

**MONTANA FACILITY FINANCE AUTHORITY**  
Board Meeting

**Montana Facility Finance Authority Office**  
**1712 9th Ave, Helena**

**August 20, 2025**

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



# MONTANA FACILITY FINANCE AUTHORITY

## Department of Commerce

1712 9th Ave.  
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Helena, MT 59620-0506  
406.444.5435  
[www.mtfacilityfinance.com](http://www.mtfacilityfinance.com)



## MEMORANDUM

**To:** MFFA Board Members  
**From:** Adam Gill, Seth Lutter, Monica Birlut, and Carolyn Jones  
**Date:** August 13, 2025  
**Subject:** MFFA Board Meeting Wednesday, August 20, 2025

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

We have a Master Loan and Standalone combined bond, an inducement resolution for IDB and strategic planning alongside our regular reports. Northern Montana Hospital is seeking approximately \$45 million combined in Stand Alone and Master Loan Program bonds for an expansion of their operating suites and ICU. We will also have an inducement resolution for an Industrial Development Bond for Spika Properties, LLC in Lewistown.

We will also continue in strategic planning with the Department of Administration and review our normal updates and reports.

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

### MICROSOFT TEAMS INSTRUCTIONS

#### [Conference Link](#)

Meeting ID: 265 653 881 070 5

Password: ta32pu7U

#### **OR**

Dial by Telephone: +1 406-318-5487

Meeting ID: 18862282#

**MONTANA FACILITY FINANCE AUTHORITY**

**Board Meeting**

**August 20, 2025**

**MFFA Offices**

**1712 9<sup>th</sup> Ave, Helena**

**MEETING AGENDA**

**9:00 I. CALL TO ORDER**

- A. Roll Call
- B. Approval of Meeting Minutes (6/17)
- C. Approval of Meeting Minutes (7/21)
- D. Disclosure and Conflict of Interest

**II. PUBLIC COMMENT on Board Related Items**

**III. FINANCINGS**

**A. Northern Montana Healthcare**

- 1. Loan Summary
- 2. Resolution No. 25-07

Joining Remotely:

Dr. Kevin Harada, CEO – Northern Montana Healthcare

Kim Lucke, CFO – Northern Montana Healthcare

John Henningsgard, Managing Director – Piper Sandler

Erin McCrady, Bond Counsel – Dorsey & Whitney

**B. Spika Properties, LLC**

- 1. Resolution No. 25-08

Joining in Person:

Nathan Bilyeu, Bond Counsel – Jackson, Murdo & Grant

**9:45 IV. GENERAL ADMINISTRATIVE**

**A. Financials**

- 1. Budget -v- Actual
- 2. Revenue Graph
- 3. Reserve Balances
- 4. Staff Approved Loans & Grants

**B. Miscellaneous**

- 1. Strategic Planning

Joining in Person:

Sarah Bartow, Agency Performance Advisor – MT Dept of Admin

Adam Carpenter, Chief Data Officer – MT Dept of Admin

- 2. Outreach & Marketing Report
- 3. Anticipated Financings

**12:00 DISMISS**

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INSTRUCTIONS**

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**MONTANA FACILITY FINANCE AUTHORITY**  
**Board Meeting**  
**June 17, 2025**  
**9:00 A.M.**  
**Benefis Health South Tower, Goodnow Boardroom**  
**1101 26th Street South, Great Falls, Montana**

**MINUTES**

**BOARD MEMBERS**

**PRESENT:**

William Northey (online)  
JoAn Cuffe  
John Iverson  
Eric Hanson  
Mel Reinhardt (online)

**BOARD MEMBERS**

**ABSENT:**

Vu Pham  
Craig Anderson

**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  
Carla Neiman, CFO – Clark Fork Vally Hospital (online)  
John Goodnow, CEO – Benefis Health System  
Bruce Houlihan, CFO – Benefis Health System  
Kaci Husted, System Senior Vice President – Benefis Health System  
John Andersen, Financial Advisor – Kaufmann Hall (online)  
Robyn Helmlinger, Bond Counsel – Orrick (online)  
Peter Reilly, Underwriter – Barclays (online)  
Linda Moroney, Partner – Manatt, Phelps, & Phillips (online)  
Raisa Patron, Partner – Manatt, Phelps, & Phillips (online)  
Sarah Bartow, Agency Performance Advisor – MT Dept of Admin (online)  
Adam Carpenter, Chief Data Officer – MT Dept of Admin (online)  
Therese Simpson, Business Analyst – MT Dept of Admin (online)  
Brandy Murray, Data Modeler – MT Dept of Admin (online)  
Sarah Green, HR – MT Dept of Commerce (online)  
Mandy Rambo, Acting Director – MT Dept of Commerce (online)

## **BOARD MEETING**

### **CALL TO ORDER**

Acting Board Chair Northey called the June 17, 2025, 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 Iverson moved for approval of the April 28, 2025, board meeting minutes. Board Member Hanson seconded the motion which passed unanimously.

### **CONFLICT OF INTEREST**

Call was made for announcement of any conflict of interest and recusals. Acting Chair Northey noted his professional work with the Montana Hospital Association on whose board serves the CEOs of both Benefis Health System and Clark Fork Valley Hospital. and Board Member Hanson’s work with Glacier Bank who is the parent company of the lender for the Clark Fork Valley Hospital project was also noted. After discussion with Nathan Bilyeu, Authority Counsel – Jackson, Murdo & Grant, Board Member Hanson recused himself from discussion and voting on Clark Fork Valley Hospital. Acting Board Chair Northey recused himself from discussion and voting on Benefis Health System but was included in Clark Fork Valley to achieve quorum on that vote.

### **PUBLIC COMMENT**

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

### **FINANCINGS**

#### Clark Fork Valley Hospital

Mr. Gill introduced Carla Neiman, CFO – Clark Fork Vally Hospital (online) and Mr. Bilyeu and provided a description of the financing which is to finance the purchase and replacement of air handler units for the Hospital. Ms. Neiman described the need for the improvements as critical to the Hospital’s operation.

Acting Board Chair Northey requested a motion for approval of the financing resolution. Board Member Cuffe motioned for approval of the financing Resolution 25-04. Board Member Reinhardt seconded the motion. Mr. Bilyeu described Resolution 25-04 which passed with Board Member Hanson abstaining from discussion and voting.

#### Benefis Health System

Mr. Gill introduced John Goodnow, CEO – Benefis Health System, Bruce Houlihan, CFO – Benefis Health System, Kaci Husted, System Senior Vice President – Benefis Health System, John Andersen, Financial Advisor – Kaufmann Hall (online), Robyn Helmlinger, Bond Counsel – Orrick (online), Peter Reilly, Underwriter – Barclays (online), Linda Moroney, Partner – Manatt, Phelps, & Phillips (online), and Raisa Patron, Partner – Manatt, Phelps, & Phillips (online) and provided a description of

the financing which is to finance a wide range of projects including North Tower Improvements, Healthy Aging Center, a Helena Expansion, Medical Office Building #11, Urgent Care and Outpatient Pharmacy Updates, Missouri River Medical Center Facility Improvements, Long-Term Equipment Replacement, and Memory Care.

John Goodnow, CEO – Benefis Health System described a history of Benefis Health System, its mission and culture, and the purpose of the financing. Peter Reilly, Underwriter – Barclays (online) described the financing structure as well as provided a market update and expected projected outcomes for the financing. Acting Board Chair Northey requested a motion for approval of the inducement resolution. Board Member Iverson motioned for approval of the financing Resolution 25-05. Board Member Reinhardt seconded the motion. Robyn Helmlinger, Bond Counsel – Orrick (online) described Resolution 25-05 which passed with Acting Board Chair Northey abstaining from discussion and voting.

## **SPECIAL ACTIVITY**

Kaci Husted, System Senior Vice President – Benefis Health System provided a tour of Benefis Health System's multiple campuses for the board to see what the MFFA had previously financed and sites for upcoming development.

## **GENERAL ADMINISTRATIVE**

### Financials

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

### Strategic Planning

Mr. Gill introduced Sarah Bartow, Agency Performance Advisor – MT Dept of Admin (online), Adam Carpenter, Chief Data Officer – MT Dept of Admin (online), Therese Simpson, Business Analyst – MT Dept of Admin (online), and Brandy Murray, Data Modeler – MT Dept of Admin (online). Ms. Bartow discussed the process for MFFA's strategic planning development. The board and staff then discussed and added to the MFFA specific SWOT analysis and provided discussion points for future strategic planning meeting.

## **PERSONNEL**

### Executive Director Semi-Annual Review Process

Sarah Green, HR Manager – Montana Dept of Commerce (online) and Mandy Rambo, Acting Director – MT Dept of Commerce (online) joined the Board and conducted the semi-annual review for the Executive Director.

**ADJOURN**

The meeting adjourned at 2:10 P.M.

APPROVE: \_\_\_\_\_  
Vu Pham, Board Chair

ATTEST: \_\_\_\_\_  
Adam Gill, Executive Director

APPROVAL DATE: \_\_\_\_\_

**MONTANA FACILITY FINANCE AUTHORITY**  
**Special Purpose Board Meeting**  
**July 21, 2025**  
**11:00 A.M.**

**MINUTES**

**BOARD MEMBERS**

**PRESENT:** William Northey (online)  
Vu Pham (online)  
John Iverson (online)  
Eric Hanson (online)  
Mel Reinhardt (online)

**BOARD MEMBERS**

**ABSENT:** Craig Anderson  
JoAn Cuffe

**STAFF PRESENT:** Adam Gill, Executive Director (online)  
Seth Lutter, Associate Director (online)

**GUESTS:** Nathan Bilyeu, Authority Counsel – Jackson, Murdo & Grant (online)  
Ryan Smith, CEO – U.S. Energy Corp (online)  
Mark Zajac, CFO – U.S. Energy Corp (online)  
Roy Koegen, Partner – Public Finance Consultants LLC (online)  
Mary Edwards, Partner – Public Finance Consultants, LLC (online)

**BOARD MEETING**

**CALL TO ORDER**

Board Chair Pham called the July 21, 2025, special purpose board meeting of the Montana Facility Finance Authority (the “Authority”) to order at 11:00 A.M. The meeting was convened with all but two members of the Board present.

**CONFLICT OF INTEREST**

Call was made for announcement of any conflict of interest and recusals. No conflicts of interest were noted.

**PUBLIC COMMENT**

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



## **FINANCINGS**

### U.S. Energy Corps

Mr. Gill introduced Inducement Resolution 25-06 pertaining to U.S. Energy Corps which intends to develop and operate a Montana project, which will process and liquefy 110 MMcf/year of helium with merchant sales and carbon sequestration of 0.25MM metric tons per annum (mtpa) of CO<sub>2</sub>. With funds already spent, the inducement resolution would allow for a 60 day look back period for reimbursement.

Board Chair Pham requested a motion for approval of the inducement resolution. Board Member Iverson motioned for approval of the financing Resolution 25-06. Board Member Northey seconded the motion. Nathan Bilyeu, Authority Counsel – Jackson, Murdo & Grant described Resolution 25-06 which passed unanimously.

## **ADJOURN**

Board Chair Pham adjourned the meeting at 11:16 A.M.

APPROVE: \_\_\_\_\_  
Vu Pham, Board Chair

ATTEST: \_\_\_\_\_  
Adam Gill, Executive Director

APPROVAL DATE: \_\_\_\_\_

**Northern Montana Health Care, Inc.**  
**Havre, Montana**  
**Master Loan Program/Stand Alone Program**  
**Loan Summary**

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**ELIGIBLE HEALTH FACILITY**

Northern Montana Health Care, Inc. and Affiliates (collectively known as the "Organization") is a non-profit organization located in Havre, Montana, consisting of Northern Montana Health Care, Inc. and its three wholly-owned nonprofit affiliates: Northern Montana Hospital (the "Hospital" or "NMHC"), Northern Montana Care Center (the "Center"), and Northern Montana Health Care Foundation, Inc. (the "Foundation"). Northern Montana Health Care, Inc. includes 25 acute care hospital beds, 135 skilled nursing beds, and two medical clinics. The Hospital received critical access hospital designation in September 2023 and reduced its acute care beds to 25 as required by the program. The Care Center was formed during the year ended June 30, 2024.

**PROJECT AND COST**

The tax-exempt bond issue will be structured as a \$15 million Master Loan Program issuance and \$26 million Stand Alone Program issuance. The project includes multiple updates to the facility, accommodating room remodels, expansions, new equipment, and buildouts.

The scope of the expansion of this project includes:

- Central Sterilization Department on the first floor – 9,000 square feet.
- Operating Rooms on the second floor – 9,400 square feet.
- Intensive Care Unit on the second floor – 6,300 square feet.

The scope of the renovation on this project includes:

- Post Anesthesia Care Unit on the second floor – 4,620 square feet.
- Pre-/Post-Surgical Area on the second floor – 10,300 square feet.
- Swing Bed remodel on the fifth floor – 4,500 square feet.
- Pharmacy remodel on the second floor – 1,400 square feet.

The Hospital's current facility operates three surgical suites and one endoscopy suite. Its current central sterilization is one floor below its operating rooms. To meet survey regulations and bring operating suites to the current standard, updates are required for the operating rooms and central sterilization department. This project aims to expand the Hospital's operating room capacity to four surgical suites and endoscopy capabilities to two endoscopy suites. The project will modernize the Hospital's current six-bed ICU capacity.

After its CMS survey in 2022, NMHC was cited for deficiencies in Infection Control Standards in the Endoscopy Suite, and Central Sterilization did not meet current survey requirements. The Hospital has implemented temporary measures to try and meet minimum standards but requires a full renovation of central sterilization to meet regulatory requirements. The current operating rooms require upgrades to their air handling system, surgical lighting, ceiling height and overall room size to be fully functional. The renovation of the Central Sterilization Department will allow NMHC to have complete separation of clean and dirty surgical instruments, in compliance with AAMI and Infection Control

standards. The physical limitation of current space necessitates expanding outside of the Hospital's current walls, as a remodel/renovation of its current operating suites will not bring the Hospital into compliance.

To keep up with industry standards, NMHC has also expanded its General and Orthopedic Surgery lines to include robotics, recently purchasing a DaVinci 5 system and a Zimmer Rosa knee replacement machine. This requires substantially more power and operating room space to perform surgeries using this equipment. It was determined that new Operating Suites would best be served utilizing new construction as the Hospital is unable to meet code requirements by remodeling the existing space. The recommendation was to expand out of the south side of its building. This would then require NMHC's current ICU to become a post-anesthesia care unit Pre/Post-Surgical area.

This project will enable the Hospital to optimize the delivery of patient care for its Surgical Services and Intensive Care Departments. The addition of a fourth operating suite and an additional Endoscopy Suite will allow the Hospital to increase its surgical volumes and to continue expanding its Surgical Service offerings.

In addition, the Hospital's conversion to Critical Access has given the Hospital the opportunity to provide the community with a Swing Bed program. NMHC's current rooms are not able to accommodate the necessary space needed for Rehab Services that are required for patients in a Swing Bed status. With the current length of stay for a Swing Bed patient around 18 days, providing a more homelike environment, with bathrooms equipped to accommodate OT and PT services, will aid in the healing process. Therefore, the proposed project will combine two rooms into one Swing Bed room on the fifth floor. Included in the remodel will be the addition of an activities room to enhance the healing process, and the patient and family experience.

<b><u>PROGRAM</u></b>	Master Loan Program and Stand Alone Program Issuance
<b><u>LOAN TERM</u></b>	TBD, but expected to be no more than 30 years
<b><u>INTEREST RATE</u></b>	TBD
<b><u>CLOSING DATE</u></b>	TBD
<b><u>MATURITY DATE</u></b>	TBD
<b><u>SECURITY</u></b>	

Both series bonds will be secured by respective trust indentures and mortgages on parity.

### **RATING**

The Master Loan Program (the "Program") is secured by a pledge by the Montana Board of Investments to replenish the reserve fund if it is drawn upon. The Board of Investments received a rating of Aa1 from Moody's in August 2023 and AA from Fitch in June 2025. There are currently no plans to pursue a bond rating for the Stand Alone portion

## **SOURCES AND USES**

### **Private Placement Sources and Uses**

<b>Sources:</b>	<b>Series 2025A</b>	<b>Series 2025B</b>	<b>Total</b>
Par Amount	26,075,000	15,000,000	41,075,000
Premium	-	-	-
Equity Contribution	-	97,500	97,500
<b>Total Sources</b>	<b>26,075,000</b>	<b>15,097,500</b>	<b>41,172,500</b>
<b>Uses:</b>			
Project Fund	22,569,671	11,923,157	34,492,827
Reserve Fund		1,142,864	1,142,864
Capitalized Interest Fund	2,994,201	1,453,979	4,448,181
Cost of Issuance	260,750	300,000	560,750
Underwriter Discount	247,713	97,500	345,213
MLP Fee		180,000	180,000
Other Uses of Funds	2,666	-	2,666
<b>Total Uses</b>	<b>26,075,000</b>	<b>15,097,500</b>	<b>41,172,500</b>

## **MARKET/COMPETITION**

All NMHC facilities are located on one campus in Havre, MT across from Montana State University – Northern. The Hospital serves Hill County and Blaine County as well as Rocky Boy's and Fort Belknap Indian Reservations. The full market population is around 23,304. The closest Critical Access Hospital is Big Sandy Medical Center, 35 miles away in Big Sandy. Benefis Health is 113 miles away in Great Falls.

## **MANAGEMENT**

### **Kevin Harada, MD – Chief Executive Officer, Northern Montana Hospital**

Dr. Kevin Harada became CEO of Northern Montana Hospital in April 2025 after over a decade of clinical leadership in internal medicine and hospital care. He is dedicated to expanding access to rural healthcare while maintaining a community-driven and financially sustainable system in Havre, MT. A graduate of the University of Washington School of Medicine and the University of Colorado Denver Internal Medicine residency program, Dr. Harada also completed leadership training through the Montana Healthcare Excellence Program and holds a CMO certification from the National Rural Health Association. He serves on multiple state and regional boards, including the Montana Medical Association's Board of Trustees.

### **Christen Obresley, Vice President, Regulatory & Community Services**

Ms. Obresley has served at Northern Montana Health Care since 1996 in various leadership roles. In her current position, she oversees departments including Human Resources, Compliance, Public Relations, Strategic Planning, and Government Relations. She played a key role in the organization's transition to Critical Access Hospital status and has led efforts to optimize operations and mentor leadership teams. Ms. Obresley serves as Executive Director of the Northern Montana Health Care Foundation, where she led a successful capital campaign to establish the Northern Montana Sletten Cancer Center. She also served as Nursing Home Administrator, improving the facility's rating from 1 to 5 stars. Ms. Obresley holds an MBA from Marylhurst University and a Bachelor of Technology in Business Administration from Northern Montana College, along with a Nursing Home Administrator's License.

**Kim Lucke, Vice President of Finance, Northern Montana Hospital**

With over 40 years at Northern Montana Hospital, Kim Lucke brings deep expertise in healthcare finance and operations. She has held leadership roles including Controller, Director of Finance, and currently serves as Vice President of Finance. Kim holds a Bachelor of Technology in Business with a Computer minor and is a Certified Healthcare Financial Professional (CHFP). Her service to the profession has been recognized with multiple HFMA honors, including the prestigious Founders Medal of Honor.

**Sarah M. Spangler, VP, Patient Care Services**

Ms. Spangler is a seasoned healthcare leader with over two decades of progressive nursing and administrative experience. Currently serving as the Vice President of Patient Care Services at Northern Montana Hospital, Sarah oversees a wide range of clinical departments, including ICU/ED, LDRP, Med/Surg, Hospice, Cancer Care, Imaging, Pharmacy, and more. Sarah began her nursing journey after earning her Degree in Nursing from Salish Kootenai College in 2003. She also holds a Bachelor of Science Degree in Health and Human Performance from the University of Montana. Throughout her career at Northern Montana Hospital, Sarah has held pivotal roles including Director of the Sletten Cancer Center and Director of the Medical/Surgical/Pediatric Unit and Case Management. She serves on the Montana Board of Nursing since 2019, where she has been nominated for Board President and appointed to the NCLEX Item Review Subcommittee.

**Adam Derby, RN, Administrator of Northern Montana Care Center**

Mr. Derby took the position of Director of Nursing at Northern Montana Care Center in 2014, becoming Administrator in 2021. Besides leading the Care Center, Mr. Derby oversees the Radiology and Outpatient Pharmacy departments, the QAPI committee, and the Emergency Operations and Disaster Preparedness committee. He came to NMHC after four years as a cardiac ICU nurse and is a graduate of Leadership Montana. In 2017, he was awarded the Montana Health Care Association Director of the Year. Besides his work at NMHC, he serves on the Montana Hospital Associations Regional Coalition Board, Havre Chamber of Commerce, the MSU-Northern advisory board, and the Local Emergency Planning Commission.

**GOVERNANCE**

Northern Montana Hospital is governed by a 13-member board of trustees with over half the make-up being community members. Each trustee elected holds a term for three years, and until the successor is elected and qualified. Terms of trustees are staggered with one-third of the terms expiring annually. Trustees may be elected for successive terms. The CEO serves as an ex officio of the Board.

## HISTORICAL FINANCIALS

Audited Financials as of 6/30	2022	2023	2024
<b><u>Assets</u></b>			
Cash & Cash Equivalents	29,558,208	20,993,110	10,649,336
Investments	1,264,009	8,801,069	5,070,089
Accounts Receivable, Net	16,847,973	25,050,396	43,832,473
Other Receivables	1,241,221	450,583	538,854
Inventory	2,833,260	2,820,401	3,001,625
Current Assets Whose Use is Limited	-	-	-
Other Current Assets	1,311,044	1,394,793	1,347,429
<b>Total Current Assets</b>	<b>\$ 53,055,715</b>	<b>\$ 59,510,352</b>	<b>\$ 64,439,806</b>
Fixed Assets (net of depreciation)	22,401,347	21,932,326	21,149,119
Board Designated Funds	13,614,253	13,617,104	14,127,560
Assets Held in Trust			
Other Assets	26,418,867	29,205,349	30,564,353
<b>Total Assets</b>	<b>\$ 115,490,182</b>	<b>\$ 124,265,131</b>	<b>\$ 130,280,838</b>
<b><u>Liabilities</u></b>			
Accounts Payable & Accrued Expenses	7,995,475	7,375,398	8,838,444
Current Portion of Long-Term Debt	236,685	249,347	262,687
Other Current Liabilities	3,610,441	769,917	3,052,925
<b>Total Current Liabilities</b>	<b>\$ 11,842,601</b>	<b>\$ 8,394,662</b>	<b>\$ 12,154,056</b>
Long-Term Debt	1,231,889	982,541	719,854
Other Long-Term Liabilities	-	4,390,048	3,938,715
Unrestricted Fund Balance	101,773,992	109,777,257	112,738,632
Restricted Fund Balance	641,700	720,623	729,581
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 115,490,182</b>	<b>\$ 124,265,131</b>	<b>\$ 130,280,838</b>
<b><u>Revenue and Expense</u></b>			
Gross Patient Service Revenue	151,601,088	174,295,853	190,556,350
Deductions from Patient Service Revenue	78,444,709	94,170,845	100,914,680
<b>Net Patient Service Revenue</b>	<b>\$ 73,156,379</b>	<b>\$ 80,125,008</b>	<b>\$ 89,641,670</b>
Other Operating Revenue	3,583,580	3,768,359	1,300,579
Total Operating Revenue	76,739,959	83,893,367	90,942,249
Interest	91,121	73,416	60,698
Depreciation & Amortization	3,135,063	3,207,260	3,200,835
Other Operating Expenses	72,118,376	76,240,912	87,589,132
Total Operating Expenses	75,344,560	79,521,588	90,850,665
<b>Operating Income</b>	<b>\$ 1,395,399</b>	<b>\$ 4,371,779</b>	<b>\$ 91,584</b>
Other Non-Operating Revenue	(3,174,924)	2,154,844	2,931,885
<b>Excess of Revenue Over Expenses</b>	<b>\$ (1,779,525)</b>	<b>\$ 6,526,623</b>	<b>\$ 3,023,469</b>

## UNAUDITED FINANCIALS FOR NORTHERN MONTANA HOSPITAL

*NOTE: The FY 2025 financial information provided below for Northern Montana Hospital only. The financials do not include the Foundation or Northern Montana Health Care, Inc. As such, they are not comparable to the audited financials, nor are they complete. However, they are illustrative FY 2025 for the hospital.*

Audited Financials as of 6/30	Unaudited for NMH FY 2025 6/30/2025
<b><u>Assets</u></b>	
Cash & Cash Equivalents	15,567,310
Investments	2,252,818
Accounts Receivable, Net	26,631,146
Other Receivables	1,704,429
Inventory	4,267,626
Current Assets Whose Use is Limited	-
Other Current Assets	7,951,612
<b>Total Current Assets</b>	<b>\$ 58,374,941</b>
Fixed Assets (net of depreciation)	14,805,232
Board Designated Funds	125,459
Assets Held in Trust	-
Other Assets	42,020,322
<b>Total Assets</b>	<b>\$ 115,325,954</b>
<b><u>Liabilities</u></b>	
Accounts Payable & Accrued Expenses	5,337,039
Current Portion of Long-Term Debt	-
Other Current Liabilities	4,846,446
<b>Total Current Liabilities</b>	<b>\$ 10,183,485</b>
Long-Term Debt	-
Other Long-Term Liabilities	5,403,371
Unrestricted Fund Balance	96,565,473
Restricted Fund Balance	3,173,625
<b>Total Liabilities &amp; Fund Balance</b>	<b>\$ 115,325,954</b>
<b><u>Revenue and Expense</u></b>	
Gross Patient Service Revenue	189,208,146
Deductions from Patient Service Revenue	101,047,979
<b>Net Patient Service Revenue</b>	<b>\$ 88,160,167</b>
Other Operating Revenue	9,199,842
Total Operating Revenue	97,360,009
Interest	-
Depreciation & Amortization	2,345,340
Other Operating Expenses	94,429,697
Total Operating Expenses	96,775,037
<b>Operating Income</b>	<b>\$ 584,972</b>
Other Non-Operating Revenue	2,588,654
<b>Excess of Revenue Over Expenses</b>	<b>\$ 3,173,626</b>



## KEY RATIOS

Key Ratios	2022	2023	2024	Moody's Baa FY 2023
				Median Ratios
Days Cash on Hand	224.61	207.63	124.29	134.1
Days in Accounts Receivable	84.06	114.11	178.48	47.8
Current Ratio (x)	4.48	7.09	5.30	1.7
Operating Margin	1.82%	5.21%	0.10%	-2.3%
Excess Margin	-2.42%	7.58%	3.22%	-0.9%
Debt to Capitalization	1.20	0.89	0.63	35.0
Debt Service Coverage (x)	4.42	31.63	20.27	2.1
Average Age of Plant	24.02	24.21	25.18	13.9

## FINANCIAL OBSERVATIONS

### FY 2025 Unaudited

In FY 2025 the Hospital dropped its net patient receivable from \$42.5 million in June 2024 to \$26.6 million at June 30, 2025. It also increased its cash from \$6.4 million to \$15.6 million at June 30, 2025. The Hospital's net days in Accounts Receivable have dropped from 174 at the end of FY 2024 to 110 at the end of FY 2025. While that is still a high number, the Hospital has seen steady declines in the past few months. Days cash on hand has more than doubled from June 2024 and is at 71 days. NMHC has also increased its current ratio from 4.60 to 5.43.

### Assets

- In FY 2024 the hospital sought and was approved to transition from a Prospective Payment System ("PPS") to a Critical Access System ("CAH"). This change required that they reduce their number of patient beds to 25 or less but allowed for a higher Medicare reimbursement at 101% of qualified costs. As part of the transition, the NMHC had to halt all billing to Medicare and Medicaid while it got set up in its systems with the new provider numbers and payment rates. The Centers for Medicare and Medicaid Services did not get this process finalized and allow NMHC to start billing as a CAH until April 2024 so there was no cash flow from those payors. This resulted in a significant increase in accounts receivable and a reduction in cash and equivalents.
- Cash and cash equivalents decreased from \$29.55 million in FY 2022 to \$20.99 million in FY 2023 to \$10.64 million in FY 2024. The Hospital received notice on 10/6/23 that its request to change to a CAH (from PPS) was approved and the effective date was 9/1/23.
- Investments fluctuated from \$1.26 million in FY 2022 to \$8.80 million in FY 2023 to \$5.07 million in FY 2024. In FY 2024 the Hospital did draw ~ \$2 million in cash from its investment accounts due to cash flow issues described above.
- Accounts receivable increased from \$16.84 million in FY 2022 to \$25.05 million in FY 2023 to \$43.83 million in FY 2024. This is all attributable to the first bullet above, where the Hospital was unable to bill Medicare and Medicaid for several months, so its AR grew in FY 2024.
- Other current liabilities fluctuated from \$3.61 million in FY 2022 to \$769,917 in FY 2023 to \$3.05 million in FY 2024. In FY 2024 the Hospital received an advance payment from CMS due to not being able to bill for several months. That was \$2.17 million. That payment did not exist in FY 2023. The Hospital has one outstanding loan that will mature in November 2027.



- Other long-term liabilities fluctuated from having no attributable liability in FY 2022 to \$4.39 million in FY 2023 to \$3.93 million in FY 2024. This is all contributed to operating lease liabilities. A new lease accounting standards went into effect in FY 2023 so that was the first year the Hospital was required to report on its audited financial statements. These were not new leases, just requirements on how the Hospital reported on the financials.
- Unrestricted fund balance has increased from \$101.77 million in FY 2022 to \$109.77 million in FY 2023 to \$112.73 million in FY 2024. In FY 2023, the Hospital had \$2.3 million in HHS stimulus payments applied as other revenue as well as \$1.9 million in investment income. It also had a positive adjustment on its minimum pension liability of \$1.5 million due to favorable discount rates, so the Hospital made \$8 million dollars that year that went directly to its unrestricted fund balance. In FY 2024, while the Hospital had a much smaller income from operations, it had \$1.3 million in investment income and \$832,000 in unrealized gains on investments which helped achieve a bottom line of \$2.9 million that went to its unrestricted fund balance.

### **Revenues and Expenses**

- Gross patient revenue increased from \$151.60 million in FY 2022 to \$174.29 million in FY 2023 to \$190.55 million in FY 2024. In FY 2023 NMHC implemented a 6% rate increase and another 2% in FY 2024. Beyond rate increase, the Hospital had increases in OR, recovery, and surgical day care gross revenue due to increased surgeries from the hiring of a new Orthopedic Surgeon in November 2022. Increased surgeries also meant increased labs. Orthopedic surgery also affects volumes in imaging for plain films, MRI and CT so the Hospital had increased revenue in those areas. Drug charges are based on a markup on cost, so as drug costs go up, so does the gross revenue.
- Other operating expenses increased from \$72.11 million in FY 2022 to \$76.24 million in FY 2023 to \$87.58 million in FY 2024. The largest changes were in salaries and benefits, and cost of supplies and drugs. Salaries have gone up due to wage increases the Hospital implemented to retain employees in certain areas. Other increases have been in OR and patient chargeable supplies. The Hospital hired an Orthopedic surgeon in November 2022. The Hospital's supply costs in the OR increased due to increased surgeries and in patient chargeable supplies due to purchasing implants. Higher volumes in surgery lead to higher surgery wages in OR, recovery and surgical day care. The Hospital lost its Oncologist in December 2023 and has not found a permanent replacement yet, so the Hospital is paying nearly 80% more to have locums coverage.
- Other non-operating revenue increased from (\$3.17 million) in FY 2022 to \$2.15 million in FY 2023 to \$2.93 million in FY 2024. The negative revenue over expenses was due to a drop in market value on the investments. The Hospital had a \$5 million unrealized loss on investments. This is an unrealized loss as the Hospital holds its investments to maturity, so it receives PAR value, not market value for them. Absent this adjustment, the Hospital would have had about \$3.2 million in revenues over expenses for the year.

## **UTILIZATION**

<b>Utilization</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
Total Admissions	1,286	1,454	1,379
Total Acute Care	3,529	4,955	5,368
Total Care Center	26,206	26,646	26,948
Average Lengthy of Stay - Acute	3.08	2.86	3.06
Average Length of Stay - Swing	N/A	16.47	20.06
Total Surgeries	1,951	2,072	2,081
Laboratory Tests	27,700	19,759	22,472
Pharmacy	61,578	59,400	60,977
Emergency Room Visits	9,556	9,401	9,614

## **PAYOR MIX**

<b>Payor</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>
Medicare	41%	45%	44%
Medicaid	26%	21%	18%
Commercial	30%	31%	35%
Self Pay	3%	3%	3%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

## **ANTICIPATED CHANGES DUE TO PROJECT**

NMHC is constructing a new six bed ICU and expanding its operating room capacity to four surgical suites from three. It will also expand endoscopy suites to two from one. With this expansion, the construction alone will increase their CAH cost-based payments by approximately \$1.2 million per year once it is fully operational. These numbers are based on analysis done by Wipfli, LLP, the Hospital's independent audit firm.

With the expanded operating room capacity, the Hospital anticipates increasing surgeries by approximately 25%. NMHC recently acquired a da Vinci 5 robot and has successfully recruited a second general surgeon that is Robotics trained and compliments the talents of its existing Robotics-trained general surgeon. The addition of this general surgeon and the expansion to two endoscopy suites will enable the Hospital to double the number of Endoscopy procedures. This expansion of services will also increase costs and allow the Hospital to increase its cost-based reimbursement for an estimated 43% of the increased services.

## **PRO FORMA**

	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Pro Forma FY 2024</b>
Revenues Minus Expenditures	(1,779,525)	6,526,623	3,023,469	3,023,469
Add Depreciation/Amortization	3,135,063	3,207,260	3,200,835	3,200,835
Interest Expense	91,121	73,416	60,698	60,698
Available for Debt Service	1,446,659	9,807,299	6,285,002	6,285,002
Existing Debt Service	236,511	236,685	310,045	310,045
Debt Service on New Money	N/A	N/A	N/A	3,201,437
Total Debt Service	327,632	310,101	310,045	3,511,482
Debt Service Ratio Calculation	4.42	31.63	20.27	1.79

\*\* Debt Service on New Money calculated from private placement documents by Piper Sandler on June 30 2025

## **FINANCE TEAM MEMBERS**

<b>Finance Team Member</b>	<b>Firm</b>	<b>Primary</b>
Placement Agent	Piper Sandler & Co.	John Henningsgard
Bond Counsel	Dorsey & Whitney, LLP	Erin McCrady

## **STRENGTHS**

- Lack of competition for services enables increased revenues
- Expansion of services will allow additional revenue streams
- Pro-Forma debt service coverage of 1.79x
- Apart from one year of negative revenues over expenses, the Hospital is financially strong
- Strong history of debt repayment with low long-term debt

## **WEAKNESSES**

- Changes with new Federal regulations can have a significant, negative impact on the operations of the Hospital
- This is the largest bond financing project for NMHC to date

## **RECOMMENDATION**

Approval is recommended based on:

- Sufficient funds available to meet new annual debt service payment
- Expectation of revenue growth from new services / renovations

## CERTIFICATE AS TO RESOLUTION

I, the undersigned, being the duly qualified and acting recording officer of the Montana Facility Finance Authority (the “Authority”), hereby certify that the attached resolution is a true copy of Resolution No. 25-07, entitled: “RESOLUTION RELATING TO A PROJECT ON BEHALF OF NORTHERN MONTANA HEALTH CARE; GRANTING APPROVAL FOR THE SALE AND ISSUANCE OF REVENUE BONDS THEREFOR, INCLUDING MASTER LOAN PROGRAM BONDS; AND AUTHORIZING EXECUTION OF DOCUMENTS WITH RESPECT THERETO” (the “Resolution”), on file in the original records of the Authority in my legal custody; that the Resolution was duly adopted by the Authority at a meeting on August 20<sup>th</sup>, 2025, and that the meeting was duly held by the Authority and was attended throughout by a quorum, pursuant to call and notice of such meeting given as required by law; and that the Resolution has not as of the date hereof been amended or repealed.

WITNESS my hand officially as such recording officer this 20<sup>th</sup> day of August, 2025.

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Adam Gill  
Executive Director

## RESOLUTION NO. 25-07

### RESOLUTION RELATING TO A PROJECT ON BEHALF OF NORTHERN MONTANA HEALTH CARE; GRANTING APPROVAL FOR THE SALE AND ISSUANCE OF REVENUE BONDS THEREFOR, INCLUDING MASTER LOAN PROGRAM BONDS; AND AUTHORIZING EXECUTION OF DOCUMENTS WITH RESPECT THERETO

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

#### Section 1. Recitals.

1.01. The Authority is authorized by the Montana Health Facility Authority Act, Montana Code Annotated, Title 90, Chapter 7, Parts 1, 2 and 3, as amended (the “Act”), to issue and sell its revenue bonds and loan the proceeds thereof to one or more participating institutions (as defined in the Act) to finance, refinance or provide reimbursement for eligible costs of constructing, acquiring and equipping eligible facilities (as defined in the Act) and to enter into agreements regarding the eligible facilities being financed or refinanced by the revenue bonds for, among other things, considerations sufficient, in the judgment of the Authority, to pay the principal of and interest on the revenue bonds when due. 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 pursuant to an indenture of trust between the Authority and a corporate trustee.

1.02. The Authority has developed its Master Loan Program (the “Program”) pursuant to which the Authority is authorized to issue and sell its revenue bonds and loan proceeds thereof to participating institutions to finance, refinance or provide reimbursement for eligible costs of constructing, acquiring and equipping eligible health facilities. Sections 90-7-317 through 90-7-320 of the Act establish a capital reserve account in an enterprise fund credited to the Authority (the “Capital Reserve Account”), which the Authority may pledge, in whole or in part, as security for the payment of bonds issued under the Program and authorize the Board of Investments of the State of Montana (the “Board of Investments”) to loan money to the Authority for deposit in the Capital Reserve Account. Bonds heretofore issued under the Program are secured by the Capital Reserve Account.

1.03. Northern Montana Health Care, a Montana nonprofit corporation (the “Borrower”), owns and operates certain hospital and health care facilities, including a critical access hospital located at 30 13<sup>th</sup> Street, Havre, Montana (the “Hospital”). The Borrower has requested that the Authority issue its revenue bonds, in one or more series and which may be taxable and/or tax-exempt (the “Bonds”), in a maximum aggregate principal amount not to exceed \$45,000,000, and loan the proceeds thereof to the Borrower to be used to finance or reimburse the Borrower for all or a portion of the costs of design, engineering, construction, and equipping of improvements to the Hospital consisting of expanding operating room capacity, expanding and modernizing the intensive care unit, renovating the central sterilization

department, post-anesthesia care unit, pre- and post-surgical area and pharmacy; remodeling to provide a swing bed room; and related improvements (collectively, the “Project”); to pay capitalized interest on the Bonds, if any; to make deposits to debt service reserve funds for the Bonds; and to pay expenses incurred in connection with the issuance of the Bonds.

The Borrower has requested that up to \$15,000,000 aggregate principal amount of the Bonds be issued under and pursuant to the Program (the “Program Bonds”). The Authority hereby requests that the Board of Investments make a loan to the Authority, the proceeds of which will be deposited in a subaccount in the Capital Reserve Account and used to secure the Program Bonds upon the terms and conditions contained in the Board of Investments Agreement (as hereinafter defined).

Costs of the Project in excess of the proceeds of the Bonds shall be paid by the Borrower with cash on hand.

## Section 2. Determinations and Approvals.

2.01. The Authority hereby determines that the issuance of its Bonds is in the best interests of the State of Montana (the “State”) and authorizes its staff, together with Dorsey & Whitney LLP, as bond counsel to the Authority (“Bond Counsel”), to prepare documents necessary to issue the Bonds and loan the proceeds thereof to the Borrower. The Authority hereby approves the issuance of the Bonds in a maximum aggregate principal amount not to exceed \$45,000,000 for the purposes set forth in Section 1.03 hereof. Up to \$15,000,000 aggregate principal amount of the Bonds may be issued under and pursuant to the Program. The Bonds shall be special, limited obligations of the Authority payable solely from and secured by the payments required to be made by the Borrower (except to the extent payable from the proceeds of the Bonds and, with respect to the Program Bonds, from the Capital Reserve Account) 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.

The Bonds may be sold to one or more underwriters in public offerings and/or one or more financial institutions in private placement transactions (each, a “Purchaser”), each such Purchaser to be selected by the Authority and the Borrower. The Bonds will be sold pursuant to one or more Bond Purchase Agreements among the Authority, the Borrower and the applicable Purchaser (each, a “Bond Purchase Agreement”).

2.02. The Authority hereby authorizes and directs any one or more of the Executive Director, the Chair or the other members of the Authority to negotiate the sale of the Bonds to the applicable Purchasers. The Bonds shall be in the principal amounts, mature on such dates, bear interest at such rates, be subject to redemption, bear such dates, and be sold at such purchase prices as are set forth in the applicable Bond Purchase Agreement; provided that:

(a) the aggregate principal amount of the Bonds shall not exceed \$45,000,000 (exclusive of any original issue premium or discount thereon), and up to \$15,000,000 aggregate principal amount of the Bonds may be issued under and pursuant to the Program;

(b) the final maturity of each series of Bonds shall not exceed 31 years from

the date of issuance thereof; and

(c) the true interest cost for each series of the Bonds shall not exceed 6.50% per annum; provided, however, that the true interest cost for Program Bonds shall not exceed 5.50% per annum.

### Section 3. General.

3.01. If Bonds (other than Program Bonds) are issued and sold, the Authority will enter into various agreements, including but not limited to a bond indenture of trust (the "Bond Indenture") or similar agreement with a trustee (the "Bond Trustee") providing for the issuance of the applicable Bonds, and a loan agreement or similar agreement with the Borrower satisfying the requirements of the Act (the "Loan Agreement").

3.02. If Program Bonds are issued and sold, the following documents will be prepared and entered into (collectively, the "Program Documents"):

(a) Amendment to Capital Reserve Account Agreement, amending and supplementing the Capital Reserve Account Agreement, dated as of October 1, 1994 as heretofore amended and supplemented (as so amended and supplemented, the "Board of Investments Agreement") to be entered into by the Authority and the Board of Investments;

(b) Loan Agreement (the "Program Loan Agreement") to be entered into by the Authority and the Borrower;

(c) Supplemental Indenture of Trust (the "Supplemental Program Indenture"), amending and supplementing the Master Indenture of Trust, dated as of October 1, 1994 as heretofore amended and supplemented (as so amended and supplemented, the "Program Indenture"), to be entered into by the Authority and U.S. Bank Trust Company, National Association, successor to U.S. Bank National Association, as trustee (the "Program Trustee");

(d) Combination Mortgage, Security Agreement and Fixture Financing Statement to be executed by Borrower in favor of the Program Trustee;

(e) Parity Agreement, by and among the Authority, the Borrower, the Bond Trustee and the Program Trustee, if required; and

(f) Promissory Note to be executed and delivered by the Authority to the Board of Investments pursuant to the Board of Investments Agreement.

3.03. The loan repayments or other amounts payable by the Borrower to the Authority under the Loan Agreement, the Program Loan Agreement and other agreements to be entered into in connection with the issuance of Bonds shall be sufficient, if paid timely and in full, to pay the principal of, premium, if any, and interest on the such Bonds as and when the same shall become due and payable. The Borrower shall make all such payments either directly or through

the Authority of any and all costs incurred by the Authority in connection with the Bonds, whether or not they are issued.

3.04. In connection with any public offering of Bonds, the Authority staff is hereby authorized and directed to cooperate with the Borrower, the applicable Purchasers and each of their counsel in the preparation of a Preliminary Official Statement and a final Official Statement to be distributed to prospective purchasers of such 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 any Preliminary Official Statement or any final 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 near 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. Commitment Conditional. The Authority retains the right in its sole and absolute discretion to withdraw from participation and accordingly not issue any or all of the Bonds (including Program Bonds) should the Authority at any time prior to the execution and delivery of the applicable Bond Purchase Agreement by the Authority determine that it is in the best interests of the Authority not to issue such Bonds (including Program 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. In addition, the approval by the Authority of the issuance of the Program Bonds is subject to the approval by the Board of Investments of the loan to the Authority with respect to the Program Bonds, as described in Section 1.03 hereof.

Section 5. Public Hearing. Section 147(f) of the Internal Revenue Code of 1986 (the “Code”), requires that, prior to the issuance of the Bonds, the Authority shall hold a public hearing on the Project and the issuance of the Bonds in connection therewith, following notice thereof. The Executive Director is authorized and directed to publish notice of the public hearing, to conduct that hearing at the time and place specified in the published notice and to provide minutes of that public hearing to the Borrower and to Bond Counsel.

Section 6. Approval of Governor. The Executive Director is authorized and directed to forward to the Governor a certified copy of this Resolution and the minutes of the public hearing referred to in Section 5 and to request on behalf of the Authority that he approve the issuance of the Bonds for the purposes contemplated by this Resolution as required by Section 147(f) of the Code.

Section 7. Findings. Based on such facts and circumstances as the Authority deems relevant, the Authority hereby finds, determines and declares as follows:

- (a) the Borrower is an “institution” and the Project comprises an “eligible facility” and an “eligible health facility” within the meaning of the Act;
- (b) the Project is authorized to be financed by the issuance of the Bonds (including the Program Bonds) pursuant to the Act;



(c) based solely on information provided and representations made by the Borrower, the loan of the proceeds of the Bonds to the Borrower will not exceed the total eligible costs of the Project, as determined by the Borrower;

(d) based solely upon information provided and representations made by the Borrower, the loan repayments or other amounts payable by the Borrower to the Authority under a Loan Agreement, the Program Loan Agreement and other agreements to be entered into in connection with the issuance of Bonds shall be sufficient, if paid timely and in full, to pay the principal of, premium, if any, and interest on the applicable Bonds as and when the same shall become due and payable, to maintain sufficient debt service reserve funds therefor, to meet all other obligations in connection with such agreement and to provide for costs of servicing and securing such Bonds and loan of the proceeds of such Bonds;

(e) based solely upon information provided and representations made by the Borrower, the Project will be operated by the Borrower for the purpose of fulfilling its obligation to provide health care facilities;

(f) based solely upon information provided and representations made by the Borrower, the Borrower has sufficient experience and expertise to operate the Project;

(g) based solely upon information provided and representations made by the Borrower, the Project is financially feasible and the Borrower will have sufficient revenues to provide for the payment of the principal of and interest with respect to the Bonds as due;

(h) pursuant to the Bond Indenture, the loan repayments and certain other amounts payable under the Loan Agreement will be pledged to the repayment of the Bonds;

(i) pursuant to the Program Indenture, the payments to be made under the Program Loan Agreement and amounts payable under the Board of Investments Agreement are pledged to the payment of the Program Bonds;

(j) based solely on information provided and representations made by the Borrower, to the extent legally required, the construction of the Project has been reviewed and approved by the appropriate regional and State health planning boards and has received all approvals required by Montana Code Annotated, Title 50, Chapter 3, Part 3, as amended; and

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

Section 8.     Execution of Documents and Bonds.

8.01.   The Executive Director or any one or more of the other officers of the Authority are hereby authorized and directed to execute Bond Purchase Agreements, the Bond Indenture, the Loan Agreement, the Program Documents and such other agreements and documents to be executed by the Authority in connection with the issuance of the Bonds, in the name and on behalf of the Authority, and in such form as is approved by the officer or officers executing the same, which approval shall be conclusively presumed by the execution thereof.

8.02.   The Chair and the Executive Director, or any one or more of the other members of the Authority, are hereby authorized to prepare and execute (i) Bonds (exclusive of the Program Bonds) as prescribed in the applicable Bond Indenture and deliver such Bonds to the Bond Trustee, together with a certified copy of this resolution and the other documents required by such Bond Indenture and the applicable Bond Purchase Agreement for authentication of such Bonds by the Bond Trustee and delivery by the Bond Trustee of such Bonds to the applicable Purchaser; and (ii) Program Bonds as prescribed in the Supplemental Program Indenture and deliver such Program Bonds to the Program Trustee, together with a certified copy of this resolution and the other documents required by the Supplemental Program Indenture and the applicable Bond Purchase Agreement for authentication of such Program Bonds by the Program Trustee and delivery by the Program Trustee of such Program Bonds to the applicable Purchaser.

8.03.   The Executive Director or any one or more of the other officers of the Authority, are authorized and directed to prepare and furnish to the applicable Purchasers and Bond Counsel, when Bonds are issued, certified copies of all applicable proceedings and records of the Authority relating to such Bonds, and such other affidavits, certificates and documents as may be required to show the facts relating to the legality and marketability of such 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 such Bonds, and all such certified copies, certificates, affidavits and documents, including any heretofore furnished, shall constitute representations of the Authority as to the truth of all statements of fact contained therein.

Section 9.     Limited Liability of Authority and State. The Bonds and the Authority's obligations under the Bond Purchase Agreements, the Bond Indenture, the Loan Agreement, the Program Documents and all other financing and security documents and agreements executed in connection with the issuance of the Bonds shall be special, limited obligations of the Authority payable solely from and secured by the payments required to be made by the Borrower (except to the extent payable from the proceeds of the Bonds and, with respect to Program Bonds, from the Capital Reserve Account) 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 of Montana.

Section 10.    Authority Fees. As authorized by Section 90-7-211 of the Act, the Authority may assess the Borrower for certain initial planning service fees and annual planning service fees. The initial planning service fee and annual planning service fee to be assessed against the Borrower with respect to the Bonds shall be in accordance with the Authority's fee schedules, which may amended from time to time. Assuming \$45,000,000 aggregate principal amount of Bonds are issued, the estimated initial planning service fee for the Bonds is \$56,250.

The estimated annual planning service fee for the Bonds (excluding the Program Bonds) is 5 basis points (0.05%), unless and until changed by the Authority. The estimated annual planning service fee for the Program Bonds is 10 basis points (0.10%), unless and until changed by the Authority. No holder of the 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.

Section 11. Reimbursement.

(a) The United States Department of Treasury has promulgated final regulations governing the use of proceeds of tax-exempt bonds, such as the Bonds, all or a portion of which are to be used to reimburse the Borrower for Project expenditures paid by the Borrower prior to the date of issuance of the Bonds. Those regulations (Treasury Regulations, Section 1.150-2) (the “Regulations”) require that the issuer adopt a statement of official intent to reimburse the Borrower from proceeds of the Bonds for an original expenditure not later than 60 days after payment of the original expenditure. Representatives of the Borrower have advised the Authority that the Borrower may undertake the Project and pay costs thereof before the Bonds are issued, recognizing the preliminary and conditional nature of the commitment of the Authority to issue the Bonds.

The Regulations also generally require that the Bonds be issued and the reimbursement allocation be made from the proceeds of the Bonds within 18 months after the later of (i) the date the expenditure is paid or (ii) the date the Project is placed in service or abandoned, but in no event more than three years after the date the expenditure is paid. The Regulations generally permit reimbursement of capital expenditures and costs of issuance of the Bonds.

(b) By this resolution and based on representations of the Borrower, the Authority declares its official intent to reimburse the expenditures made for costs of the Project from proceeds of the Bonds after the date of payment of all or a portion of the costs of the Project in the maximum principal amount of \$45,000,000. All reimbursed expenditures shall be capital expenditures, a cost of issuance of the Bonds or other expenditures eligible for reimbursement under Section 1.150-2(d)(3) of the Regulations.

(c) Based on representations of the Borrower, other than (i) expenditures to be paid or reimbursed from sources other than the Bonds, (ii) expenditures permitted to be reimbursed under the transitional provision contained in Section 1.150-2(j)(2) of the Regulations, (iii) expenditures constituting preliminary expenditures within the meaning of Section 1.150-2(f)(2) of the Regulations, or (iv) expenditures in a “de minimus” amount (as defined in Section 1.150-2(f)(1) of the Regulations), no expenditures for the Project have heretofore been paid by the Borrower.

(d) Based on representations of the Borrower, there are no Borrower funds reserved, allocated on a long-term basis or otherwise set aside (or reasonably expected to be reserved, allocated on a long-term basis or otherwise set aside) to provide permanent financing for the expenditures related to the Project, other than pursuant to the issuance

of the Bonds. The statement of intent contained in this resolution, therefore, is consistent with the Borrower's budgetary and financial circumstances as they exist or are reasonably foreseeable on the date hereof.

Section 12. Repealer. All other resolutions of the Authority, or parts thereof, inconsistent herewith are hereby repealed only to the extent of such inconsistency. This repealer shall not be construed as reviving any resolution or part thereof.

PASSED AND APPROVED BY THE MONTANA FACILITY FINANCE  
AUTHORITY this 20<sup>th</sup> day of August, 2025.

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Vu Pham  
Chair

## **RESOLUTION NO. 25-08**

### **RESOLUTION DECLARING THE OFFICIAL INTENT OF THE MONTANA FACILITY FINANCE AUTHORITY TO REIMBURSE CERTAIN ORIGINAL EXPENDITURES RELATED TO THE CONSTRUCTION OF A SPECIALTY EQUIPMENT MANUFACTURING FACILITY BY SPIKA PROPERTIES, LLC 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 Spika Properties, LLC (the “Borrower”) will pay certain original expenditures for the construction and/or development of a plant to manufacture upper-level access platforms used primarily in aerospace, defense, and manufacturing facilities (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 2025 and/or 2026. 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 20<sup>th</sup> day of August, 2025.

**MONTANA FACILITY FINANCE AUTHORITY**

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By: Vu Pham  
Its: Chairman

ATTEST:

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By: Adam Gill  
Its: Executive Director

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

**06/30/25**

**100.00 % Expended**

Legislative Budget	Year to Date				
	Category	Budget	Actual	\$ Variance	% Variance
<b>\$ 799,694</b>	<b>A) INCOME</b>	<b>\$ 807,293</b>	<b>1,015,729</b>	208,436	26%
120,000	Application Fees	120,000	81,605	(38,395)	-32%
554,694	Annual Fees	562,293	535,956	(26,337)	-5%
125,000	Investment Income	125,000	397,926	272,926	218%
	Misc (Quad State conf/cost recovery)		242		
<b>\$ 383,957</b>	<b>B) PERSONAL SERVICES EXPENSE</b>	<b>\$ 383,957</b>	<b>438,560</b>	54,603	14%
376,957	Salaries & benefits	376,957	431,760	54,803	
7,000	Board Per Diem	7,000	6,800	(200)	
<b>\$ 338,615</b>	<b>C) OPERATING EXPENSES**</b>	<b>\$ 272,796</b>	<b>\$ 248,679</b>	<b>\$ (24,117)</b>	<b>-9%</b>
80,147	Contracted & Other Services	80,147	79,727	(420)	-1%
	Misc. Other Services		3,001		
	Legal Services		19,890		
	Legislative Audit		51,033		
	ITSD		5,802		
31,218	Supplies/Materials/Equipment	31,218	8,340	(22,878)	-73%
8,200	Communications	8,200	7,501	(699)	-9%
30,882	Travel	30,882	34,500	3,618	12%
0	Equipment Lease	0	2,164	2,164	0%
	Building Lease Amortization	33,845	24,282	(9,563)	-28%
4,181	Repairs & Maintenance	4,181	0	(4,181)	0%
84,323	Miscellaneous	84,323	92,165	7,842	9%
	Commerce Department Services		61,408		
	Administration (statewide) Indirect Costs		2,758		
	Education		9,610		
	Other Miscellaneous		18,389		
<b>\$ 77,122</b>	<b>REVENUES IN EXCESS OF EXPENSES (A-B-C)</b>	<b>150,540</b>	<b>328,491</b>	<b>177,950</b>	<b>118%</b>
150,000	Grants-Obligated/Paid	75,000	50,000		
<b>\$ (72,878)</b>	Current Year Increase in Net Assets		<b>278,491</b>		
	<b>INCREASE (DECREASE) IN NET ASSETS</b>		<b>278,491</b>		

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



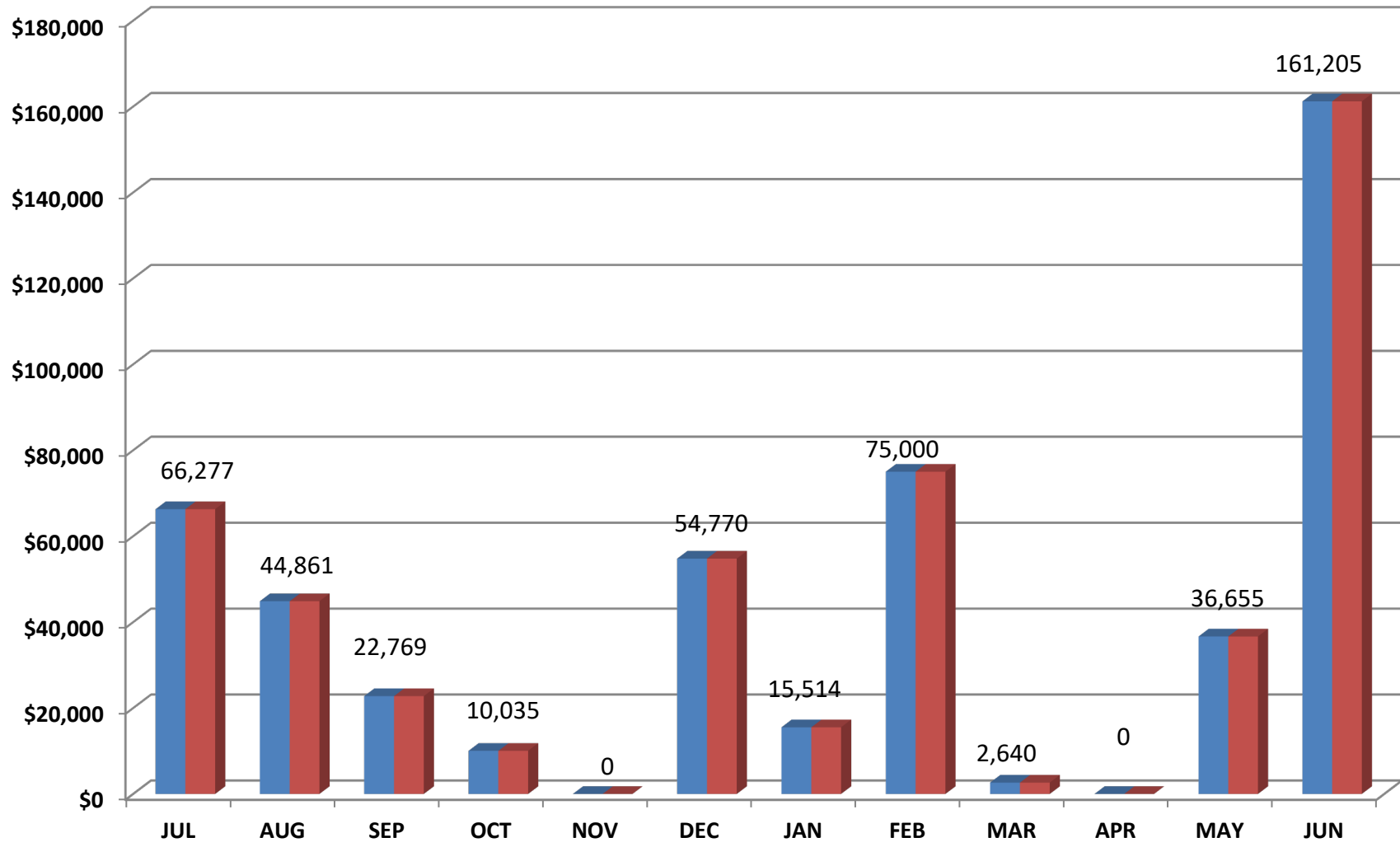
# FY 2025 Annual Service Fees

As of June 30, 2025

Annual Projected: \$489,725

YTD Projected: \$489,725

YTD Collected: \$489,725



# MFFA Reserve Balances

AS OF 7/1/2025

A/E 06015	Operating Account Summary		
		Current Balance	Policy Guideline
	Total Fund Balance Available Net Capital Reserve "B" Balance	2,616,247	
	Less: Working Capital Reserve Requirement	1,897,044	1,897,044 (a)
	Available for Restricted Capital Reserve "A"	719,203	9,650,386 (b)
	Fund Balance: Sub-Total	2,616,247	11,547,430
A/E 06015	Trust Fund Loan Pool		
	RC 710300, Accounts 521190	57,119	
	Plus: Prior Year End Capital Reserve "B" Fund Balance Sub Total	1,115,325	
	Capital Reserve "B" Fund Balance	1,172,444	1,151,801 (d)
A/E 06012	Direct Loan Program		
	Current Program Fund Balance	6,228,009	
	Less: Outstanding Loan Balance	4,838,286	
	Funds Available to Loan from Direct Loan Program	1,389,723	
	Fund Balance: Sub-Total	6,228,009	6,228,009 (c)
	Total Projected Fund Balance	10,016,699	18,927,239

## Notes:

Policy Guidelines - Minimum Funding Requirements

(a) Twice the current Fiscal Year annual budget.	948,522
(b) 10% of the outstanding BOI enhanced bond balance as of 7/1/25	96,503,857
(c) \$6,228,009 as of 7/1/25 plus YTD loan payments, account investment earnings.	6,228,009
(d) 10% of the Trust Fund Loan Pool Balance as of 7/1/25	11,518,005

# MONTANA FACILITY FINANCE AUTHORITY

## Staff Approved Grants

7/1/2024-6/30/2025

### 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>
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
Bitterroot Health	Hamilton	06/27/25	07/01/25	\$ 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
Big Sandy Medical Center	Big Sandy	04/19/24	04/19/24	<u>3/20/2025</u>	\$ 14,802	Storm Water Drainage Issues	MCAP
Big Sandy Medical Center	Big Sandy	04/24/25	05/06/25	<u>6/26/2025</u>	\$ 10,198	Storm Water Drainage Issues	MCAP
Total Grants:					<u>\$ 50,000</u>		

# MONTANA FACILITY FINANCE AUTHORITY

## Staff Approved Loans

7/1/2024-6/30/2025

### Submitted Applications

<u><i>Borrower</i></u>	<u><i>Location</i></u>	<u><i>Date Submitted</i></u>	<u><i>Term</i></u>	<u><i>Interest</i></u>	<u><i>Amount</i></u>	<u><i>Project</i></u>
Fallon Medical Complex	Baker	05/22/25	5	4.24%	\$ 199,590	Equipment Purchase
Total Pending Direct Loans:					<u><u>\$ 199,590</u></u>	

### Approved Applications

<u><i>Borrower</i></u>	<u><i>Location</i></u>	<u><i>Date Approved</i></u>	<u><i>Term</i></u>	<u><i>Interest</i></u>	<u><i>Amount</i></u>	<u><i>Project</i></u>
Ruby Valley Medical Center (Est. July 2025)	Sheridan	02/07/24	10	4.72%	\$ 500,000	Clinic Construction
Total Approved Direct Loans:					<u><u>\$ 500,000</u></u>	

### Funds Available Under

#### Direct Loan Program:

Loan Fund: (7/01/2025)	6,208,025
Total Outstanding Loans: (7/01/2025)	4,935,873
Approved Applications from above:	(500,000)
Total Available to Loan at 7/01/2025	<u><u>\$ 772,153</u></u>

### Funded Applications from 7/1/24:

<u><i>Borrower</i></u>	<u><i>Location</i></u>	<u><i>Date Funded</i></u>	<u><i>Term</i></u>	<u><i>Interest</i></u>	<u><i>Amount</i></u>	<u><i>Project</i></u>
Bitterroot Health	Hamilton	11/15/24	5	3.58%	\$ 334,896	Equipment Purchase
Fallon Medical Complex	Baker	12/02/24	5	4.01%	\$ 275,800	Equipment Purchase
Western Montana Mental Health Center	Missoula	12/19/24	10	4.38%	\$ 500,000	Debt Refinance
Total Loans Funded since 7/1/24					<u><u>\$ 1,110,696</u></u>	

# 2025

## 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	Board Mtg	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	Board Mtg	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	Board Mtg	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			

# 2026

## 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	24	25	26	27	28
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
24/31	25	26	27	28	29	30

## 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				

## HOLIDAYS AND OBSERVANCES

**1-Jan**      **New Year's Day**  
**19-Jan**    **MLK Day**  
**16-Feb**    **Presidents' Day**  
**25-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

**Sept 15-17**    **CPA, Minneapolis, MN**  
**Sept 21-24**    **MACO, Great Falls**  
**Sept 25-26**    **MNA, Billings**  
**Oct 5-8**        **NAHEFFA, Minneapolis, MN**

**Oct 7-10**      **MHA, Billings**  
**Oct 7-10**      **MEDA, Polson**  
**Apr 12-15**     **NAHEFFA, Pensacola, FL**