

**Big Sky EDA/EDC
Executive Committee Agenda
November 4, 2020
7:30 A.M. to 9:15 A.M.
Zoom Meeting Only Access/Participation
LINK**

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.

Committee Members EDC –Mike Seppala, Steve Loveless, Ann Kosempa, Mac Fogelsong, Mike Nelson
EDA –Robin Rude, Paul Neutgens, Ken Lutton, Greg McDonald, Judi Powers

7:30 A.M.— Call to Order – Mike Seppala, EDC Chair

Agenda Changes for Today's Meeting

Public Comments/Board Member and Staff Announcements

- Meeting Protocols—Update--Austin

AGENDA

I. Approval of EDA/EDC Exec. Comm. Minutes

- Oct. 7, 2020 Ex. Committee Meetings (Attachment A) (Action)

II. Approval of EDA/EDC Financials – Shanna

- Sept. 2020 EDA and EDC Financials (Attachment B) (Action)
- FY 2020 Audit Review (Via Separate Email) (Action)

III. Executive Director's Report- Steve

- Update: Staffing Assignments/ReOrg (Attachment C) (Info)
- Legislative Priorities Update (MEDA and Chamber Priorities) (Handout) (Info)
- Update: FY 2021 Salary Adjustment Reconsideration (Info)
- MSUB Chancellor Search Update (Info)

IV. Program Directors/Leaders' Updates

- A. BSED's Covid-19 Response Update
 - 1. Stabilization Loan/EDA RLF Grant Program Update—Brandon (Info)
 - 2. Economic Response/Recovery Plan and Next Steps—Thom/Steve (Handout) (Info)
 - 3. Enhanced Training Offerings—Melanie/Dianne/Lorene (Info)
- B. Operations--Becky
 - Big Sky to Sky Point Project—Floor Plans Complete (Info)
 - Nominating Committee- EDA Board Appointment Update—Becky/Steve L. (Info)
- C. Community Development—TEDD Update—Dianne/Thom (Info)
- D. Big Sky Finance Update-Staffing—Brandon (Info)
- E. Annual Meeting Feedback—Marcell (Info)

V. Executive Session (as needed)

Public Comment

Adjourn

Next Executive Committee Meeting – December 2, 2020 (7:30 A.M. to 9:15 A.M.) 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 Economic Development at 256-6871.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT A

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
October 7th, 2020 – 7:30 A.M. to 9:15 A.M.
Zoom Teleconference Call

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.

Committee Members Present: **EDA** – Robin Rude, Greg McDonald, Ken Lutton, Judi Powers
 EDC – Ann Kosempa, Mac Fogelsong, Steve Loveless, Mike Nelson, Mike Seppala

Committee Members Absent: **EDA** – Paul Neutgens
 EDC – None

Staff and Others Present: Steve Arveschoug, Becky Rogers, Lorene Hintz, Melanie Schwarz, Austin Trunkle, Shanna Zier, Brandon Berger, Sherry O'Donnell, Dianne Lehm, Thom MacLean, Kayla Vokral, Marcell Bruski, Kevin Scharfe, Jo Ann Jones

Call to Order:
Mike Seppala, EDC Chair, called the meeting to order at 7:33 A.M.

Agenda Changes for Today's Meeting:
None

Public Comment/Introductions
None

Agenda:
Approval of the September 2020 EDA/EDC Executive Committee Minutes

Motion: Ken Lutton to approve, the September Executive Committee Minutes, as presented to the Executive Committee.
Second: Mac Fogelsong
Discussion: None
Motion: Carried

Approval of August EDA/EDC Financials – Shanna

Shanna then reviewed the August EDA balance sheet where current assets decreased slightly due to operating expenses. Accounts receivable decreased slightly as we anticipate the Federal EDA disbursement. Accounts payable have increased slightly to approximately \$65,000. Accrued expenses total approximately \$98,000 and consist largely of salary/benefits accruals and Space2Place Grant accruals.

On the August EDA Statement of Revenues and Expenses, most revenue items remain in line with budget amounts through the first two month of the fiscal year. Salary/wage expense totaled \$263,000 through August. This amount is slightly under budget due to vacancy savings.

On the EDC, Shanna began with the August balance sheet and current assets remained in line with the amounts from July. The RLF portfolio totals \$409,000 after a final disbursement to a borrower. The Stabilization Loan portfolio totaled \$152,000 at the end of August and consisted of eleven loans. Accounts payable increased slightly in August. Deferred 504 revenue will be recognized as loans fund.

On the July EDC Statement of Revenues and Expenses, servicing revenue came in slightly under budget for the month. Member investor revenue totaled approximately \$7,500. This is attributed to three member investor invoices sent out in July/August. Member investor revenue will increase with the quarterly invoicing that will be completed in early October. Expenses remain close to or in-line with budget as we begin the fiscal year. We received an additional donation for the Coulson Park project in August. These restricted donations are being tracked in a separate Coulson Park Revenue account. We received two additional donations in September, increasing total donations to \$32,000.

Motion: Judi Powers to approve and forward to the Board, the August 2020 EDA/EDC Financials, as presented to the Executive Committee.

Second: Robin Rude

Discussion: None

Motion: Carried

Executive Director's Report – Steve

Ad Hoc Legislative Committee Report/Recommendations

Steve began his report with the Legislative Priorities draft that came out of the Ad Hoc Legislative Committee. Steve walked through the four sections that were identified as priorities for immediate consideration in the upcoming session. Those items include supporting local and regional economic recovery, sustaining healthcare and Medicaid funding, supporting MSUB leadership and infrastructure, and protecting Tax Increment Financing.

Steve provided more detail for each of the above items and gave context to why these priorities make sense for us to pursue. Steve also included items for current and future consideration that we would like put forth by beginning the dialogue around those ideas.

Steve and Austin continued by adding how MEDA and their legislative committee is moving forward with their priorities and how those coincide with our list.

Motion: Judi Powers to approve and forward to the Board, the Ad Hoc Legislative Committee Recommendations, as presented to the Executive Committee.

Second: Ken Lutton

Discussion: None

Motion: Carried

MEDA Next Generation of Economic and Community Development Tools Analysis

Steve went on to ask the Committee to endorse the MEDA Next Generation of Economic and Community Development Tools Analysis.

Motion: Greg McDonald to approve and forward to the Board, the endorsement of the MEDA Next Gen Plan as a platform for fresh discussion of community and economic development tools, as presented to the Executive Committee.

Second: Mac Fogelsong

Discussion: None

Motion: Carried

I-190 and CI-118 Legalizing Marijuana in Montana

Finally, Steve asked the Committee if their businesses are taking position for or against the legalization of marijuana which will be on the ballot next month. Mike Seppala mentioned that the Montana Chamber, the Contractors Association, and the Montana Bankers Association have taken a position against the initiatives looking to legalize marijuana. Mike shared perspective about banking issues in regards to marijuana entities.

Greg and Ann think legalization is likely to happen federally in the next few years and shared concerns that now might be too late to throw support behind either camp, for or against.

Mike Nelson gave examples of workforce shortages and also mentioned how this initiative is funded by money coming from outside of Montana.

Judi gave the healthcare perspective and mentioned that legalizing marijuana may compromise confidence in the healthcare system. Further, smoking is detrimental to health and poses risks similar to tobacco.

The committee continued conversation about bringing a vote to the Board surrounding this issue.

Board Member Outreach

Steve brought the Committee's attention to a letter that was drafted on behalf of our Board Chairs encouraging Board participation and continued attendance.

Organizational Restructuring

Steve began by introducing some staffing changes that have occurred over the past month. Kevin has been promoted to Director of Entrepreneurship and Lorene has been promoted to Regional SBDC Director. Steve also noticed the Committee about additional role changes happening internally.

Program Directors/Leaders' Updates - BSED's IRT COVID-19 Response Update

Stabilization Loan Program Update – Brandon

Brandon mentioned there is still \$98,000 remaining in the RLF fund. There is no update to give for the EDA RLF fund application yet, but Brandon is hopeful to hear within the next two weeks. Finally, Brandon informed the Committee that he would like to propose revision to our 504 Loan approval process.

New COVID-19 Response Grants

Melanie informed the Committee that BSED was able to apply for additional grant funding at the state level to bolster a campaign for our healthcare sector and for talent attraction efforts.

Beartooth RC&D Grant Award Scope of Work - Dianne

Next was Dianne with a Beartooth RC&D grant update. We were able to secure the grant dollars and we will be assisting Beartooth in outreach to a five-county region. We will also be providing trainings for business as we rebound from the COVID-19 pandemic. Finally, we will use some of the funds to complete industry analysis over the next two years. Melanie added that we are offering additional trainings and some of those will become from Member Investors. Melanie is excited to grow that training program in the five-counties.

Economic Response and Recovery Plan Next Steps – Thom

Thom noted that the recovery plan has been completed and printed. There was a rollout event planned for yesterday but that was moved to a virtual meeting in light of the increase in COVID cases in Yellowstone County. Thom will be sending PDFs of that document to our Board and there will be further discussion tomorrow at the Board Meeting. Steve reiterated John Felton's call to remain vigilant and to do our part to reduce cases so we don't move back into more restrictive measures.

Operations: Big Sky to Sky Point Project – Becky

Becky gave an update on the Big Sky to Sky Point project. Becky lauded the work of Cushing Terrell who have hosted design sessions with our team in the past two weeks. Becky also recapped the meeting with the Federal EDA who visited our project two weeks ago. She also thanked those serving on committees and offering their expertise.

Nominating Committee Recommendation – Becky

Becky went on to say that we have a new vacancy on the EDC Board and the Nominating Committee recommended holding a special election to appoint Michael Marsh to fill that seat. Moving forward to next year, a few revisions will be made to our nomination process.

Motion: Greg McDonald to approve and forward to the Board, the request to hold an EDC special election with Michael Marsh as the candidate, as presented to the Executive Committee.

Second: Robin Rude

Discussion: None

Motion: Carried

WDO Statement and Update - Austin

Austin presented BSED's Welcoming Diversity Ordinance statement and explained how the WDO committee crafted that statement. Steve asked the Committee if we ought to bring this draft statement forward to the Board. Mike S. believes that we should, and Judi believes that we need to have a conversation with the Board on what we do with the statement. It was decided that the Committee will take up the statement again next month and prescribe a strategy going forward that they will bring to the Board.

Member Investor Update – Melanie

Melanie gave a quick Member Investor update and, per the direction of the MI Committee, will begin to pursue her prospect list more intentionally now that businesses have regained some footing since the beginning of the pandemic. Melanie will look to add as many as 75 businesses by the end of the fiscal year. The committee also broached the issue of diversity (including industry) as we look to grow that list.

Rock31/SBDC Update and Opportunity Fund Request

Steve covered the Opportunity Fund Recommendation and that recommendation is to confirm the commitment of the original \$150,000 to Rock31 but to eliminate the three year window it was set to be disbursed within. Lorene noted that the SBDC is working on a training plan for small businesses over the next year as they recover economically.

Motion: Ken Lutton to approve and forward to the Board, the changes to the Opportunity Fund Criteria, as presented to the Executive Committee.

Second: Robin Rude

Discussion: None

Motion: Carried

Executive Session: None

Public Comment:

There were questions about the Board meeting tomorrow and if anyone had expressed uneasiness at the prospect of meeting in person. There has been no concern relayed to the staff at this time. BSED will discuss what our meetings will look like going forward in light of the spike in cases.

Adjourn:

Mike adjourned the meeting at 9:23am

Next Meeting – November 4th, 2020



BIG SKY
ECONOMIC DEVELOPMENT

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ATTACHMENT B

Big Sky Economic Development Authority
Financial Report for the Executive Committee and Board of Directors
October 28, 2020

Included with this report are balance sheets reflecting the assets, liabilities, and net assets of Big Sky EDA as of September 30, 2020. Also included is the statement of revenue and expenses through three months of FY21 as compared to budget.

Balance Sheet

Current assets increased to about \$4,709,000 at the end of September from \$4,306,000 in August. The fluctuation in current assets is attributed to collection of the first draw from Federal EDA grant (\$505,404). Accounts receivable decreased from \$669,000 to \$217,000. The receivable consists of PTAC (\$129,000), VBOC (\$67,000), SBDC (\$18,000), Brownfields (\$4,000). As of September 2020, these receivables have decreased to about \$102,000.

Due To/Due From EDC totaled approximately \$51,000 at the end of September and consists of the September amount due from EDC. The tax levy receivable balance continues to decrease with the collection of taxes. The tax levy receivable totaled approximately \$3,000. Protested tax receivable totaled an additional \$21,000. An allowance totaling approximately \$21,000, or 100% of protested tax levy receivable is reflected to allow for potentially uncollectible protested tax levy.

Total fixed Assets increased in March 2020 due to the transfer of the bank building from EDC to EDA. As discussed previously, the breakdown of the building and land values was not presented in the appraisal. Following the direction of Anderson Zurmuehlen, the book value of the building and land was divided based on the values from the Yellowstone County Property Tax information. Corresponding depreciation was also booked to begin depreciating the value of the building over 39 years. Total fixed assets totaled \$1,580,000 at the end of September.

Accounts payable have increased slightly from \$65,000 at August 2020 to approximately \$86,000. The majority of the increase is attributed to invoices received for PTAC subrecipients. Accrued expenses total approximately \$98,000 and consist largely of salary/benefits accruals (\$72,000) and Space2Place Grant accruals (\$17,000).

Statement of Revenue and Expenses

Revenue is about \$57,000 below budget through the first three months of the fiscal year. Department of Defense (PTAC) and VBOC revenue remains under budget due to actual expenses. EPA-Brownfields is about \$31,000 below budget due to timing of when revenue/expenses are budgeted for the fiscal year. SBA/MT Dept of Commerce revenue (SBDC) is slightly below budget as we have decided not to fill the SBDC COVID-19 position. With this change in hiring plans, we have received approval for reimbursement for our SBDC Business Advisor salary, benefits, and rent through December. This will add about \$28,000 in revenue for FY21.

Salary/wage expense totaled \$390,000 through September. This amount is slightly under budget due to vacancy savings. Professional fees remain under budget and totaled \$33,000 through September. This expense line is under budget as we have not incurred budgeted architectural fees and Brownfields fees through September. Travel/training expenses remain under budget and totaled approximately \$5,500 through September.

Through three months of FY21 Big Sky EDA recognized expenses in excess of revenue totaling about \$252,000, which was approximately \$111,000 less than the budgeted amount. When excluding the non-operating income/expenses (contribution revenue, in-kind revenue, interest income, and depreciation expense), Big Sky EDA recognized expenses in excess of revenue of about \$246,000, which is about \$158,000 less than budgeted.

Big Sky EDA
Comparative Balance Sheet
As of September 30, 2020 and 2019

	9/30/2020	9/30/2019	+/-	6/30/2020	+/-
Assets					
First Interstate Bank	\$149,007	\$63,979	\$85,028	\$164,986	-\$15,979
FIB-Recovered Property Taxes	148,202	83,202	65,000	148,202	-
Opportunity Fund-FIB	521,365	54,374	466,991	16,169	505,196
Opportunity Fund-Stockman	44,526	3,614	40,912	44,519	7
Opportunity Fund-Opportunity Bank	622,303	615,534	6,769	621,300	1,003
Stockman GE Maintenance	15,128	15,128	-	15,128	-
Rocky Mountain Bank Money Market	492,967	-	492,967	492,843	124
Opportunity Fund - CDs (current)	2,404,278	3,063	2,401,215	2,404,278	-
Yellowstone County Funds	311,286	111,169	200,116	535,969	(224,683)
Total Current Assets	4,709,060	950,062	3,758,998	4,443,392	265,668
Other Assets					
Accounts Receivable	217,438	267,597	(50,159)	680,373	(462,935)
American Revenue Guarantee	6,887	6,887	-	6,887	-
Due To/Due From EDC	51,303	97,487	(46,184)	57,548	(6,245)
Tax Levy Receivable	3,324	2,737	587	26,597	(23,273)
Tax Levy Receivable - Protested	21,479	2,455	19,024	21,479	-
Allowance for Doubtful Accounts	(21,479)	(2,455)	(19,024)	(21,479)	-
Prepaid Expenses	16,869	11,284	5,585	18,556	(1,688)
Deposit	1,390	-	1,390	1,390	-
Undeposited Funds	-	-	-	-	-
Interest Receivable	8,509	2,421	6,088	8,509	-
Miscellaneous Receivable	-	-	-	-	-
Total Other Assets	305,720	388,413	(82,693)	799,860	(494,140)
Non-Current Assets					
Opportunity Fund - CDs (non-current)	1,251,137	4,592,880	(3,341,743)	1,250,358	779
Loans Receivable	400,000	400,000	-	400,000	-
TEDD Receivable	34,100	64,775	(30,675)	34,100	-
Cabela's Conduit	9,546	9,648	(102)	9,649	(103)
Deferred Outflow of Resources	147,067	247,689	(100,623)	147,067	-
Total Non-Current Assets	1,841,850	5,314,992	(3,473,142)	1,841,173	677
Fixed Assets					
Bank Building - Land	272,000	-	-	272,000	-
Bank Building - Building	1,328,000	-	-	1,328,000	-
Accumulated Depreciation	(19,863)	-	-	(11,350)	-
Total Fixed Assets	1,580,137	-	-	1,588,650	-
Total Assets	8,436,766	6,653,468	1,783,299	8,673,075	(236,309)
Liabilities & Equity					
Current Liabilities					
Accounts Payable	85,755	44,114	41,641	51,901	33,855
Accrued Expenses	98,600	102,653	(4,053)	109,334	(10,734)
Deferred Revenue	-	-	14,000	1,598	-
Payroll Liabilities	1,032	3,432	(2,400)	355	677
Compensated Absences	164,026	147,540	16,486	170,250	(6,224)
Total Current Liabilities	349,413	297,740	51,673	333,438	15,975
Long Term Liabilities					
Deferred inflow or Resources	68,045	13,741	54,304	68,045	-
Pension Liability	825,316	884,804	(59,488)	825,316	-
Total Long Term Liabilities	893,361	898,545	(5,184)	893,361	-
Current Year Excess of Expenses over Revenue	(252,284)	(315,968)	63,684	1,673,125	(1,925,408)
Balance at Beginning of Year	7,446,276	5,773,151	1,673,125	5,773,151	1,673,125
Net Assets	7,193,992	5,457,183	1,736,809	7,446,276	(252,284)
Total Liabilities & Equity	8,436,766	6,653,468	1,783,300	8,673,075	(236,309)

Big Sky EDA
Statements of Operations
For the Periods Ending September 30, 2020

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
Operating Revenue							
County Taxes (Mill Levy Revenue)	\$28	\$0	\$28	\$696	\$0	\$696	\$1,220,100
Entitlement	59,832	58,750	1,082	59,832	58,750	1,082	\$235,000
Health Insurance Mill Levy	8,480	9,922	(1,442)	25,440	27,942	(2,502)	117,236
Recovery of Protested Taxes	-	-	-	1	-	1	-
Department of Defense	40,000	45,868	(5,868)	128,780	137,605	(8,825)	550,421
EDC Reimbursement	50,915	48,251	2,664	143,928	144,753	(825)	579,012
EPA-Brownfields	-	10,833	(10,833)	3,725	35,000	(31,275)	132,500
SBA/MT Dept of Commerce	17,879	21,779	(3,900)	51,294	65,269	(13,975)	261,282
SBDC Program Income	-	-	-	-	-	-	-
VBOC	21,478	25,204	(3,726)	66,949	75,938	(8,989)	300,000
Rents/Leases	-	-	-	1,912	1,912	-	-
Grant Administration	-	292	(292)	2,000	875	1,125	3,500
Miscellaneous Revenue	-	-	-	6,598	-	6,598	3,862
Total Revenue	198,613	220,899	(22,286)	491,154	548,044	(56,890)	3,402,913
Operating Expenses							
Salaries/Wages	126,586	140,435	(13,849)	390,050	417,137	(27,087)	1,679,819
Employer Contributions	44,942	46,893	(1,951)	129,243	135,560	(6,317)	559,084
Contingency	-	4,208	(4,208)	-	12,625	(12,625)	50,497
Community Development Projects	2,184	2,500	(316)	2,138	7,500	(5,362)	30,000
Dues and Subscriptions	1,914	2,837	(924)	27,577	27,101	476	64,643
Event Expense	-	-	-	-	-	-	-
Insurance	545	752	(207)	4,821	6,756	(1,935)	23,984
Marketing - Departmental	1,095	2,036	(941)	1,543	6,108	(4,565)	24,432
Marketing - Organizational	4,795	2,667	2,128	9,315	8,000	1,315	32,000
Office Equipment	-	-	-	60	4,500	(4,440)	6,500
Office Expense	2,544	1,597	947	8,933	7,791	1,142	23,289
Professional Fees	26,721	41,833	(15,112)	32,561	148,098	(115,537)	167,958
Property Tax Protests	-	-	-	-	-	-	37,350
PTAC Satellite	9,210	12,481	(3,271)	30,215	37,443	(7,229)	149,773
PTAC Subcenter	13,068	14,764	(1,696)	42,364	44,293	(1,929)	177,171
Rent	12,015	12,124	(109)	35,653	35,573	80	142,295
Repairs	-	-	-	-	-	-	-
Sponsorships	-	-	-	-	-	-	2,500
Strategic Priorities	-	1,250	(1,250)	-	3,750	(3,750)	15,000
TEDD	-	500	(500)	60	500	(440)	2,000
Telecommunications	2,755	5,161	(2,406)	8,999	15,484	(6,485)	61,933
Travel/Training	3,540	9,093	(5,553)	5,536	23,079	(17,542)	100,258
Utilities	1,075	2,000	(925)	3,404	6,000	(2,596)	24,000
Miscellaneous	2,042	1,572	470	5,141	4,831	310	23,200
Total Operating Expenses	255,030	304,703	(49,673)	737,612	952,128	(214,517)	3,397,686
Net Operating Revenue	(56,417)	(83,804)	27,387	(246,457)	(404,084)	157,627	5,227
Non-Operating Income/Expense							
Interest Income	1,368	1,687	(319)	2,582	5,062	(2,480)	20,247
US EDA Reimbursement	-	14,600	(14,600)	105	43,800	(43,695)	148,822
Grant Revenue (GASB 68)	-	-	-	-	-	-	-
Architectural/Professional Fees	-	-	-	-	-	-	302,492
Pension Expense	-	-	-	-	-	-	-
Depreciation Expense	2,838	2,838	-	8,513	8,513	-	34,051
Net Revenue Over (Under) Expense	(57,886)	(70,354)	12,468	(252,284)	(363,735)	111,452	(162,247)

Big Sky Economic Development Corporation
Financial Report for the Executive Committee and Board of Directors
October 28, 2020

Included with this report are balance sheets reflecting the assets, liabilities, and net assets of Big Sky EDC as of September 30, 2020. Also included is the statement of revenue and expenses through three months of FY21 as compared to budget.

Balance Sheet

Current assets totaled approximately \$1,810,000 at the end of September. As we wrapped up the audit/financial statement preparation for the EDC for FY20, \$105,000 in stabilization loans were reclassified from current to non-current based on amortization schedules of the loans. This amount is reflected in the stabilization loan non-current account under the other asset section of the balance sheet. Accounts receivable remained consistent and total \$21,500. The receivable consists of Member Investor pledges for FY20 (\$19,000) and Business Healthcare Sponsorship receivable (\$2,500). We completed the first two quarters of member investor invoicing in October, which will increase the accounts receivable balance in October.

The RLF portfolio totaled \$409,000, the SSBCI portfolio totaled \$644,000, and the Stabilization Loan portfolio totaled \$152,000 through the end of September. We received two stabilization loan payoffs in October, decreasing the balance to \$125,000.

Accounts payable increased slightly from \$12,700 to \$14,800 in September. Accrued expenses totaled \$10,000 and consisted of amounts accrued for legal expenses associated with the 504 loan portfolio. Deferred 504 revenue totaled \$24,000, a decrease from \$27,000 in August. This deferred 504 revenue will be recognized as loans fund. Due to/Due from EDA totaled approximately \$51,000 and represents the amount owed to EDA from EDC for September reimbursement.

Statement of Revenue and Expenses

The 504 loan servicing revenue totaled \$127,000 through September. This is approximately \$8,000 under budget. The 504 loan origination revenue totaled \$53,000 through September, which is approximately \$33,000 below budget. This variance is attributed to timing of budgeted revenue. Member investor revenue totaled approximately \$7,500. This is attributed to three member investor invoices sent out in July/August. Member investor revenue will increase \$86,500 with the quarterly invoicing that was completed in early October. Miscellaneous revenue totaled approximately \$26,000 through September. This consists of \$10,500 in loan fees and \$15,000 in grant revenue from the State of Montana Coronavirus Relief funds.

We received two additional donations for the Coulson Park project in September, increasing the total received to \$32,000. These restricted donations are being tracked in a separate Coulson Park revenue account.

Expenses remain close to or in-line with budget as we begin the fiscal year. Through September, event expense totaled approximately \$10,000. This is slightly over budget based on the timing when expenses associated with the annual meeting were budgeted. Professional fees increased and totaled \$27,000 through September. This consists of \$12,500 in expenses related for Anderson ZurMuehlen's financial statement audit, \$10,000 in legal fees related to the 504 loan program, and \$4,300 in other professional fees. Sponsorship expense totaled \$3,500 and remains below budget through September. This is also attributed to timing of budgeted expenses.

Through three months of FY21 Big Sky EDC recognized revenue in excess of expenses totaling about \$19,000, which was approximately \$41,000 less than the budgeted amount. This is largely attributed to the timing of budgeted revenue for member investor invoicing and 504 loan origination/servicing revenue.

Big Sky EDC
Comparative Balance Sheet
As of September 30, 2020 and 2019

	9/30/2020	9/30/2019	+/-	6/30/2020	+/-
Assets					
First Interstate Bank	\$288,458	\$243,517	\$44,941	\$245,165	\$43,293
FIB SSBCI Principal	1,017,520	1,375,163	(357,643)	1,005,566	11,954
FIB-Long Term Reserve	250,000	250,000	-	250,000	-
FIB-Opportunity Fund	22,200	22,200	-	22,200	-
FIB-RLF	67,600	217,435	(149,834)	179,960	(112,359)
FIB-OBSD Restricted	-	-	-	-	-
Accounts Receivable	21,500	18,250	3,250	58,684	(37,184)
Contributions Receivable	-	44,500	(44,500)	2,500	(2,500)
Miscellaneous Receivable	-	148	(148)	-	-
Prepaid Expenses	8,281	18,000	(9,719)	8,276	5
Undeposited Funds	-	-	-	-	-
Stabilization Portfolio - Current	46,849	-	-	137,000	(90,151)
RLF Portfolio-Current	44,852	20,907	23,945	42,141	2,711
SSBCI Portfolio-Current	42,386	94,152	(51,767)	48,307	(5,921)
Total Current Assets	1,809,646	2,304,271	(494,625)	1,999,799	(190,153)
Other Assets					
RLF Portfolio-Non Current	363,655	237,662	125,992	268,210	95,445
SSBCI Portfolio-Non Current	601,615	800,791	(199,176)	601,051.9	563.09
Stabilization Portfolio-Non Current	105,151	-	-	-	-
Allowance for Loan Losses	(21,934)	-	(21,934)	(21,934)	-
Total Other Assets	1,048,486	1,038,453	10,033	869,262	96,008
Fixed Assets					
Bank Building - Building	-	-	-	-	-
Bank Building - Land	-	-	-	-	-
Total Fixed Assets	-	-	-	-	-
Total Assets	2,858,133	3,342,725	(484,592)	2,869,060	(94,145)
Liabilities & Equity					
Current Liabilities					
Accounts Payable	14,790	33,894	(19,104)	14,200	591
Property Tax Payable	-	-	-	-	-
Accrued Expenses	10,000	(1,438)	11,438	-	10,000
Deferred 504 Revenue	23,669	54,451	(30,783)	35,811	(12,143)
Due to/Due from EDA	51,303	97,722	(46,419)	57,548	(6,245)
Total Liabilities	99,762	184,630	(84,868)	107,559	(7,797)
Current Year Excess of Expenses over Revenue	18,803	(61,789)	80,592	(480,316)	499,119
Balance at Beginning of Year	2,739,567	3,219,883	(480,316)	3,219,883	(480,316)
Net Assets	2,758,371	3,158,095	(399,724)	2,739,567	18,803
Total Liabilities & Equity	2,858,133	3,342,725	(484,592)	2,847,126	11,006

Big Sky EDC
Statements of Operations
For the Periods Ending September 30, 2020

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
Operating Revenue							
504 Loan Origination	\$13,067	\$5,455	\$7,613	\$52,539	\$85,909	(\$33,370)	\$135,000
504 Loan Servicing	42,135	45,000	(2,865)	126,967	135,000	(8,033)	499,500
Float Income	-	-	-	-	-	-	-
CTE Director Donations (Restricted)	-	-	-	-	-	-	-
Member Investment	-	63,250	(63,250)	7,500	63,250	(55,750)	253,000
RLF Business Loan Interest	507	1,417	(910)	1,562	4,250	(2,688)	17,000
RLF Origination Fees	-	-	-	-	-	-	5,000
Stabilization Loan Interest	253	417	(163)	710	1,250	(540)	-
SSBCI Revenue	2,598	1,500	1,098	5,118	4,500	618	18,000
Recovery of Bad Debt	-	-	-	-	-	-	-
Coulson Park	25,000	-	25,000	32,000	-	32,000	-
Miscellaneous Revenue	3,378	-	3,378	25,821	-	25,821	-
Total Revenue	86,940	117,038	(30,099)	252,219	294,159	(41,942)	927,500
				-	-	-	-
				-	-	-	-
Operating Expenses							
Business Incubation	-	125	(125)	-	375	(375)	1,500
Business Recruitment	459	208	-	851	625	226	2,500
Bad Debt Expense	-	1,042	-	1,500	3,125	(1,625)	12,500
Contingency	-	1,667	(1,667)	-	5,000	(5,000)	20,000
Dues and Subscriptions	616	1,196	(580)	3,639	2,764	875	21,561
EDA Reimbursement	50,915	48,251	2,664	143,928	144,753	(825)	579,012
Event Expense	10,058	-	-	10,058	1,500	8,558	33,500
Insurance	843	865	(22)	2,524	2,595	(71)	10,380
Investment in Economic Activity	-	-	-	-	-	-	5,000
Marketing - Departmental	2,755	1,958	797	5,373	6,275	(902)	23,900
Marketing - Organizational	2,617	1,292	1,325	2,831	3,875	(1,044)	15,500
Membership Development	42	700	(659)	125	2,100	(1,975)	8,400
Office Supplies	493	300	193	3,554	900	2,654	3,800
Professional Fees	16,853	2,583	14,269	26,981	18,750	8,231	67,500
Postage and Printing	134	75	59	376	225	151	900
R31 Outreach	94	75	19	94	225	(131)	2,300
Rent	2,519	2,588	(69)	7,571	7,764	(193)	31,629
Repairs	-	-	-	-	-	-	-
Sponsorships	3,500	700	2,800	3,500	15,200	(11,700)	19,700
Telecommunications	323	555	(231)	1,271	1,664	(393)	6,656
Travel/Training	2,896	1,113	1,783	3,917	5,368	(1,451)	27,505
Miscellaneous	1,056	1,982	(926)	15,320	11,246	4,074	39,884
Total Operating Expenses	96,172	67,275	28,898	233,415	234,329	(913)	933,628
Net Revenue Over (Under) Expense	(9,232)	49,763	(58,997)	18,804	59,831	(41,028)	(6,128)



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT C

November 2020
Executive Director's Report
to the Executive Committee & Board of Directors
(with Program-Level Highlights)

Covid-19 Response Plan

1. ***Internal Structure/Work Plan Changes*** – With the public health orders/guidance of late we are doing are part to encourage our team to stay safe and engaged in our work. Our Board meetings and many of our program meetings will be virtual, as you experienced with our October 22nd Annual Meeting. Our November Executive Committee and Board meetings will be virtual as well. Stay tuned for details on how to connect to these meetings.
2. ***Responding to Immediate Business Needs***— Go to yceconomicrecovery.org to get up to date on all our work to address the immediate needs of our community. While that website remains a resource for good information to support business restart and recovery, we are also working to, yet again, retool and consider other unique tools that are needed 7 months into the pandemic. All of our programs are connecting with businesses delivering our standard suite of resources, but now in light of pending new health orders, we are likewise considering our next tools and resources. Right now we want to make sure our local businesses apply for the Adaptability Grant through the Governor's Coronavirus Relief Fund before the November 15th deadline.

As reported earlier, we did receive a \$200k grant award from Beartooth RC&D, that comes to us as a \$100k per year reimbursement over the next two years. Training and talent attraction work will be the focus of these funds, along with funding to support our recovery work under the Economic Response and Recovery team.

3. ***Business Stabilization Loan Program and EDA RLF Grant App***—No new info on the Businesses Stabilization loan program. We should receive confirmation on our EDA RLF grant application. With those funds we will be able to deploy \$2.0 million in added lending resources to businesses for cash-flow support or business support for start-ups. More news on this EDA grant soon.
4. ***Unified Command—Economic Response/Recovery***— We did not roll out the Recovery Plan as promised on October 6th. With the status of surging Covid cases we opted to shift the meeting to focus on pending new public health restrictions and how to support businesses at that time. We now know that there are challenges ahead, so we are in communication with the Unified Health Command so that we can again define a strategy to support our business community. The Economic Response and Recovery Team (ERRT) will now resume meetings weekly—Thursdays at 3:30 P.M.

We are now targeting December 10th as the date for a Progress Report to the Community. We will review the current public health issues, assess economic impact for 2020, detail our work to date on economic response and recovery, and discuss next steps. Stay tuned for more info on this Progress Report meeting.

Strategic Priorities

1. Implementation of Economic Recovery Plan—stabilization response to meet immediate needs, sustained business recovery supported by strong business outreach efforts, building economic and community resiliency that positions our community for future growth.

ERRT work continues as noted in the Covid Response section. We will provide a matrix of the Recovery Plan goals and strategies at our November Board meeting. This will help you track work on each stage of our Recovery Plan.

The Recovery Plan is designed around three stages--

- a. Response and Stabilization
- b. Sustained Business Recovery
- c. Building Economic and Community Resiliency

2. Build a Shared Economic and Community Development Vision and Action Plan — Discover our shared values and vision while building an Economic and Community Resiliency Action Plan

This is a key theme of Stage 3 of our Recovery Plan—building a common economic and community development vision as we move through the pandemic and beyond. As part of our Annual meeting work we interview two senior leaders from TIP Strategies, a leader in economic and community development strategy and economic recovery. The link to that interview is provided here... They are seeing communities across the county work through economic recovery and plan for the future, and they encouraged Billings to do the same. They also warned of the heightened competition for talent and the need for us to not take our own workforce for granted.

We are planning for a 2021 kickoff of a Community Builders project that will facilitate a business and civic dialogue around a common vision and priorities for our economic growth. Our Community Development team is planning this effort. Stay tuned for more details.

3. Maximize BSED Business Support Services to Support Business Recovery

- a. Deploy Covid-19 Response and Recovery Resources—Priority number one is to continue to connect our local businesses to the resources they need at this critical time. Right now, we are pushing the Business Adaptability Grant program under the State’s Coronavirus Relief Fund Programs. The deadline for application to that program is November 15th.
- b. Implement Business Recovery/Adaptation Training Curriculum— Our multiple programs are executing on their program-specific training plans (PTAC, VBOC, SBDC, Rock31). See individual Program Sections for details. In addition, the team will launch a series of trainings to support unique business needs during this time of transition. We will not be able to launch the Gallup Growing to the Next Level training as planned. Funding from the State will not be sufficient to deploy this program. We will, however, be able to offer custom training leaning in to the talents and expertise of our Member Investor Companies as well as our team. A schedule of that training will follow.
- c. Deploy Unique Set of Finance Tools for Small Business Recovery—Big Sky Finance—We should receive news on the RLF grant within the next two weeks. I’m very optimistic that we will be able to fund a \$2.0 RLF loan program for businesses in our region. Stay tuned.

- d. Seek out grant opportunities that support business needs, meet community asset development goals, and build/sustain BSED capacity to serve – Work on other federal and state grants continue, including a federal EDA grant for a joint MSUB/medical corridor project to support the development of the “Center for Translational Medicine (see MI Program report for details). That grant application has been delayed with the transition of leadership at MSUB, but are hopeful to move this forward in the next few weeks.

Ongoing Strategic Priorities

- Develop Ready to Go Industrial Space—See Community Development Program Report for details of the TEDD project in Lockwood. Monday, October 26th, City Council voted 9 to 2 to support the TEDD and approved the agreement with the Lockwood Water and Sewer District (LWSD). That is a big deal! The next step is to get confirmation from LWSD. That should happen within the next two weeks. The landowners in the TEDD will also have to agree to be included in the LWSD boundaries as a part of the LWSD decision-making process. Thom and I have been working on this agreement for the last 20 months, with a lot of ups and downs along the way. The County Commissioners and the City are also prepared work out a Interlocal Agreement on the future development of the Inner Belt Loop as a part of the compromise/partnership that was struck around the TEDD service agreement. I will share more detail at the Nov. 12th Board meeting.
- Go to the Next Level with Entrepreneurship Support System via ROCK31—See this section of the Program Reports for details. One quick note—Kevin is seeking local angel investors to participate in a pitch practice event for local entrepreneurs. There is no requirement to invest just provide feedback and mentorship. If you are interested in helping, please connect with Kevin—kevin@bigskyeda.org
- Support Ripe Private Development Opportunities— the focus here now turns to the Inner Belt Loop project, as we have committed to help develop the Interlocal Agreement between the City and County. Are work also continues with developers in TransTech on the build-out of 32nd Avenue to Hesper Road.
- Champion and Deliver Strategic Place-Making Assets—Coulson Park/Corette Site, Metra Park Corridor Redevelopment and Master Plan (including HWY 87/Expo Drive project), Skyline Trail—see Community Development Program Report for details.
- Space2Place Placemaking Initiative— Our Space2Place community development program (building incremental improvements one project at a time) received state and national recognition, receiving the MEDA Innovation Award and the IEDC Gold Award for Community Development. See attached slide that summarizes a sample of these Space2Place projects.
- Support Public Safety Investment—Nothing, The first public safety mill levy passed. Outstanding.

Program Updates

PTAC

See below for program goals and progress.

Since August 1st, MT PTAC clients (all 6 locations statewide) have secured **\$30.1 million** in federal, state and local contracts which includes **\$19.7 million** in our region. A & K Transport, LLC secured a contract with the Department of Military Affairs for **\$18,900** to haul dry shipping containers. Covert Cleaning was awarded a **\$163,080** multi-year contract with FAA to clean the air traffic control tower in Billings. Shilhanek, Inc. DBA: Maaco Collision Repair & Auto Painting won a **\$5,500** contract with the Federal Acquisition Service for auto body repair. Energy Laboratories, Inc. won two contracts, one with

BLM for \$4,632 to provide soil analysis and another with the National Park Service for \$6,440 to provide water quality analysis. Yellowstone Kelly's, Inc. received a \$2,000,000 national contract with the U.S. Forest Service for mobile catering services during wildfire season. Billings based advisors have provided **128 counseling sessions to 43 unique entities** in the Bozeman/Helena region and **172 counseling sessions to 68 unique entities** in the Billings region. MT PTAC (statewide) is on track to meet or exceed its stated goals in the cooperative agreement with Defense Logistics Agency (DLA).

VBOC

See below for program goals and progress.

Training: 21 attendees at 2 events in the month of September

- In Person Boots to Business at Hill Air Force Base in Utah - 18 attendees. Delivered in partnership with Utah SBA and Utah Veterans Business Resource Center
- Virtual Startup Roadmap workshop in partnership with Rock31 and Billings SBDC- 3 attendees

Training goal 1 is 100% B2B coverage: **GOAL MET**

Goal 2 is 47 training events. **GOAL NOT MET** We have completed 18 events to date (40%). At this midpoint of the year, we should be at more than 23 EVENTS. Some of this drop off is due to Covid cancellations, but we will be working hard over the next 6 months to increase the number of virtual events.

Outreach highlights: 8 meetings w/ 61 attendees. Highlights include the Merit Medical (Salt Lake), Jan-Pro Utah CEO, the Utah Chamber Executive Networking Zoom meeting, Utah Veteran & Military Family Coalition and Montana Joining Community Forces. This puts us at 42 outreach meetings for the year, or only 35% of our yearly goal of 120 GOAL NOT MET. Some of this is due to Covid related travel restrictions, but we will be working to improve this in the months ahead.

Counseling – 33 counseling sessions with 13 veteran or military spouse clients in the last month. This puts us at 261 counseling sessions so far in our program year or 67% of the way toward our goal for the year that ends in April. In other words, at the halfway point of the year we are nearing 70% of our yearly goal. Other counseling goals:

1. >32 counseling sessions each month: **GOAL MET**
2. 100% of new veteran e-center sign ups each month have at least 1 counseling session: **NOT MET: 90%**. (awaiting contact with one client this month)

MI

See below for program goals and progress.

This month kicked off our Member Investor Training Series. This series highlights our Member Investor Companies by having them do trainings and workshops in the specialty areas. Our first was sponsored by IMM on Cyber Security and Network Capabilities. We will feature one training each month from one of our MI Companies. If your company is interested please contact Melanie.

The process of adding new member investors from the Board prospect list is underway. We had five one meetings with potential Member Investor companies and one has joined, LW Consulting with the other four interested but not yet joined. We are pleased to report that we are having steady payments from our 1st and 2nd quarter billing to the MI Companies. We have not lost any Member Investors since July. We are reaching out to each of the Member Investor companies we lost in early 2020 due to COVID to re-engage them with BSED and set up a payment structure that allows them to continue as Member Investors. Currently, we have made plans with 2 of the 19 companies.

Marketing/Org Communications

We had our first ever virtual Annual Meeting on October 22. The meeting featured our board chairs, a long format video highlighting several local businesses and our organization, and a wrap up from Steve. All of our annual meeting materials and our new Annual Report can be found on our website.

We continue to lead the communication subcommittee for the Yellowstone Economic Response & Recovery Team. Much of this work is around creating community messaging to help reduce the number of COVID cases through education, data and stories from those effected.

Community Development

<i>Project Funding Received YTD</i>	<i>\$237,000</i>
<i>Coulson Park Funding Received YTD</i>	<i>\$32,000</i>
<i>Project Funding Requests YTD</i>	<i>\$2,132,000</i>
<i>Brownfield Assessments YTD</i>	<i>3</i>

AWARDS:

International Economic Development Council Gold Medal for Space2Place Micro Grant Program
MEDA Impact Award Coulson Park
MEDA Impace Award Space2Place

Tax Abatements:

The Community Development Team continues to answer any inquiries from businesses and residents regarding the program. Staff member Klugman has begun the annual tax abatement report and received the Department of Revenue compilation of all Yellowstone County and City of Billings active abatements.

Yellowstone Fuels Reduction Program:

Both assessment and mitigation projects have been engaged within the Emerald Hills area for consecutive months. An additional assessment from 4 different assessments was completed in October before the snow hit. The consultant is prepared to complete additional mitigation work pending weather and property conditions throughout Fall and Winter. The CD Team has continued communication with the Yellowstone County Team and BLM to expand the benefit of the Program to all property owners regardless of financial and physical ability. An enormous demand of over 40+ applications were received to Yellowstone County and BSED continues to assist with the program while receiving dollars for project management.

Brownfields Program:

Phase II field work and investigation was completed on an EBURD property the week of October 20th; the full report will be completed within the month and discussed with the Property Owner to confirm future reuse, expansion, and redevelopment plans. In the week of October 20th, a new Brownfield Project was identified and proposed to the Brownfield Committee. This potential 4-story, 25,000 sq. ft. mixed use building would propose commercial use on the bottom and residential above, it is located with the EBURD! Eligibility forms were submitted to EPA and DEQ, hopeful to receive approval and move forward with this great project.

Coulson Park:

We continue to work to match the \$250,000 challenge grant. BSED Team Members Lehm, Arveschoug, Schwartz, and Klugman have met with multiple stakeholders and community leaders regarding the

challenge grant. The Team received notice the Tourism Business Improvement District (TBID) approved \$7,500 from their restricted reserves to contribute towards the \$250,000 challenge grant! We are so appreciative to the TBID, Alex Tyson and her Team.

MSUB Science Building / Montana Coal Board:

CD Members Lehm and Klugman have completed the final draw request and BSED received the \$220k+ check which was delivered to MSUB! \$490,000 has been drawn and provided to MSUB for the Science Building. The final 5% (\$10k) will be allocated after final construction which is scheduled for Fall 2021. Klugman and Lehm continue to connect with MSUB to confirm all reporting requirements are met and the final 5% is allocated to MSUB.

Yellowstone County Museum:

The CD Team completed and submitted all requirements for the MT Commerce grant for the Yellowstone County Museum. We now await grant review from the State and announcements of awards likely in the beginning of '21.

US EDA RLF Grant Application:

Awaiting a response from the US EDA.

Housing:

Beartooth RC&D is contracting to complete a regional housing study for their five-county area.

Billings Heights Business Association:

The CD Team along with Allison and Lorene continues to work to provide resources to the BHBA.

Lockwood TEDD:

City Council voted 9 – 2 on October 26 to allow Lockwood Water and Sewer District to extend its sewer service boundary to include the TEDD Study area. Both the LWSD board and TEDD Study area property owners must now agree to the expansion under the terms of the First Amendment passed by City Council. The main relevant condition in that document is an additional 12% surcharge on wastewater service to that extended area. The next LWSD board meeting is November 10 at 7 pm.

MetraPark Beautification Project:

Sanderson Stewart continues their work on concepts for the south and west borders of MetraPark. A lot of the preliminary work has been done. Two Steering Committee meetings – October 28 and November 10 – have been set. Those will help guide the development of the plan as well as public outreach efforts. Though there have been some delays due to COVID and a change in project leadership, the concept plan is still on track to be completed in the originally scheduled timeframe – by next spring.

Space2Place:

Seven of the eight Space2Place projects are either completed or nearing completion. Those fully completed include a bicycle pump track and trails at the Blue Creek Access Site, a Welcome Garden in Huntley. Three projects – Alley Lighting in downtown, the 6th Street underpass mural, the Medicine Wheel – are nearly complete. Three projects – Lights Over Broadway, a lifejacket kiosk, and a statue at North Park – have been granted extended time to complete the project and should be complete this fall or early next spring, depending upon weather. Because of complications due to COVID-19, we allowed two projects to change their scope. The DBA project was originally a seating area but evolved to a lighting project in the same area. The North Park Task Force project was originally a solar lighting project but has changed to a large entrance sculpture.

Disaster Recovery:

The Yellowstone County Economic Recovery Plan was completed. The original rollout planned for the Pub Station had to be put on hold due to the substantial increase in COVID cases that Yellowstone County has experienced. The team has maintained its focus on helping businesses and public health deal with the immediate crisis and will shift its attentions to more longer-term efforts when the time is more appropriate.

AARP Grant:

Sherri Cornett has completed and installed four sculptures in the pocket park funded by this \$5,000 AARP grant. Work on the phase funded by this grant has been completed. Future phases (not included in this grant) will include additional landscaping and seating in the area to the south of First Church along 3rd Ave North at N 27th St. I am awaiting a final report from Sherri Cornett to submit to AARP and close out the grant.

SBDC | Rock31

See below for program goals and progress.

Noteworthy:

- Rock31 Bookclub - the team is reading the book “The Startup Community Way” and having book club discussions about building the entrepreneur ecosystem.
- The team attended the virtual Techstarts Partner Summit, a 2 day event with speakers and panels.
- The team put on the first Business Model Canvas workshop that will follow the monthly Start-up Roadmap workshop to help businesses identify their customers, relationships, value proposition, channels, key activities, key resources, key partners, cost structure and revenue streams.
- Two Big Sky Trust Fund Grant applications were approved for Belle Chemical, \$66,600 (14 jobs) and WyoBen, \$49,000 (10 jobs) for job creation in Yellowstone County.

Team Activity:

- We continue to hold the virtual Start-up Roadmap workshops with attendance of 10-15 participants
- The team is coaching start-up & existing businesses coming for assistance via Zoom.
 - 26 clients this month with 59 counseling sessions
 - 328 clients in 2020 with 1254 counseling sessions
- The team has assisted businesses with over 5.3 M in capital infusion since Jan 2020.
- The team provided 1 virtual trainings in the Entrepreneurial Academy series
 - The Art and Science of Storytelling: Behavioral Science Insights - Keith Lauver
- Facilitated another meeting with the Center for Innovation at Billings Clinic and Techstars to build a business case for the proposed new patient data technology.
- Facilitated a meeting with the following local entrepreneurs: Keith Lauver, Paul Neutgens, Josh Toenyas, Chantal Hale and Drew Gerber and 2 EDA directors from DC, Anthony Foti and Joel Frushone
- Facilitated 5 Billings Founders peer coaching meetings
- The team has been having planning meetings for
 - Startup Week 2021
 - Entrepreneurial Academy 2021
 - Training Plan for Care Act Funding
- The SBDC network meets every Tuesday afternoon to receive updates from the state

- The SBDC advisor team think tank meets Wednesday to provide informal sharing meetups for network advisors
- The team continues to assist clients applying for the Adaptability grant
- 1 Million Cups is meeting at Thirsty Street in the Garage
- Team members attended the virtual BSED Annual Meeting & Post Annual Meeting event

Big Sky Finance

See below for program goals and progress.

October is the first month of SBA's fiscal year. For the month, Big Sky Finance had one loan approved at SBA for a total of \$700,000. This is a project located in Helena. There were no loans funded for the month. We did present three new SBA 504 loans to our loan committee which all were approved for submission to SBA. Activity continues to be good and we have several other projects currently in the underwriting phase.

The Big Sky Finance team attended the NADCO Annual Meeting, virtually, this month. NADCO is our SBA 504 trade organization. The meetings were very beneficial and covered a number of topics and updates pertaining to the SBA 504 program, such as discussions on improved outreach to community lenders, advanced servicing items, underwriting with COVID and other best practices.

Brandon spent a couple days in Helena working with the team there. There is a change in personnel that will be effective the end of the month. Sherry O'Donnell is leaving Big Sky Finance for a new opportunity. Sherry has played a very important role in our SBA 504 program as the Loan Closing Officer. She will be missed, and we wish her the best of luck in her new venture. I want to assure everyone we have a good plan in place to cover her duties and a position will be posted to fill this void immediately.

Interest rates remained stable from the previous month. The 20-year effective rate for loans funded in October was 2.40%. The effective rate on the 25-year debenture for October was 2.43% and the effective rate for the 10-year debentures remained at 2.29%. Continued historic low interest rates! These rates offered through the SBA 504 Loan program provide borrowers with a great, fixed rate financing option for the acquisition of real property and/or equipment. These rates are projected to stay down for some time. We can also refinance existing commercial real estate debt, and with rates this low it is a great time to consider the SBA 504 option! If you know of anyone who currently owns their commercial real estate and has long-term financing in place, let them know of the ability to utilize the SBA 504 loan program to refinance and lock in these very low, fixed rates! Contact Brandon or Jo Ann for any questions.

Recruitment

In business recruitment, we are continuing to work with three different companies in various stages of expansion/location in our community with five others active but with no action steps over this past month. One of which requires a significant amount of time and focus, we hope to be able to share that with the board in January at the latest. I have also been involved in several conversations with the state about needed resources both for the healthcare industry as well as advocating for the convention industry. I continue to serve on MEDA's Broadband committee and we are getting greater refinement around what we would like to see proposed in this legislative cycle. We have developed a Strategy Partner Update that includes both One Big Sky and Recovery Plan updates that will be presented at council on the 2nd by Steve. I also enjoyed participating in several portions of the MEDA fall conference – including sessions with all those running for election – Steve did an excellent job of facilitating those questions and answer

sessions, and we were able to learn more about what to expect from the various candidates as it relates to economic development.

Organizational/Policy Matters

1. Ad Hoc Legislative Committee—BSED Priorities—The Board approved our Preliminary Legislative Priorities for the 2021 legislative session, with the understanding that the Board wants to review the MEDA priorities and those of other key partners—MT State Chamber, and Billings Chamber, and the Montana Infrastructure Coalition. We should have materials to review with the Board at our November meeting. ***Attached is a copy of our approved BSED Legislative Priorities.***

An extra note—I have assigned economic development policy advocacy to Allison Corbyn and Austin Truckle. They will help to lead this effort in partnership with me as we prepare and do work related to the 2021 legislative session. With this added responsibility, I have expanded the scope of Allison’s work and gave her title change—Director of Recruitment and Business Outreach. In addition, Austin will now serve as Business Outreach/Economic Development Policy Project Manager. This is a great help to me and an exciting (and a well-deserved) opportunity for Austin).

Also, ***attached is a copy of the BSED Statement of Opposition for I-190 and CI-118 as approved by the Board.*** Just for your information.

2. Staffing/Reorg—Just to summarize, we have made the following staff changes:
 - o Kevin Scharfe, Director Entrepreneurship—overseeing Rock31 and SBDC
 - o Lorene Hintz, Regional Director Small Business Development Center 9SBDC)
 - o Kayla Vokral, Business Advisor, SBDC
 - o Marcell Bruski, BSED Marketing Manager
 - o Allison Corbyn, Director Business Recruitment and Outreach (direct report to the ED)
 - o Austin Trunkle, Business Outreach and Economic Development Policy Program Manager

These are all internal promotions and expansions of duties and responsibilities that help to support our growing workload and areas of focus. We will have to fill our front office position and we still have to fill our BillingsWorks position, although that position will have expanded duties beyond BillingsWorks that will support other needs in the organization.

Given these changes, that in some ways allow me to better focus my time on key initiatives and partnerships, I will not make significant changes to my internal leadership structure. I have a team of 9 direct-reports and I am working to empower them to support, encourage and lead the execution of our mission, the development of the organization, and strengthen our culture.

3. Build Beyond 2020 Annual Meeting—We held our Annual Meeting October 22nd. It was all virtual, but it was all outstanding! Marcell did a great job pulling our messages together under the Build Beyond theme. When you get the chance give Marcell and virtual “high-five” for her work on our Annual meeting. We will give the Board time to debrief with us regarding the content and delivery of the Annual meeting at the Executive Committee meeting and at the Board meeting. Note that the Annual Meeting materials included our Annual Report and an exclusive interview with executives from TIP Strategies. They shared a powerful message about looking forward and seizing new opportunities.

4. Salary Adjustments for FY 2021 - Recall that our FY 2021 Budget delayed salary adjustments (many unknowns at the time) for the year. When we made that decision we also stated that we would reconsider salary adjustments at the mid-year mark. Shanna and I have reviewed current budget performance and considered new funding sources that we know we will have for the next two years. We have made expense adjustments in other areas, and we did set resources aside as a contingency to reconsider salary adjustments. Given those budget considerations and the tremendous work of our team, I recommend that we move forward with appropriate salary adjustments.

I'll start with granting salary adjustments to those positions which have taken on new, significant, long-term new job duties and responsibilities. I then look at positions which have been overdue in salary reconsiderations (given the scope of work involved in their position), I'll then look at a standard salary adjustment for the other positions in the organizations. In total these adjustments will be approximately \$45K. These adjustments would begin the first pay period in January (2021). I will provide more details at our Executive Committee meeting.

5. Big Sky to SkyPoint Project – Things are moving along well with the design process. We recently finalized our schematic design and will immediately move into design development. Additional work is needed on the project budget but we have identified a few targets for Cushing Terrell to work towards in design development. We are nearly ready to submit our application for the first phase of the historic tax credit application. We contracted with Randy Hafer to serve as an advisor on the historic tax credit process. His knowledge and expertise have already proven valuable. The Denver EDA asked Kevin, Dianne and I to present at their staff meeting earlier this week. It was a great opportunity to thank them for their support and share with them the progress we have made in the renovation and in Rock31 program development. They expressed their enthusiasm for the project and are hopeful they will be able to celebrate with us in-person at our grand opening in Spring of 2022.

**Respectfully submitted,
November 4 & 12, 2020**



**Steve Arveschoug
Executive Director**

Space2Place Winners

9 awards, 5 completed, 3 in progress, 1 cancelled

Organization	Project	Location
Pedal United	Mountain bike trail and pump track	Blue Creek Fishing Access
<i>Sierra Estates Subdivision</i>	<i>Bus stop bench and Little Free Library</i>	<i>Lockwood</i>
Downtown Billings Alliance	Pocket park/alleyscape	Downtown
Indian Education Dept – BPS	Medicine Wheel at Medicine Crow School	Heights
Huntley Project Garden Club	Welcome garden at entrance to Huntley	Huntley
Southside Neighborhood TF	Mural at 6th Street Underpass	SBURA
North Park Task Force	Art at North Park	EBURD
Julie Seedhouse/Lori Patterson	String lights over North Broadway	Downtown
Our Montana	Lifejacket kiosk	Blue Creek Access Site

Big Sky Economic Development Statement of Opposition to I-190 and C I-118—Legalization of Marijuana for Recreation Purposes

Big Sky Economic Development, in its role as a local, regional, and statewide leader in community and economic development, hereby states its opposition to the recreational marijuana initiatives in front of Montana voters. While the prospect of \$50 million in new State revenue is alluring, there are significant economic and community development ramifications that have need to be considered.

Workforce—Legalizing recreational use of marijuana creates great uncertainty for our business community who are already challenged by the lack of available workforce and finding qualified, drug-free workers in many of our essential sectors (construction and hospitality). The hospitality industry, who has been hardest hit by the COVID-19 shutdowns, cannot afford this added challenge. Our future economic growth is contingent on our ability to cultivate the most talented, well-trained workforce in the nation. We can't compete for new, high-paying jobs without a serious focus on that objective. These initiatives move Montana in a direction that will place an added burden on our local businesses and hurt our quality-workforce objective.

Economic Costs at the Local Level--The proposal for recreational use of marijuana does not come with a cost/benefit analysis. The Bureau of Business and Economic Research at the University of Montana admits that their revenue projections model for recreational marijuana does not include an assessment of the costs and impacts to Montana communities. In their words—"We only considered revenue generating assumptions." If Montana is looking to other states like Colorado for an example of the revenue benefits from legalized marijuana, there must also be a thoughtful assessment of the costs to our social services and public safety systems. Failing to consider these real costs will undermine already stressed local resources that struggle now to address crime and the associated social impacts. The strength of local law enforcement and social services are a critical part of our continued economic growth. I-190 and CI-118 ignore these costs.

Economic Recovery----Montana is in the midst of a public health and economic fight. The impacts of COVID-19 has our state and local economies on a roller coaster ride, with uncertainty of when we will be able to settle in to economic recovery. Now is not the time to introduce yet another health and safety issue for Montana businesses to wrestle with—managing their own business recovery needs to be their focus.

We are all working hard to be safe and avoid the infection of COVID-19. The use of marijuana will increase with the passage of these initiatives. That fact is the basis of the revenue models developed by BBER. With that increase in use comes added public health concerns that are further complicated by our current battle with COVID-19. Montana's economic recovery is dependent upon our collective efforts to stay healthy. Recreational marijuana works against that important "stay healthy" imperative.

BSED 2021 Legislative Priorities Ad Hoc Legislative Committee

Running up to Montana's 67th biennial legislative session, BSED's Ad Hoc Legislative Committee has considered and crafted a list of priorities that emphasize economic development and recovery in our region and State as a whole. As the COVID-19 pandemic continues to evolve, we understand that there will be uncertainty moving forward. Notwithstanding those challenges, BSED believes we must advocate for tools to rebuild our local economies, sustain funding for Healthcare and Medicaid expansion, encourage support for MSU Billings, and protect Tax Increment Financing.

Top Priorities for Immediate Consideration

A. Support Local/Regional Economic Recovery

- Push for State support for a Broadband/5G network infrastructure needs assessment for Yellowstone county (may be able to make this ask to the Coronavirus Relief Fund; and it is consistent with MEDA Next Generation Project recommendations)
- Encourage public/private partnerships to drive new investment—support the County's effort to gain legislative flexibility to consider long term leases of county properties to partner with possible new private investment
- Advocate for resources that support the reengagement and retraining of our workforce as an underpinning to our economic recovery; including, workforce housing public-private partnership incentives, and incentives for talent retention and recruitment
- Support the economic and community development needs of our rural, regional partners, with a focus on infrastructure development and share interests in workforce development

Our response and encouragement of our economic recovery is one of BSED's strategic priorities. Consistent with that, elements related to our recovery need to be considered top priorities for our legislative work. There remains continued uncertainty with the timing and depth of our economic recovery, so focus in this area is absolutely essential. In addition to the items listed below, our economic recovery plan details items that may become legislative initiatives.

- #### **B. Sustain Healthcare/Medicaid Funding—work in partnership with MHA and local providers to keep Medicaid funding intact for local and regional healthcare providers**

Our healthcare sector remains one of our largest and fastest growing economic sectors. There is tremendous pressure on our healthcare delivery system at this time and a great opportunity for innovation and growth in the future. It is essential that we support both the challenges and opportunity that face this important part of our economy.

- #### **C. MSUB Leadership and Infrastructure—encourage and support the Billings-area delegation to rally behind new investment at MSUB (additional investment is needed in the health professions and science areas)**

The strength of our higher education, including both RMC and MSUB, are vital to our economic recovery and growth. MSUB is again in a state of transition that requires our continued support and encouragement.

- D. Protect Tax Increment Financing—urban renewal and target economic development districts need to be supported as one of the few economic development tools available to support the redevelopment of our downtown core and to build infrastructure that supports the growth of value-added industry

Tax Increment Financing is one of the few economic development tools at our disposal that encourages public/private partnerships and new private investment. TIF has been challenged significantly at the legislative level while at the same time producing great results across the state of Montana, including both Billings and Laurel. TIF laws also include targeted economic development districts which is the foundation of our Lockwood TEDD project. It is vitally important that we encourage legislative support for this important community and economic development tool.

Priorities for Current and Future Consideration

- A. New Community and Economic Development Strategies and Tools—consistent with the MEDA/State Chamber Next Generation of Community and Economic Development Tools Analysis encourage a focused strategy, modern tools, investment in entrepreneurship, and community development. Initial focus will be in the following areas:
- Support reorganization of State economic development strategies with sector-specific focus on key industries; adjust existing job creation incentives for target industries, including tax credits for new, high-paying job creation in these target sectors
 - Encourage the realignment of roles and responsibilities of the Department of Commerce and the Governor’s Office of Economic Development as a part of an updated economic development strategy (consider Wyoming Business Council model); consider centralizing workforce development and economic development strategies under a single vision and brand
 - Encourage statewide talent recruitment and retention programs, including incentives for the attraction of remote workers, and the retention of Montana’s college graduates in key sectors (consider Build Dakota Scholarships model)
 - Support legislation that encourages venture capital investments into Montana-based start-ups
 - Identify potential, unique dedicated revenue sources for economic development tools for consideration in future legislative sessions; including, a tool for investment in infrastructure and community development assets that directly support private investment and new job creation;

Most of Montana’s current suite of community and economic development tools date back to the year 2000. Understanding the limited scope of our existing tools, MEDA and MCF initiated the Next Generation of Community and economic Development Tools Analysis. This nine-month process developed a strong set of recommendations to modernize our tools and strengthen Montana’s ability to be regionally competitive. It will likely take multiple legislative sessions to see some of the important changes to be borne out. The goal for the 2021 session is to start the dialogue around modernizing Montana’s community and economic development strategies and tools.

B. Other Items to Watch

1. Create a tax exemption for military pensions in support of our efforts through VBOC to attract veterans and their spouses to entrepreneurship in Montana

MT is one of only seven states to tax 100% of military retirement income. Attracting veteran and military spouses to MT as they look to begin their second career coincides with our talent attraction efforts.

Current and Future Trainings

Current Trainings:

Startup Roadmap
Business Model Canvas
Continuity Planning
Financing your Dream
PTAC Industry Day with GSA! (General Services Administration)
PTAC hosts 7-9 training courses a year
VBOC National Veterans Small Business Week Events
VBOC Partners with SBDC on Events
VBOC Boots to Business
VBOC Reboots

Proposed Trainings:

Bookkeeping - 3 Part Workshop

Marketing

How To Improve My Google
Ranking

Pay Per Click

Social Media

listing on Amazon, eBay, Etsy

Story of Bootstrapping

Moving to online from Bricks &
Mortar to e-commerce

Coding/Web Design

Basic Web Development HTML,
CSS, JAVASCRIPT

JavaScript in React Front end

Back end development

Web hosting

Intellectual Property -

Trademarking, Copyrights,
Patents

Consumer Packaged Goods

FDA Requirements

Cottage Food Law, Rule and
Regulations, and Processing
Requirements

Cybersecurity

Boss Like a Boss

I am Small Potatoes

Crowdfunding your food products

Farmers Market to Retail

**Non-traditional financing -
Techstars**

Women on the Rise Montana

Work-Life Balance

Karen Grosz

Mompreneur

Overcoming Gender Bias

Women in Tech

Women & Gov. Contracting

Grow your BAIL team/Network

Women Veteran/Military Spouse