

**MONTANA BOARD OF INVESTMENTS  
DEPARTMENT OF COMMERCE  
SPECIAL CONFERENCE CALL BOARD MEETING**

**2401 Colonial Drive, 3<sup>rd</sup> Floor  
Helena, Montana  
Thursday, July 31, 2008**

**MINUTES**

**BOARD MEMBERS PRESENT:**

Teresa Cohea  
Karl Englund  
John Paull  
Jack Prothero  
Jon Satre  
Jim Turcotte

**BOARD MEMBERS ABSENT:**

Terry Moore, Chairman  
Elouise Cobell  
Maureen Fleming  
Tom McGillvray  
Dan Weinberg

**STAFF PRESENT:**

Geri Burton, Deputy Director  
Kim Dallas, Program Assistant/Board Secretary  
Herb Kulow, Portfolio Manager

**CALL TO ORDER**

Vice Chairperson Cohea called the special conference call board meeting of the Board of Investments (Board) to order at 8:30 a.m. As noted above, the meeting convened with six members of the Board present. Members Terry Moore, Elouise Cobell and Maureen Fleming were absent.

**Public Comment**

Vice Chairperson Cohea called for Public Comment of Board-Related Items. *No Public Comment made.*

**MONTANA LOAN PROGRAM**

Mr. Jack Prothero, Chairperson of the Loan Committee, reported that the Loan Committee has reviewed and approved a staff recommended loan request submitted by First Interstate Bank, Billings in the total amount of \$3,500,000. The Board's loan will be a \$2,625,000 (75%) participation in the value-added loan for Summit Aeronautics Group, LLC.

		<u>Amount</u>	<u>Rate</u>	<u>Term</u>	<u>Annualized Payment</u>
First Interstate Bank, Billings	25%	\$875,000	6.50%	10 Years	\$119,225
BOI	75%	\$2,625,000	2.50% Fixed (*2.00% + .50% LSF)	10 Years	\$296,950
Sub-total	100%	\$3,500,000			\$416,175
SBA 504**		\$2,789,524	7.00% fixed	10 Years	\$388,665
Total Financing		\$6,289,524			\$804,840

\*Value Added Pricing: 2% first five years, 6% second five years based on creation of 15 jobs

\*\*SBA 504 pending approval (pricing/annualized payment is unknown at this time; *estimated*)

Summit Aeronautics Group, LLC (Summit) has an existing aggregate Board of Investments (BOI) loan balance of \$2,703,954 as of July 15, 2008. The balance consists of three value-added loans approved and funded by the Board; one in 2002 and two in 2006 under the borrower's previous name, Summit Design & Manufacturing, LLC participated with Mountain West Bank of Helena. Maturity dates are October 2011, 2012 and 2013.

The proposed loan request will be the fourth value-added equipment loan to Summit and will increase BOI's share to \$5,328,954, which represents 75% of \$7,127,306. BHAM Development, LLC, (BHAM), which is a real estate holding company with similar ownership as Summit, leases the existing facility to Summit. On June 18, 2008, BOI funded a 60% participation of Valley Bank of Helena's \$9,400,000 building expansion loan. **BOI's total exposure with Summit and BHAM equates to \$10,968,954** or 6.26% of the \$175,364,310 outstanding balance of the coal tax commercial loan portfolio as of June 30, 2008 and 5.7% of the maximum allowable (25%) coal tax trust loan balance which, as of June 30, 2008, was \$192,595,509. Total credit exposure to Summit and BHAM in which BOI is a participant is \$16,527,306. The proposed request is contingent upon an equity contribution by Summit of approximately \$700,000 representing 10% of the total loan, as required by the SBA 504 loan program.

**Motion:** Member Jack Prothero motioned for approval of the loan request as recommended by staff; Member Turcotte seconded the motion and the motion was unanimously approved 6-0.

Mr. Herb Kulow brought to the Board's attention that First Interstate Bank will be submitting another loan request on behalf of Summit Aeronautics Group, LLC within the next 30 to 60 days. The request will be under the Value-Added Loan Program with MBOI participation of approximately \$750,000 and the purpose of the loan will be to purchase machinery.

After further discussion, Member Prothero modified the motion to approve a future loan request under the Value-Added loan program in a maximum MBOI participation amount of \$750,000. Member Turcotte seconded the motion and the motion was unanimously approved.

Summit Aeronautics Group, LLC will be required to follow the Board's application process when requesting the additional \$750,000.

**ADJOURNMENT**

These minutes are Approved and Final.  
Full Board review and decision took place at the August 19 & 20, 2008 Regular Meeting of the Board.

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There being no further business, the meeting was adjourned at 9:00 a.m.

**BOARD OF INVESTMENTS**

APPROVE: \_\_\_\_\_  
Terry Moore, Chairman

ATTEST: \_\_\_\_\_  
Carroll South, Executive Director

DATE: \_\_\_\_\_