

**SPECIAL MEETING OF THE
MONTANA BOARD OF INVESTMENTS
DEPARTMENT OF COMMERCE**

**Special Meeting of the Board
Via Conference Call**

**2401 Colonial Drive
3rd Floor, Large Conference Room
Helena, Montana**

Tuesday, May 10, 2005

AGENDA

- | | | |
|-------------|---|-------------------|
| I. | CALL TO ORDER | 10:00 a.m. |
| II. | MONTANA LOAN PROGRAM | |
| | A. Autumn Springs Assisted Living Company LLC. | |
| III. | ADJOURNMENT | 10:30 a.m. |

The Board of Investments makes reasonable accommodations for any known disability that may interfere with a person's ability to participate in public meetings. Persons needing an accommodations must notify the Board (call 444-0001) or write to P.O. Box 200126, Helena, Montana 59620) no later than three days prior to the meeting to allow adequate time to make needed arrangements.

**MONTANA BOARD OF INVESTMENTS
DEPARTMENT OF COMMERCE**

**2401 Colonial Drive, 3rd Floor
Helena, Montana
Tuesday, May 10, 2005**

MINUTES

BOARD MEMBERS PRESENT: Terry Moore, Chairman
Teresa Cohea
Karen Fagg
John Paull
Jack Prothero
Calvin Wilson

BOARD MEMBERS ABSENT: Elouise Cobel
Maureen Fleming
Jim Turcotte

STAFF PRESENT: Geri Burton, Deputy Director
Kimberly Dallas, Program Assistant
Herbert Kulow, Senior Portfolio Manager
Delrene Rasmussen, Assistant Investment Officer
Carroll V. South, Executive Director

GUESTS: None

CALL TO ORDER

Chairman Moore called the regular meeting of the Board of Investments (Board) to order at 10:05 a.m. via conference call at 2401 Colonial Drive, 3rd Floor, Helena, Montana. As noted above, the meeting convened with six members of the Board present.

LOAN PROGRAMS

Consideration of Commercial Loan Participation – Permanent Coal Trust Fund

Ms. Delrene Rasmussen presented staff's recommendation to participate in the following loan request:

Borrower:	Autumn Springs Assisted Living Company, LLC.
Lender:	Stockman Bank, Billings
Purpose of Loan:	To provide long-term financing for a 52-bed assisted living facility.
Amount of Loan:	\$2,140,000
Board Loan Amount:	\$1,712,000
Board Participation:	80%
Term of Loan:	20 Years
Interest Rate:	7.32% + .50% LSF = 7.82%
Staff Recommendation:	Approval, subject to the terms and conditions in Schedule A.

Loan Committee Recommendation:

1. The owners of Autumn Springs Assisted Living Company, LLC and Autumn Springs Assisted Living Company (operating company) will be limited to drawing salary and/or bonuses or dividends not to excess of 80% of the net operating income before income tax. Any salaries or bonuses paid to the owners will be added back to net operating income before tax to determine this calculation.
2. The lender will insure that the lease payment from the operating company to the borrower will be sufficient to generate a debt coverage ratio of not less than 1.25, after considering zero percent for vacancy and 7% for all other costs.
3. If the borrower applies for an interest rate reduction resulting from the creation of jobs, the lender will insure that either the lease or the loan agreement reflect that the interest rate reduction benefit is passed on to the tenant through a reduction of rent.

Member Fagg moved for ratification of loan committee recommendation; Member Wilson seconded the motion and the motion was passed 6-0.

ADJOURNMENT

There being no further business, the meeting was adjourned at 10:30 a.m.

BOARD OF INVESTMENTS

APPROVE: _____
Terry Moore, Chairman

ATTEST: _____
Carroll South, Executive Director

DATE: _____