

**EDA/EDC – Joint Board Meeting
September 10, 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: Mike Seppala, EDC Chair

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

- Meeting Protocols—Austin/Becky
- PTAC Video--Deanna

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

7:10 A.M. Section I – Consent Agenda

- July Board Meeting Minutes (EDA/EDC Action)
- Electronic Meeting Minutes July 6th, August 6th and August 31st (Attachment 1)
- June and July 2020 EDA and EDC Financials (Attachment 2)
- Concurrence on Adaptability Grant (Attachment 3)*

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

- Ad Hoc Legislative Comm. Report--Working Draft BSED Legislative Priorities (Handout) (Attachment 1) (Info)
- MEDA Next Gen Project Update (Info)
- Status of Public Safety Mill Levy (FYI—Steve's Letter) (Attachment 2) (Info)
- Reorganization-Ex. Committee Recommendation (Info)

7:45 A.M. Board Dialogue

- Board Outreach "Board Engagement" Summary Review (Handout) (Info)

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

- Big Sky Finance--Brandon (Attachment 1) (EDC Action)
 - 504 Loan Approvals (Info)
 - Stabilization Loan Program/EDA RLF Grant Update
- Business Outreach and Recruitment—Allison (Attachment 2) (EDA Action)
 - Big Sky Trust Fund Grant Applications
 - Founders' District Update
- Operations—Becky
 - Nominating Committee Recommendations—Steve Loveless, Chair (Attachment 3) (EDC Action)
 - Beartooth RC&D MOU (Attachment 4) (EDA Action)
 - Big Sky to Sky Point Project (Future Facilities) Update –Becky (Info)
- Community Development
 - Recovery Plan Update—Thom (Info)
 - TEDD Update--Thom (Info)
- Member Investor Program Update—Melanie (Info)

9:00 A.M. Adjourn

Next EDA/EDC Board Meeting October 8, 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, July 9th, 2020 – 7:30 A.M. – 9:15 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, Greg McDonald, Judi Powers, Ken Lutton, Riley Bennett, Robin Rude, John Brewer (Ex-Officio), Nick Altonaga (Ex-Officio), Katy Easton (Ex-Officio), Shaun Brown (Ex-Officio),

EDA Board Members Absent: George Warmer, Jennifer Smith, Jennifer Owen, Paul Neutgens, Don Jones (Ex-Officio), Greg Upham (Ex-Officio)

EDC Board Members Present: Aaron Ramage, Andy Gott, Ann Kosempa, Craig Bartholomew, Dave Ballard, David Ellis, Denis Pitman, Eric Simonsen, Kim Jakub, Mac Fogelsong, Mike Nelson, Mike Seppala, Scott Chesarek, Spencer Frederick, Steve Loveless

EDC Board Members Absent: Bob Wilmouth, Dan Edelman, Doug Hansen, Mitch Goplen, Nicole Bengé

Staff and Guests: Steve Arveschoug, Brandon Berger, Shanna Zier, Dustin Frost, Becky Rogers, Austin Trunkle, Dena Johnson, Lorene Hintz, Marcell Bruski, Patrick Klugman, Jo Ann Jones, Thom MacLean, Melanie Schwarz, Sherry O'Donnell

Call to Order:

Robin Rude, EDA Chair, called the meeting to order at 7:30 A.M. with the pledge of allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Public Comment

Steve began by reiterating the social distancing guidance and offered masks to those who would like them.

Austin then gave a Census update and how Montana Counties have been responding. This Census is especially important to Montana as we stand to gain another congressional seat should our Census numbers come back as expected.

City Councilman Shaun Brown spoke about the public safety Mill Levy that is being requested by the Council. In light of the budget restrictions, the City is hoping to pass this levy to avoid dipping into their reserves to cover the costs associated with increasing public safety. This would be the first ask of a two-part Levy Plan. The Councilman estimates that the next levy ask would occur in 2021.

Agenda Changes:

1. Loan Review Engagement Proposal

Consent Agenda

Approval of June Board Meeting Minutes and Electronic Meeting Minutes June 5th and June 17th

Motion: Eric Simonsen to approve the June Board Meeting Minutes with the edit to reflect the amendment made to the SSBCI Motion, the Electronic Meeting Minutes and the May Financials, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

Program Level Reports and Action Items

Stabilization Loan Program/ EDA RLF Grant Update – Brandon

Brandon updated the committee on the status of both the Stabilization Loan Program as well as the EDA RLF Grant. The application for the EDA is a work in progress and Dianne, Brandon, and Allison hope to submit soon.

BSED Phase II Operations Update and Status of SBDC Advisor Position - Becky

Becky spoke about the Phase II reopening of our office. Starting this week, we have staggered the teams' schedules to bring half the team in each day.

Next, Becky mentioned the status of the SBDC Advisor position. We have moved one candidate forward in the search process. Should that not pan-out, Becky and Dena will put a "soft pause" on the hiring process and revise the job description. Upon revision, the State will need to approve the changes.

CRF Innovation Grant Application – Shanna

Shanna brought to the Board an Innovation Grant Application which is under staff review at the state. The grant will help cover costs for the economic response and recovery plan as well as the yceconomicrecovery.org domain.

Motion: Greg McDonald to approve the Innovation Grant Application.

Second: Bryce Terpstra

Discussion: Aaron mentioned that there is also an adaptation grant available. Shanna said we are also looking at applying for that grant.

Motion carried

Big Sky to Skypoint – Becky

Becky updated on the status of our Big Sky to Sky Point project. Cushing Terrell submitted their fee proposal and there will need to be some negotiation before a contract is agreed. Should discussions stall and an agreement fail, the award of architectural services will go to the next highest rated firm.

Becky said the current project timeline shows us beginning occupancy in the Spring of 2022.

Our current lease will be discussed with our landlords later this month once a more precise timeline is established.

Becky and Steve continued answering specific questions about the interviews, timeline, and project scope.

Draft Yellowstone County Recovery Plan and Presentation – Thom/Allison/Steve

Allison presented economic data impact data for Montana and Yellowstone County.

Thom covered the recovery goals and timeline, as well as other facets of the response and recovery plan. Under the business recovery section of the report, building consumer confidence, promoting local business, and providing ongoing support will be key to a successful recovery.

Steve rounded the presentation out by covering the guiding principles. We must continue incentivizing entrepreneurship, innovating support systems for small businesses, investing in infrastructure and specifically broadband capacity, developing quality of place that attracts talent and investment, re-skill and reemploy our workforce, embracing incrementalism, and "moving to where the puck will be".

Steve answered questions related to revenue shortfalls. Montana expects there will be somewhat of a decline in revenue but anticipate a shorter recovery period.

Melanie began by discussing the mask campaign that is being promoted by elected officials. Melanie wants to encourage mask usage. We are hopeful that the usage will be an alternative to closing businesses. Upon gauging the response of the business community, we will be working to partner with other organizations to keep masks on hand.

Discussion amongst the board continued about the pros and cons of masking.

Member Investor Program Update – Melanie

Melanie went on to update on the status of the Member Investor receivables and what the efforts are going to look like moving forward. Between today and last week, five more MI dues have been received.

BSED FY 2021 Marketing Plan – Marcell

Marcell presented the FY 2021 Marketing Plan, the first ever marketing plan for BSED. Marcell walked through the highlights of the plan and explained some of the particulars.

Executive Directors’ Report – Steve

MEDA Next Generation Project Update

In the interest of time, Steve deferred the Montana Next Gen Project presentation until the next Board meeting.

Public Comment

None

Adjourn

Robin adjourned the meeting at 9:10 A.M.

Next Meeting – September 9th, 2020

Respectfully submitted,

Ken Lutton, EDA Secretary/Treasurer

Ann Kosempa, EDC Secretary/Treasurer

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

Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky ED at 256-6871.



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

**EDA/EDC Board – Electronic Meeting Results
Monday, July 6th, 2020**

Request:

Request is for an increase in the amount of the SBA debenture from \$722,000 to \$727,000, an increase of \$5,000. The loan was originally approved by the Board on February 13, 2020. This vote will be EDC Action only.

Electronic Vote Results:

EDA Votes in Favor	EDA Votes Against	EDC Votes in Favor	EDC Votes Against
N/A	N/A	Andy Gott Ann Kosempa Bob Wilmouth Craig Bartholomew Dave Ballard Doug Hansen Eric Simonsen Jon Stepanek Kim Jakub Mac Fogelsong Mike Nelson Mike Phillips Mike Seppala Nicole Bengé Scott Chesarek Steve Loveless	None

Abstentions: Spencer Frederick

Please see the attached Request as reference:

July 6, 2020 – Big Sky EDC Board Meeting

SBA 504 Loan Requests

- I. Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan requests. The Big Sky EDC Loan Committee has reviewed the requests and recommends approval to the full EDC Board for submission to the SBA for final approval. The requests meet all the underwriting and eligibility requirements of the EDC.
 1. **Camelot Ranch LLC** – Request is for an increase in the amount of the SBA debenture from \$722,000 to \$727,000, an increase of \$5,000. The loan was originally approved by the Board on February 13, 2020. The increase is due to the loans which are being refinanced as part of this project accrued additional interest, thus increasing the amount of the payoffs. The loan has been approved by SBA and is in the final closing process to be funded in August. No other changes to the loan as approved. Due to the current interest rate environment and the minimal loan increase, borrower's payments are not projected to increase. Borrower demonstrates the ability to cover any minimal additional debt service as a result of the increased project costs, if this occurs.

Original Request – 02/13/2020: Request is for the refinance of existing debt associated with Camelot Ranch LLC located in Billings, MT. Stockman Bank (Billings) and MOFI (Missoula) provided financing to the borrower for the construction of the Camelot Ranch event venue back in 2016. MOFI provided three separate notes for the construction of just over \$1MM and Stockman one note for \$592k. The MOFI notes carry a high interest rate as well as a balloon payment. Borrower has requested use of the SBA 504 loan program to refinance all notes. Total refinance will be just over \$1.5MM. New structure will be the traditional 50/40/10% split between Stockman Bank (1st lien), SBA (2nd lien) and borrower equity. This refinance will improve the borrower's annual debt service by nearly \$36k per year.

The total SBA debenture will be \$722,000 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 Stockman Bank Billings. No new jobs are expected to be created as a result of the refinance. However, a Public Policy goal for Woman-owned business is achieved.



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Board – Electronic Meeting Results
Thursday, August 6th, 2020

Request:

To consider approving the attached proposal to engage Advisors to complete Big Sky Finance’s Independent Loan Review. This is a mandatory review of our SBA 504 portfolio that must be completed by an independent 3rd party every two years. Advisors (John Valdez) has completed this review for our portfolio the last three times.

This vote is EDC only.

Electronic Vote Results:

EDA Votes in Favor	EDA Votes Against	EDC Votes in Favor	EDC Votes Against
N/A	N/A	Aaron Ramage Ann Kosempa Bob Wilmouth Craig Bartholomew Dave Ballard David Ellis Eric Simonsen Jon Stepanek Mac Fogelsong Mike Nelson Mike Phillips Mike Seppala Mitch Goplen Scott Chesarek Spencer Frederick Steve Loveless	None

Abstentions:

Please see the attached Request as reference:

July 22, 2020

Mr. Mike Seppala
Board Chair
Mr. Steve Arveschoug
Executive Director
Big Sky Economic Development Corporation
Granite Tower
222 N. 32nd Street, Suite
Billings, Montana 59101-6877

Dear Messrs. Seppala and Arveschoug:

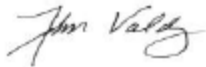
We submits for the Board's review and consideration the following proposal for Big Sky Economic Development Corporation's 2020 independent loan review:

- The loan review would be performed offsite and in accordance with the **official, public guidance provided by SBA's Office of Credit Risk Management as of the review date.**
- The review will assess compliance with SBA Loan Program Requirements regarding: Eligibility; Credit Standards; Collateral, Appraisals and Environmental Policies; SBA Loan Authorization, Closing and Disbursement; Regular Loan Servicing, Intensive Loan Servicing & Liquidation; and Risk Rating Methodology & Risk Rating Accuracy.
- The loan sample would consist of 20 loan files, randomly and judgmentally selected by ADVISORS. It would be comprised of four new loan originations (loans less than 12 months since origination) and 16 legacy loans (loans greater than 12 months since origination) with an appropriate mix of loans in various performance classifications.
- The review would be scheduled at a mutually acceptable date.
- Upon the completion of the file review, a deficiency report for each loan reviewed will be submitted to management for its review and commentary. After all management responses are received and reviewed, a list of all outstanding deficiencies will be submitted to management for its review.

- At the conclusion of the file review, a draft report will be issued for discussion with senior management after which the final report will be issued to the Board of Directors.
- The price for engagement is \$5,500 and is due upon submission of the final report to the Board.

Messrs. Seppala and Arveschoug, should you or any member of the Board have any questions regarding the proposal, please call me at 210.601.8191. Thank you for giving us the opportunity to submit our proposal for consideration.

Respectfully yours,



John Valdez
Principal

Accepted: _____

Mike Seppala
Board Chair

Date: _____

Steve Arveschoug
Executive Director



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

**EDA/EDC Board – Electronic Meeting Results
Monday, August 31st, 2020**

Request:

To consider the Architectural and Engineering Services Contract with Cushing Terrell.

Electronic Vote Results:

EDA Votes in Favor	EDA Votes Against	EDC Votes in Favor	EDC Votes Against
Dan Pulis George Warmer Greg McDonald Jennifer Owen Jennifer Smith Judi Powers Ken Lutton Paul Neutgens Robin Rude	N/A	Aaron Ramage Andy Gott Ann Kosempa Bob Wilmouth Craig Bartholomew Dave Ballard Eric Simonsen Kim Jakub Mac Fogelsong Mike Nelson Mike Phillips Mike Seppala Nicole Bengé Spencer Frederick Steve Loveless	None

Abstentions: Bryce Terpstra, Riley Bennett (Both EDA)



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT 2

Big Sky Economic Development Authority
Financial Report for the Executive Committee and Board of Directors
August 26, 2020

Included with this report are balance sheets reflecting the assets, liabilities and net assets of Big Sky EDA as of June 30, 2020. Also included is the statement of revenue and expenses through the end of FY20 as compared to budget.

Balance Sheet

Current assets increased slightly from May to June due to collection of receivables and the fourth quarter entitlement payment. As part of the year-end process, the Opportunity Fund CDs were reclassified into current and non-current based on maturity. The June 2020 balance sheet reflects the movement of \$2,404,000 in CDs into current assets as these CDs will mature in FY21.

Accounts receivable increased from \$400,000 to \$680,000. This increase is attributed to booking the receivable for our initial disbursement request for Federal EDA grant (\$505,509). The remainder of the receivable consists of PTAC (\$97,000), VBOC (\$44,000), SBDC (\$26,000), and Brownfields (\$7,000).

Due To/Due From EDC totaled approximately \$58,000 at the end of June and consists of the June amount due from EDC. The tax levy receivable balance continues to decrease with the collection of property taxes. The tax levy receivable totaled approximately \$10,000, a decrease from \$57,000 in May. 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 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 guidance 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.

Accounts payable have decreased from \$265,000 at May 2020 to approximately \$52,000. This decrease is largely attributed to the final grant draw (\$218,734) from MSUB for the Coal Board grant, which increased both accounts receivable and payable. These funds were collected, and a corresponding payment was made to MSUB in June. Accrued expenses increased in June and total approximately \$109,000 and consist of salary/benefits accruals. Accrued expenses consist of largely of Salaries/Benefits (\$80,000) and Space2Place awards (\$20,000).

The annual PERS GASB entry was completed in June. This entry resulted in an increase in deferred inflow of about \$54,000 and a decrease in pension liability of \$59,000. Anderson Zurmuehlen will review this entry for accuracy during their audit.

At the end of FY20, EDA ended the fiscal year with an overall increase in total assets of about \$1,595,000 from FY19 to FY20. This increase is attributable to the purchase of the bank building. Total liabilities have remained relatively stable and decreased about \$5,000 from FY19 to FY20. Current year excess of revenue over expense totals \$1,673,000. This amount does contain in-kind amounts from the transfer of the building. A portion of this (\$600,000) is part of an intercompany transaction that will be eliminated as AZ completes their financial statement review.

Statement of Revenue and Expenses

County tax (mill levy revenue) totaled \$1,466,000 through June 2020. EDC Reimbursement is more in line with budget with the reconciliation of the health insurance expense that was completed in April and totaled \$571,000 through June. Department of Defense (PTAC) and VBOC reimbursements remained below budget for the fiscal year due to lower reimbursements based on actual expenses incurred. As discussed previously, Opportunity fund investment revenue is also below budget for the year.

Salary/wage expense totaled \$1,668,000 through June. This amount is slightly over-budget due to the payout of vacation and sick leave to employees no longer with the organization, combined with the PTAC service arrangement for Bozeman. This higher salary expense is off set by a few items including the contributions from the City of Bozeman (\$5,000) and Gallatin County (\$21,000). The PTAC Subcenter expense is about \$104,000 below budget. This expense line item is below budget for the fiscal year due in part to the Bozeman PTAC arrangement.

Community development project expenses were about \$18,000 below budget and miscellaneous expenses were about \$17,000 below budget for the fiscal year. These decreases were done as part of a strategic decision when we looked to cut expenses based on the uncertainties associated with COVID-19 earlier in the fiscal year. Professional fees are high and totaled approximately \$101,000 through June 2020. This amount is over budget for the fiscal year due to increased expenses associated with the Controller transition as well as the expenses associated with the Brownfields professional fee expense (\$40,000) that were not included in the FY19 budget. Travel/training expense is below budget and totaled \$88,000 through June. This line item is below budget due to the travel restrictions associated with COVID-19. We will continue to see some cost savings in the expense item as we begin FY21.

With the transfer of the bank building from EDC to EDA, there was in-kind revenue of \$600,000 booked. This is due to the building/land amount being valued over purchase price. The \$600,000 is a contribution expense on the EDC books and in-kind revenue on the EDA books. This will be eliminated as an intercompany transaction when the year-end financials are pulled together. The \$500,000 EDC contribution for the project was also completed in March. These amounts are reflected under the Non-operating Income/Expense section.

Through FY20, Big Sky EDA recognized revenue in excess of expenses totaling about \$1,673,000, which was approximately \$1,182,000 more than the budgeted amount. When excluding the non-operating income/expenses (contribution revenue, in-kind revenue, interest income, US EDA reimbursement, GASB 68 grant revenue, pension expense, and depreciation expense), Big Sky EDA recognized revenue in excess of expenses of about \$94,000, which is about \$103,000 more than budgeted.

Big Sky EDC
Comparative Balance Sheet - Preliminary
As of June 30, 2020 and 2019

	6/30/2020	6/30/2019	+/-
Assets			
First Interstate Bank	\$245,165	\$409,998	(\$164,832)
FIB SSBCI Principal	1,005,566	1,335,009	(329,444)
FIB-Long Term Reserve	250,000	250,000	-
FIB-Opportunity Fund	22,200	22,200	-
FIB-RLF	179,960	268,288	(88,328)
FIB-OBSD Restricted	-	-	-
Accounts Receivable	58,684	33,750	24,934
Contributions Receivable	2,500	44,500	(42,000)
Miscellaneous Receivables	-	408	(408)
Prepaid Expenses	8,276	4,867	3,409
Undeposited Funds	-	-	-
Stabilization Portfolio - Current	137,000		
RLF Portfolio-Current	42,141	46,653	(4,512)
SSBCI Portfolio-Current	48,307	126,448	(78,141)
Total Current Assets	1,999,799	2,542,120	(542,322)
Other Assets			
RLF Portfolio-Non Current	268,210	127,979	140,230
SSCBI Portfolio-Non Current	601,052	800,791	(199,739)
Allowance for Loan Losses	(21,934)	-	-
Total Other Assets	869,262	928,770	(59,509)
Fixed Assets			
Bank Building - Building	-	-	-
Bank Building - Land	-	-	-
Total Fixed Assets	-	-	-
Total Assets	2,869,060	3,470,890	(601,830)
Liabilities & Equity			
Current Liabilities			
Accounts Payable	14,200	62,640	(48,441)
Property Tax Payable	-	-	-
Accrued Expenses	-	20,473	(20,473)
Deferred 504 Revenue	35,811	3,936	31,875
Due to/Due from EDA	57,548	163,958	(106,410)
Total Liabilities	107,559	251,007	(143,448)
Current Year Excess of Expenses over Revenue	(480,316)	(240,929)	(239,387)
Balance at Beginning of Year	3,219,883	3,460,813	(240,929)
Net Assets	2,739,567	3,219,883	(480,316)
Total Liabilities & Equity	2,847,126	3,470,890	(623,764)

Big Sky EDA
Statements of Operations - Preliminary
For the Periods Ending June 30, 2020

	YTD		
	Actual	Budget	Variance
Operating Revenue			
County Taxes (Mill Levy Revenue)	\$1,466,433	\$1,461,225	\$5,208
Health Insurance Mill Levy	104,386	102,360	2,026
Recovery of Protested Taxes	-	-	-
Department of Defense	596,424	633,828	(37,404)
EDC Reimbursement	571,305	584,748	(13,442)
EPA-Brownfields	39,809	-	39,809
SBA/MT Dept of Commerce	188,962	164,500	24,462
SBDC Program Income	2,411	-	2,411
VBOC	284,768	300,000	(15,233)
Opportunity Fund Investment	-	25,000	(25,000)
Rents/Leases	5,264	-	5,264
Grant Administration	11,924	8,900	3,024
Miscellaneous Revenue	29,351	-	29,351
Total Revenue	3,301,037	3,280,561	20,477
Operating Expenses			
Salaries/Wages	1,668,155	1,612,771	55,384
Employer Contributions	560,354	530,396	29,958
Contingency	-	30,000	(30,000)
Contract Support	-	1,000	(1,000)
Community Development Projects	31,700	50,000	(18,300)
Dues and Subscriptions	64,017	52,775	11,242
Event Expense	2,604	-	2,604
Insurance	23,127	14,766	8,361
Marketing - Departmental	22,971	16,652	6,319
Marketing - Organizational	61,232	61,750	(519)
Office Equipment	3,800	9,500	(5,700)
Office Expense	16,239	20,000	(3,761)
Professional Fees	100,853	35,126	65,728
Property Tax Protests	20,706	49,190	(28,484)
PTAC Satellite	122,343	140,520	(18,177)
PTAC Subcenter	174,153	278,282	(104,128)
Rent	136,224	126,364	9,861
Repairs	612	-	612
Sponsorships	20,630	15,917	4,713
TEDD	1,522	5,000	(3,478)
Telecommunications	59,022	54,240	4,782
Travel/Training	88,081	144,533	(56,452)
Utilities	4,634	-	4,634
Miscellaneous	23,435	40,525	(17,090)
Total Operating Expenses	3,206,415	3,289,307	(82,892)
Net Operating Revenue	94,622	(8,747)	103,369
Non-Operating Income/Expense			
Contribution Revenue	500,000	-	500,000
In-Kind Revenue	600,000	-	600,000
Interest Income	79,888	90,334	(10,446)
US EDA Reimbursement	505,404	-	505,404
Grant Revenue (GASB 68)	18,951	-	18,951
Pension Expense	114,390	-	114,390
Depreciation Expense	11,350	-	11,350
Net Revenue Over (Under) Expense	1,673,125	81,588	1,181,572

Big Sky Economic Development Corporation
Financial Report for the Executive Committee and Board of Directors
August 26, 2020

Included with this report are balance sheets reflecting the assets, liabilities and net assets of Big Sky EDC as of June 30, 2020. Also included is the statement of revenue and expenses through FY20 as compared to budget.

Balance Sheet

Current assets totaled approximately \$2,000,000 at the end of June, a slight decrease from \$2,040,000 at the end of May. The fluctuation in current assets between May and June is attributed largely to a decrease in receivables with both the collection of member investor pledges as well as the charge-off of uncollectible pledges. We also receive payoff of one RLF loan (Sandbarr). Accounts receivable total \$61,000 at the end of the fiscal year and consist largely of Member Investor pledges for FY20 (\$55,000), Business Healthcare Sponsorship receivable (\$5,000). We reviewed outstanding receivables at the end of the year and wrote-off \$30,700 in member investor pledges. Accounts receivable have decreased to \$37,000 in July. An allowance for loan losses was established at the end of the fiscal year. The allowance totals \$22,000 and was calculated at 2% of outstanding RLF, SSBCI, and Stabilization loans.

Accounts payable are low and totaled about \$14,000 at the end of June. Deferred 504 revenue totaled \$61,000. These amounts will be recognized as loans fund. Deferred revenue decreased to approximately \$36,000 with the funding of three loans in June. Due To/Due From EDA totaled approximately \$58,000 and represents the amount owed to EDA from EDC for June.

At the end of FY20, EDC ended the fiscal year with an overall decrease in total assets of about \$542,000 from FY19 to FY20. This decrease is attributable to the contribution for the purchase of the bank building. Total liabilities have decreased about \$143,000 since FY19. This is due to the reconciliation of the Due to/Due from EDA liability in FY20. Current year excess of expense over revenue currently totals \$480,000. This amount does contain in-kind amounts from the transfer of the building. A portion of this (\$600,000) is part of an intercompany transaction that will be eliminated as AZ completes their financial statement review.

Statement of Revenue and Expenses

The 504 loan origination revenue totaled \$202,000 for FY20. This is approximately \$67,000 over budget. The 504 loan servicing revenue totaled \$521,000 and was slightly under budget for the fiscal year. Member investor revenue totaled approximately \$327,000 and is about \$43,000 below budget for the year. We reconciled the member investor receivable accounts as we completed the fiscal year to determine if any outstanding invoices need to be written-off. During this reconciliation, we wrote off \$30,700 in outstanding member investor invoices.

Miscellaneous revenue totaled \$45,000 for the fiscal year and was about \$32,000 over budget. Miscellaneous revenue included \$3,600 in license plate revenue, \$29,000 in loan fee revenue, and \$12,000 in "other" miscellaneous revenue. "Other" miscellaneous revenue for FY20 includes the \$10,000 Social Services Nonprofit Grant received from the State of Montana Coronavirus relief funds.

During the fiscal year close process, EDA expenses that are allocated to EDC based on the Management Services Agreement were reclassified to the proper expense from EDA

reimbursement. This included moving \$374,000 to salary/wages, \$161,000 to employer contributions, \$23,000 to rent, \$3,500 to insurance, and \$10,000 to telecommunications.

Event expense, marketing, and professional fees were over-budget for the fiscal year. This is attributed to an increase in expenses due to a few factors including some FY19 invoices that were paid in FY20, increased legal expenses with additional SBA loan fundings and the creation of the stabilization loan program.

Through FY20, Big Sky EDC recognized expenses in excess of revenue totaling about \$480,000, which was approximately \$516,000 more than the budgeted amount. When excluding the non-operating, in-kind income and contribution expense, Big Sky EDC recognized revenue in excess of expenses of about \$21,000, which is about \$14,000 less than budgeted.

Big Sky EDA
Comparative Balance Sheet - Preliminary
As of June 30, 2020 and 2019

	6/30/2020	6/30/2019	+/-
Assets			
First Interstate Bank	\$164,986	\$23,571	\$141,415
FIB-Recovered Property Taxes	148,202	97,854	50,348
Opportunity Fund-FIB	16,169	13,265	2,904
Opportunity Fund-Stockman	44,519	3,612	40,907
Opportunity Fund-Opportunity Bank	621,300	613,163	8,137
Stockman GE Maintenance	15,128	23,479	(8,351)
Rocky Mountain Bank Money Market	492,843	-	492,843
Opportunity Fund - CDs (current)	2,404,278	-	2,404,278
Yellowstone County Funds	535,969	519,877	16,092
Total Current Assets	4,443,392	1,294,821	3,148,572
Other Assets			
Accounts Receivable	680,373	283,781	396,591
American Revenue Guarantee	6,887	6,887	-
Due To/Due From EDC	57,548	163,958	(106,410)
Tax Levy Receivable	26,597	18,231	8,366
Tax Levy Receivable - Protested	21,479	9,211	12,268
Allowance for Doubtful Accounts	(21,479)	(9,211)	(12,268)
Prepaid Expenses	18,556	39	18,518
Deposit	1,390	-	1,390
Undeposited Funds	-	-	-
Interest Receivable	8,509	2,421	6,088
Miscellaneous Receivable	-	218	(218)
Total Other Assets	799,860	475,535	324,325
Non-Current Assets			
Opportunity Fund - CDs (non-current)	1,250,358	4,590,718	(3,340,360)
Loans Receivable	400,000	400,000	-
TEDD Receivable	34,100	64,775	(30,675)
Cabela's Conduit	9,649	4,982	4,667
Deferred Outflow of Resources	147,067	247,689	(100,623)
Total Non-Current Assets	1,841,173	5,308,164	(3,466,991)
Fixed Assets			
Bank Building - Land	272,000	-	-
Bank Building - Building	1,328,000	-	-
Accumulated Depreciation	(11,350)	-	-
Total Fixed Assets	1,588,650	-	-
Total Assets	8,673,075	7,078,520	1,594,555
Liabilities & Equity			
Current Liabilities			
Accounts Payable	51,901	119,524	(67,623)
Accrued Expenses	109,334	118,144	(8,810)
Deferred Revenue	1,598	-	-
Payroll Liabilities	355	4,979	(4,624)
Compensated Absences	170,250	164,177	6,073
Total Current Liabilities	333,438	406,824	(73,386)
Long Term Liabilities			
Deferred inflow or Resources	68,045	13,741	54,304
Pension Liability	825,316	884,804	(59,488)
Total Long Term Liabilities	893,361	898,545	(5,184)
Current Year Excess of Expenses over Revenue	1,673,125	(73,732)	1,746,857
Balance at Beginning of Year	5,773,151	5,846,883	(73,732)
Net Assets	7,446,276	5,773,151	1,673,125
Total Liabilities & Equity	8,673,075	7,078,520	1,594,555

Big Sky EDC
Statements of Operations - Preliminary
For the Periods Ending June 30, 2020

	YTD		
	Actual	Budget	Variance
Operating Revenue			
504 Loan Origination	\$202,138	\$135,000	\$67,138
504 Loan Servicing	520,771	526,488	(5,717)
Float Income	33,726	-	33,726
CTE Director Donations (Restricted)	500	-	500
Member Investment	327,410	370,000	(42,590)
Stabilization Loan Interest	253		
RLF Business Loan Interest	16,057	11,004	5,053
RLF Origination Fees	1,535		1,535
SSBCI Revenue	21,980	24,064	(2,084)
Recovery of Bad Debt	9,067	3,600	5,467
Miscellaneous Revenue	44,851	13,000	31,851
Total Revenue	1,178,288	1,083,156	94,878
Operating Expenses			
Salaries and Wages	374,264	-	374,264
Employer Contribution	160,399	-	160,399
Bad Debt Expense	52,634	-	52,634
BEAR Program	2,823	5,386	(2,563)
Business Incubation	2,519	3,000	(481)
Contingency	-	10,000	(10,000)
Dues and Subscriptions	22,684	18,927	3,757
EDA Reimbursement	-	584,748	(584,748)
Event Expense	105,039	52,500	52,539
Insurance	9,448	11,000	(1,552)
Marketing - Departmental	69,491	61,548	7,943
Marketing - Organizational	35,743	11,000	24,743
Membership Development	10,951	15,000	(4,049)
Office Equipment	-	-	-
Office Supplies	8,561	2,056	6,505
Opportunity Fund Contribution	-	40,000	(40,000)
Professional Fees	98,363	80,928	17,434
Postage and Printing	1,812	1,000	812
Rent	57,913	41,049	16,864
Repairs	1,085	-	1,085
Sponsorships	3,719	8,603	(4,884)
Telecommunications	17,132	5,619	11,512
Travel/Training	48,136	53,345	(5,209)
Miscellaneous	74,389	41,992	32,397
Total Operating Expenses	1,157,104	1,047,703	109,402
Net Revenue Over (Under) Expense	21,184	35,454	(14,524)
Non-Operating Income/Expense			
In-Kind Income	600,000	-	600,000
Contribution Expense	1,101,500		1,101,500
Net Revenue Over (Under) Expense	(480,316)	35,454	(516,024)

Program Operating Revenue and Expense Comparison FY20 to FY21

	EDA			EDC			Total	
	FY20 Budget	FY20 Actual	FY21 Budget	FY20 Budget	FY20 Actual	FY21 Budget	FY20 Budget	FY21 Budget
Operating Revenue								
Central Services	1,565,541	1,572,338	1,560,407				1,565,541	1,560,407
BSTSP		5,264	1,912				-	1,912
Comm Dev	25,794	71,857	156,216				25,794	156,216
CD Projects							-	-
PTAC	645,924	633,442	563,565				645,924	563,565
SBDC	180,756	211,310	193,430				180,756	193,430
SBDC COVID-19			90,854				-	90,854
Big Sky Finance	404,178	400,075	403,538	709,156	834,449	674,500	1,113,334	1,078,038
Recruitment	6,048	6,308	6,572	4,000	5,929		10,048	6,572
Workforce	6,048	5,778	5,512		2,500		6,048	5,512
Member-Investor/Communications	115,224	103,589	114,335	370,000	320,410	253,000	485,224	367,335
Org Marketing							-	-
Dept Marketing							-	-
VBOC	300,000	284,768	300,000				300,000	300,000
Rock31	31,048	6,308	6,572		15,000		31,048	6,572
Total Operating Revenue	3,280,561	3,301,037	3,402,913	1,083,156	1,178,288	927,500	4,363,717	4,330,413
Operating Expenses								
Central Services	908,745	844,985	891,776	176,304	123,455	136,013	1,085,049	1,027,789
BSTSP	-	34,781	40,374				-	40,374
Comm Dev	310,803	317,370	414,707				310,803	414,707
CD Projects	50,000	31,700	30,000				50,000	30,000
PTAC	665,406	626,960	576,268				665,406	576,268
SBDC	260,496	251,031	255,061				260,496	255,061
SBDC COVID-19	-		90,854				-	90,854
Big Sky Finance	374,664	372,705	381,184	509,050	587,777	493,143	883,714	874,327
Recruitment	97,469	90,185	87,695	71,000	48,383	33,660	168,469	121,355
Workforce	107,536	90,595	82,661	59,694	52,745	17,050	167,230	99,711
Member-Investor/Communications	128,401	174,348	186,832	184,268	264,594	195,011	312,669	381,843
Org Marketing	61,750	59,853	32,000	11,000	29,254	15,500	72,750	47,500
Dept Marketing	8,000	1,048	8,000	11,000	28,153	23,500	19,000	31,500
VBOC	224,129	214,612	228,347				224,129	228,347
Rock31	91,909	96,240	91,926	25,386	22,743	7,250	117,295	99,176
Total Operating Expenses	3,289,308	3,206,413	3,397,686	1,047,702	1,157,104	921,127	4,337,010	4,318,813
Net Operating Revenue	(8,747)	94,622	5,227	35,454	21,184	6,373	26,707	11,600

Reconcile to Financials:

Non-Operating Income/Expense

Contribution Revenue	500,000	
In-Kind Revenue	600,000	600,000
US EDA Reimbursement	505,404	
Grant Revenue (GASB 68)	18,951	
Interest Income	79,888	
Pension Expense	114,390	
Depreciation Expense	11,350	
Contribution Expense		1,101,500
Net Revenue Over (Under) Expense	<u>1,673,125</u>	<u>(480,316)</u>

Big Sky Economic Development Authority
Financial Report for the Executive Committee and Board of Directors
August 26, 2020

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

Balance Sheet

Current assets decreased to about \$4,334,000 at the end of July from \$4,443,000 in June. The fluctuation in current assets is attributed to operating expenses. Accounts receivable increased from \$680,000 to \$694,000. The receivable consists of Federal EDA grant (\$505,509), PTAC (\$81,000), VBOC (\$80,000), SBDC (\$26,000), and Brownfields (\$1,000). As of August 2020, these receivables have decreased to about \$649,000.

Due To/Due From EDC totaled approximately \$58,000 at the end of July and consists of the July amount due from EDC. The tax levy receivable balance continues to decrease with the collection of taxes. The tax levy receivable totaled approximately \$10,000. 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.

Accounts payable have decreased slightly from \$52,000 at June 2020 to approximately \$39,000. Accrued expenses total approximately \$110,000 and consist largely of salary/benefits accruals and Space2Place Grant accruals.

Statement of Revenue and Expenses

Most revenue items remain in line with budget amounts through the first month of the fiscal year. EPA-Brownfields is about \$11,000 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 \$135,569 through July. This amount is slightly under budget due to vacancy savings. Professional fees are under budget and totaled \$1,900 through July. This expense line is under budget as we have not incurred budgeted architectural fees and Brownfields fees in July.

Through one month of FY21 Big Sky EDA recognized expenses in excess of revenue totaling about \$102,000, which was approximately \$41,000 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 expense in excess of revenue of about \$100,000, which is about \$56,000 less than budgeted.

Big Sky EDA
Comparative Balance Sheet - Preliminary
As of July 31, 2020 and 2019

	7/31/2020	7/31/2019	+/-	6/30/2020	+/-
Assets					
First Interstate Bank	\$47,135	\$98,924	(\$51,790)	\$164,986	-\$117,851
FIB-Recovered Property Taxes	150,107	193,705	(43,598)	148,202	1,905
Opportunity Fund-FIB	16,169	54,368	(38,200)	16,169	0
Opportunity Fund-Stockman	44,519	3,613	40,907	44,519	0
Opportunity Fund-Opportunity Bank	621,638	613,994	7,643	621,300	338
Stockman GE Maintenance	15,128	15,128	-	15,128	-
Rocky Mountain Bank Money Market	492,885	-	492,885	492,843	42
Opportunity Fund - CDs (current)	2,404,278	-	2,404,278	2,404,278	-
Yellowstone County Funds	542,222	293,221	249,001	535,969	6,253
Total Current Assets	4,334,079	1,272,953	3,061,126	4,443,392	(109,313)
Other Assets					
Accounts Receivable	694,709	203,518	491,191	680,373	14,336
American Revenue Guarantee	6,887	6,887	-	6,887	-
Due To/Due From EDC	58,396	76,658	(18,263)	57,548	848
Tax Levy Receivable	9,663	8,761	901	26,597	(16,934)
Tax Levy Receivable - Protested	21,479	9,211	12,268	21,479	-
Allowance for Doubtful Accounts	(21,479)	(9,211)	(12,268)	(21,479)	-
Prepaid Expenses	17,959	-	17,959	18,556	(597)
Deposit	1,390	-	1,390	1,390	-
Undeposited Funds	-	-	-	-	-
Interest Receivable	8,509	2,421	6,088	8,509	-
Miscellaneous Receivable	-	-	-	-	-
Total Other Assets	797,512	298,246	499,266	799,860	(2,348)
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	9,649	4,982	4,667	9,649	-
Deferred Outflow of Resources	147,067	247,689	(100,623)	147,067	-
Total Non-Current Assets	1,841,173	5,308,164	(3,466,991)	1,841,173	-
Fixed Assets					
Bank Building - Land	272,000	-	-	272,000	-
Bank Building - Building	1,328,000	-	-	1,328,000	-
Accumulated Depreciation	(14,188)	-	-	(11,350)	-
Total Fixed Assets	1,585,812	-	-	1,588,650	-
Total Assets	8,558,577	6,879,363	1,679,214	8,673,075	(114,498)
Liabilities & Equity					
Current Liabilities					
Accounts Payable	39,366	72,851	(33,484)	51,901	(12,534)
Accrued Expenses	109,805	100,342	9,464	109,334	471
Deferred Revenue	1,598	-	14,000	1,598	-
Payroll Liabilities	(215)	489	(704)	355	(570)
Compensated Absences	170,249	164,177	6,072	170,250	(1)
Total Current Liabilities	320,804	337,859	(17,055)	333,438	(12,634)
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	(101,865)	(130,191)	28,327	1,673,125	(1,774,990)
Balance at Beginning of Year	7,446,276	5,773,151	1,673,125	5,773,151	1,673,125
Net Assets	7,344,411	5,642,960	1,701,451	7,446,276	(101,865)
Total Liabilities & Equity	8,558,577	6,879,363	1,679,215	8,673,075	(114,498)

Big Sky EDA
Statements of Operations - Preliminary
For the Periods Ending July 31, 2020

	Month			Fiscal Year
	Actual	Budget	Variance	Budget
Operating Revenue				
County Taxes (Mill Levy Revenue)	\$504	\$0	\$504	\$1,220,100
Entitlement	-	-	-	\$235,000
Health Insurance Mill Levy	8,480	9,010	(530)	117,236
Recovery of Protested Taxes	-	-	-	-
Department of Defense	45,000	45,868	(868)	550,421
EDC Reimbursement	48,722	48,251	471	579,012
EPA-Brownfields	-	10,833	(10,833)	132,500
SBA/MT Dept of Commerce	14,084	21,745	(7,661)	261,282
SBDC Program Income	-	-	-	-
VBOC	22,502	24,411	(1,909)	300,000
Rents/Leases	-	956	(956)	-
Grant Administration	-	292	(292)	3,500
Miscellaneous Revenue	-	-	-	3,862
Total Revenue	139,292	161,366	(22,075)	3,402,913
Operating Expenses				
Salaries/Wages	135,569	142,385	(6,816)	1,679,819
Employer Contributions	42,570	45,002	(2,432)	559,084
Contingency	-	4,208	(4,208)	50,497
Community Development Projects	-	2,500	(2,500)	30,000
Dues and Subscriptions	8,315	5,807	2,507	64,643
Event Expense	-	-	-	-
Insurance	3,390	5,252	(1,862)	23,984
Marketing - Departmental	-	2,036	(2,036)	24,432
Marketing - Organizational	-	2,667	(2,667)	32,000
Office Equipment	60	4,500	(4,440)	6,500
Office Expense	2,374	4,597	(2,223)	23,289
Professional Fees	1,905	43,431	(41,526)	167,958
Property Tax Protests	-	-	-	37,350
PTAC Satellite	10,762	12,481	(1,719)	149,773
PTAC Subcenter	14,000	14,764	(764)	177,171
Rent	12,015	11,724	291	142,295
Repairs	-	-	-	-
Sponsorships	-	-	-	2,500
Strategic Priorities	-	1,250	(1,250)	15,000
TEDD	-	-	-	2,000
Telecommunications	2,823	5,161	(2,338)	61,933
Travel/Training	1,717	5,938	(4,220)	100,258
Utilities	1,192	2,000	(808)	24,000
Miscellaneous	2,206	1,687	519	23,200
Total Operating Expenses	238,897	317,391	(78,494)	3,397,686
Net Operating Revenue	(99,605)	(156,025)	56,419	5,227
Non-Operating Income/Expense				
Interest Income	578	1,687	(1,110)	20,247
US EDA Reimbursement	-	14,600	(14,600)	148,822
Grant Revenue (GASB 68)	-	-	-	-
Architectural/Professional Fees	-	-	-	302,492
Pension Expense	-	-	-	-
Depreciation Expense	2,838	2,838	-	34,051
Net Revenue Over (Under) Expense	(101,865)	(142,575)	40,710	(162,247)

Big Sky Economic Development Corporation
Financial Report for the Executive Committee and Board of Directors
August 26, 2020

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

Balance Sheet

Current assets totaled approximately \$1,922,000 at the end of July, a slight decrease from \$2,000,000 at the end of June. This is largely attributed to the funding of an RLF loan (\$70,000). Accounts receivable have decreased and total \$34,000. The receivable consists of Member Investor pledges for FY20 (\$30,500), Member Investor pledges for FY21 (\$1,000), Business Healthcare Sponsorship receivable (\$2,500). Accounts receivable have decreased to \$23,000 in August.

There was one RLF and one Stabilization Loan funded in July. The RLF portfolio totals \$380,000. The Stabilization Loan portfolio totaled \$152,000 at the end of July and consisted of eleven loans.

Accounts payable decreased from \$14,200 to \$8,000 at the end of July. Deferred 504 revenue totaled \$35,000. These amounts will be recognized as loans fund. Due to/Due from EDA totaled approximately \$58,000 and represents the amount owed to EDA from EDC for July reimbursement.

Statement of Revenue and Expenses

The 504 loan servicing revenue totaled \$43,000 through July. This is approximately \$2,500 under budget. Member investor revenue totaled approximately \$6,000. This is attributed to two member investor invoices sent out in July.

We received a donation for the Coulson Park project in July. 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. There was a slight variance in office supplies due to the purchase of supplies related to COVID-19. The expenses incurred will be reimbursed as part of the Business Adaptability Grant from the State of Montana Coronavirus relief funds.

Through one month of FY21 Big Sky EDC recognized expenses in excess of revenue totaling about \$8,500, which was approximately \$59,000 more than the budgeted amount. This is mainly due to timing of when revenue and expenses were budgeted for the fiscal year and is not attributed to any un-budgeted expenses.

Big Sky EDC
Comparative Balance Sheet - Preliminary
As of July 31, 2020 and 2019

	7/31/2020	7/31/2019	+/-	6/30/2020	+/-
Assets					
First Interstate Bank	\$253,450	\$256,303	(\$2,853)	\$245,165	\$8,285
FIB SSBCI Principal	1,010,077	1,348,444	(338,367)	1,005,566	4,512
FIB-Long Term Reserve	250,000	250,000	-	250,000	-
FIB-Opportunity Fund	22,200	22,200	-	22,200	-
FIB-RLF	95,328	171,193	(75,865)	179,960	(84,632)
FIB-OBSD Restricted	-	-	-	-	-
Accounts Receivable	33,750	23,250	10,500	58,684	(24,934)
Contributions Receivable	2,500	44,500	(42,000)	2,500	-
Miscellaneous Receivable	-	694	(694)	-	-
Prepaid Expenses	8,281	18,000	(9,719)	8,276	5
Undeposited Funds	-	-	-	-	-
Stabilization Portfolio - Current	152,000	-	-	137,000	15,000
RLF Portfolio-Current	48,068	44,337	3,731	42,141	5,927
SSBCI Portfolio-Current	46,168	115,403	(69,235)	48,307	(2,139)
Total Current Assets	1,921,823	2,294,324	(372,501)	1,999,799	(77,976)
Other Assets					
RLF Portfolio-Non Current	331,625	257,352	74,273	268,210	63,416
SSCBI Portfolio-Non Current	601,052	800,791	(199,739)	601,051.9	0
Allowance for Loan Losses	(21,934)	-	(21,934)	(21,934)	-
Total Other Assets	910,743	1,058,143	(147,400)	869,262	63,416
Fixed Assets					
Bank Building - Building	-	-	-	-	-
Bank Building - Land	-	-	-	-	-
Total Fixed Assets	-	-	-	-	-
Total Assets	2,832,566	3,352,467	(519,901)	2,869,060	(14,561)
Liabilities & Equity					
Current Liabilities					
Accounts Payable	7,999	18,057	(10,058)	14,200	(6,200)
Property Tax Payable	-	-	-	-	-
Accrued Expenses	-	3,563	(3,563)	-	-
Deferred 504 Revenue	35,092	37,515	(2,422)	35,811	(719)
Due to/Due from EDA	58,396	76,681	(18,286)	57,548	848
Total Liabilities	101,487	135,816	(34,329)	107,559	(6,072)
Current Year Excess of Expenses over Revenue	(8,489)	(3,232)	(5,257)	(480,316)	471,827
Balance at Beginning of Year	2,739,567	3,219,883	(480,316)	3,219,883	(480,316)
Net Assets	2,731,079	3,216,651	(485,573)	2,739,567	(8,489)
Total Liabilities & Equity	2,832,566	3,352,467	(519,901)	2,847,126	(14,561)

Big Sky EDC
Statements of Operations - Preliminary
For the Periods Ending July 31, 2020

	Month			Fiscal Year
	Actual	Budget	Variance	Budget
Operating Revenue				
504 Loan Origination	\$0	\$75,000	(\$75,000)	\$135,000
504 Loan Servicing	42,522	45,000	(2,478)	499,500
Float Income	-	-	-	-
CTE Director Donations (Restricted)	-	-	-	-
Member Investment	6,000	-	6,000	253,000
RLF Business Loan Interest	478	1,417	(939)	17,000
RLF Origination Fees	-	-	-	5,000
Stabilization Loan Interest	228	417	(188)	-
SSBCI Revenue	1,377	1,500	(123)	18,000
Recovery of Bad Debt	-	-	-	-
Coulson Park	2,000	-	-	-
Miscellaneous Revenue	213	-	213	-
Total Revenue	52,819	123,333	(72,515)	927,500
Operating Expenses				
Business Incubation	-	125	(125)	1,500
Business Recruitment	-	208	-	2,500
Bad Debt Expense	1,500	1,042	-	12,500
Contingency	-	1,667	(1,667)	20,000
Dues and Subscriptions	2,019	1,146	873	21,561
EDA Reimbursement	48,722	48,251	471	579,012
Event Expense	-	1,500	(1,500)	33,500
Insurance	838	865	(27)	10,380
Investment in Economic Activity	-	-	-	5,000
Marketing - Departmental	979	2,358	(1,379)	23,900
Marketing - Organizational	-	1,292	(1,292)	15,500
Membership Development	40	700	(660)	8,400
Office Supplies	1,614	300	1,314	3,800
Professional Fees	-	2,583	(2,583)	67,500
Postage and Printing	32	75	(44)	900
R31 Outreach	-	75	(75)	2,300
Rent	2,534	2,588	(54)	31,629
Repairs	-	-	-	-
Sponsorships	-	4,000	(4,000)	19,700
Telecommunications	324	555	(230)	6,656
Travel/Training	969	2,968	(1,999)	27,505
Miscellaneous	1,737	2,532	(795)	39,884
Total Operating Expenses	61,307	74,830	(13,522)	933,628
Net Revenue Over (Under) Expense	(8,489)	48,504	(58,993)	(6,128)
Non-Operating Income/Expense				
In-Kind Income	-	-	-	-
Contribution Expense	-	-	-	-
Net Revenue Over (Under) Expense	(8,489)	\$48,504	(\$58,993)	(\$6,128)



BIG SKY
ECONOMIC DEVELOPMENT

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ATTACHMENT 3

Title	Big Sky Economic Development Corporation	08/05/2020
	by Shanna Zier in Business Adaptability Grant	id. 17132629
	shanna@bigskyeda.org	

Original submission	08/05/2020
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Cover Letter	n/a
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File Upload	n/a
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Legal Business Name	Big Sky Economic Development Corporation
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I understand the documentation requirements for this grant program and am ready to proceed with my application.	yes
---	------------

Are the principal operations located in Montana?	Yes
--	------------

Did your business have more than 50 employees as of February 15, 2020?	No, 50 or less employees
--	---------------------------------

Has your business incurred eligible costs since March 1, 2020 to adapt to business during COVID-19?	Yes
---	------------

Has your business applied for Business Adaptability previously?	No
---	-----------

Is the business suspended or debarred from contracting with the Federal government or receiving Federal grants or loans?	No
How did you hear about the Business Adaptability grant opportunity?	Colleague/Word of Mouth
Name of Applicant - Authorized Official for Organization	Shanna Zier
Title of Applicant	Manager
Physical Address of Business (not a PO Box)	222 N. 32nd Street, Suite 200
Physical Address City	Billings
Physical Address Zip or Postal Code	59101
County your business is physically located in?	Yellowstone
Is your mailing address different from your physical address?	No
Phone Number	+14062566871
Email of Applicant	shanna@bigskyeda.org
Website (if you have one)	www.bigskyeconomicdevelopment.org
Facebook Page (if applicable)	https://www.facebook.com/bigskyed
Authorized alternate contact to receive information on this application	Becky Rogers

Alternate contact phone number	+14062566871
Alternate contact email	Becky@bigskyeda.org
Business EIN or Sole Proprietor SSN (no dashes)	223880639
Number of employees prior to February 15, 2020?	23.0
What type of business do you operate?	Nonprofit
What is the primary industry of the business?	Other (Please specify)
Provide a brief description of your business. What are your products or services?	Big Sky Economic Development's mission is to sustain and grow our region's vibrant economy and outstanding quality of life, by providing leadership and resources for business creation, expansion, retention, new business recruitment and community development.
Is your business an affiliate or subsidiary of another company?	No
Are you required to be registered with the Montana Secretary of State?	Yes
Check if your business is Native American owned	unchecked
Check if your business is a Tribal Enterprise	unchecked
Check if your business is Woman owned	unchecked
Check if your business is Veteran owned	unchecked

Check if your business is an Other Disadvantaged Business Enterprise (DBE)	unchecked
Please briefly describe the eligible COVID-19 adaptation costs your business has incurred.	We have incurred adaptation costs to add hardware to encourage remote work, as well as conference equipment to accommodate virtual meetings. In addition, we have also incurred costs for supplies. These supplies include cleaning supplies, hand sanitizer, a thermometer, plexi-glass for the reception area, and office furniture to encourage social distancing.
How much are you requesting as a grant from the State of Montana to reimburse costs your business has incurred to adapt to COVID-19?	6190.04
How will these funds help your business with adaptation costs relative to COVID-19?	These funds will reimburse our organization for costs incurred for adaptation expenses. We have worked hard to follow guidelines set by our public health officials. Adapting to these guidelines has added additional, unbudgeted costs to our organization. Reimbursement for costs incurred for adaptation expenses will allow our organization to continue to execute our mission consistent with our current fiscal year budget.
Upload Eligible itemized receipts or invoices with proof of payment and excel document.	
Adaptability_Grant_Total.xlsx May_statement_receipts_and_proof_of_payment_for_COVID_supplies.pdf July_cc_statement_receipts_and_proof_of_payment.pdf Entre_Invoice.pdf Entre_Payment.pdf Becky_July_cc_statement_receipts_and_proof_of_payment.pdf Shanna_Zier_Reimbursement.pdf Shannas_Travel_Expense_Voucher.pdf GermX_Target_Receipt.pdf Hanson_Chemical_Hand_Sanitizer_stands.pdf Hanson_Chemical_hand_sanitizer_stand_payment.pdf	
Upload Additional Documents for reimbursement	n/a
Copy of Applicant's Identification Card (Driver's License, State or Tribal ID Card)	

[Shanna_Zier_Drivers_License.pdf](#)

By clicking on this checkbox, I agree to all the statements listed above in the "Certification Statement" section above

checked

If "Other" industry selected - please specify:

Economic Development and commerce

Upload proof of good standing with the Montana Secretary of State or Local Tribal Government (if applicable)

[Big_Sky_EDC_Secretary_of_State_Good_Standing_Documentation.pdf](#)



BIG SKY
ECONOMIC DEVELOPMENT

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Section II

ATTACHMENT 1

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
 - 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
 - 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 local 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

- 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



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ECONOMIC DEVELOPMENT

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ATTACHMENT 2

From the Desk of Steve Arveschoug
August 31, 2020

This needs to be said, our economic recovery hinges on so many things, including investment in our public safety. So, open your mail ballot and vote in favor of the City's Public Safety Mill Levy. Let me explain my emphatic tone.

For the last five-and-half months a team of business leaders, economic development team members, and civic leaders have been meeting weekly to coordinate response and support for the needs of our businesses during the shutdown/reopening scenarios related to Covid-19. We have partnered with local health officials on "Open and Safe" guidelines, communicated with the State Coronavirus Relief Fund team to assure funding for our local businesses, created a one-stop website for both State and Federal resources for businesses, and drafted a thoughtful "recovery plan" to guide our work going forward. All of that work was done in an effort to re-gain economic traction for our community.

As stated by one of our Economic Response and Recovery Team members, **"all this effort will be for not, if we do not have a safe community."** Those words ring loud and clear for me. We have regained some of our economic momentum moving from closed doors to open and safe, and from a peak of nearly 12,000(4/18/2020) unemployment filers, to now less than 5,000(8/8/2020), but our work is nowhere near complete. We have responsibility to continue our efforts together toward economic recovery and beyond, and we have a responsibility to assure our community's public safety infrastructure supports this effort both in the near-term and long-term.

The Public Safety Mill Levy will allow the cap on the existing mill levy from 2004 to adjust to current 2020 values, adding approximately \$4 million. I know this is a short-term fix, but we have let this issue compound for more than a decade. We have to start somewhere. With your support, this mil levy will allow us the time to build and implement a long-term strategy that will be essential to remain economically competitive, attract new private investment, create jobs, and provide workers and families a safe and healthy community.

Businesses are working day and night to survive and rebuild. Some days they are hopeful, some days discouraged, but they are not giving up. We owe it to them to provide a safe, healthy place to do business.

Join me in supporting the Public Safety Mill Levy. It is part of the work that needs to be done to sustain our economic recovery.



Steve Arveschoug
Executive Director, Big Sky Economic Development
Lead-Economic Response and Recovery Team



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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 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.

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.

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.

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 Samara 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.



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ATTACHMENT 2

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.

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.

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.



BIG SKY
ECONOMIC DEVELOPMENT

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ATTACHMENT 3

Recommendation for EDC Nominations

The following are open seats on the EDC Board starting January 1, 2021:

Craig Bartholomew – eligible for a 2nd term

David Ellis – eligible for a 2nd term

Mike Nelson – eligible for a 2nd term

Mike Phillips – eligible for a full 1st term

Dan Edelman – resignation with a term ending date of December 31, 2022

Doug Hansen

The Nominating Committee met on August 26, 2020 to review the EDC Nominations received from the Member Investors. The Nominating Committee recommends the following nominees for an election to fill the open EDC seats:

1. Craig Bartholomew – Owner, 360 Office Solutions (3-year term)
2. David Ellis – General Manager, Schnitzer Steel (3-year term)
3. Mike Nelson – Owner, Northern Hotel (3-year term)
4. Mike Phillips – Senior Vice President, Little Horn State Bank (5-year term)
5. Nick Pancheau – Owner and Principal, Collaborative Design Architects (partial term ending 2022, then eligible for a full 5-year term thereafter)
6. Jennifer Kobza – Owner and Vice President, TKI (5-year term)



BIG SKY
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ATTACHMENT 4

A
MEMORANDUM OF UNDERSTANDING
Between
**Yellowstone County Commissioners, Big Sky Economic Development Authority,
City of Billings, City of Laurel**
And
Beartooth Resource Conservation & Development Area, Inc.

THIS MEMORANDUM OF UNDERSTANDING is made and entered into this ____ day of _____, 20 ____, by and between **Beartooth Resource Conservation & Development Area, Inc.**, whose principal business address is P.O. Box 180, Joliet, Montana 59041, hereinafter referred to as "Beartooth RC&D" and **Yellowstone County Commissioners (in cooperation with the City of Billings, City of Laurel, and Big Sky EDA)**, and hereinafter referred to as "**the Entity**".

WHEREAS, The Beartooth RC&D has been formally recognized by the U.S. Department of Commerce, Economic Development Administration (EDA) as a designated Economic Development District (EDD), and as a District, the Beartooth RC&D has been awarded funding to carry out its Comprehensive Economic Development Strategy (CEDS). This funding will provide a staff person, administrative support and operating costs. This is a continual grant, renewable based on successful program operation and availability of federal funds. Local match is required.

WHEREAS, Each entity participating in the District will designate a representative and an alternate to the regional Beartooth RC&D Board. This individual will convey the needs and economic development goals of the community to the Beartooth RC&D board meetings. Regular board meetings will be held every two months to assess project status and evaluate regional economic development needs.

NOW THEREFORE IT IS UNDERSTOOD AS FOLLOWS:

ARTICLE 1: SCOPE OF WORK:

Beartooth RC&D employs an Economic Development Director to assist in the completion of the Comprehensive Economic Development Strategy for the five county region. The Director's time will be allocated consistent with the goals in the CEDS by the Beartooth RC&D board of directors. The board is composed of one representative and an alternate from business partners, county and local elected officials and local economic development partners from our five county region. Input from this board is essential for meeting the needs of the communities in our region.

Priority will be assigned projects of regional scope or projects with strong local leadership. Grant funding for this position is from EDA, therefore, emphasis will be on regional economic development planning and projects which have a correlation to job creation, economic diversification and increased tax base. Matching funds are from participating entities and emphasis will be placed on their specified projects.

Annual Evaluation:

The performance of the Economic Development District will be evaluated annually by local entities participating on the regional Beartooth RC&D Board. Progress and/or accomplishments on each program/project will be reported and evaluated to ensure resources are being utilized in the most effective and efficient manner possible. Annual Comprehensive Economic Development Strategy updates and an annual plan of work will be developed with input from the Beartooth RC&D staff and board. Annual reports on projects and economic development activities will be provided to the board and participating entities along with the renewal of the Memorandum of Understanding.

ARTICLE 2: PERIOD OF PERFORMANCE:

The term of this Memorandum of Understanding shall be from the date it is signed through **June 30, 2021**, unless extended by mutual agreement by both parties. Such extension must be in writing, signed by authorized representatives of both parties, and made a part of the original Memorandum of Understanding by modification reference. This Memorandum of Understanding supersedes the prior Memorandum for participation in the Economic Development District.

ARTICLE 3: PAYMENT:

The Entity's annual contribution will be **\$4,500.00** as a "Membership" fee plus a per capita assessment of **.19** cents per person. These funds will provide the necessary match to obtain the \$70,000.00 in federal funds. Entities who do not participate financially in the match requirement will not receive services from the Economic Development Coordinator. The calculated fee for **Yellowstone County** is **\$34,926.03**. This figure is a total of the **\$4,500.00** county fee plus **\$30,426.03** per capita formula using a population of **160,137** as per the 2018 Census data. Yellowstone County's full payment will be separated into a four-way payment system. Each entity within the county will pay a percentage (%) similar to the previous year. Big Sky EDA- 34% or **\$11,874.85**, City of Billings- 36% or **\$12,573.37**, City of Laurel- 6% or **\$2,095.56** and Yellowstone County- 24% or **\$8,382.25**.

Annually, the Beartooth RC&D/EDD staff will provide a comprehensive report of the past year's activity. A new Memorandum of Understanding will be prepared and a request for the following year's match submitted. Entities will be billed for match funds after January 1, 2020, for the current year's assessment.

Payment as provided in this section shall be full compensation for work performed, services rendered and for all materials, supplies, equipment, and incidentals necessary to complete the work.

ARTICLE 4: EXAMINATION OF RC&D RECORDS:

The County or its representatives shall have the right to examine any books, records, or other documents of the Beartooth RC&D directly relating to costs when such costs are the basis of compensation hereunder.

ARTICLE 5: OWNERSHIP AND USE OF DOCUMENTS:

Reproducible copies of all documents and other materials produced by the Beartooth RC&D in connection with the services rendered under this memorandum of understanding shall be provided to the County for the County's use whether the project for which they are made is executed or not. Beartooth RC&D shall be permitted to retain originals, including reproducible originals, of drawings and specifications for information, reference and use in connection with Beartooth RC&D's endeavors.

ARTICLE 6: WARRANTY:

Beartooth RC&D warrants that all services performed herein shall be performed using that degree of skill and care ordinarily exercised in and consistent with generally accepted practices for the nature of the services and shall conform to all requirements of this Memorandum of Understanding.

ARTICLE 7: SAFETY:

Beartooth RC&D agrees to fully comply with the Occupational Safety and Health Act of 1970, all regulations issued there under and all state laws and regulations enacted and adopted pursuant thereto. The Beartooth RC&D shall take all necessary precautions in performing the services hereunder to prevent injury to persons or damage to property.

ARTICLE 8: CONFIDENTIALITY AND CONFLICTS OF INTEREST:

Beartooth RC&D agrees to hold in strict confidence any proprietary or other data, findings, results, or recommendations deemed to be confidential by the County and obtained or developed by Beartooth RC&D in connection with the work under this memorandum of understanding. Beartooth RC&D warrants and agrees they do not and will not have any conflicts of interest regarding the performance of services hereunder.

ARTICLE 9: APPLICABLE LAW:

This Memorandum of Understanding shall be governed in all respects by the laws of the State of Montana. No changes, amendments or modifications of any of the terms and conditions hereof shall be valid unless agreed to in writing. Venue of any proceeding arising hereunder shall be the Twenty-second Judicial District.

ARTICLE 10: COMPLIANCE WITH LAWS:

Beartooth RC&D shall in performing the services contemplated by this Memorandum of Understanding, faithfully observe and comply with all federal, state, and local laws, ordinances and regulations, applicable to the services to be rendered under this Memorandum of Understanding.

ARTICLE 11: CHANGES:

The parties, by mutual agreement, may, at any time during the term of this Memorandum of Understanding and without invalidating the Memorandum of Understanding, make changes within the general scope of the Memorandum of Understanding. The Beartooth RC&D agrees to perform such changed services.

ARTICLE 12: TERMINATION:

This Memorandum of Understanding may be terminated in whole or in part, in writing, by either party in the event of substantial failure by the other party to fulfill its obligations under this Memorandum of Understanding through no fault of the terminating party, provided that no termination may be effected unless the other party is given: (1) not less than ten (10) days written notice (delivered by certified mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the terminating party prior to termination.

Upon such termination the County shall pay the Beartooth RC&D amounts due and unpaid for services rendered as of the effective date of termination, and the Beartooth RC&D shall provide to the County all materials, surveys, reports, data, and other information performed or prepared as of such date.

ARTICLE 13: INDEMNIFICATION:

Beartooth RC&D agrees to and does hereby indemnify and save the County, its officers, officials and employees, harmless against and from:

1. Any and all claims and liabilities, including but not limited to costs, expenses, and attorney fees arising from injury to, or death of, persons (including claims and liabilities for care or loss of services in connection with any bodily injury or death) and including injuries, sickness, disease, or death to Beartooth RC&D employees occasioned by a negligent act, omission, or failure of the Beartooth RC&D;
2. Any and all claims and liabilities, including costs and expenses, for loss or destruction of or damage to any property belonging to the Beartooth RC&D or the County caused by a negligent act, omission, or failure of the Beartooth RC&D and
3. Any fines, penalties, or other amounts assessed against the County by reason of the Beartooth RC&D's failure to comply with all health, safety, and environmental laws and regulations applicable to the services; resulting directly or indirectly from, or occurring in the course of the Beartooth RC&D's performance of the services. However, this indemnity shall not extend to claims and liabilities for (i) injury or death to persons or (ii) loss of or damage to property to the extent that these claims and liabilities result directly from the County's negligence or willful misconduct.

ARTICLE 14: INSURANCE:

Beartooth RC&D shall maintain and demonstrate the following types of insurance:

1. Beartooth RC&D agrees that its employees and particularly the employees designated to work on this memorandum of understanding are covered by applicable Worker's Compensation provisions. The Beartooth RC&D further agrees that if the County should legally incur any costs whatsoever under the Worker's Compensation laws by reason of the Beartooth RC&D employees' injury or death while engaged in the contract work, the Beartooth RC&D will indemnify and hold harmless the County for such costs which the County may be legally be required to pay to employees of the Beartooth RC&D.

2. Comprehensive general liability insurance for bodily injury, death, or loss of or damage to property of third persons or other liability due to the negligent acts of the Beartooth RC&D in the minimum amounts of \$500,000 per occurrence and \$1,000,000 aggregate for personal injury; and \$500,000 per occurrence/aggregate for property damage. Proof of coverage as required by this section shall be delivered to the County within fifteen (15) days of execution of this Agreement.

3. Professional liability errors and omissions insurance in a minimum amount of \$100,000.00.

ARTICLE 15: NONDISCRIMINATION:

Beartooth RC&D will not discriminate against any employee or applicant for employment relating to this project on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental handicap or national origin. All hiring associated with any project shall be on the basis of merit and qualifications related to the requirements of the particular position being filled.

ARTICLE 16: INDEPENDENT CONTRACTOR:

Beartooth RC&D and the County agree that the Beartooth RC&D is an independent contractor with respect to the services provided pursuant to this Memorandum of Understanding. Nothing in this Memorandum of Understanding shall be considered to create the relationship of employer and employee between the parties hereto. Neither the Beartooth RC&D, nor any employee of the Beartooth RC&D shall be entitled to any benefits accorded County employees by virtue of the services provided under this Memorandum of Understanding. The County shall not be responsible for withholding or otherwise deducting federal income tax or social security or for contributing to the state Worker's Compensation program, nor shall the County be deemed in any way to assume the duties of an employer with respect to the Beartooth RC&D, or any employee of the Beartooth RC&D.

ARTICLE 17: ASSIGNMENT:

Beartooth RC&D shall not sublet or assign any of the services covered by this Memorandum of Understanding without the express written consent of the County.

ARTICLE 18: NON-WAIVER:

Waiver by the County of any provision of this memorandum of understanding or any time limitation provided for in this memorandum of understanding shall not constitute a waiver of any other provision.

ARTICLE 19: NOTICES:

Any Notice to be served hereunder may be served upon the parties personally or served by certified mail, return receipt. Notice served by mail shall be deemed complete upon deposit of said notice in any United States Post Office, postage prepaid, directed to the party to be served, at the following addresses:

ENTITY: Big Sky EDA
222 N. 32 St., Suite 200
Billings, MT 59101

RC&D: Beartooth RC&D
P.O. Box 180
Joliet, MT 59041

ARTICLE 20: INTEGRATED AGREEMENT:

This Memorandum of Understanding together with attachments or addenda represents the entire and integrated Agreement between the Entity and the Beartooth RC&D and supersedes all prior negotiations, representations, or agreements, written or oral. This Memorandum of Understanding may be amended only by written instrument signed by both the Entity and the Beartooth RC&D.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals to this Memorandum of Understanding the day and year in this instrument first above written.

Big Sky EDA

Steve Arveschoug, Executive Director

BEARTOOTH RC&D/EDD



Chairman

ATTEST: _____

Date: 7/24/20