



*The*  
*Authority*  
**REVIEW**  
~2014~



MONTANA  
FACILITY  
FINANCE  
AUTHORITY

*Providing flexible financing options for non-profit health care  
and community service providers.*

**BOARD** A seven member board appointed by the Governor.



(Back row, L-R): Matt Thiel, attorney; Joe Quilici, retired business owner and former state representative 1971-1999; Larry Putnam, hospital administrator; Jon Marchi, chairman, venture capital/ranching.

(Front row, L-R): Kim Rickard, business manager, laborer's union; James (Bill) Kearns, bank chairman; and Richard King, economic development consultant.

We are pleased to report that in 2014, despite national economic volatility and a spirited debate about the future course of U.S. health care, your Montana Facility Finance Authority (MFFA) continued to steer a steady course. Our proven programs and expertise assure that Montanans enter 2015 with a well-financed non-profit health care sector, stronger and better prepared to meet changing health needs.

Best of all, these vital, cost-effective financings did not require a single dollar since the MFFA funds its operations through fees generated by bond and loan offerings. Our 2014 programs helped many non-profits throughout Montana upgrade essential physical plants and equipment, strengthen balance sheets, and upgrade patient services to better serve Montanans.

Among highlights for 2014:

- Our fall conference at Big Sky brought together more than 100 top professionals, members of the National Association of Health and Educational Facilities Finance Authorities (NAHEFFA). Attendees exchanged ideas and learned of latest developments, such as emerging regulatory policies and proposed criteria changes of Standard and Poor's ratings of stand-alone hospitals.
- A flurry of fall and winter activity as we closed over \$140 million of Montana financings for five projects.

- We welcomed our new Associate Director, Adam Gill. His knowledge of financing instruments and non-profit financing will be invaluable to us as well as our borrowers.

Looking ahead, we will continue to follow the national debate over tax reform issues, particularly proposals to eliminate or limit deductions for tax-exempt bonds that benefit Montanans. Our Board members and staff will continue to work closely with NAHEFFA to make the argument that financing non-profit rural hospitals in Montana is vital for many of the state's citizens. We hope you will make your voice heard in this critical debate and support our position.

We sincerely thank our dedicated Board members and our skilled and knowledgeable professional staff, borrowers, participating financial institutions and professional associations for their shared commitment to advance non-profit health care capabilities throughout rural Montana. For our part, we will continue to work diligently to assure that MFFA remains a pioneering and innovative leader among states in creating programs for successful non-profit health care financing. We'd love to hear from you. No project is too big or too small for the MFFA, our borrowers, and all Montanans, who deserve health care excellence.

*Jon Marchi*  
Chairman of the Board

*Michelle Barstad*  
Executive Director

## AUTHORITY STAFF



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## **BILLINGS, Yellowstone County**

### **Missions United**

\$30 million loan was made using the Stand Alone program to construct a senior living facility and refinance bonds.

Interest Rate: Variable Term: 25 years Pricing Date: 6/25/14

*Benefit: Provide safe living facilities for seniors and cost savings from refinancing.*



## **BILLINGS, Yellowstone County/ BUTTE, Silver Bow County/ MILES CITY, Custer County**

### **Sisters of Charity of Leavenworth Health System**

\$61.69 million loan was made using the Stand Alone program to refinance existing debt.

Interest Rate: Variable Term: 20 years Pricing Date: 11/18/14

*Benefit: Allows low-cost variable rate debt to continue when Stand-by Bond Purchase Agreement expired*



## BOZEMAN/BIG SKY, Gallatin County

### Bozeman Deaconess Health Services

- \$22.78 million to finance a portion of the costs to construct a hospital and medical office in Big Sky and refund bonds.  
Interest Rate: 3.90% Term: 30 years Pricing Date: 10/23/14
- \$10 million loan to finance a portion of the costs to install/upgrade electronic health records system.

Interest Rate: 2.24% Term: 10 years Pricing Date: 9/4/14

*Benefit: Provide services to under-served community; cost savings of \$1.4 million; implementing current technology*



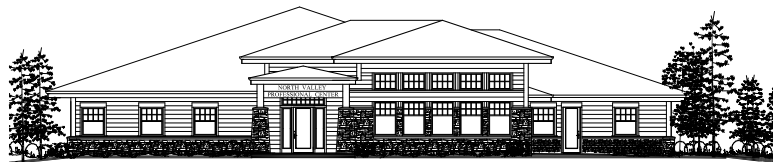
## COLUMBIA FALLS, Flathead County

### North Valley Hospital

\$1.5 million loan through Stand Alone program to finance construction of a medical building.

Interest Rate: 4.00% Term: 16 years Pricing Date: 10/30/14

*Benefit: Consolidate partners into one building; provide space dedicated for a school-based health clinic*



NORTH VALLEY  
PROFESSIONAL CENTER  
CONCEPTUAL ELEVATION

## CULBERTSON, Roosevelt County

### Roosevelt Medical Center

\$35,918 loan was made using the Direct Loan Program to purchase a digital x-ray plate reader.

Interest Rate: 3.00% Term: 5 years Pricing Date: 3/7/14

*Benefit: Will allow the hospital to keep procedures local*



## CUT BANK, Glacier County

### Central Montana Medical Center

\$133,696 loan was made using the Direct Loan Program to purchase a nuclear medicine system.

Interest Rate: 3.00% Term: 5 years Pricing Date: 3/6/14

*Benefit: Better equipment to serve its clients*



## KALISPELL, Flathead County

### Kalispell Regional Medical Center

\$17 million loan for multiple projects including cancer center expansion, health information technology data center, and GeoThermal energy.

Interest Rate: 2.21% Term: 10 years Pricing Date: 10/9/14

*Benefit: Expanding services for client base; energy efficiency*



*KRMC Expansion*

*GeoThermal*



## FUNDS DISBURSED

### FORT BENTON Choteau County

Missouri River Medical Center  
\$15,000 for facility master plan

### TOWNSEND Broadwater County

Broadwater Health Center  
\$12,000 for facility master plan

## SNAPSHOT OF MFFA FINANCIAL PROGRAMS

**Direct Loan Program:** Loans up to \$200,000 are made for up to five years from Authority Funds for qualifying projects.

**Master Loan Program:** Bonds, enhanced through the Montana Board of Investments, provide access to the tax-exempt capital market for smaller hospitals for up to \$10 million in bonds.

**Stand-Alone Bond Financing:** Bond issue is structured for an individual borrower.

**Trust Fund Loan Program:** Makes short-and-long-term fixed rate loans from the Permanent Coal Trust Fund.

**Montana Capital Assistance Program:** Makes grants up to \$15,000 to small rural hospitals.



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**MONTANA FACILITY FINANCE AUTHORITY**, by putting into practice cutting-edge financing solutions, continues to help Montana's vital nonprofits provide valuable services that:

- Help *people*
- Improve *places*
- Upgrade *things*