



Opportunities in Rural Economies Grant Program Guidelines

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Montana Growth Fund (HB 881) – ORE LP and Grant Program Guidelines

The Montana Department of Commerce has created the Opportunities in Rural Economies Loan Participation Program and Opportunities in Rural Economies Grant Program. The ORE Program suite exists within the Big Sky Economic Development Program authorized by §§ 90-1-201, MCA, et seq.

Purpose

The purpose of the ORE LPP and ORE GP is to assist in economic development for Montana that will:

- Create good-paying jobs for Montana residents.
- Promote long-term, stable economic growth in Montana.
- Retain or expand existing businesses.
- Provide a better life for future generations through greater economic growth and prosperity in Montana.
- Encourage workforce development.

Definitions

ORE LPP and ORE GP guidelines incorporate by reference the definitions adopted by § 90-1-201(2), MCA, as well as the following:

Award Letter: The written award letter, originated by Commerce, is issued to grantees to notify them a grant award has been made and funds may be used in the approved manner.

Basic Sector Company: A basic sector company has a physical base in local communities but derives the majority of its revenue from outside the community.

Commerce: The Montana Department of Commerce.

Commitment Letter: The written commitment letter, originated by Commerce, specifies the terms and conditions under which Commerce will participate in a specific loan.

Cost Estimate: Specify all sources and uses of funds for the entire project in the cost estimate. Expenses and an explanation of how costs are derived should be included. For example, include quotes from contractors, purchase orders and project cost breakdowns, as applicable.

Economic Development Organization: An EDO is a private, nonprofit corporation, as provided in Title 35, Chapter 2, MCA, that is exempt from taxation under section 501(c)(3) or 501(c)(6) of the Internal Revenue Code, 26 U.S.C 501(c)(3) or 501(c)(6), or an entity actively engaged in economic development and business assistance work in a region of the state.

Eligible Business: An eligible business is a for-profit or nonprofit business, cooperative business or tribally owned business that is engaged in business activities in Montana which will provide a significant positive economic impact to the community, region or state.

Enrolled EDO: This is an economic development organization that has executed an EDO Enrollment Agreement.

Grant Review Committee: The grant review committee is an internal committee comprised of Commerce employees to review grant applications and ranking factors.

Jobs Created: Jobs created are full-time equivalent positions that are newly established as a direct result of the award or program. These positions must represent new employment opportunities and cannot include positions relocated from another Montana community.

Jobs Retained: Jobs retained are full-time equivalent positions that currently exist within the business but are at risk of being lost without the support of the award or program.

Loan Review Committee: The loan review committee is an internal committee comprised of Commerce employees to review loan applications and ranking factors.

Participating Lender: This is a financial institution, an economic development organization that manages revolving loan funds or a community development financial institution. A participating lender must execute a Lender Loan Servicing Agreement with Commerce.

Participation Loan: A participation loan is a loan in which a participating lender, borrower and Commerce have agreed to participate in a loan and collateral security.

Participation Loan Certificate: This is the certificate provided by Commerce and executed by the participating lender that is accepted in writing by both parties. The Participation Loan Certificate sets forth the amount of the participation loan, as well as the participating lender's and Commerce's respective shares thereof, according to the terms of the commitment letter.

Rural: To determine if your project is in a rural area for ORE Programs, please visit: mtdoc.maps.arcgis.com.

Program Overview

The ORE Program suite has two components: participation loans, including low-interest loans and forgivable loans, and grants.

- The Opportunities in Rural Economies Loan Participation Program is designed to accelerate the growth of new business opportunities, encourage the creation of high-paying jobs and diversify the state's economy by providing low interest participation loans with a participating lender and/or forgivable loans.
- The Opportunities in Rural Economies Economic Development Organization Capacity Building Grant supports EDOs in strengthening their ability to provide outreach to their communities for economic development.
- The Opportunities in Rural Economies Grant Program may provide matching funds to assist with projects that would provide a significant economic benefit to a community.

ORE Program loans and grants may not be used for a project that would result in the transfer or relocation of jobs from one part of the state to another part of the state. See § 90-1-203(1), MCA.

Opportunities in Rural Economies Grant Program

Eligible Applicants

The ORE GP is available to eligible businesses and nonprofits. Applicants may work with economic development organizations on an application. The funding will be competitive based upon application materials and application ranking criteria.

Eligible applicants must comply with all applicable state, federal and local laws and are excluded from receiving funds if they are on the federal or state debarment list. Eligible applicants must be registered and in good standing with the Montana Secretary of State.

Eligible applicants are limited to one submission per grant cycle. Only one application per project is permitted for each application cycle. Applications from multiple eligible applicants for the same project in any given application cycle are not allowed.

Eligible Uses of Funds and Match

ORE GP funds may be used for any planning purpose allowed by § 90-1-204(2)(b), MCA, including but not limited to:

- Planning support for business improvement districts and central business district redevelopment.
- Planning for industrial development.
- Feasibility studies.
- Creation and maintenance of baseline community profiles.
- Technical studies, including the Preliminary Architectural Report and the Preliminary Engineering Report.

Match for ORE GP

ORE GP must include a match. For projects in rural areas, the match is two-to-one, or \$2 committed by the state for every \$1 of local match. For all other projects, the match is one-to-one, or \$1 committed by the state for every \$1 of local match.

Eligible Match

- Cash: A minimum of one-third of the total match must be cash provided by the applicant.
- Grants
- Loans

Grant Amount

There is no minimum grant amount. The maximum grant amount is \$30,000.

Ineligible Use of Grant Funds

Grantees may not use program funds for the following purposes:

- Any costs incurred prior to the date identified in the award letter
- Any reimbursement for travel expenses
- Any undertaking prohibited by Montana or federal law
- Any undertaking that would occur outside of Montana or tribal boundaries located within Montana
- Any ongoing or monthly general operating expenses such as wages, insurance, equipment, office supplies, postage or machinery needed for day-to-day operations
- Any undertaking prohibited or not authorized by the contract signed by the grantee and Commerce

- Activities that do not deliver on the program objectives or are not related to the submitted proposal

Additional Considerations

Procurement

All applicants must procure an independent third party to prepare and complete reports funded with ORE Program grants. Grantees must provide documentation of invoices by the third-party contractor before reimbursement requests are processed for project expenses.

Application Process

Eligible applicants must submit to Commerce a complete application with supporting documentation. The completed application will be reviewed by the grant review committee to ensure it aligns with program objectives, evaluates the project's viability and considers its economic and community impact as outlined in the ranking criteria. If necessary, the grant review committee may request additional documentation or clarification during the review process.

The grant review committee provides funding recommendations to Commerce's director, who will make the final funding decision. The program does not accept appeals for rejected applications, and all decisions are final. Receipt of an application does not imply a commitment for funding from Commerce.

Application Submission

Applications must be completed online through the ServiceNow application platform located at montana.servicenowservices.com.

Applicants will be required to create an OKTA profile, which requires a valid email account. OKTA is located at okta.loginmt.com.

Program announcements, including application dates and funding details, will be made available through Commerce communication channels and posted to the ServiceNow application portal.

Ranking Criteria

Commerce has established the following ranking criteria to be considered when reviewing ORE GP applications:

- Projects located in rural area
- Significant economic impact to the region or community
- Potential for future job creation/retention
- Community impact
- Justification for utilization of state funds

Ranking Scoring

Below are the ranking criteria that will be utilized. The maximum is 100 points, and projects must receive at least 50 points to be considered for funding.

- Significant economic impact, 40 points: Examples to include, but are not limited to, potential for jobs created or retained; potential for business expansion, development or attraction; increase to the tax base; and increase to Montana manufacturing.
- Community impact, 25 points: Does the project provide a significant benefit to the community redevelopment of a blighted area, such as renovations of older or abandoned buildings; childcare creation; workforce activities; or level of community support?

- Scope of work, 15 points: Does the summary provide a clear explanation of what the eligible funding will be used for and why the requested amount of funding is necessary?
- Location, 10 points: Projects located in coal country and a rural area will receive 10 points. Projects located in coal country but not a rural area will receive five points. Other rural locations will receive five points. All other projects will receive zero points within this category. Please refer to the map located in the definitions section under “Rural.”
- Readiness to proceed, 10 points: Is match readily available? Has the third-party contractor been identified? Is the timeline realistic?

Award Process and Grant Administration

After the successful completion of the final review process, Commerce staff will notify all successful applicants by sending a formal award letter. Once award letters are sent, grantees must sign the contract required by Commerce to receive grant funds. The Commerce grant contract will have all programmatic requirements that the grantee must follow.

Each grantee will be assigned a Commerce liaison who will facilitate grantee project monitoring, reporting and final project requirements. During the contracting process, the grantee and the Commerce liaison will review project administration requirements, including:

- Contracting requirements, including insurance, W9, EFT and business assistance agreement as applicable.
- All reporting requirements, including close-out report.
- How to submit forms and other documents to Commerce.
- How to submit a request for funds.

Reporting Requirements and Project Monitoring

Grantees will be required to submit progress and expenditure reports in accordance with the requirements of the grant contract. Grantees must submit a draft at 50% complete, a final draft for comment and the final adopted copy. Please note, Commerce reserves the right to withhold 10% of the grant award until both the close-out report and adopted plan have been received and approved by Commerce. After Commerce confirms all contract requirements have been met, the final payment will be processed, and a final notice of close-out will be sent to the grantee.