

Memorandum

REPORT TO: City Commission

FROM: Jesse DiTommaso, Economic Development Coordinator
Brit Fontenot, Economic Development Director

SUBJECT: Authorize the City Manager to Sign a Sub-recipient Agreement with Prospera Business Network for Management of the City of Bozeman's Community Development Block Grant Revolving Loan Fund for a Three Year Term

MEETING DATE: June 24, 2025

AGENDA ITEM TYPE: Agreement - Agency/Non-profit

RECOMMENDATION: Authorize the City Manager to sign the sub-recipient agreement with Prospera Business Network for Management of the City of Bozeman's Community Development Block Grant Revolving Loan Fund for a three year term.

STRATEGIC PLAN: 2.1 Business Growth: Support retention and growth of both the traded and local business sectors while welcoming and encouraging new and existing businesses, in coordination with the Economic Development Plan.

BACKGROUND: The Bozeman Revolving Loan Fund is an economic development program of the City of Bozeman. The fund began from loan payments made by recipients of the Economic Development Block Grants received from the City through the State of Montana Department of Commerce. The fund provides financing to eligible businesses located within the Bozeman City limits.

In May of 2006, the City entered into a Sub-Recipient Agreement, placing overall management of the City's revolving loan fund ("the Fund") with Prospera. The contract has been renewed throughout the years. The current contract was entered into in January of 2020 and is set to expire in July of 2025.

Prospera is uniquely suitable to administer the City's Community Development Block Grant Revolving Loan Fund due to their long-standing community economic development relationship, extensive experience with current borrowers, and ability to service the existing loan portfolio.

General Information about the Fund (as reported by Prospera as of June 2, 2025):
Total loans disbursed since 2020: 14
Current balance of loans out: \$498,284.54
Current loan loss reserve: \$40,000

Current RLF account balance: \$224,308

Number of loans in portfolio: 6

Prospera is responsible for all facets of the Bozeman RLF Program as described in the Management Plan. Decisions of loan approval or denial are the sole responsibility of the RLF Loan Committee. To ensure the composition of the RLF Committee complies with applicable federal regulations, the Committee consists of seven members, two of which are appointed by the City Commission.

UNRESOLVED ISSUES: None.

ALTERNATIVES: As recommended by the City Commission.

FISCAL EFFECTS: The sub-recipient agreement outlines the management fee structure in Section 5(a) and 5(b) of the agreement.

Attachments:

[Prospera Sub-Recipient Agreement 2025-2028 FINAL combined.pdf](#)

Report compiled on: May 28, 2025