuesday, August 17 & Wednesday, August 18
At the Great Northern Hotel & Convention Center in Helena

A pre-session get-together

Since a lot of you may be coming into Helena on the 16th, we reserved a few tables at the Silver Star to get together for drinks and conversation. We've also invited some former board members as well. If you'd like to stop on by, we'll be there starting at 7:00 pm.

Breakfast breads and lunch will be provided on both days as well as a dinner on the night of the 17th.

The Board Retreat will begin at 8:30 on the 17th and will include:

- A panel on C-PACE and how it can work in Montana with Cliff Kellogg from C-PACE Alliance, Brett Doney from the Great Falls Development Authority and Nathan Bilyeu from Jackson Murdo & Grant
- A market update from Keith Kleven, co-head of the Healthcare Group at Piper Sandler
- Lunch Q&A Session with staff to address any questions
- A political update from John Flink with the Montana Hospital Association & Chuck Samuels with Mintz Levin on behalf of NAHEFFA

Strategic planning session will be held Tuesday afternoon and Wednesday morning. **An agenda and packet for the strategic planning will be arriving separately.** There will be a dinner the night of the 17th at 6:30 in the hotel. Spouses are welcome at dinner; however, the MFFA cannot cover the cost of their meals.

The Board meeting will begin at 11:30 on the 18th. We will have three financings before the Board:

- Beartooth Billings Clinic will be requesting approval of a bond financing to refund existing taxable debt into tax-exempt bonds;
- Missouri River Medical Center will be requesting a Trust Fund Loan to finance renovations;
- Rimrock Foundation will be requesting a Trust Fund Loan to finance the purchase of land for the development of its new campus in Billings.

We will also be discussing a number of policy changes including:

- a revision to the Direct Loan Program to raise the aggregate loans outstanding for a single client to \$750,000,

- a revision of the Montana Capital Assistance Grant Program to raise the amount of the planning grants, and
- updates to the Internal Controls Policy to match the changes above.

The Authority will pay for the rooms with the MFFA credit card, but additional charges will be on your individual credit cards. **IF YOU HAVE A CHANGE OF PLANS, PLEASE NOTIFY ME SO I CAN CHANGE THE RESERVATION.**

Since this is our retreat and it is summer, attire will be casual. Given current COVID conditions, masks are recommended and will be available.

**MONTANA FACILITY FINANCE AUTHORITY
BOARD Meeting**

August 18, 2021 11:30 AM

**Great Northern Hotel & Convention Center,
Helena, MT**

MEETING AGENDA

11:30 I. CALL TO ORDER

- A. Roll Call
- B. Approval of Meeting Minutes (6/9)

II. PUBLIC COMMENT on Board Related Items

III. FINANCING

Tab 1

A. Beartooth Billings Clinic

- 1. Loan Summary
- 2. Resolution No. 21-10

Joining in Person:

Kelly Evans, CEO – Beartooth Billings Clinic

Linda Harris, Director of Finance – Beartooth Billings Clinic

Michael Tym, Financial Advisor – Ponder & Company (by phone)

Nathan Bilyeau, Bond Counsel – Jackson, Murdo & Grant

12:00 Tab 2

B. Missouri River Medical Center

- 1. Loan Summary
- 2. Resolution No. 21-11

Joining in Person:

Shane Clark, Regional CFO – Benefis Health System

Louie King, CEO – Missouri River Medical Center

Janice Woodhouse, COO – Missouri River Medical Center

12:30 Tab 3

C. Rimrock Foundation

- 1. Loan Summary
- 2. Resolution No. 21-12

Joining by phone:

Lennette Kosovich, CEO – Rimrock Foundation

Burke Kufeld, CFO – Rimrock Foundation

Break – 15 Minutes

VI. GENERAL ADMINISTRATIVE

Tab 4

A. Policy Revisions

- 1. Direct Loan Program Policy
- 2. Grant Policy
- 3. Internal Controls Policy

Tab 5

B. Financials

- 1. Budget -v- Actual
- 2. Revenue Graph
- 3. Reserve Balances
- 4. Staff Approved Loans & Grants

C. Miscellaneous

1. Anticipated Financings
2. Fall NAHEFFA
3. Calendar

ZOOM INSTRUCTIONS

<https://mt-gov.zoom.us/j/7481919127?pwd=ZEIvVG9rT2hoN1RnWmNaTHBvTTBjUT09>

Meeting ID: 748 191 9127

Password: 096820

OR

Dial by Telephone: +1 (406) 444-9999

Meeting ID: 748 191 9127

Password: 096820

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

MONTANA FACILITY FINANCE AUTHORITY
Board Meeting (Conference Call)
June 9, 2021
10:00 A.M.

MINUTES

BOARD MEMBERS

PRESENT:

Vu Pham, Chair
Mel Reinhardt (via phone)
Paul Komlosi (via phone)
Kim Rickard
Jade Goroski (via phone)
John Iverson
Matt Thiel

BOARD MEMBERS

ABSENT:

STAFF PRESENT: Adam Gill, Executive Director
Seth Lutter, Associate Director
Monica Birlut, Accountant

GUESTS:

Bob Murdo, Authority Counsel – Jackson, Murdo & Grant
Erin McCrady, Partner – Dorsey & Whitney (via phone)
Forrest Ehlinger, CFO – Benefis Health System (via phone)
Bruce Houlihan, VP of Finance – Benefis Health System (via phone)
Robyn Helmlinger, Bond Counsel – Orrick Herrington & Sutcliffe (via phone)
Robert Turner, Financial Advisor – Kaufman Hall & Associates (via phone)
Max Teener, Financial Advisor – Kaufman Hall & Associates (via phone)
Peter Reilly, Underwriter – J.P. Morgan (via phone)
Roshan Parikh, Treasury Director, Bozeman Deaconess (via phone)
Carrie Morasko, Director of Finance – Bozeman Deaconess (via phone)
Michael Tym, Financial Advisor – Ponder & Company (via phone)
Jeffrey Ellis, Underwriter – Goldman Sachs (via phone)
Craig Boyer, CFO – Logan Health (via phone)
William Gibson, Counsel – Logan Health (via phone)
John Henningsgard, Placement Agent – Piper Sandler (via phone)
Wes Thompson, Administrator – Valley View Nursing Home (via phone)

BOARD MEETING

CALL TO ORDER

Board Chair Vu Pham called the June 9, 2021 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

Board Member Matt Thiel motioned to approve the May 18, 2021 board meeting minutes. Board Member Paul Komlosi seconded the motion which passed unanimously.

PUBLIC COMMENT

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

FINANCINGS

Benefis Health System

Adam Gill, Executive Director of the MFFA, introduced Forrest Ehlinger, CFO of Benefis Health System. Mr. Ehlinger described the project which is a Bond for up to \$100 million for financing the construction of its new Women's and Children's Center, the construction of an Ambulatory Center in Helena, the construction of a new Osteopathic Medical School and replacement imaging equipment. Mr. Ehlinger also fielded questions about the medical school. Peter Reilly, Underwriter at J.P. Morgan, described the plan of finance. Robyn Helmlinger, Bond Counsel with Orrick Herrington & Sutcliffe, described Resolution 21-06. Mr. Gill requested a motion to consider the financing. Board Member Matt Thiel motioned for consideration of the financing. Board Member Jade Goroski seconded the motion, which passed unanimously.

Bozeman Deaconess Health System

Mr. Gill introduced Roshan Parikh, Treasury Director at Bozeman Health. Mr. Parikh described the project which is a Bond for up to \$105 million for the refunding of Series 2011, 2015A and 2015B Bonds, purchase an EHR system, and to fund capital projects to support urgent and primary care sites in the Hospital's service area. Jeffrey Ellis, Underwriter at Goldman Sachs, described the plan of finance. Erin McCrady, Bond Counsel with Dorsey & Whitney, described Resolution 21-07. Mr. Gill requested a motion to consider the financing. Member Thiel motioned for consideration of the financing. Board Member Mel Reinhardt seconded the motion, which passed unanimously.

Kalispell Regional Medical Center

Mr. Gill introduced Craig Boyer, CFO and William Gibson, Chief Counsel at Logan Health. Mr. Boyer described the project which is a Bond for up to \$75 million for the refunding of its Series 2011 bonds as well as a refunding of a taxable note incurred to purchase the HealthCenter, a local for-profit hospital. Mr. Boyer described the facility and project. Member Kim Rickard asked questions about the current union strike happening at the facility. John Henningsgard, Placement Agent with Piper Sandler, described the plan of finance. Erin McCrady, Bond Counsel with Dorsey & Whitney, described Resolution 21-08. Mr. Gill requested a motion to consider the financing. Board Member Kim Rickard motioned for consideration of the financing. Board Member John Iverson seconded the motion, which passed. Member Goroski abstained from voting due to a conflict of interest.

Valley View Nursing Home

Mr. Gill introduced Wes Thompson, Administrator at Valley View Nursing Home. Mr. Gill described the project which is a Trust Fund Loan for up to \$900,000 for the purchase of a new boiler system and

refinance an existing loan used to replace its roof. Mr. Thompson described the facility and its troubles to remain financially solvent and the steps the facility is undertaking to recover. Bob Murdo, Authority Counsel with Jackson, Murdo & Grant, described Resolution 21-09. Mr. Gill requested a motion to consider the financing. Member Thiel motioned for consideration of the financing. Member Reinhardt seconded the motion, which passed unanimously.

GENERAL ADMINISTRATIVE

Financials

Mr. Gill presented the Budget-v-Actual results and the Reserve Balances.

Legislative Audit

Mr. Gill provided an update on the legislative audit and his recent report to the Legislative Audit Committee.

MISCELLANEOUS

Anticipate Financings and Related Matters

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

ADJOURN

Chair Pham adjourned the meeting at 12:55 P.M.

APPROVE: _____
Vu Pham, Chair

ATTEST: _____
Adam Gill, Executive Director

APPROVAL DATE: _____

**Beartooth Billings Clinic
Red Lodge, Montana
Stand Alone Program
Loan Summary**

ELIGIBLE HEALTH FACILITY

Memorial Hospital Association d/b/a Beartooth Billings Clinic (the “Hospital”) is a community-owned and managed organization. It was founded in 1948 to establish and operate an acute care hospital in Red Lodge, Montana and for the surrounding area. Effective July 1, 2002, the facility converted to a Critical Access Hospital. A new hospital facility was opened in 2010 under the name Beartooth Billings Clinic that provides 10 acute care beds and a 12-room physician clinic.

The facility receives integrated management and technological support from a regional health care provider, but ownership of the facility remains with the Memorial Hospital Association. Beartooth Billings Clinic Foundation (the Foundation) is a non-private foundation created to provide for the exclusive benefit of the Hospital. The Foundation provides support in the areas of raising funds, managing investments, and specifically, educating the public about hospital operations and opportunities. Beartooth was selected as the Outstanding Rural Organization of the Year in 2012 by the National Rural Health Association and noted as Top 100 Critical Access Hospital for 2018 and 2020.

PROJECT AND COST

The tax-exempt bond issue will be private issuances structured as an approximately \$14.75 million Stand Alone Program issuance. The Stand Alone financings will refinance a portfolio of loans including:

- A Direct Loan from the USDA Rural Development outstanding in the amount of approximately \$4,687,601 (actual amount to be confirmed by USDA) at an interest rate of 3.75% and final maturity of 1/1/2045.
- The Series 2009A Bonds are bonds that carry a USDA Guarantee and are held by Capital Farm Credit and the AGTexas Farm Credit Services. The bonds are outstanding in an aggregate amount of \$10,196,000 at a rate of 4.98%. In addition to the interest rate, Beartooth pays a 0.50% annual guaranty fee to USDA and a servicing fee to First Interstate Bank as the USDA servicer. The bonds have a final maturity of 11/1/2038.
- The Series 2009B Bonds are unsecured and is the 10% first loss position USDA requires of the lending bank. First Interstate Bank of Red Lodge, MT holds 100% of these bonds. They are outstanding in the amount of \$1,160,000 and carry an interest rate of 6.18%. The bonds have a final maturity of 11/1/2038. Regions Bank is the Trustee for both series of bonds.

The original purpose of the 2009AB Series bonds was for the costs of designing, constructing, furnishing and equipping the new critical access hospital in Red Lodge, Montana. The original loans were a Series 2009A Taxable Hospital Revenue Bonds in the amount of \$12,395,000 and Series 2009B Taxable Hospital Revenue Bonds in the amount of \$1,380,000. In 2014, the Series 2009A Bonds were surrendered and replaced with the Amended Taxable Hospital Revenue Bonds, Series 2009A. It is

estimated that by refinancing the bonds, it will save the Hospital \$2.20 million in net present value savings.

The 2009A Bond was restructured in 2014 whereby Raymond James acted as broker and purchased the bonds to be the sole holder of the bonds. They consented to the changes to the 2009A interest rate and call provisions, then sold the bonds back to the current holders.

SOURCES AND USES

Sources:	<u>Series 2021</u> <u>Stand Alone</u>
Par Amount	14,715,000
USDA DSRF	819,020
2009A&B Trustee Held Funds	300,641
Trustee Held Funds	309,691
<u>Total Sources</u>	<u>16,144,352</u>
Uses:	
Refunding of Escrow Deposits	15,869,769
Cost of Issuance	150,000
Prepayment Penalty	120,000
Additional Proceeds	4,583
<u>Total Uses</u>	<u>16,144,352</u>

PROGRAM Stand Alone Program Private Issuance

LOAN TERM 20 years

INTEREST RATE est 3.03% true interest cost

CLOSING DATE August 31, 2021

MATURITY DATE 2041

SECURITY

The bond will be secured by a UCC and a lien on all accounts, health-care-insurance receivables, contract rights, instruments, rents, monies, payments, general intangibles, ad valorem tax revenue or any other tax revenue of Grantor, gifts, donations, pledges, grants, legacies, bequests, demises and contributions, books and records, licenses, provider agreements and proceeds.

MARKET/COMPETITION

Beartooth's primarily service area is Red Lodge and southern Carbon County. However, it also has patients from northern Carbon County, Stillwater County and Yellowstone County along with the

thousands of tourists that frequent Red Lodge. The closest hospital to Red Lodge is in Billings which is 61 miles away.

MANAGEMENT

Kelly Evans, Chief Executive Officer – Ms. Evans has served as the Chief Executive Officer for Beartooth since 1992. Ms. Evans is a past Chair of the Montana Hospital Association, and served on the Board of Trustees for the American Hospital Association for a three year term. She has chaired the Section of Small and Rural Hospitals for the AHA, served on the Committee on Nominations for the AHA, and the AHA Dick Davidson Quality Milestone Award for Allied Association Leadership Award Committee. She served on the National Advisory Committee on Rural Health and Human Services from 2015-2019. She currently chairs the Montana Health Education and Research Foundation Board and is a Trustee for the Montana Hospital Association as well as the Townsend Health Systems, Inc dba Broadwater Billings Clinic. She has an Associated Degree in Nursing from Northern Montana College.

Linda Harris, Director of Foundation & Finance – Ms. Harris has served as Director of Foundation & Finance at Beartooth since 2017. She is a past National President of the Accounting and Financial Women’s Alliance (AFWA), and past Chair of the Beartooth Billings Clinic Board. Linda has served on the Montana Board of Public Accountants for 12 years, is a long-time committee member of the Montana Society of CPAs CPE Committee, and continues to serve on the local chapter of AFWA Committees and Board. She currently is Treasurer for the Beartooth Humane Alliance in Red Lodge. She is a licensed CPA and has a BS in Accounting from Eastern Montana College.

Sharon Norby, Chief Quality & Compliance Officer - Ms. Norby has served as Chief Quality & Compliance Officer since 2014. Prior to that she held the position of Director of Nursing and Quality Improvement Coordinator from 1999 to 2014. She has maintained her National Certification in Healthcare Quality since 1993. Ms. Norby has served on Montana Health Education and Research Foundation Performance Improvement Network Advisory Board from 2014 to present. She also serves on Beartooth Billings Clinic Foundation Board. Recently she participated in a Quality Kaizen event hosted by Billings Clinic and is considered a subject matter expert for this project. Ms. Norby completed her Bachelor of Science in Nursing in 2000.

Brandi Mains, Director of Operations and Community Services – Ms. Mains has been working at Beartooth since 1997. She became Director of Home Care and Hospice and Assistant Director of nursing in 2010 where she oversaw Home Care/Hospice and was back up to the Director of Nursing. In 2017 she obtained her Green Belt in Lean Six Sigma. In 2019 she accepted the position of Director of Operations and Community Services, which oversees, Information Services, Community Relations, Marketing, Home Care/Hospice and Public Health. Brandi has a Bachelor of Science, Nursing Degree from Montana State University graduating in 1998.

GOVERNANCE

Beartooth has 12 board members, nine are local and elected by the members of the Memorial Hospital Association. Three board members are appointed by Billings Clinic. Beartooth Billings Clinic has an MSA with Billings Clinic, but remains locally owned by the Memorial Hospital Association dba Beartooth Billings Clinic.

COVID-19 RESPONSE

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 stay-in-place orders across the country. The immediate financial impact on hospitals has been significant. Although Montana has not had a large number of COVID-19 patients at this time, hospitals have been forced to suspend non-essential services, such as elective surgeries, physical therapy, wellness programs, etc. This suspension has led to immediate revenue generation problems for healthcare organizations.

Beartooth shut down all outpatient services due to COVID in the middle of March, 2020 until the first week in May, 2020. Since it reopened the Hospital has slowly experienced increases in those services, but it was not an immediate back to business. Beartooth experienced a net patient revenue loss for the remainder of FY20 of approximately \$1,285,621. It is yet to be determined whether any of this lost revenue will be allowed to be offset by the Hospital's CARES funding. Beartooth did not lay off employees during this period of time.

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HISTORICAL FINANCIALS

Audited Financials as of 6/30	2019	2020	Unaudited 2021
<u>Assets</u>			
Cash & Cash Equivalents	\$2,025,868	\$3,701,912	\$3,837,498
Investments	8,128,068	9,258,566	8,833,654
Patient Recvbls (net) & Due from 3rd-Party Payors	3,230,528	2,104,647	3,027,852
Other Receivables	257,899	260,298	420,890
Inventory	324,974	358,705	374,204
All Other Current Assets	28,231	58,509	15,746
Total Current Assets	\$5,867,500	\$6,484,071	\$7,676,190
Fixed Assets	22,872,032	23,299,099	24,517,593
Accumulated Depreciation	10,376,348	11,571,827	12,703,708
Fixed Assets (net)	12,495,684	11,727,272	11,813,885
Assets Limited to Use	1,647,545	6,768,185	5,343,742
Other Assets			
Total Assets	\$28,138,797	\$34,238,094	\$33,667,471
<u>Liabilities</u>			
Accounts Payable & Other Accrued Expenses	\$1,076,322	\$890,641	\$1,377,386
Current Portion of Long-Term Debt	423,196	444,553	444,553
Other Current Liabilities	931,504	6,374,458	4,487,350
Total Current Liabilities	\$2,431,022	\$7,709,652	\$6,309,289
Long-Term Debt (Less Current Portion)	16,048,808	15,631,295	15,348,572
Unrestricted Net Assets	9,658,967	10,897,147	12,009,609
Total Liabilities & Fund Balance	\$28,138,797	\$34,238,094	\$33,667,470
<u>Revenues and Expenses</u>			
Net Patient Service Revenue	\$14,740,084	\$15,806,943	\$16,632,762
Other Operating Revenue	735,562	785,896	1,027,613
Total Operating Revenue	15,475,646	16,592,839	17,660,375
Interest	827,119	833,456	761,621
Depreciation & Amortization	1,152,119	1,185,449	1,140,853
Other Operating Expenses	13,227,369	13,918,313	15,076,984
Total Operating Expenses	15,206,607	15,937,218	16,979,458
Operating Income	\$269,039	\$655,621	\$680,917
Nonoperating Revenue	699,539	617,382	2,940,782
Excess of Revenue Over Expenses	968,578	1,273,003	3,621,699

KEY RATIOS

According to the National Rural Health Resource Center, the performance and health of a Critical Access Hospital can be identified using six important financial indicators. The table below displays each of these indicators with the 2018 CAH MT medians as listed in the *CAH Indicators Report: Summary of 2018 Medians by State*.

CAH Financial Indicator	FY 2019	FY 2020	Unaudited FY 2021	2018 MT Median	Favorable Trend
Days in Accounts Receivable	80.00	48.60	66.45	58.29	Down
Days Cash on Hand	258.75	307.03	279.97	81.20	Up
Operating Margin	1.74%	3.95%	3.86%	-7.02	Up
Debt Service Coverage	2.44	2.62	4.58	2.87	Up
Average Age of Plant (Years)	9.01	9.76	11.14	12.23	Down
Long Term Debt to Capitalization	62.43%	58.92%	56.10%	25.83%	Down

FINANCIAL OBSERVATIONS

The Hospital is in a strong financial position showing consistent excess of revenue over expenses. It stayed strong in FY 2020 and FY 2021 despite the difficult operating environment caused by the COVID-19 Pandemic.

Assets and Liabilities

- Patient receivables increased from \$2.10 million in FY 2020 to \$3.02 million in Unaudited FY 2021. This increase is due in part to COVID, but the Hospital's revenue also increased by approximately \$1.4 million between the two years and it also underwent a major software conversion so its accounts receivable increased as well.
- Fixed assets increased from \$23.29 million in FY 2020 to \$24.51 million in FY 2021. A large majority of the change is capital expenditures that the Hospital obligated for by the 6/30/21 deadline that is related to HHS CARES funding. This increase is equipment needed for COVID and while it has been ordered, Beartooth is still waiting on delivery.
- Under other current liabilities, accrued expenses decreased from prior year. This decrease was due to Beartooth going through two software conversions last fall and the difference is how various payable accounts crossed-walked over to the new system and how they were grouped in the new system.
- Temporary restricted net assets increased substantially in FY 2021 to \$5.34 million. This increase is all due to COVID funding.

Revenues and Expenses

- Net patient service revenue increased to \$16.63 million in FY 2021. This increase is due to Beartooth seeing a steady pickup of clients since COVID.
- Contract staff and professional fees were the biggest line item increases of the facility's operating expenses. These increases are due to contract staff needs due to COVID and professional costs due to the software conversion.
- Non-operating revenue increased from \$617,382 million in FY 2020 to \$2.94 million in FY 2021 with "Other Income" making up the majority of the fund. The increase is the activity in Beartooth's investment portfolio which did extremely well and the forgiveness of Beartooth's PPP loan.

UTILIZATION

Utilization Stats	2018	2019	2020	2021
Patient Days	572	521	487	401
Swing Bed Admits	91	99	100	108
ER	2,175	2,290	2,046	2,236
Clinic Visits	9,909	9,159	8,347	7,508
PT Visits	8,401	8,191	7,173	7,541
Labs	78,616	83,631	82,920	111,588

The increase in lab visits was in part related to COVID. COVID also played a part in the decrease in clinic visits as well. Beartooth shut down its clinic for a period of time in 2020 but are now experiencing a steady increase in patients. There is a national trend showing that acute days are less than normal, but these numbers are tied to what kind of patients come in for care. COVID did play a part in acute numbers decreasing as well – notably masking contributed to the Hospital's normal flu season admits being down as well.

PAYOR MIX

Payor Mix	FY 2018	FY 2019	FY 2020
Medicare	26%	38%	39%
Medicaid	10%	6%	7%
Third Party	48%	42%	35%
Self Pay	16%	14%	19%
Total	100%	100%	100%

ANTICIPATED CHANGES DUE TO PROJECT

The estimated net present value savings is \$2,204,380 over the life of the bond. The annual cash flow savings is approximately \$200,000. The overall percentage of savings on refunding the bonds is 15%. For reference, a refunding is considered financially worthwhile above 3% savings.

PRO FORMA

	FY 2019	FY 2020	Unaudited FY 2021	Pro Forma FY 2020	Pro Forma FY 2021
Revenues Minus Expenditures	968,578	968,578	1,273,003	968,578	1,273,003
Add Depreciation/Amortization	1,152,119	1,152,119	1,185,449	1,152,119	1,185,449
Interest Expense	827,119	827,119	833,456	827,119	833,456
Available for Debt Service	2,947,816	2,947,816	3,291,908	2,947,816	3,291,908
Existing Debt Service	1,206,109	1,256,652	1,206,174		
Maximum Debt Service on New Money	N/A	N/A	N/A	996,205	996,205
Total Debt Service	1,206,109	1,256,652	1,206,174	996,205	996,205
Debt Service Ratio Calculation	2.44	2.35	2.73	2.96	3.30

COVID SUPPORT

Payor	Amount
Paycheck Protection Program	\$ 1,731,030.00
SHIP Grant	61,322.00
US Department of Health & Human Services (HHS)	3,824,153.11
MT DPHHS - Emergency Child Care Program	40,000.00
MT Social Services Grant	10,000.00
Total Support	\$ 5,666,505.11

FINANCE TEAM MEMBERS

Finance Team Members	Firm	Primary
Bond Counsel	Jackson, Murdo & Grant P.C.	Nathan Bilyeu
Lender	First National Bank of Wyoming	Mandy Kern
Bank Counsel	Crowley Fleck	Eli Patton
Financial Adviser	Ponder & Co.	Michael Tym
Trustee	Regions Bank	Kurt Marson

STRENGTHS

- The Hospital is in excellent financial position even after the COVID outbreak.
- Excellent liquidity and debt coverage ratios including over 200 days cash on hand.
- Refinancings will improve cash flows and savings.
- COVID-related stimulus support provides the Hospital with more security and ability to pay debts.

WEAKNESSES

- Difficult and unknown operating environment moving forward due to COVID-19.

RECOMMENDATION

Approval is recommended based upon the following considerations:

- Ability to maintain profitability amidst expansion and COVID.
- Strong financial position and experienced management.

RESOLUTION NO. 21-10

RESOLUTION RELATING TO A REVENUE BOND, SERIES 2021 (BEARTOOTH BILLINGS CLINIC PROJECT); MAKING FINDINGS WITH RESPECT TO THE PROJECT AND THE BOND; AUTHORIZING AND APPROVING THE SALE AND ISSUANCE OF THE BOND SECURED BY BY PAYMENTS TO BE RECEIVED PURSUANT TO A LOAN AGREEMENT, AND AN ASSIGNMENT OF THE AUTHORITY'S INTEREST IN THE LOAN AGREEMENT AND PAYMENTS THEREUNDER TO THE OWNER OF THE BOND; AND AUTHORIZING THE EXECUTION OF DOCUMENTS.

BE IT RESOLVED by the Montana Facility Finance Authority (the "Authority"), as follows:

ARTICLE I

RECITALS

Section 1.01. The Authority is authorized by Montana Code Annotated, Title 90, Chapter 7, Parts 1, 2 and 3, as amended (the "Act"), to issue and sell its revenue bonds and loan the proceeds thereof to one or more institutions (as defined in the Act) to finance, refinance or provide reimbursement for certain allowable costs of acquiring, constructing and equipping eligible facilities (as defined in the Act). Bonds so issued are payable solely from the revenues and assets derived from the participating institutions (as defined in the Act) and do not constitute a debt, liability, or obligation of the State of Montana (the "State") or a pledge of the faith and credit thereof. The Authority is required to secure the bonds by pledging the revenues received from the participating institutions. The Authority may also secure the bonds by security devices deemed advantageous by the Authority pursuant to a trust agreement between the Authority and a corporate trustee.

Section 1.02. Memorial Hospital Association, Inc. d.b.a. Beartooth Billings Clinic, a Montana nonprofit corporation (the "Corporation") is a Montana nonprofit corporation authorized to do business in the State.

Section 1.03. The Corporation financed the acquisition, equipment, and construction of its hospital facility in Red Lodge, Montana, in 2009 and 2010 via the following "Existing Loans":

- 1) Amended Series 2009A \$12,395,000 Taxable Hospital Revenue Bonds—accruing interest at a rate of 4.98%. In addition to the interest rate the Corporation pays a 0.50% annual guaranty fee to USDA and a servicing fee to First Interstate Bank as the USDA servicer. The bonds have a final maturity of 11/1/2038.
- 2) Series 2009B \$1,380,000 Taxable Hospital Revenue Bonds—accruing interest at a rate of 6.18% and final maturity of 11/1/2038.

3) Series 2010 \$6,000,000 United States Department of Agriculture (USDA) Rural Development Note—accruing interest at a rate of 3.75% and final maturity of 1/1/2045.

Section 1.04. The Corporation now proposes to undertake the complete redemption of the Existing Loans, including costs of issuance (the “Project”). The Project to be funded with the proceeds of the Series 2021 Bond in an amount not to exceed \$15,936,000 at an interest rate of up to 2.95% over a 20-year term.

Section 1.05. The Corporation has requested that the Authority, acting pursuant to and in accordance with the Act, authorize the issuance of its Montana Facility Finance Authority Revenue Bond, Series 2021 (Beartooth Billings Clinic Project) (the “Series 2021 Bond”), in a principal amount not to exceed \$15,936,000, the proceeds of which will be loaned by the Authority to the Corporation to fund a portion of the costs of the Project (the “Loan”). Under the provisions of the Act, the Series 2021 Bond shall be a special, limited obligation of the Authority payable solely from revenues, including loan repayments from the Corporation, and shall not constitute a debt, liability, obligation or pledge of the faith, credit or taxing powers of the State.

Section 1.06. The Authority has heretofore called and noticed, and intends to conduct, a public hearing as required by Section 147(f) of the Internal Revenue Code of 1986, as amended (the “Code”), with respect to the financing of the Project and the issuance and sale of the Series 2021 Bond. At the public hearing, all persons who appear will be afforded an opportunity to express their views with respect to the proposal to issue the Series 2021 Bond to finance the Project. Following the public hearing but prior to the issuance of the Series 2021 Bond, the Governor of the State is expected to approve the issuance of the Series 2021 Bond.

Section 1.07. The following documents relating to the Series 2021 Bond have been prepared, which documents in proposed form are before this Authority at this meeting and shall be placed on file in the office of the Authority:

(a) The Financing Agreement (the “Financing Agreement”) to be entered into by and between the Authority and the Corporation;

(b) The Loan Agreement (the “Loan Agreement”) to be entered into by the Authority and the Corporation;

(c) The Business Loan Agreement (the “Business Loan Agreement”) to be entered into by and between the Authority and the Corporation;

(d) The Commercial Security Agreement (the “Commercial Security Agreement”) to be entered into by and between the Authority and Corporation;

(e) The Promissory Note of the Corporation (the “Series 2021 Obligation”) authorized to be executed and delivered by the Corporation and which is secured by the Commercial Security Agreement;

(f) The Assignment of Loan Documents (the “Assignment”), to be executed by the Authority in favor of First Bank of Wyoming, a division of Glacier Bank (“the Bank”), in its capacity as the Owner of the Series 2021 Bond;

- (g) The form of the Series 2021 Bond (the “Series 2021 Bond Form”);
- (h) The Depository Trust Agreement (the “Depository Agreement”) to be entered into by and between the Authority and the Bank, in its capacity as depository bank (the “Depository Bank”) and Series 2021 Bond registrar (the “Registrar”); and
- (i) The Tax Agreement, to be entered into by and among the Corporation, the Depository Bank, and the Authority.

Section 1.08. Unless the context requires otherwise, the terms defined in Section 1.01 and elsewhere in the Financing Agreement shall, for all purposes of this Resolution (including the recitals and exhibits hereto), be incorporated herein by this reference, and shall have the meanings specified in such places, such definitions to be equally applicable to both the singular and plural forms of any of the defined terms.

ARTICLE II

FINDINGS

Based on information provided by the Corporation and such other facts and circumstances as the Authority deems relevant, the Authority hereby finds, determines and declares as follows:

- (a) The facility being financed by the Project is an “eligible facility” within the meaning of the Act, and will be owned and/or operated by the Corporation, which is an “institution” within the meaning of the Act;
- (b) The Loan payments to be made by the Corporation pursuant to the Loan Agreement and the Series 2021 Obligation are scheduled to be sufficient to pay the principal of, and interest on the Series 2021 Bond, when due, to maintain sufficient reserves therefor, to meet all other obligations in connection with the Loan Agreement and to provide for costs of servicing and securing the Series 2021 Bond and the Loan;
- (c) The loan of the proceeds of the Series 2021 Bond to the Corporation pursuant to the Loan Agreement will not exceed the total eligible costs of the Project as determined by the Corporation;
- (d) Based solely upon information provided and representations made by the Corporation, the Revenues are expected to be sufficient to provide for the payment of the principal of and interest on the Loan as due;
- (e) Pursuant to the Depository Agreement, the Loan payments and amounts payable under the Loan Agreement and the Series 2021 Obligation are pledged to the payment of the principal of, premium, if any, and interest on the Series 2021 Bond;
- (f) Based solely on information provided and representations made by the Corporation, to the extent required under Montana law, the facilities to be refinanced by

the Project were reviewed and approved by the appropriate regional and state health planning boards and received any approval required by Montana Code Annotated, Title 50, Chapter 5, Part 3, as amended;

(g) Based solely on information provided and representations made by the Corporation, the facilities being refinanced through the Project did not and do not significantly affect the quality of the human environment, within the meaning of Montana Code Annotated, Section 75-1-201(1)(b)(iii);

(h) The Project Facilities are or will be owned and/or operated by the Corporation for the purpose of fulfilling its obligations to provide health care facilities;

(i) Based solely upon information provided and representations made by the Corporation, the Corporation has sufficient experience and expertise to operate the facilities being refinanced; and

(j) Based solely upon information provided and representations made by the Corporation, the Project is financially feasible and the Corporation will have sufficient revenues to provide for the payment of the principal of and interest on the Loan, as due.

The foregoing findings and determinations are made pursuant to the Act and are not made for the benefit of, and may not be relied upon by the Owner of the Series 2021 Bond.

ARTICLE III

APPROVAL AND AUTHORIZATIONS

Section 3.01. Subject to compliance with the terms of the Act and this Resolution, the Project is hereby approved, and the Authority shall make the Loan to the Corporation for the purpose of providing the financial assistance requested by the Corporation therefor. To fund the Loan, the Authority hereby authorizes the issuance of the Series 2021 Bond and the sale of the Series 2021 Bond to the Bank, in its capacity as the purchaser and original Owner of the Series 2021 Bond (the "Purchaser"), at par, subject to the following, which the Executive Director is hereby authorized to approve:

(a) the principal amount of the Series 2021 Bond; provided that such principal amount shall not exceed \$15,936,000;

(b) the tax-exempt interest rate shall be a fixed rate of up to 2.95% annually for the Series 2021 Bond.

(c) the final maturity of the Series 2021 Bond shall be twenty years from the date of issuance of the Series 2021 Bond; and

(d) the provisions for prepayment, purchase and redemption of the Series 2021 Bond prior to its stated maturity.

Such approval by the Executive Director shall be conclusively evidenced by the Executive Director's execution of the documents approved herein.

The Series 2021 Bond shall be dated its date of issuance and shall be issued as a single fully registered bond, without number, in substantially the same form as the Series 2021 Bond Form, which is incorporated herein by this reference.

The Series 2021 Bond shall be a special limited obligation of the Authority, payable solely from the money and investments in the Bond Fund.

The State is not liable on the Series 2021 Bond. The Series 2021 Bond is not a debt of the State, and neither the faith and credit nor the taxing power of the State is pledged to the payment of the principal of or the interest on the Series 2021 Bond. The Owner of the Series 2021 Bond shall have no right to compel the exercise of the taxing power, if any, of the State or any political subdivision thereof to pay any principal of or interest on the Series 2021 Bond.

The Series 2021 Bond shall be secured by a pledge of the money and investments in the Bond Fund and the Security Documents. As additional security for the Series 2021 Bond, the Authority shall assign its rights, title and interests in the Series 2021 Obligation, the Loan Agreement and all other loan documents to the Owner of the Series 2021 Bond, without recourse, pursuant to the Assignment.

The Series 2021 Bond shall be executed on behalf of the Authority with the facsimile or manual signatures of the Chair and the Executive Director of the Authority, and shall be authenticated by an authorized representative of the Registrar.

Section 3.02. The Authority hereby authorizes, accepts, approves and agrees to all the terms and conditions of the following documents, in substantially the forms available to the Authority on this date, with such additions, deletions and modifications as are hereafter deemed by the Chair, the Executive Director and the Associate Director of the Authority, or any one or more of them acting alone or in combination, to be in the best interest of the Authority, which documents authorize, *inter alia*, the delivery of the Series 2021 Bond; the Loan of the proceeds of the Series 2021 Bond to the Corporation for the Project; the appointment of the Bank as the Depository Bank and Registrar; the establishment with the Depository Bank of a "Bond Fund" as a special trust fund for the payment of and security for the Series 2021 Bond; the pledge of the money and investments in the Bond Fund as security for the Series 2021 Bond; and the assignment or delegation, as appropriate, of the Authority's rights, title and interest in the Loan Agreement, the Series 2021 Obligation and all other loan documents to the Owner, without recourse, as additional security for the Series 2021 Bond:

- (a) The Financing Agreement,
- (b) The Loan Agreement,
- (c) The Business Loan Agreement,
- (d) The Series 2021 Obligation,

- (e) The Commercial Security Agreement,
- (f) The Assignment;
- (g) The Depository Agreement;
- (h) The Tax Agreement; and
- (i) All other certificates, documents and other papers which, in the judgment of either the Chair, the Executive Director and/or the Associate Director of the Authority (whoever actually executes such documents), are necessary to the sale and delivery of the Series 2021 Bond, and the Loan of the proceeds thereof to the Corporation for the Project.

Section 3.03. The Chair, the Executive Director, and the Associate Director of the Authority, or any one or more of them acting alone or in combination, are each hereby authorized and directed to execute or endorse and assign, as appropriate, for and on behalf of the Authority, and to deliver to the parties entitled to executed copies of the same, the Financing Agreement, the Loan Agreement, Business Loan Agreement, the Depository Agreement, the Tax Agreement, the Assignment and the certificates, documents and other papers described in Section 3.02(h) hereof, in each case, with such additions, deletions and modifications as are hereafter deemed by the Chair, the Executive Director and/or the Associate Director of the Authority (whoever actually executes such documents) to be necessary to conform such documents to each other and/or to be in the best interests of the Authority. The Chair and the Executive Director of the Authority are hereby authorized and directed to execute, for and on behalf of the Authority, the Series 2021 Bond, and to deliver the same to the Purchaser in consideration of payment in full of the purchase price therefor. The Chair, the Executive Director and the Associate Director of the Authority, or any one or more of them acting alone or in combination, are authorized, for and on behalf of the Authority, to endorse to the Owner, without recourse, any and all negotiable instruments made payable to the Authority in payment for the Series 2021 Bond. The Chair, the Executive Director and the Associate Director of the Authority, or any one or more of them acting alone or in combination, are hereby authorized and directed to take such other actions to consummate the sale of the Series 2021 Bond as may be necessary or desirable.

Section 3.04. The Series 2021 Bond shall not be valid or obligatory for any purpose or be entitled to any right or benefit hereunder unless an authorized representative of the Registrar shall have manually signed on the Series 2021 Bond a certificate of authentication. Such certificate of authentication shall be conclusive evidence that the Series 2021 Bond so authenticated has been duly issued under this Resolution, and that the Owner is entitled to the benefits hereof.

Section 3.05. The Authority, the Registrar, the Corporation and their respective successors, each in its discretion, may deem and treat the Owner as the absolute owner of the Series 2021 Bond for all purposes; and neither the Authority, the Registrar, the Borrower, nor their respective successors shall be affected by any notice to the contrary. Payment of or on account of the principal of and interest on the Series 2021 Bond shall be made only to or upon

the order of the Owner thereof. All such payments shall be valid and effectual to satisfy and discharge the liability upon the Series 2021 Bond to the extent of the sum or sums so paid.

Section 3.06. If the Series 2021 Bond becomes mutilated, lost, stolen or destroyed, the Registrar may authenticate and deliver a new Series 2021 Bond of the same outstanding principal amount, interest provisions and maturity and of like tenor and effect in substitution therefore, all in accordance with the provisions of applicable State law. Or, if the mutilated, lost, stolen or destroyed Series 2021 Bond has matured, the Registrar may, at its option, pay the same without the surrender thereof. However, no such substitution or payment shall be made unless the applicant shall furnish (a) evidence satisfactory to the Registrar of the destruction or loss of the original Series 2021 Bond and of the ownership thereof; (b) any written affidavit required by applicable State law; and (c) any such additional security and indemnity as may be required by the Registrar. No substitute Series 2021 Bond shall be furnished unless the applicant shall reimburse the Authority and the Registrar for their expenses in the furnishing thereof. Any such substitute Series 2021 Bond so furnished shall be clearly marked "Duplicate."

Section 3.07. The Authority hereby appoints the Depository Bank to serve as the initial Registrar for the Series 2021 Bond. The Registrar shall keep proper registry and transfer records in which shall be noted the registration and transfer of the Series 2021 Bond, in the manner and to the extent specified in this Resolution. The Registrar for the Series 2021 Bond shall be one or more associations or corporations organized and doing business under the laws of the United States or any state thereof, authorized under such laws to exercise trust powers, having a combined capital and surplus of at least \$20,000,000 and subject to supervision or examination by federal or state authority. In case at any time the Registrar shall cease to be eligible in accordance with the provisions of this Section 3.07 and another association or corporation is eligible, the Registrar shall resign immediately in the manner and with the effect specified in the following paragraph. The Registrar may resign and be discharged by giving to the Authority, the Owner and the Borrower 90 days' advance written notice. Such resignation shall take effect on the day specified in such notice but the resigning Registrar shall not be discharged from its obligations on such date unless another Registrar has been appointed or is acting hereunder. For so long as the Bank is the Owner of the Series 2021 Bond, the Authority shall not remove the Depository Bank as the Registrar unless the Depository Bank fails to qualify to serve as the Registrar pursuant to this Section 3.07 or has breached its obligations as Registrar hereunder. The Registrar may be removed by the Authority at any time after the Bank is no longer owner of the Series 2021 Bond, either with or without cause, by an instrument or instruments in writing, appointing a successor to the Registrar so removed, filed with the Registrar and the Corporation.

ARTICLE IV

FEES

As authorized by Section 90-7-211 of the Act, the Authority may assess certain initial planning service fees and annual planning services fees. The Authority hereby determines that the initial planning service fee for the Series 2021 Bond shall be determined in accordance with current policy and is currently estimated to be 15 basis points (0.15%) times the original principal amount of the Series 2021 Bond, and the annual planning service fee for the Series 2021 Bond shall be 5 basis points (0.05%) times the then- outstanding principal amount of the Series 2021 Bond, unless and until changed by the Authority. No Owner of the Series 2021

Bond or any other outstanding bonds of the Authority shall have any interest in such funds or any right, by contract or otherwise to direct the application of such funds to the payment or security of such bonds.

ARTICLE V

LIMITED LIABILITY OF AUTHORITY AND STATE OF MONTANA

The Series 2021 Bond is a special, limited obligation of the Authority, payable solely from the Bond Fund, and shall be secured by a pledge of the money and investments in the Bond Fund and the Security Documents. The Series 2021 Bond shall not constitute or give rise to a pecuniary liability of the Authority or a charge against the credit or general taxing powers, if any, of the State.

PASSED AND APPROVED BY THE MONTANA FACILITY FINANCE
AUTHORITY this August 18th, 2021.

By: Vu Pham
Its: Chair

**Missouri River Medical Center
Fort Benton, MT
Trust Fund Loan Program
Loan Summary**

ELIGIBLE HEALTH FACILITY

Chouteau County Hospital District dba Missouri River Medical Center (“Missouri River Medical Center” or “Hospital”) is a nonprofit Critical Access Hospital (“CAH”) and hospital district located in Fort Benton, MT. The Hospital services include intermediate care, emergency care, family practice, optometry care, physical therapy, laboratory, radiology, and long-term care. The Hospital is governed by a five-person, independent Board of Trustees.

PROJECT AND COST

The Authority received a loan request from the Hospital on August 31, 2020. The loan amount is for \$1,000,000 and the proceeds will be used to build a new 4,400 sq ft. rural health clinic to replace the current facility that was built in 1950s. The new clinic will help streamline operations and benefit both the patients and employees of the Hospital. Expected project completion is Spring/Summer of 2022.

Sources:	
Trust Fund Loan	1,000,000
TOTAL	\$ 1,000,000
Uses:	
New Rural Health Clinic	1,000,000
TOTAL	\$ 1,000,000

<u>PROGRAM</u>	Trust Fund Loan
<u>LOAN TERM</u>	20 years
<u>INTEREST RATE</u>	3.46%
<u>CLOSING DATE</u>	est. end of year 2021
<u>MATURITY DATE</u>	est. end of year 2041
<u>SECURITY</u>	UCC on Accounts Receivable

MARKET/COMPETITION

Choteau County encompasses 3,936 square miles and includes the communities of Fort Benton, Big Sandy, Loma, and Geraldine. The total population of Choteau County is approximately 5,738 people. The local economy is primarily agricultural and relies heavily on wheat production.

The closest hospital to Missouri River Medical Center is Big Sandy Medical Center, located in Big Sandy, MT, which is 39 miles away. Benefis Health System in Great Falls, MT is located 41 miles away, respectively.

MANAGEMENT AGREEMENT WITH BENEFIS HEALTH SYSTEM

The Hospital has a management agreement with Benefis Health System (“Benefis”), which provides a part-time CEO, CFO, and general accounting duties. Further, the Hospital has a separate contract with Benefis, which provides the Hospital with a full-time medical biller. Benefis provides no direct financial support and does not provide a guarantee on the Hospital’s debt obligations.

COVID-19 PANDEMIC AND RESPONSE

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 stay-in-place orders across the country. The immediate financial impact on hospitals has been significant. Although Montana has not had a large number of COVID-19 patients relative to the rest of Country, hospitals have been forced to suspend non-essential services, such as elective surgeries, physical therapy, wellness programs, etc. This suspension has led to immediate revenue generation problems for healthcare organizations.

Fortunately, Missouri River Medical Center did not have to shut down major portions of its operations and were able to operate relatively normally through the pandemic. As of July 2020, the Hospital is back to full operations and has weathered through the pandemic well. The Hospital has had to incur additional expense to ensure patient and employee safety and has had to make some adjustments to its long-term care facility, such as closing visitation hours.

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HISTORICAL FINANCIALS

Audited Financials as of 6/30	2018	2019	2020
<u>Assets</u>			
Cash & Cash Equivalents	1,832,065	2,169,889	3,958,482
Investments	-	-	-
Receivables	844,634	1,050,445	1,352,467
Other Receivables	7,075	30,264	94,750
Inventory	126,017	120,402	118,312
Current Assets Limited to Use	54,917	38,264	38,371
Total Current Assets	\$2,864,708	3,409,264	5,562,382
Fixed Assets	5,545,722	7,607,335	8,577,247
Accumulated Depreciation	4,068,072	4,270,073	4,579,692
Fixed Assets (net of depreciation)	1,477,650	3,337,262	3,997,555
Board Designated Funds	457,957	465,078	467,798
Other Assets	73,000	58,155	59,203
Total Assets	\$4,873,315	\$ 7,269,759	\$ 10,086,938
<u>Liabilities</u>			
Accounts Payable & Accrued Expenses	478,775	447,889	555,609
Current Portion of Long-Term Debt	76,979	113,757	115,783
Other Current Liabilities	-	84,039	2,685,690
Total Current Liabilities	\$555,754	\$645,685	\$3,357,082
Long-Term Debt (less current portion)	343,408	1,314,230	1,196,963
Other Long-Term Liabilities	-	-	-
Unrestricted Fund Balance	3,928,153	5,283,689	5,505,690
Restricted Fund Balance	25,906	26,155	27,203
Total Liabilities & Fund Balance	\$4,853,221	\$7,269,759	\$10,086,938
<u>Revenue and Expense</u>			
Net Patient Service Revenue	5,285,976	5,308,823	5,489,343
Other Operating Revenue	44,986	37,245	97,186
Interest	12,438	50,253	49,050
Depreciation & Amortization	140,469	202,002	309,617
Other Operating Expenses	5,103,635	5,390,499	5,717,475
Operating Income	\$74,420	(\$296,686)	(\$489,613)
Other Non-Operating Revenue	648,080	1,652,471	712,662
Excess of Revenue Over Expenses	\$722,500	\$1,355,785	\$223,049

FINANCIAL OBSERVATIONS

Interim Financials as of April 30, 2021

The Hospital has been able to return to normal operations and it is in good financial shape so far in FY 2021. The interim financials show a net income of \$352,122 favorable to budget of \$29,870. During this period the net patient revenue was \$4.80 million, favorable to budget of \$4.48 million. Operating income is \$264,739 favorable to budgeted loss of (\$26,213).

Assets

- Cash and Cash equivalents grew substantially from \$2.16 million in FY 2019 to \$3.95 million in FY 2020. This is attributed to the Hospital receiving \$2.65 million in Stimulus funds from the Department of Health and Human Services.
- Patient Receivables grew from \$1.05 million in FY 2019 to \$1.35 million in FY 2020. This is attributed to the Hospital seeing increased utilization in more profitable service lines, such as skilled swing bed days.
- Fixed net assets have grown from \$3.33 million in FY 2019 to \$3.99 million in FY 2020. This is attributed to the Hospital undertaking large projects in the past two fiscal years. In FY 2019, the Hospital underwent an energy performance upgrade at a total cost of \$1.8 million. Further, the Hospital underwent an Electronic Medical Record upgrade in FY 2020 at a total cost of \$730,000.
- Total assets have increased from \$7.26 million in FY 2019 to \$10.08 million in FY 2020. This is attributed to the projects noted above and a stronger bottom line from FY 2018 to FY 2020.

Liabilities

- Accounts payable and accrued expenses increased from \$447,889 in FY 2019 to \$555,609 in FY 2020. This is attributed to increased expense related to COVID-19.
- Other current liabilities increased from \$84,039 in FY 2019 to \$2.68 million in FY 2020. This is attributed to deferred revenue from CARES Act Provider Relief Funds totaling \$2.65 million. If the funds are later forgiven, the deferred revenue will be recorded as revenue and the liability will be eliminated.
- Long term debt, net of current portion decreased from \$1.31 million in FY 2019 to \$1.19 million in FY 2020 due to principal payments being made. An increase in FY 2019 from FY 2018, was attributed to the Hospital obtaining loans from the Montana Board of Investments Intercap Program and the Montana Community Development Corporation. These loans were used for its energy upgrade and equipment upgrades.

Revenues and Expenses

- Net patient revenue has remained relatively consistent from \$5.30 million in FY 2019 to \$5.48 million in FY 2020. The Hospital has experienced a decrease in patient days, however, this is offset by increases in outpatient days and emergency room visits.
- Non-operating revenue decreased from \$1.65 million in FY 2019 to \$712,662 in FY 2020. In FY 2019, the Hospital received a \$600,000 donation from the Strand Foundation. Further, the Hospital received an \$800,000 grant from the Montana Department of Commerce

Community Development Block Grant program. The Hospital also receives approximately \$580,000 per year from Choteau County in the form of a tax subsidy.

- Operating expenses increased from \$5.64 million in FY 2019 to \$6.07 million in FY 2020. This is in part due to additional expense the Hospital has had to accrue due to the COVID-19 Pandemic.

COUNTY SUPPORT

The Hospital receives approximately \$580,000 per year in tax levies from Choteau County. The levy is voted on every five years and was most recently passed in July 2020 with 74 percent voter approval.

KEY RATIOS

According to the National Rural Health Resource Center (NRHRC), the performance and health of a Critical Access Hospital 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*.

CAH Financial Indicator	FY 2019	FY 2020	2018 MT Median	Favorable Trend
Days in Accounts Receivable	72.22	89.93	58.29	Down
Days Cash on Hand	176.77	280.17	81.20	Up
Total Margin	25.36%	3.99%	0.39%	Up
Operating Margin	-5.55%	-8.76%	-7.02%	Up
Debt Service Coverage	12.64	3.57	2.87	Up
Salaries to Net Patient Revenue	67.46%	68.16%	51.35%	Down
Average Age of Plant (Years)	21.14	14.79	12.23	Down
Long Term Debt to Capitalization	19.92%	17.86%	25.83%	Down

PAYOR MIX

Payor Mix	FY 2018	FY 2019	FY 2020
Medicare	46%	46%	50%
Medicaid	27%	27%	26%
Blue Cross	6%	6%	3%
Commercial	7%	9%	8%
Self Pay	13%	10%	11%
Other	1%	1%	2%
Total	100%	100%	100%

The decrease in self-pay is consistent with Medicaid Expansion that was passed in 2018. Other payor reimbursement is workman's compensation.

UTILIZATION

Utilization	FY 2018	FY 2019	FY 2020
Available Beds	25	25	25
Admissions	49	68	68
Total Patient Days	7,846	6,590	6,284
Average Length of Stay	2.64	2.57	2.70
Occupancy Rate	86%	72%	69%
Outpatient Visits	6,254	5,610	7,201
Emergency Department	489	510	508
Clinic Visits	4,605	4,469	3,951

PRO FORMA

Pro Forma	FY 2018	FY 2019	FY 2020	Pro Forma
Revenues Minus Expenditures	722,500	1,355,785	223,049	223,049
Add Depreciation/Amortization	140,469	202,002	309,617	309,617
Interest Expense	12,438	50,253	49,050	49,050
Available for Debt Service	875,407	1,608,040	581,716	581,716
Existing Debt Service	91,292	127,232	162,807	162,807
Debt Service on New Money	N/A	N/A	N/A	69,453
Total Debt Service	91,292	127,232	162,807	232,260
Debt Service Ratio Calculation	9.59	12.64	3.57	2.50

ANTICIPATED FINANCIAL CHANGES DUE TO PROJECT

The Hospital is not anticipating a large increase in volumes with the new clinic, but the additional space will allow the hospital to bring additional specialists to the facility. 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.

STRENGTHS

- Excellent cash position and financial performance from FY 2016-2020.
- Ability to maintain profitability and debt service coverage amidst significant projects.
- Tax subsidy support from Choteau County is guaranteed for the next five years.
- Hospital was able to operate normally through the COVID-19 Pandemic.

WEAKNESSES

- Reliant on non-operating revenue to maintain profitability.
- General uncertainty for Hospitals moving forward in regard to the COVID-19 Pandemic and stimulus funds.

RECOMMENDATION

Approval is recommended based upon the Hospital's financial performance and ability to meet debt service coverage amidst large expansions.

RESOLUTION NO. 21-11

RESOLUTION ON A PROPOSAL TO MAKE A LOAN TO MISSOURI RIVER MEDICAL CENTER. UNDER TITLE 90, CHAPTER 7, AND SECTION 17-6-308(4), 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 Section 17-6-308(4) 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. Missouri River Medical Center, a Montana non-profit corporation with its operations located in Fort Benton, Montana (the “Obligor”) has presented a proposal to the Authority requesting the Authority assist the Obligor with the construction of a 4,400 square foot rural health clinic (the “Project”) by making a loan to the Obligor in an amount not to exceed \$1,000,000 (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 refinanced buildings are clinics;

(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 clinical 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 18th day of August 2021.

MONTANA FACILITY FINANCE AUTHORITY

ATTEST:

By: Vu Pham
Its: Chairman

By: Adam Gill
Its: Executive Director

**Rimrock Foundation
Billings, Montana
Trust Fund Loan & Direct Loan Combination
Loan Summary**

ELIGIBLE HEALTH FACILITY

Rimrock Foundation (“Rimrock”) is a private nonprofit treatment center located in Billings, Montana. Rimrock has 122 beds in multiple locations in Billings including a 40-bed facility and several smaller units located in the surrounding area. Rimrock is organized to provide treatment and rehabilitation services to youth 13 years or older and adults who suffer from dependency disorders. Dependency disorders effectively treated by Rimrock include chemical dependency, co-dependency, eating disorders, compulsive gambling, and sexual addictions. Rimrock provides community-based and regional addiction prevention services through its Publishing Division and its Outreach Programs.

PROJECT AND COST

The MFFA received a Trust Fund Loan (“TFL”) and Direct Loan (“DL”) application from Rimrock on April 29, 2021. The total loan amount is for \$2,000,000 and the loan proceeds will be used to reimburse the purchase of land in Billings to consolidate services and create a holistic campus.

The full project which includes purchase, renovations, and consolidation is estimated to be 22 million dollars. This would be funded by fundraising 5-6 million dollars, eventual sale of existing assets 4-5 million dollars, utilizing new market tax credits through MOFI 4-5 million dollars and, external financing of 7-9 million dollars. After the purchase of the land, the timeline is anticipated to start in spring of 2022 and complete in approximately 16-18 months. In terms of total project cost, this is subject to change based on final cost estimates and decisions regarding services. However, any changes made will not increase this overall number, but could decrease the total cost as the scope and scale are reviewed.

<u>PROGRAM</u>	Trust Fund Loan & Direct Loan Combination
<u>LOAN TERM</u>	5 Years
<u>INTEREST RATE</u>	2.25% on TFL & 2.00% on DL per annum
<u>PAYMENT</u>	est. \$35,212.76 per month; \$422,553.12 per annum
<u>CLOSING DATE</u>	est. Fall 2021
<u>MATURITY DATE</u>	est. Fall 2026
<u>SECURITY</u>	Mortgage on property

SOURCES AND USES

Sources:	
Trust Fund Loan Proceeds	1,500,000
Direct Loan Proceeds	500,000
Rimrock Foundation Contribution	225,000
TOTAL	2,225,000
Uses:	
Land Purchase	2,225,000
TOTAL	2,225,000

MARKET/COMPETITION

Rimrock's primary service area for inpatient and residential services is the entire state of Montana. And a secondary market of northern Wyoming and western North Dakota. For inpatient and residential in Montana there is minimal competition for services with only Montana Chemical Dependency Center in Butte offering services for Medicaid and Rocky Mountain Treatment Center in Great Falls offering services for commercial and self-pay.

For outpatient services, primary service area is Yellowstone County and contiguous areas. However, with the growth of telehealth, this is growing extending across Montana. In the local market, New Day would be the competition along with Mental Health Center, along with private practices for individual counseling.

MANAGEMENT

Lenette Kosovich, CEO – Lenette Kosovich has over twenty-five years of senior management experience in healthcare administration. She is a Registered Nurse and has a Master's Degree in Healthcare Administration. She previously served as the Regional Director of Employer-Based Primary Care Clinics for a Third Party Administrator and as Director of Human Resources with a major Montana healthcare system. Lenette was a founding member and currently serves as the Chairman of the Board of the Behavioral Health Alliance of Montana.

Burke Kufeld, CFO – Burke has over 25 years of experience working in healthcare finance. He graduated with a Bachelor's of Science in Business Finance from the University of Montana and later earned a Master's of Business Administration with a Finance emphasis degree from Washington State University. He started working for Lutheran Health Systems (now Banner Health) at their System Office in Fargo, ND before taking leadership positions at facilities in Brush, Colorado and Loveland, Colorado. Prior to coming to Rimrock, Burke worked for the Sisters of Charity of Leavenworth Health at St. Vincent Healthcare in Billings and Holy Rosary Healthcare in Miles City. Burke has extensive experience working in healthcare finance including strategic planning, budgeting, and capital and operational analysis in both rural and non-rural settings.

Coralee Schmitz, Chief Operations Officer – Coralee is responsible for managing the general operations at Rimrock, to include Adult Treatment, Adolescent Treatment, Sober Housing, and the Treatment Court Programs. She holds a Master's Degree in Psychology, a Master's in Business

Administration, and is licensed by the state of Montana as an Addiction Counselor. She also holds accreditation from the National Association of Alcohol and Drug Addiction Counselors as a Masters level Addiction Counselor and holds certification from CSAT (Center for Substance Abuse Treatment) for Motivational Enhancement Therapy for Adolescent Cannabis abusers. Coralee is also certified as by the Commission for Accreditation of Rehabilitation Facilities (CARF) as a surveyor.

Christi Beals, Chief Nursing Officer and Senior Director of Admissions/Inpatient Services – Christi has worked for more than 15 years in the healthcare profession, spending the last nine years in leadership positions. Christi graduated with a Bachelor's of Science in Nursing and a Bachelor's of Science in Business Management from Montana State University. She later earned a Master's of Business Administration from the University of Mary. Along with her nursing leadership positions, Christi has also been an Executive team member of a psychiatric residential treatment facility where she led the departments responsible for business development, marketing, public relations, and human resources.

GOVERNANCE

The Board of Directors is independent from having any financial stake in the organization and is comprised of 12 voluntary members who represent a diverse field in the community. The Board of Directors' governance within the overall structure of Rimrock is a collective process of providing strategic leadership to the organization and includes the functions of setting direction, making policy and strategy decisions, overseeing and monitoring organizational performance, fiduciary responsibility, and ensuring overall accountability. Within the Board of Directors there is an Executive Committee made up of six members including the Chairman, past Chairman, and Vice Chairman. The composition of the Board of Directors in terms of tenure is a broad mix with one board member having served since 2001 and two starting in 2020.

COVID-19 PANDEMIC RESPONSE AND RECOVERY

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 stay-in-place orders across the country. The immediate financial impact on hospitals has been significant. Although Montana has not had a large number of COVID-19 patients, hospitals have been forced to suspend non-essential services, such as elective surgeries, physical therapy, wellness programs, etc. This suspension has led to immediate revenue generation problems for healthcare organizations.

During COVID Rimrock had to adjust the placement and timing of its inpatient/residential admission to assure quarantine until the patient received a negative COVID test. That meant double occupancy rooms were reduced to single occupancy. This negatively affected the volume of patients Rimrock could serve at one time which affected revenues.

The pandemic revealed an urgent need to upgrade the facility's telemedicine delivery and it made adjustments in the new project plan to support a technically-savvy organization. Its new design recognizes the need to keep certain services (particularly outpatient) from the rest of the milieu to provide a purposeful physical separation. The new facility would also require a better design in isolating people as need to prevent spread of any communicable diseases.

All CARES Act funding from the Federal government and state will not be recognized until after Eide Bailly conducts the Single Governmental Audit which has an approximate deadline of 9/30/2021. Rimrock's intentions are to have the audit completed in August, 2021. Based on lost revenues and expenses the facility is expecting not having to pay back any of its CARES Act funding which is approximately \$1.70 million.

UTILIZATION

Utilization Stats	2018	2019	2020	2020 % Change
Detox	1,494	1,890	1,493	-21%
Inpatient	4,849	5,555	3,531	-36%
Men's Residential	5,923	6,699	6,684	0%
Women's Residential	4,862	5,980	6,356	6%
Re-entry Program Residential Men's	2,210	2,195	1,876	-15%
Re-entry Program Residential Women's	1,343	1,120	720	-36%
Women & Children's Residential	2,542	2,838	2,590	-9%
Rimrock Day Treatment	1,951	4,912	3,215	-35%
Drug Court Day Treatment	1,644	2,436	3,397	39%
Rimrock Adult IOP	8,769	7,884	4,601	-42%
Drug Court IOP	16,220	16,683	9,907	-41%
Drug Court Ancillary Groups	3,472	4,616	4,301	-7%

PAYOR MIX

	2018	2019	2020
Medicaid	62%	71%	77%
Commercial	25%	16%	11%
Self-Pay	7%	5%	5%
Other	6%	7%	6%
Total	100%	100%	100%

In 2016 Rimrock began to see the results of the legislation's decision to expand Montana's Medicaid eligibility. The new criteria for Medicaid suddenly allowed many more who were previously finding a way to self-pay or had poor insurance coverage to be on Medicaid instead. This caused Rimrock's gradual increase in Medicaid patients. Additionally in 2017, the legislature made significant changes to outpatient treatment and reimbursement which also contributed to the additional increases in Medicaid enrollment.

HISTORICAL FINANCIALS

			Unaudited
FISCAL YEARS ENDED	12/31/2018	12/31/2019	12/31/2020
<u>ASSETS</u>			
Cash & Cash Equivalents	\$ 1,224,878	\$ 1,734,068	\$ 4,852,603
Investments	19,811	26,023	
Patient Recvbls (net) & Due from 3rd-Party	1,704,428	2,264,971	1,079,726
Other Receivables	80,941	106,131	124,886
Inventory	-	-	-
Current Assets Whose Use is Limited	-	-	-
All Other Current Assets	81,649	98,101	64,087
Total Current Assets	3,111,707	4,229,294	6,121,302
Fixed Assets	12,630,651	12,790,685	12,114,731
Accumulated Depreciation	7,729,369	8,249,216	8,135,029
Fixed Assets (net)	4,901,282	4,541,469	3,979,702
Board Designated Funds	36,802	36,957	
Assets Held in Trust			
Other Assets	137,737	175,626	298,751
Total Assets	\$ 8,187,528	\$ 8,983,346	\$ 10,399,755
<u>LIABILITIES & FUND BALANCE</u>			
Accounts Payable & Accrued Expenses	1,263,611	1,360,155	2,593,212
Current Portion of Long-Term Debt	244,494	209,441	1,446,002
Other Current Liabilities	32,268	179,241	
Total Current Liabilities	1,540,373	1,748,837	4,039,214
Long-Term Debt (Less Current Portion)	613,022	401,884	551,193
Other Long-Term Liabilities	170,563	181,651	
Unrestricted Fund Balance	5,829,941	6,617,345	5,775,718
Restricted Fund Balance	33,629	33,629	33,630
Fund Balance	5,863,570	6,650,974	5,809,348
Total Liabilities & Fund Balance	\$ 8,187,528	\$ 8,983,346	\$ 10,399,755
<u>REVENUES & EXPENSES</u>			
Gross Patient Service Revenue	17,634,859	22,462,114	21,331,586
Deductions from Patient Revenue	8,385,724	10,620,080	10,929,890
Net Patient Service Revenue	9,249,135	11,842,034	10,401,696
Other Operating Revenue	1,248,647	1,045,299	1,436,306
Total Operating Revenue	10,497,782	12,887,333	11,838,002
Interest	49,188	36,869	2,409
Depreciation & Amortization	513,850	512,042	489,355
Other Operating Expenses	11,435,005	11,578,809	12,069,020
Total Operating Expenses	11,998,043	12,127,720	12,560,784
Income from Operations	(1,500,261)	759,613	(722,782)
Nonoperating Revenue	309,642	27,791	(118,843)
Excess of Rev Over Exp Excl Extraord	\$ (1,190,619)	\$ 787,404	\$ (841,625)

KEY RATIOS

Key Ratios	Unaudited			
	2017	2018	2019	2020
Current Ratio	2.73	2.02	2.42	1.52
Cushion Ratio	5.23	2.27	6.39	22.91
Days Cash on Hand	48.29	40.73	56.47	146.73
Days in Accounts Receivable	82.80	67.26	69.81	37.89
Operating Margin	2.43%	-14.29%	5.89%	-6.11%
Excess Margin	2.70%	-11.02%	6.10%	-7.18%
Debt to Capitalization	10.87%	9.51%	5.73%	8.71%
Debt Service Coverage (x)	3.20	-1.11	4.75	-1.65

FINANCIAL OBSERVATIONS

Interim Financials as of June 30, 2021 (6 months)

Unaudited FY 2020 ended on a negative note with Rimrock recording a net loss (\$841,625) due to revenue drop associated with the COVID pandemic. On the interim June financials, Rimrock is recognizing the loan forgiveness related to the SBA PPP Loan for the amount of \$1,379,840. This makes Rimrock net positive \$825,108 so far in the year.

Assets

- Cash and cash equivalents increased from \$1.73 million in FY 2019 to \$5.00 million in FY 2020. This increase was due to the combination of Federal and State CARES Act Provider Relief funds, SBA PPP Loan, and collection improvements.
- Patient receivables decreased from \$2.26 million in FY 2019 to \$1.07 million in FY 2020. This decrease was due to collection improvements, Account Receivable cleanup, and decreased revenue, particularly Commercial Insurance which is Rimrock's slowest payor, due to COVID.

Liabilities

- Accounts Payable increased from \$179,241 in FY 2019 to \$1.64 million in FY 2020. Per Rimrock's financial auditor, the facility put all Federal and State CARES Act Provider Relief funds into Deferred Revenue until after the audit was completed. The government has now finally put out final information on Single Government Audit which will be done by Rimrock's auditor (Eide Bailly) relative to these funds.
- The largest portion of current portion of long term debt came from Rimrock's SBA loan in the amount of \$1.39 million in FY 2020. This loan was forgiven and will be recognized as revenue on the June 2021 financial statement due to the fact that forgiveness was received in 2021.

Revenues and Expenses

- Unrestricted fund balance decreased from \$6.61 million in FY 2019 to \$5.77 million in FY 2020. The decline reflects the operating loss in 2020 due to COVID.
- Gross patient service revenue dropped from \$22.46 million in FY 2019 to \$21.33 million in FY 2020. This drop in revenue was directly tied to lower rates of admissions due to COVID. A

percentage of change was added to the Utilization Rates to see the change in admissions and services provided.

- Under operating expense, Salaries was the biggest change. In FY 2019 salaries was \$7.46 million while in FY 2020 it was \$8.28 million. This increase was two fold. First, for Rimrock the market has driven many wage increases above a standard 3% increase in the last 18 months. Second, Rimrock started a new program called PACT which serves severely mentally ill clients. This was an additional 18 FTEs which had a significant lag and lead relative to when positions were hired and when reimbursement from the state would start.

SUMMARY OF COVID STIMULUS SUPPORT

Payor	Description	Amount
US Department of Health and Human Services (HHS)	Stimulus money from the CARES Act.	\$ 182,717.30
US Department of Health and Human Services (HHS)	Stimulus money from the CARES Act.	423,774.30
MT Social Service Non-Profit	Stimulus money from the CARES Act.	10,000.00
MT Social Service Non-Profit	Stimulus money from the CARES Act.	150,000.00
Montana DPHHS	Behavioral Health CARES Act Provider Relief Fu	782,053.00
Small Business Administration	Paycheck Protection	1,379,840.00
Total Support		\$ 2,928,384.60

PRO FORMA

	FY 2018	FY 2019	Unaudited FY 2020	Pro Forma FY 2019	Pro Forma Unaudited 2020
Revenues Minus Expenditures	(1,190,619)	787,404	(841,625)	787,404	(841,625)
Add Depreciation/Amortization	513,850	512,042	489,355	512,042	489,355
Interest Expense	49,188	36,869	2,409	36,869	2,409
Available for Debt Service	(627,581)	1,336,315	(349,861)	1,336,315	(349,861)
Existing Debt Service	516,155	244,494	209,441	244,494	209,441
Debt Service on New Money	N/A	N/A	N/A	422,553	422,553
Total Debt Service	565,343	281,363	211,850	703,916	634,403
Debt Service Ratio Calculation	(1.11)	4.75	(1.65)	1.90	(0.55)

ANTICIPATED FINANCIAL CHANGES DUE TO PROJECT

Rimrock has been seeing a steady increase in referrals, from 2019 – 2021 it has experienced a 44% increase. With the proliferation of reported increase in mental illness and substance use across the nation, the facility believes there is a realistic growth factor once the new campus has been built. With all services centralized onto a single campus there are expected to be multiple staffing efficiencies that will allow Rimrock to realize real operating savings and address the workforce shortage that is the primary hurdle to accommodating more clients than currently.

STRENGTHS

- The new campus is expected to cut expenses and increase revenues by having a centralized location with increased referrals.
- Strong management with many years of healthcare related experience.
- Covid-related stimulus support provides Rimrock with more security and ability to pay debts.

- Management is expanding services to increase revenues.

CONCERNS

- Rimrock has realized substantial losses in FY 2020. COVID impacts on financials are unforeseen in the substance abuse realm.
- Uncertainty regarding rural healthcare and Medicaid expansion moving forward.

RECOMMENDATION

Approval is recommended based on the facility recognizing CARES Act funding and positioning itself well in the future with the new campus, and Rimrock's dedication to its wide community and strong leadership.

RESOLUTION NO. 21-12

RESOLUTION ON A PROPOSAL TO MAKE A LOAN TO RIMROCK FOUNDATION. UNDER TITLE 90, CHAPTER 7, AND SECTION 17-6-308(4), 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 Section 17-6-308(4) 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. Rimrock Foundation, a Montana non-profit corporation with its operations located in Billings, Montana (the “Obligor”) has presented a proposal to the Authority requesting the Authority assist the Obligor with the reimbursement of the purchase of land in Billings, Montana to consolidate services and create a holistic campus (the “Project”) by making a loan to the Obligor in an amount not to exceed \$1,500,000 (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 refinanced buildings are clinics;

(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 clinical services to addiction 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 18th day of August 2021.

MONTANA FACILITY FINANCE AUTHORITY

ATTEST:

By: Vu Pham
Its: Chairman

By: Adam Gill
Its: Executive Director

MONTANA FACILITY FINANCE AUTHORITY

DIRECT LOAN PROGRAM POLICY

~~April 9, 2020~~ August 18, 2021

POLICY FOR THE DIRECT LOAN PROGRAM originally dated as of September 9, 1993 (as hereinafter defined, the “Policy”), relating to the administration of loans by the MONTANA FACILITY FINANCE AUTHORITY (as hereinafter defined, the “Authority”) pursuant to Section 17-6-308(4) MCA.

POLICY: Direct Loan Program

PURPOSE: To enable Authority clients to receive short term loans at competitive interest rates and to provide the Authority with a return on its investments.

PARAMETERS: The Direct Loan Program is limited to \$4,750,000, plus aggregate loan interest payments and investment earnings.

1. Eligible borrowers and projects include:
 - a. Any eligible facility identified in the Act with less than an investment grade rating.
 - b. Loans will be given on a first come, first served basis.
 - c. Eligible projects shall include construction and renovation, facility acquisition, refinancing of qualified outstanding debt, the purchase of equipment, and financing costs.
2. Loan terms include:
 - a. Maximum loan amount of:
 - a. \$300,000 for conventional Direct Loan financings.
 - b. \$500,000 for the purpose of refinancing qualified debt or when combined with a Trust Fund Loan.
A borrower's aggregate loan balance is limited to ~~\$500,000~~ \$750,000. This limit is not in effect when the Emergency Loan Program is activated.
 - b. Maximum loan term of:
 - a. Seven (7) years for conventional Direct Loan financings.
 - b. Ten (10) years for the purpose of refinancing qualified debt or when combined with a Trust Fund Loan.
In certain circumstances the Board of the Authority may approve loan amortization beyond seven years; however a balloon payment will be required on an agreed upon loan anniversary date which shall not be more than seven years from the date of agreement.
 - c. Interest rates will be:
 - a. Five (5) year term – the greater of the 5-Year US Treasury Note plus 15 basis points or 2.00%
 - b. Seven (7) year term - the greater of the 7-Year US Treasury Note plus 20 basis points or 2.15%
 - c. Ten (10) year term - the greater of the 10-Year US Treasury Note plus 30 basis points or 2.25%

- d. Security may include a pledge of the equipment or real property being financed with the loan proceeds. If the prudent loan-to-value ratio cannot be met, other properties may be considered for collateral. Pledges of receivables may also be considered acceptable collateral.
3. Loan Approval:
 - a. Loans may be approved if staff determines that there is reasonable expectation of loan repayment by the Borrower.
4. Program Fees and Expenses:
 - a. The Borrower is responsible for all associated loan expenses.
 - b. The Authority will impose a one-percent (1%) origination fee.
 - c. If the borrower is financing work identified through the Energy Efficiency Program, the amount of the fee waived will be the lesser of the full amount of the 1% application fee or the amount of the match provided for the above grant.
 - d. If the borrower is refinancing previous MFFA issued debt, the amount of the origination fee will be waived.
5. Authority Responsibilities:
 - a. The Authority may retain legal services to draft the necessary documents to effect the transaction.
 - b. The Authority may bill, collect, and deposit monthly payments, as well as monitor the borrower's compliance with the loan covenants.
6. Authorized Personnel:

Staff listed below are authorized to approve loans under this program:

Adam Gill

IN WITNESS WHEREOF, the parties have caused this policy to be revised and reviewed as of the ~~9th day of April 2020~~ 18th day of August 2021.

MONTANA FACILITY FINANCE AUTHORITY

By: _____
Vu Pham, Chairman

By: _____
Adam Gill, Executive Director

MONTANA FACILITY FINANCE AUTHORITY

GRANT AWARDS

August 18, 2021

POLICY FOR GRANT AWARD originally dated as of September 21, 2001 (as hereinafter defined, the “Policy”), relating to the administration of loans by the MONTANA FACILITY FINANCE AUTHORITY (as hereinafter defined, the “Authority”) pursuant to Section 90-7-202(17), (19) and 90-7-211(2) (e) MCA.

POLICY: This policy on grant awards is applicable to all grant programs managed by the Authority.

PURPOSE: 90-7-211 (2) (e) MCA states: The fees of the Authority may, among other things, be used for grants to institutions to assist in determining eligibility for or compliance with government programs, including the Authority’s.

- PARAMETERS:
1. General:
 - a. Grants are available to eligible facilities identified in the Act, only.
 - b. Montana Capital Assistance Program (“MCAP”) Grants will be awarded on a first-come, first-served basis.
 - c. The term of each grant shall be one year from the approval date. Staff may grant extensions up to six months.
 - d. Allowable projects shall include the following:
 1. Inventory and evaluation of existing conditions of a facility.
 2. Expenses related to architectural, engineering or other similar planning activities.
 3. Identification of financing options, including financial feasibility studies.
 4. Development, management and evaluation of RFPs.
 5. Prioritization of the improvements, renovation or new construction needs.
 6. Planning and program qualification activities related to capital plans or projects.
 7. Application and development expenses incurred in the course of application for other grant funds.
 8. Application expenses incurred in the course of requests for a change in licensure or facility designation.
 9. Legal expenses to review complex contracts, secure capital financing, land use issues related to construction projects and other assistance necessary for hospital administration.
 10. Energy Efficiency Audits
 2. Grant allocations:

- a. The Board shall allocate the total amount of funds available for annual grant awards.
 - b. Annual allocations are subject to available funds of the Authority.
3. Grant approval
- a. Staff may approve grants up to \$25,000 per recipient for all project components. Once the maximum award is reached, eligible facilities may not reapply for five years.
- An eligible facility that has reached its maximum award, but has undergone either a change in executive leadership (ex. CEO or President) or other significant change since the prior grant, may apply for funding before the five-year limitation expires. In this instance, decision to award the grant will be at the discretion of Authority staff.
- b. Each grant recipient must contribute at least 20% toward the total cost of a project for which grant funds are awarded.

IN WITNESS WHEREOF, the parties have caused this policy to be revised and reviewed as of the 18th day of August, 2021.

MONTANA FACILITY FINANCE AUTHORITY

By: _____
Vu Pham, Chairman

By: _____
Adam Gill, Executive Director

Montana Facility Finance Authority

Internal Controls Policy
Approved August 18, 2021

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MONTANA FACILITY FINANCE AUTHORITY
Internal Controls Policy
(Updated August 18, 2021)

PURPOSE

The Montana Facility Finance Authority (MFFA) ensures processes are in place to safeguard assets, ensure validity of records and reports, and provide consistency for operations.

The Montana Facility Finance Authority shares physical location with and pays for services of the Montana Board of Investments (MBOI). The MFFA is attached to the Department of Commerce. Both entities are instrumental in completion of many tasks on behalf of the MFFA and each has its own internal controls policy.

BUILDING

MFFA rents space at 2401 Colonial. Building keys are provided in accordance with MBOI Internal Control Policy.

Information Technology

MFFA shares and pays for its respective MBOI IT staff and equipment.

MFFA PROCEDURES MANUAL

MFFA has a Procedures Manual, with detailed checklists identifying and describing daily, weekly, monthly, yearly and infrequent processes and procedures. Both the Associate Director and Financial Specialist have copies in their offices and make changes as processes are modified.

RECEIPT OF FUNDS

All mail, including receipt of checks, is processed through MBOI front office. See MBOI Internal Control Policy for process.

MFFA assesses borrowers for originating and monitoring bonds and loans. Checks received for this service are processed pursuant to MBOI Internal Controls Policy. Funds received through wire transfers (most bond issues) are received by the Treasurer's Office. Commerce Director's Office receives notifications, codes and sends reference to MFFA.

MFFA makes loans to borrowers and collects loan repayments through the MBOI.

- loan repayments are collected by MBOI via ACH for loans made from the MFFA funds (Direct Loans).
- service fees are assessed and included in the interest rate in lieu of assessing an annual monitoring fee (Trust Fund Loans).

Assessments for the various programs are indicated below:

Initial (origination) fees (see Procedures Manual for process)

Direct Loans

Trust Fund Loan Program

Bond/Note Issuance

Annual fees (monitoring) (see Procedures Manual for process)

Bonds/Notes

Loan repayment/service fees (see Procedures Manual for process)

Direct Loans

Trust Fund Loan Program

RECONCILIATIONS

Income

Reconciliation of income is done monthly. MFFA receives funds from several sources:

- MBOI for ACH receipts of direct loan payments and TFLP service fees
- individual borrowers pursuant to invoices from MFFA
- trustees, pursuant to requests from MFFA with invoice attached, with receipt requested, primarily, via wire transfer

Checks and wires are processed by Commerce with MFFA providing coding. ACH is processed by MBOI directly from amortization schedules completed at the time of the loan closing.

Financial Specialist is responsible for income processing and tracking. Associate Director reconciles MFFA income spreadsheet to SBHRS monthly with the Executive Director verifying periodically, but at a minimum in June prior to FYE. During staff vacancies, Executive Director (ED) reconciles.

Trustee statements

While trustee statements are not a part of the MFFA financial statements, it is seen as a responsibility of the MFFA to review trustee statements for accuracy. Trustee statements are received from various trustees monthly, or quarterly. The Financial Specialist is responsible for verifying accuracy.

Verification of Outstanding Bond Loan/ Financial Balances

The MFFA tracks all bonds, notes, and loans completed since inception (see Procedures Manual). This report (OSFEESUM) shows FYE balances and redemptions during the year and subsequent years until maturity. Independent verification of outstanding balances is achieved by:

- Bonds and notes – individual verification letters sent to trustees
- TFLP – from MBOI
- DL – from SBHRS open items

PROGRAMS

Bonds and Notes

Bonds and notes are issued to borrowers for projects. Board authorization is required. Money for projects comes from either a public issuance where an underwriter receives money from investors or from a private placement, i.e., a bank or large investor such as GE. Typically, funds are placed into an escrow account and the borrower requests funds from the escrow agent or trustee. MFFA staff does not have access to those funds. Repayment of those bonds/notes comes from the borrower to: 1) the trustee who pays the investors; or 2) directly to the private holder of the bond/note.

MFFA application fee is assessed as described in the MFFA Reference Manual and received as indicated above in Receipt of Funds.

Direct Loan Program (DL)

Loans are made to eligible borrowers from MFFA's Fund Balance (Direct Loans). By policy, the maximum amount outstanding to any one borrower is \$750,000. Loans are approved by staff pursuant to board policy and reported to the board at subsequent board meetings. Board policy identifies authorized staff. Two staff are required for the approval, one for the request/analysis, and one for the approval. If there are not two staff members available, a Board member will be asked to review and approve the request.

Funds are disbursed by MBOI via ACH and loan repayments are collected by MBOI via ACH (see MBOI Internal Controls Policy). Process details can be found in MFFA Procedures Manual.

MFFA application fee is assessed as described in the Procedures Manual and received as indicated above in Receipt of Funds.

Trust Fund Loan Program (TFLP)

MFFA has authorization to loan up to a total of \$15 million from the Permanent Coal Trust Fund (17-6-308(4), MCA). Loans are made to eligible borrowers from the Permanent Coal Trust Fund. Policy dictates whether staff may approve or if board approval is necessary.

Funds are disbursed by MBOI via ACH and loan repayments are collected by MBOI via ACH (see MBOI Internal Controls Policy). Process details can be found in MFFA Procedures Manual.

MFFA application fees are assessed as described in the Procedures Manual and received as described above in Receipt of Funds.

Montana Capital Assistance Program (MCAP)

This is a grant program for small hospitals and other eligible facilities. Upon receipt of an application by an eligible facility, MFFA staff verifies applicability with MCAP Guidelines and notifies grantee of approval, project and amount. Once the project is completed, the facility will request reimbursement from the MFFA. The MFFA will verify 20% co-pay by the facility. The MCAP Program may award up to \$25,000 per grantee

AUTHORIZATION OF EXPENSES/PAYMENTS TO VENDORS

Invoices are given to the Executive Director for coding and payment. Upon authorization by ED, BOI front office copies or scans and sends to Commerce for processing. MBOI saves a copy of scanned document in MFFA's computer directory (Monthly Payments) and links scan in an Excel file showing monthly expenses. Upon absence of ED, Associate Director may approve and provide verbal and/or copy of authorization to ED. Bills that are common and shared between BOI and MFFA are coded and pro-rated by BOI for MFFA authorization. MBOI's office manager may have authority to authorize expenses on behalf of MFFA and that authority is reflected in the authorized signature list. Commerce has internal controls for processing and verifying allowable signatories.

ED reviews SABHRS documents to verify that expenses are accurately coded. Ultimately, ED will have a tickler card for June to review of all expenses for the year.

PROCUREMENT CARD PRIVILEGES/PROCESS

Procurement cards are issued to state agencies to eliminate the need for employees to utilize their own funds for state agency business purchases and are to be used for state business only. Additionally, the State has implemented a request/policy to pay bills by pro cards. Cards MAY be issued once an employee has been with the agency for over one year and has shown commitment to the organization and its guiding policies and rules. The Executive Director will always have a card.

Purchases require a receipt reflecting the goods/services purchased. The Executive and Associate Directors have approval and/or acknowledgement authority for expenses. A receipt for an expenditure must be coded and approved for payment and sent to the Department of Commerce for payment along with cover sheet. The individual card holder may not authorize her/his own purchases. Department of Commerce has policies in place for these expenditures, which the MFFA follows.

AUTHORITY FUND INVESTMENTS

MFFA downloads a weekly report detailing the STIP cash balance for the Authority operations fund (06015) and Direct Loan fund (06012). The cash balances are maintained at or about \$10,000 and \$1,000, respectively. Instructions to sell or purchase STIP to maintain these levels are originated by the Financial Specialist and provided to the MBOI STIP manager.

TICKLER SYSTEM

The MFFA Tickler is a shared calendar located in the Outlook software. The calendar is shared between all staff members of the MFFA. The tickler calendar is where all weekly, monthly, quarterly, annual, and one-time only task items are placed including:

- Maturity of loan
- Release of Mortgage/security once paid off
- Return of Original Promissory Note
- Interest rate resets
- Reconciliation of Income
- Fiscal year-end (also reflected in the procedures manual and in checklists)

The Financial Specialist is responsible for checking the tickler system regularly to assure that all items are completed. IT sets up access.

DATABASE

The MFFA database is a shared software as service database built on a Salesforce platform. The database is accessible by all MFFA staff via individual licenses with unique logins and passwords. The Executive Director and Associate Director (at the ED's discretion) have full administrative rights. The database contains relevant financing data including, but not limited to:

- Project type
- Financing type, terms, amount and related costs
- Financing amortization schedule
- Borrower contact information
- Relevant dates such as pricing, call, maturity and rate reset dates
- Annual fee estimates and payment history

The database also contains reports, workflows and other tools to track financings and monitor borrower and FFA compliance with relevant state and federal regulations.

The personal contact information of financing team members is also contained in the database. Only limited and publicly available personally identifying information is available including:

- First and last name
- Company
- Title
- Address
- Work phone
- Work email

Montana Facility Finance Authority
Budget v. Actual Expenses
06/30/21
100% Expended

Legislative Budget	Year to Date			
	Category	Budget	Actual	\$ Variance % Variance
\$803,500	A) INCOME	\$797,952	933,651	135,699 17%
135,000	Application Fees	135,000	237,749	102,749 76%
538,500	Annual Fees	532,952	583,482	50,530 9%
130,000	Investment Income	130,000	112,419	(17,581) -14%
\$304,697	B) PERSONAL SERVICES EXPENSE	\$304,697	305,504	807 0%
297,697	Salaries & benefits	297,697	300,804	3,107
7,000	Board Per Diem	7,000	4,700	(2,300)
\$311,840	C) OPERATING EXPENSES**	\$241,840	213,774	(28,066) -12%
52,842	Contracted & Other Services	52,842	63,073	10,231 19%
	Misc. Other Services		20,966	
	Legal Services		24,126	
	Legislative Audit		15,497	
	ITSD		2,484	
12,044	Supplies/Materials/Equipment	12,044	13,695	1,651 14%
7,824	Communications	7,824	4,473	(3,351) -43%
29,378	Travel	29,378	3,802	(25,576) -87%
27,188	Rent	27,188	28,187	999 4%
	Building Rent		27,557	
	Other Rent		630	
156	Repairs & Maintenance	156	3,438	3,282 2104%
70,408	Miscellaneous	70,408	57,343	(13,065) -19%
	Commerce Department Services		43,087	
	Administration (statewide) Indirect Costs		1,466	
	Education		5,224	
	Other Miscellaneous		7,566	
0	Equipment	0	16	
42,000	BOI Administrative Support**	42,000	39,746	(2,254) -5%
\$186,963	REVENUES IN EXCESS OF EXPENSES (A-B-C)	251,415	414,373	162,958 65%
330,000	Grants-Obligated/Paid	37,500	0	
(\$143,037)	Current Year Increase in Net Assets		414,373	
	INCREASE (DECREASE) IN NET ASSETS		414,373	

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

A/E 06015	Operating Account Summary	Current Balance	Policy Guideline
	Total Fund Balance Available Net Capital Reserve "B" Balance	3,642,765	
	Less: Working Capital Reserve Requirement	1,448,686	1,448,686 (a)
	Available for Restricted Capital Reserve "A"	2,194,079	10,699,500 (b)
	Fund Balance: Sub-Total	<u>3,642,765</u>	<u>12,148,186</u>
A/E 06015	Trust Fund Loan Pool		
	RC 710300, Accounts 521190	3,952	
	Plus: Prior Year End Capital Reserve "B" Fund Balance Sub Total	380,517	
	Capital Reserve "B" Fund Balance	<u>384,469</u>	<u>1,193,713 (d)</u>
A/E 06012	Direct Loan Program		
	Current Program Fund Balance	4,832,728	
	Less: Outstanding Loan Balance	3,120,150	
	Funds Available to Loan from Direct Loan Program	1,712,577	
	Fund Balance: Sub-Total	<u>4,832,728</u>	<u>4,826,438 (c)</u>
	Total Projected Fund Balance	<u>8,859,961</u>	<u>18,168,337</u>

Notes:

Policy Guidelines - Minimum Funding Requirements

(a) Twice the current Fiscal Year annual budget.	724,343
(b) 10% of the outstanding BOI enhanced bond balance as of 7/1/21	106,995,000
(c) \$4,820,716 as of 7/1/21 plus YTD loan payments, account investment earnings.	4,826,438
(d) 10% of the Trust Fund Loan Pool Balance as of 7/1/21	11,937,131

MONTANA FACILITY FINANCE AUTHORITY

Staff Approved Loans

7/01/21 - 7/31/21

Submitted Applications

<u>Borrower</u>	<u>Location</u>	<u>Date Submitted</u>	<u>Term</u>	<u>Interest</u>	<u>Amount</u>	<u>Project</u>
Rimrock Foundation	Billings	04/29/21	5	2.00%	\$ 500,000	Building Purchase
Total Pending Direct Loans:					<u><u>\$ 500,000</u></u>	

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:					<u><u>\$ 500,000</u></u>	

Funds Available Under

Direct Loan Program:

Loan Fund: (7/31/2021)	4,832,728
Total Outstanding Loans: (7/31/2021)	(3,120,150)
Approved Applications from above:	(500,000)
Total Available to Loan at 7/31/2021	<u><u>\$ 1,212,578</u></u>

Funded Applications from 7/1/21:

<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 7/1/21					<u><u>\$ -</u></u>	

MONTANA FACILITY FINANCE AUTHORITY

Staff Approved Grants

7/1/20 - 6/30/21

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>
Butte Spirit Center	Butte, MT	06/24/21	7/6/2021		2,500	Energy Efficiency Grant	EEP
Liberty Medical Center	Chester, MT	2/6/2020	2/6/2020		\$ 15,000	Capital Improvement Plan	MCAP
Wheatland Memorial Healthcare	Harlowtown, MT	2/26/2021	2/26/2021		\$ 15,000	Capital Improvement Plan	MCAP
Total Pending Grants:					<u><u>\$ 32,500</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>
Missoula YWCA (final)	Missoula, MT	11/12/2018	11/12/2018	6/14/2021	\$ 7,500	Energy Efficiency Grant	EEP
Total Grants:					<u><u>\$ 7,500</u></u>		

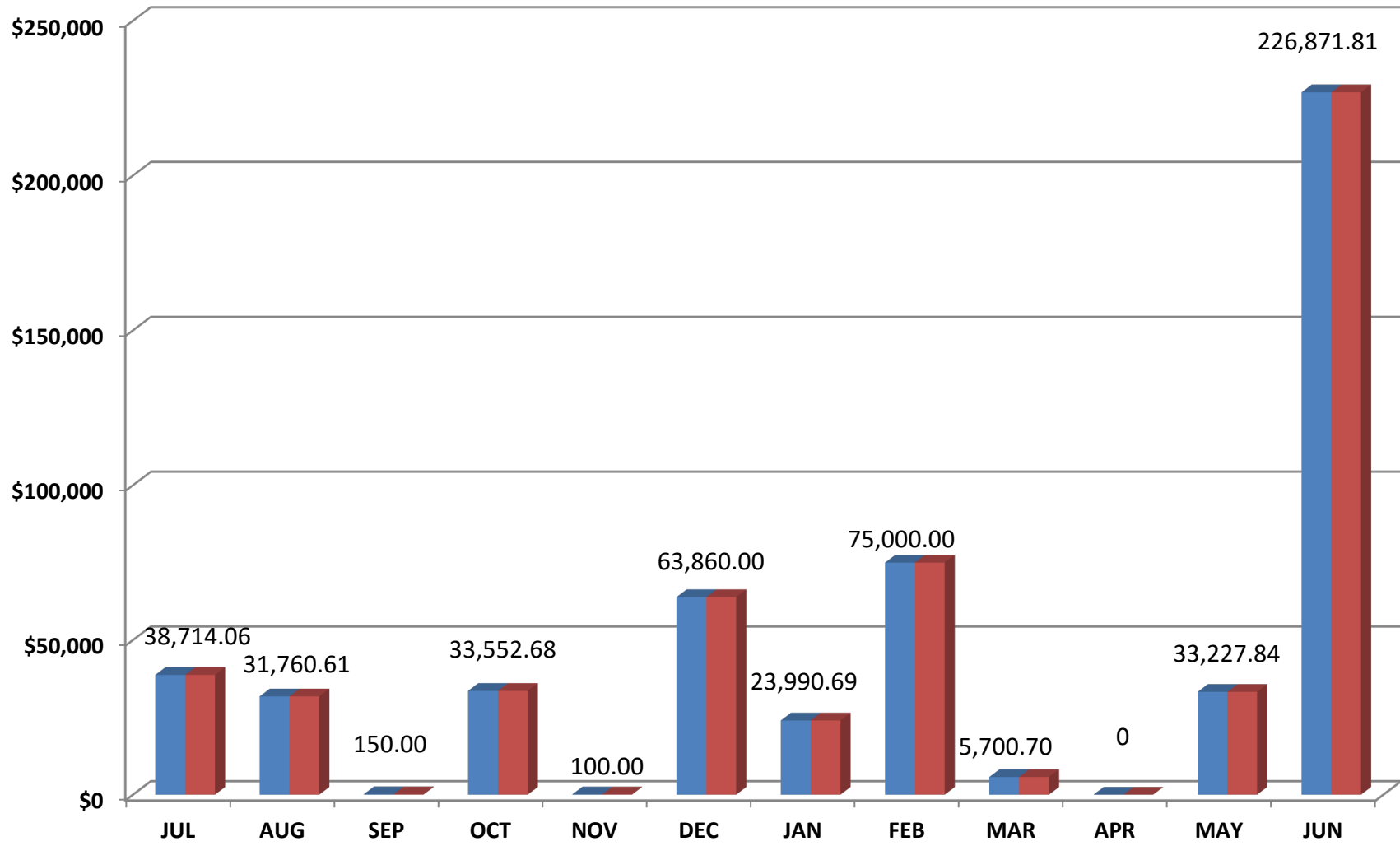
FY 2021 Annual Service Fees

As of June 30, 2021

Annual Projected: \$532,928

YTD Projected: \$532,928

YTD Collected: \$532,928



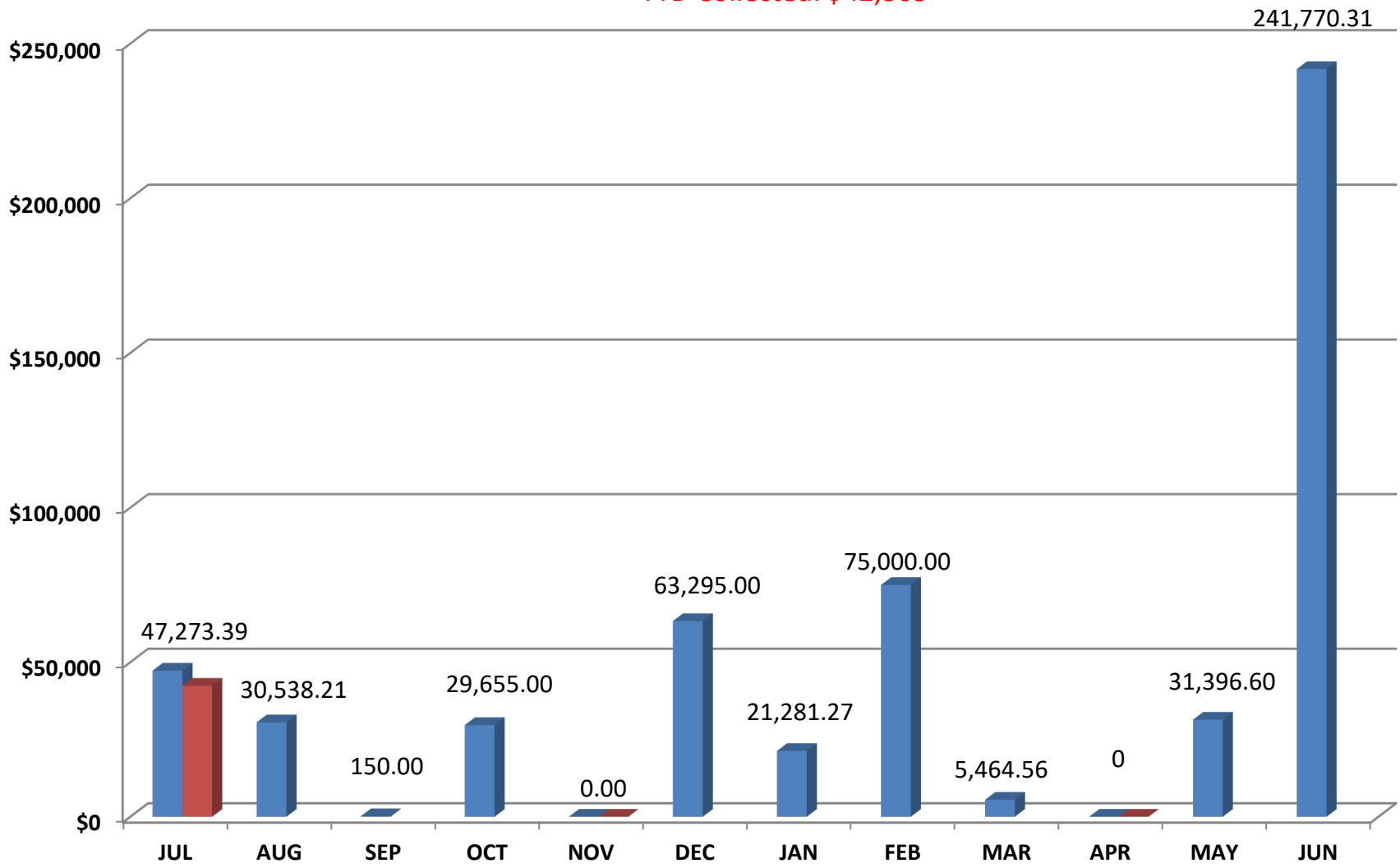
FY 2022 Annual Service Fees

As of July 31, 2021

Annual Projected: \$545,824

YTD Projected: \$47,273

YTD Collected: \$42,365



2021

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	Brd Mtg	Brd Mtg	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	Brd Mtg	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	Brd Mtg	Brd Mtg	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

2022

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
23/30	24/31	25	26	27	28	29

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
28	29	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	24	25	26	27	28
29	30	31				

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		

HOLIDAYS AND OBSERVANCES

1-Jan New Year's Day
17-Jan MLK Day
21-Feb Presidents' Day
30-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

Sep 8-10, 2021 NAHEFFA, Milwaukee, WI
Sep 21-24, 2021 MHA, Billings

Sep 26-30, 2021 MACO, Kalispell
Oct 27-29, 2021 HFMA, Billings