

**EDA/EDC – Joint Board Meeting Agenda**  
**Thursday, February 9, 2017 -7:15 A.M. – 9:05 A.M.**  
**BSED Yellowstone Conference Room**  
**Granite Tower**  
**222 N. 32<sup>nd</sup> Street**  
**Billings, Montana**

***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.

**7:15 A.M. Call to Order/Pledge of Allegiance/Roll Call: David Trost, EDC Chair**

**7:17 A.M. Public Comment/Recognitions/Special Announcements:**

- Martha Sheehy, Board of Regents to Introduce Dr. Ron Larsen, MSUB Chancellor

**7:25 A.M. Changes to Today's Agenda**

**7:26 A.M. Consent Agenda**

- Approval of January 12, 2017 Board Meeting Minutes (Attachment A) (EDA/EDC Action)
- December 2016 EDA and EDC Financials (Attachment B&C) (EDA/EDC Action)
- Mid-Year Budget Review\* (Attachment D&E) (EDA/EDC Action)

**7:35 A.M. Regular Agenda**

- I. **Legislative Priorities-Update: Recommendation on MIC  
Local Option Infrastructure Authority and Property Tax Relief Act**
  - Steve Arveschoug/Eric Simonsen, Ad Hoc Legislative Comm. Chair (Attachment F) (EDA/EDC Action)
- II. **Loan Approvals—Brandon Berger** (Attachment G) (EDC Action)
- III. **February 2017 Program Progress Reports  
Business Support Services**
  - A. Business Finance—Brandon Berger
  - B. Small Business Development Center/BEAR—Dena Johnson
  - C. Veteran's Business Outreach Center—Sara Hudson
  - D. MT Procurement and Technical Assistance Centers—Deanna Langman
  - E. BillingsWorks Workforce Council—Melanie Schwarz
- IV. **Executive Director's Report/Consideration—Steve Arveschoug** (Attachment H)
  - A. GE Update
  - B. Update: Staffing Plan Proposal (Director of Operations/Admin. Support)
  - C. March Board Meeting—Progress Report Continues

**9:00 A.M. Public Comment**

**9:05 A.M. Adjourn**

**Next EDA/EDC Board Meeting: March 9, 2017**

*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.*

## EDA/EDC Joint Board Meeting Minutes

*Thursday, January 12, 2017 – 7:30 am – Granite Tower, 1<sup>st</sup> Floor*

**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:** Sheri Nicholson, Jennifer Smith, Cory Moore, Kevin Gustainis, Robin Rude, Mitch Goplen, Greg McDonald, Paul Neutgens, Dana Pulis, Chuck Tooley, Robyn Driscoll (ex-officio), Terry Bouck (ex-officio), Mike Yakawich (ex-officio)

**EDA Board Members Absent:** Mark Qualman, Heidi Jensen (ex-officio), John Brewer (ex-officio)

**EDC Board Members Present:** David Trost, Eric Simonsen, Duncan Peete, Mike Nelson, Craig Bartholomew, Kathy Boelter, Scott Chesarek, Mac Fogelsong, Wayne Nelson, John Ostlund, Aaron Ramage, Mike Seppala, Debbie Singer, James Smith, John Walsh

**EDC Board Members Absent:** David Ellis, Ty Elkin, Doug Hansen, Jon Stepanek, Steve Loveless, John Brewer

**Staff and Guests:** Steve Arveschoug, Brandon Berger, Jim Tevlin, Dena Johnson, Mike Waters, Dianne Lehm, Sara Hudson, Eric Halverson, Kevin Heany, Jack Nichols

### Call to Order:

David Trost, EDC Chair, called the meeting to order at 7:30 am with the Pledge of Allegiance.

### Public Comment/Recognitions/Special Announcements:

Kevin Heaney of Crowley Fleck and Jack Nichols did a short introduction of himself.

Jack Nichols of Montana Economic Development Advisory Council did a short introduction of himself.

**Agenda Changes:** No changes to the agenda

### Consent Agenda:

#### **Approval of December 8<sup>th</sup> Board Meeting Minutes**

Motion: Wayne Nelson, to approve the December 8th Board Meeting minutes and the November 2016 EDA and EDC Financials as presented to the Board.

Second: John Walsh

Discussion: None

Motion carried

### Regular Agenda:

#### **Review and Accept Conflict of Interest Policy – Kevin Heaney/Steve A.**

Kevin overviewed the BSED Conflict of Interest policy. He emphasized the importance of why we have this policy in place and what it means. He mentioned it was for our own protection. Under non-profit corporation act in Montana, directors could face personal liability if they engage in a conflict of interest transactions, where we don't follow certain protocols. The policy comes to play in two components. One is when we file our form 990 for EDC with the IRS they require us to check the box that we have a conflict of interest policy. Two, the statute, although helpful, isn't incredibly detailed, so this gives us the mechanism to disclose, evaluate and monitor conflicts of interest. Kevin went through the policy, item by item and explained specifics. He answered questions after reviewing the policy.

Steve asked that everyone sign that they have received the policy and leave them at their place for staff to collect.

### **Program Director Reports/Consideration**

Business Finance Program Business Plan and Resolution of Merger – Brandon Berger/Steve A.

Brandon discussed the merger with Montana Community Finance Corporation, out of Helena, with the EDC. He gave an update from the last Board meeting. Packet was handed out, including business/merger plan and legal documents. A small committee with the Directors. Shari, Cory, Jennifer, and Wayne provided extra evaluation of the plan. There were no additions or deletions to the plan and was also presented to the Executive Committee. Brandon asked for the Board's approval with the intent to merge the two organizations and Big Sky Economic Development Corporation. Brandon asked if there were any questions and answered them. Brandon reviewed the packet to the Board, which included, the Certificate of Adoption of Resolutions, the Plan of Merger, and Articles of Merger, which are different than the packet that was mailed out to Board members. There are no significant changes to the documents in the packet today. Brandon proceeded to go through each of the documents. Steve asked the full EDA/EDC Board to consider action on the Business Plan. Then for the EAC Board to consider The Certificate of Adoption of Resolution.

Motion: Joint Board approval - Mike Seppala, approving the hard copy of the Business Plan that was handed out.

Second: Chuck Tooley

Discussion: None

Motion carried

Motion: EDC Board approval – John Ostlund, approving The Certificate of Adoption of Resolution

Second: Debbie Singer

Discussion: None

Motion carried

### **Annual Notification of Appointment of Assistant Executive Director for Purposes of 504 Loan Program**

Steve informed the Board that he formerly appointed Brandon Berger as the Assistant Executive Director for the EDC, for Purpose of Executing the 504 Loan Program as stated in Per Section 6.8 (Executive Director) of the Big Sky Economic Development Corporation (BSEDC Bylaws 4-9-15). This will be done every two years.

### **Community Development – Lockwood TEDD Update: Dianne/Katy**

Dianne gave an update on the Lockwood TEDD. She noted on December 27<sup>th</sup> 2016 the TEDD was officially created. They are now able to move forward with next steps of completing all the documents and get them sent to the State Department of Revenue. February 1 is our next deadline that we're working towards. We still have a lot to look at; our next topic in infrastructure. Looking for funding for the infrastructure master plan. We're forming committees to get all parts and pieces moving together. Dianne asked if there were any questions or things to add what was discussed. It was mentioned that for Board action in the future, the Opportunity Fund Committee has discussed using funds to pay for the master plan with the condition that they would be reimbursed from future TEDD proceeds.

### **BillingsWorks Update – 2017 Employer Survey and State of the Workforce Report – Melanie**

Steve substituted for Melanie. He gave the board information on the link to fill out the 2017 Employer Survey and State of the Workforce Report. He asked that each Board members fill out the survey themselves and then encourage ten business owners to fill out the survey. The information becomes the assets of the State of the Workforce Report that Big Sky Economic Development does each year and always includes data from the Department of Labor, both nationally and at a state level. The survey is open until the middle of February.

### **Business Recruitment and Outreach – Allison**

Allison gave an update of where she is with the GE discussion. We are working and partnering with GE on a couple of areas. The first being understanding our asset position as far as the GE facility goes. We hope to have this worked out by the end of this week. At the beginning of February, we will be meeting with the GE legal team, as well as our legal team to walk through the lease to make sure we're all on the same page, as far as what their responsibility is and what our responsibilities are and what we're looking at in moving forward. They've also put us in touch with their head of real estate, so we can understand what's in the building and do a walkthrough of the building in mid-February. The second thing we are focusing on is finding a new third party option and marketing that asset. To work on that we have engaged in a site selection professional that typically works with private sector companies who's going to be coming out in February to look at the asset and help us strategize how to position it with national tenants. This will help us have our best foot forward, and we're ready when GE is with the facility. Steve also discussed the incentive payment that we pay GE. Several questions from the Board were answered.

## **Executive Director's Report/Consideration – Steve**

### **Board Materials Review (Directory, Calendar, Committees)**

Steve reviewed the calendar for 2017 that lists all the Board Meeting dates and some of our important tasks and projects. Things like our Budget Workshop, our Annual Meeting and other things listed on this calendar. He will send out notices whenever there will be anything to add to the calendar. One for example, some haven't been to the GE facility. The Board will be invited to go through the facility and get an idea of what we're talking about when we talk about the GE building. There are two directories, one is the list of the EDA Board, the other is the EDC Board list. This information is the contact on our Boards. This is the information we use to communicate with our Boards. Then we have our Board Committees list for 2017. As you look through this committee listing you'll see the word 'OPEN'. For example, on the Ad Hoc Legislative Committee, we have an open position for an EDA Board Member and EDC Board Member. There are other openings in other committees. You don't have to be a board member to serve on a committee. We have some outside expertise working on a few of our key committees. We try to represent our Member Investors and the community if the topic makes sense for their participation.

**Legislative Priorities Update** – Our Ad Hoc Legislative Committee has met to talk about a couple issues. A lot of discussion on tax increment financing. We've taken a position in support of trying to protect that tool for both Target Economic Development District and Urban Renewal. There are a lot of community members going to Helena to testify. On the local option tax authority, the position the Board has taken was to be neutral until a bill was introduced. There is a bill being worked on in partnership with the Montana Infrastructure Coalition and our local Chamber. Steve will bring this issue back to The Ad Hoc Legislative Committee and to the Board for reconsideration when a final bill has been drafted.

**February Board Meeting** – 1) Mid-Year Program Progress Reports and Budget Review Our February Board meeting will be our mid-year update for the Board. We'll be talking about what we've accomplished halfway through our current fiscal year in terms of our program goals. Each of Big Sky Economic Development's program directors will talk about what they've accomplished. This year we won't have a separate report on that progress. We just issued a Community Report in the news

### **Update: Staffing Plan Proposal (Director of Operations/Admin. Support)**

We are still without an Executive Assistant. We're moving toward bringing on an operations director position in lieu of an executive assistant. Someone that can work at a higher level in terms of helping manage the day to day operations of our organization and then adding additional admin support. I have been discussing with Jim how we are going to fund this, and we think we have a game plan to present to The Executive Committee at the February meeting.

### **Public Comment:**

David Trost congratulated Allison for her work with John Brewer in the work with American Airlines. David also mentioned that if any of the Board are in Helena to look at the legislative priorities and if there is something that fits for them to connect with Steve and legislate on that behalf.

### **Meeting Adjourned at 9:00 am**

Next Meeting –February 9, 2017

Respectfully submitted,

David Trost, EDC Chair

Steve Arveschoug, Executive Director, Big Sky EDA-EDC

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

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## Internal Memorandum

**Date:** January 25, 2017  
**To:** Steve Arveschoug  
**From:** Jim Tevlin  
**Subject:** December 2016 BSEDA Financial Statements

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I have attached income statements for the year-to-date periods ended December 31, 2016 and 2015 and balance sheets as of December 31, 2016 and 2015.

### **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 designated (e.g. Opportunity Fund) or have separate restricted funding sources.

	<b>Dec 31 2016</b>	<b>Dec 31 2015</b>
Current Assets	\$ 1,395,725	\$ 1,420,816
Current Liabilities	<u>192,688</u>	<u>130,544</u>
Working Capital	\$ 1,203,037	\$ 1,290,272

### **Statements of Operations Overview:**

Big Sky EDA's operating results (Cash-Basis BSEDA only) for the six months ended December 31, 2016 reflects operating income of \$496,279 compared to operating income of \$507,986 for the prior fiscal year.

Note that revenues received via the HUD and the TEDD-CDBG grants offset equal amounts of operating expenses.

**Big Sky EDA  
Balance Sheets**

	<b>Dec 31, 2016</b>	<b>Dec 31, 2015</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
<b>Cash &amp; Cash Equivalents</b>		
Opportunity Fund	\$ 515,796.37	\$ 575,289.11
Stockman Reserve Funds	74,525.55	74,413.85
Operating Reserve	3,075.97	6,037.81
Operating Cash	576,601.83	361,754.61
	<u>1,169,999.72</u>	<u>1,017,495.38</u>
<b>Accounts Receivable</b>		
Trade	10,087.27	27,240.93
Brownfields	24,571.39	18,604.67
Big Sky Trust Fund/CDBG	55,715.00	-
HUD	-	108,248.11
VBOC	72,074.38	31,960.31
Department of Defense	80,600.00	278,790.00
Due From EDC	24,539.82	16,264.86
Mill Levy Receivable-Protested Taxes	110,591.59	70,182.43
Mill Levy Receivable	461,925.98	437,500.85
Allowance For Doubtful Accounts	(110,591.59)	(70,182.43)
	<u>729,513.84</u>	<u>918,609.73</u>
<b>Prepaid Expenses</b>	1,220.07	-
<b>Total Current Assets</b>	1,900,733.63	1,936,105.11
<b>Fixed Assets (net of depreciation)</b>	8,694,763.12	9,099,838.28
<b>Restricted Cash</b>		
Cabelas Conduit	9,666.27	20,087.15
Deferred Outflow of Resources	75,433.38	69,589.38
GE Building Reserve	753,710.43	660,757.55
GE Unapplied lease payments	90,792.50	6,338.26
	<u>929,602.58</u>	<u>756,772.34</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 11,525,099.33</u></u>	<u><u>\$ 11,792,715.73</u></u>
<b>LIABILITIES &amp; NET ASSETS</b>		
<b>Current Liabilities</b>		
Current Maturities of LTD	\$ 551,308.50	\$ 506,511.65
Deferred GE Maintenance Reimbursement	10,000.00	10,000.00
Accounts Payable	118,231.09	104,945.49
<b>Accrued Expenses</b>		
Interest	8,019.12	2,004.78
Other	133,357.58	108,943.31
<b>Total Current Liabilities</b>	<u>820,916.29</u>	<u>732,405.23</u>
<b>Long Term Liabilities</b>		
Deferred Inflow of Resources	58,936.97	107,238.97
Pension Liability	443,304.80	414,984.80
Long Term Debt	5,755,051.74	6,256,023.75
Deferred GE Rental Income	75,114.07	75,114.07
	<u>6,332,407.58</u>	<u>6,853,361.59</u>
<b>Total Liabilities</b>	7,153,323.87	7,585,766.82
<b>Net Assets</b>	4,371,775.46	4,206,948.91
<b>TOTAL LIABILITIES &amp; NET ASSETS</b>	<u><u>\$ 11,525,099.33</u></u>	<u><u>\$ 11,792,715.73</u></u>

**Big Sky EDA-BSEDA Only**  
**Statements of Operations (Cash Basis)**  
For the Six Months Ended December 31,

	2016	2015	Annual Budget
<b>Income</b>			
Department of Defense	\$ 285,126.00	\$ 278,790.00	\$ 599,228.00
Private Billings/Works funding	12,500.00	11,000.00	20,000.00
EPA-Brownfields	63,040.11	63,413.28	197,691.00
VBOC Revenue	172,577.97	118,913.86	350,000.00
HUD Grant	19,701.14	106,418.11	19,701.14
EDA Reserve Funds	-	-	25,000.00
TEDD-CDBG	39,360.38	-	50,000.00
Grant Administration	1,000.00	323.75	6,844.00
EDC Reimbursement	183,996.75	178,109.52	380,499.44
Mill Levy Revenue	1,100,023.33	1,046,166.47	1,232,176.00
Recovery of Protested Taxes	-	12,118.65	-
Miscellaneous Revenue	1,437.52	1,479.54	1,057.33
SBA/MT Dept of Commerce	55,201.18	55,520.48	108,277.36
SBDC Program Income	2,202.59	12,000.00	8,000.00
Opportunity Fund	60,000.00	-	25,000.00
Health Levy Revenue	40,005.00	36,043.50	87,300.00
<b>Total Income</b>	<b>2,036,171.97</b>	<b>1,920,297.16</b>	<b>3,110,774.27</b>
<b>Expense</b>			
Advertising	2,995.12	7,472.61	-
Brownfields Expense	62,059.30	63,413.67	194,891.00
BEAR	1,957.01	223.87	5,000.00
Protested Taxes	31,613.64	29,482.84	60,912.96
Intern/Contract Support	11,316.19	3,575.00	20,000.00
Sponsorships	7,290.00	500.00	3,100.00
Dues and Subscriptions	24,400.54	25,190.91	23,379.00
Employer Contributions	170,280.94	153,505.17	360,146.12
Insurance	12,596.00	10,920.54	13,606.00
Miscellaneous	14,136.22	19,202.40	22,730.00
Office Supplies	9,523.20	16,104.64	25,500.00
Postage and Delivery	2,428.92	481.73	3,300.00
Professional Fees	51,741.14	50,757.77	53,720.00
Professional Fees-HUD	19,701.14	106,013.86	19,701.14
Marketing-Departmental	3,761.64	1,236.49	3,700.00
Marketing-Organizational	39,527.68	38,808.68	60,000.00
Opportunity Fund Project	60,000.00	-	25,000.00
Program Event Expense	1,936.37	2,796.53	9,950.00
PTAC Subcenter/Satellite	168,741.62	156,102.44	379,612.00
Recruiting	1,451.00	11,123.00	35,000.00
Rent	58,492.56	57,597.04	119,955.00
Repairs	1,476.50	1,422.06	2,400.00
Salaries/Wages	534,446.69	497,896.80	1,120,911.98
Telecommunication	14,398.71	15,491.38	31,892.00
TEDD Expense	39,801.73	1,669.50	50,000.00
Travel/Training	38,386.65	28,897.83	87,116.50
VBOC Expense	139,170.37	95,898.29	282,258.00
Workforce Development	16,261.83	16,526.53	57,000.00
Reserve	-	-	17,500.00
<b>Total Expense</b>	<b>1,539,892.71</b>	<b>1,412,311.58</b>	<b>3,088,281.70</b>
<b>Operating Income</b>	<b>496,279.26</b>	<b>507,985.58</b>	<b>22,492.57</b>
<b>Other Income/(Expense)</b>			
Interest Expense	-	-	(25,000.00)
Interest Income	710.71	717.52	3,000.00
	<b>710.71</b>	<b>717.52</b>	<b>(22,000.00)</b>
<b>Net Income</b>	<b>\$ 496,989.97</b>	<b>\$ 508,703.10</b>	<b>\$ 492.57</b>

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## Internal Memorandum

**Date:** January 25, 2017  
**To:** Steve Arveschoug  
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I have attached income statements for the year-to-date periods ended December 31, 2016 and 2015 and balance sheets as of December 31, 2016 and 2015.

### **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).

	<b>Dec 31, 2016</b>	<b>Dec 31, 2015</b>
Current Assets	\$ 87,609	\$ 106,700
Current Liabilities	<u>93,299</u>	<u>65,839</u>
Working Capital	\$ (5,690)	\$ 40,861

The negative working capital reflected a temporary situation at December 31, 2016. Subsequent cash receipts (\$34k) associated with Member-Investor dues in January 2017 have provided additional working capital.

### **Statements of Operations Overview:**

Big Sky EDC's operating results for the year-to-date period ended December 31, 2016 reflect an operating loss of \$47,976 compared to operating income of \$25,982 for the prior year.

The year-over-year variance in operating income is primarily due to the timing of SBA 504 Origination Fees and the receipt of Member-Investor dues. As of January 25, 2017, Big Sky EDC has received \$62,800 in Member-Investor dues. In comparison, Big Sky EDC received \$65,750 in Member-Investor dues for the prior fiscal year ended January 31, 2016.



# Big Sky Economic Development Corporation

## Balance Sheets

	Dec 31 2016	Dec 31 2015
<b>ASSETS</b>		
<b>Current Assets</b>		
First Interstate Bank	\$ 10,730.54	\$ 47,500.08
Operating Reserve	50,000.00	25,000.00
Opportunity Fund	22,200.00	19,200.00
Revolving Loan Funds	216,151.49	364,883.81
Miscellaneous Receivables	26,878.50	15,000.00
SSBCI Portfolio-Current	215,760.44	176,279.38
RLF Loan Portfolio-Current	60,375.78	38,016.32
	<u>602,096.75</u>	<u>685,879.59</u>
<b>Other Assets</b>		
Restricted Cash-SSBCI	965,976.41	745,122.80
SSBCI Portfolio	1,118,879.70	1,378,594.25
RLF Loan Portfolio	272,262.42	124,808.06
	<u></u>	<u></u>
<b>TOTAL ASSETS</b>	<u><b>\$ 2,959,215.28</b></u>	<u><b>\$ 2,934,404.70</b></u>
<b>LIABILITIES &amp; EQUITY</b>		
<b>Current Liabilities</b>		
Current Maturities of LTD	\$ 43,240.39	\$ 20,990.48
A/P & Accrued Expenses	25,519.12	28,583.21
Due to/Due From EDA	24,539.75	16,264.86
	<u>93,299.26</u>	<u>65,838.55</u>
<b>Non-Current Liabilities (GE Annuity)</b>	23,584.53	45,834.44
<b>Total Liabilities</b>	116,883.79	111,672.99
<b>Net Assets</b>	2,842,331.49	2,822,731.71
	<u>2,842,331.49</u>	<u>2,822,731.71</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>\$ 2,959,215.28</b></u>	<u><b>\$ 2,934,404.70</b></u>

# Big Sky Economic Development Corporation

## Statements of Operations (Unrestricted - Cash Basis)

For the Six Months Ended December 31,

	2016	2015	Annual Budget
<b>Income</b>			
RLF Business Interest	\$ 10,205.70	\$ 5,200.42	\$ 8,544.00
RLF Loan Fund Interest	232.13	442.61	800.00
Miscellaneous Revenue	4,094.17	4,426.89	5,327.71
Event Revenue-Building Remarkable	37,500.00	-	45,000.00
Event Revenue-Other	19,152.60	40,549.65	21,000.00
Member Investment	28,800.00	43,875.00	182,500.00
Recovery of Bad Debt	1,500.00	1,500.00	3,600.00
SSBCI Interest Income	16,893.40	17,801.03	29,270.00
SBA 504 Origination Fees	26,650.13	90,064.03	116,400.00
SBA 504 Servicing Fees	126,048.23	121,090.36	243,624.00
	<u>271,076.36</u>	<u>324,949.99</u>	<u>656,065.71</u>
<b>Expense</b>			
Business Recruitment	23,417.68	27,469.33	56,000.00
Dues and Subscriptions	5,789.89	3,420.29	5,700.00
EDA Reimbursement	183,996.75	178,109.52	380,499.44
Insurance	9,990.00	10,895.00	10,772.00
Marketing	695.00	-	7,000.00
Membership Development	851.79	552.22	4,500.00
Miscellaneous	4,111.78	1,257.19	1,400.00
Office Supplies	385.68	1,765.30	1,000.00
Operating Reserve Contribution	-	-	25,000.00
Postage and Delivery	906.15	629.31	3,500.00
Professional Fees	19,851.48	12,200.00	20,500.00
SSBCI-MBOI Fee	1,444.05	3,384.92	6,600.00
Event Expense	51,691.71	47,449.93	66,000.00
Workforce Development	-	-	5,000.00
Telecommunication	1,910.00	1,000.00	3,667.00
Travel & Training	14,010.30	10,835.09	23,500.00
Contingency	-	-	10,000.00
	<u>319,052.26</u>	<u>298,968.10</u>	<u>630,638.44</u>
<b>Operating Income/(Loss)</b>	<b>(47,975.90)</b>	<b>25,981.89</b>	<b>25,427.27</b>
<b>Other Expense</b>			
Interest Expense	-	-	(25,000.00)
	<u>-</u>	<u>-</u>	<u>(25,000.00)</u>
<b>Net Income/(Loss)</b>	<b>\$ (47,975.90)</b>	<b>\$ 25,981.89</b>	<b>\$ 427.27</b>

Big Sky EDA Profit & Loss								
		Actual	Est	Prelim Est		Revised Est	Budget	
		YTD 12/31	Jan-Jun	FY17	Changes	FY17	FY17	+/-
Income								
BillingsWorks		\$ 12,500.00	\$ 7,500.00	\$ 20,000.00		\$ 20,000.00	\$ 20,000.00	\$ -
BSEDA Reserve Funds		-	25,000.00	25,000.00		25,000.00	25,000.00	-
SBDC Program Income		2,202.59	5,797.41	8,000.00		8,000.00	8,000.00	-
TEDD-CDBG		39,360.38	-	39,360.38		39,360.38	50,000.00	(10,639.62) A
VBOC		172,577.97	216,448.23	389,026.20		389,026.20	350,000.00	39,026.20 A
Big Sky Trust Fund Revenue		-	732.44	732.44		732.44	-	732.44
Department of Defense		285,126.00	302,662.00	587,788.00		587,788.00	599,228.00	(11,440.00)
EDC Reimbursement		183,996.75	183,128.22	367,124.97		367,124.97	380,499.44	(13,374.47)
EPA - Brownfields		63,040.11	134,650.89	197,691.00		197,691.00	197,691.00	-
Grant Administration		1,000.00	8,844.00	9,844.00		9,844.00	6,844.00	3,000.00
Health Levy Revenue		40,005.00	37,343.50	77,348.50		77,348.50	87,300.00	(9,951.50)
Opportunity Fund		60,000.00	-	60,000.00		60,000.00	25,000.00	35,000.00 A
MILL Levy Revenue		1,100,023.33	132,152.67	1,232,176.00		1,232,176.00	1,232,176.00	-
Miscellaneous Revenue		1,437.52	1,776.36	3,213.88		3,213.88	1,057.33	2,156.55
SBA/MT Dept of Commerce		55,201.18	53,638.68	108,839.86		108,839.86	108,277.36	562.50
VA/HUD		19,701.14	-	19,701.14		19,701.14	19,701.14	-
		2,036,171.97	1,109,674.40	3,145,846.37	-	3,145,846.37	3,110,774.27	35,072.10
Expense								
Sponsorships		7,290.00	1,100.00	8,390.00		8,390.00	3,100.00	(5,290.00)
Advertising		2,995.12	915.20	3,910.32		3,910.32	-	(3,910.32)
Intern/Contract Support		11,316.19	8,683.81	20,000.00		20,000.00	20,000.00	-
Bad Debt Expense		31,613.64	29,299.32	60,912.96		60,912.96	60,912.96	-
BEAR		1,957.01	3,042.99	5,000.00		5,000.00	5,000.00	-
Business Recruitment		1,451.00	33,549.00	35,000.00		35,000.00	35,000.00	-
Dues and Subscriptions		24,400.54	2,551.12	26,951.66		26,951.66	23,379.00	(3,572.66)
Employer Contributions		170,280.94	173,550.40	343,831.34		343,831.34	360,146.12	16,314.78 B
HUD		19,701.14	-	19,701.14		19,701.14	19,701.14	-
Insurance		12,596.00	1,010.00	13,606.00		13,606.00	13,606.00	-
Marketing-Organizational		39,527.68	20,492.32	60,020.00		60,020.00	60,000.00	(20.00)
Marketing-Departmental		3,761.64	1,655.24	5,416.88		5,416.88	3,700.00	(1,716.88)
TEDD Expense		39,801.73	-	39,801.73		39,801.73	50,000.00	10,198.27 A
Program Event Expense		1,936.37	8,013.63	9,950.00		9,950.00	9,950.00	-
Miscellaneous		14,136.22	11,050.43	25,186.65		25,186.65	22,730.00	(2,456.65)
Office Expense		9,523.20	12,436.26	21,959.46		21,959.46	19,000.00	(2,959.46)
Office Equipment		-	6,500.00	6,500.00		6,500.00	6,500.00	-
Postage and Delivery		2,428.92	1,602.90	4,031.82		4,031.82	3,300.00	(731.82)
Professional Fees		51,741.14	20,721.33	72,462.47		72,462.47	53,720.00	(18,742.47) C
Professional Fees-Brownfields		62,059.30	132,831.70	194,891.00		194,891.00	194,891.00	-
PTAC Satellite		168,741.62	(28,877.62)	139,864.00		139,864.00	139,864.00	-
PTAC Subcenter		-	239,748.00	239,748.00		239,748.00	239,748.00	-
Rent		58,492.56	61,462.71	119,955.27		119,955.27	119,955.00	(0.27)
Repairs		1,476.50	(564.50)	912.00		912.00	2,400.00	1,488.00
Opportunity Fund Project		60,000.00	-	60,000.00		60,000.00	25,000.00	(35,000.00) A
Contingency		-	-	-		-	17,500.00	17,500.00
Salaries/Wages		534,446.69	558,505.09	1,092,951.78		1,092,951.78	1,120,911.99	27,960.21 B
VBOC Expense		139,170.37	174,724.92	313,895.29		313,895.29	282,258.00	(31,637.29) A
GE Incentive		-	25,000.00	25,000.00		25,000.00	-	(25,000.00) D
Telecommunications		14,398.71	6,216.87	20,615.58		20,615.58	25,172.00	4,556.42
Telephone-cell		-	3,800.00	3,800.00		3,800.00	6,720.00	2,920.00

<b>Big Sky EDA</b>									
<b>Profit &amp; Loss</b>									
		<b>Actual</b>	<b>Est</b>	<b>Prelim Est</b>		<b>Revised Est</b>	<b>Budget</b>		
		<b>YTD 12/31</b>	<b>Jan-Jun</b>	<b>FY17</b>	<b>Changes</b>	<b>FY17</b>	<b>FY17</b>	<b>+/-</b>	
	<b>Travel/Training</b>	38,386.65	47,729.85	86,116.50		86,116.50	87,116.50	1,000.00	
	<b>Workforce Development</b>	16,261.83	40,738.17	57,000.00		57,000.00	57,000.00	-	
		1,539,892.71	1,597,489.14	3,137,381.85	-	3,137,381.85	3,088,281.71	(49,100.14)	
	<b>Operating Income</b>	496,279.26	(487,814.74)	8,464.52	-	8,464.52	22,492.56	(14,028.04)	
	<b>Other Income</b>								
	<b>Interest Income</b>	710.71	322.36	1,033.07		1,033.07	3,000.00	(1,966.93)	
	<b>Interest Expense</b>	-	-	-		-	25,000.00	25,000.00	D
	<b>Net Income</b>	\$ 496,989.97	\$ (487,492.38)	\$ 9,497.59	\$ -	\$ 9,497.59	\$ 492.56	\$ 9,005.03	
	<b>A</b> Revenue variance to budget offset by expense variance to budget.								
	<b>B</b> Favorable variances are due to staffing vacancies in PTAC, SBDC and Administration.								
	<b>C</b> The unfavorable variance to budget is largely due to unforeseen expenses related to computer support (i.e. "IT")								
	<b>D</b> GE Capital has tentatively agreed to redirect our FY17 incentive payment to an EDA-controlled account for purposes of assisting with the re-marketing, refurbishing, etc of the GE Center of Excellence. Accordingly, I have reclassified this payment, which is technically considered Interest Expense, to an operating expense called GE Incentive.								

Big Sky Economic Development Corporation								
Profit & Loss								
	Actual	Est	Prelim Est		Revised Est		Budget	
	YTD 12/31	Jan-Jun	FY17	Changes	FY17		FY17	+/-
<b>Income</b>								
Event Revenue	\$ 19,152.60	\$ -	\$ 19,152.60		\$ 19,152.60		\$ 21,000.00	\$ (1,847.40)
Event Revenue -BLD Remarkable	37,500.00	-	37,500.00		37,500.00		45,000.00	(7,500.00)
Recovery of Bad Debt	1,500.00	1,800.00	3,300.00		3,300.00		3,600.00	(300.00)
504 Loan Origination	26,650.13	35,524.57	62,174.70		62,174.70		116,400.00	(54,225.30)
504 Loan Servicing	126,048.23	123,603.06	249,651.29		249,651.29		243,624.00	6,027.29
Member Investment	28,800.00	153,788.48	182,588.48		182,588.48		182,500.00	88.48
Miscellaneous Income	4,094.17	1,440.21	5,534.38		5,534.38		5,327.71	206.67
RLF Business Loan Interest	10,205.70	10,650.00	20,855.70		20,855.70		8,544.00	12,311.70
RLF Loan Fund (net)	232.13	(59.65)	172.48		172.48		800.00	(627.52)
SSBCI Revenue	16,893.40	9,870.72	26,764.12		26,764.12		29,270.00	(2,505.88)
	271,076.36	336,617.39	607,693.75	-	607,693.75		656,065.71	(48,371.96)
<b>Expense</b>								
Event Expense	51,691.71	4,960.89	56,652.60		56,652.60		66,000.00	9,347.40
Business Recruitment	23,417.68	32,582.32	56,000.00		56,000.00		56,000.00	-
Dues and Subscriptions	5,789.89	1,955.10	7,744.99		7,744.99		5,700.00	(2,044.99)
EDA Reimbursement	183,996.75	183,128.22	367,124.97		367,124.97		380,499.44	13,374.47
EDC Reserve Contribution	-	25,000.00	25,000.00	(25,000.00)	-		25,000.00	25,000.00
Insurance	9,990.00	-	9,990.00		9,990.00		10,772.00	782.00
Marketing-Departmental	695.00	6,890.00	7,585.00		7,585.00		7,000.00	(585.00)
Membership Development	851.79	3,701.21	4,553.00		4,553.00		4,500.00	(53.00)
Miscellaneous	4,111.78	(2,330.94)	1,780.84		1,780.84		1,400.00	(380.84)
Office Supplies	385.68	761.68	1,147.36		1,147.36		1,000.00	(147.36)
Postage and Delivery	906.15	2,593.85	3,500.00		3,500.00		3,500.00	-
Printing and Reproduction	-	1,527.96	1,527.96		1,527.96		-	(1,527.96)
Professional Fees	19,851.48	7,248.52	27,100.00		27,100.00		27,100.00	-
Program Expense	-	401.89	401.89		401.89		-	(401.89)
Rent	-	3,578.56	3,578.56		3,578.56		-	(3,578.56)
SSBCI -MBOI Fee	1,444.05	(1,444.05)	-		-		-	-
GE Incentive	-	25,000.00	25,000.00		25,000.00		-	(25,000.00)
Contingency	-	-	-		-		10,000.00	10,000.00
Workforce Development	-	-	-		-		5,000.00	5,000.00
Telecommunications	-	-	-		-		547.00	547.00
Telephone-cell	1,910.00	1,210.00	3,120.00		3,120.00		3,120.00	-
Travel & Training	14,010.30	12,540.30	26,550.60		26,550.60		23,500.00	(3,050.60)
	319,052.26	309,305.51	628,357.77	(25,000.00)	603,357.77		630,638.44	27,280.67
Operating Income	(47,975.90)	27,311.88	(20,664.02)	25,000.00	4,335.98		25,427.27	(21,091.29)
Interest Expense	-	-	-	-	-		25,000.00	25,000.00
Net Income	\$ (47,975.90)	\$ 27,311.88						



# BIG SKY ECONOMIC DEVELOPMENT

EDA • EDC    CREATING MONTANA BUSINESS OPPORTUNITIES

**Big Sky Economic Development  
Ad Hoc Legislative Committee Recommendation  
February 1, 2017**

The Ad Hoc Legislative Committee recommends the following:

“Big Sky Economic Development (BSED) fully supports the ‘Local Option Infrastructure and Property Tax Relief Act’ as proposed and supported by the Montana Infrastructure Coalition. BSED supports this proposal as a part of the package of bills designed to empower local government to address key infrastructure needs in their community. Big Sky Economic Development is charged under our public/private partnership mission to provide leadership and resources for economic and community development initiatives that are essential to attracting private investment and retaining and attracting talent. This legislation is one tool that would support our community’s efforts to make strategic investments in quality of place infrastructure, and is within the scope of our economic and community development mission.”

February 9, 2017 – Big Sky EDC Board Meeting

### **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. L & L Site Services, Inc. (LANDAN, LLC) – Purpose of this request is for the acquisition of land and new building construction for L & L Site Services located in Belgrade, MT. L & L Site Services is an existing business that serves the Gallatin Valley with commercial and residential trash and recycling collection. They are relocating to this new location located off Jackrabbit Lane which provides good access to the surrounding areas.

There are projected to be 20 new jobs created within the next two years as a result of this project. The total SBA debenture is projected to be \$350,000.00 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position behind Opportunity Bank of Bozeman on the real property. The project meets a SBA Public Policy goal for rural development.

2. SWIM, LLC / Marinefighter, LLC (Sidewinders Tavern) – Purpose of this request is for the acquisition of land and new construction for a new bar/restaurant to be in Bozeman, MT. The restaurant is Sidewinders and is owned by Joe and Denise Rice. This will be their second such restaurant as they currently own and operate a Sidewinders in Jackson, WY. The project is in a newer development on Huffine Lane. The Jackson location has been very successful and Mr. Rice owns and operates several other restaurants in the Jackson area.

There are projected to be 62.5 new jobs created as a result of this project – combination of full and part time. The total SBA debenture is projected to be \$1,167,000.00 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position behind First Interstate Bank on the real property. The project meets SBA Public Policy goals for rural development and Veteran owned business. Mr. Rice is a Veteran of the Marine Corps.

3. Mattress Land USA, Inc. (Barthel Properties, LLC) – Purpose of this request is for the financing of a new commercial building for Mattress Land USA, Inc. The property was constructed in 2014 to house operations of both Furniture Land and Mattress Land. Now, the property is solely being utilized by Mattress Land for warehousing and office operations. This will be a refinance of the existing note on the property held by Yellowstone Bank.

There are projected to be four new jobs created and 3 jobs retained as a result of this project. The total SBA debenture is projected to be \$468,000.00 on a 20-year note comprising 20.10% of the total project costs. (The debenture percentage is limited based on the number of new and retained jobs, thus not at 40%). Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position behind Yellowstone Bank on the real property.



**February 2017**

## **Executive Director's Report to the Ex. Comm. & Board of Directors**

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### **Strategic Priorities Implementation**

#### **1. Strengthen Opportunities for Business Expansion and Economic Diversity**

Foster Development of Planned, Ready-to-Go Industrial Space—We will be meeting with the County Commissioners on January 30<sup>th</sup> to discuss the operation of the TEDD and the proposed infrastructure master plan reimbursement proposal. That's an important meeting, as we need to determine who/how the TEDD will be managed. Dianne will provide the Executive Committee and Board of Directors an update on the TEDD at our February meetings.

GE Job Retention—Allison and I are meeting with a 3<sup>rd</sup>-party prospect on January 27<sup>th</sup>, and then we'll meet February 1<sup>st</sup> with the GE team to discuss a transition and lease settlement plan. We have also scheduled a meeting with the GE real estate team and a site selector consultant February 15 and 16. Additionally, I have asked Stockman Bank to secure a quote for the appraisal on the GE building. Lastly, we have set up a separate account for the re-purposed GE incentive funds, \$100,000 in total. Plenty of work ahead in the next three months as we, hopefully, settle on a new direction for the GE Center of Excellence facility and team.

Allison will schedule a tour of the facility for all Board members within the next two weeks. Be looking for a separate notice for that tour.

#### Opportunities for Building Economic Diversity—

a) MATTER-Chicago Concept for Healthcare-Related Business Startup and Incubation—Discussions are still underway on this concept. We are thinking of creating a “business incubator experience” as a prototype for a potential long-term concept. We're also discussing creating a business plan/feasibility analysis to solidify a concept that makes sense for our market. In the meantime, Dena is headed to the International Business Incubation Summit in Seattle. She will be touring three incubation concepts. More details to follow.

b) Coal Country Coalition—KLJ and Tamerica have scheduled a series of “Stakeholder Workshops” throughout the region to discuss their preliminary work on a workforce and regional economic development strategy related to our coal-impacted communities. The Billings Workshop is scheduled for February 8, 2:00 P.M. to 5:00 P.M. at the FIB Operations Center. The purpose of these meetings is to review initial findings and preliminary strategies. Please plan to join us for the Billings Workshop, if you can.

## **2. Workforce Development and Talent Attraction**

Advocate for and help define strategic programs and capital investment at our college/university and career center:

Advocacy for MSU Billings— Dr. Cruzado has appointed Dr. Ron Larsen as interim Chancellor for an indefinite period. There is no plan to initiate a search process for a permanent chancellor, at this time. I have asked Dr. Cruzado to consider two strategies that I believe would help build our community's sense of ownership for the future of MSU Billings—1) establish an MSU Billings Advisory Council to partner with Dr. Larsen (and Dr. Cruzado) in shaping the strategic direction of the university; and 2) conduct community-listening sessions to ask the business and civic leadership of the community what they want in the next leader of the university. We'll see where these suggestions go. I have heard concerns regarding the university system's response to the needs of MSU Billings. However, I have reached out to Dr. Larsen to start building that relationship. I have invited Dr. Larsen and Regent Martha Sheehy to join us for our Feb. 9<sup>th</sup> Board meeting, so that we can introduce ourselves and get started on supporting his work at MSU Billings.

Career and Technical Education/Career Center—This effort continues to move forward, and we should have the matching funds in place within the next 10 days. So far we have helped Terry Bouck raise over \$46,000 in annual support from our business community for a SD2 CTE Director. This is such an important effort that will have a direct impact on workforce development outcomes in the future. We are looking at an end-of-February press conference to announce this key partnership under BillingsWorks. More details to follow.

## **3. Key Building-Remarkable Community Investments**

Lead/partner/support key redevelopment and enhancement projects:

The former Battin Building—Work on abatement continues.

One Big Sky Center—No new info.

Coulson Park Redevelopment and Entryways Now – I spoke with City Council about the importance of Coulson Park, and work continues on finding the resources to help fund the proposed master plan for the park. In addition, we now have an Entryways Now, Committee meeting scheduled for February 3<sup>rd</sup>. We will be looking at a scope of work to design upgrades to key entryway projects that our now in the planning stages. This entryway discussion was identified as a priority of the Billings Now planning effort. I will update the Executive Committee and the Board on both of these efforts—Coulson Park and Entryways.

EBURD Redevelopment— Our Brownfields Assessment grant application is still pending with the EPA. We should hear back from them this spring—April or May. In the meantime, we are working on assessments related to key projects in the EBURD.

Trailhead Hospitality Vision Steering Committee—The next meeting of the Committee is set for March 3<sup>rd</sup>, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room.

Air Service—American Airlines is coming to Billings! Great effort by the whole team. We will now provide our pledge of \$25,000 as a part of the revenue guarantee. A draft contract between the City and American Airlines is now being drafted, and as soon as I have that draft, I will explain exactly how the guarantee will work. In addition, we just got word that our seasonal air service to Chicago will be expanded by three weeks this summer. More details to follow on both of these airline service enhancements.

Billings Now Community Development Vision—An RFP is out for facilitation and planning services to develop a Billings Now strategic plan. A contractor should be selected within the next few weeks. The next Billings Now meeting has not yet be set. The draft MOU among the partners is still being discussed.

## **Organizational Development Opportunities**

Growth of our Business Finance Program—With the Board's approval, we are now working on the Merger application which should go out to SBA by February 6<sup>th</sup> or sooner. I will keep you updated as we move through this application process.

## **Organizational/Program/Policy Matters**

1. Legislative/Policy Issues Follow-Up:

We will be meeting with the County Commissioners on January 30<sup>th</sup> to gain their input on the proposed local option tax authority legislation. This legislation should be introduced by February 3<sup>rd</sup>. With the Commissioners' input in hand, the Ad Hoc Legislative Committee will draft a recommendation reading BSED's position on this legislation. We will then review that with the Executive Committee and then call a special meeting of the Board of Directors; no date set yet. Stay tuned.

2. Management Structure Succession Planning— Jim and I will review with the Executive Committee a plan for the funding of the expanded administrative positions that we discussed last month. We have evaluated our projected FY 2017 year-end numbers and then looked at a mock budget for 2018 that should be able to cover the costs associated with the director of operations position and the admin support position. We'll walk through those details at the February 1<sup>st</sup> meeting.

The Succession Plan work will restart as soon as practical, following the pending staffing decisions.

**Respectfully submitted,  
February 1 and 9, 2017**



**Steve Arveschoug  
Executive Director**