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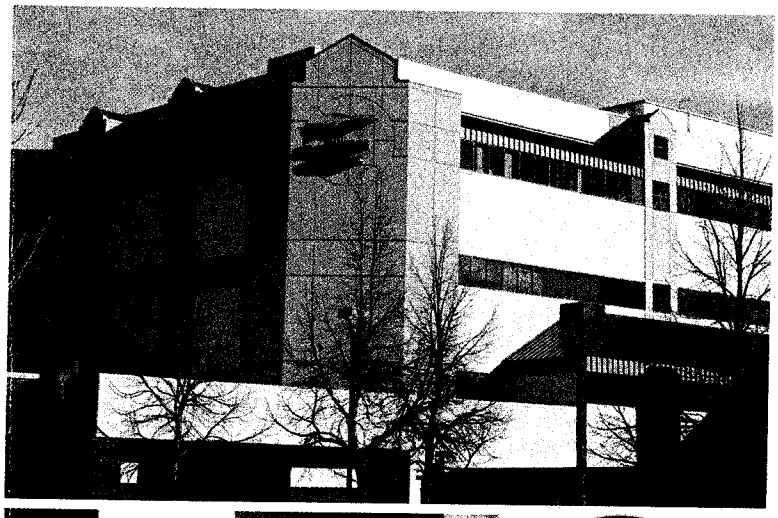
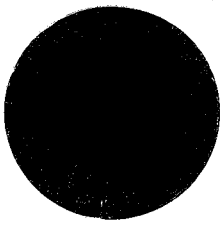
MONTANA FACILITY FINANCE AUTHORITY

The AUTHORITY REVIEW 2008

December 2008

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





October 1, 2008, marked the 26th anniversary of the Montana Facility Finance Authority.

"Montana Facility Finance Authority exemplifies the best in fiscal thinking and practices in financial health care management by doing every day what most large financial institutions are still just talking about – and what many others have yet to start thinking about."

David W. Cunningham
Chief Executive Officer
Rimrock Foundation, Billings

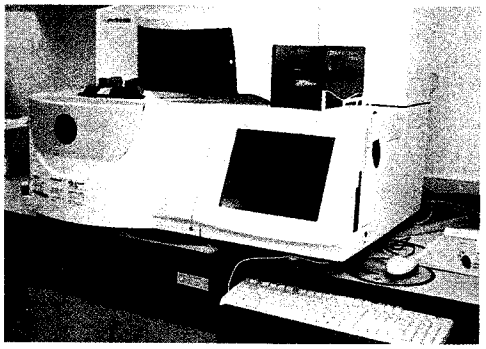
MONTANA FACILITY FINANCE AUTHORITY

P.O. Box 200506
Helena, MT 59620-0506

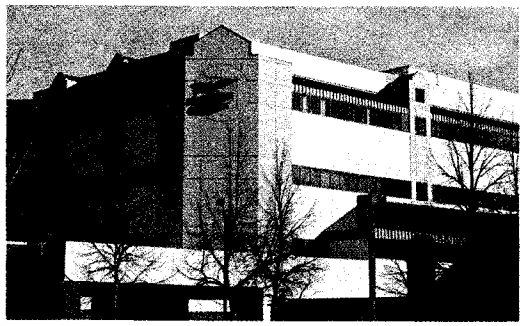
"MFFA has been a statewide pioneering health care partner by providing access to low-cost capital, essential for the modernization of our health care infrastructure. MHA members have been especially appreciative of the Montana Capital Assistance Program, which has provided needed technical assistance and financing of capital improvement plans."

Dick Brown
President
Montana Hospital Association, Helena

)08 MFFA Financing Recipients

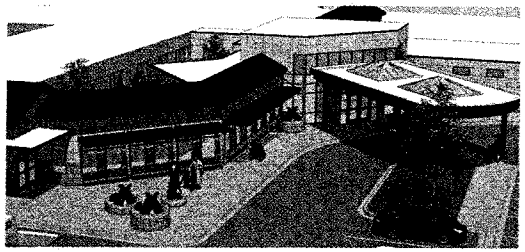


Sandy, Chouteau County • Big Sandy Medical Center
,427 loan to purchase laboratory equipment and new central :onditioning system for hospital and clinic. *Benefit: Upgrade quipment for improved diagnostic capability, energy efficiency safety.*

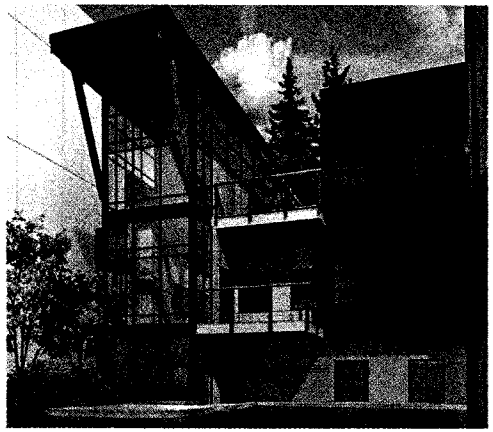


ngs, owstone nty • ngs Clinic .000,000 onds for struction new :er center on the main campus, relocation of outpatient ıery operation, and expansion of the Family Birth Center. *efit: Easy access to low-cost money assures upgrading expansion of facilities as well as providing a safe surgical ronment.*

Bank, Glacier County • Northern Rockies Medical ter, INC. (NRMC)
196 loan for the purchase of a laparoscope and a surgical



Glendive, Dawson County • Glendive Medical Center
$30,000,000 in bonds to undertake additions and renovations under Phase II of Facility Master Plan as well as upgrade and relocate service and electrical lines and replace four existing boilers. *Benefit: Board of Investment's enhancement provided access to low-cost money allowing for the upgrade and expansion of the facility planned for under the Master Plan.*



Helena, Lewis and Clark County • Boyd Andrew Community Services
$1,500,000 in bonds for the construction of a new office building to include, replace and enlarge outpatient chemical dependency programs area. *Benefit: Allow for the consolidation of programs for greater coordination of services.*

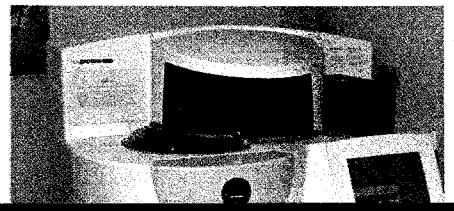
Miles City, Custer County • Eastern Montana Mental Health Center (EMMHC)

Missoula, Missoula County • Opportunity Resources, Inc.
$224,900 loan for the purchase of a home to house four adult clients. *Benefit: Reduce waiting time for clients who need residential treatment.*

Western Montana Mental Health Center
$132,000 loan for roof replacement at Ft. Missoula, carpet replacement at Dillon and refurnish basement at Kalispell. *Benefit: Bring facility up to safety standards as well as improve the safety and atmosphere of the client environment.*

Townsend, Broadwater County • Broadwater Health Center
$54,305 loan for the purchase of a Radiology Picture Archival ar Communication System. *Benefit: Upgrade in technology to give timely access to patient records and improve patient services.*

Townsend, Broadwater County • Broadwater Health Center
$55,366 loan for the purchase of a blood chemistry analyzer. *Benefit: Provide dependable diagnostic service to local*

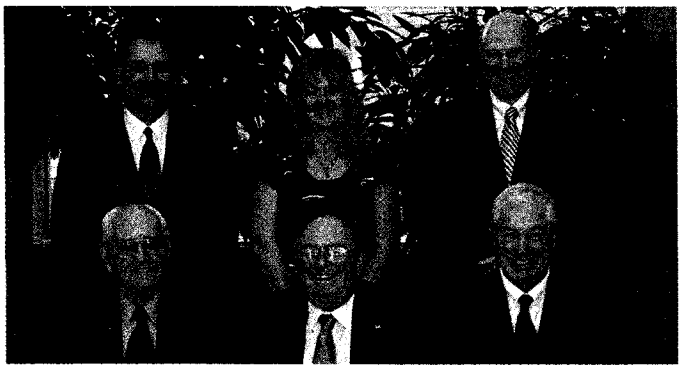


MONTANA FACILITY FINANCE AUTHORITY

The AUTHORITY REVIEW 2008

BOARD

A seven-member board, appointed by the Governor of Montana, directs the Montana Facility Finance Authority. The board is broadly representative of the state and seeks to balance professional expertise and public accountability. Members review and approve complex borrowings and help ensure that the Authority continues to offer a mixture of programs that are relevant to Montana's changing needs.



MFFA BOARD: (back row, L-R) Matt Thiel, attorney; Kim Rickard, business manager, laborer's union; Larry Putnam, former hospital administrator; (front row, L-R) Joe Quilici, former business owner and state representative 1971-1999; James (Bill) Kearns, bank chairman; and Jon Marchi, chairman, venture capital/ranching. Not pictured: Richard King, president/CEO of an area economic development corporation

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25 Years of Building Solutions

Dear fellow Montanans:

This marks our 25th year providing effective financing solutions for Montana health care and other qualified non-profit facilities – without using a single dollar in state tax funds. Our efforts have greatly benefited all Montanans.

Despite a challenging 2008 financial environment, we issued $91.5 million in tax-exempt bonds and $3.9 million in other loans for nine major projects, all of which was used directly for new construction and facilities improvements.

Highlights include:

- Continuing our 25-year track record of structuring financings, assisting borrowers and maintaining our record of no defaults;
- Working with the Montana Board of Investments, our participating small rural and Critical Access Hospitals (CAH) continue to save millions of dollars in interest costs over the life of the bonds issued; and
- Developing with counterparts throughout the nation legislation that would empower local banks to issue letters of credit backed by the Federal Home Loan Bank, giving borrowers preferred ratings that result in lower interest rates.

We determined, because of market disruptions, it was time to end our Variable Rate Program. Working with the staff, each borrower was able to re-finance through a local bank, make a cash payout or re-finance through another existing Authority program.

We wish to thank our dedicated Board members and staff for their ongoing commitment to help Montana's vital non-profits provide valuable services. Looking ahead, we will continue to develop and implement cutting-edge financing solutions that benefit all Montanans. Thank you for your support.

Jon Marchi
Chairman of the Board

Michelle Barstad
Executive Director

ontanans in our small communities access quality health care."

Larry Putnam
Eagle Healthcare Consulting
Former Chief Executive Officer,
Phillips County Medical Center, Malta

access the tax-exempt capital market at investment grade interest rates, saving millions of dollars over the life of the bond issue."

Peg Norgard, Chief Executive Officer
Northeast Montana Health Services, Inc., Wolf Point

significant to our Center's ability to operate and retain doctors – and on the health of our county."

Sam J. Allen, FACHE, Chief Executive Officer
Broadwater Health Center, Townsend

)08 Financings

IECT LOAN PROGRAM
ıns up to $200,000 for up to five years
n Authority funds for qualifying projects.

Sandy, Chouteau County
Sandy Medical Center: $62,427 loan: purchase laboratory ıipment and new central air conditioning system for hospital l clinic.
ırest Rate: 3.24% Term: 5 years

: Bank, Glacier County
thern Rockies Medical Center, Inc.: $27,196 loan: purchase aroscope and surgical headlamp.
ırest Rate: 3.47% Term: 5 years

es City, Custer County
tern Montana Mental Health Center: $74,000 loan: purchase ıipment and furniture for its Glasgow, Glendive, Sidney, syth and Miles City facilities.
ırest Rate: 2.83% Term: 5 years

ssoula, Missoula County
stern Montana Mental Health Center: $132,000 loan: roof lacement Missoula; carpet replacement Dillon; refinish ement Kalispell.
ırest Rate: 2.95% Term: 5 years

vnsend, Broadwater County
vnsend Health DBA Broadwater Health Center: $54,305 ı; purchase radiology picture archival and communication tem.
ırest Rate: 3.47% Term: 5 years

vnsend Health DBA Broadwater Health Center: $55,366 ı: purchase blood chemistry analyzer.
ırest Rate: 3.39% Term: 5 years

STER LOAN PROGRAM
ough the Montana Board of Investments, this program vides access to the tax-exempt capital market at investment de interest rates for smaller hospitals.

ndive, Dawson County
ndive Medical Center: $ 30,000,000 in bonds: additions renovations under Phase II of Facility Master Plan as well ıpgrades and relocation of service and electrical lines, and lacement of 3 existing boilers.
rest Rate: 4.91% Term: 25 years
ing: June 17, 2008 Rating: Aa3/AA-

MONTANA CAPITAL ASSISTANCE PROGRAM
Grants up to $15,000 with a 20% cash match to small rural hospitals. The following were approved:

Columbus, Stillwater County
Stillwater Community Hospital: $15,000 grant: Scope of Service and Facility Master and Capital Financing Plans.

Dillon, Beaverhead County
Barrett Hospital: $15,000 grant: Scope of Service and Facility Master Plan.

Ft. Benton, Chouteau County
Missouri River Medical Center: $14,800 grant: Facility Master Plan.

Hardin, Big Horn County
Big Horn Hospital Association: $14,380 grant: Facility Master Plan.

Harlowton, Wheatland County
Wheatland Memorial Healthcare: $15,000 grant: Facility Master Plan.

Philipsburg, Granite County
Granite County Medical Center: $12,000 grant: Facility Master Plan.

STAND-ALONE BOND FINANCING
Bond issue is structured for one borrower at a time.

Billings, Yellowstone County
Billings Clinic: $60,000,000 in bonds: new cancer center on main campus, relocate outpatient surgery operation, expand Family Birth Center.
Interest Rate: 5.36% Term: 20 years
Interest Rate: 5.31% Term: 15 years
Pricing: May 27, 2008

Helena, Lewis and Clark County
Boyd Andrew Community Services: $1,500,000 in bonds: construct new office building to replace and enlarge outpatient chemical dependency program area.
Interest Rate: 5.40% Term: 20 years
Pricing: June 18, 2008

TRUST FUND LOAN PROGRAM
Makes short-and-long-term fixed rate loans from the Permanent Coal Trust Fund.

Missoula, Missoula County
Opportunity Resources, Inc.: $224,900 loan: purchase a hor to house four adult clients.
Interest Rate: 6.35% Term: 20 years
Pricing: February 2008

Montana Facility Finance Authority Highlights

1983 - Legislature created the predecessor to the MFFA to look for ways to contain costs and help rural health care providers finance projects.

1984 – First financing of $1 million made to Francis Mahon Deaconess Center, Glasgow.

1992 –Master Loan Program with Bond Guarantee from the Boa of Investments initiated offering a lower interest rate over the li of the bond enabling re-investment of savings into the project.

1994– Direct Loan Program started offering clients quick and ea financing option.

1997 – Legislature authorized loans for pre-release centers as a less expensive and more effective way to treat the underlying causes that lead to prison.

1997 – ***Governing Magazine*** recognized issuance of nearly $3 million in bonds on behalf of Alternatives Inc. of Billings, a pre-release center, as one of the nation's six most notable "Dea of the Year."

1999 – Trust Fund Loan Program created to allow short- and lor term loans from the Permanent Coal Trust Fund at fixed taxable interest rate for term of loan and offering bridge loan option.

2000 – MFFA hits $1 billion mark in financings throughout Montana.

2007 – MFFA's Statutory Issuance authority doubled from $250 million to $500 million.

"MFFA makes it feasible for organizations like ours to build state-of-the-art treatment facilities as a less expensive and more effective way of helping state prisoners and those suffering from the disease of chemical dependency address the underlying causes that led to prison. We help turn around lives, reduce recidivism, and save state tax dollars."

Mike Ruppert, Chief Executive Officer
Boyd Andrew Community Services, Helena