

MONTANA FACILITY FINANCE AUTHORITY
Board Meeting

DPHHS Office
1625 11th Ave, Helena

December 10, 2024

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



MONTANA FACILITY FINANCE AUTHORITY

Board Meeting

December 10, 2024

1625 11th Ave

Helena, MT

MEETING AGENDA

- 9:00 I. CALL TO ORDER**
A. Roll Call
B. Approval of Meeting Minutes (10/23)
- II. PUBLIC COMMENT** on Board Related Items
- III. FINANCINGS**
- 9:15 Western Montana Mental Health**
1. Loan Summary
2. Resolution No. 24-10
Joining in Person:
Bob Lopp, CEO – Western Montana Mental Health
Cory DeStein, CAO – Western Montana Mental Health
- 10:00 Emfase Technology**
1. Resolution No. 24-11
Joining in Person:
Bob Murdo, Bond Counsel – Jackson, Murdo & Grant
- IV. GENERAL ADMINISTRATIVE**
- 10:15 A. Financials**
1. Budget -v- Actual
2. Revenue Graph
3. Reserve Balances
4. Staff Approved Loans & Grants
- B. Miscellaneous**
1. Outreach & Marketing Report
2. Anticipated Financings
3. 2025 Calendar
- 11:00 V. PERSONNEL (Executive Session)**
Overview of Executive Director Annual Review Process
Sarah Green, Human Resources – Montana Dept of Commerce
- 12:00 DISMISS**

**MICROSOFT TEAMS
INSTRUCTIONS**

[Conference Link](#)

Meeting ID: 258 516 601 624

Password: XZ9AP6XT

OR

Dial by Telephone: +1 406-318-5487

Meeting ID: 494 889 302#

MONTANA FACILITY FINANCE AUTHORITY

Department of Commerce

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Helena, MT 59620-0506
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MEMORANDUM

To: MFFA Board Members
From: Adam Gill, Seth Lutter, Monica Birlut, and Carolyn Jones
Date: December 3, 2024
Subject: MFFA Board Meeting Tuesday, December 10, 2024

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

December 9th:

We are pleased to invite all of you to a dinner at the Mediterranean Grill at 6:30 PM on December 9th (42 S Park Ave). If you would like to bring a guest, the more the merrier. Please let us know if you will be bringing someone so we can adjust the reservation. The MFFA cannot pay for the meals of guests

December 10th:

MFFA Board Meeting - 9:00 AM at DPHHS Offices 1625 11th Ave, Helena.

The conference space we normally use is in use and so is the conference space at Commerce. The office is the building between our building and the Dive Bakery.

We have two financings to discuss at this board meeting as well as our standard reports. We will also cover my annual review in executive session.

Western Montana Mental Health will be before the board to request approval of a Trust Fund Loan paired with a Direct Loan. The loans will refinance existing debt including an outstanding bond issued by the MFFA. We will also have an IDB Inducement resolution for Emfase which is looking to manufacture pre-fabricated housing by Three Forks.

As always, please call or write if you have any questions.

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MONTANA FACILITY FINANCE AUTHORITY
Board Meeting
October 23, 2024
9:00 A.M.

MINUTES

**BOARD MEMBERS
PRESENT:**

William Northey
Jade Goroski (via phone)
Craig Anderson
JoAn Cuffe
John Iverson

**BOARD MEMBERS
ABSENT:**

Vu Pham (partial attendance)
Mel Reinhardt (partial attendance)

STAFF PRESENT:

Adam Gill, Executive Director
Seth Lutter, Associate Director
Monica Birlut, Accountant
Carolyn Jones, C-PACE Program Manager

GUESTS:

Nathan Bilyeu, Authority Counsel – Jackson, Murdo & Grant
John Bishop, CEO – Bitterroot Health (via phone)
Kailyn Rowe, CFO – Bitterroot Health (via phone)
Ben Johnson, Bond Counsel – Ballard Spahr (via phone)
Sarah Green, HR – MT Dept of Commerce (via phone)

BOARD MEETING

CALL TO ORDER

Acting Board Chair Northey called the October 23, 2024, board meeting of the Montana Facility Finance Authority (the “Authority”) to order at 9:00 A.M. The meeting convened with all but two members of the Board present.

Minutes

Board Member Anderson moved for approval of the August 21, 2024, board meeting minutes. Board Member Iverson seconded the motion which passed unanimously.

PUBLIC COMMENT

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

FINANCINGS

Mr. Gill provided information on the following financing for board deliberation:

Bitterroot Health

Mr. Gill introduced John Bishop, CEO – Bitterroot Health and Kailyn Rowe and CFO – Bitterroot Health and provided a description of the Trust Fund Loan and Direct Loan project. The request is for a combined amount of \$991,547 for the purchase of an Rx distribution system and mammography machine.

Acting Board Chair Northey requested a motion for approval of the financing resolution. Board Member Cuffe motioned for approval of the financing resolution. Board Member Iverson seconded the motion. Mr. Bishop described the need for the financing including past projects and current sustainability for the Hospital.

Mr. Bilyeu described Resolution 24-07 which passed unanimously.

Viking Equipment

Mr. Gill introduced Inducement Resolution 24-08 pertaining to Viking Equipment and its intent on pursuing an Industrial Development Bond (IDB). Mr. Gill described the project which is for equipment and/or eligible facility costs of a new production facility. The development allows the borrower to expand production of its specialized excavator tools.

Acting Board Chair Northey requested a motion for approval of the financing resolution. Acting Board Chair Northey motioned for approval of the financing Resolution 24-08. Board Member Anderson seconded the motion. Mr. Bilyeu described Resolution 24-08 which passed unanimously.

Southworth Holdings

Mr. Gill introduced Inducement Resolution 24-09 pertaining to Southworth Holdings and its intent on pursuing an Industrial Development Bond (IDB). Mr. Gill introduced Ben Johnson, Bond Counsel – Ballard Spahr. Mr. Johnson described the project which is for equipment and/or eligible facility costs of a new production facility. The development allows the borrower to continue its work with Allied Steel to expand its MT production facility.

Acting Board Chair Northey requested a motion for approval of the financing resolution. Board Member Iverson motioned for approval of the financing Resolution 24-09. Board Member Cuffe seconded the motion. Mr. Johnson described Resolution 24-09 which passed unanimously.

GENERAL ADMINISTRATIVE

Policy Updates

Mr. Gill described the Conflict of Interest Policy which was originally created by Montana Board of Housing. Acting Board Chair Northey requested a motion for approval of the Conflict of Interest Policy. Board Member Anderson motioned for approval of the Conflict of Interest Policy. Board Member Cuffe seconded the motion which passed unanimously.

Mr. Gill described the Board Participation and Attendance Policy. Acting Board Chair Northey requested a motion for approval of the Board Participation and Attendance Policy. At the conclusion of discussion, an amendment to Board Participation and Attendance Policy was proposed. Acting Board Member Northey approved the amendment to the Board Participation and Attendance Policy. Board Member Iverson seconded the motion which passed unanimously.

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.

Outreach and Marketing & Anticipated Financings

Mr. Gill presented the anticipated financings the MFFA is actively working on.

BOARD MEETING CALENDAR

BOARD MEETINGS
December 10, 2024, TBD

ADJOURN

Acting Board Chair Northey adjourned the meeting at 11:06 A.M.

APPROVE: _____
Vu Pham, Board Chair

ATTEST: _____
Adam Gill, Executive Director

APPROVAL DATE: _____

**Western Montana Mental Health Center
Missoula, MT
Direct Loan & Trust Fund Loan Combination
Loan Summary**

ELIGIBLE HEALTH FACILITY

Western Montana Mental Health Center (“WMMHC” the “Center”) is a community mental health center owned and operated as a 501(c)(3) organization. Established in 1971, it provides treatment of mental illness, chemical dependency and emotionally disturbed children.

WMMHC is headquartered in Missoula and serves communities across Western Montana, with locations in Missoula, Flathead (Kalispell), Lake (Polson), Ravalli (Hamilton), and Silver Bow (Butte) counties. WMMHC also serves communities across western Montana in a telehealth and local communal relationship manner with service relationships in Granite, Madison, and Beaverhead.

PROJECT AND COST

The Authority received a loan request from WMMHC on October 10, 2024. The request is for a \$1,309,025 Trust Fund Loan and a \$500,000 Direct Loan, a combined amount of \$1,809,025 to refinance its debt for more sustainable cash flows.

Sources:	
Direct Loan	500,000
Trust Fund Loan	1,309,025
Total Sources	1,809,025
Uses:	
FIB - Main Campus Loan	\$601,511
FIB - Campus Services Loan	\$957,644
FIB - Our House Loan	\$74,335
FSB Missoula Recovery Loan	\$175,535
Total Uses	1,809,025

PROGRAM Trust Fund Loan and Direct Loan Combination

LOAN TERM 10 years for TFL; 10 years for DL

INTEREST RATE 5.10% for TFL; 4.69% for DL

CLOSING DATE Est. 2025

MATURITY DATE Est. 2035

SECURITY The loans will be secured by lien positions on Our House Group Home in Butte valued at \$1.81 million and the Missoula WMMHC Campus valued at \$9.70 million.

This project will allow WMMHC to continue providing critical resources as it stabilizes the delivery of mental health services across its service area. Over the past 15 months, the Center has undergone a comprehensive restructuring to enhance operational efficiency and improve service delivery. In response to leadership changes and recent challenges, including covenant compliance issues with its current lender, WMMHC implemented an organizational restructuring and financial recovery effort to ensure long-term stability, service recovery and expansion, and sustainable service delivery.

Key changes include streamlining administrative functions, addressing financial deficiencies, eliminating debt, reducing the asset portfolio, public and private service coordination, and reallocating resources to frontline care.

Additionally, the Center is investing in staff development to enhance clinical expertise and implementing technology upgrades to improve client outcomes and data management. These initiatives aim to maximize the Center’s impact, ensure financial sustainability, and increase its capacity to provide high-quality care to more individuals and families while preparing the organization for future leadership. The requested financial support and restructuring of existing debt will free up valuable resources and position the Center to be more responsive and flexible as it moves into the next stage of strategic improvement.

CURRENT DEBT

Current Loans	Outstanding Balances	Interest rate	Maturity Date	Annual Payment Amount	Balloon Payment in 2026
** FIB 9311	601,511	4.96%	12/15/2030	117,171	
** FIB 0775	957,644	4.75%	10/20/2026	103,680	823,000
** FIB 9980	74,335	4.50%	5/15/2025	14,647	66,429
** FSB 0230	175,535	7.38%	3/20/2033	27,461	
FSB 2010	512,806	4.80%	9/10/2036	54,570	
FSB 2443	1,002,911	4.55%	6/5/2033	132,698	
Missoula County	750,000	4.00%	12/1/2030	165,000	

** Refinanced by MFFA

THE STATUS OF WMMHC

Western Montana Mental Health Center has had a few financially difficult years recently as well as a turnover in its senior leadership. The most significant change happened between 2018 and 2021 and were related to an 80% decrease in reimbursement from Medicaid for care coordination services. The agency was slow to react to this reality and delayed changing its business and delivery model appropriately. The positive financial turn in 2021 was almost exclusively based on the distribution of ARPA funding.

Historically, the budget and oversight systems for the Center were substantively lacking. The new leadership has undertaken significant efforts to implement the necessary tools to perform budget creation, monitoring and oversight and are currently working program-by-program to evaluate past, current and future performance for each service line.

There is roughly \$1.2 million due in accounts payable. Of this, three major vendors account for 80% of this total. The Center owes its EMR vendor, Netsmart \$550,000, its telecommunications and

internet provider Blackfoot \$200,000, and the interim management company Cascadia \$180,000. The Center has successfully negotiated payment terms with Netsmart and Blackfoot to spread out the balances over the next 12 months and expect to reach a similar arrangement with Cascadia. WMMHC is also investigating overcharges on the contract with Netsmart and believes that this amount will be reduced by half or more.

The Center is in the process of consolidating and reconfiguring its debt portfolio and renegotiating its accounts payable. This refinancing project will consolidate the First Interstate Bank loans with the Authority, eliminating a \$889,500 balloon payment, reducing the monthly debt service obligation and simplifying the relationship the Center has with its other primary lender First Security Bank. The Center has also reduced its current property portfolio, selling low-utilization properties in Bozeman, Thompson Falls, Kalispell and Libby. The proceeds from sales eliminated the related debt for those properties and the Kalispell and Libby sales are funding the new lines of credit from Glacier Bank.

In meetings with the Director of the Department of Health and Human Services (DPHHS), the Center is expecting to enter into contracts with DPHHS and the State Mental Hospital to provide Court Ordered Evaluations, Diversion Services, and bed space to alleviate bottlenecks in the current mental health and corrections environment. The Center expects to have these agreements in place before the end of 2024 and believes this will contribute revenues of \$2 million annually with a net margin of around 8%.

The Center has also met with its partners at St. Patrick's Health and have identified the opportunity for a greater volume of referrals to its services of around 3,500 additional patient visits annually. The Center estimates that this expanded relationship can contribute more than \$1.5 million in revenues and a calculated margin with its existing physical plant and human assets of approximately 4%.

WMMHC has an affiliation agreement with A.W.A.R.E., Inc. to share services and fill caseloads with therapists and prescribing psychiatrists. The Center also has been working with Flathead and Missoula counties on additional grant funds and filling open facilities and therapy hours with school-based programs and taking patients from the jails and putting them into substance abuse programs to free up space. By trying to make these programmatic changes without having to reduce staff, WMMHC believes they will be cash-flow positive by March 2025.

MARKET/COMPETITION

WMMHC serves communities across Western Montana, with locations in Missoula, Flathead (Kalispell), Lake (Polson), Ravalli (Hamilton), and Silver Bow (Butte) counties.

WMMHC also serves communities across western Montana in a telehealth and local communal relationship manner with service relationships in Granite, Madison, and Beaverhead. These counties comprise a mix of urban (Missoula, Kalispell, Butte) and rural locations.

WMMHC historically served Gallatin County. WMMHC has recently sold its Bozeman campus to a Direct Care Organization (DCO) partner. Therefore, serving Gallatin County is an active yet transitioning service area and not included in the current catchment area for CCBHC. WMMHC will continue to offer outpatient services through telehealth and an occasional in-person presence.

GOVERNANCE

The Board of Directors is composed of six members, representing a diverse range of professionals, community leaders, and stakeholders committed to the center's mission.

MANAGEMENT

Bob Lopp, CEO – Bob joined WMMHC in late October of 2024 with an extensive background in healthcare that includes over thirty years in the venture capital world. Most recently, Mr. Lopp was a founder of Rural Health Partners, Anyon Institute for Artificial Intelligence and served as Chief Administrator for Mountain Pacific Quality Health. He has also served on the boards of Intermountain Children’s Home, Childwise Institute, Greater Valley Community Health Center, Mountain Pacific Quality Health, Southwest Montana Community Health Center and the Susan Jane and Robert Lopp Foundation.

Abbey Stangl, Contracted CFO, Eide Bailly – Abbey has recently been contracted to perform CFO duties for WMMHC. Abbey is a registered CPA and has a Masters of Business Administration from the University of Phoenix and Bachelors’ in Finance and Accounting from Iowa State University.

Cory DeStein, Chief Administrative Officer - Cory has over a decade of experience in healthcare administration and nursing. Since September 2023, he has served as the Chief Administrative Officer at WMMHC, where he is responsible for all administrative functions and oversee the Finance, Information Technology, Human Resources, Client Access, and Facilities management departments. Previously Cory was the Director of Client Access for WMMHC and for seven years he managed medically intensive group homes for adults with developmental disabilities at Missoula Developmental Service Corporation.

HISTORICAL FINANCIALS

Financials as of 6/30	FY 2021	FY 2022	FY 2023
<u>Assets</u>			
Cash & Cash Equivalents	1,048,189	2,783,357	1,049,746
Investments	-	-	-
Receivables	5,433,958	4,047,796	3,651,713
Other Receivables	-	-	-
Inventory	-	-	-
Current Assets Limited to Use	-	-	-
Other Current Assets	<u>184,040</u>	<u>120,197</u>	<u>51,072</u>
Total Current Assets	6,666,187	6,951,350	4,752,531
Fixed Assets	33,642,123	32,121,935	32,561,266
Accumulated Depreciation	<u>12,720,995</u>	<u>12,676,207</u>	<u>13,335,127</u>
Fixed Assets (net of depreciation)	20,921,128	19,445,728	19,226,139
Board Designated Funds	-	-	-
Assets Held in Trust	-	-	-
Other Assets	<u>347,223</u>	<u>305,762</u>	<u>274,602</u>
Total Assets	\$ 27,934,538	\$ 26,702,840	\$ 24,253,272
<u>Liabilities</u>			
Accounts Payable & Accrued Expenses	2,299,486	1,622,425	2,635,945
Current Portion of Long-Term Debt	406,717	402,451	2,115,752
Other Current Liabilities	92,389	120,667	307,065
Total Current Liabilities	\$2,798,592	\$2,145,543	\$5,058,762
Long-Term Debt (less current portion)	5,584,413	4,959,915	2,857,351
Other Long-Term Liabilities	-	-	-
Unrestricted Fund Balance	19,505,001	19,557,244	16,293,328
Restricted Fund Balance	46,532	40,138	43,831
Fund Balance	<u>19,551,533</u>	<u>19,597,382</u>	<u>16,337,159</u>
Total Liabilities & Fund Balance	\$27,934,538	\$26,702,840	\$24,253,272
<u>Revenue and Expense</u>			
Net Patient Service Revenue	19,006,320	17,731,025	15,509,642
Other Operating Revenue	7,895,675	8,257,549	9,805,506
Total Operating Revenue	26,901,995	25,988,574	25,315,148
Interest	384,881	281,738	291,994
Depreciation & Amortization	140,338	173,056	146,037
Other Operating Expenses	29,002,515	27,173,657	28,468,300
Total Operating Expenses	<u>29,527,734</u>	<u>27,628,451</u>	<u>28,906,331</u>
Income from Operations	(\$2,625,739)	(\$1,639,877)	(\$3,591,183)
Non-Operating Revenue	<u>6,148,521</u>	<u>1,692,120</u>	<u>327,267</u>
Excess of Revenue Over Expenses	\$3,522,782	\$52,243	(\$3,263,916)

KEY RATIOS

Financial Indicator	2021	2022	2023
Days in Accounts Receivable	104.35	83.33	85.94
Days Cash on Hand	13.02	37.00	13.32
Operating Margin	-9.76%	-6.31%	-14.19%
Debt Service Coverage	4.92	0.74	-4.07
Average Age of Plant (Years)	90.65	73.25	91.31
Long Term Debt to Capitalization	22.26%	20.23%	14.92%

FINANCIAL OBSERVATIONS

FY 2024 Unaudited Financials

The Center saw a decrease in revenue from \$25.31 million in FY 2023 to \$21.35 million in FY 2024 and a corresponding decrease in expenses from \$28.90 million in FY 2023 to \$25.03 million in FY 2024. The Center's liabilities and fund balances dropped from \$24.25 million in FY 2023 to \$18.34 million in FY 2024. WMMHC's total net loss in FY 2024 is (\$4.26 million).

Assets and Liabilities

- Cash and cash equivalents decreased from \$2.78 million in FY 2022 to \$1.04 million in FY 2023. The reason for this decrease was the Center incurred a loss over FY 2023 and used reserves to cover losses on programs with operating deficits.
- Receivables decreased from \$4.04 million in FY 2022 to \$3.65 million in FY 2023. WMMHC worked with its electronic medical records system and payment gateway to collect outstanding receivables more efficiently. The Center also wrote off a significant amount of bad/aged debt.
- Accounts payable increased from \$1.62 million in FY 2022 to \$2.63 million in FY 2023. A majority of this was an increase in a line of credit. The Center needed the line of credit to meet payroll and critical payables when cash reserves had been expended and to provide flexibility in the case of delayed reimbursements. Accounts payable increased as payments on outstanding invoices were delayed.
- Other current liabilities increased from \$120,667 in FY 2022 to \$307,065 in FY 2023. The bulk of this increase were funds received from the Central Service Area Authority as unearned revenue. WMMHC acts as their fiduciary.
- Unrestricted fund balance decreased from \$19.55 million in FY 2022 to \$16.29 million in FY 2023. This change reflects the change in net assets as a result of the overall net loss.

Revenues and Expenses

- Net patient service revenue decreased from \$17.73 million in FY 2022 to \$15.50 million in FY 2023. The change in revenue is attributable to decreases in reimbursement rates, staffing shortages that resulted in the temporary closures of several revenue-generating facilities, and the temporary suspension of programs that were producing negative cash flow.
- Other operating revenue increased from \$8.25 million in FY 2022 to \$9.80 million in FY 2023. This change is primarily due to a \$2 million increase in 988 funding, a SAMSA planning grant, and an assessment and implementation grant.

- Other operating expenses increased from \$27.17 million in FY 2022 to \$28.46 million in FY 2023. This increase is due to increases in startup program costs, contracted services and the allocation of overhead expenses.
- Non-operating revenue decreased from \$1.69 million in FY 2022 to \$327,267 in FY 2023. The Center is currently investigating this with the help of accounting firm Eide Bailley.
- Other operating expenses increased from \$27.17 million in FY 2022 to \$28.46 million in FY 2023. Please explain the change. The Center is currently investigating this with Eide Bailley. The Center has identified increases in startup program costs, contracted services and the allocation of overhead expenses which created a significant portion of this increase.

UTILIZATION

Utilization	Capacity (Rooms)	Utilization % FY 2022	Utilization % FY 2023	Utilization % FY 2024
Flathead County - Fox Creek	9	67%	89%	56%
Flathead County - Glacier House	5	40%		
Flathead County - Lone Pine Lodge	11	27%		
Gallatin County - BH Hope House	10	30%	20%	50%
Gallatin County - MH Hope House	10		50%	
Lake County - Lake House	6	17%	17%	50%
Missoula County - Dakota Place	7	57%	29%	43%
Missoula County - Graham House	16	19%	31%	69%
Missoula County - RCM	16	63%	44%	56%
Missoula County - Stephens House	8	50%		
Missoula County Group Home Share House	12	75%	82%	82%
Ravalli County - Eddy Meuchel	8	88%	100%	100%
Ravalli County - West House	6	33%	17%	17%
Silverbow County - Hays-Morris House	11	9%	73%	73%
Silverbow County - Our House	7	71%	86%	86%

PAYOR MIX

Payor Mix	FY 2021	FY 2022	FY 2023
Medicaid	88%	86%	85%
Medicare	2%	3%	4%
Private Pay	5%	5%	5%
Other	5%	6%	6%
Total	100%	100%	100%

ANTICIPATED CHANGES DUE TO PROJECT

This refinancing will significantly increase the Center’s ability to efficiently work by reducing the Center’s financial management and reporting costs by simplifying and reducing payments and eliminating an impending \$889,500 in balloon payments due in 2026. By consolidating and simplifying its debt, the Center will improve its ability to engage with other strategic partners in shared projects that utilize joint facilities and staff.

PRO FORMA

Pro Forma	FY 2021	FY 2022	FY 2023	Pro Forma FY 2023
Revenues Minus Expenditures	3,522,782	52,243	(3,263,916)	(3,248,916)
Add Depreciation/Amortization	140,338	173,056	146,037	146,037
Interest Expense	384,881	281,738	291,994	291,994
Available for Debt Service	4,048,001	507,037	(2,825,885)	(2,810,885)
Existing Debt Service	822,919	688,455	694,445	187,268
Debt Service on New Money	N/A	N/A	N/A	230,119
Total Debt Service	822,919	688,455	694,445	417,387

*\$15,055 addition annually to revenue per cash flow projection

** Existing Debt Service adjusted to reflect refinancing of FIB loans and elimination of other debt

STRENGTHS

- The Center has a new, dedicated CEO and interim CFO that are finding solutions to their problems.
- By restructuring its debt portfolio, the Center will create some additional cash flow savings.
- The collateral for the loans is three times what will be owed.
- Center leadership has developed a plan to be cashflow positive by July

WEAKNESSES

- The Center is in significant financial distress.
- The Center's senior leadership team has left, leaving the new CEO and CFO to rebuild.
- Mental health service funding in Montana is improving but still lags from the 2018 cuts.

RECOMMENDATION

Approval of the financing is recommended based upon the Center's plans to overcome this difficult time. The collateral for the loans is 3x what will be owed.

RESOLUTION NO. 24-10

RESOLUTION ON A PROPOSAL TO MAKE A LOAN TO WESTERN MONTANA MENTAL HEALTH CENTER PURSUANT TO TITLE 90, CHAPTER 7, AND TITLE 17, CHAPTER 6, PART 3, 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 Title 17, Chapter 6, Part 3, 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. **Western Montana Mental Health Center**, a Montana non-profit corporation with its operations located in **Missoula**, Montana (the “Obligor”) has presented a proposal to the Authority requesting the Authority assist the Obligor with **the refinance of its debt portfolio** (the “Project”) by making a loan to the Obligor in an amount not to exceed **\$1,309,025** (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 improved facility is a critical access hospital;

(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 **mental health and 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 10th day of December, 2024.

MONTANA FACILITY FINANCE AUTHORITY

ATTEST:

By: Vu Pham
Its: Chairman

By: Adam Gill
Its: Executive Director

RESOLUTION NO. 24-11

RESOLUTION DECLARING THE OFFICIAL INTENT OF THE MONTANA FACILITY FINANCE AUTHORITY TO REIMBURSE CERTAIN ORIGINAL EXPENDITURES RELATED TO THE CONSTRUCTION OF A MANUFACTURING FACILITY BY EMFASE TECHNOLOGY, INC. FROM THE PROCEEDS OF TAX-EXEMPT BONDS TO BE ISSUED BY THE AUTHORITY AFTER THE PAYMENT OF SUCH ORIGINAL EXPENDITURES

WHEREAS, U.S. Treasury Regulations, Section 1.150-2 (the “Reimbursement Regulations”), promulgated pursuant to Section 150 of the Internal Revenue Code of 1986, as amended (the “Code”), provides that the allocation of the proceeds of tax-exempt bonds to expenditures for governmental purposes originally paid from a source other than such tax-exempt bonds will be treated as expenditures of such tax-exempt bonds only if certain requirements of the Reimbursement Regulations are satisfied by the issuer of such tax-exempt bonds; and

WHEREAS, the Montana Facility Finance Authority (the “Authority”) expects that Emfase Technology Inc (the “Borrower”) will pay certain original expenditures for the construction and/or renovation of a manufacturing facility for the Borrower’s prefabricated panel housing manufacturing facility (the “Project”) and which original expenditures are expected to be reimbursed from the proceeds of one or more series of tax-exempt bonds.

NOW, THEREFORE, BE IT RESOLVED BY THE MONTANA FACILITY FINANCE AUTHORITY, AS FOLLOWS:

1. The Authority has a reasonable expectation (within the meaning of Treasury Regulations, Section 1.148-1(b)) that it will make expenditures for the Project in calendar year 2023 or 2024. The Authority has a reasonable expectation that it will issue one or more series of tax-exempt bonds (the “Bonds”) in the estimated maximum principal amount not to exceed \$10,000,000 to finance the Project and that the Borrower will make reimbursement allocations with respect to such original expenditures for the Project from the proceeds of such Bonds.

2. This Resolution shall be maintained as part of the books and records of the Authority at the main administrative office of the Authority, and shall be continuously available during normal business hours of the Authority on every business day of the period beginning not more than thirty (30) days after adoption of this Resolution and ending on the last date of issue of any Bonds.

3. This Resolution has been adopted not later than sixty (60) days after payment of any original expenditure for the Project to be subject to a reimbursement allocation with respect to the proceeds of the Bonds.

4. All reimbursement allocations with respect to the Bonds will be made not later than eighteen (18) months after the later of: (i) the date the original expenditure is paid; or (ii) the date the Project is placed in service or abandoned, but in no event more than three (3) years after an original expenditure is paid for the Project. If the Bonds are eligible for the small issuer exception from arbitrage rebate, the “18-month” limitation above is extended to “three years” and the “three-year” maximum reimbursement period is disregarded.

5. All original expenditures to which reimbursement allocations are to be made constitute: (i) capital expenditures; (ii) costs of issuance of the Bonds; (iii) expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues, such as casualty losses or extraordinary legal judgments in amounts in excess of reasonable insurance coverage, and for which no reserve is maintained; or (iv) a grant (as defined in Treasury Regulations, Section 1.148-6(d)(4), as a

transfer for a governmental purpose of money or property to a transferee that is not a related party to or an agent of the transferor with respect to which no obligation or condition is imposed to directly or indirectly repay any amount to the transferor).

6. The limitations set forth in paragraphs 3 and 4 of this Resolution do not apply to: (i) the costs of issuance of the Bonds; (ii) an amount not in excess of the lesser of \$100,000 or five percent (5%) of the proceeds of the Bonds; or (iii) preliminary expenditures up to an amount not in excess of twenty percent (20%) of the aggregate issue price of the Bonds that finance or are reasonably expected by the Authority to finance the Project for which the preliminary expenditures were incurred. The term “preliminary expenditures” includes architectural, engineering, surveying, soil testing, reimbursement bond issuance, and similar costs that are incurred prior to commencement of acquisition, construction, or rehabilitation of the Project, other than land acquisition, site preparation, and similar costs incident to commencement of construction.

7. This Resolution is an expression of the reasonable expectations of the Authority based on the facts and circumstances known to the Authority as of the date hereof. The anticipated original expenditures for the Project are consistent with the Authority’s budgetary and financial circumstances. No sources other than proceeds of Bonds to be issued by the Authority are, or are reasonably expected to be, reserved, allocated on a long-term basis, or otherwise set aside pursuant to the Authority’s budget or financial policies to pay such expenditures for the Project.

8. This Resolution is intended to constitute a declaration of official intent for purposes of the Reimbursement Regulations.

9. No reimbursement allocation of the proceeds of the Bonds to expenditures for the Project will employ an abusive arbitrage device (within the meaning of Treasury Regulations, Section 1.148-10) to avoid the arbitrage restrictions or to avoid the restrictions of Sections 141 through 150 of the Code.

Passed and approved by the Authority this 10th day of December, 2024.

MONTANA FACILITY FINANCE AUTHORITY

By: Vu Pham
Its: Chairman

ATTEST:

By: Adam Gill
Its: Executive Director

**Montana Facility Finance Authority
Budget v. Actual Expenses**

10/31/24

33.33 % Expended

Legislative Budget	Year to Date			
	Category	Budget	Actual	\$ Variance % Variance
\$ 799,694	A) INCOME	\$ 226,018	252,119	26,101 12%
120,000	Application Fees	40,000	26,475	(13,525) -34%
554,694	Annual Fees	144,352	103,099	(41,253) -29%
125,000	Investment Income	41,667	122,303	80,636 194%
	Misc (Quad State conf/cost recovery)		242	
\$ 383,957	B) PERSONAL SERVICES EXPENSE	\$ 127,986	159,289	31,303 24%
376,957	Salaries & benefits	125,652	157,889	32,237
7,000	Board Per Diem	2,333	1,400	(933)
\$ 338,615	C) OPERATING EXPENSES**	\$ 79,650	\$ 100,356	\$ (20,706) -26%
80,147	Contracted & Other Services	26,716	32,893	6,177 23%
	Misc. Other Services		3,588	
	Legal Services		5,625	
	Legislative Audit		22,000	
	ITSD		1,679	
31,218	Supplies/Materials/Equipment	10,406	5,704	(4,702) -45%
8,200	Communications	2,733	1,904	(830) -30%
30,882	Travel	10,294	12,199	1,905 19%
0	Equipment Lease	0	770	770 0%
	Building Lease Amortization	11,282	8,830	(2,452) -22%
4,181	Repairs & Maintenance	1,394	0	1,394 0%
84,323	Miscellaneous	28,108	38,058	9,950 35%
	Commerce Department Services		21,456	
	Administration (statewide) Indirect Costs		2,758	
	Education		3,908	
	Other Miscellaneous		9,935	
\$ 77,122	REVENUES IN EXCESS OF EXPENSES (A-B-C)	18,382	-7,526	(25,909) -141%
150,000	Grants-Obligated/Paid	75,000	25,000	
\$ (72,878)	Current Year Increase in Net Assets		-32,526	
	INCREASE (DECREASE) IN NET ASSETS		(32,526)	

* Income presented on CASH basis. GAAP accrual accounting would reflect approximately \$8,761 less income annually, or < 1.6%

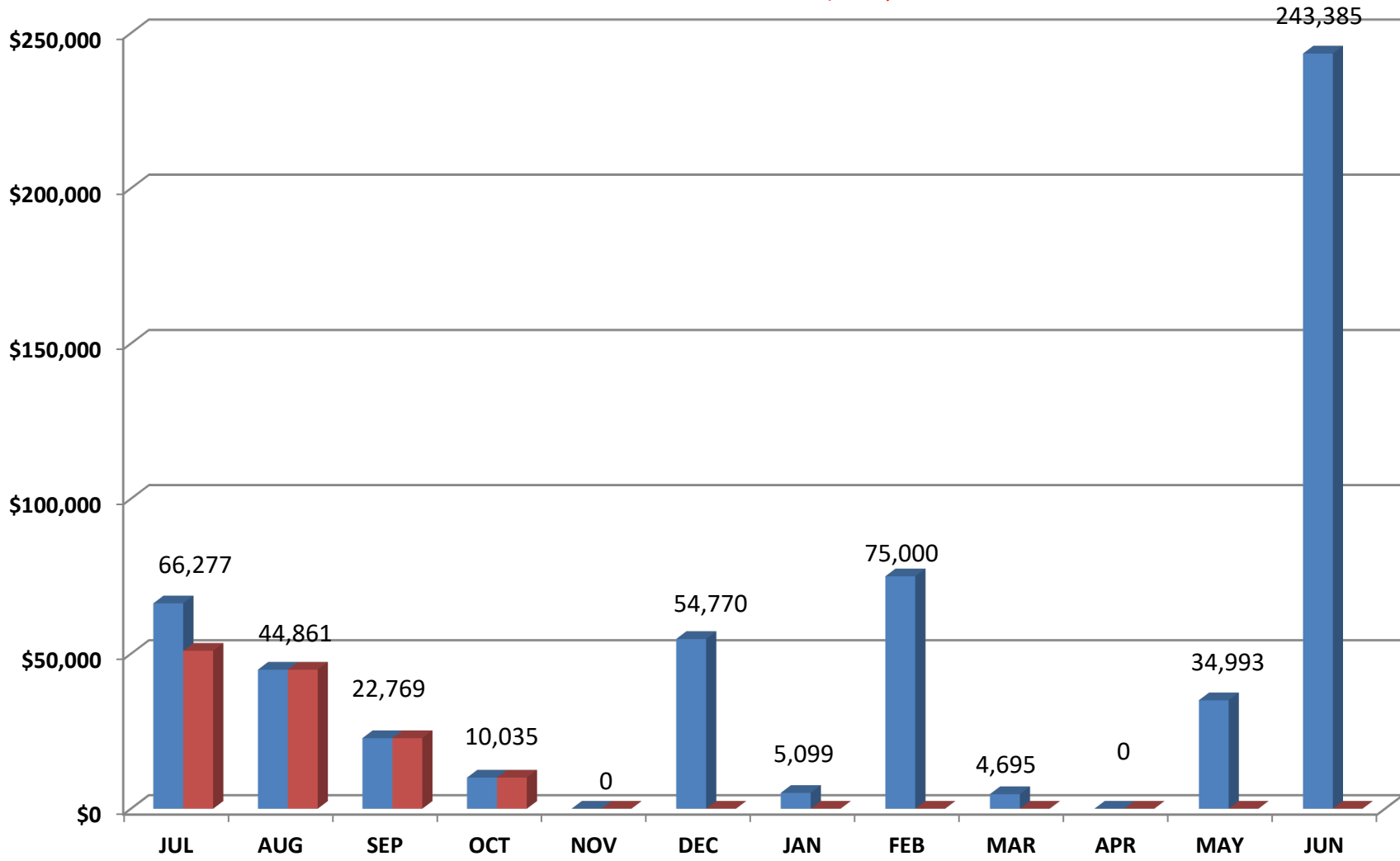
FY 2025 Annual Service Fees

As of November 30, 2024

Annual Projected: \$561,883

YTD Projected: \$143,942

YTD Collected: \$128,627



MFFA Reserve Balances

AS OF 11/01/2024

		<u>Current Balance</u>	<u>Policy Guideline</u>
A/E 06015	Operating Account Summary		
	Total Fund Balance Available Net Capital Reserve "B" Balance	2,545,406	
	Less: Working Capital Reserve Requirement	1,630,466	1,630,466 (a)
	Available for Restricted Capital Reserve "A"	914,940	10,396,340 (b)
	Fund Balance: Sub-Total	<u>2,545,406</u>	<u>12,026,806</u>
A/E 06015	Trust Fund Loan Pool		
	RC 710300, Accounts 521190	18,299	
	Plus: Prior Year End Capital Reserve "B" Fund Balance Sub Total	1,115,325	
	Capital Reserve "B" Fund Balance	<u>1,133,624</u>	<u>1,158,638 (d)</u>
A/E 06012	Direct Loan Program		
	Current Program Fund Balance	6,071,495	
	Less: Outstanding Loan Balance	4,549,878	
	Funds Available to Loan from Direct Loan Program	1,521,617	
	Fund Balance: Sub-Total	<u>6,071,495</u>	<u>6,000,000 (c)</u>
	Total Projected Fund Balance	<u>9,750,524</u>	<u>19,185,444</u>

Notes:

Policy Guidelines - Minimum Funding Requirements

(a) Twice the current Fiscal Year annual budget.	815,233
(b) 10% of the outstanding BOI enhanced bond balance as of 7/1/24	103,963,401
(c) \$6,000,000 as of 7/1/24 plus YTD loan payments, account investment earnings.	6,000,000
(d) 10% of the Trust Fund Loan Pool Balance as of 7/1/24	11,586,381

MONTANA FACILITY FINANCE AUTHORITY

Staff Approved Loans

10/1/2024-10/31/2024

Submitted Applications

<u>Borrower</u>	<u>Location</u>	<u>Date Submitted</u>	<u>Term</u>	<u>Interest</u>	<u>Amount</u>	<u>Project</u>
Western Montana Mental Health Center	Missoula	10/10/24	10	5.06%	\$ 500,000	Debt Refinance
Total Pending Direct Loans:					\$ 500,000	

Approved Applications

<u>Borrower</u>	<u>Location</u>	<u>Date Approved</u>	<u>Term</u>	<u>Interest</u>	<u>Amount</u>	<u>Project</u>
Ruby Valley Medical Center (2025)	Sheridan	02/07/24	10	4.72%	\$ 500,000	Clinic Construction
Fallon Medical Complex	Baker	12/02/24	5	4.01%	\$ 275,800	Equipment Purchase
Bitterroot Health	Hamilton	11/15/24	5	3.86%	\$ 334,896	Equipment Purchase
Total Approved Direct Loans:					\$ 1,110,696	

Funds Available Under

Direct Loan Program:

Loan Fund: (11/01/2024)	6,071,495
Total Outstanding Loans: (11/01/2024)	4,549,878
Approved Applications from above:	(1,110,696)
Total Available to Loan at 11/01/2024	\$ 410,921

Funded Applications from 7/1/24:

<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 7/1/24					\$ -	

MONTANA FACILITY FINANCE AUTHORITY

Staff Approved Grants

10/1/2024-11/30/2024

Commitments Pending

<u>Facility</u>	<u>Location</u>	<u>Date Submitted</u>	<u>Date Approved</u>		<u>Amount</u>	<u>Project</u>	<u>Program</u>
Big Sandy Medical Center	Big Sandy	04/19/24	04/19/24	\$	25,000	Storm Water Drainage Issues	MCAP
Liberty Medical Center	Chester	10/18/24	11/07/24	\$	25,000	Facility Master Planning	MCAP
Logan Health Shelby	Shelby	10/18/24	11/07/24	\$	25,000	Facility Master Planning	MCAP
Northern Rockies Medical Center	Cut Bank	10/18/24	11/07/24	\$	25,000	Facility Master Planning	MCAP
Pondera Medical Center	Conrad	10/18/24	11/07/24	\$	25,000	Facility Master Planning	MCAP
Total Pending Grants:					<u>\$ 125,000</u>		

Grants Paid since 7/1/2024

<u>Grantee</u>	<u>Location</u>	<u>Date</u>	<u>Approved</u>	<u>Paid</u>		<u>Amount</u>	<u>Project</u>	<u>Program</u>
Alternatives, Inc.	Billings	05/31/23	5/31/2023	<u>10/2/2024</u>	\$	25,000	Remodel Project	MCAP
Total Grants:						<u>\$ 25,000</u>		

2025

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	24	25
26	27	28	29	30	31	

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
23/30	24/31	25	26	27	28	29

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	30	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	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
17	18	19	20	21	22	23
24/31	25	26	27	28	29	30

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	21	22	23	24	25
26	27	28	29	30	31	

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
23/30	24	25	26	27	28	29

DECEMBER

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			

HOLIDAYS AND OBSERVANCES

1-Jan **New Year's Day**
20-Jan **MLK Day**
17-Feb **Presidents' Day**
27-May **Memorial Day**

4-Jul **Independence Day**
1-Sep **Labor Day**
13-Oct **Columbus Day**
11-Nov **Veterans Day Ob.**

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

CONFERENCES

Apr 6-9 **NAHEFFA, Alexandria, VA**
Apr 22-24 **MEDA, Livingston**
May 14-16 **PACENation, New York City**

Oct 5-8 **NAHEFFA, Minneapolis, MN**
Oct 7-10 **MHA, Billings**
Oct 22-24 **HFMA, Billings**