

MONTANA

BOARD OF INVESTMENTS

SPECIAL BOARD MEETING

Zoom Conference

December 17, 2021

11:00 am – 12:00 pm

AGENDA

CALL TO ORDER – Karl Englund, Board Chairman

1. Notice of Video/Audio Recording
2. Roll Call
3. Public Comment – *Public Comment on issues with Board Jurisdiction*
4. ARPA Down Payment Assistance Program – **Decision**
5. Adjournment

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TO: ARPA Economic Transformation and Stabilization and Workforce Development Advisory Commission

FROM: Dan Villa, Executive Director

DATE: December 10, 2021

SUBJECT: Montana Down Payment Assistance Loan Program

Overview: The program objective is to allow growing businesses to retain valuable working capital during the growth phase vs. depleting cash to fund down payments on necessary equipment or building purchases/expansions.

Funding must be for acquisition of equipment or real estate purchases/expansions needed to support growing operations.

Allocation Request and Deadlines: Minimum Board of Investments (BOI) participation is \$250,000 and maximum is \$3,000,000.

Structure: Originating lender will underwrite the primary and subordinate loans. The subordinate loan can, subject to BOI approval, be sold to BOI.

Subordinate loan may not exceed 30 percent of total debt for property, plant and/or equipment loans to expanding Montana small businesses. Fixed rate set for term of loan upon receipt of non-refundable .25 percent reservation fee. Business must provide at least 5 percent down payment.

The BOI/purchased loan will be subordinate to the primary loan but secured with a second position lien on all assets securing the primary loan.

Loans will be serviced by lender with a maximum .5 percent loan servicing fee.

Eligibility: Established and growing Montana based businesses in good standing with no current outstanding State of Montana obligations.

Application and Verification: Originating lender applies and must provide loan review to BOI for processing and approval subject to continuing guidance.

Equity: All qualifying established and growing Montana based business are eligible.

Performance Metrics: The Down Payment Assistance Loan Program must be leveraged to maximize economic benefit of one-time federal dollars.

Recommendation: Allocate \$37,000,000 in Montana Down Payment Assistance Loan Program funds to allow growing businesses to retain valuable working capital during the growth phase vs. depleting cash to fund down payments on necessary equipment or building purchases/expansions.



American Rescue Plan Act – Section 602 Inter-agency Service Agreement

The funding provided by the federal government under the American Rescue Plan Act – Section 602 will be distributed by the Governor’s Office of Budget and Program Planning (OBPP). The purpose of this agreement is to outline the terms mutually agreed to by OBPP and the agency listed below. The agreement shall be in effect upon execution until December 31, 2024.

Agency	
Representative	
Purpose	
Term	Funding must be obligated by December 31, 2024, unless specifically designated otherwise. If the agency is projected to not be able to fully distribute funding for the stated purpose, OBPP will reassign the funding for another allowable purpose.
Amount	\$
Funding	Funding will be appropriated through the budget change document process. Agency will submit an AA BCD for the agreed upon distribution amount to be put into a federal fund with a subclass with “4” in the fourth character field. OBPP will monitor spending of funds and work with agency representatives to determine if funding will need to be re-appropriated. OBPP will transfer funding in the 68 category from Agency 31010, Fund 03001, Subclass 0955__ (A-G or K, see list) and it will be continuing.
Amendments	An amendment will be done if OBPP adjusts funding amounts. Appropriation will be amended and tracked with budget change documents submitted by the agency to OBPP.
Compliance	Agencies are required to comply with the Coronavirus State and Local Fiscal Recovery Funds Interim Final Rule dated May 17, 2021 for state, territorial, local, and tribal governments. Federal Register :: Coronavirus State and Local Fiscal Recovery Funds . OBPP has authority to remove funding if agency is not in compliance.

Deputy Budget Director Amy Sassano
Office of Budget and Program Planning

Agency Representative

Date

Date