

Montana Facility Finance Authority

AUTHORITY REVIEW

2016



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

2016 MFFA Authority Review

Board: Appointed by the Governor



(Back row, L-R): Matt Thiel, attorney; Richard King, economic development consultant; Bill Kearns, bank chairman; Larry Putnam, healthcare consultant/former hospital administrator;

(Front Row, L-R): Jon Marchi, chairman, venture capital/ranching; Kim Rickard, business manager, laborer's union.

MFFA Continues to Provide Access for Montana's Healthcare Providers

The Montana Facility Finance Authority (MFFA) is pleased to report, despite political and market uncertainty, another year of improving access to healthcare across Montana. Refinancings were a major part of our work in 2016 which, along with new tax-exempt bond issuances, saved our clients millions of dollars over the next several years. We also saw an increase in volume for our Direct Loan and Trust Fund Loan programs which provide low-cost capital for smaller projects. We are proud to provide this essential service without spending a single tax dollar.

Milestones and achievements in 2016 included:

-Issuing \$269 million in tax-exempt bonds (seven bond issues/eight series), over \$1 million in direct loans (six loans) and \$1.5 million in Trust Fund loans (three loans) raising our total financings structured since 1983 to over \$2.8 billion.

-Saving our Montana providers approximately \$26.7 million over the life of the bonds by refunding their existing bonds.

With tax reform on the horizon, the MFFA will work to preserve tax-exempt bonds so this valuable tool remains available for our clients and the communities they serve. We will monitor state and national economic conditions and be ready to respond.

Our continued thanks go to our dedicated and forward-looking Board of Directors, our professional staff, borrowers, financial institutions, and associates.

Jon Marchi

Jon Marchi
Chairman of the Board

Michelle Barstad

Michelle Barstad
Executive Director

The MFFA thanks Michelle Barstad for her service and welcomes Adam Gill as her successor

After 25 years of service to the MFFA, Michelle Barstad is retiring at the end of 2016. Michelle joined the MFFA in 1990 while working for the MT Board of Investments and providing support to the MFFA. She became the Associate Director in 1997 and has served as Executive Director since 2002.

Michelle's financial and strategic planning expertise has helped countless Montana non-profit health care providers take advantage of low-cost, tax-exempt financing to grow and expand services across the state. As Executive Director, she oversaw \$1.9 billion in financings, shepherded the MFFA through the 2008 financial crisis and expanded access to the tax-exempt market while lowering borrowing costs.

Her leadership and friendship will be missed and we are deeply grateful for all that she has done for the MFFA and for Montana.

Michelle will assist in the transition of her successor, the current Associate Director, Adam Gill. Adam joined the MFFA two years ago and brings his background in nonprofit management, housing and economic development to the position. We are pleased to provide this continuity of service to our clients and associates.

In Memory of Joe Quilici



This year the MFFA lost a valued, long-serving Board Member. Joe Quilici, age 91, passed away at his home in Butte on August 14, 2016. He was appointed to the MFFA Board in 2003 by Governor Judy Martz and was reappointed every four years by Governors Schweitzer and Bullock. As a Butte business owner (Quilici Glass) along with his thirty years in the State Legislature and four years as a County Commissioner, Joe contributed unique insight and experience to the consideration of financings that were brought before the Board. His service is deeply appreciated and his counsel and support will be sorely missed.

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St. John's Lutheran Ministries

Billings, Yellowstone County

\$20,799,175 direct placement issued to refinance bonds originally issued in 2006 to finance the construction and equipping of nursing cottages and assisted living facilities.

Interest Rate: Variable - initial rate of 2.48% with annual reset
Term: 25 years Pricing Date: 7/13/2015 Closing Date: 5/16/2016

Benefit: The reduced interest rate will provide net present value savings of over \$4.9 million.



Boyd Andrew Community Services

Boulder, Jefferson County

\$3,070,000 direct placement to refinance Series 2006 bonds used to finance the Elkhorn Treatment Center construction.

Interest Rate: 2.50%
Term: 10 years

Pricing Date: 10/7/2016
Closing Date: 10/21/2016

Benefit: The reduced interest rate will result in cash flow savings of \$200,000 per year.



Benefis Health System

Great Falls, Cascade County

\$141,250,000 bond issue for expansion and renovation of Emergency Department, refinance of the Series 2007 Bonds and advance refunding of the Series 2011 Bonds.

Interest Rate: 3.35%
Term: 25 years

Pricing Date: 11/1/2016
Closing Date: 11/10/2016

Benefit: Expansion of the Emergency Department as well as net present value savings of \$13.8 million.



Intermountain Deaconess Children's Services

Helena, Lewis & Clark County

\$6,869,666 direct placement issued to refinance existing taxable debt.

Interest Rate: 3.25% with reset every 10 years
Term: 25 years Pricing Date: 1/26/2016 Closing Date: 3/10/2016

Benefit: The reduced interest rate and simplified amortization schedule is projected to save Intermountain over \$1 million.



Kalispell Regional Medical Center

Kalispell, Flathead County

\$6,000,000 direct placement issued to upgrade its electronic health records (EHR).

Interest Rate: 1.98%
Term: 10 years

Pricing Date: 1/9/2016
Closing Date: 2/25/2016

Benefit: The upgraded EHR system will improve data management and security.



Providence St. Joseph Health

Missoula, Missoula County and Polson, Lake County

\$50,810,000 direct placement to refinance Series 2006 Bonds.

Interest Rate: Variable
Term: 10 years

Pricing Date: 9/28/2016
Closing Date: 9/29/2016

Benefit: The reduced interest rate is estimated to result in \$4.7 million in savings over 10 years.



St. Luke Community Hospital & Nursing Home

Ronan, Lake County

\$17,915,000 Master Loan Program forward purchase direct placement to refund Series 2007 Bonds originally issued to renovate the existing building and construct a new hospital building.

Interest Rate: 3.08%
 Term: 16 years
 Pricing Date: 3/14/2016
 Closing Date: 10/5/2016

Benefit: The reduced interest rate will result in \$1.7 million in savings over 16 years.



Marias Medical Center

Shelby, Toole County

\$2,100,000 Master Loan Program direct placement issued to refund the Series 2005 Bonds.

Interest Rate: 2.45%
 Term: 12 years
 Pricing Date: 8/30/2016
 Closing Date: 10/11/2016

Benefit: The reduced interest rate and extended term will result in annual cash flow savings of \$39,000.



North Valley Hospital

Whitefish, Flathead County

\$20,507,240 direct placement issued to refinance bonds originally issued in 2012 and 2014 to refinance taxable debt incurred to build the hospital and construct a medical clinic in Columbia Falls.

Interest Rate: Variable
 Term: 15 years
 Pricing Date: 6/16/2016
 Closing Date: 8/17/2016

Benefit: The reduced interest rate will provide cash flow savings of \$625,000 per year.



Southwest Montana Community Health Center

Butte, Silver Bow County

Purchase IT equipment and related software.

Amount: \$300,000

Interest Rate: 2.00%

Term: 5 years

Pricing Date: 11/5/2015

Closing Date: 2/24/2016

Benefit: Upgraded IT equipment will allow improved operations and data security.



McCone County Health Center

Circle, McCone County

Purchase, move and install a modular building to house traveling professional staff.

Amount: \$100,000

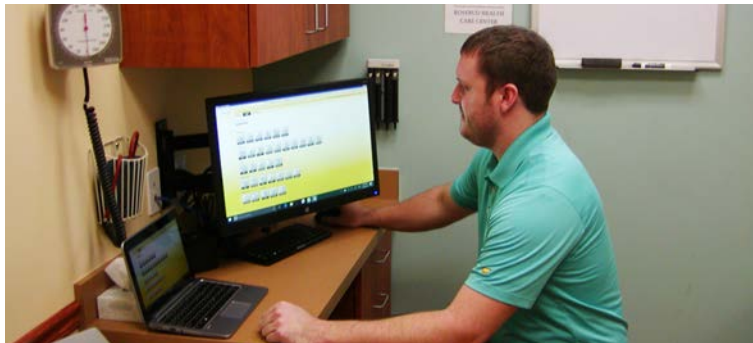
Interest Rate: 2.00%

Term: 7 years

Pricing Date: 8/29/2016

Closing Date: 10/13/2016

Benefit: Increased housing capacity for traveling physicians and professional staff.



Rosebud Health Care Center

Forsyth, Rosebud County

Purchase electronic health records (EHR) system for clinic.

Amount: \$183,000
Interest Rate: 2.00%
Term: 5 years

Pricing Date: 3/18/2016
Closing Date: 4/28/2016

Benefit: The EHR system will improve record keeping and efficiency.



Central Montana Medical Center

Lewistown, Fergus County

Purchase a replacement C-Arm
and related equipment.

Amount: \$134,212
Interest Rate: 2.00%
Pricing Date: 11/3/2015
Term: 5 years
Closing Date: 1/24/2016

*Benefit: Replace vital medical
equipment.*



Central Montana Medical Center

Lewistown, Fergus County

Purchase Fluoroscopy Kit.

Amount: \$52,010
 Interest Rate: 2.00%
 Pricing Date: 11/3/2015
 Term: 5 years
 Closing Date: 4/19/2016

Benefit: Provide expanded medical services and create one new job.



Broadwater Health Center

Townsend, Broadwater County

Purchase property to serve as physician housing and administrative space as well as lab equipment.

Amount: \$245,000
 Interest Rate: 2.00%
 Term: 7 years

Pricing Date: 7/6/2016
 Closing Date: 10/27/2016

Benefit: Increased lab efficiency from new equipment and significant rent savings from new housing.



Pondera Medical Center

Conrad, Pondera County

Purchase of a leased CT Machine and renovate the Radiology Department.

Amount: \$356,000

Interest Rate: 3.93%

Term: 5 years

Pricing Date: 11/6/2016

Closing Date: 12/21/2016

Benefit: Improved service for patients.



Spring Meadow Resources

Helena, Lewis & Clark County

Purchase duplex to convert into a 10-bed group home.

Amount: \$370,000

Interest Rate: 4.11%

Term: 20 years

Pricing Date: 2/29/2016

Closing Date: 3/18/2016

Benefit: Expand services available for mentally disabled adults in Helena.



Northeast Montana Health Service

Wolf Point & Poplar, Roosevelt County

Purchase and install new boiler for nursing home and complete asbestos mitigation.

Amount: \$770,000

Interest Rate: 4.04%

Term: 11 years

Pricing Date: 3/24/2016

Closing Date: 8/03/2016

Benefit: Cost savings from energy efficiency and maintaining the viability of the building.

Montana Facility Finance Authority

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The 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*