



OVERVIEW: MONTANA FACILITY FINANCE AUTHORITY

The Montana Facility Finance Authority (MFFA), created in 1983 under 2-15-1815, MCA, as a "public body corporate" for "an essential public function," is allocated to the Department of Commerce for administrative purposes. The stated mission of the MFFA is to "enhance Montana health care and community capabilities through access to cost-effective capital financing and development services." As of the end of 2019, the MFFA had structured more than \$3.43 billion in financings.

The MFFA is responsible for reviewing applications, granting them as appropriate, and then issuing tax-exempt bond financing, low-interest loans, or limited planning grants. Some loans may be from the permanent coal tax trust fund and others from MFFA's own fund. Under statute, the authority may loan up to \$15 million from the permanent coal tax trust fund. As of yearend 2019, outstanding loan balances amounted to \$7.4 million under the coal tax trust fund.

Obligations issued by the Montana Facility Finance Authority are not state debt but are to be repaid by revenue from an asset or the asset itself.

Applicants are limited to certain health care organizations and other entities recognized in statute. If a for-profit entity receives financing from MFFA, the project is subject to taxation in the way similar projects normally are (90-7-116, MCA).

Based on the policy described in 90-7-112, MCA, "The authority performs a public function ... and is a public instrumentality of the state... [T]he income or other revenue ... and any bonds, notes, or other obligations ... are exempt at all times from all taxation in the state of Montana."

Revenue bonds issued by MFFA do not meet the definition of state debt in 17-5-802, MCA. As specified in 90-7-111, MCA, the obligations issued by the MFFA do not constitute a state debt but are to be paid by the asset revenue or the financed asset itself. Another statute, 90-7-113, MCA, declares that MFFA-issued bonds are a legal investment for local governments as well as financial institutions, among others.

Board Members

The seven-member quasi-judicial board, appointed by the governor, is to be "broadly representative of the state, seeking to balance professional expertise and public accountability" (2-15-1815, MCA).

Staffing

The board has authority over its own staff and may hire consultants but must consult with the Department of Commerce for staffing and contracting. The executive director is Adam Gill. The Dec. 10, 2019, [agenda](#) included looking ahead to 2021 legislative considerations.

MFFA Members	Representing	Term Expires
Larry Putnam, Helena, chair	Former Hospital Administrator	1/1/2021
James (Bill) Kearns, Townsend	Former Bank Chairman	1/1/2021
Jan Bastian, Miles City	Former CEO, health organization	1/1/2021
Matthew Thiel, Missoula	Attorney	1/1/2023
Paul Komlosi, White Sulphur Springs	Former Economic Development Consultant	1/1/2023
John Rogers, Helena	Governor's Former Chief Business Officer	1/1/2021
Kim Rickard, Helena	Labor	1/1/2023

Duties/Responsibilities

The Montana Facility Finance Authority operates under Title 90, chapter 7, MCA. The authority's powers are listed in 90-7-202, MCA, and include the right to contract for the investment or borrowing of funds, participate with financial institutions in buying or guaranteeing of loans, issue bond anticipation notes, or acquire real or personal property and hold, sell, or assign mortgages or other loans owned or in the control of MFFA. The authority also can charge reasonable fees for its services.

Eligible Facilities

Institutions, whether public or private, are eligible for financing assistance if they meet the criteria in 90-7-104, MCA. These include various types of health care facilities, including nonprofit hospitals, nursing homes, and public health centers, as well as nursing schools, laboratories, a dental care facility, and prerelease centers. Also allowed are projects eligible for qualified small issue bond financing determined under 26 U.S.C. 144(a), such as small for-profit manufacturers.

Equipment and furnishings may be covered, but supplies or other regular operating expenses are not.

Funding

MFFA is self-supporting and receives no general fund appropriation for its own operations. However, MFFA can deposit into an enterprise fund any investment income from funds invested by MFFA less the cost of investment.

Legislative Audits

Under 90-7-121, MCA, the MFFA's books and records must be audited at least once a biennium.

- Financial Compliance Audit, [18-12](#), March 2019, for the biennium ending June 30, 2018, had no recommendations.
- Financial Compliance Audit, [16-12](#), March 2017, for the biennium ending June 30, 2016, had one recommendation to improve internal controls to ensure accurate and complete financial reporting that meets accounting principles.

FY 2021 Biennium Budget		
TOTAL	FY 2020	FY 2021
	\$806,893	\$797,081
Personal Services (3 FTE)	\$270,350	\$274,697
Operating Costs	\$166,543	\$150,384
Grants	\$330,000	\$330,000
Transfers	\$40,000	\$42,000
Loans, Bonds Issued		
Loans from MFFA Account - 2018	\$1.3 million	
Other Financings		
Coal Tax Trust - 2018	\$4.3 million	
4 Bond Issues - 2018	\$111.362 million	
FY 2018 Outstanding Loans	\$997 million	
Stand-Alone Bond Financing - 2019	\$125.425 million	
Generally, Information is from the Financial Compliance Audit issued March 2019. Stand-alone bond info: Dept. of Commerce		

Borrowers, Projects, Loan Rate from 7/1 to 11/30/2019	Amounts
<ul style="list-style-type: none"> Eastern MT Community Mental Health, Miles City Facility Upgrade & Refinance: 2.25% 10-year direct loan 2.89% 10-year trust fund loan 	\$500,000 \$581,215
<ul style="list-style-type: none"> McCone County Health, Circle Hot Water System Upgrade, 2.15% 7-year direct loan 	\$99,100
<ul style="list-style-type: none"> Northeast Montana Health Services, Wolf Point Refinance 2.00% 4-year direct loan 	\$498,531
<ul style="list-style-type: none"> Job Connections, Billings Refinance 2.26% 10-year direct loan 	\$298,470
<ul style="list-style-type: none"> Central Montana Medical Center, Lewistown Refinance 2.26% 10-year direct loan 	\$335,870
<ul style="list-style-type: none"> Marcus Daly Memorial Hospital, Hamilton Purchase Clinic Building 3.31% 20-year trust fund loan 	\$1,500,000
<ul style="list-style-type: none"> Dahl Memorial Healthcare, Ekalaka Electronic Health Record Upgrade 2.03% 7-year direct loan 	\$175,000
<ul style="list-style-type: none"> Fallon Medical Complex, Baker CT Scanner 2.00% 5-year direct loan 	\$300,000
<ul style="list-style-type: none"> Alternatives Inc., Billings Purchase of Office Space 3.31% 20-year trust fund loan 	\$1,500,000

Source: Fiscal Report for the FY2021 Biennium Budget and Commerce email.