

On Strategy - Off Balance Sheet

Multispecialty Group Joint Ventures to Finance its Vision

The Great Falls Clinic, LLP, located in Great Falls, Montana is a physician-owned multispecialty group that emphasizes primary care and specialty services. The Clinic has over 130 providers practicing at multiple locations throughout Central Montana.



Great Falls Clinic Specialty Center – Great Falls, Montana

The Clinic was organized in 1917 and has added over 100 physicians since 1984. The caliber of physicians and breadth of specialty programs has resulted in the Clinic's evolution into a regional referral center.

Serving a population of over 300,000, the Clinic has been forced to reconcile the capital demand required to support expanding clinical programs with declining reimbursements and the cost of facility development.

With increasing demand from patients for new specialty physicians and programs, the Clinic determined that the development of an outpatient specialty facility was imperative.

The Clinic's main location, a 100,000 square foot primary care facility adjacent to the community hospital, could no longer support the demand for new physicians. The Clinic engaged Frauenshuh HealthCare Real Estate Solutions to explore a range of development and financing options to address the expansion requirements.

Faced with the need for investment in specialty programs, technologies, recruitment and additional primary care satellite growth, the Clinic determined that an alternate source of capital would be an attractive option for the real estate portion of the project.

The final business plan developed by management and approved by the Great Falls Clinic board included a 2-story, 108,000 square foot multispecialty center containing oncology, radiology, cardiovascular, surgery, orthopedics and ophthalmology. The master site plan for the 17-acre campus can also accommodate two significant expansions in the future.

The Clinic determined that the project needed to be financed without personal guarantees from the physicians. They also determined that the lease should be structured as an operating lease and that long-term control of the real estate should be retained by the physicians.

A 50:50 joint venture was formed between the Clinic and Frauenshuh to provide for co-ownership of the project, resulting in the achievement of the Clinic's stated goals. A non-recourse permanent loan was obtained for the Great Falls Clinic/Frauenshuh joint venture and structured to conform to all audit requirements for characterization as an operating lease.

The Great Falls Clinic remains independent and is successfully implementing its growth plans.



"Frauenshuh understood the dynamics of our physician-lead multispecialty group and was able to create a financing and development strategy that worked for us."

*Greg Hagfors, Administrator/CEO
Great Falls Clinic, LLP*

To learn how Frauenshuh HealthCare Real Estate Solutions can help you achieve your facility development and capital access goals, contact them at (952)829-3480 or www.FrauenshuhHealthCare.com.



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