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July 22, 2021

Governor Greg Gianforte
Office of the Governor
P.O. Box 200801
Helena, MT 59620

Director Scott Osterman
Montana Department of Commerce
P.O. Box 200501
Helena, MT 59620

Members of the Economic Transformation, Stabilization, and Workforce Development Advisory
Commission
State of Montana
Helena, MT 59620

Dear Governor Gianforte, Director Osterman and Members of the Economic Transformation,
Stabilization, and Workforce Development Advisory Commission:

Thank you for your leadership in shepherding American Rescue Plan Act funds for Montana as our state, including its business sector, begin the process of emerging from the economic calamity of the past year-and-a-half due to the global pandemic. Your work to put these funds to productive use is appreciated, meaningful and will have a positive impact on the economic competitiveness of Montana.

The Montana Economic Developers Association is deeply appreciative of the Administration's interest to utilize a portion of these funds to establish a Montana-made Revolving Loan Fund Program that will assist businesses throughout our state to finance their start-up or expansion needs. Access to capital for our business sector will be paramount in assuring that Montana's economic comeback is robust, sustained and an example of how public-private partnerships can truly work to create jobs, grow our economy and expand our tax base.

There are many solid reasons why an investment by the State of Montana into a Montana-made Revolving Loan Fund Program is a wise use of ARPA funding. In fact, we truly believe that the establishment of such an RLF Program is very likely the best use of these funds for their intended purpose of helping to jump-start our economy and will significantly assist the Administration in realizing the goals set forth in the Montana Comeback Plan.

The reasons we believe establishing this proposed RLF Program will be beneficial to Montana include the following:

- 1) **RLF Funding Bridges the Urban-Rural Divide.** Many traditional economic development strategies do not necessarily lend themselves to rural areas. An active statewide RLF program has the ability to assist entrepreneurs in rural and frontier areas, as well as urban areas, expand existing businesses and help start new ones.
- 2) **RLF Funds Leverage Other Resources.** Montana's economic development practitioners know how to leverage scarce resources to have an outsized impact on growing our state's economy. By having RLFs located in local and regional economic development organizations, these professionals have access to resources such as technical assistance, grant funding and other capital that increase the likelihood that complex projects will be successful.
- 3) **Revolving Funds Continue to Grow the Economy.** The very nature of RLFs indicate that the capital base used to help businesses start-up or expand will continue to be available for other ventures in the future as loans are repaid.
- 4) **RLFs Provide Gap Financing Through Partnerships with Banks.** Often times traditional bank financing simply is not available to cover the needed expenses for every business start-up or expansion project. Because of this, Montana's RLFs often provide much-needed gap financing to fill the void between project cost and bank financing, making projects happen that otherwise would not be feasible. Many of Montana's RLFs include bank financing for up to 70% of the loans in the overall portfolio.
- 5) **RLFs in Montana are Professionally Managed.** Our state's economic development community has done an outstanding job of assuring that organizations that manage RLFs have the necessary internal capacity to operate professionally. This protects the corpus of the funds, promotes best practices and guarantees high-level underwriting. Many of Montana's RLF Loan Officers are certified Economic Development Finance Professionals through the National Development Council.

In crafting the outlines of this newly proposed RLF Program, we also firmly believe that the quickest way to get these funds to Main Street and into the hands of Montana entrepreneurs is to grant these funds to existing economic development organizations, who would then lend them to businesses needing the capital to start-up or expand. The economic development organizations

operating locally or regionally would be accountable to the State of Montana for all necessary reporting requirements.

We strongly believe that investing in Revolving Loan Funds through Montana's nonprofit local and regional economic development organizations is a fiscally prudent, dynamic way of promoting economic growth and diversification, job creation, entrepreneurship and the expansion of our state's tax base.

We applaud the Gianforte Administration for proposing this RLF Program for consideration by the Economic Transformation, Stabilization, and Workforce Development Advisory Commission and look forward to working with our state government partners to both shape and implement the Program, all with an eye toward our mutual goal of expanding economic opportunity for Montana.

Please count on MEDA as strong supporters of this effort, and we stand ready to assist however possible with its implementation.

Best regards,



Brian Obert
Montana Business Assistance Connection



Joe Willauer, Butte Local Development
and Headwaters RC&D



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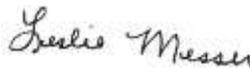
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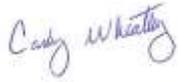
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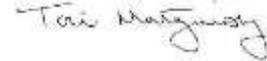
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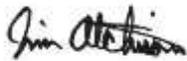
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