

**EDA/EDC – Joint Board Meeting
Thursday, July 12, 2018
7:30 A.M. to 9:15 A.M.
Yellowstone Conference Room, First Floor Granite Tower**

BIG SKY ED Mission Statement: - Focused on sustaining and growing our region's vibrant economy and outstanding quality of life, **Big Sky Economic Development** provides leadership and resources for business creation, expansion, retention, new business recruitment and community development.

Agenda items may be rearranged unless an item is listed as having a "time certain". Action may be taken on any item listed on the Board Agenda.

7:30 A.M. Call to Order/Pledge of Allegiance/Roll Call: Jennifer Smith, EDA Chair

7:32 A.M. Public Comment/Recognitions/Special Announcements and Introductions:

- Introduction—Chancellor Dan Edelman, New EDC Board Member
- Tourism Industry Update: Alex Tyson, CEO Visit Billings

7:50 A.M. Changes to Today's Agenda

7:55 A.M. Consent Agenda

- June 14, 2018 Board Meeting Minutes (Attachment A) (EDA/EDC Action)
- May 2018 EDA and EDC Financials (Attachment B) (EDA/EDC Action)

8:00 A.M. Program-Level Reports and Action Items

- Big Sky Finance (as needed)—Brandon
 - 504/RLF Loan Approvals (Attachment C) (EDC Action)
- Recruitment: Update One Big Sky District Dev. Plan —Allison/Steve
 - BSED/DBP Line of Credit Agreement (Handout) (EDA Action)
- BillingsWorks—Overview of 2018 State of the Workforce Report—Karen (Handout) (Info)
- Future Facilities Taskforce-Update—Becky/Jennifer (Info)
- Community Development—Strategic Placemaking Projects—Dianne
 - TEDD Reimbursement Agreement Amendment (Attachment D) (Action EDA and EDC)
 - Space2Place Projects Update (Info)
 - Coulson Park Master Plan Update (Info)
 - Kristi Drake—Skyline Trial Project (Info)
- PTAC 20th Anniversary "Real Impact for 20 Years"—Deanna (Info)

8:55 A.M. Executive Directors' Report—Steve

- August Dialogue with Executive Committee (burning topics?) (Attachment E) (Info)
- MEDA Policy Initiatives/Ad Hoc Legislative Committee (Info)
- July 16th Staff Breakfast FY 2019 Kickoff—Work Plans/Goals and Strategic Priorities (Info)

9:05 A.M. Public Comment

9:15 A.M. Adjourn

Next EDA/EDC Board Meeting September 13, 2018 (no August Board Meeting). *Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky ED at 256-6871.*



ATTACHMENT A



EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, June 14, 2018 – 7:00 AM – 9:00 AM
Yellowstone Room, 1st Floor - Granite Tower

BIG SKY ED Mission Statement: - Focused on sustaining and growing our region's vibrant economy and outstanding quality of life, ***Big Sky Economic Development*** provides leadership and resources for business creation, expansion, retention, new business recruitment and community development.

EDA Board Members Present: Chuck Tooley, Cory Moore, Fred Sterhan, Greg McDonald, Jennifer Smith, Ken Lutton, Robin Rude, Sheri Nicholson, Robyn Driscoll (ex-officio), Shaun Brown (ex-officio)

EDA Board Members Absent: Dana Pulis, Mitch Goplen, Paul Neutgens, John Brewer (ex-officio), Terry Bouck (ex-officio), Laurel Representative (ex-officio)

EDC Board Members Present: Aaron Ramage, Andy Gott, Craig Bartholomew, David Trost, Debbie Singer, Duncan Peete, Eric Simonsen, John Ostlund, Jon Stepanek, Mike Nelson, Mike Seppala, Molly Schwend, Steve Loveless

EDC Board Members Absent: Bob Wilmouth, David Ellis, Doug Hansen, Mac Fogelson, Mike Phillips, Molly Schwend, Dan Edelman, Scott Chesarek, Steve Loveless, Ty Elkin, Wayne Nelson

Staff and Guests: Steve Arveschoug, Austin Trunkle, Dianne Lehm, Melanie Schwarz, Dena Johnson, Jim Tevlin, Allison Corbyn, Brandon Berger, Hailey McDonald, Wyeth Friday, Christina Henderson, Jack Nickels, Krista Hertz

Call to Order:

Eric Simonsen, EDC Chair, called the meeting to order at 7:10 am with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements:

Melanie introduced our new summer intern, Hailey McDonald. Hailey is a sophomore at Gonzaga University studying marketing and finance. She will be working in the Marketing Department three days a week with Melanie and working with Brandon and Ben in Finance two days a week.

Aaron Ramage introduced his guest, Christina Henderson, Executive Director of the Montana Hi Tech Business Alliance. They represent Montana Hi Tech Manufacturing Company focusing on networking and bringing together the tech community across Montana. Last year they found out Montana's Hi Tech Industry is growing nine times the overall Montana economy.

Changes to Today's Agenda: None

Consent Agenda:

Approval of the May 2018 Board Meeting Minutes

Motion: Greg McDonald, to approve the May 2018 Board Meeting Minutes, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Approval of the April 2018 EDA and EDC Financials

Motion: Sheri Nicholson, to approve the April 2018 EDA and EDC Financials, as presented to the Board.
Second: Jennifer Smith
Discussion: None
Motion carried

FY2019 Budget Hearing and Strategic Plan

Review of Strategic Plan for FY 2019 and FY 2020 – Steve

Steve spoke to the Board regarding the Strategic Plan Outline. The document outlines areas of focus from Career and Technical Education to Entryway Beautification efforts and many opportunities in between. Jon Stepanek had asked for an update on the efforts being made with respect to Coulson Park. Dianne explained where the funding was coming from and where the monies were to be allocated. To date, an additional \$13,000 will be needed to begin the Master Planning Phase.

Proposed Preliminary Budgets and Narrative – Steve/Jim

Jim explained how BSED goes about determining the budget and what funds are used to reimburse particular programs. The list of assumptions Jim has laid out give detailed look at how BSED arrives at the final numbers. Greg McDonald had a question about how a BizUp line item was named. Jim went on to explain that tax protests, totaling some \$70,000, will have a significant impact on the opening budget. Jim also mentioned that it is difficult to determine what strategic priorities take precedence since each one is a worthy cause. Further, we are still determining what our future facility will be and with that, a significant amount of work will be needed to fund the endeavor. Greg asked that if operating income were to continue to trend downward, what consequences and next-steps of that situation would be. Steve reiterated that we will continue to be completely transparent as we determine our budgets and would keep the Board abreast of any issues that could potentially arise.

Review of Management Services Agreement – Jim

The Management Service agreement was explained by Jim and the changes have been dictated to the Board.

Board Consideration

Motion: Mike Seppala, to approve the Strategic Plan, Budgets and Management Services Agreement, as presented to the Board.
Second: Sheri Nicholson
Discussion: None
Motion carried

Program-Level Reports and Action Items

Big Sky Finance – Brandon

Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan requests. The Big Sky EDC Loan Committee has reviewed the requests and recommends approval to the full EDC Board for submission to the SBA for final approval. The requests meet all the underwriting and eligibility requirements of the EDC.

Magic City Auto Reconditioning Services, Inc. – Update to request originally approved at the July 13, 2017, Board meeting. Updated request is for the increase in the amount of the SBA debenture from \$999,000 to \$1,355,000. The increase is to enable borrower to fully utilize SBA financing at 40% of total project costs. Total financing is not increasing, but rather is actually decreasing as total project costs have been finalized and came in below budget. We are reallocating financing from Rocky Mountain Bank to SBA in order to maximize SBA's portion. Borrowers have determined their job creation will exceed that which was initially

projected. Total job creation forecast to be 26 new FTE after two years (initial projection was 15 thus limited SBA financing). Financing structure was initially 62.32% Rocky Mountain Bank, 27.68% SBA and 10% borrower equity. New structure will be 50/40/10 based on reduced project costs.

Original Presentation: Request is for the purchase of land, new construction and equipment purchases for M.A.R.S. of Billings new location. This will be a relocation as they have outgrown their existing facility of Moore Lane. The new project will be located at the intersection of South 29th Street West and Gabel Road. This will be the second SBA 504 loan Big Sky EDC has done for M.A.R.S., as we participated on their current location.

There are projected to be 15 new jobs created as a result of this project. The total SBA debenture is projected to be \$999,000 on a 20-year note comprising 27.68% of the total project costs. We are limited to the 28% versus the usual 40% due to the number of jobs to be created. Big Sky EDC and the SBA will be in a 2nd lien position behind Rocky Mountain Bank on the real and personal property.

Motion: Andy Gott, to approve the Magic City Auto Reconditioning Services, Inc. loan request, as presented to the Board.

Second: Debbie Singer

Discussion: None

Motion carried

Glacier Hardwood LLC/Dayley Development LLC – Request is for the purchase of land and new construction for Glacier Hardwoods LLC located in Kalispell, MT. This will be a relocation for this existing business. Glacier Hardwoods is an exclusive local retail/wholesale supply house that sells quality hardwood products such as lumber, decking, trim, flooring and cabinets in the greater Flathead Valley as well as in Lake and Lincoln counties. The business has been operating in the Flathead Valley since 2003, and under the current ownership since 2017.

There are projected to be two new jobs created as a result of this project. A Public Policy goal will be met for Rural Development. The total SBA debenture will be \$252,000 on a 25-year note comprising 35% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position behind Stockman Bank of Montana on the real property.

Motion: Duncan Peete, to approve the Glacier Hardwoods LLC/Dayley Development LLC loan request, as presented to the Board.

Second: Ken Lutton

Discussion: David Trost asked if the rate for an SBA 504 Loan and if the borrower was due to pay that difference. The loan has not yet funded and consequently, the rate has not been locked. Therefore, there is no difference owed by the borrower.

Motion carried

One Big Sky District Development Plan Agreement Consideration – Allison/Steve

Allison broke down the Development Plan Agreement BSED has negotiated with Landmark. In the agreement, BSED reassured Landmark that they will be granted exclusivity, through the term of the contract, on any private sector component of development. Additionally, the Strategy Partners will have full license to share and utilize the planning document without royalties due. David asked if BSED would be compensated for their stewardship of the Strategy Partners' funding. Steve said they would be reimbursed if we were to seek outside help but if it is to stay internal, that would be a contribution to the overall effort on our behalf. Important to note, either party may terminate the contract with 30 days' notice. Additionally, they may extend the agreement if an agreement is reached by all parties involved. The \$675,000 will be used exclusively to pay subconsultants, not the Hammes group. Invoices will be included for the Strategy Partners' review. The developer expects to spend \$1.34m of their own money on the scope of work planning and would like some reassurances that this will be a worthwhile endeavor. If the Hammes group is involved in any identified catalyst projects, there will be no liability to repay

their \$1.34m. However, if the Hammes group has no involvement in development, they will be due their capital costs of \$1.34m.

Motion: David Trost, to approve the One Big Sky District Development Plan Agreement discussion, as presented to the Board.

Second: Mike Nelson

Discussion: Jack Nickels asked how the accelerated timeline was arrived at. The driving force behind that determination was getting the plan in place before the 2019 Legislative Session.

Motion carried.

BillingsWorks – CTE Investment – Melanie/Karen

Melanie presented in Karen's stead to lobby for an investment from the Board with regard to Career and Technical Education. We are positioned to make a significant contribution to the Career Center where they are constructing two simulated operating rooms for students to learn in. The total to be donated will not exceed \$10,000. The money comes from a provision in the Buy/Sell Agreement that makes BSED liable for up to \$100,000 to make improvements to the former GE property. The total is expected to be around \$90,000 and the remainder will be donated, pending Board approval. It should be noted that School District 2 will match whatever contribution BSED makes. Further, this environment will enable students to gain a CNA certification and with respect to surgical technicians, they will be able to gain dual credit, should they pursue that degree.

Motion: Cory Moore, to approve a donation up to \$10,000 to the Career Center where they are constructing two simulated operating rooms for students to learn in, as presented to the Board.

Second: Fred Sterhan

Discussion: None

Motion carried

Future Facilities RFP Final DRAFT – Steve

Steve was up to round out the Board Meeting. The first item was to speak about the draft RFP for BSED's future facility. There will be additional legal review before this document is final. Both from our legal counsel and County's as well.

Motion: Cory Moore, to approve pending further review and corrections, as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

Update: EDC Board Member Special Election Vacancy – Steve

Steve updated the Board on the special election of new MSUB Chancellor, Dr. Edelman to our EDC Board.

Executive Directors' Report

Lastly, Steve was willing to entertain questions regarding his Executive Director's report. Steve thanked the Board for their support and endorsement of our mission.

Public Comment: None

Meeting adjourned: 8:54 am.

Next Meeting – July 12, 2018

Respectfully submitted,

Robin Rude, EDA Secretary/Treasurer

Mike Seppala, EDC Secretary/Treasurer

When approved, minutes and meeting materials will be filed electronically in the Big Sky EDA office.
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BIG SKY

ECONOMIC

DEVELOPMENT

ATTACHMENT B

Internal Memorandum

Date: June 27, 2018
To: Steve Arveschoug
From: Jim Tevlin
Subject: May 2018 BSEDA Financial Statements

I have attached income statements for the year-to-date periods ended May 31, 2018 and 2017 and balance sheets as of May 31, 2018 and 2017.

Balance Sheet Overview:

Working Capital (Adjusted)

Presented below is a year-over-year working capital analysis. Note that I have included only those accounts that have an impact on our near-term liquidity. Specifically, I have excluded those accounts that are restricted (e.g. Opportunity Fund) or are related to the GE/Zoot transactions (e.g. Stockman Reserve Funds).

	May 31 2018	May 31 2017
Current Assets	\$ 950,635	\$ 939,805
Current Liabilities	<u>84,585</u>	<u>85,508</u>
Working Capital	\$ 866,050	\$ 854,297

Certificates of Deposit

During February and March 2018, I invested \$5,900,000 of funds previously classified as Stockman Reserve Funds in certificates of deposit at nine Member-Investor banks.

Long Term TEDD Receivable

The Lockwood TEDD has agreed to reimburse (up to \$75,000) Big Sky EDA for expenses related to the development of the TEDD Master Plan. This receivable will be collected when the TEDD has accumulated tax increment funds.

American Airlines Revenue Guarantee

The American Airlines Revenue Guarantee represents Big Sky EDA's pledge to American Airlines to support the new Billings to Dallas service. These funds, held in

escrow with the Billings Chamber of Commerce, were formerly included as part of the Stockman Reserve Funds. During December 2017, the Chamber withdrew \$5,035 to cover American's revenue shortfall during the fourth quarter of 2017.

MSUB/RMC Contribution

These amounts record Big Sky EDA's pledge to MSUB and Rocky Mountain College for assistance in constructing their science facilities. Each college will receive \$100,000. During February 2018, Rocky Mountain College, received its \$100,000 pledge.

MSUB/RMC Challenge Matching

These amounts record Big Sky EDA's pledge to match private contributions to MSUB and Rocky Mountain College. MSUB's and RMC's private matching contributions were \$109,350 and \$50,000, respectively. During February 2018, Rocky Mountain College, received its \$150,000 pledge.

Statements of Operations Overview:

Big Sky EDA's operating results (excluding the GE/Zoot transactions and MSUB/RMC contributions) for the year-to-date period ending May 31, 2018 reflect operating income of \$103,828 compared to operating income of \$135,857 for the prior fiscal year.

Protested taxes for half of the fiscal year (\$42k) are slightly less than the annual budgeted amount (\$45.6k). Per discussion with County Finance, one of the refinery's expected protest amount is significantly more than the amount protested.

**Big Sky EDA
Balance Sheets**

ASSETS	May 31, 2018	May 31, 2017
Current Assets		
Cash & Cash Equivalents		
Opportunity Fund	\$ 58,834.55	\$ 576,139.33
Stockman Reserve Funds	-	49,559.62
Operating Cash	519,426.41	480,027.52
	<u>578,260.96</u>	<u>1,085,726.47</u>
Certificates of Deposit	5,800,000.00	-
Accounts Receivable		
Trade	18,083.34	19,021.95
Brownfields	1,912.29	10,708.89
VBOC	53,008.89	55,231.58
Department of Defense	135,801.00	91,804.00
Due From EDC	86,365.24	120,710.08
Mill Levy Receivable-Contested Taxes	185,186.14	138,894.60
Mill Levy Receivable	87,935.95	72,212.01
Allowance For Doubtful Accounts	(185,186.14)	(138,894.60)
	<u>383,104.51</u>	<u>369,788.29</u>
Prepaid Expenses	5,125.20	431.10
American Airlines Rev. Guarantee	19,985.08	25,000.00
Total Current Assets	6,886,455.75	1,480,943.88
Fixed Assets (net of depreciation)	-	8,580,881.28
Non-Current Assets		
Cabela's Conduit	4,976.53	5,002.91
Deferred Outflow of Resources	173,851.38	75,433.38
Long Term TEDD Receivable	75,000.00	-
GE Building Reserve	-	1,104,348.84
GE Lease Settlement Funds	-	3,538,971.00
GE Escrow Account	-	63,584.10
	<u>253,827.91</u>	<u>4,787,340.03</u>
TOTAL ASSETS	\$ 7,140,283.66	\$ 14,849,265.17
LIABILITIES & NET ASSETS		
Current Liabilities		
Current Maturities of LTD	\$ -	\$ 508,070.50
Accounts Payable	72,398.07	85,181.55
Deferred Revenues	12,000.00	3,979,444.43
Accrued Expenses		
MSUB/RMC Contribution	100,000.00	-
MSUB/RMC Challenge Matching	109,300.00	-
Compensated Absences	128,972.75	88,406.88
Other	17,297.24	5,085.04
	<u>439,569.96</u>	<u>4,674,148.20</u>
Long Term Liabilities		
Deferred Inflow of Resources	2,035.97	59,938.97
Pension Liability	615,173.80	443,304.80
Long Term Debt	-	5,517,017.22
	<u>617,209.77</u>	<u>6,019,259.99</u>
Total Liabilities	1,057,177.83	10,893,407.19
Net Assets	6,083,105.83	4,155,857.98
TOTAL LIABILITIES & NET ASSETS	\$ 7,140,283.66	\$ 14,849,265.17

Big Sky EDA
Statements of Operations
For the Eleven Months Ended May 31, 2018

**Note: Excludes GE/Zoot & MSUB/RMC
Contributions/Matching**

	<u>2018</u>	<u>2017</u>	<u>Annual Budget</u>
Income			
Department of Defense	\$ 470,415.00	\$ 515,256.00	\$ 569,018.00
Private Billings/Works funding	12,600.00	21,250.00	20,000.00
EPA-Brownfields	26,383.90	108,681.46	-
VBOC Revenue	273,399.35	341,729.30	350,000.00
HUD Grant	-	19,701.14	-
EDA Reserve Funds	-	-	25,000.00
TEDD-CDBG	-	39,360.38	-
Grant Administration	6,593.18	7,970.21	6,844.00
EDC Reimbursement	437,643.39	336,603.60	576,514.81
Mill Levy Revenue	1,286,638.25	1,186,924.77	1,359,392.00
Miscellaneous Revenue	5,755.55	4,121.39	948.00
SBA/MT Dept of Commerce	111,144.76	104,217.55	112,685.00
Opportunity Fund	75,000.00	60,000.00	100,000.00
Health Levy Revenue	77,183.25	69,832.50	83,120.00
	<u>2,785,387.29</u>	<u>2,789,949.86</u>	<u>3,213,519.81</u>
Expense			
Advertising	483.47	7,899.76	60.00
Brownfields Expense	22,946.72	79,743.78	-
Business Incubation	32,540.36	-	30,000.00
BEAR	4,132.79	3,190.94	5,000.00
Community Development Projects & Planning	-	-	40,000.00
Protested Taxes	46,403.73	59,933.53	45,633.28
Intern/Contract Support	6,202.66	6,107.31	5,000.00
Sponsorships	12,779.33	12,233.00	6,600.00
Dues and Subscriptions	29,083.58	28,748.56	33,312.00
Employer Contributions	360,082.10	314,600.84	426,281.91
Insurance	14,816.13	12,586.00	14,108.00
Miscellaneous	44,754.77	33,839.44	29,180.00
Office Supplies	12,916.67	22,716.22	20,500.00
Office Equipment	4,383.45	-	6,500.00
Professional Fees	61,022.94	77,265.80	59,500.00
Professional Fees-TEDD Master Plan	82,500.00	-	75,000.00
Professional Fees-HUD	-	19,701.14	-
Marketing-Organizational	52,502.36	59,747.82	60,000.00
Opportunity Fund Project	-	60,000.00	25,000.00
PTAC Subcenter/Satellite	256,933.47	310,463.28	352,516.00
Business Recruitment	15,013.52	1,451.00	25,000.00
Rent	110,152.15	107,646.36	119,369.00
Repairs	1,380.36	2,747.43	3,200.00
Salaries/Wages	1,133,423.04	991,389.17	1,352,082.33
Telecommunication	29,345.74	26,895.78	25,340.00
Telephone-cell	-	-	4,580.00
TEDD Expense	-	41,004.01	3,000.00
Travel/Training	84,724.70	82,909.27	96,621.00
VBOC Expense	203,396.16	256,624.84	282,258.00
Workforce Development	47,000.00	41,048.01	47,000.00
Contingency	-	-	17,500.00
	<u>2,681,559.21</u>	<u>2,664,093.18</u>	<u>3,210,099.52</u>
Operating Income/(Loss)	<u>103,828.08</u>	<u>135,856.68</u>	<u>3,420.29</u>
Other Income/(Expense)			
Interest Income	3,043.50	1,674.38	3,000.00
	<u>3,043.50</u>	<u>1,674.38</u>	<u>3,000.00</u>
Net Income/(Loss)	<u>\$ 106,871.58</u>	<u>\$ 137,531.06</u>	<u>\$ 6,420.29</u>

Internal Memorandum

Date: June 27, 2018
To: Steve Arveschoug
From: Jim Tevlin
Subject: May 2018 Big Sky EDC Financial Statements

I have attached income statements for the year-to-date period ended May 31, 2018 and 2017 and balance sheets as of May 31, 2018 and 2017.

Balance Sheet Overview

Working Capital (Adjusted):

Presented below is a year-over-year working capital analysis. Note that I have included only those accounts that have an impact on near-term liquidity. Specifically, I have excluded those cash accounts that are restricted (e.g. SSBCI Cash) or designated (e.g. RLF Cash, Long-Term Reserve).

	May 31, 2018	May 31, 2017
Current Assets	\$ 567,561	\$ 219,717
Current Liabilities	<u>108,430</u>	<u>124,443</u>
Working Capital	\$ 459,131	\$ 95,274

From June 2012 through April 2015, Big Sky EDC received (and subsequently loaned out) \$2,298,513 from the Small Business Administration via the Montana Department of Commerce. This effort is known as the State Small Business Credit Initiative (SSBCI). Note that principal payments received under the SSBCI program were restricted to funding additional loans until April 2017 at which time all restrictions were removed.

In September 2017, the Board approved the establishment of a \$100,000 long-term or "rainy day" reserve. Additionally, the Board approved a \$50,000 increase to EDC's short-term or operating reserve. Funding for these additions came from the SSBCI cash accounts referred to above.

Statements of Operations Overview:

Big Sky EDC's operating results for the year-to-date period ending May 31, 2018 reflects operating income of \$115,942 compared to an operating loss of \$47,070 for the prior

year. The year-over-year increase is due primarily to increased SBA 504 servicing fees that are attributable to the merger with Montana Community Finance Corporation.

Big Sky Economic Development Corporation

Balance Sheets

	May 31 2018	May 31 2017
ASSETS		
Current Assets		
First Interstate Bank	\$ 562,561.25	\$ 208,826.18
Operating Reserve	150,000.00	-
Long-Term Reserve	100,000.00	-
Opportunity Fund	22,200.00	22,200.00
Revolving Loan Funds	197,003.53	212,573.46
SSBCI Unrestricted Funds	975,041.82	-
Miscellaneous Receivables	5,000.00	12,890.85
SSBCI Portfolio-Current	149,108.05	215,760.44
RLF Loan Portfolio-Current	72,389.57	57,411.23
	<u>2,233,304.22</u>	<u>727,662.16</u>
Other Assets		
Restricted Cash-SSBCI	-	1,052,890.10
SSBCI Portfolio	962,185.89	1,029,836.75
RLF Loan Portfolio	173,572.95	241,385.40
	<u></u>	<u></u>
TOTAL ASSETS	<u><u>\$ 3,369,063.06</u></u>	<u><u>\$ 3,051,774.41</u></u>
LIABILITIES & EQUITY		
Current Liabilities		
A/P & Accrued Expenses	\$ 22,064.98	\$ 9,039.53
Due to/Due From EDA	88,365.24	115,403.90
	<u>108,430.22</u>	<u>124,443.43</u>
Total Liabilities	108,430.22	124,443.43
Net Assets	3,260,632.84	2,927,330.98
	<u>3,260,632.84</u>	<u>2,927,330.98</u>
TOTAL LIABILITIES & EQUITY	<u><u>\$ 3,369,063.06</u></u>	<u><u>\$ 3,051,774.41</u></u>

Big Sky Economic Development Corporation

Statements of Operations (Unrestricted)

For the Eleven Months Ending May 31,

	2018	2017	Annual Budget
Income			
RLF Business Interest	\$ 14,495.53	\$ 19,175.59	\$ 24,095.00
RLF Loan Fund Interest	1,615.02	585.49	500.00
RLF Origination Fee	-	850.00	-
Miscellaneous Revenue	5,136.30	5,781.68	7,327.71
Merger/Transition Reserve Funds	-	-	35,000.00
Member Investment/Event Support	159,504.79	223,984.68	248,500.00
Recovery of Bad Debt	10,564.59	3,300.00	3,600.00
SSBCI Interest Income	27,231.32	28,661.69	30,288.00
SBA 504 Origination Fees	56,487.09	43,015.01	167,325.00
SBA 504 Servicing Fees	495,821.80	234,202.10	530,378.00
	<u>770,856.44</u>	<u>559,556.24</u>	<u>1,047,013.71</u>
Expense			
Business Recruitment	39,789.18	47,452.05	66,000.00
MCFC Merger	-	4,642.92	35,000.00
Dues and Subscriptions	12,647.85	6,830.84	11,755.00
EDA Reimbursement	437,643.39	336,603.60	576,514.81
Insurance	11,002.00	9,990.00	10,772.00
GE Transition	-	11,304.33	-
Marketing	6,545.31	22,168.63	12,000.00
Membership Development	3,538.29	3,830.46	4,500.00
Miscellaneous	9,233.81	4,884.04	11,656.00
Office Supplies	2,345.64	385.68	8,000.00
Operating Reserve Contribution	-	-	25,000.00
Postage and Delivery	1,200.58	1,246.64	4,600.00
Professional Fees	33,219.80	20,390.00	27,500.00
Rent	26,634.96	1,988.91	33,480.00
Repairs	1,253.50	-	1,500.00
SSBCI-MBOI Fee	-	50,301.97	-
Event Expense	34,990.22	64,238.90	66,000.00
Workforce Development	11,948.77	-	15,000.00
Telephone-cell	4,941.92	2,810.00	8,235.00
Travel & Training	17,978.94	17,557.72	28,500.00
Contingency	-	-	25,804.43
	<u>654,914.16</u>	<u>606,626.69</u>	<u>971,917.24</u>
Operating Income/(Loss)	115,942.28	(47,070.45)	75,096.47
Other Expense			
Interest Expense	-	(2,634.54)	-
	<u>-</u>	<u>(2,634.54)</u>	<u>-</u>
Net Income/(Loss)	\$ 115,942.28	\$ (49,704.99)	\$ 75,096.47



BIG SKY
ECONOMIC
DEVELOPMENT

ATTACHMENT C

SBA 504 Loan Requests

- I. Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan requests. The Big Sky EDC Loan Committee has reviewed the requests and recommends approval to the full EDC Board for submission to the SBA for final approval. The requests meet all the underwriting and eligibility requirements of the EDC.

1. **Snyder Motors Inc. / Z Enterprises LLC** – Request is for the purchase of land and new construction for Snyder Motors Inc. located in Bozeman, MT. This will be a relocation from a previously leased building in the same Bozeman/Belgrade area. The new project will be located on Jackrabbit Lane just north of Four Corners. Previous location was further north off Jackrabbit Lane. Snyder Motors has been in operation since 2011, and is owned 100% by Zach Snyder. It is a pre-owned, late model dealer and also provides maintenance and repairs and detailing services. They have a second location in Bozeman on 7th Avenue. They have been one of the top used car dealers in the Bozeman/Belgrade area.

There are projected to be three new jobs created resulting from this project. A Public Policy goal of Rural Development will be met. The total SBA debenture will be \$741,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC will be in a 2nd lien position on the real property behind Opportunity Bank (Bozeman).

2. **Jason Tanguay, DDS, LLC / Interproximal Spaces LLC** – Request is for the purchase of a newly constructed commercial condominium, tenant improvements and new equipment for Jason Tanguay, DDS, LLC, located in Bozeman, MT. The property will be located in the Cannery District at 105 E. Oak Street. This is an existing dental practice that is expanding and relocating from downtown Bozeman to this new location. Big Sky Finance provided SBA 504 financing on their current location, therefore this will be their second SBA 504 note for the business. The existing 504 loan will be paid off prior to their move to the new location.

There are projected to be two new jobs created resulting from this project. A Public Policy goal for Rural Development along with a Community Development goal for being in a HubZone will be achieved. The total SBA debenture will be \$732,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC will be in a 2nd lien position behind First Security Bank (Bozeman) on both the real and personal property acquired.

3. **Glacier Country Enterprises, LLC / Nelson Real Estate Holdings, LLC** – Request is for the purchase of land and new construction for Nelson's ACE Hardware located in Whitefish, MT. This will be a relocation and expansion of this existing business currently located in downtown Whitefish. The new location will be located at 6490 Highway 93 South and will provide much better accessibility and visibility. The new building will be much larger and consist of 14,000 s.f. which will allow them to expand their product lines, lawn and garden center and eventually sell bulk items and add a small engine repair shop. The Nelson family has owned and operated Nelson's ACE Hardware in Whitefish for over 70 years. Richard and Marilyn Nelson are second generation owners.

There are projected to be two new jobs created resulting from this project. Public Policy goals for Rural Development and Veteran Owned business, along with a Community Development goal for being located in a HubZone will be achieved. The total SBA debenture will be \$1,229,000 on a 25-year note comprising 36.87% of the total project costs. Big Sky EDC will be in a 2nd lien position on the real property behind First Interstate Bank of Whitefish.



ATTACHMENT D

ADDENDUM TO REIMBURSEMENT AGREEMENT

WHEREAS, on April 11, 2017, Big Sky Economic Development, address 222 N.32nd St, Ste. 200, Billings, MT 59101 (BSED) and Yellowstone County (the County), a political subdivision of the State of Montana, executed a reimbursement agreement providing for repayment of money paid by BSED to KLJ, an engineering firm for KLJ's creation of an Infrastructure Master Plan (the Plan) to study and plan the future development needs for an area designated as the Lockwood Targeted Development District (TEDD).

WHEREAS, the April 11, 2017 Reimbursement Agreement provided for the repayment of money paid by BSED as increment from the TEDD became available,

WHEREAS, the County is currently considering the expansion of the TEDD which will require an update of the Comprehensive Development Plan prepared by Sanderson/Stewart,

WHEREAS, the cost of the update is \$6,800.00,

WHEREAS, the Montana Department of Revenue has estimated that increment to the TEDD will begin to flow into the TEDD account beginning with the November, 2018 tax collections by the County,

WHEREAS, the TEDD Advisory Board and the Yellowstone County Board of Commissioners has approved the \$6,800.00 expenditure for the update of the Comprehensive Development plan and BSED believes the expenditure to be necessary to provide for the expansion of the TEDD which in turn is in the best interests for the continued expansion of industry, employment and overall well-being of Yellowstone County's economy,

NOW THEREFORE, for good and valuable consideration, the County and BSED agree, covenant and represent that BSED will provide funding for the update to the plan in the amount of \$6,800.00 and that the County agrees to repay this sum, together with the \$75,000.00 previously agreed to on the terms provided for in the April 11, 2017 Reimbursement Agreement.

DATED this _____ day of July 2018.

BIG SKY ECONOMIC DEVELOPMENT

BOARD OF COUNTY COMMISSIONERS
YELLOWSTONE COUNTY, MONTANA

Steve Arveschoug, Executive Director

John Ostlund, Chairman



ATTACHMENT E



July 2018

**Acting Executive Director's Report
(with Program Highlights)
to the Executive Committee & Board of Directors**

Strategic Priorities

1. Strengthen Opportunities for Business Expansion and Economic Diversity

Foster Development of Planned, Ready-to-Go Industrial Space— See the TEDD update as a part of the Community Development section of this report.

“GE to Zoot Project”— We’re still working on the final reconciliation O&M with GE for 2017. All other matters have been settled (Conrad Rd improvements are under construction).

Opportunities for Building Economic Diversity—

- a) Business Up—A Model for Great Entrepreneurship and Business Growth Services — Work is now underway in securing our “founding partners” for the development of our entrepreneurship resource program/center project. We are also working on branding for the project.
- b) Coal Country Coalition—No update to provide at this time.

Workforce Development and Talent Attraction

Advocacy for MSU Billings and RMC— MSUB Foundation continues to make progress on the fundraising for the science building, now only \$600,000 short of the \$5.0 million goal. We’ll continue to help as we can. Chancellor Edelman is targeting this Fall for a groundbreaking event. Stay tuned.

BillingsWorks/Talent Attraction and Career and Technical Education/Career Center—See the Billings Works Update as a part of this report for details on work related to CTE and Better Off in Billings.

2. Key Building-Remarkable Community Investments—Lead/partner/support key redevelopment and enhancement projects:

One Big Sky District— All the funds are in place—\$675,000, the Development Plan Agreement has been approved by the Strategy Partners, and I’m working with Landmark (Hammes) on the details of the format for the accounting and payment of the “developer’s capital costs” as outline in the DPA. Those details should be agreed to this week and we’ll turn our attention to a launch of the planning process—July 12 or 13. There may be an opportunity for the Board to participate in this launch process. I will provide those details soon.

Convention Center— The HVS Convention Center Analysis is complete. A copy of the Analysis will be available on our website shortly so that you can review the entire document. The bottom-line is 1) we are losing convention/conference business because of our dated/limited facilities; 2) there is a market opportunity to capture if we had a modern convention/conference center; 3) we need up to 150,000 square-feet (including back-of-the-house facilities) in full-service conference space; 4) there would be 2% of business that would potentially move from Metra Park to a new conference facility (Metra Park staff believe that number would be a bit higher); 5) the facility is most likely to succeed if developed as a part of a comprehensive redevelopment (AKA- One Big Sky District) effort in our downtown core (downtown still being the best location according to the analysis); and 6) if we build a traditional conference facility with a traditional operating model, it will cost \$750,000 per year to offset operating costs. The being to building a multidimensional facility that can be active on a consistent basis as a part of a comprehensive

redevelopment plan. There are opportunities to do a convention center development with a modern business model that works for the community. That is what we hope to develop out of the One Big Sky District planning process, as well as other catalyst project opportunities.

Coulson Park Redevelopment and Entryways Now—We just received \$10,000 from a private-sector partner to support the Coulson Park Master Plan project. That puts us at \$87,000, only \$3,000 short of our \$90,000 budget. That means, with a bit more work, we should be able to launch the project in July. More details to follow. This is exciting!!

EBURD Redevelopment—No new info to report. EPA Brownfields program continues to support redevelopment efforts in the EBURD.

Trailhead Hospitality Vision Steering Committee—We're still working on the scope of work for a plan/design/budget for the improvement of the Metra Park backside walkway, fence and landscaping. The goal being to take steps forward in the improvement of the HWY 87 corridor as one of the major entryways for our community. The next meeting of the Committee is set for July 6, 2018, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room. They meet every other month.

Air Service—Nothing new to report.

Program Updates

Marketing and Member Investor

This month we secured three new Member Investors, Mark Rite Lines (MRL) and Technology by Design and the Native American Development Council (NADC).

The process to raise the needed funds for the launch of the Entrepreneur space has started. The goal is to have these dollars raised by July 17th to trigger the hiring for the new Program Manager.

We are working on selecting our speaker for the 2018 Annual Meeting scheduled for the second week of October. Stay tuned....

BillingsWorks

The Yellowstone Strengths Academy kicked off at the Library on June 18th. This is one of two employability training programs BillingsWorks has partnered with to launch this year. Workforce development was represented at a Next Gen Sector Training conference in Chicago and is excited to bring this information to the newly launched IT Sector Partnership. Lastly the 2018 State of the Workforce Report and Workplan was released during the Workforce Council meeting on June 22nd and is available on the BillingsWorks website: BillingsWorks.org

Recruitment and Outreach

Recruitment has been focusing on OBSD project management along with further refining the 18-19 work-plan. Additionally, I have been working on closing out the reporting on the air service grant marketing. This past week, I have been in Chicago learning about running sector partnerships.

PTAC

MT PTAC is on track to meet or exceed its goals for the current performance period. All seven PTAC locations across the state are actively providing government contracting assistance to 984 unique businesses. Since August 2017, MT PTAC clients (statewide) have been successful in winning \$76.5 million in contracts awards! Of that, clients served by the Billings PTAC have realized approximately \$20 million in contract awards. A few Billings PTAC success stories of note: Ruff Country Fencing, LLC \$77,273 to provide fence rebuilding for BLM. Wharton Asphalt, Inc. Longtime PTAC client - \$2,804,292 to provide asphalt services to the Federal Highway Administration. HydroSolutions, Inc. \$607,381 to provide engineering and water remediation services to the U.S. Forest Service. KRTV Communications, LLC - \$23,000 to provide marketing and advertising support to the Department of the Navy.

Community Development

The Lockwood TEDD Advisory Board met on June 20th in BSED's Yellowstone Room. Yellowstone Valley Electric Cooperative, Montana Dakota Utilities, and Northwestern Energy discussed current utilities and future opportunities in the Lockwood TEDD. CD staff is working with City County Planning and the County Attorney's Office to complete the zoning jurisdictional boundary change and the TEDD boundary change. CHS tax abatement went before the County Commissioners on June 26th and was approved at 50%. Yellowstone County's Fuels Reduction program continues with mitigation work. The Governor signed the awards for Yellowstone River Oil Spill Funding. Awards are for \$45,000 toward the Coulson Park Master Plan, \$250,000 toward implementing the plan, and an additional \$110,000 to the City of Billings for replacement of the boat launch, restrooms, and parking lot upgrades. The Montana Coal Board met in June and is preparing the contract award documents for the \$500,000 toward the MSUB Science building. Dianne attended the TrailNation Summit in Milwaukee as part of the group representing Billings' Trail efforts. The invitation only summit for 15 communities actively moving their trail projects forward focused on funding sources, building and leveraging funds, and growing support.

SBDC

June was productive in serving several new and existing companies with technical assistance and consulting. We traveled for a quarterly circuit rider to meet with our Rural County partners, clients and lenders in Columbus, Absarokee, Red Lodge and Joliet. 35 clients completed training in our Pre-business Workshop, QuickBooks 101 & 102 and Trademark Thursday. We are partnering with Rimrock Mall to plan and co-host a franchise fair that will be happening on August 8th.

B.E.A.R.

The B.E.A.R. team performed 2 team site visits resulting in several direct referrals for these clients. This format is working well for the team to do a deeper dive with the business owner on all facets of the business including financial, marketing and operations. We are developing a formal plan for a deeper focus on Outreach as this initiative will be moved under the umbrella of B.E.A.R. in the new fiscal year. This is in partnership with Melanie as we look to increase awareness: educate, attract and serve our small business owners. More to come on this.

Entrepreneur Program & Space

Meet-UP | Mentor-UP | Business-UP

We are working to codify agreements for the key founding partners as well as our strategic resource partners. Once this is completed, we will form an advisory council (including Board representation) to guide program leadership as we build and grow this model.

We are finalizing the job description for the Program Manager and will be posting in July. We are looking for a candidate (leader) with commercialization consulting capability including commercialization plan development and a deep understanding of the stages from concept to commercialization. Ideally, the candidate has innovated an idea (solved a problem in the marketplace) and protected it (taken steps to Patent the idea) and successfully and profitably commercialized their concept. They understand the process. They have overcome barriers. They can provide first-hand knowledge to pre-venture, early-stage and startup companies in the program and they have an ability to coach and mentor. Let us know if you have someone we should consider.

We are hosting an update for community partners who have been involved in the planning process over the last couple years. These key partners have been instrumental in our ability to move forward and they will be instrumental in continuing to keep the momentum going as we launch. This will take place on July 17th over a long lunch. Board members are more than welcome to attend.

Our first Meetup will be co-hosted with NADC on August 2nd (in conjunction with their annual conference). This Meetup is an opportunity to support Native American Business Development and their new training center in Billings. NADC will be joining as a key founding partner as well as a Biz-UP site for training. We are excited about this partnership. Our second Meetup will be held on August 7th as a pre-event to Innovate Montana. We are working on a brand strategy for the new program which will be announced at the August 7th Meetup.

We are working with MSUB and Beartooth RC & D to support their proposal for a grant application (Federal EDA) for dollars that will support research and innovation at the University as well as allocate some dollars to scholarships for our new program. More to come on this as we are working on the details.

Big Sky Finance

June has been another busy month for the Big Sky Finance team. We are seeing a couple of our larger construction loans come to completion and are closing and funding. Sherry closed on the Marinefighter LLC (Sidewinders American Grill) located in Bozeman. Sherry did an amazing job working with the borrower and lender to bring this loan to closure! If you are ever in Bozeman, we highly recommend you stop in and eat at Sidewinders – you won't be disappointed! We are also closing on two other projects, Zero Indoor Shooting Range located in Bozeman and MARS here in Billings. Both are awesome projects we are proud to be a part of!

Our loan committee approved two new loans this month, one of which has been submitted to SBA and approved, and the other to be submitted by month end. A special thanks to our loan committee members for their commitment and dedication to the program! A third loan previously approved by committee has been submitted to and approved by SBA. That will make for three new approvals this month! Ben, Jo Ann and Sherry have done an excellent job!

We are actively working with two prospects for funding utilizing the Revolving Loan Fund.

Lastly, rates on the SBA 504 loans continued their upward creep this month. The 20-year effective rate on SBA 504 loans funded in June was 5.32%. These rates are still very favorable as long-term, fixed rates for commercial, owner-occupied real estate!

VBOC

During the last month, we've been configuring our current contractual agreements with our resource partners in Montana, Utah, and Wyoming. Throughout the last month we have conducted two Boots-to-Business training events, one at Hill AFB, Utah and F.E. Warren AFB WY. One Reboot was held at Salt Lake Community College. Brian held a roundtable discussion with the new Score development team in Rock Springs WY. We discussed the best course of action moving into the new five-year VBOC agreement. In addition to the B2B's, and Reboots we conducted a Match making event in Ogden, Utah at the local National Guard Armory. The announcement for the VBOC director's position is due to be re-released in the coming week seeking applications to best fit this diverse and fluid leadership opportunity. The SBA has approved Brian Clemons as the interim VBOC director.

Organizational/Program/Policy Matters

1. **Future Facilities Taskforce** –The Taskforce completed the draft RFP and is releasing it to the public on June 28th. Before release, the draft RFP was run past our legal counsel as well as Dan Schwarz with Yellowstone County. The taskforce will be very busy during the month of August vetting proposals and hopes to bring a recommendation to the Board for consideration in September.
2. **Work, Thrive, Live Initiative (WTL)** – The WTL team (Becky, Karen, Brandon, Patrick and Kathy) is overseeing the efforts of two committees. One is focused on revamping the performance management process and the other is focusing on the structure for employee appreciation efforts, both monetary and non-monetary. During the month of August, the organization is testing the integration of a more flexible work schedule, a hot topic identified through our WTL research. Each director is responsible for structuring his/her team's schedule in a way that covers the needs of each program and ensures services are available to the public during office hours, all while allowing for individual flexibility. The WTL team will sit down with Staff in September to discuss the outcomes of the experiment, how it impacted the organization, and what we learned from it.
3. **FY 2019 Budget**—The EDA held its budget hearing with the County Commissioners on June 27th. The meeting went well. We should have the final mill-levy decision from the Commissioners at their mid-August BOCC meeting. Eric and Jennifer did a great job representing the EDA and EDC Boards at the hearing, and they were joined by Mike Nelson. Jim, Becky, Melanie and the staff did a great job with the budget presentation to the Commissioners.

4. Strategy Plan—A full Strategic Plan document, including Program Workplans and Goals, will be provided to the Board as a PDF. Look for that info to be sent your way following the Staff FY 2019 Launch Breakfast—July 16th.
5. Montana Economic Developers Association (MEDA)—Work begins for the MEDA Board on the development of the Association's legislative priorities and strategies for the 2019 Legislative Session. The MEDA Board will meet July 9 and 10 in Helena for our summer planning retreat. I expect that we will have an outline of our strategies and priorities come out of that meeting. I will provide the details of MEDA's work to our own Ad Hoc Legislative Committee, which should meet mid-July to consider our BSED legislative priorities.

**Respectfully submitted,
July 2nd and 12th**

A handwritten signature in black ink, appearing to read 'SA', with a stylized flourish extending to the right.

**Steve Arveschoug
Executive Director**