

**EDA/EDC – Joint Board Meeting
October 8, 2020
7:00 A.M. to 9:00 A.M.**

Join in person at Northern Hotel Ballroom

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.

7:00 A.M. Call to Order/Pledge of Allegiance/Roll Call -- Robin Rude, EDA Chair

7:02 A.M. Public Comment/Recognitions/Special Announcements and Introductions

- Meeting Protocols—Austin

7:10 A.M. Changes to Today's Agenda

7:10 A.M. Section I – Consent Agenda

- Sept. 2020 Board Meeting Minutes
- August EDA and EDC Financials

(EDA/EDC Action)

(Attachment 1)

(Attachment 2)

7:20 A.M. Section II – Executive Directors' Report

- Ad Hoc Legislative Comm. Report/Recommendations- Legislative Priorities
 - MEDA Next Gen Analysis
 - I-190 and CI-118 Legalize Marijuana—Business Leaders Opposition
- Reorganization/Staffing Update

(Attachment 1)

(Attachment 2) (Info/Action)

(Action)

(Info)

(Info)

7:45 A.M. Board Dialogue

- Board Outreach "Board Engagement" —Letter from the Chairs
- Q&A on other Topics

(Handout) (Info)

8:00 A.M. Section III – Program Director Reports

- Member Investor Update/Request—Melanie (Handout) (EDA/EDC Action)
- Big Sky Finance--Brandon
 - 504 Loan Approval Process Update (Attachment 1) (EDC Action)
 - 504 Program Update (Info)
 - EDA RLF Grant Update (Info)
- Operations—Becky
 - Nominating Committee Recommendations (New Vacancy) —Steve L., Chair (Attachment 2) (EDC Action)
 - Big Sky to Sky Point Project (Future Facilities) Update —Becky (Info)
- Rock31/SBDC Update and Opportunity Fund Adjustment--Kevin/Steve (Attachment 3) (EDA/EDC Action)
- BSED COVID Response Update
 - New Covid-19 Grant Applications—Melanie (Info)
 - Beartooth RC&D Grant Award Scope of Work Review—Dianne (Info)
 - Economic Response and Recovery Plan and Next Steps—Thom (Info)
- Community Development
 - Space2Place Update—Dianne (Info)
 - TEDD Update--Thom (Info)
 - Coulson Park Update—Patrick (Info)

9:00 A.M. Adjourn

Next EDA/EDC Board Meeting November 12, 2020. *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.*



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

Section I

ATTACHMENT 1



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, September 10th, 2020 – 7:00 A.M. – 9:00 A.M.
The Northern Hotel and Zoom Teleconference

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: Bryce Terpstra, Dana Pulis, George Warmer, Paul Neutgens, Ken Lutton, Riley Bennett, Robin Rude, Nick Altonaga (Ex-Officio), Katy Easton (Ex-Officio),

EDA Board Members Absent: Greg McDonald, Jennifer Smith, Jennifer Owen, Judi Powers, Don Jones (Ex-Officio), Greg Upham (Ex-Officio), John Brewer (Ex-Officio), Shaun Brown (Ex-Officio)

EDC Board Members Present: Andy Gott, Ann Kosempa, Bob Wilmouth, Dave Ballard, Denis Pitman, Eric Simonsen, Jon Stepanek, Kim Jakub, Mike Nelson, Mike Seppala, Mike Phillips, Nicole Bengé

EDC Board Members Absent: Aaron Ramage, Craig Bartholomew, David Ellis, Mac Fogelsong, Mitch Goplen, Scott Chesarek, Spencer Frederick

Staff and Guests: Steve Arveschoug, Brandon Berger, Shanna Zier, Dustin Frost, Becky Rogers, Austin Trunkle, Dena Johnson, Lorene Hintz, Marcell Bruski, Jo Ann Jones, Thom MacLean, Melanie Schwarz, Sherry O'Donnell, Deanna Langman, Allison Corbyn, Dianne Lehm, Brent Donnelly, Martin DeWitt, Mike Waters, Molly bell, Tory Kolkhorst, Jeff Kanning, John Ostlund

Call to Order:

Mike Seppala, EDC Chair, called the meeting to order at 7:03 A.M. with the pledge of allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Public Comment

Brent Donnelly with the SBA presented awards to Big Sky Finance and Mike Nelson. Big Sky Finance was awarded the SBA 504 Montana CDC of the Year award, having closed 14 loans over the fiscal year.

The next award was the SBA Montana Small Business Champion of the Year. That was awarded to Mike Nelson for his tireless work building the business community of Billings.

Congressional representatives for Senator Tester, Senator Daines, and Congressman Gianforte offered comments of support and congratulations to Big Sky Finance and Mike Nelson.

Steve introduced Jeff Kanning to add a public comment related to the proposed Founders District TIF. Jeff and partners presented a blight study to the City Council as they considered dedicating this area a TIF District. Ultimately, the Council voted to table the discussions. Jeff and his partners will continue their work to bring a stronger proposal to the Council in the future.

Next Deanna presented the PTAC informational video. The video succinctly explains how contracting with Government works and how businesses can approach this business opportunity.

Agenda Changes:

None

Consent Agenda

Approval of July Board Meeting Minutes and Electronic Meeting Minutes July 6th August 6th, and August 31st

Motion: Eric Simonsen to approve the July Board Meeting Minutes and the Electronic Meeting Minutes, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

Approval of the June and July Financials

Motion: Mike Nelson to approve the June and July EDA/EDC Financials, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Adaptability Grant

Shanna explained the adaptability grant that has been made available through the Montana Coronavirus Relief Fund. We have received \$6,000 to date and will submit additional expenses up to the \$10,000 maximum

Motion: Mike Nelson to approve the Adaptability Grant Application, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

Executive Directors' Report – Steve

Ad Hoc Legislative Committee Report – Working Draft Legislative Priorities

Steve presented the draft BSED Legislative Priorities to the Board. Steve highlighted the seven priorities we have identified internally with our Ad Hoc Legislative Committee which will be shared with the Commissioners later this month to understand their priorities as well.

MEDA Next Generation Project Update

Last week, MEDA voted unanimously to accept the findings of the Next Generation Report and work continues within that body to narrow their priorities coming out of the work.

Public Safety Mill Levy

Steve wrote a letter of support for the public safety Mill Levy which was published in the Gazette on the 6th.

Steve also wanted to recognize Dena Johnson, our Regional SBDC Director who will be taking a position with PayneWest Insurance. Dena thanked the team and Board for their partnership over the last seven years.

Board Dialogue – Board Engagement Summary Review – Steve

Steve has been meeting one-on-one with the Board over the past month and wanted to open the floor to comments and discussion regarding some of the input he has received. Steve spoke about Board engagement, the construction of the agenda, the size of the Board, and information purveyed at the meetings and in the packets.

Mike Nelson encouraged the Board to add their differing opinions and diverse thoughts. Dana continued by adding that we should place the more robust conversation items towards the top of the agenda. Dana also offered an idea that we use a written program report one month and have in-person updates the next. Bob added that there is some onus on the Board as well to engage themselves and to bring their value with them.

Program Level Reports and Action Items

Big Sky Finance 504 Loan Approvals – Brandon

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. **Muffler Alley and Brake Shop (Weaver Enterprises LLC)** – Request is for the purchase of an existing building for the operations of Muffler Alley and Brake Shop in Columbia Falls, MT. Purchase is only for the existing land and building. This is an existing business and the purchase is for a property adjacent to their primary shop which will allow for expansion needs in order to improve efficiencies and increased storage and parking. Muffler Alley is owned 100% by Glenn Weaver and has been since 2011. Services include mufflers, exhaust systems, brakes and general car maintenance.

The total SBA debenture will be \$118,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Glacier Bank Kalispell. There are projected to be no new jobs created as a result of this project. The project does meet a Public Policy goal for Rural Development and is located in a HubZone.

Motion: Eric Simonsen to approve the Muffler Alley and Brake Shop (Weaver Enterprises LLC) loan request, as presented to the Board.

Second: Dave Ballard

Discussion: None

Abstentions: Mike Seppala

Motion carried

2. **Missoula Hydroponics and Brew Supplies (Luedecke Holdings LLC)** – Request is for the refinance of existing debt originally utilized for the purchase of the commercial real estate housing Missoula Hydroponics and Brew Supplies, located in Missoula, MT. Debt to be refinanced is held by First Security Bank Missoula and MOFI. The refinance will provide improved terms for their long-term financing resulting in improved cash flow. Missoula Hydroponics is owned 100% by Steve Luedecke. Steve started the business in 2008. Missoula Hydroponics is Montana's largest home for indoor/outdoor gardening supplies and home brew equipment.

The total SBA debenture will be \$315,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind First Security Bank Missoula (Glacier Bank). 1.5 jobs are expected to be created as a result of this refinance. A Public Policy goal for revitalization will be met as the project is located in a HubZone.

Motion: Mike Nelson to approve the Missoula Hydroponics and Brew Supplies (Luedecke Holdings LLC) loan request, as presented to the Board.

Second: Eric Simonsen

Discussion: None

Abstentions: Mike Seppala

Motion carried

3. **Floral Cottage Inc** – Request is for the purchase of land and new construction for Floral Cottage Inc located in Helena, MT. This is an existing business currently leasing space and the move will provide the business with a better location. Pamela Lee is 100% owner of the Floral Cottage. She began working for the business in 1999 and purchased it in 2001. This is a traditional floral shop selling flowers, plants and those items directly connected.

The total SBA debenture will be \$130,000 on a 25-year note comprising 30% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Stockman Bank of Montana (Helena). No new jobs are expected to be created as a result of this project. A Public Policy goals for Rural Development, Woman Owned business and Veteran Owned business will be met.

Motion: Mike Phillips to approve the Floral Cottage Inc. loan request, as presented to the Board.

Second: Mike Nelson

Discussion: None

Abstentions: Spencer Frederick not present

Motion carried

4. **Lake Helena Storage LLC** – Request is for the purchase of land and new construction of a self-storage facility for Lake Helena Storage LLC. The project will be located in Helena, MT, near Lake Helena. This is a new business owned by Goode Industries LLC. Goode Industries is owned 50% by Deidre Smith and 50% by Shervin Samari. Deidre Smith lives in Helena and is an acupuncturist as her primary employment. Shervin Samari resides in California and is an advertising/digital marketing executive. A manager will be hired to assist with day to day operations, along with oversight from the owners. There will be 116 non-climate controlled units to begin with and an additional 120 outside parking spaces.

The total SBA debenture will be \$702,000 on a 25-year note comprising 35% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Bank Five Nine out of Wisconsin. One new job is expected to be created as a result of this project. The project does meet a Public Policy goal for Rural Development as it is located in Helena.

Motion: Eric Simonsen to approve the Lake Helena Storage LLC loan request, as presented to the Board.

Second: Mike Nelson

Discussion: A question was asked about how the borrow became involved in the self-storage business.

Abstentions: None

Motion carried

Stabilization Loan Update – Brandon

Brandon updated about the nature of this small loan program. Activity has slowed for these funds due to less demand over the summer months. There is \$98,000 remaining in this fund.

An application has been submitted to the Federal EDA for a Revolving Loan Fund Grant which is awaiting formal review. BSED is asking for a \$2 million dollar grant with 10% match provided out of the SSBCI funds. This program is very competitive and BSED may reduce their ask to \$1 Million which would bump our match value to 20%, making it more competitive.

Brandon closed by thanking Dena for her partnership over the years.

Business Outreach and Recruitment - Big Sky Trust Fund Applications – Allison

Allison gave a brief overview of the program, which provides up to \$5,000 to businesses per net new job created.

MTP Industries

Job Creation: 15

MTP Industries is a custom paper product manufacturer that plans to create 15 jobs over the next year. While the company is a start-up, the CEO has a vast amount of experience in the field and has proven the product demand in his prior role with a larger manufacturer. Currently located in the mid-west, the CEO and his partner are looking to relocate to an area with a stronger quality of life and where they can become part of a community. The business model for the custom paper products will be both business to business and business to customer and all sales will be through ecommerce. The 15 jobs that will be created over the next year will include individuals trained to run printing machinery/paper product machinery, a graphic art manager, assembly line workers, materials handlers, a production manager, and ecommerce/marketing professionals. The forecasted positions will qualify for at least a partial BSTF grant, with the majority qualifying for the full \$5,000 per net new job. (\$14.70 per hour is the minimum and qualifies a company for \$3,500 – the full \$5,000 award is reached when the wages plus benefits total \$20.88.

Motion: Riley Bennett to approve the MTP Industries BSTF Application, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Belle Chemical

Job Creation: 20

Belle Chemical LLC got its start just over five years ago, when a newlywed couple with a baby on the way, sought out to deliver more economical oilfield chemicals to the new bride's father for his small eastern Montana oil production business. The plan was to save the local, small producers in a time of falling oil prices before they were forced to shut-in production. It worked. Chemicals were one of their largest expenses at the time. Lower prices allowed these small companies to maintain production on their highest generating wells, enabling them to stay afloat.

After about a year, we took our small oilfield chemical company to another level; the consumer level. As it turns out, many of our environmentally friendly and biodegradable products such as vinegar and sodium hydroxide are also used to make soap and other household cleaning products, only in much smaller quantities. These cleaning products have become our top selling items, but we also offer high quality dietary supplements and vitamins, as well as key ingredients used in popular do-it-yourself beauty products such as activated charcoal and bentonite clay. Through online platforms such as Amazon.com, Walmart.com, eBay, and our own website, we have a worldwide customer base and an opportunity to market to other manufacturing businesses who use our products in their production. Just this year we joined the 'Top 10,000' sellers on Amazon, meaning we rank in the top 0.5%. With our high customer satisfaction ratings, low prices, and outstanding shipping status, Amazon trusted us to be the first authorized seller of medical-grade isopropyl alcohol on their website during this pandemic, when they had to strictly supervise the sales of essential items to put an end to price gouging.

Over the last five years, we have tripled our revenue every year. Our rapid expansion has been exciting but has left us with challenges. Currently operating in only 4,200 square feet, we have limited space for storage and production, making it difficult to maintain a steady supply of inventory for each product. We are forced to choose which products we can order because in an effort to keep our costs down, we must purchase inventory in bulk. We are also in need of a larger, qualified staff. Recently we were forced to rent several storage facilities for necessary packaging and equipment. A larger facility that offers both storage space and room for a production floor makes the most sense. Our offer to purchase the building at 501 N. 22nd Street in downtown Billings was accepted, pending quotes for reasonable repairs. Belle Chemical will be moving into a much-needed larger production facility of 12,000 square feet. This new facility will allow for ample product storage, as well as the space needed for more equipment. Because we have liquids, powders and granular products, we require an array of machinery and equipment. This new space also provides us with a second production assembly line, requiring up to 20 more full-time employees within our workforce. More space and manpower gives Belle Chemical the opportunity to run multiple products simultaneously, safely and efficiently. New employees will require training such as forklift operating, energy control, hazard communication, equipment guarding, spill prevention control and countermeasures, power line avoidance, caustics and acids and ergonomics training, to name a few.

As we near the end of our third quarter, we are forecasting that this year will follow the trajectory of growth we have seen in the past five. While we still provide oilfield chemicals to our local oil producers, 95% of our revenue comes from consumer products sold throughout the United States, Canada and a limited product line in the European Union. To continue our aggressive growth strategy, we are currently evaluating markets in Singapore, United Arab Emirates and expanding our product line in the European Union. In order to become more efficient operating our current product line and expanding the products offered, growing our facility and workforce is the next logical step for our business.

Motion: Ken Lutton to approve the Belle Chemical BSTF Application, as presented to the Board.

Second: Riley Bennett

Discussion: None

Motion carried

Wyo-Ben

Job Creation: Approximately 35 Jobs

Wyo-Ben was founded in 1951 and remains a privately held company headquartered in Billings, Montana, USA. Their three bentonite processing facilities are located in the Big Horn Basin region of North Central Wyoming and South-Central Montana. Wyo-Ben employees are focused on quality and continually look for new and innovative solutions to customers' needs in the global market. In the past Wyo-Ben has provided cat litter producers with the bentonite for their products but they have decided to make the move into manufacturing cat litter here in Billings. The manufacturing facility is currently under construction off of Hesper road. They hope to be operational in October.

Motion: Paul Neutgens to approve the Wyo-Ben BSTF Application, as presented to the Board.

Second: Dana Pulis

Discussion: None

Motion carried

Nominating Committee Update – Becky

Becky explained how the Nominating Committee is structured and the process they go through to arrive at their recommendations. Becky listed the criteria that was used while considering candidates. There are six EDC seats available but four of those seats are eligible for a second term, leaving two seats open. The two individuals selected for the ballot are Nick Pancheau with Collaborative Design and Jen Kobza with TKI Industries.

Mike Seppala, Paul, and Ken offered their thoughts about the applicants and the composition of the Board in its totality. Discussion continued regarding Board attendance.

Motion: Dave Ballard to approve the 2020 EDC Board Nomination Ballot, as presented to the Board.

Second: Ann Kosempa

Discussion: Above

Motion carried

Beartooth RC&D MOU – Becky

Becky continued explaining the MOU we hold with Beartooth RC&D. This is a yearly agreement held with that entity and the financial considerations were included in the budget.

Motion: Riley Bennet to approve the execution of the Beartooth RC&D MOU, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

Big Sky to Skypoint – Becky

Finally, Becky updated the Board on the status of the Big Sky to Sky Point project. Becky thanked the Board for their participation on the electronic vote held on August 31st. We held our first visioning session with Cushing Terrell last week and Becky will be spending all day tomorrow at the new building working with their team. Becky also added that BSED will be looking to pursue Historic Tax Credits as they relate to this project. Becky spoke about the Cushing Terrell team and how they have been wonderful partners throughout the project.

Community Development – Thom

Thom gave an update about the Recovery Plan which will undergo a final review sometime next week. A roll-out event for the final plan is slated to take place early next month at the Pub Station.

Thom spoke about the status of the TEDD and the issues related to the agreement between the City and the Lockwood Water and Sewer District.

Member Investor Program Update – Melanie

Melanie mentioned that work continues to find new Member Investors as a few had to bow out this year due to the pandemic.

This year, the annual meeting will be a video debut at the Babcock Theater with the Board and BSED staff attending in-person. We will also be asking our partners and board members to host a watch party at their respective organizations.

Public Comment

Steve announced that the BUILD Grant submission made by both the City and County for the Inner Belt Loop and Skyline Trail has been approved and awarded to our community.

Katy mentioned the DBP will be taking an ask to the City Council to pay-off the line of credit that was extended to them by BSED. The proposal would allow the DBP to retain ownership of the Yesteryears Antique Building.

Mike thanked Dena again for her service at BSED and wished her all the best.

Adjourn

Mike adjourned the meeting at 8:56 A.M. with a motion from Ken Lutton, seconded by Dave Ballard.

Next Meeting – October 8th, 2020

Respectfully submitted,

Ken Lutton, EDA Secretary/Treasurer

Ann Kosempa, EDC Secretary/Treasurer

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BIG SKY
ECONOMIC DEVELOPMENT

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ATTACHMENT 2

Big Sky Economic Development Authority
Financial Report for the Executive Committee and Board of Directors
September 29, 2020

Included with this report are balance sheets reflecting the assets, liabilities and net assets of Big Sky EDA as of August 31, 2020. Also included is the statement of revenue and expenses through two months of FY21 as compared to budget.

Balance Sheet

Current assets decreased to about \$4,306,000 at the end of August from \$4,334,000 in July. The fluctuation in current assets is attributed to operating expenses. Accounts receivable decreased slightly from \$694,000 to \$669,000. The receivable consists of Federal EDA grant (\$510,509), PTAC (\$90,000), VBOC (\$45,000), SBDC (\$19,000), Brownfields (\$4,000). As of September 2020, these receivables have decreased to about \$144,000 with the collection of the Federal EDA grant draw.

Due To/Due From EDC totaled approximately \$48,000 at the end of August and consists of the August amount due from EDC. The tax levy receivable balance continues to decrease with the collection of taxes. The tax levy receivable totaled approximately \$4,000. 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 \$1,583,000 at the end of August.

Accounts payable have increased slightly from \$39,000 at July 2020 to approximately \$65,000. Accrued expenses total approximately \$98,000 and consist largely of salary/benefits accruals (\$76,000) and Space2Place Grant accruals (\$17,000). Accrued expenses have decreased slightly over the last month with the payment of two Space2Place Grants.

Statement of Revenue and Expenses

Most revenue items remain in line with budget amounts through the first two months of the fiscal year. EPA-Brownfields is about \$21,000 below budget due to timing of when 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 of a portion of our SBDC Support Specialist salary, benefits, and rent. This will add about \$26,000 in revenue for FY21.

Salary/wage expense totaled \$263,000 through August. This amount is slightly under budget due to vacancy savings. Professional fees are under budget and totaled \$6,000 through August. This expense line is under budget as we have not incurred budgeted architectural fees, Brownfields fees, and audit expense through August. Travel/training expenses remain under budget and totaled approximately \$2,000 through August.

Through two months of FY21 Big Sky EDA recognized expenses in excess of revenue totaling about \$193,000, which was approximately \$100,000 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 \$189,000, which is about \$131,000 less than budgeted.

Big Sky EDA
Comparative Balance Sheet
As of August 31, 2020 and 2019

	8/31/2020	8/31/2019	+/-	6/30/2020	+/-
Assets					
First Interstate Bank	\$126,052	\$36,018	\$90,034	\$164,986	-\$38,934
FIB-Recovered Property Taxes	148,202	147,854	348	148,202	-
Opportunity Fund-FIB	15,959	54,371	(38,412)	16,169	(210)
Opportunity Fund-Stockman	44,522	3,613	40,909	44,519	3
Opportunity Fund-Opportunity Bank	621,976	613,994	7,981	621,300	676
Stockman GE Maintenance	15,128	15,128	-	15,128	-
Rocky Mountain Bank Money Market	492,927	-	492,927	492,843	83
Opportunity Fund - CDs (current)	2,404,278	-	2,404,278	2,404,278	-
Yellowstone County Funds	437,022	236,766	200,256	535,969	(98,947)
Total Current Assets	4,306,065	1,107,745	3,198,319	4,443,392	(137,327)
Other Assets					
Accounts Receivable	668,803	223,129	445,673	680,373	(11,570)
American Revenue Guarantee	6,887	6,887	-	6,887	-
Due To/Due From EDC	47,693	125,507	(77,814)	57,548	(9,855)
Tax Levy Receivable	3,895	4,077	(182)	26,597	(22,702)
Tax Levy Receivable - Protested	21,479	9,113	12,366	21,479	-
Allowance for Doubtful Accounts	(21,479)	(9,113)	(12,366)	(21,479)	-
Prepaid Expenses	17,414	-	17,414	18,556	(1,142)
Deposit	1,390	-	1,390	1,390	-
Undeposited Funds	-	-	-	-	-
Interest Receivable	8,509	2,421	6,088	8,509	-
Miscellaneous Receivable	-	-	-	-	-
Total Other Assets	754,591	362,021	392,569	799,860	(45,269)
Non-Current Assets					
Opportunity Fund - CDs (non-current)	1,250,358	4,590,718	(3,340,360)	1,250,358	-
Loans Receivable	400,000	400,000	-	400,000	-
TEDD Receivable	34,100	64,775	(30,675)	34,100	-
Cabela's Conduit	4,984	4,982	2	9,649	(4,665)
Deferred Outflow of Resources	147,067	247,689	(100,623)	147,067	-
Total Non-Current Assets	1,836,508	5,308,164	(3,471,656)	1,841,173	(4,665)
Fixed Assets					
Bank Building - Land	272,000	-	-	272,000	-
Bank Building - Building	1,328,000	-	-	1,328,000	-
Accumulated Depreciation	(17,026)	-	-	(11,350)	-
Total Fixed Assets	1,582,974	-	-	1,588,650	-
Total Assets	8,480,138	6,777,932	1,702,206	8,673,075	(192,937)
Liabilities & Equity					
Current Liabilities					
Accounts Payable	64,794	113,534	(48,741)	51,901	12,893
Accrued Expenses	97,528	96,789	739	109,334	(11,806)
Deferred Revenue	1,598	-	14,000	1,598	-
Payroll Liabilities	(184)	465	(649)	355	(539)
Compensated Absences	170,249	164,177	6,072	170,250	(1)
Total Current Liabilities	333,985	374,966	(40,981)	333,438	547
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	(193,485)	(268,730)	75,246	1,673,125	(1,866,610)
Balance at Beginning of Year	7,446,276	5,773,151	1,673,125	5,773,151	1,673,125
Net Assets	7,252,791	5,504,421	1,748,370	7,446,276	(193,485)
Total Liabilities & Equity	8,480,138	6,777,932	1,702,207	8,673,075	(192,937)

Big Sky EDA
Statements of Operations
For the Periods Ending August 31, 2020

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
Operating Revenue							
County Taxes (Mill Levy Revenue)	\$163	\$0	\$163	\$667	\$0	\$667	\$1,220,100
Entitlement	-	-	-	-	-	\$0	\$235,000
Health Insurance Mill Levy	8,480	9,010	(530)	16,960	18,020	(\$1,060)	117,236
Recovery of Protested Taxes	-	-	-	1	-	\$1	-
Department of Defense	45,000	45,868	(868)	90,000	91,737	(\$1,737)	550,421
EDC Reimbursement	44,291	48,251	(3,960)	93,013	96,502	(\$3,489)	579,012
EPA-Brownfields	3,493	13,333	(9,841)	3,493	24,167	(\$20,674)	132,500
SBA/MT Dept of Commerce	16,881	21,745	(4,864)	33,415	43,490	(\$10,075)	261,282
SBDC Program Income	-	-	-	-	-	\$0	-
VBOC	22,969	26,323	(3,354)	45,471	50,734	(\$5,263)	300,000
Rents/Leases	1,912	956	956	1,912	1,912	\$0	-
Grant Administration	2,000	292	1,708	2,000	583	\$1,417	3,500
Miscellaneous Revenue	5,000	-	5,000	5,000	-	5,000	3,862
Total Revenue	150,189	165,778	(15,590)	291,931	327,145	(35,214)	3,402,913
Operating Expenses							
Salaries/Wages	127,896	134,318	(6,422)	263,465	276,702	(13,238)	1,679,819
Employer Contributions	41,731	43,666	(1,934)	84,301	88,668	(4,367)	559,084
Contingency	-	4,208	(4,208)	-	8,417	(8,417)	50,497
Community Development Projects	(46)	2,500	(2,546)	(46)	5,000	(5,046)	30,000
Dues and Subscriptions	17,348	18,456	(1,109)	25,725	24,263	1,462	64,643
Event Expense	-	-	-	-	-	-	-
Insurance	886	752	134	4,276	6,004	(1,729)	23,984
Marketing - Departmental	448	2,036	(1,588)	448	4,072	(3,624)	24,432
Marketing - Organizational	4,520	2,667	1,853	4,520	5,333	(813)	32,000
Office Equipment	-	-	-	60	4,500	(4,440)	6,500
Office Expense	4,166	1,597	2,569	6,540	6,194	346	23,289
Professional Fees	3,703	62,833	(59,131)	5,608	106,265	(100,657)	167,958
Property Tax Protests	-	-	-	-	-	-	37,350
PTAC Satellite	10,243	12,481	(2,238)	21,005	24,962	(3,957)	149,773
PTAC Subcenter	14,000	14,764	(764)	27,854	29,529	(1,674)	177,171
Rent	11,622	11,724	(102)	23,638	23,449	189	142,295
Repairs	-	-	-	-	-	-	-
Sponsorships	-	-	-	-	-	-	2,500
Strategic Priorities	-	1,250	(1,250)	-	2,500	(2,500)	15,000
TEDD	60	-	60	60	-	60	2,000
Telecommunications	3,400	5,161	(1,762)	6,244	10,322	(4,078)	61,933
Travel/Training	279	8,049	(7,769)	1,996	13,986	(11,990)	100,258
Utilities	1,137	2,000	(863)	2,329	4,000	(1,671)	24,000
Miscellaneous	831	1,572	(741)	3,037	3,259	(222)	23,200
Total Operating Expenses	242,223	330,034	(87,811)	481,059	647,425	(166,366)	3,397,686
Net Operating Revenue	(92,034)	(164,256)	72,222	(189,128)	(320,280)	131,152	5,227
Non-Operating Income/Expense							
Interest Income	636	1,687	(1,052)	1,213	3,375	(2,161)	20,247
US EDA Reimbursement	105	14,600	(14,495)	105	29,200	(29,095)	148,822
Grant Revenue (GASB 68)	-	-	-	-	-	-	-
Architectural/Professional Fees	-	-	-	-	-	-	302,492
Pension Expense	-	-	-	-	-	-	-
Depreciation Expense	2,838	2,838	-	5,675	5,675	-	34,051
Net Revenue Over (Under) Expense	(94,131)	(150,806)	56,675	(193,485)	(293,381)	99,896	(162,247)

Big Sky Economic Development Corporation
Financial Report for the Executive Committee and Board of Directors
September 29, 2020

Included with this report are balance sheets reflecting the assets, liabilities and net assets of Big Sky EDC as of August 31, 2020. Also included is the statement of revenue and expenses through two months of FY21 as compared to budget.

Balance Sheet

Current assets remained consistent with July and totaled approximately \$1,922,000 at the end of August. Accounts receivable have decreased and total \$21,500. The receivable consists of Member Investor pledges for FY20 (\$19,000) and Business Healthcare Sponsorship receivable (\$2,500).

The RLF portfolio totals \$409,000, an increase from \$380,000 in July due to the final disbursement on the Latitude Hospitalities RLF loan (\$30,000). The Stabilization Loan portfolio totaled \$152,000 at the end of August and consisted of eleven loans.

Accounts payable increased slightly from \$8,000 to \$12,700 in August. Accrued expenses totaled \$10,000 and consisted of amounts accrued for legal expenses associated with the 504 loan portfolio. Deferred 504 revenue totaled \$27,000, a decrease from \$35,000 in July. This deferred 504 revenue will be recognized as loans fund. Due to/Due from EDA totaled approximately \$48,000 and represents the amount owed to EDA from EDC for August reimbursement.

Statement of Revenue and Expenses

The 504 loan servicing revenue totaled \$85,000 through August. This is approximately \$5,000 under budget. The 504 loan origination revenue totaled \$39,000 through August, which is approximately \$41,000 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 with the quarterly invoicing that will be completed in early October. Miscellaneous revenue totaled \$22,000 through August. This consists of \$7,000 in loan fees and \$15,000 in grant revenue from the State of Montana Coronavirus Relief funds.

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.

Expenses remain close to or in-line with budget as we begin the fiscal year. Through August, professional fees totaled approximately \$10,000. This is slightly below budget based on the timing of the audit expense. Sponsorship expense remains below budget through August. This is also attributed to timing of budgeted expenses.

Through two months of FY21 Big Sky EDC recognized revenue in excess of expenses totaling about \$28,000, which was approximately \$18,000 more than the budgeted amount. This is attributed to revenue from both Coulson Park donations and the State of Montana Coronavirus Relief fund grants. In addition, operating expenses remain under budget based on the timing of when expenses were budgeted throughout the fiscal year.

Big Sky EDC
Comparative Balance Sheet
As of August 31, 2020 and 2019

	8/31/2020	8/31/2019	+/-	6/30/2020	+/-
Assets					
First Interstate Bank	\$301,476	\$289,847	\$11,629	\$245,165	\$56,310
FIB SSBCI Principal	1,012,823	1,361,794	(348,971)	1,005,566	7,257
FIB-Long Term Reserve	250,000	250,000	-	250,000	-
FIB-Opportunity Fund	22,200	22,200	-	22,200	-
FIB-RLF	66,464	212,743	(146,279)	179,960	(113,495)
FIB-OBSD Restricted	-	-	-	-	-
Accounts Receivable	19,000	18,250	750	58,684	(39,684)
Contributions Receivable	2,500	44,500	(42,000)	2,500	-
Miscellaneous Receivable	-	556	(556)	-	-
Prepaid Expenses	5,843	18,000	(12,157)	8,276	(2,433)
Undeposited Funds	-	-	-	-	-
Stabilization Portfolio - Current	152,000	-	-	137,000	15,000
RLF Portfolio-Current	45,481	22,798	22,683	42,141	3,340
SSBCI Portfolio-Current	44,231	104,729	(60,497)	48,307	(4,076)
Total Current Assets	1,922,018	2,345,417	(423,399)	1,999,799	(77,780)
Other Assets					
RLF Portfolio-Non Current	363,655	238,663	124,992	268,210	95,445
SSCBI Portfolio-Non Current	601,615	800,791	(199,176)	601,051.9	563.09
Allowance for Loan Losses	(21,934)	-	(21,934)	(21,934)	-
Total Other Assets	943,335	1,039,454	(96,118)	869,262	96,008
Fixed Assets					
Bank Building - Building	-	-	-	-	-
Bank Building - Land	-	-	-	-	-
Total Fixed Assets	-	-	-	-	-
Total Assets	2,865,354	3,384,871	(519,517)	2,869,060	18,228
Liabilities & Equity					
Current Liabilities					
Accounts Payable	12,743	44,672	(31,929)	14,200	(1,456)
Property Tax Payable	-	-	-	-	-
Accrued Expenses	10,000	(1,438)	11,438	-	10,000
Deferred 504 Revenue	27,251	48,400	(21,149)	35,811	(8,560)
Due to/Due from EDA	47,693	125,742	(78,049)	57,548	(9,855)
Total Liabilities	97,688	217,376	(119,688)	107,559	(9,871)
Current Year Excess of Expenses over Revenue	28,099	(52,389)	80,487	(480,316)	508,415
Balance at Beginning of Year	2,739,567	3,219,883	(480,316)	3,219,883	(480,316)
Net Assets	2,767,666	3,167,494	(399,829)	2,739,567	28,099
Total Liabilities & Equity	2,865,354	3,384,871	(519,517)	2,847,126	18,228

Big Sky EDC
Statements of Operations
For the Periods Ending August 31, 2020

	Month			YTD			Fiscal Year
	Actual	Budget	Variance	Actual	Budget	Variance	Budget
Operating Revenue							
504 Loan Origination	\$39,472	\$5,455	\$34,017	\$39,472	\$80,455	(\$40,983)	\$135,000
504 Loan Servicing	42,309	45,000	(2,691)	84,831	90,000	(5,169)	499,500
Float Income	-	-	-	-	-	-	-
CTE Director Donations (Restricted)	-	-	-	-	-	-	-
Member Investment	1,500	-	1,500	7,500	-	7,500	253,000
RLF Business Loan Interest	578	1,417	(839)	1,056	2,833	(1,778)	17,000
RLF Origination Fees	-	-	-	-	-	-	5,000
Stabilization Loan Interest	228	417	(188)	457	833	(377)	-
SSBCI Revenue	1,144	1,500	(356)	2,520	3,000	(480)	18,000
Recovery of Bad Debt	-	-	-	-	-	-	-
Coulson Park	5,000	-	5,000	7,000	-	7,000	-
Miscellaneous Revenue	22,229	-	22,229	22,442	-	22,442	-
Total Revenue	112,461	53,788	58,672	165,279	177,121	(11,843)	927,500
Operating Expenses							
Business Incubation	-	125	(125)	-	250	(250)	1,500
Business Recruitment	392	208	-	392	417	(25)	2,500
Bad Debt Expense	-	1,042	-	1,500	2,083	(583)	12,500
Contingency	-	1,667	(1,667)	-	3,333	(3,333)	20,000
Dues and Subscriptions	942	421	520	2,961	1,568	1,393	21,561
EDA Reimbursement	44,291	48,251	(3,960)	93,013	96,502	(3,489)	579,012
Event Expense	-	-	-	-	1,500	(1,500)	33,500
Insurance	843	865	(22)	1,681	1,730	(49)	10,380
Investment in Economic Activity	-	-	-	-	-	-	5,000
Marketing - Departmental	1,639	1,958	(320)	2,618	4,317	(1,699)	23,900
Marketing - Organizational	214	1,292	(1,078)	214	2,583	(2,370)	15,500
Membership Development	44	700	(656)	84	1,400	(1,316)	8,400
Office Supplies	1,336	300	1,036	3,061	600	2,461	3,800
Professional Fees	10,128	13,583	(3,455)	10,128	16,167	(6,038)	67,500
Postage and Printing	211	75	136	243	150	93	900
R31 Outreach	-	75	(75)	-	150	(150)	2,300
Rent	2,519	2,588	(69)	5,053	5,176	(123)	31,629
Repairs	-	-	-	-	-	-	-
Sponsorships	-	10,500	(10,500)	-	14,500	(14,500)	19,700
Telecommunications	623	555	69	948	1,109	(162)	6,656
Travel/Training	53	1,288	(1,235)	1,021	4,255	(3,234)	27,505
Miscellaneous	12,527	6,732	5,795	14,264	9,264	5,000	39,884
Total Operating Expenses	75,762	92,225	(16,463)	137,181	167,054	(29,873)	933,628
Net Revenue Over (Under) Expense	36,699	(38,437)	75,135	28,099	10,067	18,031	(6,128)



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

Section II

ATTACHMENT 1

**October 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*** – Flexibility is the name of the game these days, and that is the case for BSED as well. While we fully execute our responsibilities we are very sensitive about the need for our team to have a degree of flexibility. Likewise, we are evaluating all of our planned events and considering changes that support good public health. You should have received a “change in plans” communication from Marcell that discusses a new approach to our Annual Meeting. Do connect with Marcell regarding any questions.
- 2. *Responding to Immediate Business Needs***— Go to yeconomicrecovery.org to get up to date on all our work to address the immediate needs of our community. The Yellowstone County Economic Response and Recovery Team are in the process of sending two additional requests to the Governor asking for funding (Coronavirus Relief Funds) to address critical needs in our community. We have identified options to continue the support for local businesses, and we have sent a letter for support for our medical community’s request for additional help (see attached letter from the ERRT). The Look Local campaign will kick off the first week of November. Stay tuned for more details on this effort.

We did receive a \$200k grant award from Beartooth RC&D, that comes to us a \$100k per year reimbursement over the next two years. Dianne and Melanie will review with the Board the scope of work that is covered by these funds, but generally they help cover the cost of our response and recovery work.

- 3. *Business Stabilization Loan Program and EDA RLF Grant App***—to date we have approved 10 loans under our Business Stabilization Loan Program—totaling \$152,000. Our grant application to the Federal EDA was submitted and is now in the EDA review process. I spoke with Angela Martinez, EDA Regional Director, last week about this grant and I’m hopeful we will at least get part of our RLF request. We should know more very soon.
- 4. *Unified Command—Economic Response/Recovery***— October 6th, 3:30 PM to 5:00 P.M. is the roll out event for the Yellowstone County Response and Recovery Team’s Recovery Plan for Yellowstone County. Invites have gone out to civic and business leadership. Plans for this event were set to take place at the Pub Station as a live, social distanced event, but those plans may change. Stay tune for more details.

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.

Recovery Plan to be released October 6th. The work of the Yellowstone County Response and Recovery Team will be ongoing, likely for several months more. The Plan will outline a structure for the implementation of the plan and provide opportunities for more participation in this effort.

Work in this area will center around the three stages of the Recovery Plan (final plan in progress).

- 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

We are hopeful that the Rollout event for the Recovery Plan will set the stage for the building a shared vision for the community. At that event we will ask our business and civic leaders to focus on two to three projects/initiatives that “if completed would better position our community for success.” Again, the BSED and Chamber Boards will be asked to participate in this work. We’re also hoping to outline a set of next steps.

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. That includes all the existing Coronavirus Relief Fund Programs and the potential new federal stimulus package that is waiting for congressional action.
- b. Implement Business Recovery/Adaptation Training Curriculum — SBDC will continue to deploy its standard training, with supplemented material to support unique challenges that our businesses are facing at this time. Additionally, we are looking at two more training opportunities—a Gallup Growing to the Next Level platform and a responding to Covid-19 training platform that our team is working on using the funding from the Beartooth grant.
- c. Deploy Unique Set of Finance Tools for Small Business Recovery—Big Sky Finance —See the Big Sky Finance section of this report more details re the EDA RLF grant application.
- d. Seek out grant opportunities that support business needs, meet community asset development goals, and build/sustain BSED capacity to serve – to date we are working on 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); we have secured the Beartooth grant (\$200K) to help update our target industry analysis for our region and to cover the costs of staff time dedicated to economic response and recovery. Other possible grants are in the works that Melanie will share with the Board next week to support our ongoing recovery work.

Ongoing Strategic Priorities

- Develop Ready to Go Industrial Space—See Community Development Program Report for details of the TEDD project in Lockwood. We are still awaiting final action from City Council on the proposed agreement with the Lockwood Water and Sewer District—target date October 26th. This project cannot go any further until Council approves the proposed agreement. We are considering “Plan B.”
- Go to the Next Level with Entrepreneurship Support System via ROCK31—this work continues under Kevin Scharfe’s leadership, building a network of entrepreneurs and mentors, and supporting the vision for the development of the entrepreneur center at the old MT Bank Building, which is really taking shape with great input from our entrepreneur partners. See more details regarding the work of Rock31 in the program report section of this report.
- Support Ripe Private Development Opportunities—Inner Beltloop is a go with the BUILD Grant, and so is the Skyline Trail. There will be development opportunities related to these projects. TransTech has the opportunity to continue to develop with the completion of 32nd street to Hesper Road and planning is underway with the City team to move these road improvements forward.
- Champion and Deliver Strategic Place-Making Assets—Coulson Park/Corrette Site, Metra Park Corridor Redevelopment and Master Plan (including HWY 87/Expo Drive project), Skyline Trail—see Community Development Program Report for details. We got the BUILD Grant!! What a great step forward for the community. This came as a result of the City and County willingness to partner, which we all agreed (last fall at our Board meeting) was essential to this effort. More partnership, more success.
- Space2Place Placemaking Initiative—The Community Development Team will provide the Board an update on the Space2Place program at our October Board meeting. See Community Development Program Report for details
- Support Public Safety Investment—The first public safety mill levy passed. Outstanding. Now that there more work ahead as we will now have to consider a long-term, strategic investment in our public safety that will require more investment on the part of our property owners.

Program Updates

PTAC

Please see below for target goals and progress

Montana PTAC began its new “performance period” on August 1st. MT PTAC clients (all 6 locations statewide) are off to a great start and have already been successful in winning **\$30.1 million** in federal, state and local contracts. Of this total, 20 unique companies served by PTAC advisors in Billings have been successful in winning government contracts/subcontracts valued at **\$19.7 million**. Mechanical Technology, Inc. was awarded a BIA contract to provide HVAC services. Higgins Drilling Company contracted with the U.S. Forest Service for repairs on the Taylor Creek Well & Otter Creek Dirt Work, LLC contracted with the U.S. Forest Service for road maintenance in the Ashland Ranger District. Billings based PTAC advisors have provided **63 counseling sessions** to **30 unique entities** in the Bozeman/Helena region and **131 counseling sessions** to **57 unique entities** in the Billings region.

Big Sky Finance

Please see below for target goals and progress

September was the last month of the SBA's fiscal year. For the month, we had one SBA 504 loan fund totaling \$726,000. This project was in Billings. We had one SBA 504 loan approved through the SBA totaling \$130,000. This is a project located in Helena. For the SBA fiscal year, our approval numbers were down from the previous year, but funding was up. Totals for the fiscal year ending September 2020 were as follows: six loans approved through SBA for a total of \$2.9MM, and sixteen loans funded for just over \$14MM! We continue to have a solid pipeline and have been working very hard to put new loans on the books.

Big Sky Finance was awarded the CDC of the Year for FYE 2019 at the previous Board meeting. Brandon and Jo Ann attended the ceremony in Bozeman for the presentation of the SBA Veteran Small Business of the Year award to Mountain Hot Tub and Kelly King. Mountain Hot Tub is one of our projects that funded last year. Jo Ann nominated Kelly King and Mountain Hot Tub for the award, and they won! The event was well attended, and the Kings were very grateful for SBA and Big Sky Finance and the work we have done with them. This is a wonderful small business and the owners are big advocates of Veterans and have great appreciation for their employees! We are very happy for them and proud to have nominated Mountain Hot Tub as the SBA Veteran Small Business of the Year for Montana!

Other items to note:

- Big Sky Finance team was all in Billings for a Strategic Planning session
- Continue working with several prospects and underwriting new SBA 504 deals
- SBA 504 Independent Loan Review continues and submitted to the reviewer
- Working on CDC Annual Report and ALP Renewal
- New SOP for SBA becomes effective 10/1/20. Training on this.

Interest rates increased slightly from the previous month. The 20-year effective rate for loans funded in September was 2.37%. The effective rate on the 25-year debenture for September was 2.41% and the effective rate for the 10-year debentures dropped to 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!

Member Investor Program

Program goals and progress will be presented at the Board Meeting

The Membership Committee met and discussed a strategy for Member Investor growth, revenue goals and improving board engagement with the program. Melanie will be giving a full report on the program during the board meeting.

Marketing/Org Communications

Planning for the Annual Meeting has been our major focus. The team has been working on a video showcasing local businesses and BSED clients, pandemic recovery, and how we are going to Build Beyond... We are working on creative ways to have the community engage with us during the meeting. Thank you to all of the board and staff who joined us on the rims for our team photo.

As part of the new Beartooth RC&D grant the marketing team will be working on promoting regional trainings and business resources as part of our recovery work.

Economic Response & Recovery Communications Subcommittee The Economic Response and Recovery team will roll-out the recovery plan at an event on October 6th starting the next steps of implementation of the plan. We have also applied for some additional state funds that would support an end of year "Look Local" Campaign to encourage our community to support local businesses during the holiday season. The other project these funds would be used for is a healthcare talent attraction campaign.

VBOC

Counseling: 228 counseling sessions since May 1

Training: 16 events with 185 attendees since May 1

Outreach: 34 meetings with 184 attendees since May 1

Training: 32 attendees at 3 events in the month of September

- Virtual Boots to Business at Malmstrom Air Force Base in Montana - 9 attendees. Delivered in partnership with Montana SBA and Great Falls SBDC
- Virtual Pre-Business Development workshop in partnership with Rock31 and Billings SBDC- 10 attendees, including 5 known veterans
- Wyoming Boots to Business Reboot (virtual 1-day class) – 13 veteran and/or military spouse attendees

Outreach highlights: 12 meetings w/ 49 attendees. Highlights include the Salt Lake Chamber of Commerce, University of Wyoming Veteran Center, Southern Utah University Veteran Services Director, Wyoming National Guard.

Counseling –45 counseling sessions with 19 veteran or military spouse clients in the last month.

SBDC | Rock31

So far this year, the team has coached 276 clients (goal 222)

Noteworthy:

- Team members attended the annual national American Small Business Development Conference via Zoom
- Connected the Billings Founders group with Chris Heivly, the co-founder of MapQuest
- 1 Million Cups is meeting at Thrifty Street in the Garage – moved from Pioneer Park
- Team members attended several Techstars trainings on: "Raising Your First Round"
- The team has assisted businesses with over 5.2 M in capital infusion since Jan 2020.

Team Activity:

- We continue to hold the virtual Pre-Biz workshop with attendance of 10-15 participants
- The team coached 276 clients this year; more and more start-up businesses coming for assistance via Zoom.
- The team provided 1 virtual trainings in the Entrepreneurial Academy series
 - Accounting and Legal Matters with Michael Morrison and Eric Nord
- 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 Toenyes, Chantal Hale and Drew Gerber and 2 EDA directors from DC, Anthony Foti and Joel Frushone
- Facilitated 5 Billings Founders peer coaching meetings
- Connected local entrepreneurs with Cushing Terrell to complete several MT Bank visioning surveys and 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 MT Innovation, Stabilization, & Adaptability grants

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>Brownfields Assessments YTD</i>	<i>3</i>

Tax Abatements:

The Community Development Team continues to answer any inquiries from businesses and residents regarding the program. Staff member Klugman will prepare to send out survey documents to active abatement businesses for annual tax abatement report.

Yellowstone Fuels Reduction Program:

Both assessment and mitigation projects have been engaged within the Emerald Hills area for consecutive months. Advanced Arbor Care (consultant) has completed Right-of-way work on the emergency evacuation route clearing trees and additional fuels. Two properties were assessed and deemed eligible for the program, both properties completed mitigation projects on their property and two additional assessments were completed. Four additional properties have been scheduled for assessments at the beginning of the September 28th week. An enormous demand of over 40+ applications was received by Yellowstone County and BSED continues to assist with the program while receiving dollars for project management.

Brownfields Program:

A Phase II was initiated in the EBURD and the project has been approved to continue a sampling and analysis plan to investigate samplings and soil borings through the Phase II process. A sampling and analysis (SAP) has been submitted to EPA for approval of the Phase II and is expected to be initiated early September. A Phase I has been completed regarding an affordable housing project on the Southside. No on-site RECs were discovered, and it is not anticipated a Phase II will be required, no restrictions to reuse, expansion, or redevelopment were regulated.

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, specifically the Scott Family Trust and the Montana Association of Female Executives (MAFE). If you have an interested party who would like to know more about the project, please connect with Patrick.

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:

The US EDA application to create a Revolving Loan Fund was submitted in August. US EDA asked for some clarifications and with the extra time, we added additional information and letters of support from Yellowstone County, Senator Daines, and Senator Tester. The US EDA Internal Review Committee will be meeting in late September to review proposals. Requests for RLF are very competitive.

Housing:

The Community Development team is working with three groups on housing projects in Yellowstone County. Downtown Billings, South Billings, and Laurel. We are providing support for these projects as they seek Montana Housing Tax Credits and project funding.

Billings Heights Business Association:

The CD team met with BHBA and MEDA on a potential community review. The BHBA would like to identify barriers to development in the Heights, conduct a market study, create a vision for the Heights, participate in a Community Review and update the Heights Neighborhood Plan.

Lockwood TEDD:

We are continuing our work with the City to expand Lockwood Water and Sewer District's (LWSD) sewer boundary to include the TEDD Study Area. City permission is required as LWSD's wastewater is treated at the City treatment plant. LWSD, BSED, and City staff are working to refine and hone the proposal presented to the City Council at a work session July 20. We've experienced some delays gathering the needed information and allowing for review of the proposal by LWSD. We strive to present this matter to the City Council in October for a decision. If City Council votes to allow for the expansion

under the terms of the proposal, the next step is for LWSD to commence their expansion process with property owners in that area.

MetraPark Beautification Project:

Sanderson Stewart continues their work on the development of concept plans for the west and south borders of MetraPark along US Highway 87. They have completed most of the preliminary work such as the base map; imagery ideas for fencing, signage, gateways, and landscape; and a draft of the improvement opportunities map exhibit. The second Steering Committee meeting will be scheduled soon, to be followed by Stakeholder interviews and public meetings.

Space2Place:

Nine Space2Place projects were awarded grants this year. Two projects, Pedal United's bike trail and pump track at the Blue Creek Access Site and the Huntley Garden Club's Welcome Garden at the entrance to Huntley off I-90, have been completed. Billings School's Medicine Wheel at Medicine Crow School is nearly complete. Our Montana will soon install their lifejacket kiosk at Blue Creek Access Site. Southside Task Force and artist Elyssa Leininger are putting the finishing touches on the mural under the 6th Street Underpass. This year, because of COVID-19, we have allowed changes and extensions of time if the need can be documented. One project, Lights Over Broadway by Julie Seedhouse and Lauri Patterson, has been granted an extension. Another, North Park Task Force, has indicated that they will request an extension. I have had several contacts with the Downtown Billings Alliance regarding a request for an extension, but so far have not received one. One project, the Little Library and bus stop bench in Lockwood, will not be completed. The site they had chosen was not adequate and they are still searching for another location.

Disaster Recovery:

The Yellowstone County Economic Recovery Plan is being finalized and will be rolled out to local elected officials and the boards of BSED, the Chamber and the DBA on October 6 at the Pub Station. Attendance will be limited due to Public Health restrictions.

AARP Grant:

Sherri Cornett is working on four sculptures for installation in the pocket park funded by this \$5,000 AARP grant. Those sculptures will be permanently installed on concrete bases this fall with native plant and grasses planted for Phase 1 of 3. 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.

Recruitment

Please see below for targets and progress

In recruitment over the last month, efforts have been focused on supporting the recovery plan final draft, working with a major recruitment project that we are not able to disclose, participating in the state-wide broadband discussion, and working to push the state to support Yellowstone County's needs with regard to the Corona Virus Relief fund. Requests focused on Healthcare and Convention Center support have been a primary target, along with supporting a possible meat processing facility in trying to access the Department of Agriculture's meat processing grant that was reopened. Outreach to several businesses took place and I am working to house all of them in a subsection of the member investor database. By next month I will be able to provide a more detailed report.

In the last month, I have also supported the connection of expanding businesses with needed resources such as the Montana Board of Investments, our own businesses finance programs, and new markets tax credits.

Organizational/Policy Matters

1. Ad Hoc Legislative Committee—BSED Priorities—the Ad Hoc Legislative Committee continues their work and should have a set of recommendations for the Board at our October 8 meeting. The Committee met October 1st to do a final review of our working outline of priorities. We will do some editing and reorganization of this outline and present it to the Board next week.

Additionally, we met with our Strategy Partners (City, Chamber, Downtown) to consider our joint efforts related to the redevelopment of downtown. That input was helpful to shaping our collective priorities going into the next legislative session. We also discussed the need to brief City Council on the status of the catalyst projects that were identified in our joint planning efforts—One Big Sky District. We agreed that moving forward, again, with the 406 Impact District legislation may not be our first priority this session, but we have made progress on several of the catalyst project concepts and that information needs to be shared. That meeting with Council is set for November 2nd. We will make sure to share with the BSED Board the same info with share with Council.

I continue to work with the Montana Economic Developers Association (MEDA) on our statewide legislative priorities, including concepts from our Next Generation Economic and Community Development Tools Analysis. MEDA's priorities is undergoing MEDA Board review and should be out by mid-October.

MEDA will be hosting a fall conference and feature a dialogue session with each of the US Senate candidates and the gubernatorial candidates. I will have to opportunity to act as facilitator of these dialogue sessions. This will be an opportunity to engage with these candidates and seek a partnership around the economic development of Montana and our local communities. Important dialogue.

Lastly, as a part of our considerations of legislative policy, we will want to have the Board discuss the initiatives that are proposed to legalize recreational marijuana—I-190 and CI-118. The State Chamber and other business and healthcare groups are lining up in opposition to the initiatives, while at the same time others are already counting the new tax revenue for the State--\$38 million per year. We will consider our position/role in this matter at the October Board meeting.

2. Staffing/Reorg—I have appointed Kevin Scharfe (Rock31) as our new Director of Entrepreneurship, and this includes leadership over our SBDC team. Lorene Hintz will be our new SBDC Regional Director. There will be more changes to come as we look to appoint a new business advisor to backfill other related positions. I should be able to review all these changes at the October Board meeting.

Additionally, I am looking at strengthening our recruitment, business outreach (BRE) and governmental affairs work with additional appointments. I may have these plans worked out in the next few days and will share with the Board. The BillingsWorks position is still on hold, but that hiring process should move forward very soon.

3. Big Sky to Skypoint Project – We've made a lot of progress on the design work for the renovation since we last met! We have spent many hours in design sessions with Cushing Terrell

over the past month. They have done a great job gathering input from our team and other stakeholders while ushering us through the design process. We are in the final stages of verifying the programming of each floor and look to have Schematic Design completed around October 13th. We are excited to share with you the outline and our “look and feel” concepts. As a side note, we wanted to make sure to mention that we had robust involvement from the entrepreneur community during design discussions. Several entrepreneurs participated in the design sessions and really enhanced the outcome of the design for the entrepreneur floors. They bring a lot of energy to the conversation. It has been a good experience working with them.

In addition, we were excited to be invited by the U.S. EDA to host two of their colleagues visiting from Washington D.C. last Tuesday. They took a tour of the building and held a discussion with a group of local entrepreneurs. The discussion centered on how projects like Rock31 are enormously important to burgeoning entrepreneurs in communities like ours. We were also appreciative that members from the offices of Sen. Daines, Rep. Gianforte, City, and County were able to join us, among others. There was a great article in the Gazette following the event. You can read about it [here](#).

Lastly, we want to extend a special thank you to the Board Members serving on the Project Management Team. Eric, Mitch, Bryce and Riley have spent countless hours over the past two weeks participating in design sessions and reviewing the mechanical, electrical and plumbing systems with Cushing Terrell. It is very comforting to have their expertise weighing in on the project!

4. Board Engagement Summary –Nothing new to report in this area other than a letter (see attachments) will go out to the Board members next week encouraging their continued engagement with the BSED Board and committee service.

**Respectfully submitted,
October 7 & 8, 2020**

A handwritten signature in black ink, appearing to read 'Steve Arveschoug', with a stylized flourish at the end.

**Steve Arveschoug
Executive Director**



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ATTACHMENT 2

**BSED 2021 Legislative Priorities
Working Draft**

**Submitted August 28, 2020
Ad Hoc Legislative Committee**

Priorities

- A. Endorse the MEDA/State Chamber Next Generation of Community and Economic Development Tools Analysis as a platform to encourage 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)
 - 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
 - Advocate for a statewide (urban and rural) strategy for enhanced broadband accessibility, speed, and affordability, and a strategy to support private-sector investment in 5G networks
 - 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; also, consider the Community Impact Fund model to create a statewide revolving loan fund for community development projects
 - Advocate for the refunding of the Montana Transportation Alternatives fund for local projects that support trails and other alternative transportation projects
 - Advocate for a centralized approach to workforce development and economic development programs under a single vision and brand, with a one-stop approach for MT businesses;
- B. 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 CRF)
 - 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
 - Other
- C. Sustain Healthcare/Medicaid Funding—work in partnership with MHA and local providers to keep Medicaid funding intact for local and regional healthcare providers

Updated 09.24.20

- D. 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)

- E. 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

- F. Support the Economic Development Needs of our Rural/Regional Partners

- G. Other Items (unsure of the legislative nexus)
 - 1. Affordable daycare—evaluate co-op models in other states/communities
 - 2. Workforce housing—consider incentive programs for the development of workforce housing
 - 3. Tax Exempt Military Pensions



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Section III

ATTACHMENT 1

SBA 504 Loan Requests

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

1. **Joey and Amanda Boheman (Kids World Child Enrichment Center)** – Request is for the purchase of the commercial real estate associated with Kids World Child Enrichment Center located in Lockwood, MT. This is an existing day care facility being purchased by Amanda and Joey Boheman. The day care has been operating in Lockwood since 1997. The current owner is selling the business. Big Sky Finance has an SBA 504 loan on the property for the current owner. This loan will be paid off with the sale proceeds and we will have a new SBA 504 loan for the new owners.

The total SBA debenture will be \$154,000 on a 25-year note comprising 35% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Stockman Bank of Montana. There is projected to be one new job created and five retained because of this project.



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ATTACHMENT 2

Recommendation for EDC Nomination and Special Election

The Nominating Committee met on September 30, 2020 to discuss a recent opening on the EDC Board for David Ellis' seat. The position became available just as the annual EDC election was coming to a close. As such, filling the open seat requires a special election.

The committee recommends the Board hold a special election and nominates Michael Marsh to fill the open seat. If elected, Michael will serve a 5-year term starting January 1, 2021.

The following bio is provided for informational purposes:

Michael is currently the President of Underwriting Solutions, Inc. (USi), Midland Claims Service, Inc. / Industrial Injury Claims® and Recreational Action Sports Entertainment, LLC ("RASE"), Montana corporations. He has a diverse insurance and technology skill set and is a licensed Adjuster, WC Examiner and Agent/Producer in Montana. Michael is also a semi-retired professional motorcycle flat track racer.

Michael is a graduate of Billings West High School and attended Montana State University – Bozeman with concurrent majors in Architecture and Business Management. In 2017 and 2018, Michael and Midland Claims were awarded the Small Family Business of the Year by MSU and Billings-area Employer of the Year by the Billings Chamber of Commerce. In 2019, Michael was presented with a recognition award for creation of Kids' Chance of MT.

Michael was a founding member (2004) of Claims Professional Liability Insurance Company, a national risk retention group providing professional and general liability insurance to nearly 400 independent claim service companies in all 50 states.

Michael was the lead implementation insurance consultant for the startup of Esurance Inc. (www.esurance.com) in 1999 - 2000, a pioneering company offering automobile insurance exclusively over the Internet. During the early 2000's he was also a lead consultant with two additional claim-related dot coms. All three startups that Michael was involved with survived and continue in business nearly 20 years later.

Michael is an active participant in Frontier Angels and currently has investments with three start-up ventures. He also owns a tourism / promotion company, Recreational Action Sports Entertainment LLC (www.ridethebigsky.com), and co-promotes flat track motorcycle racing events with the Billings Motorcycle Club.



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ATTACHMENT 3

Opportunity Fund Recommendation

The Opportunity Fund Committee met (September 24) to review the OF Criteria and review the status of the fund (balance and commitments to date). One of the commitments of OF dollars was to support the launch of the Rock31 program with a 3-year \$150,000 contribution (\$50,000 per year for three years). Those funds have not been fully used given the timing of the launch of the Rock31 entrepreneur center. Therefore the Committee recommends that the original commitment of \$150,000 remain, but that the 3-year reference be removed.

Respectfully submitted by the Opportunity Fund Committee
Ken Lutton, Chair