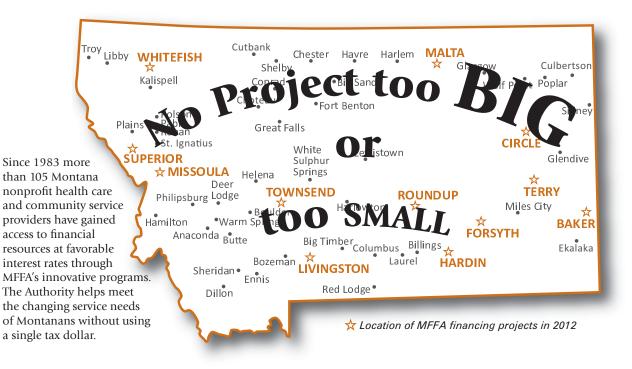


December 2012

nonprofit health care and community service providers options for Providing flexible financing

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BOARD A seven-member board appointed by the Governor.



MFFA BOARD: (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.

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MFFA Programs and Expertise Keep Montana Health Care Moving Ahead in Any Uncertainty

Maximizing our ability to weather the year's challenges, the Montana Facility Finance Authority (MFFA) in 2012 again demonstrated its fundamental strength to serve the changing health care needs of Montanans.

We are happy to report that our proven MFFA Direct Loan program helped Montana nonprofit providers invest in vital equipment and make upgrades to their facilities, maintaining quality patient care and safety. Although the overall bond issuance was down, reflecting national trends and a more aggressive lending posture by banks, our easily accessible Direct Loan Program increased some 50 percent over 2011.

During 2012 we issued a total of \$26,740,000 in tax-exempt bonds and \$590,115 in other loans to benefit eight health facility projects in eight Montana communities and created 18 new full-time jobs.

Looking forward, we continue to carefully follow the national debate on debt reduction and tax overhaul proposals, especially talk of eliminating or limiting tax deductions for tax-exempt bonds. We believe that taxexempt bonds should be preserved as a proven financing tool for our clients and those in other states. The MFFA Board will continue in the New Year to work with our national association, other state authorities and congressional representatives to urge preservation of this financing tool which works for the benefit and safety of the public. We urge your support in the debate ahead.

Among the emerging trends we followed closely in 2012 were:

- Growing pressures from uncertainties in health care reform, the potential for reduced reimbursement rates and growth of uncompensated care;
- The tremendous expenditure of time and money put forward by the industry to convert to electronic health records; and
- The growing number of mergers, affiliations and collaborations in the industry by providers for better coordination of care services and enhanced patient safety.

Special thanks go to our dedicated Board, our highly professional staff, borrowers, financial institutions, and associates. Working together, we are ready to face the challenges as they come. Whatever comes next, we'll be ready. Thank you for your support.

Here's to a rewarding and healthy year ahead for all Montanans.

Jon Marchi	Michelle Barstad
Chairman of the Board	Executive Director

2012 MFFA Financing Recipients

BAKER, Fallon County

Fallon Medical Complex

\$77,973 loan was made using the Direct Loan Program to purchase two chemistry analyzers.

Interest Rate 3.00%Term: 4 yearsPricing: October 4, 2012Benefit: Provide dependable diagnostic services to its patients.



HARDIN, Big Horn County

Big Horn Hospital Association

\$200,000 loan was made using the Direct Loan Program to replace/upgrade the hospital's generators. Interest Rate: 3.00% Term: 5 years Pricing: July 26, 2012 Benefit: Ensure a reliable source of emergency power for patient safety.



LIVINGSTON, Gallatin County

Livingston Healthcare

\$200,000 loan was made using the Direct Loan Program to purchase a nuclear medicine system.

Interest Rate: 3.00% Term: 5 years Pricing: December 7, 2011 Benefit: Provide dependable diagnostic services to better serve patients.



MISSOULA, Missoula County

Western Montana Mental Health Center

\$1,740,000 in funds from the Stand Alone Bond Program which was privately placed with a local bank, was made to build a 16-bed in-patient facility to treat those suffering from chemical dependency. Interest Rate: 4.550% Term: 30 years Pricing: April 17, 2012 Benefit: Provide much needed inpatient chemical dependency treatment center in the Western Montana region.



ROUNDUP, Musselshell County

Roundup Memorial Healthcare

\$18,100 in funds from the Direct Loan Program for the purchase of a new Immunoassay Analyzer. Interest Rate: 3.00% Term: 5 years Pricing: May 1, 2012 Benefit: Upgrade of equipment for improved testing and diagnosis of a broad range of medical situations including cardiac and diabetic.



SUPERIOR, Mineral County

Mineral Community Hospital

\$32,580 from the Direct Loan Program to replace an anesthesia machine and, for the St. Regis Clinic, IT equipment and furniture. Interest Rate: 3.00% Term: 3 years Pricing: April 17, 2012 Benefit: Improve the safety of the surgical environment as well as enhance facility and health care surroundings.

TOWNSEND, Broadwater County

Broadwater Health Center

\$61,462 from Direct Loan Program to replace a nurse call system and purchase a new ultrasound therapy system. Interest Rate: 3.00% Term: 5 years Pricing: March 15, 2012 Benefit: Provide optimal communication between staff and patients and upgrade of Physical Therapy Department to better serve patients.





WHITEFISH, Flathead County

North Valley Hospital

\$25 million in bonds issued under the Stand-Alone Bond Program to refinance a 2009 higher interest rate bond.

Interest Rate: Variable Term: 15 years Pricing: October 13, 2011 Benefit: Favorable refinancing environment resulted in significant interest reduction with a projected \$15+ million in savings over 15 years.



MONTANA CAPITAL ASSISTANCE PROGRAM

Funds Disbursed

- CIRCLE McCone County McCone County Health Center \$8,512 for Scope of Service/Capital Finance Plan
- FORSYTH Rosebud County Rosebud Health Care Center \$15,000 Scope of Service/Capital Finance Plan
- MALTA Phillips County Phillips County Hospital Association \$12,000 for Facility Master Plan
- SUPERIOR Mineral County Mineral Community Hospital \$10,174 for Financial Feasibility Study
- TERRYPrairie County
Prairie Community Hospital
\$12,800 for Facility Master Plan



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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* and
- Upgrade things.