

EDA/EDC – Joint Board Meeting

Thursday, November 10, 2022

7:00 A.M. to 9:00 A.M.

Rock31/BSED Building

Zoot Training and Event Space (2nd Floor)

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

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** – Ann Kosempa, EDC Chair
- 7:05 A.M. Public Comment/Recognitions/Special Announcements and Introductions**
- Career Pathways Presentation—Superintendent, Greg Upham (tentative)
 - Rocky MTN College Update—President, Robert Wilmouth
 - Mental Health Challenges and Strategies—Rimrock Foundation, Lennette Kosivich
- 7:45 A.M. Changes to Today's Agenda**
- 7:50 A.M. Consent Items for Board Action** (EDA & EDC Board Action)
- Minutes – October 13, 2022 (Attachment A)
 - Electronic Board Meeting – October 18, 2022 (Attachment B)
- 7:55 A.M. Financials**
- EDA and EDC Sept/Oct Financials—(pending) (provided at Dec. Board Mtg)
 - Building Project Preliminary-Final Budget Update—Steve/Allison (Handout)(EDA & EDC Action)
 - FY '22 Audit--Engagement Letter with AZ (Attachment C) (EDA & EDA—separate actions)
- 8:00 A.M. Action Items**
- Legislative Priorities Update—Allison (Handout) (EDA & EDC Action)
 - Recruitment—Reimbursement Agreement (City/Coca-Cola/BSED)-Allison (Attachment D) (EDA & EDC Action)
 - Big Sky Finance—Brandon
 - 504 Loans (Attachment E) (EDC Action)
 - Independent Loan Review (Handout) (EDC Action)
- 8:35 A.M. Executive Director Report**—Steve/Allison
- Nominating Committee Recommendation—EDA Board Position (Attachment F) (EDA Action)
 - Dec. 8th Holiday Breakfast and Board Meeting—7AM to 9:30 Am (Info)
- 8:45 A.M. Program Reports**
- Rock31 membership Update—Ryan/Kevin (Info)
 - MI Program Update—Patrick
 - a) Status of MI Program (Info)
 - b) '22 Impact Bus Tour Recap (Info)
- 8:55 A.M. Public Comment**
- 9:00 A.M. Adjourn**

Next EDA/EDC Board Meeting: December 8 (7AM to 9:30)-w/ Holiday Breakfast, Zoot Training and Event Space, Rock31/BSED.
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

ATTACHMENT A

EDA/EDC Joint Board Minutes
Thursday, October 13, 2022 – 7:00 A.M. – 9:00 A.M.
Big Sky Economic Development, Zoot Training & Event Space

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: Bryan Wood, Debbie Desjarlais, George Warmer, Jennifer Smith, Judi Powers, Ken Lutton, Lucy Aspinwall, Riley Bennett, Zack Dunn, Greg Upham (ex-officio),

EDA Board Members Absent: Bryce Terpstra, Paul Neutgens, Don Jones (Ex-Officio), Greg Upham (Ex-Officio), John Brewer (Ex-Officio), Katy Easton (Ex-Officio), Pam Purinton (Ex-Officio)

EDC Board Members Present: Ann Kosempa, Bob Wilmouth, Craig Bartholomew, Dave Ballard, Denis Pitman, DJ Clark, Jen Kobza, Jennifer Kondracki Weaver, Justin Martin, Kim Jakub, Mac Fogelson, Michael Marsh, Mike Seppala, Nicole Bengé, Nick Pancheau, Spencer Frederick, Stefani Hicswa, Tyler Wiltgen

EDC Board Members Absent: Andy Gott, Mike Nelson, Mike Phillips

Staff and Guests: Allison Corbyn, Becky Rogers, Deanna Langman, Dianne Lehm, Dustin Frost, Heather Kirpach, Jesse Peterson, Lorene Hintz, Marcell Bruski, Matt Pierson, Nina Philpott, Patrick Klugman, Steve Arveschoug, Sarah Myhre, Thom Maclean, Tereza Brownell, Thom MacLean

Call to Order:

Ken Lutton, EDA Chair, called the meeting to order at 7:02 A.M. with the pledge of allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Team Recognition/Anniversaries- Steve recognized Thom, Senior Project Manager on the Community Development Team for five years of service at BSED. Steve also recognized new EDC Board Member Tyler Wiltgen, Executive Director of St. Vincent Healthcare Foundation. Tyler introduced himself to the Board and shared his excitement for the opportunity to serve on the Board of Directors.

BillingsWorks/Accelerate Montana-Marcell- Marcell shared the Accelerate Montana program with the Board that will be hosted on October 25th. Marcell highlighted the program objectives: workforce needs assessment, employee training programs, and acquisition & retention support. Marcell answered the Board's question.

Montana Producers Partnership- Jess Peterson and Matt Pierson- Jess and Matt shared information regarding Montana Producers Partnership. The Producer Partnership was created in April of 2020 and its mission statement is: Farmers and Rangers working to end hunger in Montana. Jess and Matt shared details of the program which takes in donated animals, coordinates processing, and donates the meat to food banks in Montana. Jess and Matt shared that Producer Partnership believes in creating a new way to help each other and create stronger communities by linking resources and people.

Parks Funding Opportunity or Challenge? -Thom –Thom updated the Board on parks fundings opportunities and challenges. Thom highlighted challenges such as public safety and lack of funding for new development in parks. The challenges present opportunities to find a better way to consistently fund new development in parks and trails in the community. Thom provided information on a survey regarding projects that interest the community in order to prioritize what tax payers are willing to invest to bring new parks and trails to our community. Opportunities could include: 1) Park District one could be “re-upped” as is 2) a new special assessment could be completed with different amounts of funds (mill levy, bonds, combination of funding). Thom asked the Board to complete the survey and remain involved in this process. Thom also shared a map of parks and trails in various stages of planning and highlighted the stages of projects. Steve highlighted that one of BSED’s strategic priorities is to invest in the quality of our community though a comprehensive parks and trails development and funding plan.

Changes to Today’s Agenda: None

Consent Items for Board Action

Minutes – September 15, 2022

Motion: Mike Seppala to approve the September 15, 2022 Board Minutes

Second: Jennifer Kobza

Discussion: None

Motion: Carried

Financials

Presentation of EDA/EDC July/August Financials- Steve

Steve updated the Board regarding the July/August financials. The EDA profit and loss statement was upside down as the first allotment of tax revenue will be received next month. The allotment will put our budget in a positive net next month. The mill levy is received in November and April and this will cover the deficit. The EDC side is slightly behind as well as a result of the quarterly bill process. Steve asked the Board to approve the July/August financials as presented to the Board.

Motion: Mike Seppala to approve the EDA/EDC July/August Financials as presented to the Board.

Second: Spencer Frederick

Discussion: None

Motion: Carried

Controller Search Update

Steve discussed with the Board that the Controller position is currently open at Big Sky Economic Development and the interview process is under way. In the interim, Big Sky Economic Development team members will work to fulfil necessary requirements until the position is filled. Shanna will continue to remain as a contract employee. Steve recognized Heather for her assistance with the financials while the Controller interview process is continued. Four interviews have been conducted and second interviews will begin shortly. BSED is still entertaining candidates for this key position.

Building Project Preliminary-Final Budget Update-Becky/Steve

Becky updated the Board on the building project preliminary final budget. There are a few outstanding items on the budget. There are approximately ten change orders that are outstanding. Becky answered the Board’s questions regarding building project budget and outstanding change orders. Becky shared with the Board, the proposal she and Shanna presented to Steve which is to apply funds from an account that includes transferred SSBCI and opportunity fund dollars in addition to the Federal EDA owed to us. Becky is required to complete final billing before that Federal account funds can be applied. The City Grants received can also be utilized. This leaves us with a little over \$64,000 that does not have a funding source. With protest taxes are reconciled BSED will receive an undetermined amount of those funds. In June a portion of these funds were received. BSED would typically apply those funds to onetime expenses or place in savings. These funds could be used for the operational portion of the building project and non-construction related portions of the project. The EDA bank account has a portion of cash

flow that could also be applied to the budget. Becky asked the Board to allow BSED to apply the Protested Tax Funds and to hold the EDA bank account cash to potentially be applied to the budget. Steve recommended that the Board first consider the use of protested taxes to pay for the operational features of the project costs.

Motion: Riley Bennett to apply the protested taxes toward the outstanding building project balance as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion: Carried

Action Items

Preliminary Legislative Priorities- Allison- Allison updated the Board on the Legislative Priorities: Workforce, Pro-Business, Climate, Accelerate Entrepreneurship, Business Attraction, Housing, and Education. Allison discussed the Desired Outcomes, Strategies, and Next Steps of each priority. Allison and Steve addressed the Board's questions regarding the preliminary legislative priorities.

Motion: Ken Lutton to approve the preliminary legislative priorities as presented to the Board.

Second: Bob Wilmouth

Discussion: None

Motion: Carried

Brownfields RLF Program Application-Dianne

Dianne updated the Board on the US Environmental Protection Agency (EPA) Brownfields Revolving Loan Fund Grant Application. The EPA Revolving Loan Fund (RLF) Grants provide funding for a grant recipient to capitalize a revolving loan fund and to provide loans and subgrants to carry out cleanup activities at brownfield sites. Through these grants, EPA strengthens the marketplace and encourages stakeholders to leverage resources to clean up and redevelop brownfields. When loans are repaid, the loan amount is returned to the fund and re-lent to other borrowers, providing an ongoing source of capital within the community. Diane shared the purpose of an RLF Grant, how grant funds are used to capitalize a revolving loan fund for cleanup, facts regarding loans and subgrants and borrowers and subgrantees, and examples of current RLFs and projects in Montana. Dianne answered the Board's questions.

Motion: Nick Panchaeu to approve the Brownfield RLF Program Application as presented to the Board.

Second: Ann Kosempa

Discussion: None

Motion: Carried

Big Sky Finance- Steve and Nina

1. **Meadowlark Brewing LLC** – Purpose of this request is for an increase to the previously approved SBA 504 loan for Meadowlark Brewing LLC. Previous request was approved on September 9, 2021, in the amount of \$1,232,000. New SBA 504 debenture amount is \$1,251,000. Construction has been completed and brewery is open and operational. Increase due to a slight increase in construction costs from original approval. No other changes to the request. Projections continue to support the increased loan amount.

Original request (09/09/2021) – Purpose of the request is for the acquisition of land and new construction for Meadowlark Brewing LLC's new brewery located in Billings, MT. This new brewery and tap room will be a second location for Meadowlark Brewery and will be their primary manufacturing and distribution facility. The brewery is under construction and located off Zoo Drive, just east of Zoo Montana. They currently have a location in Sidney, MT, which is where the brewery was started by Travis Peterson in 2014. Travis is 100% owner of the brewery. This new location will provide Meadowlark with expanded production, canning and distribution capabilities. They will continue to have the tap room in Sidney, but almost all production will be moved to this new location in Billings.

The total SBA debenture is estimated to be \$1,232,000 on a 25-year note comprising approximately 34% 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 are projected to be 11 new jobs created as a result of this project. The project meets Community Development goals for business revitalization, new income to the community and assisting a small manufacturer.

The Big Sky Economic Development Board of Directors will hold an electronic vote due to lack of Banker's Quorum.

SSCBI 2.0 Loan Participation Program

Brandon previously presented the MT SSCBI 2.0 Loan application process to the Board. Steve reviewed the loan participation program with the Board. Steve shared with the Board that Big Sky Finance will provide monthly updates to the Board of Directors. Steve asked the Board for confirmation on the loan process and answered their questions.

Motion: Ann Kosempa to confirm the SSCBI 2.0 Loan Participation Program application review and approval process as presented to the Board.

Second: Dave Ballard

Discussion: None

Motion: Carried

Executive Director Report:

EDA Board Appointment Selection Process Update: Jennifer Smith has served on the EDA Board for ten years and her term will expire at the end of the year. The County has posted Notice of the EDA Board vacancy and we have also posted the opening on our website. The application deadline is November 3rd. The Nominating Committee met last week and Steve updated the Board on the EDA Appointment Selection Process.

Strategic Priority Update- Downtown Housing -Steve discussed the Housing Study with the Board. Steve shared that this study will be discussed further the Bus Tour luncheon next week. Steve shared that in the last decade, a majority of new housing units in our community were built on the West End. From 2010 to 2020, twelve new units were built in the Central Business District Downtown; however, in the last six months through the use of tax increment financing, the Downtown Billings Partnership has initiated the development of approximately 155 new housing units in the downtown core.

Staffing/Re-Org Update: Steve updated the Board on the staffing/reorganization of BSED. Rather than filling the Director of Operations role we are looking to assign leaders in four core areas. Steve highlighted the 1) need to cultivate a team that empowers leaders in the organization and 2) providing leaders with necessary resources that encourage pursuit of senior leadership roles. Steve will update the Board further on the matter following meetings with the Leadership Team and the Board Taskforce on Reorganization.

Program Reports:

MI Program Update- Patrick

Game Plan to Hit 160—Committee Member

Patrick updated the Board on the Member Investor (MI) Program. Four Member Investors have committed since the last Board meeting. Patrick will meet with the Member Investor Committee to continue to reach the goal of reaching 160 Member Investors. Patrick updated the Board on the last Member Investor lunch.

'22 Impact Bus Tour-Update

Patrick updated the Board on the upcoming Bus Tour. Sixteen Board members and 12 Member Investors have committed to participating. Patrick anticipates thirty to fifty-six attendants.

Public Comment

Steve commended Board Member Greg Upham on his professional accomplishments and Superintendent Upham addressed the Board regarding his retirement.

Adjourn

Ken Lutton adjourned the meeting at 8:57 am

Next Meeting – Thursday, November 10, 2022

Respectfully submitted,

Riley Bennett, EDA Secretary/Treasurer

Andy Gott, EDC Secretary/Treasurer

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

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EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT B



EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

**EDC Board – Electronic Vote Meeting
Tuesday, October 18th, 2022
SBA 504 Loan EDC Action Items from the October 13th Board Meeting**

Request:

As noticed to the Board, an electronic meeting was held on Tuesday, October 18th to consider the approval of the SBA 504 Loan as listed below.

1. Vote to approve the SBA 504 Loan Request for Meadowlark Brewing LLC in the amount of \$1,251,000. The partner lender is Stockman Bank of Montana.

Electronic Vote Results:

EDC Votes in Favor	EDC Votes Against
Andy Gott Ann Kosempa Bob Wilmouth Craig Bartholomew Dave Ballard D.J. Clark Jennifer Kondracki Kim Jakub Mac Fogelson Michael Marsh Michael Phillips Mike Seppala Stephani Hicswa Tyler Wiltgen	None

Abstentions: Spencer Frederick



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT C

September 22, 2022

Steve Arveschoug, Executive Director
Big Sky Economic Development Authority
222 N 32nd St. Ste 200
Billings, Montana 59101-1948

Dear Steve and Board of Commissioners:

We are pleased to confirm our understanding of the services we are to provide for Big Sky Economic Development Authority (the Authority) for the year ended June 30, 2022.

Audit Scope and Objectives

We will audit the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information, including the disclosures, which collectively comprise the basic financial statements, of the Authority as of and for the year ended June 30, 2022. Accounting standards generally accepted in the United States of America (GAAP) provide for certain required supplementary information (RSI), such as management's discussion and analysis (MD&A), to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America (GAAS). These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The following RSI is required by GAAP and will be subjected to certain limited procedures, but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Proportionate Share of Net Pension Liability
- 3) Schedule of Contributions

We have also been engaged to report on supplementary information other than RSI that accompanies the Authority's financial statements. We will subject the following supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional

procedures in accordance with GAAS, and we will provide an opinion on it in relation to the financial statements as a whole in a report combined with our auditor's report on the financial statements.

1) Schedule of Expenditures of Federal Awards

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinions about whether your financial statements are fairly presented, in all material respects, in conformity with GAAP, and report on the fairness of the supplementary information referred to in the second paragraph when considered in relation to the financial statements as whole. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements. The objectives also include reporting on:

- Internal control over financial reporting and compliance with provisions of laws, regulations, contracts, and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Auditor's Responsibilities for the Audit of the Financial Statements and Single Audit

We will conduct our audit in accordance with GAAS; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. As part of an audit in accordance with GAAS and *Government Auditing Standards*, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or

(4) violations of laws or governmental regulations that are attributable to the Authority or to acts by management or employees acting on behalf of the Authority. Because the determination of waste and abuse is subjective, *Government Auditing Standards* do not expect auditors to perform specific procedures to detect waste or abuse in financial audits nor do they expect auditors to provide reasonable assurance of detecting waste or abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements or noncompliance may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management override of controls

- Improper revenue recognition

We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Audit Procedures—Internal Control

We will obtain an understanding of the Authority and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. Accordingly, we will express no such opinion. However, during the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures—Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance, and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the auditee has complied with federal statutes, regulations, and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and other applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each of the Authority's major programs. For federal programs that are included in the Compliance Supplement, our compliance and internal control procedures will relate to the compliance requirements that the Compliance Supplement identifies as being subject to audit. The purpose of these procedures will be to express an opinion on the Authority's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Other Services

We will also assist in preparing the financial statements, schedule of expenditures of federal awards, and related notes of the Authority in conformity with accounting principles generally accepted in the United States of America and the Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*. We will perform the services in accordance with applicable professional standards. The other services are limited to the financial statements, schedule of expenditures of federal awards, and related notes services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities.

Responsibilities of Management for the Financial Statements and Single Audit

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for (1) designing, implementing, establishing, and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that Authority programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. You are also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with accounting principles generally accepted in the United States of America; and for compliance with applicable laws and regulations (including federal statutes), rules, and the provisions of contracts and grant agreements (including award agreements). Your responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

You are also responsible for making drafts of financial statements, schedule of expenditures of federal awards, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the Authority from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts, and grant agreements; and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements of each opinion unit taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Authority received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Authority complies with applicable laws, regulations, contracts, agreements, and grants. You are also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts, and grant agreements that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan.

You are responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received, and COVID-19-related concepts, such as lost revenues, if applicable) in conformity with the Uniform Guidance. You agree to include our report on the schedule of expenditures of federal awards in any document that contains, and indicates that we have reported on, the schedule of expenditures of federal awards. You also agree to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

Your responsibilities include acknowledging to us in the written representation letter that (1) you are responsible for presentation of the supplementary information in accordance with GAAP; (2) you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Scope and Objectives section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits, or studies. You are also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions for the report, and for the timing and format for providing that information.

You agree to assume all management responsibilities for the financial statements, schedule of expenditures of federal awards, and related notes, and any other nonaudit services we provide. You will be required to acknowledge in the management representation letter our assistance with preparation of the financial statements, the schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, the schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, you agree to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of those services; and accept responsibility for them.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, or other confirmations we request and will locate any documents selected by us for testing.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditor's reports or nine months after the end of the audit period.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.



The audit documentation for this engagement is the property of Anderson ZurMuehlen & Co., P.C. (Anderson ZurMuehlen) and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to any cognizant, oversight agency or its designee, a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Anderson ZurMuehlen personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

The audit documentation for this engagement will be retained for a minimum of five years after the report release date or for any additional period requested by the cognizant or oversight agency. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit on approximately November 7, 2022, and to issue our reports no later than December 31, 2022. Stefani Freese, Shareholder is the engagement partner and is responsible for supervising the engagement and signing the reports.

Our fees for these services for the year ended June 30, 2022, will be \$30,500. Our fees and the timeline above are based on the following assumptions:

1. Anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. Cooperation includes meeting timelines on requested schedules and other audit request. The accompanying client assistance schedule sets forth the information we have requested and the associated due dates. Failure to provide this information accurately and on the date requested will be the basis for additional fees.
2. There are no unanticipated changes in the scope of our work such as new programs or funds, or significant misstatements in the financial statements. Our fee contemplates that we will be required to test up to 2 federal programs as major programs. Should we determine that additional programs are required to be audited as major, our fee will increase \$2,000 for each additional major program, depending on the size and complexity of the programs.
3. The accounting records are maintained in a reasonable manner, with appropriate supporting documentation provided as requested.

Our fee anticipates the Authority has implemented GASB 87, *Leases*. A minimum of \$250 per lease will be charged in the event the Authority has not implemented GASB 87, *Leases* prior to fieldwork commencement.



Fees for our services will be billed as our work progresses and are due upon presentation. If either party elects to terminate our services for nonpayment or for any reason in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination. If significant additional time is necessary, we will discuss it with you and arrive at a new fee estimate before we incur the additional costs.

Reporting

We will issue written reports upon completion of our single audit. Our reports will be addressed to Board of Commissioners of Big Sky Economic Development Authority. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinions, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinions are other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or we may withdraw from this engagement.

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will state that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. The Uniform Guidance report on internal control over compliance will state that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

In the event Anderson ZurMuehlen is required to respond to a subpoena, summons, court order, or other legal process from any third party for the production of documents and/or testimony relative to information we obtained and/or prepared during the course of this engagement, you agree to compensate the Firm at its hourly rates for the time it expends in connection with such response, and to reimburse us for all out-of-pocket expenses incurred.

The parties to this engagement agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement (except actions by us to enforce payment of our professional invoices), will, prior to resorting to litigation, be submitted to mediation, upon a written request to mediate given by either party. Any mediation initiated as a result of this engagement shall be administered within the county of Lewis and Clark, Montana. The costs of any mediation proceeding shall be shared equally by the parties. The results of any such mediation shall be binding only upon agreement of each party to be so bound. Should mediation be unsuccessful, the parties reserve the right to pursue litigation in a court of competent jurisdiction in Lewis and Clark County.



In connection with this engagement, we may communicate with you or others via email transmission, and by signing this letter you authorize us to do so. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. You agree that we shall have no liability for any loss or damage resulting from the use of email transmissions. If requested, we'll provide a secure portal for the transmission of confidential information.

Our Firm's record retention policy follows guidelines provided by the American Institute of Certified Public Accountants. Original client documents and files are returned to you for safekeeping. Anderson Zurmuehlen generally retains copies of client files and documents for seven (7) years in support of the work completed. Beyond the 7-year retention period, files will be destroyed unless a written request is provided to us by you.

Government Auditing Standards require that we provide you with a copy of our most recent external peer review report and any letter of comment, and any subsequent peer review reports and letters of comment received during the period of contract. Our 2020 peer review report accompanies this letter.

We appreciate the opportunity to be of service to Big Sky Economic Development Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign and return a copy to us. This agreement is binding upon, and inures to the benefit of, the parties and their respective permitted successors and assigns.

ANDERSON ZURMUEHLEN & CO., P.C.

A handwritten signature in blue ink that reads 'Stefani Freese'.

By: Stefani Freese, CPA
Shareholder



This letter correctly sets forth the understanding of:
BIG SKY ECONOMIC DEVELOPMENT AUTHORITY

Management Signature

Title

Date

Governance Signature

Title

Date

Attachment: 2020 Peer Review Report

September 22, 2022

Steve Arveschoug, Executive Director
Big Sky Economic Development Corporation
222 N 32nd St. Ste 200
Billings, Montana 59101

We are pleased to confirm our understanding of the services we are to provide for Big Sky Economic Development Corporation (the Organization) for the year ended June 30, 2022.

Audit Scope and Objectives

We will audit the financial statements of the Organization, which comprise the statement of financial position as of June 30, 2022, the related statements of activities, functional expenses, and cash flows for the year then ended, and the disclosures (collectively, the financial statements).

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and issue an auditor's report that includes our opinion about whether your financial statements are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. Misstatements, including omissions, can arise from fraud or error and are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment of a reasonable user made based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements

We will conduct our audit in accordance with GAAS and will include tests of your accounting records and other procedures we consider necessary to enable us to express such an opinion. As part of an audit in accordance with GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit.

We will evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management. We will also evaluate the overall presentation of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Organization or to acts by management or employees acting on behalf of the Organization.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is an unavoidable risk that some material misstatements may not be detected by us, even though the audit is properly planned and performed in accordance with GAAS. In addition, an audit is not designed to detect immaterial misstatements or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements. However, we will inform the appropriate level of management of any material errors, fraudulent financial reporting, or misappropriation of assets that comes to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

We will obtain an understanding of the Organization and its environment, including internal control relevant to the audit, sufficient to identify and assess the risks of material misstatement of the financial statements, whether due to error or fraud, and to design and perform audit procedures responsive to those risks and obtain evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentation, or the override of internal control. An audit is not designed to provide assurance on internal control or to identify deficiencies in internal control. Accordingly, we will express no such opinion. However, during the audit, we will communicate to you and those charged with governance internal control related matters that are required to be communicated under professional standards.

We have identified the following significant risk(s) of material misstatement as part of our audit planning:

- Management override of controls.
- Improper revenue recognition due to fraud.
- Due to economic pressures placed on business due to labor shortages and potential recession, there is a risk that certain loans are uncollectible, thus causing the loans receivable balance to be overstated.
- Related party payments for administration and overhead costs (salary, fringe, rent, insurance) are reimbursed at a rate different from the EDA EDC Professional Services Agreement, and the resulting in-kind donation for the portion not reimbursed is misstated.

We will also conclude, based on the audit evidence obtained, whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of receivables and certain assets and liabilities by correspondence with selected individuals, funding sources, creditors, and financial institutions. We will also request written representations from your attorneys as part of the engagement.



We may, from time to time and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

Our audit of the financial statements does not relieve you of your responsibilities.

Other Services

We will prepare the Organization's Form 990 information return for the year ended June 30, 2022 based on information provided by you.

We will perform the services in accordance with applicable professional standards, including the Statements on Standards for Tax Services issued by the American Institute of Certified Public Accountants. The other services are limited to the tax services previously defined. We, in our sole professional judgment, reserve the right to refuse to perform any procedure or take any action that could be construed as assuming management responsibilities. We will advise management with regard to tax positions taken in the preparation of the information return, but management must make all decisions with regard to those matters.

The parties to this engagement agree to provide the Small Business Administration (SBA) with access to and copies of any workpapers, policies and procedures relating to the services performed. We will grant access to our workpapers upon written request by the SBA. You agree to compensate Anderson Zurmuehlen & Co., P.C. (Anderson Zurmuehlen) at its standard hourly rates, for the time it expends in connection with such response, and to reimburse Anderson Zurmuehlen for all of its out-of-pocket expenses incurred in that regard.

We will comply with the independence requirements and interpretations of the Securities and Exchange Commission and its staff.

You agree to assume all management responsibilities for the tax services, and any other nonattest services we provide; oversee the services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accept responsibility for them.

Responsibilities of Management for the Financial Statements

Our audit will be conducted on the basis that you acknowledge and understand your responsibility for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including monitoring ongoing activities; for the selection and application of accounting principles; and for the preparation and fair

presentation of the financial statements in conformity with accounting principles generally accepted in the United States of America. You are also responsible for making drafts of financial statements, all financial records, and related information available to us and for the accuracy and completeness of that information (including information from outside of the general and subsidiary ledgers). You are also responsible for providing us with (1) access to all information of which you are aware that is relevant to the preparation and fair presentation of the financial statements, such as records, documentation, identification of all related parties and all related-party relationships and transactions, and other matters; (2) additional information that we may request for the purpose of the audit; and (3) unrestricted access to persons within the Organization from whom we determine it necessary to obtain audit evidence. At the conclusion of our audit, we will require certain written representations from you about the financial statements and related matters.

Your responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

You are responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Your responsibilities include informing us of your knowledge of any allegations of fraud or suspected fraud affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, you are responsible for identifying and ensuring that the Organization complies with applicable laws and regulations.

Engagement Administration, Fees, and Other

We understand that your employees will prepare all cash, accounts receivable, and other confirmations we request and will locate any documents selected by us for testing.

Stefeni Freese, Shareholder is the engagement partner and is responsible for supervising the engagement and signing the report. We expect to begin our audit procedures November 7, 2022 and issue our reports no later than December 31, 2022. Our fees for these services for the year ended June 30, 2022, will be \$18,000 for the audit and \$2,500 for the 990 preparation. Our fees and the timeline above are based on the following assumptions:

1. Anticipated cooperation from your personnel and the assumption that unexpected circumstances will not be encountered during the audit. Cooperation includes meeting timelines on requested schedules and other audit request. The accompanying client assistance schedule sets forth the information we have requested and the associated due dates. Failure to provide this information accurately and on the date requested will be the basis for additional fees.
2. There are no unanticipated changes in the scope of our work such as new programs or funds, or significant misstatements in the financial statements.
3. The accounting records are maintained in a reasonable manner, with appropriate supporting documentation provided as requested.



Our fee anticipates the Organization has implemented ASU 2016-02, *Leases (Topic 842)*. A minimum of \$250 per lease will be charged in the event the Organization has not implemented ASU 2016-02, *Leases* prior to fieldwork commencement.

If significant additional time is necessary, we will notify you in advance and keep you informed of any problems we encounter and our fees will be adjusted accordingly.

Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if your account becomes 30 days or more overdue and may not be resumed until your account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

There is a separate engagement letter to be signed and returned for the preparation of your tax return.

Reporting

We will issue a written report upon completion of our audit of Big Sky Economic Development Corporation's financial statements. Our report will be addressed to the Board of Directors of Big Sky Economic Development Corporation. Circumstances may arise in which our report may differ from its expected form and content based on the results of our audit. Depending on the nature of these circumstances, it may be necessary for us to modify our opinion, add a separate section, or add an emphasis-of-matter or other-matter paragraph to our auditor's report, or if necessary, withdraw from this engagement. If our opinion is other than unmodified, we will discuss the reasons with you in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed an opinion, we may decline to express an opinion or withdraw from this engagement.

The parties to this engagement agree that any dispute that may arise regarding the meaning, performance or enforcement of this engagement (except actions by us to enforce payment of our professional invoices) will, prior to resorting to litigation, be submitted to mediation, and they will engage in the mediation process in good faith once a written request to mediate has been given by either party. Any mediation initiated as a result of this engagement shall be administered within the county of Lewis & Clark, Montana, according to its mediation rules, and any ensuing litigation shall be conducted within said county, according to Montana law. The results of any such mediation shall be binding only upon agreement of each party to be bound. The costs of any mediation proceeding shall be shared equally by the parties.

In the event Anderson ZurMuehlen & Co., P.C. (Anderson ZurMuehlen) is required to respond to a subpoena, summons, court order, or other legal process for the production of documents and/or testimony relative to information Anderson ZurMuehlen obtained and/or prepared during the course of this engagement, you agree to compensate Anderson ZurMuehlen at its standard hourly rates, for the time it expends in connection with such response, and to reimburse Anderson ZurMuehlen for all of its out-of-pocket expenses incurred in that regard.



Any claim arising out of this engagement, except actions by Anderson ZurMuehlen to enforce payment of its professional invoices, must be asserted within one year from the date any such cause of action accrues, or within three years from the completion of the engagement, whichever is earlier, notwithstanding any statutory provision to the contrary.

If either party elects to terminate our services for nonpayment, or for any other reason provided for in this letter, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report. You will be obligated to compensate us for all time expended, and to reimburse us for all of our out-of-pocket costs, through the date of termination.

In connection with this engagement, we may communicate with you or others via email transmission, and by signing this letter you authorize us to do so. As emails can be intercepted and read, disclosed, or otherwise used or communicated by an unintended third party, or may not be delivered to each of the parties to whom they are directed and only to such parties, we cannot guarantee or warrant that emails from us will be properly delivered and read only by the addressee. Therefore, we specifically disclaim and waive any liability or responsibility whatsoever for interception or unintentional disclosure of emails transmitted by us in the performance of this engagement. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions, including any consequential, incidental, direct, indirect, or special damages, such as loss of revenues or anticipated profits, or disclosure or communication of confidential or proprietary information.

Our Firm's record retention policy follows guidelines provided by the American Institute of Certified Public Accountants. Original client documents and files are returned to you for safekeeping. Anderson ZurMuehlen generally retains copies of client files and documents for seven (7) years in support of the work completed. Beyond the 7-year retention period, files will be destroyed unless a written request is provided to us by the client.

We appreciate the opportunity to be of service to you and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return it to us. This agreement is binding upon, and inures to the benefit of, the parties and their respective permitted successors and assigns.

ANDERSON ZURMUEHLEN & CO., P.C.

A handwritten signature in blue ink, reading 'Stefani Freese', written in a cursive style.

By: Stefani Freese, CPA
Shareholder



This letter correctly sets forth the understanding of:
BIG SKY ECONOMIC DEVELOPMENT CORPORATION

Management Signature

Title

Date

Governance Signature

Title

Date



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT D

REIMBURSEMENT AGREEMENT
(Billings, Montana City Code Article 26-500)

THIS AGREEMENT entered into this _____ day of _____, 20____ between THE CITY OF BILLINGS, Billings, Montana, hereinafter referred to as the “CITY”, and Big Sky Economic Development Authority, 201 North Broadway, Billings, MT 59101, hereinafter referred to as “DEVELOPER”.

W I T N E S S E T H

WHEREAS, Article 26-500 Billings, Montana City Code provides a procedure for certain developers to be reimbursed for a portion of the costs constructing special benefit facilities under certain circumstances; and

WHEREAS, no person, developer, customer or applicant shall acquire any vested rights under the terms and provisions of this agreement or Article 26-500 BMCC; and

WHEREAS, DEVELOPER has agreed to extend a special benefit facility for the purpose of providing water and/or wastewater service through plans and specifications approved by the City on the 25th day of February, 2022. Said plans and specifications generally provide for the construction of special benefit facilities which are specifically described in Exhibit 1, attached hereto; and

WHEREAS, DEVELOPER is desirous of obtaining reimbursement for a portion of the special benefit facilities hereafter described; and

WHEREAS, the CITY is desirous of reimbursing the DEVELOPER for a portion of such special benefit facilities.

NOW, THEREFORE, CITY and DEVELOPER, in consideration of their mutual promises to each other hereinafter stated, agree as follows:

1. The special benefit facilities which are eligible for reimbursement to the extent set forth in this Agreement are specifically described in Exhibit 1, attached hereto, and by this reference incorporated herein as if fully set out.

2. With respect to DEVELOPER’S entitlement to reimbursement, the CITY and DEVELOPER agree that the conditions specified in Section 26-504 BMCC, and the further conditions set forth hereinafter, must be met before DEVELOPER is entitled to or will receive any reimbursement. Said conditions are:

- (a) Special benefit facilities, off-site or perimeter, which front and abut property not owned by the DEVELOPER, must be extended by the DEVELOPER at his expense. Costs of special benefit facilities which are financed through special improvement districts shall not be reimbursed.

- (b) The extension of special benefit facilities must be for the purpose of serving property located within the corporate limits of the City. Costs of extension of special benefit facilities to serve property outside the City limits shall not be reimbursed.
- (c) Total project costs for the extension of the special benefit facilities must be at least ten thousand dollars (\$10,000.00).
- (d) DEVELOPER shall provide to the CITY sufficient verifiable cost data to determine the appropriate reimbursement fee to be charged to prospective customers under Section 26-503 BMCC within thirty (30) days of final inspection of the special benefit facilities and approval and acceptance by the CITY that all construction was completed according to the approved plans and specifications.
- (e) DEVELOPER shall enter into a standard reimbursement agreement with the CITY at the time the CITY approves the DEVELOPER'S application for extension of special benefit facilities.
- (f) Upon completion of the extension of the special benefit facilities, the DEVELOPER must convey all right, title and interest in the facilities to the CITY.
- (g) DEVELOPER shall, at all times, provide to the CITY a current address for purposes of mailing reimbursement payments to DEVELOPER.
- (h) Extension of special benefit facilities must be done in compliance with all rules, regulations, resolutions and ordinances of the City, including but not limited to standards for design and construction of the facilities.

DEVELOPER agrees that it will not be entitled to any reimbursement whatsoever until the above conditions have been completely satisfied. DEVELOPER'S violation of any of the conditions set forth herein or in Article 26-500, Billings, Montana City Code may, at the option of the City, result in denial of any and all reimbursement to the DEVELOPER.

3. In addition, it is expressly agreed that any reimbursement payment is conditioned upon the following:

- (a) Reimbursements are payable solely from revenues derived from payment of reimbursement fees as established in Article 26-500 BMCC. Reimbursement payments are limited to reimbursement fees actually collected for connections with the special benefit facilities described in Exhibit 1, less all administrative costs incurred by the CITY. In no event will reimbursement payments exceed the actual cost to the DEVELOPER of extending the special benefit facilities.
- (b) Reimbursement fees paid to the CITY shall be accumulated and paid to the DEVELOPER annually on each November 1st following acceptance of the special benefit facilities by the CITY beginning on November 1, 2022, and ending on November 1, 2032.
- (c) Reimbursement payments shall not include any interest charges.
- (d) Reimbursement payments to the DEVELOPER shall be limited to reimbursement fees paid to the CITY on or before the 10th anniversary of the date of acceptance by the CITY of the special benefit facilities described in Exhibit 1 attached hereto. Any reimbursement fees paid to the CITY after said anniversary date shall be retained by the CITY and used for construction of additional water and/or wastewater system facilities.

Acceptance of the special benefit facilities for purposes of reimbursement as set forth in this agreement shall be evidenced by written notice of a letter from the Public Works Department of the

City and directed to the DEVELOPER at the address set forth in the first paragraph of this agreement.

4. The CITY agrees that it will require prospective customers owning property located outside a DEVELOPER'S subdivision and desiring to connect a service line or lines to any special benefit facilities which has been extended at the DEVELOPER'S expense to pay a reimbursement fee to the CITY in compliance with Section 26-503 BMCC.

5. The CITY, by this agreement, is not guaranteeing that reimbursement fees in a sufficient amount to fund full reimbursement to the DEVELOPER will be collected within the 10-year period. The CITY is only agreeing that it will develop a plan under Section 26-503 BMCC that will assure that prospective customers owning property located outside a DEVELOPER'S subdivision and desiring to connect a service line or lines to the special benefit facility described in Exhibit 1, which has been extended at the DEVELOPER'S expense, shall pay a fee and said fee shall be distributed as set forth herein. This fee applies only to connections and does not apply to additional extensions of the special benefit facility. The fee to be charged said prospective customers shall be based upon the final total project costs and **is \$11.26 per linear foot of frontage for Water and \$12.60 per linear foot of frontage for Sanitary Sewer.**

6. The address for mailing the reimbursement payment to the DEVELOPER shall be that address specified in the first paragraph of this agreement. Any change in address of the DEVELOPER shall be sent to the Public Works Department of the City of Billings at P.O. Box 30958, Billings, MT 59111. The designation of a new address shall be accompanied by a copy of this agreement.

7. This agreement shall be binding upon and shall inure to the benefit of the parties hereto, and their successors and assigns.

DATED this _____ day of _____, 20____.

DEVELOPER

By _____

CITY OF BILLINGS

By _____
Mayor

ATTEST:

City Clerk

Exhibit 1 Reimbursement for Big Sky Economic Development Authority

Construction of Water and Sanitary Sewer

Total Water and Sewer Construction		
Water Construction	\$1,272,379.00	51.37%
Sewer Construction	\$1,204,742.00	48.63%
Total	\$2,477,121.00	

BSEDA Water and Sewer Construction	
Water Construction	\$128,413.09
Sanitary Sewer Construction	\$121,586.91
Total BSEDA Construction	\$250,000.00

BSEDA Water Construction	\$128,413.09	BSEDA Sanitary Sewer Construction	\$121,586.91
Cost per Linear Foot (5700')	\$22.53	Cost per Linear Foot (4823')	\$25.21
Frontage Reimbursement per LF	\$11.26	Frontage Reimbursement per LF	\$12.60



Sewer Main

Water Main



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT E

Action Items

SBA 504 Loan Requests

J&E Intendance LLC/Eva's Cleaning Service LLC – Purpose of this request is for the purchase of commercial real estate for Eva's Cleaning Services, LLC. The project property is located at 10 N 35th St, Billings, MT 59101. The 5,126 SF multi-purpose building will be 60.9% owner occupied with Eva's Cleaning Service LLC (OC) occupying the 3,121 SF main level office space. The upper floor is a 2,005 SF residential rental unit that will be leased out to 3rd parties. This will enable Eva's Cleaning Service LLC to stop paying rents to third parties

The property will be owned by the RE holding company J&E Intendance LLC which has been established for the sole purpose of holding this property. The RE holding company is owned Evajo Kraushaar (49%) and Jack Kraushaar (51%), husband and wife. Evajo is the sole owner of the operating company. Both individuals and the operating company will provide guarantees on the debt.

The total SBA debenture will be \$233,000.00 on a 25-year note. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Western Security Bank, Division of Glacier Bank. The project meets a Community Development goal for new income to the community. There are projected to be 14 new jobs created because of this project.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT F

Nominating Committee Recommendation

RE: EDA Board Appointment

November 4, 2022

The BSED Nominating Committee met this morning to consider an applicant for the EDA Board position that will be open at the end of 2022. One application was received by Yellowstone County. The Committee considered that application and interviewed the applicant, Kate Vogel. Kate owns and operates her family's business—North 40 Ag in Ballantine, MT.

The Committee is excited about the possibility of having Kate join the EDA Board, bring hands-on agriculture business experience and knowledge to the Board and the work of BSED. Therefore, the Committee hereby recommends Kate Vogel to fill the EDA Board position. With Board concurrence this recommendation will then go to the County Commissioners for their final determination.

Respectfully Submitted,

Nominating Committee

**BOARD APPLICATION FORM
YELLOWSTONE COUNTY, MONTANA**

NAME: _____ HOME PHONE: _____

ADDRESS: _____ WORK PHONE: _____

CITY: _____ STATE: _____ ZIP: _____

BUSINESS OR JOB: _____

E-MAIL ADDRESS: _____

BOARD OR COMMISSION APPLIED FOR: _____

Please describe your experience or background that you believe qualifies you for service on this Board or Commission (attach additional sheets if needed):

Why do you wish to serve on this Board or Commission?

Additional information that you feel is pertinent (attach additional sheets if needed):



Signature

Date

Return application to: Board of County Commissioners
P.O. Box 35000
Billings, MT 59107-5000

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OFFICE USE ONLY:

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APPOINTED: YES _____ NO _____ DATE _____

TERM EXPIRATION DATE: _____

(Circle one)

ORIGINAL APPOINTMENT REAPPOINTMENT TERM NO: _____

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