

State of Michigan
Department of Treasury
Bureau of Bond Finance

Michigan State Hospital
Finance Authority

ANNUAL REPORT
2009

Michigan State Hospital Finance Authority Mission Statement

Authority Mission Statement

The Michigan State Hospital Finance Authority (MSHFA) will provide low cost capital financing to non-profit providers of health care services that participate in any phase of the continuum of health care.

The Authority Finance Division, as part of the Bureau of Bond Finance, provides financial and administrative support services on behalf of MSHFA to assist with achieving its goals.

Bureau of Bond Finance Mission Statement

The Bureau of Bond Finance will achieve and maintain access to the financial market at the lowest cost to the citizens of Michigan on behalf of:

- Hospitals and their patients
- Higher education students and their families
- Private colleges and their students
- Public school academies and their students
- Public schools and their taxpayers
- Municipalities and their taxpayers
- The State-at-large for environmental, recreational, and other specific voter approved projects
- The State for cash flow financing for operating purposes.

Vision

- We are committed to fair, consistent, and courteous customer service.
- We have the training, technology, and tools to meet customer needs.
- We provide low-cost financing in order for cities and communities to be magnets for economic opportunities, with high quality education and healthcare.
- We are a division where public service and service to others is exalted.

Values

- Integrity: Michigan's schools, colleges, universities, municipalities, and healthcare providers; along with bond counsel, financial advisors, and underwriters know that they can depend upon the Authority Finance Division to follow through on their commitments.
- Excellence: The Authority Finance Division is committed to providing increasingly effective, low-cost financing to protect the interests of the citizens of Michigan.
- Teamwork: The Authority Finance Division will work together to provide effective, low-cost financing to Michigan's schools, colleges, universities, municipalities, and healthcare providers.
- Pride: In our achievements.

Michigan State Hospital Finance Authority Purpose and Structure

The Michigan State Hospital Finance Authority was created by Act 38 of 1969, Hospital Finance Authority Act (the Act), for the purpose of making loans to healthcare organizations in Michigan. MSHFA issues bonds to fund loans to hospitals, nursing homes, homes for the aged, and certain retirement housing providers. Loans may also be made to imaging centers, clinics, and other non-hospital healthcare providers. Loan proceeds are used by the healthcare provider to finance or refinance acquisition, construction, improvement, and other eligible costs of projects. Eligible costs include, but are not limited to, plans, studies, surveys, architectural, engineering, legal, financing, and site development as well as interest expenses during the period of construction.

In addition to assisting large integrated health delivery systems, MSHFA has also been able to assist a broad range of smaller healthcare providers through its Healthcare Equipment Loan Program (HELP) bond issues. Established in 1980, HELP offers pooled loans to the same healthcare institutions served by MSHFA. It has been an effective means for small providers, and large providers with small projects, to efficiently access the public tax-exempt bond market. The HELP participants share the costs of issuance and administrative fees among multiple borrowers in a single bond issue.

The Michigan State Hospital Finance Authority is comprised of seven members. The Governor, with the advice and consent of the Senate, appoints five members each to a four year term. The State Treasurer and the Director of the Department of Community Health serve as members by virtue of their appointed offices. The present membership of MSHFA is as follows:

Susan W. Martin, Chair

MaryLee Davis, Vice Chair

Linda E. Bloch

Mary Ann Minard

Robert J. Kleine, State Treasurer

Janet Olszewski, Director, Department of Community Health

Jayprakash Shah

Michigan State Hospital Finance Authority 2009 Activity

The Michigan State Hospital Finance Authority issued \$544 million in long-term healthcare bonds, including \$9 million of HELP bonds. The issuance of these bonds allowed MSHFA to close loans totaling \$544 million.

MSHFA bond issues financed loans for the following projects:

- purchase and installation of a picture archiving and communication system;
- hospital expansion including cystoscopy, ambulatory services and PACU units;
- refunding to convert debt from variable to fixed rate;
- reimbursement for construction of a hospital facility;
- expansion of an imaging center, a comprehensive cancer center, and an ambulatory surgery facility
- purchase of PET scanners and MRI equipment (both mobile and fixed);
- various equipment and capital projects throughout Michigan.

**MICHIGAN STATE HOSPITAL FINANCE AUTHORITY
2009 BOND ISSUES**

BOND ISSUE	AMOUNT
HELP Installment 25 C	9,000,000
Pooled Financings	\$ 9,000,000
North Oakland North Macomb	\$ 2,184,870
Port Huron Hospital, 2009 A	14,645,000
MidMichigan Obligated Group	85,220,000
Henry Ford Health System 2009	330,735,000
Trinity Health, Series 2009 B	51,420,000
Trinity Health, Series 2009 C	51,420,000
Individual Financings	\$ 535,624,870
Total MSHFA	\$ 544,624,870

MICHIGAN STATE HOSPITAL FINANCE AUTHORITY BOND ISSUE HISTORY

Year	Number of Bond Issues	\$ Million
1974	1	23
1975	5	105
1976	5	83
1977	3	96
1978	7	65
1979	6	108
1980	9	220
1981	5	71
1982	9	325
1983	8	113
1984	6	334
1985	21	736
1986	6	271
1987	4	91
1988	8	195
1989	6	263
1990	7	210
1991	10	409
1992	12	371
1993	9	846
1994	9	243
1995	12	457
1996	12	490
1997	16	647
1998	17	912
1999	13	1,263
2000	12	529
2001	9	141
2002	12	474
2003	18	983
2004	10	170
2005	20	874
2006	14	939
2007	11	460
2008	10	1,648
2009	7	544
Total	348	\$15,686

