

MONTANA FACILITY FINANCE AUTHORITY
Board Meeting

Montana Facility Finance Authority Office
2401 Colonial Drive, Helena

October 21, 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: MFFA Board Members
From: Adam Gill, Seth Lutter & Monica Birlut
Date: October 14, 2021
Subject: MFFA Board Meeting Thursday, October 21

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

10:00AM on Thursday, October 21
MFFA Offices in the Large Conference Room

We have one financing to discuss at this board meeting as well as a completion of the strategic plan and a discussion on the C-PACE Draft Program Report. The latter two documents are sent separately from this packet

Billings Clinic will be before the board to request approval of a bond financing the refunding of their Series 2018C bonds as well as funds to expand, equip and upgrade facilities on their Billings and Bozeman campuses. The resolution is for a total financing of up to \$225 million.

Following the financing, we will have a discussion of the strategic plan including completion of the goals for the next two years. We will also have an opportunity to discuss the C-PACE Program Report Draft that is required by the C-PACE legislation. This is an early draft that contains the general program parameters. We are also working on a more comprehensive Program Manual. We are incorporating feedback from our working groups this week and will distribute the manual once we have finished that step of the draft. We will also review our standard reports and staff will provide an update on anticipated financings.

ZOOM INSTRUCTIONS

<https://mt-gov.zoom.us/j/4064440259?pwd=Q3hESVo0d0NpTEk1bHA2eXVHdTRsdz09>

Meeting ID: 406 444 0259

Password: 845632

OR

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

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MONTANA FACILITY FINANCE AUTHORITY

Board Meeting

MFFA Offices
2401 Colonial Ave 3rd Floor
October 21, 2021

MEETING AGENDA

- 10:00 I. CALL TO ORDER**
A. Roll Call
B. Approval of Meeting Minutes (8/18)
- II. PUBLIC COMMENT** on Board Related Items
- III. FINANCINGS**
A. Billings Clinic
1. Loan Summary
2. Resolution No. 21-13
Joining by Phone:
Priscilla Needham, CFO – Billings Clinic
Robyn Helmlinger, Bond Counsel – Orrick Herrington & Sutcliffe
Steve Sohn, Financial Advisor – Kaufman Hall & Associates
Mike Quinn, Underwriter – Bank of America
Il You, Underwriter – Bank of America
Jeff Appel, Underwriter – RBC Capital Markets
- 10:45 IV. GENERAL ADMINISTRATIVE**
A. Financials
1. Budget -v- Actual
2. Reserve Balances
3. Staff Approved Loans & Grants
4. Revenue Chart
B. Strategic Planning
1. Plan Review and Completion
Joining in Person:
Jim Kerins, CMS Consulting
2. Executive Director Development Committee
C. C-PACE Update
1. Draft Program Report Discussion
D. Miscellaneous
1. Anticipated Financings
- V. CALENDAR**
- 1:00 DISMISS**

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MONTANA FACILITY FINANCE AUTHORITY
Board Meeting (Conference Call)
August 18, 2021
11:30 A.M.

MINUTES

BOARD MEMBERS

PRESENT:

Vu Pham, Chair
Mel Reinhardt
Paul Komlosi
Kim Rickard
John Iverson
Matt Thiel

BOARD MEMBERS

ABSENT:

Jade Goroski

STAFF PRESENT:

Adam Gill, Executive Director
Seth Lutter, Associate Director
Monica Birlut, Accountant

GUESTS:

Kelly Evans, CEO – Beartooth Billings Clinic
Linda Harris, Director of Finance – Beartooth Billings Clinic
Michael Tym, Financial Advisor – Ponder & Company (by phone)
Nathan Bilyeu, Bond Counsel – Jackson, Murdo & Grant
Shane Clark, Regional CFO – Benefis Health System
Janice Woodhouse, COO – Missouri River Medical Center
Lenette Kosovich, CEO – Rimrock Foundation
Burke Kufeld, CFO – Rimrock Foundation

BOARD MEETING

CALL TO ORDER

Board Chair Vu Pham called the August 18, 2021 board meeting of the Montana Facility Finance Authority (the “Authority”) to order at 11:30 A.M. The meeting convened with all but one member of the Board present.

Minutes

Board Member Matt Thiel motioned to approve the June 9, 2021 board meeting minutes. Board Member Mel Reinhardt seconded the motion which passed unanimously.

PUBLIC COMMENT

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

FINANCINGS

Beartooth Billings Clinic

Adam Gill, Executive Director of the MFFA, introduced Kelly Evans, CEO at Beartooth Billings Clinic, Linda Harris, Director of Finance at Beartooth Billings Clinic, Michael Tym, Financial Advisor at Ponder & Company, and Nathan Bilyeu, Bond Counsel at Jackson, Murdo & Grant. Member Reinhardt mentioned his role on Beartooth's board and abstained from the discussion and the vote. Board Chair Pham requested a motion for approval of the financing resolution. Member Thiel motioned for consideration of the financing. Member Komlosi motioned for approval of the financing resolution. Ms. Evans described the project which is a Bond for the refinancing of bonds. Ms. Evans described the payor mix, financing structure, and the market of Beartooth Billings Clinic. Mr. Tym described the plan of finance. At the conclusion of discussion, Board Chair Pham called for the vote on the motion which passed unanimously.

Missouri River Medical Center

Mr. Gill introduced Shane Clark, Regional CFO at Benefis Health System and Janice Woodhouse, COO at Missouri River Medical Center. Board Chair Pham requested a motion for approval of the financing resolution. Member Rickard motioned for consideration of the financing. Member Iverson motioned for approval of the financing resolution. Mr. Gill described the project which is a Trust Fund Loan for up to \$1,000,000 for the renovation of the rural clinic space. Mr. Clark described the facility and the reason for the change in project scope. Mr. Clark described its market and tax levies in its communities. Nathan Bilyeu, Authority Counsel with Jackson, Murdo & Grant, described Resolution 21-11. At the conclusion of discussion, Board Chair Pham called for the vote on the motion which passed unanimously.

Rimrock Foundation

Mr. Gill introduced Lennette Kosovich, CEO at Rimrock Foundation and Burke Kufeld, CFO at Rimrock Foundation. Board Chair Pham requested a motion for approval of the financing resolution. Member Thiel motioned for consideration of the financing. Member Reinhardt motioned for approval of the financing resolution. Mr. Gill described the project which is a Trust Fund Loan for up to \$1,500,000 for the purchase of a building in Billings that will be Rimrock Foundation's new campus. Ms. Kosovich described the facility, market, and payor mix. Ms. Kosovich described the full project and the facility's financing structure. Mr. Kufeld described the effects of COVID-19 on the facility's revenue. Nathan Bilyeu, Authority Counsel with Jackson, Murdo & Grant, described Resolution 21-12. At the conclusion of discussion, Board Chair Pham called for the vote on the motion which passed unanimously.

SPECIAL PURPOSE TOPICS

Direct Loan Program Policy

Mr. Gill introduced changes to the Direct Loan Program Policy which is amended to provide an increase in the aggregate loan balance. Member Thiel motioned to consider the Authority's request.

Member Rickard seconded the motion. At the conclusion of discussion, Board Chair Pham called for the vote on the motion which passed unanimously.

Grant Awards Policy

Mr. Gill introduced changes to the Grant Awards Policy which is amended to provide an increase in the individual grant amount and eliminate the Energy Efficiency Program Grant from the policy. Member Thiel motioned to consider the Authority's request. Member Iverson seconded the motion. At the conclusion of discussion, Board Chair Pham called for the vote on the motion which passed unanimously.

Internal Control Policy

Mr. Gill introduced changes to the Internal Control Policy which is amended to include the approved changes in the Direct Loan Program Policy and Grant Awards Policy. Member Thiel motioned to consider the Authority's request. Member Reinhardt seconded the motion. At the conclusion of discussion, Board Chair Pham called for the vote on the motion which passed unanimously.

GENERAL ADMINISTRATIVE

Financials

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

ADJOURN

Chair Pham adjourned the meeting at 1:47 P.M.

APPROVE: _____
Vu Pham, Chair

ATTEST: _____
Adam Gill, Executive Director

APPROVAL DATE: _____

**Billings Clinic
Billings, Montana
Stand Alone Bond Issue
Loan Summary**

ELIGIBLE HEALTH FACILITY

Billings Clinic (“Billings Clinic” or the “Clinic”) is a nonprofit health care corporation headquartered in Billings, Montana. Billings Clinic is Montana’s largest health care organization and provides healthcare services to patients in Montana, northern Wyoming, and the western Dakotas. Billings Clinic is a physician-led, integrated multi-specialty physician group practice with a 304-licensed bed hospital (the “Hospital”), a Level III Neonatal Intensive Care Unit, Level II Emergency and Trauma Center, and Surgery Center.

Billings Clinic operates the Hospital, a variety of ambulatory, diagnostic and treatment facilities and a multi-specialty clinic all located at its downtown Billings campus. As of June 30, 2021, Billings Clinic employed 381 physicians and 179 advanced practice providers. In addition, Billings Clinic operates primary and specialty care clinics in two Billings locations and five other Montana and Wyoming communities and provides contracted management services for twelve critical access hospitals and one clinic in outlying communities in Montana and Wyoming.

Starting in the summer of 2022, Billings Clinic will open its new multispecialty clinic in Bozeman, Montana which will significantly increase its current presence in that community. Billings Clinic also provides services to outlying rural communities in Montana and Wyoming through 1,440 specialty outreach clinics and a regional telemedicine network. During the 2021 fiscal year, Billings Clinic provided care for over 164,100 unique patients that totaled approximately 1,034,700 patient encounters.

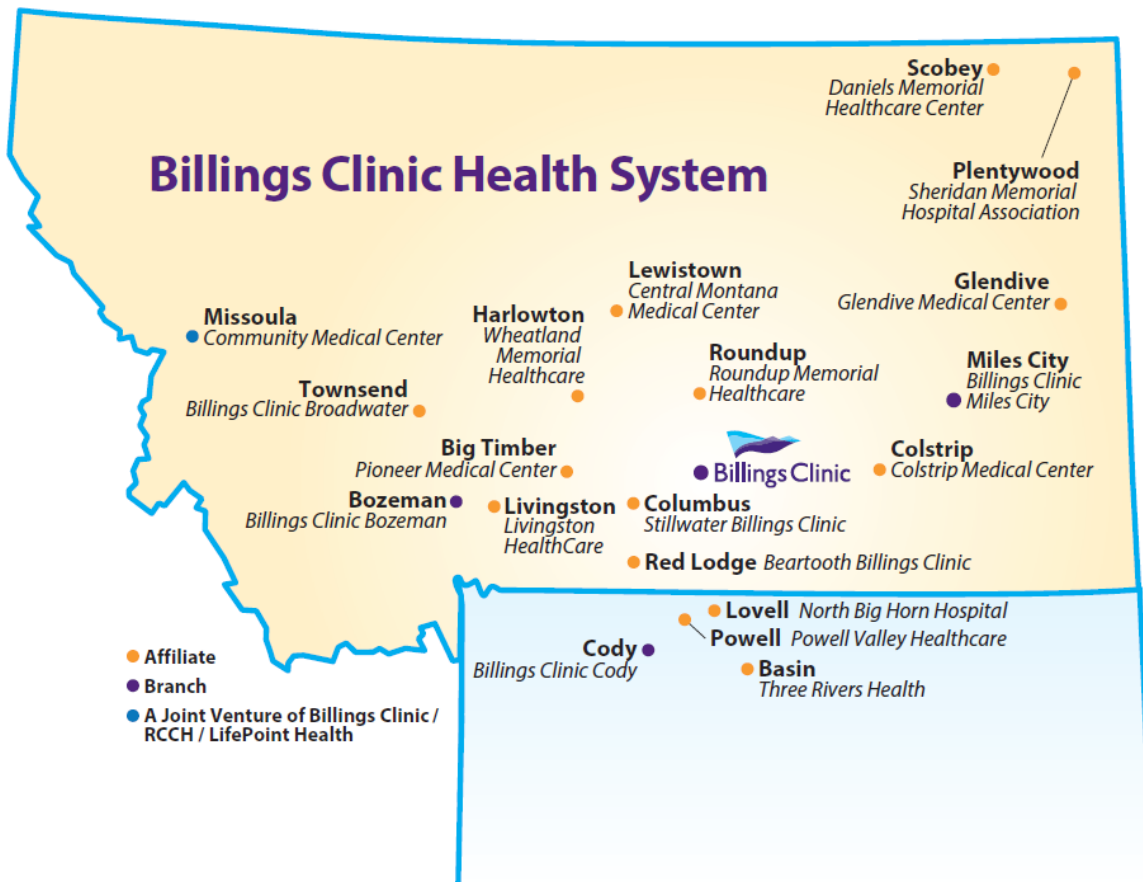
The Obligated Group

Billings Clinic is the only entity included in the Obligated Group. The Billings Clinic Foundation, Montana Healthcare Indemnity, LLC, Stillwater Hospital Association, Inc., Townsend Health Systems, Inc., Billings Clinic Express Care, LLC and Specialty Supplies and Services, LLC (such organizations, together with Billings Clinic, are referred to herein as the “System”), are included in the consolidated financials.

Managed Hospitals

Billings Clinic maintains administrative services agreements with twelve hospitals and one clinic within the Clinic’s service area. These administrative services include the services of a Chief Executive Officer, as well as certain other administrative functions. Billings Clinic provides these services as part of its efforts to improve rural health care services and thereby improve overall delivery of health care within its service area. All of the managed hospitals are Critical Access Hospitals as designated by the federal Medicare program. The Chief Executive Officers, who are Billings Clinic employees, are accountable and report to the respective hospital or clinic boards. Billings Clinic has no liability for the financial performance of any of these organizations. At June 30, 2021, the organizations with which Billings Clinic had affiliation agreements were as follows:

HOSPITAL	NUMBER OF BEDS	LOCATION
Beartooth Billings Clinic	10 acute/swing	Red Lodge, MT
Central Montana Medical Center	25 acute/swing	Lewistown, MT
Colstrip Medical Center	Clinic only	Colstrip, MT
Daniels Memorial Healthcare	25 acute/swing	Scobey, MT
Glendive Medical Center	25 acute 71 skilled nursing 16 assisted living	Glendive, MT
Livingston HealthCare	25 acute/swing	Livingston, MT
North Big Horn Hospital	12 acute 85 skilled nursing 9 assisted living	Lovell, WY
Pioneer Medical Center	25 acute/swing 16 assisted living	Big Timber, MT
Powell Valley Healthcare	25 acute/swing 100 skilled nursing 24 assisted living	Powell, WY
Roundup Memorial Healthcare	25 acute/swing	Roundup, MT
Sheridan Memorial Hospital Association	19 acute/swing 45 skilled nursing	Plentywood, MT
South Big Horn County Hospital (DBA Three Rivers Health)	10 acute/swing 37 skilled nursing	Basin, WY
Wheatland Memorial Healthcare	25 acute/swing	Harlowton, MT



PROJECT AND COST

The proceeds of the Series 2021 Bonds are separated as \$150,000,000 in taxable funds to be used as a capital expansion to broaden the Clinic's service lines and market reach and up to \$70,000,000 in tax-exempt funds for a forward delivery refunding the Clinic's Series 2018C bonds.

The Clinic is intending to use proceeds of the taxable bonds to fund portions of its capital improvements at both the Billings and Bozeman campuses. Given the flexibility of taxable financing, Billings Clinic may choose to allocate those bond proceeds to any of a number of capital projects throughout the system that currently are being contemplated but assures the MFFA that all bond proceeds will be spent only at "eligible facilities" within the meaning of the Act and only for capital improvements. Given where rates currently are and to take advantage of that low-rate environment, Billings Clinic expects that proceeds of these bonds will finance capital improvements that may occur outside of the next 3 years.

Sources:	Tax-Exempt	Taxable	Total
Par Amount	47,150,000	150,000,000	197,150,000
Premium	11,171,526	-	11,171,526
Swap Termination	5,000,000	-	5,000,000
TOTAL	63,321,526	150,000,000	213,321,526
Uses:			
Refunding Escrow Deposits			
Cash Deposit	1		1
SLGS Purchases	57,849,405		57,849,405
Cost of Issuance	471,500	1,500,000	1,971,500
Swap Termination	5,000,000		5,000,000
Additional Proceeds	620	148,500,000	148,500,620
TOTAL	63,321,526	150,000,000	213,321,526

PROGRAM Stand Alone

LOAN TERM Up to 30 Years

INTEREST RATE TBD

CLOSING DATE Fall 2021

MATURITY DATE June 2052

SECURITY Master Note

RATING New Standard & Poor and Fitch ratings expected by October 29th

PAYOR MIX

Payor	FY 2019	FY 2020	FY 2021
Medicare	44%	44%	48%
Medicaid	15%	16%	17%
Blue Cross	14%	15%	14%
Other Commercial	15%	14%	12%
Self Pay & Charity	6%	4%	2%
Billings Clinic Health Plan	3%	3%	2%
Other Government	4%	5%	5%
Total	100%	100%	100%

UTILIZATION

Utilization	FY 2019	FY 2020	FY 2021
Regularly Staffed Beds	291	291	314
Admissions	15,850	13,713	14,446
Average Length of Stay	4.83	5.15	5.81
Occupancy Rate	72%	66%	73%
Inpatient Days	76,514	70,611	83,905
Surgical Patients	15,799	15,006	17,313
Emergency Department	51,778	49,597	48,194
Clinic Visits	812,208	774,341	837,822

MARKET/COMPETITION

Billings Clinic's total service area comprises 43 counties in eastern Montana and northern Wyoming. This area is approximately 128,000 square miles in size and has a population of approximately 660,000. The City of Billings is located in Yellowstone County, Montana.

Approximately 53% of Billings Clinic's inpatient admissions are from Yellowstone County, the Clinic's primary service area. The Clinic's secondary service area includes the 11 counties surrounding Yellowstone County, with a population of approximately 55,000. The secondary service area accounts for approximately 15% of Billings Clinic's inpatient admissions. The tertiary service area includes 22 counties in eastern Montana and 9 counties in northern Wyoming with a population of approximately 440,000. The tertiary service area accounts for approximately 27% of Billings Clinic's inpatient admissions. The remaining 6% of admissions comprise referrals from western Montana and western North Dakota, as well as transient patients (e.g., tourists).

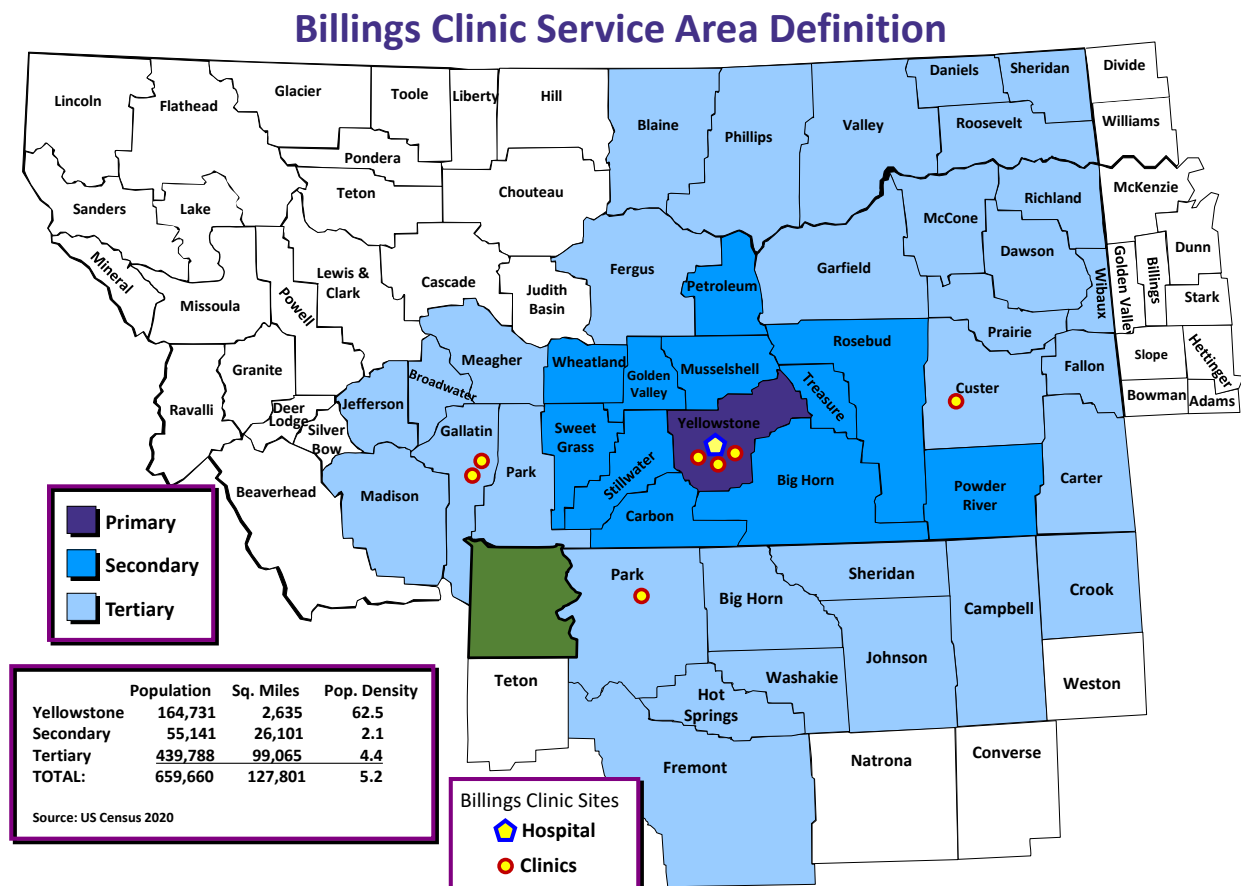
In Billings Clinic's 43-county service area, there are 45 hospitals. Most of those hospitals are small, rural facilities that do not offer the same scope of specialized services provided at Billings Clinic. Thirty-five of those hospitals are Critical Access Hospitals. Twelve of these small hospitals have formal management agreements with Billings Clinic and two of them are owned by Billings Clinic. Billings Clinic does not consider any of the smaller hospitals within its service area to be significant competitors.

SCL-St. Vincent Healthcare in Billings is the only other hospital in the service area of comparable size and service offerings and is considered to be Billings Clinic’s primary competitor. SCL-St. Vincent Healthcare is a 286-licensed bed, nonprofit Catholic hospital affiliated with the Sisters of Charity of Leavenworth Health System.

Non-Rural Hospitals

The geographically next closest non-rural hospital is the 86-bed Bozeman Health in Bozeman, Montana, which is approximately 140 miles from Billings, but within Billings Clinic’s tertiary service area. After Bozeman, the next closest large hospitals are Benefis Healthcare (276 staffed beds) in Great Falls, Montana, and St. James Community Hospital (67 staffed beds) in Butte, Montana, both located approximately 220 miles from Billings, currently outside of the Billings Clinic service area.

Bozeman Health generally offers more limited services than Billings Clinic, for example not offering cardiac surgery, neurosurgery, or neonatal intensive care. According to American Hospital Directory, Bozeman Deaconess reported 7,360 admissions and 22,929 patient days on its most recent Medicare cost report for the period ended December 31, 2019.



GOVERNANCE

The business and other affairs of Billings Clinic are managed under the direction of the Board of Directors (the “Board”), which, under the current bylaws, is composed of 9 to 15 members. The Board meets monthly. Directors are elected to serve three-year terms and may serve up to four consecutive terms. The Chair and Vice Chair are elected to two-year terms and the Secretary and Treasurer are elected to one-year terms. The members of the Board serve without remuneration,

however, there is a deferred compensation program in which a small contribution is made by Billings Clinic that is payable to Board members at retirement age. The Board composition includes a majority of outside community directors, at least two physician directors, one member of the Billings Clinic Foundation board, one director identified by the Yellowstone Conference of the Western Jurisdiction of the United Methodist Church, and the Chief Executive Officer of the Clinic, ex officio, with vote.

MANAGEMENT

Scott Ellner, DO, Chief Executive Officer – Dr. Ellner joined the Clinic as Chief Executive Officer in January 2020. Prior to joining the Clinic, Dr. Ellner served as Group President and Chief Executive Officer of Centura Health Physician Group in Colorado. In this role, Dr. Ellner led a 900-physician group as part of the 17 hospital and 235 Centura clinic system that spans Colorado and western Kansas. Dr. Ellner has a Master's in Public Health degree from San Diego State University and a medical degree (D.O.) from Western University of Health Sciences. Dr. Ellner completed a year-long fellowship in patient safety and leadership with the American Hospital Association and earned a second Master's in Health Care Management from Harvard University.

Priscilla Needham, Chief Financial Officer – Ms. Needham joined Billings Clinic as Chief Financial Officer in October 2020 and has responsibility for the financial operations of the organization. She has been in accounting and financial roles for over 22 years. Prior to joining Billings Clinic, Ms. Needham served as Chief Financial Officer of Baylor St. Luke's Medical Center in Houston, Texas; and has previous experience as a Chief Financial Officer and other finance roles at St. Vincent in Little Rock, Arkansas; St. Alexius in Bismarck, North Dakota; and Centura Health in Colorado. Ms. Needham earned a Bachelor of Business Administration degree in Accounting from the University of Central Arkansas and a Master of Business Administration from the University of Arkansas at Little Rock.

Mary Albers, RN, Chief Operating Officer – Ms. Albers joined Billings Clinic in July 2020 as Chief Operating Officer. Prior to joining the Clinic, Ms. Albers served as Chief Operating Officer and Interim Chief Executive Officer at Anthony Hospital, a Level 1 trauma center in Denver, Colorado. She also has over 20 years' experience within physician group practice and health system leadership roles. Ms. Albers earned an Associates of Science degree in Nursing from Gwinnett College, a Bachelor of Arts degree in Public Affairs and Business Management from the University of Colorado and a Master of Science degree in Economics from the University of Colorado.

Ellen Layton, Chief Legal Officer – Ms. Layton joined Billings Clinic in 2011. She has practiced health care law for 25 years. Prior to joining Billings Clinic, Ms. Layton was a partner in the health law department of a large national law firm in Chicago, specializing in regulatory, compliance, privacy, and corporate transactions. She earned a Bachelor of Arts degree from Valparaiso University, a Juris Doctor degree from the University of Iowa College of Law, and a Master of Laws degree in Health Care Law from Loyola University Chicago School of Law. Ms. Layton is licensed to practice in Illinois and Montana and is a member of the Montana Bar Association, the American Health Lawyers Association, the American Medical Group Association Council of Attorneys, the Defense Research Institute, and other professional associations.

Michelle Pierson, MD, interim Chief Medical Officer – Dr. Pierson joined the Billings Clinic Department of Pediatrics in 2005 as a general pediatrician, serving in her current role since June 2021. Prior to becoming the interim Chief Medical Officer, Ms. Pierson spent 16 years growing her

pediatric primary care practice, working in the acute care settings of the Billings area community hospitals. In 2009, she assumed the position of the Department Chair of Pediatrics at the Billings Clinic and held that role until January 2021. She earned her M.D. degree at the University of Nevada School of Medicine and her Bachelor of Science degree in Biochemistry from Montana State University. She has served on the Billings Clinic Leadership Council, Medical Executive Committee, the Billings Clinic Foundation Board, the Advisory Council for the Montana Make-A-Wish foundation and the Montana chapter of the American Academy of Pediatrics.

Clint Seger, MD, Chief Medical Officer – Region – Dr. Seger joined Billings Clinic in 2008 as a board-certified family medicine physician at Billings Clinic Cody, providing hospitalist service at West Park Hospital. He has served as Chief Medical Officer - Region since 2015. Dr. Seger received his Bachelor of Science degree in Biology from Virginia Commonwealth University and his M.D. degree from the University of Washington School of Medicine in Seattle.

Laurie L. Smith, RN, Chief Nursing Officer – Ms. Smith joined Billings Clinic in 2004 as a staff nurse in the Emergency Department. Ms. Smith has been the Chief Nursing Officer since 2016. Ms. Smith received her Bachelor of Science degree in Nursing from University of Alaska Anchorage and her Master's degree in Nursing from the University of Mary. She is board certified in Nursing Executive Administration Advanced through the American Nurses Credentialing Center. Ms. Smith is a member of the American Nurses Association and the American Organization of Nurse Executives. Ms. Smith serves as a board member for Livingston Healthcare and the Community Crisis Center.

COVID-19 RESPONSE

The surge of COVID-19 patients in the Billings Clinic community occurred primarily in the months of October 2020 – February 2021. As a result, the Clinic experienced significantly higher than budget and prior year costs for supplies (pharmaceuticals, personal protective equipment, etc.) which were necessary to take care of the high volumes of COVID patients. The Clinic also saw significant increases in personnel costs related to contract labor needed to care for the increase numbers of COVID-19 patients and increased patient complexity. The overall operating margin for the year was similar with what was experienced in fiscal year 2020. Despite the lower than targeted operating margin, the Clinic has continued to grow in its primary and regional service area, which management believes will continue to result in continued financial strength going forward. During fiscal year 2021, the Clinic recognized approximately \$9,800,000 from the Provider Relief Funds as part of the CARES Act which was implemented in early 2020 to help support health care organizations during the COVID-19 pandemic. The Clinic also applied for, received, and recognized approximately \$5,000,000 from Federal Emergency Management Agency (FEMA) in fiscal year 2021 to help offset the additional expenses incurred as part of caring for the significant number of COVID-19 patients.

HISTORICAL FINANCIALS

Audited Financials as of 6/30	2019	2020	2021
<u>Assets</u>			
Cash & Cash Equivalents	51,773,702	96,210,146	88,715,000
Short-Term Investments	28,438,493	14,386,959	749,000
Patient Recvbls (net) & Due from 3rd-Party			
Payors	92,081,106	97,412,066	111,460,000
Other Receivables	8,007,511	5,961,937	8,430,000
Inventory	10,334,570	11,121,710	12,386,000
Current Assets Whose Use is Limited	-	-	-
All Other Current Assets	9,288,338	9,489,574	9,333,000
Total Current Assets	\$199,923,720	\$234,582,392	\$231,073,000
Fixed Assets	575,846,537	604,390,965	629,417,000
Accumulated Depreciation	341,349,851	354,482,791	375,906,000
Fixed Assets (net)	234,496,686	249,908,174	303,442,000
Board Designated Funds	466,674,263	496,620,051	674,249,000
Assets Held in Trust (1)	133,677,856	128,810,684	100,787,000
Other Assets	29,160,752	30,583,881	40,188,000
Total Assets	\$1,063,933,277	\$1,140,505,182	\$1,349,739,000
<u>Liabilities</u>			
Accounts Payable & Other Accrued Expenses	72,850,504	73,968,324	95,548,000
Current Portion of Long-Term Debt	4,054,405	5,043,021	5,349,000
Other Current Liabilities	5,491,319	20,973,832	12,708,000
Total Current Liabilities	\$82,396,228	\$99,985,177	\$113,605,000
Long-Term Debt (Less Current Portion)	250,491,462	250,024,902	247,032,000
Other Long-Term Liabilities	23,356,310	25,427,781	29,993,000
Unrestricted Fund Balance	658,122,580	714,199,411	901,582,000
Restricted Fund Balance	49,566,697	50,867,911	57,527,000
Fund Balance	707,689,277	765,067,322	959,109,000
Total Liabilities & Fund Balance	\$1,063,933,277	\$1,140,505,182	\$1,349,739,000
<u>Revenue and Expense</u>			
Net Patient Service Revenue	757,273,381	775,048,718	882,534,000
Other Operating Revenue	33,245,205	46,958,426	48,274,000
Total Operating Income	\$790,518,586	\$822,007,144	\$930,808,000
Interest	8,144,629	9,327,285	8,591,000
Depreciation & Amortization	24,970,106	24,670,186	25,985,000
Other Operating Expenses	702,706,380	760,758,187	865,657,000
Total Operating Expenses	\$735,821,115	\$794,755,658	\$900,233,000
Income from Operations	54,697,471	27,251,486	30,575,000
Nonoperating Revenue	31,375,357	27,679,704	156,808,000
Excess of Revenue Over Expenses	\$86,072,828	\$54,931,190	\$187,383,000

Key Ratios	FY 2019	FY 2020	FY 2021	Moody's 2019 Median Ratios
Cushion Ratio (x)	37.34	45.38	56.02	22.90
Days Cash on Hand (x)	280.81	287.80	318.85	251.10
Days Accounts Receivable	44.38	45.88	46.10	47.30
Operating Margin (%)	6.92	3.32	3.28	3.00
Excess Margin (%)	10.47	6.46	17.23	5.20
Debt to Capitalization (%)	27.57	25.93	21.51	27.00
Debt Service Coverage (x)	8.14	6.65	16.28	5.50

FINANCIAL OBSERVATIONS

The Clinic has experienced strong financial performance over the past three years that is reflected in each year's statement of operations. Together with its substantial market position and continued growth both in its primary service area and its regional service area, the Clinic believes that improving strong performance is due to the continued focus on revenue cycle management, cost control, quality of care and patient safety.

Assets / Liabilities

- Cash and cash equivalents decreased from \$96.21 million in FY 2020 to \$88.71 million in FY 2021. Short term investments also decreased from \$14.38 million in FY 2020 to \$749,000 in FY 2021. These changes are because the Clinic moves cash back and forth between investments and cash as needed throughout the year per the advice of investment managers and the need for operating cash or if it has excess operating cash it will move those funds to investments.
- Patient receivables increased from \$97.41 million in FY 2020 to \$111.46 million in FY 2021. The primary reason for the increase was due to the discontinuation of elective procedures and visits during the period of March and May 2020 as a result of the COVID-19 pandemic. Without the normal amounts of revenue being generated by the Clinic during this time, accounts receivable continued to be worked thus resulting in lower accounts receivable balances at June 30, 2020 than what would have been expected had revenues continued to be generated without the temporary discontinuation of elective surgeries and visits.
- Board designated funds increased from \$496.62 million in FY 2020 to \$674.24 million in FY 2021. This change was due to the Clinic's increase in investments due to the strong investment market in FY 2021. Realized and unrealized investment gains in FY 2021 were approximately \$148 million.

Revenue

- Net patient service revenue increased from \$775.04 million in FY 2020 to \$882.53 million in FY 2021. As noted above, a significant portion of the increase was due to the Hospital discontinuing elective procedures and visits for approximately two months between the March and May 2020. As a result, the Clinic's net patient revenue decreased approximately \$41 million from budget and prior to the shutdown the Clinic was on track to achieve budget for FY 2020. The remainder of the difference is due to the Clinic's growth during

FY 2021. The Clinic added physicians in FY 2021 and had strong volumes. During the COVID-19 surge from October 2020 – January 2021 the Clinic did not discontinue any elective procedures or visits. The Clinic also saw increases in hospital patients' days due to COVID-19 and non-COVID-19 patients. Another contributing factor to the increase was that at the beginning of FY 2021, before the COVID-19 wave that started in October 2020, the Clinic was experiencing strong volumes due to those patients that had put off care during those two months when the Clinic had significantly limited volumes were seeking their delayed care.

- Operating income in FY 2021 was approximately \$30.57 million compared to \$27.25 million in FY 2020. This is relatively consistent with FY 2020 but significantly lower than years prior. The primary cause of the lower operating income in FY 2021 was due to the continuation of the COVID-19 pandemic and the significantly higher operating expense in FY 2021 to deal with the pandemic.
- Total operating expenses increased in FY 2021 approximately \$106.9 million or 13.4% over FY 2020 levels. Salaries and benefits saw the largest increase in FY 2021 with a total increase of approximately \$45.4 million or 10.0%. The bulk of this increase was due to high levels of contract labor and premium pay for staff that was required to take care of the surge of COVID-19 patients. Due to the high demand for clinical staff throughout the country, the inflationary increases for contract labor resources was significant.
- Supplies and other expenses were another area that was impacted significantly due to the surge of COVID-19 patients during the October 2020 to February 2021 time frame. Personal protective equipment supplies saw increases of \$1.2 million or 68% over similar expenses in FY 2020. The increase in these PPE supplies was due to much higher usage and significant inflationary increases in the prices for those supplies. Other significant supply increases occurred in computers supplies as the Hospital responded to the need to allow employees to work from home and to conduct much more patient care virtually. Lab supplies increased by approximately \$1.4 million or 22% from the prior year due to the supplies needed for the additional volumes of COVID-19 tests. Pharmaceutical supplies also increased significantly. The drugs used for treating COVID-19 patients were very costly. Drug supply expense in FY 2021 was \$81.2 million compared to the prior year of \$66.0 million and a budget for 2021 of \$72.1 million.

ANTICIPATED FINANCIAL IMPACTS

Billings Clinic's projected profitability from FY 2022 to FY 2025 shows an increase in revenues from \$978.60 million to \$1.18 billion. For the same period its cash and unrestricted investments are shown to increase from \$894.20 million to \$984 million. The taxable financing is a contributor to these projections.

The 2018C bonds have a mandatory call in August 2023. There is a provision in that issue that allows the Clinic to lock into today's rates and it can refinance now as opposed to waiting until next year. There is a small premium to do that but it allows the Clinic to not be subject to interest rate risk in the future. The Clinic has multiple swaps, one of which is with a counterparty that took over for Lehman Brothers. Billings Clinic was contacted two months ago and was informed that there was the potential that they would no longer be willing to be the counterparty on this swap which was going to require the Clinic to act. This swap and another that matures in February 2025 are primarily tied to the 2018C bonds. Based on the current assumptions Billings Clinic believes there is a small projected present value benefit on the 2018C bonds. In order to deal with the two swaps mentioned there is also a small cost associated with terminating the swaps. The benefit and cost of terminating the swaps essentially break even from a financial standpoint.

FOUNDATION

Billings Clinic Foundation (the “Foundation”) was established in 1984 as a nonprofit corporation to provide philanthropic support of Billings Clinic’s mission. The Foundation is a separate tax-exempt membership organization with Billings Clinic as its sole member. The Foundation is governed by an 18-member Board of Directors, primarily consisting of community members, along with some individuals that are employed by Billings Clinic. The purpose of the Foundation is to encourage, receive, administer, and disburse charitable funds and grants, while also fostering positive community awareness of Billings Clinic. Since inception, the Foundation has distributed more than \$82 million to Billings Clinic to financially support new technology, facilities, programs, research, and education. As of June 30, 2021, the Foundation’s net assets were approximately \$115.5 million. Funds received by Billings Clinic from the Foundation are generally used for defined projects that advance the mission of Billings Clinic.

OUTSTANDING MFFA LOANS

Outstanding MFFA Bonds/Loans			
Series	Original Issue	Outstanding 8/30/2021	Maturity
Billings Clinic 2018A	\$ 54,045,000	\$ 52,055,000	8/15/2048
Billings Clinic 2018B	\$ 42,210,000	\$ 37,805,000	7/20/2038
Billings Clinic 2018C	\$ 65,295,000	\$ 59,420,000	8/15/2037
Billings Clinic 2018D	\$ 56,580,000	\$ 56,580,000	8/15/2044
Totals	\$218,130,000	\$205,860,000	

FINANCE TEAM MEMBERS

Finance Team Member	Firm	Primary
Borrower's & Bond Counsel	Orrick, Herrington, and Sutcliffe	Robyn Helmlinger, Rich Moore
Financial Advisor	Kaufman Hall & Associates	Steve Sohn, John Andersen
Underwriter	Bank of America Securities	Mike Quinn, Emily Wong
Underwriter	RBC Capital Markets	Adrian Balderrama, Jenn Ewing
Underwriter's Counsel	Chapman and Cutler LLP	David Kates, Megan Rudd

STRENGTHS

- Strong management
- Gain in market share
- Consistently strong financial performance
- Project allows for the update and expansion of several services

CONCERNS

- Possibility of competition entering market due to: Affiliations, mergers and acquisitions
- Unknown political and market uncertainty for hospitals
- Difficult and unknown operating environment moving forward due to COVID-19.

RECOMMENDATION

Approval is recommended based on:

- Sufficient repayment ability
- Project allowing The Clinic to grow to meet community needs
- Overall strong financial performance and ability to make payment
- New structure strengthens Clinic's financials

RESOLUTION NO. 21-13

RESOLUTION RELATING TO REVENUE BONDS (BILLINGS CLINIC OBLIGATED GROUP), SERIES 2021; MAKING FINDINGS WITH RESPECT TO THE SERIES 2021 BONDS, THE PRIOR BONDS AND THE PROJECTS; AUTHORIZING AND APPROVING THE SALE AND ISSUANCE OF THE SERIES 2021 BONDS IN ONE OR MORE SERIES AND THEIR PAYMENT FROM AMOUNTS TO BE RECEIVED UNDER ONE OR MORE LOAN AGREEMENTS AND FROM CERTAIN FUNDS HELD UNDER ONE OR MORE INDENTURES; AUTHORIZING THE ASSIGNMENT TO THE TRUSTEE UNDER THE INDENTURES OF THE LOAN PAYMENTS, SUCH FUNDS AND CERTAIN OTHER INTERESTS; AND AUTHORIZING THE SIGNING AND DELIVERY OF DOCUMENTS (the “Resolution”)

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

Section 1. Recitals.

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 to lend the proceeds of the bonds to one or more institutions to finance, refinance or provide reimbursement for allowable costs of the acquisition, construction, reconstruction, repair, alteration, enlargement, improvement and equipping of eligible facilities, all as defined in the Act (“Facilities”), or to refund indebtedness incurred for such purpose. Bonds so issued are payable solely from the revenues and assets derived from the participating institutions and shall not constitute a debt, liability or obligation of the state of Montana (the “State”) or a pledge of the full faith and credit of the State. The Authority is required to secure the bonds by pledging the revenues received from the participating institutions, and the bonds may be secured by mortgages, assignments and other security devices deemed advantageous by the Authority. The Authority may also secure the bonds under a trust agreement between the Authority and a corporate trustee. Pursuant to the Act, the Authority may issue up to \$500 million in revenue bonds and notes per biennium, exclusive of revenue bonds or notes issued to refund outstanding revenue bonds or notes, for financing of eligible facilities. As of the date hereof, the Authority has issued \$223.6 million subject to the Act for the biennium ending June 30, 2023.

1.02. Billings Clinic, a Montana nonprofit corporation (the “Corporation”), an “institution” and a “participating institution” within the meaning of the Act, has requested that the Authority issue revenue bonds under the Act in an aggregate principal amount of up to \$225,000,000 as part of a plan of finance in one or more series (the “Series 2021 Bonds”) and loan the proceeds of the Series 2021 Bonds to the Corporation, for one or more of the following purposes: (i) to finance, refinance or to reimburse the Corporation for (a) costs incurred in the acquisition, construction, reconstruction, repair, alteration, enlargement, improvement and equipping of hospital, clinic, other health care and related facilities owned and/or operated by the

Corporation (the “New Money Project”), (ii) to refund all or a portion of the Issuer’s Variable Rate Revenue Bonds (Billings Clinic Obligated Group), Series 2018C the “Prior Bonds”) (the projects financed or refinanced with proceeds of the Prior Bonds referred to herein as the “Prior Bonds Projects” and, together with the New Money Project, the “Projects”), (iii) if desired, to pay capitalized interest, (iv) if required, to market the Series 2021 Bonds, to make a deposit to any debt service reserve funds established for the Series 2021 Bonds, and (v) to pay certain costs and expenses incidental to the issuance of the Series 2021 Bonds and the refunding of the Prior Bonds.

1.03. The Authority has received an application from the Corporation to finance and refinance the Projects and refund the Prior Bonds and the Authority determines that the application is complete and, subject to the results of the public hearing and Governor’s approval described in Sections 6 and 7 below with respect to any Series 2021 Bonds that are to be federally tax exempt, the Projects are eligible for financing and refinancing under the Act.

1.04. The following documents relating to the Series 2021 Bonds have been placed on file in the office of the Authority:

(a) a form of one or more Bond Purchase Agreements relating to the Series 2021 Bonds (each a “Bond Purchase Agreement” and, collectively, the “Bond Purchase Agreements”) to be entered into by BofA Securities, Inc. and/or RBC Capital Markets, LLC and/or any other underwriters as set forth in a Bond Purchase Agreement as finally executed, as underwriters (the “Underwriters”), the Authority and the Corporation;

(b) a form of one or more Loan Agreements relating to the Series 2021 Bonds (each a “Loan Agreement” and, collectively, the “Loan Agreements”) to be entered into by the Authority and the Corporation; and

(c) a form of one or more Bond Indentures relating to the Series 2021 Bonds (each an “Indenture” and collectively, the “Indentures”) to be entered into by the Authority and U.S. Bank National Association, as trustee (in such capacity, the “Trustee”).

Section 2. Findings. The Authority finds, determines and declares as follows:

(a) the Corporation is an “institution” and a “participating institution,” and each of the Projects comprises an “eligible facility,” each within the meaning of the Act;

(b) the loan of the proceeds of the Series 2021 Bonds to the Corporation under the Loan Agreements will not exceed the total allowable costs of the New Money Project and amounts necessary to refund the Prior Bonds, less other available funds, as determined by the Corporation;

(c) the payments to be made by the Corporation under each Loan Agreement are to be sufficient to pay the principal of, premium, if any, and interest on the applicable Series 2021 Bonds when due and upon any prior redemption, to maintain reserves, if any, for the payment of principal and interest, to meet all other obligations in connection with

such Loan Agreement, and to provide for costs of servicing and securing the applicable Series 2021 Bonds and loan;

(d) each of the Projects is, and will be, operated by the Corporation for the purpose of fulfilling its obligation to provide health care facilities;

(e) based solely upon information and representations provided by the Corporation, the Corporation has sufficient experience and expertise to operate each of the Projects and its other health care facilities;

(f) based solely upon information provided and representations made by the Corporation, the Projects are financially feasible and the Corporation will generate sufficient revenues to pay the principal of, premium, if any, and interest on the Series 2021 Bonds when due;

(g) each Indenture provides for the pledge to the payment of the applicable Series 2021 Bonds of amounts payable by the Corporation under the applicable Loan Agreement, amounts in certain funds held by the Trustee under the applicable Indenture, and any amounts derived under the applicable master indenture obligation issued by the Corporation under the Master Indenture (as defined in the Indentures);

(h) based solely on information provided and representations made by the Corporation, to the extent legally required, the Projects have been reviewed and approved by the appropriate regional and state health planning boards and have received any approval required by Montana Code Annotated, Title 50, Chapter 5, Part 3, as amended;

(i) based solely on information provided and representations made by the Corporation, including the reports or surveys on file with the Corporation by the Department of Public Health and Human Services and the Occupational Safety and Health Agency, the financing and refinancing of the Projects does not significantly affect the quality of the human environment, within the meaning of Montana Code Annotated, Section 75-1-201(1)(b)(iii).

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 Underwriters or other owners from time to time of the Series 2021 Bonds.

Section 3. Approval and Authorizations.

3.01. The financing and/or refinancing of the New Money Project and the refunding of the Prior Bonds is approved, and the Authority is authorized and shall proceed to issue the Series 2021 Bonds in one or more series, on one or more dates, for such purpose in the aggregate principal amount up to, but not to exceed, \$225,000,000. The Series 2021 Bonds shall be entitled "Montana Facility Finance Authority Revenue Bonds (Billings Clinic Obligated Group), Series 2021," with such other name or names of the Series 2021 Bonds or series thereof as designated in each Indenture pursuant to which the Series 2021 Bonds will be issued.

3.02. The Authority authorizes and directs any one or more of the Executive Director, the Chair or any other member of the Authority to negotiate the sales of the Series 2021 Bonds to the Underwriters to accomplish the financing and/or refinancing of the New Money Project and the refunding of the Prior Bonds. The Series 2021 Bonds shall be sold under the terms and conditions of one or more Bond Purchase Agreements approved pursuant to Section 3.03 hereof; provided that any sale dates of the Series 2021 Bonds shall be no later than the 120th calendar day following the date of adoption of this Resolution. The Series 2021 Bonds shall be in the aggregate principal amounts, mature on such dates, bear interest in such interest rate modes and at such variable or fixed rates of interest, be issued, with respect to a particular series of the Series 2021 Bonds, as tax-exempt or taxable bonds, be subject to redemption and/or purchase in lieu of redemption and tender, and be sold at such purchase price as set forth in each Bond Purchase Agreement and each Indenture, as finally executed; provided that:

(a) The total aggregate principal amount of the Series 2021 Bonds shall not exceed \$225,000,000 (exclusive of any portion representing original issue discount);

(b) The true interest cost for any series of the Series 2021 Bonds bearing interest at a fixed rate shall not exceed six percent (6.00%) per annum;

(c) The initial interest rate for any series of the Series 2021 Bonds bearing interest at a variable rate shall not exceed the rate of four percent (4.00%) and a Maximum Interest Rate of twelve percent (12.00%) per annum; and

(d) The final maturity of the Series 2021 Bonds shall not exceed 40 years from the dates of their issuance.

3.03. Any one of the Executive Director, the Chair, or any other member of the Authority is authorized to approve in the name and on behalf of the Authority the final forms of each Bond Purchase Agreement, each Loan Agreement and each Indenture. Any one of the Executive Director, the Chair or any other member of the Authority is authorized to sign and deliver each Bond Purchase Agreement, each Loan Agreement, each Indenture, and such other agreements, certificates and documents to be signed and delivered by the Authority in connection with the issuance of the Series 2021 Bonds and the refunding of the Prior Bonds, including but not limited to (i) one or more agreements concerning federal tax matters setting forth the reasonable expectations of the Authority and the Corporation regarding the amount and use of the proceeds of the applicable Series 2021 Bonds and other facts and circumstances relevant to the treatment of the interest on the applicable Series 2021 Bonds under federal tax laws and (ii) any waivers, consents or amendments relating to the Prior Bonds and documents relating to the Prior Bonds. Any one of the Executive Director, the Chair, or any other member of the Authority is also authorized to approve in the name and on behalf of the Authority, and is authorized to sign and deliver, any subsequent amendments, waivers or consents entered into or given in accordance with such documents. The approval of the final forms of each Bond Purchase Agreement, each Loan Agreement, each Indenture, and those other documents shall be conclusively evidenced by the signing and delivery of those documents by the Executive Director or the Chair or any other member of the Authority.

3.04. The Chair or any one or more other members of the Authority and the Executive Director are authorized to prepare and sign the Series 2021 Bonds as prescribed in the applicable Indenture and deliver them to the Trustee, together with a certified copy of this resolution and the other documents required by the applicable Indenture and the applicable Bond Purchase Agreement for authentication of the Series 2021 Bonds by the Trustee and delivery by the Trustee of the Series 2021 Bonds to the Underwriters.

3.05. The Executive Director, the Chair, or any other member of the Authority, is authorized and directed to prepare and furnish to the Underwriters and to bond counsel, when the Series 2021 Bonds are issued, certified copies of all proceedings and records of the Authority relating to the Series 2021 Bonds and the Prior Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of the Series 2021 Bonds as such facts appear from the books and records in the officers' custody and control or as otherwise known to them, or as may be necessary or desirable to accomplish the issuance and sale of the Series 2021 Bonds and the refunding of the Prior Bonds, and all such certified copies, certificates, affidavits and documents, shall constitute representations of the Authority as to the truth of all statements of fact contained therein.

3.06 The Authority staff is hereby authorized and directed to cooperate with the Corporation, the Underwriters and each of their counsel in the preparation of a preliminary official statement for any series of the Series 2021 Bonds (each a "Preliminary Official Statement" and, collectively, the "Preliminary Official Statements") and a final official statement, including any supplements, for any series of the Series 2021 Bonds (each an "Official Statement" and, collectively, the "Official Statements") to be distributed to prospective purchasers of the Series 2021 Bonds, and the Authority authorizes and approves the use and distribution by the Underwriters of such Preliminary Official Statements and Official Statements in connection with the offering and sale of the Series 2021 Bonds; provided, however, that the Authority takes no responsibility for, and makes no representations or warranties as to, the accuracy, completeness or sufficiency of the information in each Preliminary Official Statement or each Official Statement, except as to matters relating to the Authority. The Executive Director is authorized on behalf of the Authority to deem any Preliminary Official Statement final as of its date, in accordance with Rule 15c2-12(b)(1) promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

Section 4. Limited Liability of Authority and State. The Series 2021 Bonds and the Authority's obligations under each Loan Agreement, each Indenture and each Bond Purchase Agreement shall be special, limited obligations of the Authority payable solely from and secured by the payments required to be made by the Corporation (except to the extent payable from the proceeds of the Series 2021 Bonds) and will not constitute or give rise to a pecuniary liability of the Authority or a charge against the general credit or taxing powers of the State.

Section 5. Commitment Conditional. The Authority retains the right in its sole and absolute discretion to withdraw from participation and accordingly not issue the Series 2021 Bonds should the Authority at any time prior to the signing and delivery of any Bond Purchase Agreement by the Authority determine that it is in the best interests of the Authority not to issue the Series 2021 Bonds or should the parties to the transaction be unable to reach agreement as to the terms and conditions of any of the documents required for the financing.

Section 6. Public Hearing. As required by Section 147(f) of the Internal Revenue Code of 1986, as amended, (the “Code”), the Authority is conducting a public hearing concerning the Projects and the issuance of such Series 2021 Bonds which are to be federally tax-exempt. The Executive Director has set the time and location of such public hearing for Helena, Montana on October 21, 2021 at 2:00 p.m. and published notice thereof has been provided for on the Authority’s website. The Executive Director is authorized and directed to conduct that hearing at the time and place specified in the published notice and to provide minutes of that public hearing to the Corporation and to bond counsel.

Section 7. Approval of Governor. The Executive Director is authorized and directed to forward to the Governor of the State a certified copy of this resolution and the minutes of the public hearing described in Section 6 and to request on behalf of the Authority that the Governor approve the issuance of such Series 2021 Bonds which are to be federally tax-exempt for the purposes contemplated by this resolution as required by Section 147(f) of the Code.

Section 8. Authority Fees. As authorized by Section 90-7-211 of the Act, the Authority may assess certain initial planning service fees and annual planning service fees. The Authority determines that the initial planning service fee for the Series 2021 Bonds shall be determined in accordance with current policy and is the greater of 6.5 basis points (0.065%) times the original aggregate principal amount of the Series 2021 Bonds and \$75,000, and the annual planning service fee for the Series 2021 Bonds shall be 5 basis points (0.05%) times the then outstanding principal amount of the Series 2021 Bonds, unless and until changed by the Authority. No holder of the Series 2021 Bonds or any other bonds of the Authority outstanding from time to time 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.

PASSED AND APPROVED BY THE MONTANA FACILITY FINANCE AUTHORITY this 21st day of October, 2021.

Vu Pham, Chair

Montana Facility Finance Authority
Budget v. Actual Expenses
09/30/21
25% Expended

Legislative Budget	Year to Date			
	Category	Budget	Actual	\$ Variance % Variance
\$805,824	A) INCOME	\$142,962	333,090	190,129 133%
135,000	Application Fees	33,750	240,576	206,826 613%
545,824	Annual Fees	77,962	75,234	(2,727) -3%
125,000	Investment Income	31,250	17,280	(13,970) -45%
\$311,772	B) PERSONAL SERVICES EXPENSE	\$77,943	73,156	(4,787) -6%
304,772	Salaries & benefits	76,193	72,506	(3,687)
7,000	Board Per Diem	1,750	650	(1,100)
\$313,777	C) OPERATING EXPENSES**	\$60,944	75,930	14,985 25%
58,184	Contracted & Other Services	14,546	22,732	8,186 56%
	Misc. Other Services		12,153	
	Legal Services		10,371	
	Legislative Audit		0	
	ITSD		208	
14,633	Supplies/Materials/Equipment	3,658	8,584	4,926 135%
7,587	Communications	1,897	703	(1,193) -63%
24,324	Travel	6,081	11,000	4,919 81%
33,283	Rent	8,321	9,441	1,120 13%
	Building Rent		9,246	
	Other Rent		195	
156	Repairs & Maintenance	39	258	219 562%
70,054	Miscellaneous	17,514	23,073	5,560 32%
	Commerce Department Services		10,812	
	Administration (statewide) Indirect Costs		1,706	
	Education		1,754	
	Other Miscellaneous		8,801	
0	Capital Leases	139	139	
35,000	BOI Administrative Support**	8,750	0	(8,750) -100%
\$180,275	REVENUES IN EXCESS OF EXPENSES (A-B-C)	4,074	184,005	179,931 4416%
150,000	Grants-Obligated/Paid	43,000	25,000	
\$30,275	Current Year Increase in Net Assets		159,005	
	INCREASE (DECREASE) IN NET ASSETS		159,005	

* Income presented on CASH basis. GAAP accrual accounting would reflect approximately \$10,831 less income annually, or < 2.12%

A/E 06015	Operating Account Summary	Current Balance	Policy Guideline
	Total Fund Balance Available Net Capital Reserve "B" Balance	3,599,473	
	Less: Working Capital Reserve Requirement	1,448,686	1,448,686 (a)
	Available for Restricted Capital Reserve "A"	2,150,787	10,699,500 (b)
	Fund Balance: Sub-Total	3,599,473	12,148,186
A/E 06015	Trust Fund Loan Pool		
	RC 710300, Accounts 521190	14,571	
	Plus: Prior Year End Capital Reserve "B" Fund Balance Sub Total	380,517	
	Capital Reserve "B" Fund Balance	395,088	1,193,713 (d)
A/E 06012	Direct Loan Program		
	Current Program Fund Balance	4,844,388	
	Less: Outstanding Loan Balance	3,747,888	
	Funds Available to Loan from Direct Loan Program	1,096,500	
	Fund Balance: Sub-Total	4,844,388	4,837,959 (c)
	Total Projected Fund Balance	8,838,949	18,179,858

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.	4,837,959
(d) 10% of the Trust Fund Loan Pool Balance as of 7/1/21	11,937,131

MONTANA FACILITY FINANCE AUTHORITY

Staff Approved Loans

8/01/21 - 9/30/21

Submitted Applications

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

\$ -

Approved Applications

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

Total Approved Direct Loans:

\$ 500,000

Funds Available Under

Direct Loan Program:

Loan Fund: (9/30/2021)

4,844,388

Total Outstanding Loans: (9/30/2021)

(3,747,888)

Approved Applications from above:

(500,000)

Total Available to Loan at 9/30/2021

\$ 596,500

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>
Rimrock Foundation	Billings	09/01/21	3	2.00%	\$ 500,000	Building Purchase
Fallon Medical Complex	Baker	09/16/21	5	2.00%	\$ 238,938	TFL Refinance

Total Loans Funded since 7/1/21

\$ 738,938

MONTANA FACILITY FINANCE AUTHORITY

Staff Approved Grants

8/1/21 - 9/30/21

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>
Liberty Medical Center	Chester, MT	2/6/2020	2/6/2020		\$ 15,000	Capital Improvement Plan	MCAP
Total Pending Grants:					\$ 15,000		

Grants Paid since 7/1/2021

<u>Grantee</u>	<u>Location</u>	<u>Date</u>	<u>Approved</u>	<u>Paid</u>	<u>Amount</u>	<u>Project</u>	<u>Program</u>
Butte Spirit Center	Butte, MT	06/24/21	7/6/2021	9/2/2021	\$ 3,000	Energy Efficiency Grant	EEP
Wheatland Memorial Healthcare	Harlowtown, MT	2/26/2021	2/26/2021	10/4/2021	\$ 25,000	Capital Improvement Plan	MCAP
Total Grants:					\$ 28,000		

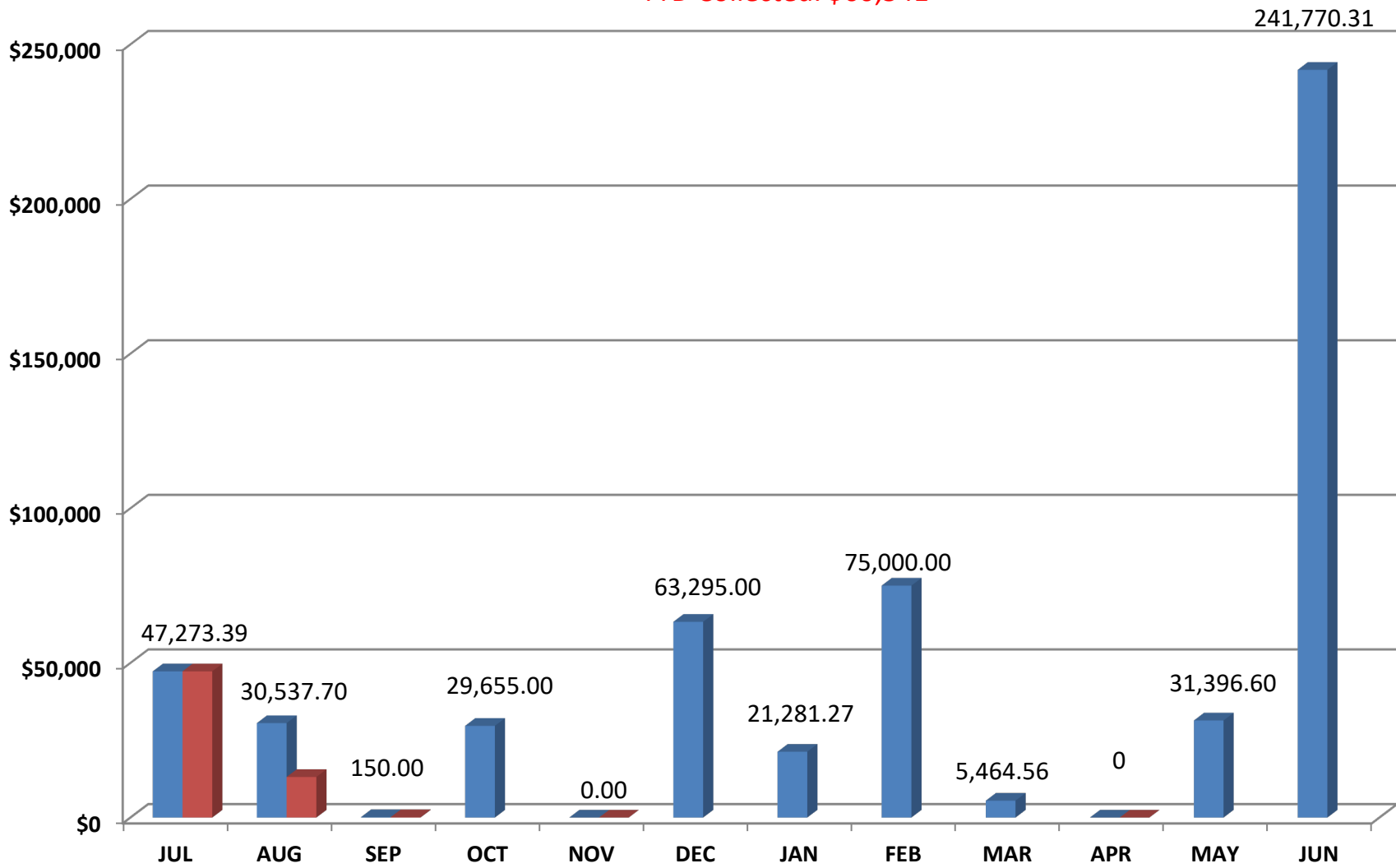
FY 2022 Annual Service Fees

As of September 30, 2021

Annual Projected: \$545,824

YTD Projected: \$77,961

YTD Collected: \$60,541



2021

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		

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
24/31	25	26	27	28	29	30

AUGUST

S	M	T	W	T	F	S
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

SEPTEMBER

S	M	T	W	T	F	S
				1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	

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**
5-Sep **Labor Day**
11-Oct **Columbus Day**
11-Nov **Veterans Day Ob.**

25-Nov **Thanksgiving Day**
25-Dec **Christmas Day**

CONFERENCES

Nov 9-10, 2021 **MCUN, Virtual**
Nov 15-17, 2021 **MEDA, Kalispell**
Apr 24-26, 2022 **NAHEFFA, SC**