

EDA/EDC – Joint Board Meeting
Thursday, March 9, 2023
7:00 A.M. to 9:00 A.M.
Rock31/BSED Building- 201 N Broadway
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 AM Call to Order/Pledge of Allegiance/Roll Call – Judi Powers, EDA Chair**
- 7:02 A.M. Public Comment/Recognitions/Special Announcements and Introductions**
- Introduce Jeff Roach—Director of Aviation and Transit--/City of Billings
 - Special Update—Northwestern Energy, Brian Bird, CEO
 - Board Committees Update—Steve (Handout)
- 7:25 A.M. Changes to Today's Agenda**
- 7:27 A.M. Consent Items for Board Action** (EDA & EDC Board Action)
(Attachment A)
- Minutes – February 9, 2023
- 7:30 A.M. Financial Matters--Tami** (Attachment B) (EDA/EDC Action)
- Financials for December 2022
- 7:45 A.M. Action Items**
- Air Service Grant—Matching Funds—Allison/Jeff Roach (Attachment C) (EDA/EDC Action)
 - BSTF Job Creation Grant and Planning Grant—Allison/Lorene (Attachments D and E) (EDA Action)
 - Partnership Concept with Native American Development Corp—Lorene (Attachment F) (EDA/EDC Action)
 - VBOC Five Year Budget Plan—Dustin (Handout) (EDA Action)
- 8:20 A.M. Program Reports**
- 504 Semi-Annual Report—Brandon (Attachment G) (Info)
 - 504 Loan (Attachment H) (EDC Action)
- 8:35 A.M. Executive Director Report- Steve** (Attachment I)
- Parks/Trails/Rec Comprehensive Funding/Development Plan-Update (Info)
 - Vacant Board Seats-Next Steps (Info)
 - Board Planning Session—Mark your Calendars- April 13th, 7:30AM to 12:30PM (Info)
 - Re-Org/Staffing Update (Info)
- 8:55 A.M. Public Comment**
- 9:00 A.M. Adjourn**

Next EDA/EDC Board Meeting: April 13 (7:30AM to 12:30PM), Location TBD. 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, February 9, 2023
7:00 A.M. – 9:30 A.M.
Rock31BSED 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.

EDA Board Members Present: Bryan Wood, Bryce Terpstra, Debbie Desjarlais, Kate Vogel, Ken Lutton, Lucy Aspinwall, Zach Dunn

EDA Board Members Absent George Warmer, Judi Powers, Paul Neutgens, Riley Bennett

EDC Board Members Present: Andy Gott, Ann Kosempa, DJ Clark, Jennifer Weaver Kondracki, John Ostlund, Justin Martin, Kim Jakub, Mac Fogelsong, Michael Marsh, Mike Nelson, Mike Phillips, Mike Seppala, Nick Pancheau, Spencer Frederick, Tyler Wiltgen

EDC Board Members Absent: Bob Wilmouth, Craig Bartholomew, Dave Ballard, Jen Kobza, Nicole Bengé, Stefani Hicswa

Ex-Officios Present: Greg Upham, Kurt Markegard, Mark Morse, Pam Purinton

Staff and Guests: Allison Corbyn, Brandon Berger, Deanna Langman, Karli Baker, Kayla Vokral, Kevin Beagle, Lorene Hinz, Marcell Bruski, Nina Philpott, Patrick Klugman, Ryan Walla, Sarah Myhre, Steve Arveschoug, Tami Fleetwood, Tereza Brownell, Thom Maclean

Call to Order:

Kim Jakub, EDC Chair, called the meeting to order at 7:02 A.M. with the pledge of allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Steve welcomed Kurt Markegard, Ex-Officio for the City of Laurel to the EDA Board.

Steve reviewed the 2023 Board Committees that still have openings. EDC chair, Kim Jakub shared that the time commitment to the Committees is very manageable.

Marcell, Karli, and Kayla shared a clip from "The Vault", BSED's organizational podcast. Kayla shared that three episodes were launched on February 1st with 561 downloads to date.

Steve sent an email to the Board members last night with details regarding Staffing/Leadership. BSED will launch a search for the Senior Director for Recruitment and Community Development by the end of the week. Allison's last day at BSED is April 30th. Ideally there will be a period of time where the Director of Recruitment and Community Development can train with Allison. BSED will also launch a search for a VBOC Director. Dustin Frost and Kevin Beagle have partnered to launch their own business. Steve shared that BSED appointed Patrick as the Senior Development of Economic Programs. Patrick will begin this role on March 1st. Steve thanked the Board for their commitment and support in building the BSED's organizational structure.

Agenda Changes:

None

Consent Items for Board Action**Approval of January 12th Board Meeting Minutes**

Motion: DJ Clark to approve the January 12th Board Meeting Minutes, as presented to the Board.

Second: John Ostlund

Discussion: None

Motion Carried

Financial Matters-Tami

Tami joined the BSED team a little over four weeks ago. During this time, Tami has worked to learn the organization, the past bookkeeping practices, and perform some cleanup of the financials. Tami recognized those who helped fill gaps in financial matters when the organization was without a full time controller. Tami also recognized Shanna's commitment during the transition period. Tami shared that the November/December 2022 EDA/EDC financials will be available at the March Board meeting.

Action Items**Big Sky Finance-Brandon****EDA-RLF Loan Requests**

- I. Big Sky EDC is requesting approval of the following EDA-RLF Loan request. The Big Sky EDC Loan Committee (EDA-RLF Committee) has reviewed the request and recommends approval to the full EDC Board. The request meets all the underwriting and eligibility requirements of the program.
 1. **Flex Family Health PLLC** – Purpose of this request is to finance infrastructure costs pertaining to the land to be used for the future construction of a new office building for Flex Family Health PLLC. Borrowers purchased a lot in the TransTech Center subdivision in 2021. Funds will be used for infrastructure (sitework, utilities and electrical) and landscaping costs incurred to date as required by the development. An additional 10% contingency added to these costs, which if not needed for infrastructure will be used for working capital.

Total loan amount will be \$213,223 provided by the EDA-RLF funds. Big Sky EDC will be secured by a 1st lien position on the project real estate. Request meets the requirements of the EDA-RLF Plan as funds will be used towards the new construction of bare land for the operating entity. Loan will be a 3-year term amortized over 10 years at 6.00%. Three new jobs are projected to be added upon completion of the new building and economic development goals achieved for increasing the tax base in the community.

Motion: Mike Seppala to approve the EDA-RLF Loan Request-Flex Family Health PLLC as presented to the Board.

Second: Tyler Wiltgen

Discussion: None

Motion: Carried

Abstained: Bryce Terpstra and Bryan Wood

Thriving Communities Grant-Thom

Thom shared that the technical assistant grant through the Department of Transportation was approved to move to the next level.

Progress Report Roundtable Discussions

The Program Directors spent designated time and rotated between six separate groups of Board members, sharing updates/Progress Reports on their programs.

Executive Director Report- Steve

Parks/Trails/Rec Comprehensive Funding/Development Plan-Steve shared an update on the Parks, Trails and Rec Comprehensive Funding/Development Plan. Steve issued a letter of support regarding the Recreation Center Masterplan to the City Council on behalf of the EDA/EDC Board of Directors.

Victus Advisors Proposal- Steve shared that the Billings Chamber of Commerce has asked BSED to contribute towards the cost of a scope of work by a third party, Victus Advisors. Victus Advisors will provide an analysis on ways to generate income to fund the Recreation Center. Steve asked the Board to approve use of funds for this purpose from our Strategic Priorities budget.

Motion: Mike Nelson to approve the use of \$5000.00 in strategic priority funds to be contributed toward the Victus Advisors Proposal as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion: Carried

Public Comment -Brandon announced that next Friday, February 17th at the Northern BSED will host a Lender Appreciation Breakfast.

Steve mentioned we will ask our Lenders to meet to discuss building Big Sky Finance.

Steve asked the Board members to help promote the current BSED job listings/openings to their network.

Adjourn

Motion: Ken Lutton motion to adjourn the meeting.

Second: Ann Kosempa

Discussion: None

Motion Passed

Kim Jakub adjourned the meeting at 9:00am

Next Meeting – Thursday, March 9, 2023

Respectfully submitted,

Debbie Desjarlais, EDA Secretary/Treasurer

Nick Pancheau, EDC Secretary/Treasurer

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

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BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT B

Big Sky Economic Development Authority
Financial Report for Board of Directors
March 1, 2023

Included with this report is the balance sheet reflecting the assets, liabilities, and net assets of Big Sky EDA as of December 31, 2022. Also included are statements of revenue and expenses for November 2022 and December 2022 and the fiscal year to date as compared to budget.

Balance Sheet

Current assets decreased to about \$4,650,000 at the end of December from \$5,185,000 at the end of October. This fluctuation in current assets is attributed in part to decreases in total receivables and large expenses related to the BSTSP project. Accounts receivable consists of PTAC (\$111,000), SBA (\$49,000), SBDC (\$32,000) and U.S. EDA (\$102,000).

Due To/Due From EDC totaled approximately \$189,600 at the end of December and consists of the October, November, and December amounts due from EDC. Tax levy receivable decreased from \$1,338,000 in October to \$564,000 in December. Protested tax receivable totaled \$12,500 and an allowance totaling \$12,500, or 100% of protested tax levy receivable is reflected to allow for potentially uncollectible protested tax levy. Fixed assets continued to increase with the building project and totaled \$6,600,000 at the end of December.

Accounts payable totaled \$105,000 at the end of December. Accrued expenses total approximately \$105,000 and consist largely of salary/benefits accruals (\$90,000). Compensated absences total about \$162,000.

Statement of Revenue and Expenses

Revenue was about \$91,000 under budget for the first 6 months of the fiscal year. Department of Defense (PTAC) was about \$53,000 under budget based on actual expenses incurred through December. EPA-Brownfields revenue was about \$79,000 under budget based on timing of expenses associated with this grant. EDC reimbursement was about \$29,000 more than budget.

Most expenses remained under budget throughout the first 6 months of the fiscal year. Salaries/wages and employer contributions were under budget by about \$58,700 due to vacancy savings. Travel/training was under budget by about \$11,000. Marketing expenses are slightly over budget by \$7,400. Professional fees totaled \$69,000 and are under budget by about \$87,000.

During the first 6 months of the fiscal year, Big Sky EDA recognized contribution revenue of \$60,300, which is being tracked in the non-operating section. These donations were received for the Big Sky to Sky Point project.

For the first 6 months of FY23, Big Sky EDA recognized net revenue of \$772,000 compared to budget of \$463,000. When excluding non-operating revenues/expenses (contribution revenue, interest income, professional fees related to the Big Sky to Sky Point project, and depreciation/amortization expense), Big Sky EDA recognized net operating revenues of \$815,000 compared to budget of \$643,000.

Big Sky Economic Development Corporation
Financial Report for the Board of Directors
March 1, 2023

Included with this report is the balance sheet reflecting the assets, liabilities, and net assets of Big Sky EDC as of December 31, 2022. Also included are statements of revenue and expenses for November 2022 and December 2022 and the fiscal year to date as compared to budget.

Balance Sheet

Current assets totaled approximately \$1,638,000 at the end of December, an increase from \$1,631,000 at the end of October. Accounts receivable decreased from \$175,000 to \$107,000. Accounts receivable consists of Capital Campaign pledges for the new building that carried over from FY22 (\$62,000), Member Investor pledges for FY22 (\$16,500), and Member Investor pledges for FY23 (\$28,500). The RLF portfolio totaled \$217,000, the SSBCI portfolio totaled \$819,000, the Stabilization Loan portfolio totaled \$29,000, and the Federal EDA RLF portfolio totaled \$649,000.

Accounts payable totaled \$27,000 at the end of December. Due to/Due from EDA totaled approximately \$189,000 and represents the amount owed to EDA from EDC for October, November, and December reimbursement. Due to transition in controller position, reimbursements have not been transferred since September but will be caught up in January and February 2023.

Statement of Revenue and Expenses

Loan origination revenue totaled \$66,000 through December and was below budget by about \$49,000. The 504 loan servicing revenue is slightly below budget by \$1,600 for the first 6 months of the fiscal year and totaled \$196,600 through December. Member investor revenue totaled \$112,000, which was below budget by about \$29,000. Grant administration revenue has not been recognized yet in FY23. Grant administration revenue will be derived from the administration of the Federal EDA RLF grant.

The Federal EDA RLF draw resulted in \$170,000 in income related to the grant for the loan funds received. The grant funds received related to the Federal EDA RLF loan are being tracked in the non-operating income/expense section of the income statement. Donation income/pledges during FY23 for the Big Sky to Sky Point Project total approximately \$41,000 through December.

Most expenses were under budget for the first six months of the fiscal year. EDA Reimbursement was about \$29,000 more than budget. Marketing and miscellaneous expenses were about \$7,000 and \$8,000 over budget, respectively. Primary reason for this is due to increased expenses related to the move into the new building and hosting meetings.

For the first six months of FY23, Big Sky EDC recognized net revenue of \$76,000 compared to budgeted net loss of about \$20,000. When excluding non-operating revenues/expenses (Big Sky to Sky Point Pledges, and Federal EDA RLF Grant), Big Sky EDC recognized net operating loss of \$135,000 compared to budgeted net loss of \$20,000).

Big Sky EDA
Balance Sheet Prev Year Comparison
As of December 31, 2022

	<u>Dec 31, 2022</u>	<u>Dec 31, 2021</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
First Interstate Bank	\$ 261,971	\$ 598,706	\$ (336,735)	(56%)
FIB - Recovered Property Taxes	626	377,795	(377,169)	(100%)
FIB - Operating Reserve	64,424	251,058	(186,634)	(74%)
Opportunity Fund - Opportunity	288,390	626,709	(338,319)	(54%)
Opportunity Fund - Stockman	85,665	75,238	10,427	14%
Stockman GE Maintenance	15,128	15,128	-	0%
Altana - Savings	25	25	-	0%
Rocky Mountain - Money Market	43,284	43,326	(42)	(0%)
Valley Federal - Savings	25	25	-	0%
Valley Federal - Money Market	300,810	300,474	336	0%
Yellowstone County Funds	793,518	760,494	33,024	4%
Clearing Account	475	-	475	100%
Total Checking/Savings	<u>1,854,341</u>	<u>3,048,978</u>	<u>(1,194,637)</u>	<u>(39%)</u>
Accounts Receivable	<u>293,390</u>	<u>470,798</u>	<u>(177,408)</u>	<u>(38%)</u>
Other Current Assets				
Grants Receivable	-	50,000	(50,000)	(100%)
Tax Levy Receivable	564,420	545,041	19,379	4%
Tax Levy Receivable - Protested	12,532	25,228	(12,696)	(50%)
Allowance for Doubtful Accts	(12,532)	(25,228)	12,696	50%
American Revenue Guarantee	6,887	6,887	-	0%
Due To/Due From EDC	189,616	53,197	136,419	256%
Prepaid Expenses	6,935	19,337	(12,402)	(64%)
Opportunity Fund CDs-current	<u>1,734,416</u>	<u>2,793,320</u>	<u>(1,058,904)</u>	<u>(38%)</u>
Total Other Current Assets	<u>2,502,274</u>	<u>3,467,782</u>	<u>(965,508)</u>	<u>(28%)</u>
Total Current Assets	<u>4,650,005</u>	<u>6,987,558</u>	<u>(2,337,553)</u>	<u>(33%)</u>
Fixed Assets				
Construction in Progress	4,991,614	1,698,853	3,292,761	194%
Bank Building - Land	301,750	301,750	-	0%
Bank Building - Building	1,473,250	1,473,250	-	0%
Accumulated Depreciation	<u>(140,227)</u>	<u>(47,220)</u>	<u>(93,007)</u>	<u>(197%)</u>
Total Fixed Assets	<u>6,626,387</u>	<u>3,426,633</u>	<u>3,199,754</u>	<u>93%</u>
Other Assets				
Barista Equipment	12,000	-	12,000	100%
Cabelas Conduit x0603	4,925	4,984	(59)	(1%)
Deferred Outflow of Resources	129,336	249,285	(119,949)	(48%)
Deposit	5,181	-	5,181	100%
Opportunity Fund CDs-noncurrent	642,380	150,767	491,613	326%
Right of Use Asset	7,350	-	7,350	100%
TEDD Receivable	-	3,425	(3,425)	(100%)
Total Other Assets	<u>801,172</u>	<u>408,461</u>	<u>392,711</u>	<u>96%</u>
TOTAL ASSETS	<u>\$ 12,077,564</u>	<u>\$ 10,822,652</u>	<u>\$ 1,254,912</u>	<u>12%</u>

Big Sky EDA
Balance Sheet Prev Year Comparison
As of December 31, 2022

	<u>Dec 31, 2022</u>	<u>Dec 31, 2021</u>	<u>\$ Change</u>	<u>% Change</u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 99,937	\$ 94,975	\$ 4,962	5%
Credit Cards	5,827	9,698	(3,871)	(40%)
Other Current Liabilities				
Accrued Expenses	104,858	90,305	14,553	16%
Compensated Absences	162,949	173,068	(10,119)	(6%)
Deferred Revenues	21,564	50,000	(28,436)	(57%)
Payroll Liabilities	(613)	576	(1,189)	(206%)
Total Other Current Liabilities	<u>288,758</u>	<u>313,949</u>	<u>(25,191)</u>	<u>(8%)</u>
Total Current Liabilities	<u>394,522</u>	<u>418,622</u>	<u>(24,100)</u>	<u>(6%)</u>
Long Term Liabilities				
Deferred Inflow of Resources	386,724	32,238	354,486	1,100%
Lease Liability	7,350	-	7,350	100%
Pension Liability	563,223	1,127,529	(564,306)	(50%)
Total Long Term Liabilities	<u>957,297</u>	<u>1,159,767</u>	<u>(202,470)</u>	<u>(17%)</u>
Total Liabilities	<u>1,351,819</u>	<u>1,578,389</u>	<u>(226,570)</u>	<u>(14%)</u>
Equity				
Net Assets	7,242,523	5,222,746	2,019,777	39%
Contributed Capital	3,193,580	3,193,580	-	0%
Prior Period Adjustment	(482,470)	(482,470)	-	0%
Net Income	772,112	1,310,405	(538,293)	(41%)
Total Equity	<u>10,725,745</u>	<u>9,244,261</u>	<u>1,481,484</u>	<u>16%</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 12,077,564</u>	<u>\$ 10,822,650</u>	<u>\$ 1,254,914</u>	<u>12%</u>

Big Sky EDA
Statements of Operations-Actual vs Budget
For the Month and YTD Ended December 31, 2022

	Month			YTD		
	Dec 2022	Budget	\$ Over (Under) Budget	Jul - Dec 2022	YTD Budget	\$ Over (Under) Budget
Ordinary Income/Expense						
Income						
County Taxes Mill Levy Revenue	\$ 143	\$ -	\$ 143	\$ 1,336,706	\$ 1,365,620	\$ (28,914)
Entitlement	63,850	62,189	1,661	127,701	124,378	3,323
Health Ins Mill Levy Revenue	7,420	8,966	(1,546)	44,520	53,795	(9,275)
Recovery of Protested Taxes	-			1,223		
Department of Defense	-	54,401	(54,401)	273,230	326,405	(53,175)
EDC Reimbursement	78,308	60,077	18,231	389,676	360,462	29,214
EPA - Brownfields	-	13,889	(13,889)	4,730	83,333	(78,603)
SBA/MT Dept of Commerce	17,423	13,542	3,881	92,998	81,250	11,748
VBOC	23,463	25,000	(1,537)	146,596	150,000	(3,404)
Rock31 Membership Revenue	6,581	4,577	2,004	23,915	15,408	8,507
Rock31 Room Rental Revenue	130			1,645		
Rock31 Barista Rent Revenue	-	765	(765)	-	3,060	(3,060)
Grant Administration	390	417	(27)	17,715	2,500	15,215
Miscellaneous Revenue	3,000	4,470	(1,470)	19,138	4,470	14,668
Total Income	200,708	248,293	(47,585)	2,479,793	2,570,681	(90,888)
Expense						
Salaries/Wages	158,569	148,898	9,671	854,444	893,389	(38,945)
Employer Contributions	45,446	47,385	(1,939)	264,515	284,309	(19,794)
Advertising	-	20	(20)	1,414	236	1,178
Barista Supplies	-			2,961		
Building Operations/Maintenance	6,876	8,554	(1,678)	30,387	51,325	(20,938)
Contingency	-	5,000	(5,000)	-	30,000	(30,000)
Community Development Projects	7,541	-	7,541	7,946	-	7,946
Dues and Subscriptions	2,544	6,569	(4,025)	33,036	46,157	(13,121)
Event Expense	1,006	833	173	2,673	5,000	(2,327)
Insurance	3,056	2,672	384	20,789	19,607	1,182
Marketing	3,291	7,520	(4,229)	52,594	45,122	7,472
Office Equipment	202	-	202	3,543	4,500	(957)
Office Expense	1,404	2,042	(638)	34,217	13,451	20,766
Professional Fees	23,427	17,321	6,106	68,790	155,524	(86,734)
Property Tax Protests	(4)	-	(4)	12,475	34,141	(21,666)
Property Taxes	-	-	-	1,900	1,900	-
PTAC Subcenter	19,656	37,233	(17,577)	168,990	223,398	(54,408)
Rent	1,067	400	667	23,257	1,300	21,957
Repairs	123	833	(710)	250	5,000	(4,750)
Sponsorships	-	417	(417)	-	2,500	(2,500)
Strategic Priorities	-	1,250	(1,250)	-	7,500	(7,500)
Suspense	(1,581)			(178)		
TEDD	-	500	(500)	18	1,000	(982)
Telecommunications	3,390	3,858	(468)	23,536	23,150	386
Travel/Training	1,516	5,738	(4,222)	47,363	58,604	(11,241)
Miscellaneous	2,090	6,603	(4,513)	9,639	19,920	(10,281)
Total Expense	279,619	303,646	(24,027)	1,664,559	1,927,033	(262,474)
Net Ordinary Income	(78,911)	(55,353)	(23,558)	815,234	643,648	171,586

Big Sky EDA
Statements of Operations-Actual vs Budget
For the Month and YTD Ended December 31, 2022

	Month			YTD		
	Dec 2022	Budget	\$ Over (Under) Budget	Jul - Dec 2022	YTD Budget	\$ Over (Under) Budget
Other Income/Expense						
Non-Operating Income						
Capital Campaign	-			100		
Contribution Revenue	5,000	-	5,000	60,300	-	60,300
Interest Income	621	1,022	(401)	3,733	6,134	(2,401)
Total Other Income	5,621	1,022	4,599	64,133	6,134	57,999
Non-Operating Expense						
Amortization Expense	109			641		
Depreciation Expense	20,602	18,820	1,782	93,007	112,917	(19,910)
Interest Expense	64			399		
Relocation/BSTSP Transformation	-	-	-	13,208	73,710	(60,502)
Total Other Expense	20,775	18,820	1,955	107,255	186,627	(79,372)
Net Other Income	(15,154)	(17,798)	2,644	(43,122)	(180,493)	137,371
Net Income	\$ (94,065)	\$ (73,151)	\$ (20,914)	\$ 772,112	\$ 463,155	\$ 308,957

Big Sky Economic Development Corporation
Balance Sheet Prev Year Comparison
As of December 31, 2022

	<u>Dec 31, 2022</u>	<u>Dec 31, 2021</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS				
Current Assets				
Checking/Savings				
First Interstate Bank	\$ 437,080	\$ 563,874	\$ (126,794)	(22%)
FIB - Long Term Reserve	250,000	250,000	-	0%
FIB/Stockman - SSBCI Principal	463,240	960,123	(496,883)	(52%)
FIB - RLF	277,502	234,438	43,064	18%
Total Checking/Savings	<u>1,427,822</u>	<u>2,008,435</u>	<u>(580,613)</u>	<u>(29%)</u>
Accounts Receivable				
Pledges Receivable	62,000	53,900	8,100	15%
Accounts Receivable	45,000	29,592	15,408	52%
Total Accounts Receivable	<u>107,000</u>	<u>83,492</u>	<u>23,508</u>	<u>28%</u>
Other Current Assets				
Prepaid Expenses	2,545	2,471	74	3%
Undeposited Funds	600	30,000	(29,400)	(98%)
Fed EDA RLF Portfolio - Current	38,011	100,093	(62,082)	(62%)
Stabilization Loans - Current	22,367	21,925	442	2%
RLF Portfolio - Current	16,551	18,386	(1,835)	(10%)
SSBCI Portfolio - Current	23,433	17,639	5,794	33%
Total Other Current Assets	<u>103,507</u>	<u>190,514</u>	<u>(87,007)</u>	<u>(46%)</u>
Total Current Assets	<u>1,638,329</u>	<u>2,282,441</u>	<u>(644,112)</u>	<u>(28%)</u>
Other Assets				
Fed EDA RLF - Non-Current	610,555	-	610,555	100%
Stabilization - Non-Current	7,506	52,018	(44,512)	(86%)
RLF Portfolio - Non-Current	200,949	225,131	(24,182)	(11%)
SSBCI Portfolio - Non-Current	795,368	588,055	207,313	35%
Allowance for Loan Losses	(23,856)	(21,626)	(2,230)	(10%)
Total Other Assets	<u>1,590,522</u>	<u>843,578</u>	<u>746,944</u>	<u>89%</u>
TOTAL ASSETS	<u>\$ 3,228,851</u>	<u>\$ 3,126,019</u>	<u>\$ 102,832</u>	<u>3%</u>
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 13,980	\$ 19,176	\$ (5,196)	(27%)
Credit Cards	12,455	5,456	6,999	128%
Other Current Liabilities				
Accrued Expenses	44	-	44	100%
Deferred 504 Revenue	(2,916)	64,749	(67,665)	(105%)
Due to/Due From EDA	189,616	53,197	136,419	256%
Total Other Current Liabilities	<u>186,744</u>	<u>117,946</u>	<u>68,798</u>	<u>58%</u>
Total Current Liabilities	<u>213,179</u>	<u>142,578</u>	<u>70,601</u>	<u>50%</u>
Total Liabilities	<u>213,179</u>	<u>142,578</u>	<u>70,601</u>	<u>50%</u>
Equity				
Retained Earnings	2,939,820	2,870,030	69,790	2%
Net Income	75,852	113,411	(37,559)	(33%)
Total Equity	<u>3,015,672</u>	<u>2,983,441</u>	<u>32,231</u>	<u>1%</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 3,228,851</u>	<u>\$ 3,126,019</u>	<u>\$ 102,832</u>	<u>3%</u>

Big Sky Economic Development Corporation
Statements of Operations-Actual vs Budget
For the Month and YTD Ended December 31, 2022

	Month			YTD		
	Dec 2022	Budget	\$ Over (Under) Budget	Jul - Dec 2022	YTD Budget	\$ Over (Under) Budget
Ordinary Income/Expense						
Income						
504 Loan Origination	\$ -	\$ 19,167	\$ (19,167)	\$ 66,434	\$ 115,000	\$ (48,566)
504 Loan Servicing	32,846	33,050	(204)	196,653	198,303	(1,650)
Float Income	-	-	-	23,889	5,000	18,889
Member Investment	-	-	-	111,921	141,000	(29,079)
RLF Business Loan Interest	1,021	1,300	(279)	6,955	7,800	(845)
Stabilization Loan Interest	56	56	-	428	428	-
SSBCI Revenue	2,753	1,500	1,253	13,514	9,000	4,514
Grant Administration	-	4,167	(4,167)	-	25,000	(25,000)
Interest Income	169	1,500	(1,331)	871	9,000	(8,129)
Donation Income	600	-	600	600	-	600
Miscellaneous Income	-	1,969	(1,969)	30,415	11,814	18,601
Total Income	<u>37,445</u>	<u>62,709</u>	<u>(25,264)</u>	<u>451,680</u>	<u>522,345</u>	<u>(70,665)</u>
Expense						
Business Accelerator	-	833	(833)	-	5,000	(5,000)
Business Recruitment	-	1,250	(1,250)	2,563	7,500	(4,937)
Contingency	-	833	(833)	-	5,000	(5,000)
Contribution Expense	-	-	-	53,300	-	53,300
Dues and Subscriptions	977	830	147	10,805	15,298	(4,493)
EDA Reimbursement	78,308	60,077	18,231	389,676	360,462	29,214
Event Expense	423	-	423	8,694	8,000	694
Insurance	886	881	5	5,291	6,726	(1,435)
Investment in Economic Activity	-	-	-	-	-	-
Marketing	3,907	2,625	1,282	23,264	16,150	7,114
Membership Development	74	1,100	(1,026)	1,129	6,600	(5,471)
Office Supplies	617	200	417	6,186	1,400	4,786
Postage	105	70	35	1,121	420	701
Professional Fees	13,094	10,783	2,311	33,604	58,650	(25,046)
R31 Outreach	-	-	-	1,715	-	1,715
Rent	336	528	(192)	2,497	4,771	(2,274)
Sponsorships	230	-	230	2,880	-	2,880
Telephone	-	695	(695)	2,370	4,118	(1,748)
Travel & Training	2,993	1,755	1,238	16,988	25,353	(8,365)
Miscellaneous	5,616	2,141	3,475	24,937	16,818	8,119
Total Expense	<u>107,566</u>	<u>84,601</u>	<u>22,965</u>	<u>587,020</u>	<u>542,266</u>	<u>44,754</u>
Net Ordinary Income	<u>(70,121)</u>	<u>(21,892)</u>	<u>(48,229)</u>	<u>(135,340)</u>	<u>(19,921)</u>	<u>(115,419)</u>
Other Income/Expense						
Non-Operating Income						
BSTSP	-	-	-	41,000	-	41,000
Federal EDA RLF	2,227	-	2,227	170,192	-	170,192
Total Non-Operating Income	<u>2,227</u>	<u>-</u>	<u>2,227</u>	<u>211,192</u>	<u>-</u>	<u>211,192</u>
Net Other Income	<u>2,227</u>	<u>-</u>	<u>2,227</u>	<u>211,192</u>	<u>-</u>	<u>211,192</u>
Net Income	<u>\$ (67,894)</u>	<u>\$ (21,892)</u>	<u>\$ (46,002)</u>	<u>\$ 75,852</u>	<u>\$ (19,921)</u>	<u>\$ 95,773</u>



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT C

EMPLANEMENT TRENDS

COMMUNITY	2022	2019
Bozeman	2,264,697	1,573,860
Missoula	844,012	907,777
Kalispell	832,145	708,016
Billings	769,108	928,610

AIRSERVICE TRENDS

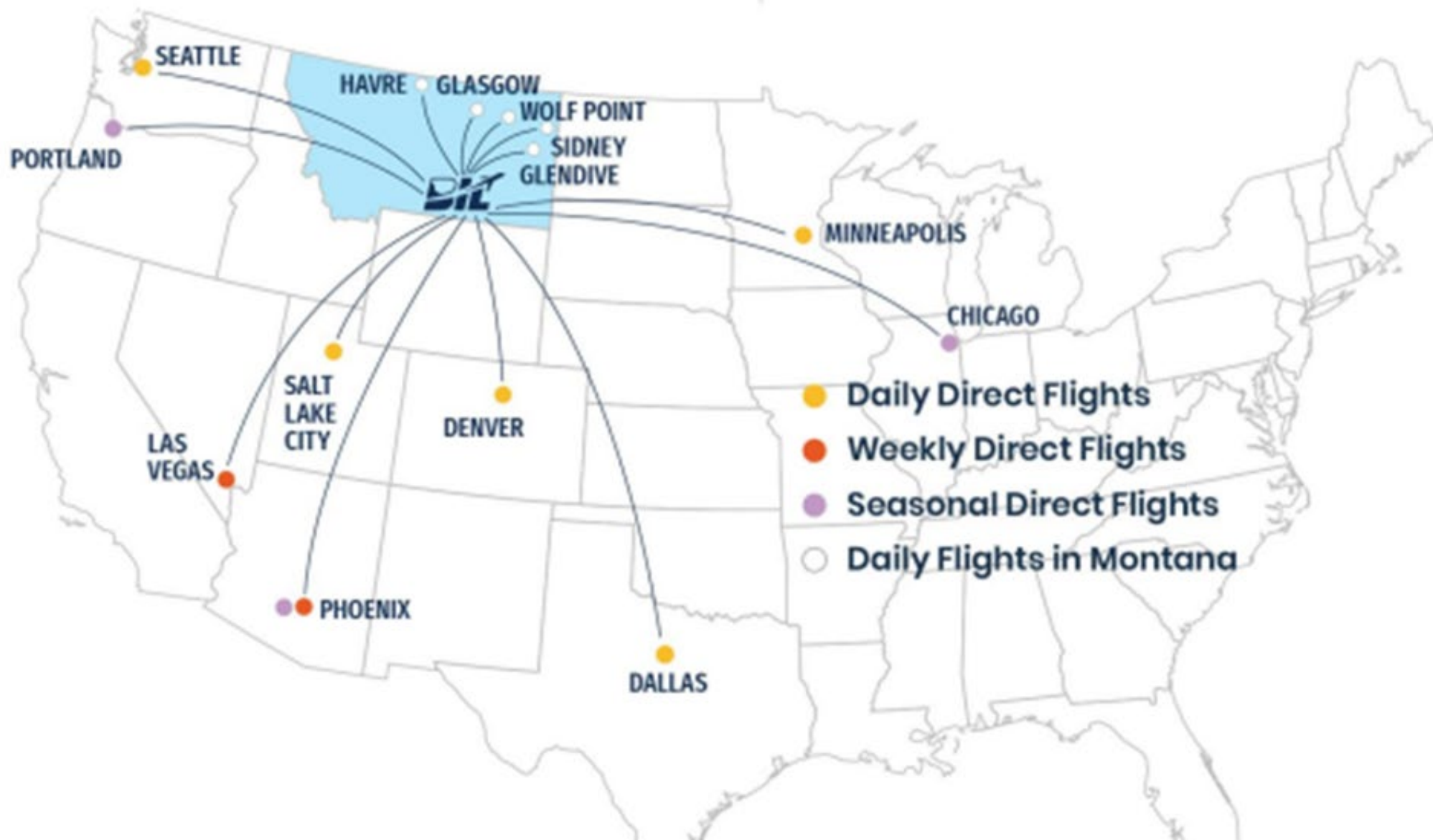
- Legacy airlines up-gauging and restoring service
- Increase in low-cost carriers
- Pilot Shortages
- Business Travel Return?

Small Community Air Service Development (SCASD) Grant Application

- Previous SCASD grant successful with American Airlines to Phoenix
- Select a Market (Define Problem & Offer Solution)
- Letters of Support: Airlines, Businesses, Organizations, and Elected Officials
- Local Match Requirement



Destinations





BIG SKY
ECONOMIC DEVELOPMENT

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ATTACHMENT D

Big Sky Trust Fund – Planning Grant Application

Request: Up to \$20,000 for preliminary architecture and engineering

Undammed Distilling Co., LLC started a little over two years ago in Billings, MT. They have grown to the point that we need to expand production. They are planning to relocate to a larger facility in Billings, which will increase our production space (including upgrading equipment), our barrel storage space and our Tasting Room capacity. They will be adding two full-time jobs upon moving. The distilling industry is heavily regulated, so the building upgrades will be crucial to licensing as well as increasing production capacity.



BIG SKY
ECONOMIC DEVELOPMENT

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ATTACHMENT E

Big Sky Trust Fund, Job Creation Budgetary Authority Resolution

DSoft Technology Company – 6 jobs (\$30,000 Job Creation Grant)

1. Project Manager
2. Sr. Software Engineer
3. Cloud Architect
4. Staff Software Engineer
5. Web Software Engineer
6. Cloud Administrator

DSoft Technology Company is a small, disabled veteran-owned business specializing in information technology, engineering and analysis consulting services and solutions. The company was founded in 1998 by our CEO, David Hollenbach and is owned and operated in Colorado Springs, Colorado. Our mission is to enable client success by delivering innovative information technology and engineering services and solutions through our proven agile expertise.



DSoft Technology Company is currently pursuing an expansion into Billings, Montana in 2023 in response to a pending request for proposal for the Enterprise Geospatial Portal (EGP) Next Generation (NG), to be issued by the United States Forest Service (USFS) on behalf of the National Interagency Fire Center (NIFC). DSoft Technology is the incumbent prime contractor supporting EGP since 2016 and is positioning their staffing plan and expansion to Billings, Montana in anticipation of being awarded the NG 7-year contract.

Our preliminary research has determined that Yellowstone County would provide an economical and attractive pool of employees in a small business and veteran-friendly arena. Available office space has been identified and a plan is currently in development. The ability for Yellowstone County employees to work remotely in the interim is now part of the business expansion plan. DSoft Technology Company is currently registered in Montana State with Withholding 6850169-002-WTH and UI 207 6538. We have previously employed two residents of Montana remotely and currently contract with a Montana resident.

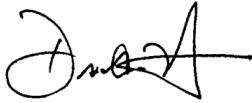
DSoft Technology has a diverse portfolio with clients located in California, New Jersey, Florida, Colorado, and Washington D.C. Our current services include, but are not limited to, Human Factors Engineering, Geospatial Information Services supporting forest fire suppression, Cloud Computing, Web & Mobile Technologies, and Space & Cyberspace Technology Services.

Currently the company has 44 employees and a variety of independent contractors. The business expansion will propose an additional six (6) employees in Montana over the next two years. These highly compensated positions (> \$100,000/yr) will benefit residents of Yellowstone County.

As an innovative company with a solid strategic plan, Billings, Montana will serve as an avenue for growth and development.

DSoft Technology is requesting a Big Sky Trust Fund grant to help fund the cost of purchasing leased space, equipment, furnishings, fixtures, and wages. The request is for the EDA board to approve the application for the grant and the budgetary resolution for the funds.

Sincerely,



David A. Hollenbach
Founder, President & CEO
DSoft Technology, Engineering & Analysis





BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT F

**Native American Development Corporation is applying for:
IMBDA (Minority Business Development Agency) Capital Readiness Program**

Start date of the grant would be July 1, 2023 – 2027

Application deadline is March 10, 2023

1. NADC will conduct an initial intake interview with the client and will connect them with Rock31 incubation services and SBDC client support services. The grant is based on 18 clients per year being referred to BSED and taking advantage of paid membership and training.
2. BSED services will include SBDC one-on-one counseling, business planning, financial projections, marketing research, no-cost and paid training, access to capital, founders, and VS' mentoring, networking, founders group meetings, dedicated mailbox, use of training/pitch space, and they may opt to hold a membership of Rock31 co-workspace.

BSED would be sub-awarded the cost to cover 100% of a new hire, Rock31/SBDC Support Specialist.

The Rock31/SBDC Support Specialist helps the *Rock31* Community Manager deliver programmed space (coworking) and services (incubation, acceleration, meetups, and specialized training) for entrepreneurs. The position helps with the day-to-day operation of the physical coworking space and helps execute Rock31 events.

Would support the *Small Business Development Center* by providing support and database management for the SBDC program as well as providing general information to business owners interested in starting a business and refers them to additional resources as needed.

Budget:

Special Support Person - \$80,000 (salary and benefits) 3% cost of living increase each year

Staff Support - \$10,000 this would be the same each year

Equipment - \$2,500 one time only

1. Year one \$92,500
2. Year two \$92,800
3. Year three \$95,698
4. Year four \$90,697

BSED would invoice NADC for paid services and would be reimbursed up to \$51,100 per year.

They would receive direct client support such as:

- Introductory week \$1,600
 - \$40 x 40 clients
- Rock 31 Memberships: \$7,980
 - Monthly \$49 or \$79
- Mailbox on site \$1,920
 - 12 months X \$20 X 8 clients
- Training/pitch space rentals \$21,600
 - \$100 for 2-hour rentals 2 hours per month (18 X \$100 x 12 = \$21,600)
- Specialized training \$ 18,000
 - 18 clients X number of trainings (\$1,000 each) = \$18,000



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT G

504 LOAN PORTFOLIO OVERVIEW

March 9, 2023

SBA 504 Loan Portfolio – Status as of 02/28/2023:

- Total Loans = 142
- Outstanding Balance = \$66,628,831
- All Current (3 transferred to SBA)

Calendar Year Activity: 2019 – 2022 YTD

	2020	2021	2022
Loan Approvals	9 (\$4,279,000)	11 (\$6,435,000)	13 (\$13,574,000)
Loan Funding	11 (\$9,931,000)	3 (\$1,807,000)	17 (\$11,888,000)
Jobs Created/Retained	101	15	135
Prepaid Loans	16 (\$4,711,144)	33 (\$17,388,723)	17 (\$7,589,870)

Portfolio Concentration (as of February 28, 2023)

- Accommodation – 16% (\$10,385,532)
- Restaurants – 7.7% (\$5,000,206)

504 LOAN PORTFOLIO OVERVIEW

March 9, 2023

Stressed Loans:

- Loans in Catch-Up
 - Camelot Ranch (newly funded – COVID deferment)
 - Gautam Lodging (newly funded – COVID deferment)
 - Montana Linen Supply – RE (newly funded – COVID deferment)
 - Montana Linen Supply – Equip (newly funded – COVID deferment)
 - Pangea Restaurant Group (newly funded – COVID deferment)
- Liquidated Loans – Debentures Repurchased
 - BSK Grand (Burger King – Billings Grand)
 - BSK Kalispell (Burger King – Kalispell)
 - Popeyes (Popeyes – Billings King Ave East)

504 LOAN PORTFOLIO OVERVIEW

March 9, 2023

Watch List Loans:

- All loans on Deferment or Catch-up (not newly funded)
- Continue to analyze annual financials and risk rate.

Other:

- All Loans Paid as Agreed
- Concentrations decreasing – availability for more in respective sectors (hospitality)
- Payoffs slowing
- 12-month 1st Pass Rate – 53% (Industry 62%)

504 LOAN PORTFOLIO OVERVIEW

March 9, 2023

Attached Reports:

- Lender Portal Report – 12/31/2022
- Industry Concentration Report – as of 02/28/23
- Current Portfolio – as of 02/28/23
- Loan Approvals – 07/01/22 – 12/31/22
- Funded Loans – 07/01/22 – 12/31/22
- Prepaid Loan Report – 07/01/22 – 12/31/22

504 LOAN PORTFOLIO OVERVIEW

Lender Portal Information

December 31, 2022

Lender Purchase Rating (LPR) = 1

- Scale of 1 – 5, with 1 being the best

SMART Score = 26

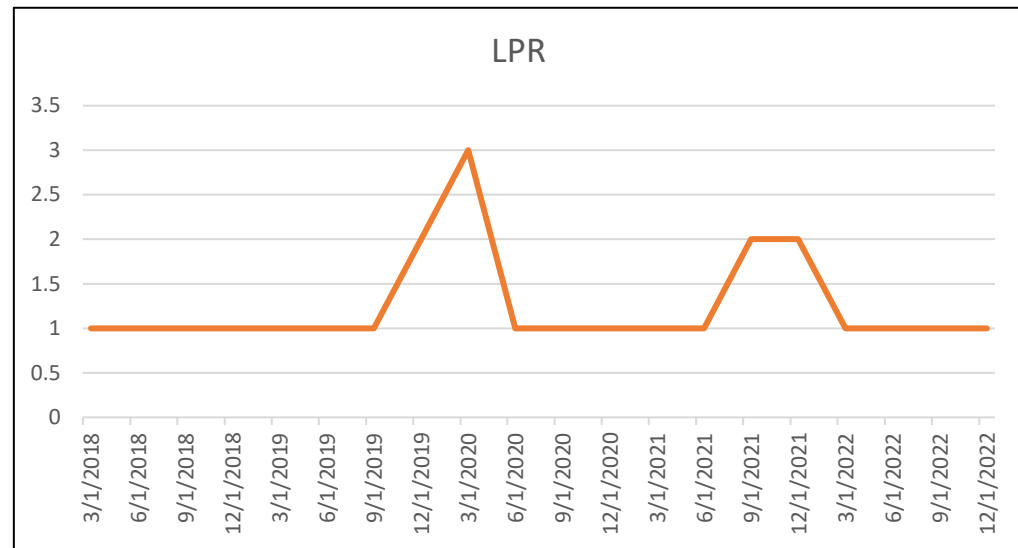
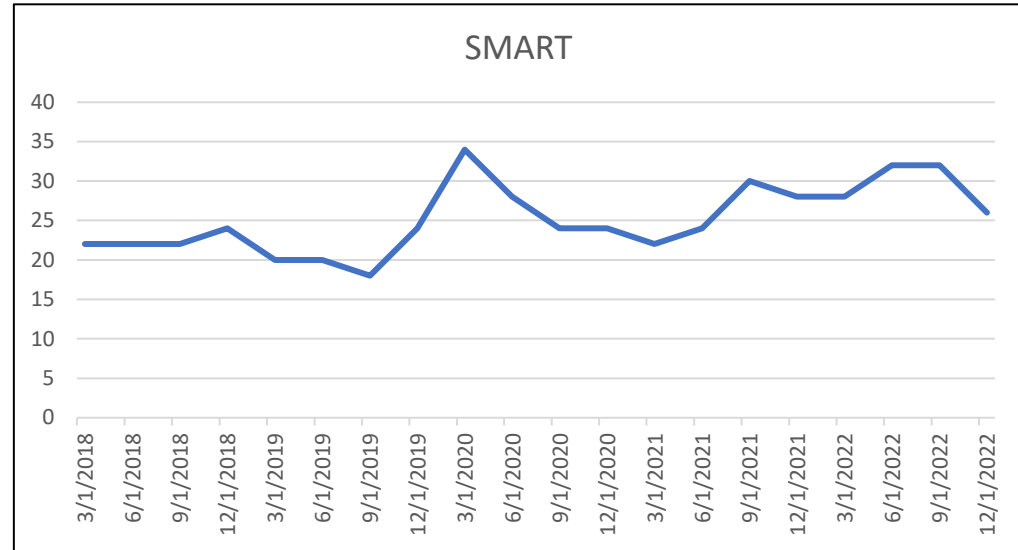
- As of 12/31/2021 = 28 (Prior Year)
- Scale of 12-60. Score of 12 is best
 - 12 categories scored on with rating of 1, 3, or 5
- Moderate Risk Items
 - 5-year default rate = 0.60% (Peer 0.50%)
 - High Risk Origination Rate = 5.20% (Peer 4.90%)
 - Top Industry Concentration Rate = 18.70% (Peer 18.70%)
- Higher Risk Items
 - 12-Month Default Rate = 2.30% (Peer 0.40%)
 - Active Default Liquidation Rate = 2.50% (Peer 1.30%)

Report Attached

www.bigskyfinance.org

HISTORICAL SMART/LPR SCORES - 5 YEARS

QTR	SMART	LPR
12/31/2022	26	1
9/30/2022	32	1
6/30/2022	32	1
3/31/2022	28	1
12/31/2021	28	2
9/30/2021	30	2
6/30/2021	24	1
3/31/2021	22	1
12/31/2020	24	1
9/30/2020	24	1
6/30/2020	28	1
3/31/2020	34	3
12/31/2019	24	2
9/30/2019	18	1
6/30/2019	20	1
3/31/2019	20	1
12/31/2018	24	1
9/30/2018	22	1
6/30/2018	22	1
3/31/2018	22	1
5-Year Ave	25.2	1.25



Billings, MT

SMART 26

LRR/LPR 1

Solvency 9

Management 9

Asset Quality 3

Regulatory Compliance 1

Technical Issues 4

OVERVIEW

SMART BENCHMARKS

	Lender Results	Lender Benchmark	Score	Peer Group	Portfolio
Solvency					
5-Year Cumulative Net Yield	0.60%	Lower Risk	1	1.20%	1.20%
12-Month Default Rate	2.30%	Higher Risk	5	0.40%	0.20%
5-Year Default Rate	0.60%	Moderate Risk	3	0.50%	0.50%
Management					
Forecasted Purchase Rate	0.35%	Lower Risk	1	0.74%	0.68%
High Risk Origination Rate	5.20%	Moderate Risk	3	4.90%	4.40%
Active Default Liquidation Rate	2.40%	Higher Risk	5	0.50%	0.50%
Asset Quality					
Stressed Rate	0.00%	Lower Risk	1	1.50%	1.50%
5-Year Charge Off Rate	0.90%	Lower Risk	1	1.80%	1.20%
Early Problem Loan Rate	0.00%	Lower Risk	1	6.60%	5.60%

Regulatory Compliance					
Minimum Level of 504 Activity	24	Lower Risk	1	36	88
Technical Issues					
Average Portfolio SBPS (\$ Weighted)	216	Lower Risk	1	209	210
Top Industry Concentration Rate	18.70%	Moderate Risk	3	18.70%	13.50%

SITE INFORMATION

LOANS
OUTSTANDING
145

GROSS
OUTSTANDING
\$68,587,508.34

SBA SHARE \$
OUTSTANDING
\$68,587,508.34

LENDER PEER GROUP \$30MM to < \$100MM

FORECASTED PURCHASE RATE (FPR)

LENDER
0.35%

PEER GROUP
0.74%

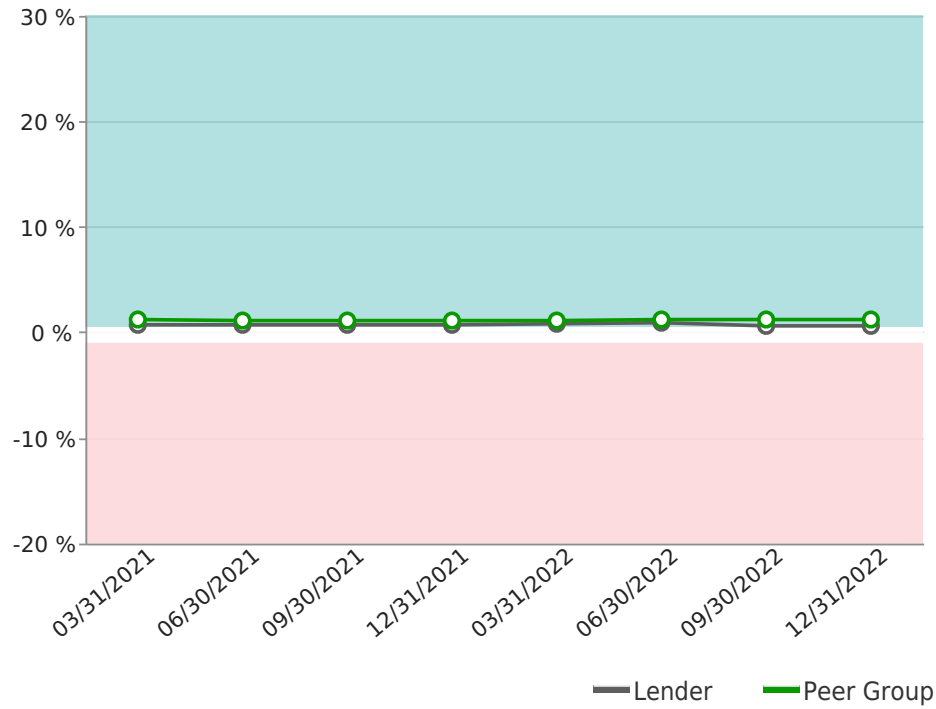
SBA PORTFOLIO
0.68%

FPR RATING FACTORS

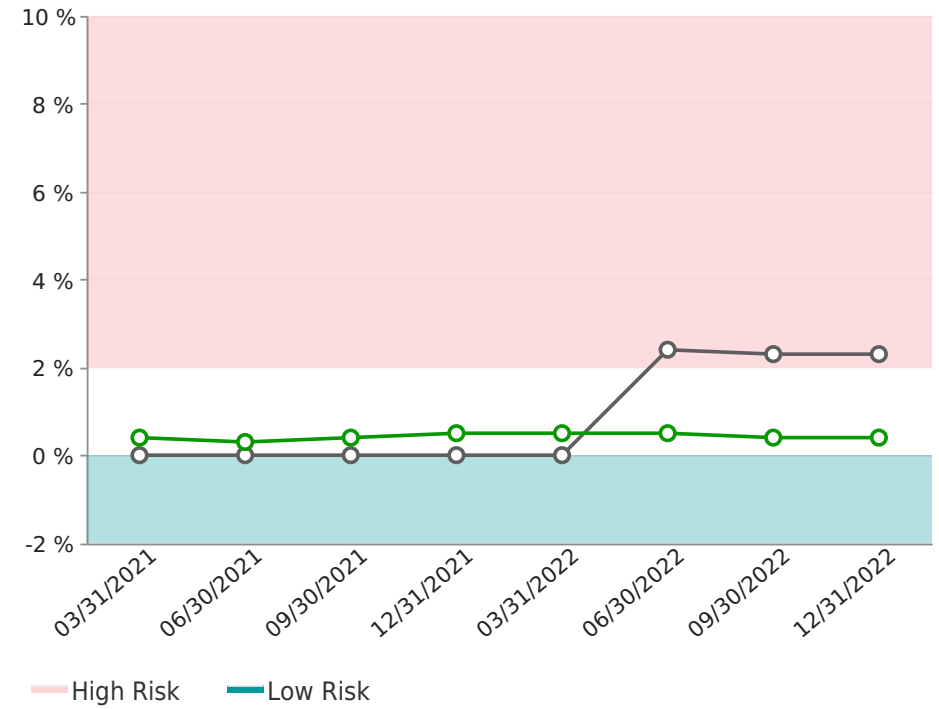
	Lender Results	Peer Results	SBA Portfolio Results
SBA Stats			
Avg MOB	60	49	44
Avg Loan Term	262	260	268
Avg 12-Month Lender Purchase Rate	1.97%	0.25%	0.19%
Business Bureau Stats			
Avg SBPS Score	216	209	210
Avg Viability Score	4	4	4
Avg Commercial Credit Score	559	511	506
Avg Number of UCC Filings	5	6	6
Economic Statistic			
Avg State-level Unemployment Rate	2.90%	3.50%	3.60%

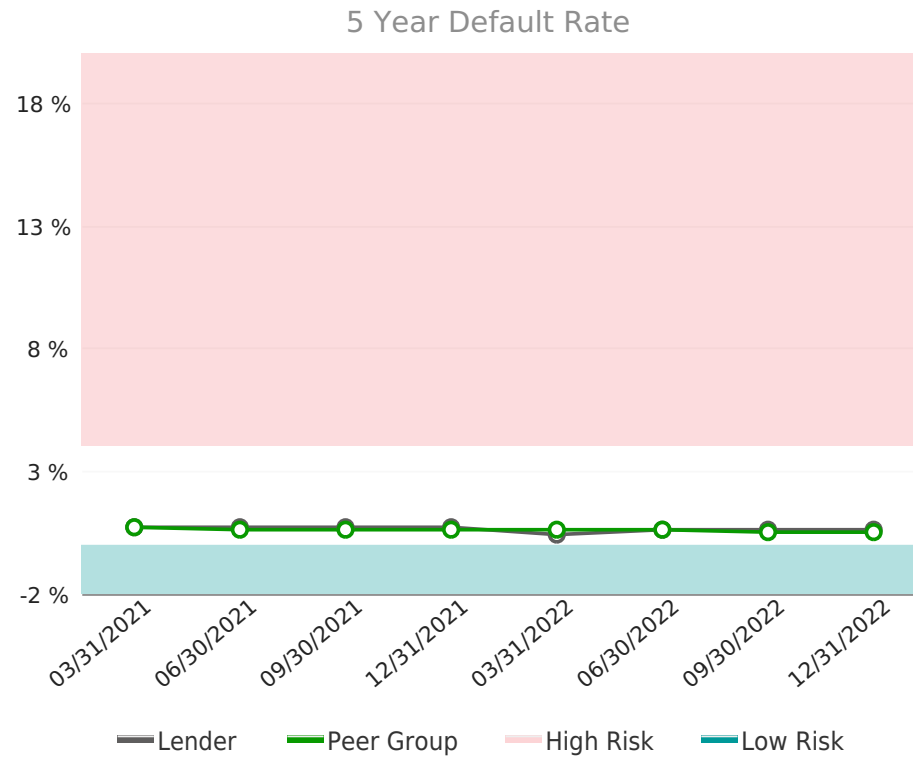
SOLVENCY

Five Year Cumulative Net Yield



12 Month Default Rate





CUMULATIVE CASH FLOW LAST 5 YEARS		CDC
Upfront Fees		\$370,764.20
Annual Fees		\$3,860,030.81
Purchases		(\$2,559,759.95)
Recoveries		\$845,021.98
Net		\$2,516,057.04
5 Year Cumulative Net Yield	Lower Risk	0.60%
	Peer	1.20%

KEY RATES	# of Loans	Lender \$	Lender %	Peer %	Risk
12 Month Default Rate	3	\$1,559,501.00	2.30%	0.40%	Higher Risk
5 Year Default Rate	5	\$2,519,816.00	0.60%	0.50%	Moderate Risk
Last 12 Month Charge Off Rate	0	\$0.00	0.00%	0.42%	

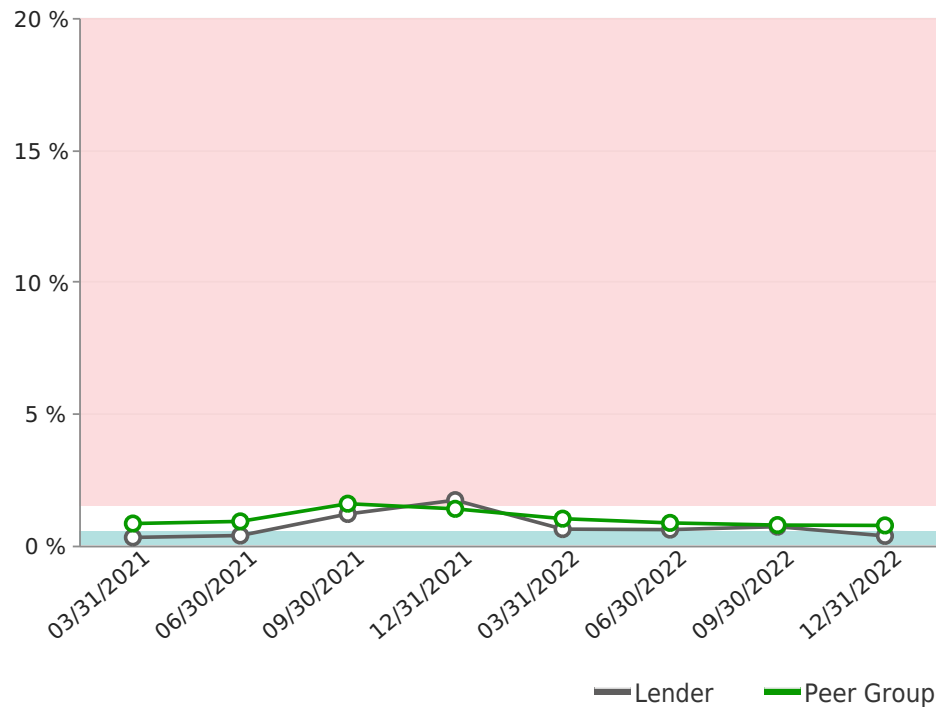
BALANCE SHEET	#	\$	%
Gross Committed Loans	11	\$12,610,000.00	
Gross Outstanding Loans	145	\$68,587,508.34	
Active Regular Servicing Loans	139	\$64,913,098.34	
Current	134	\$58,784,453.55	90.56%
Stressed	-	-	0.00%
Past Due	-	-	-
Delinquent	-	-	-
In Catch-Up	5	\$6,128,644.79	9.44%
Deferred	-	-	-

ACTIVE PURCHASES	#	\$	%
Active Purchases - returned to Regular Servicing	3	\$2,014,634.00	2.94%
Active Purchases - in Liquidation	3	\$1,659,776.00	2.42%
All Active Purchases	6	\$3,674,410.00	5.36%

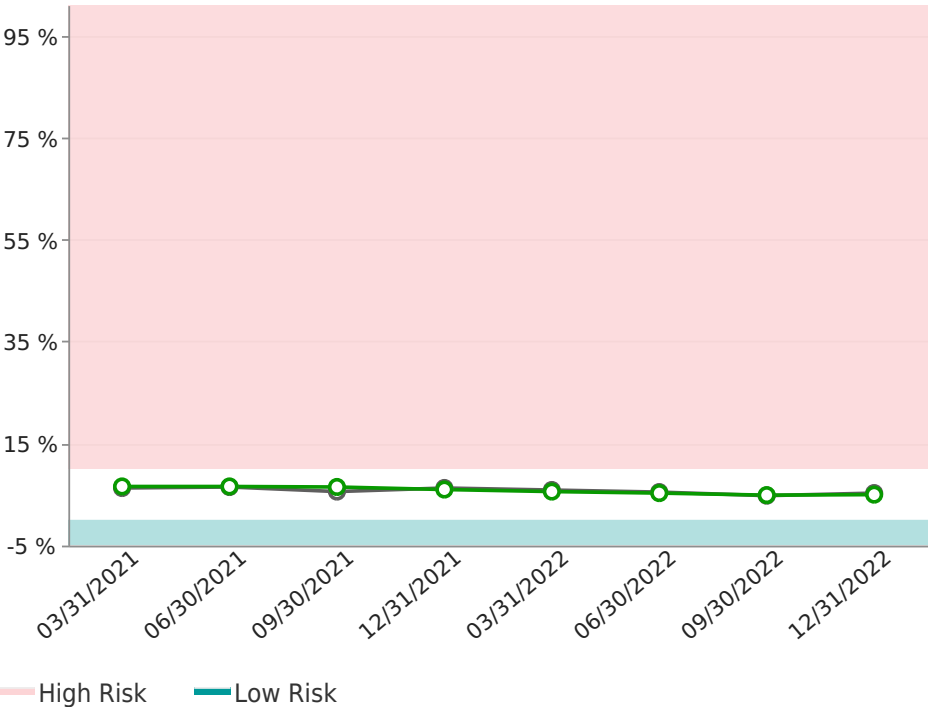
ANY ACTIVE PCLP LOANS?	-
Total Original Debenture Amount of Active PCLP Loans	-

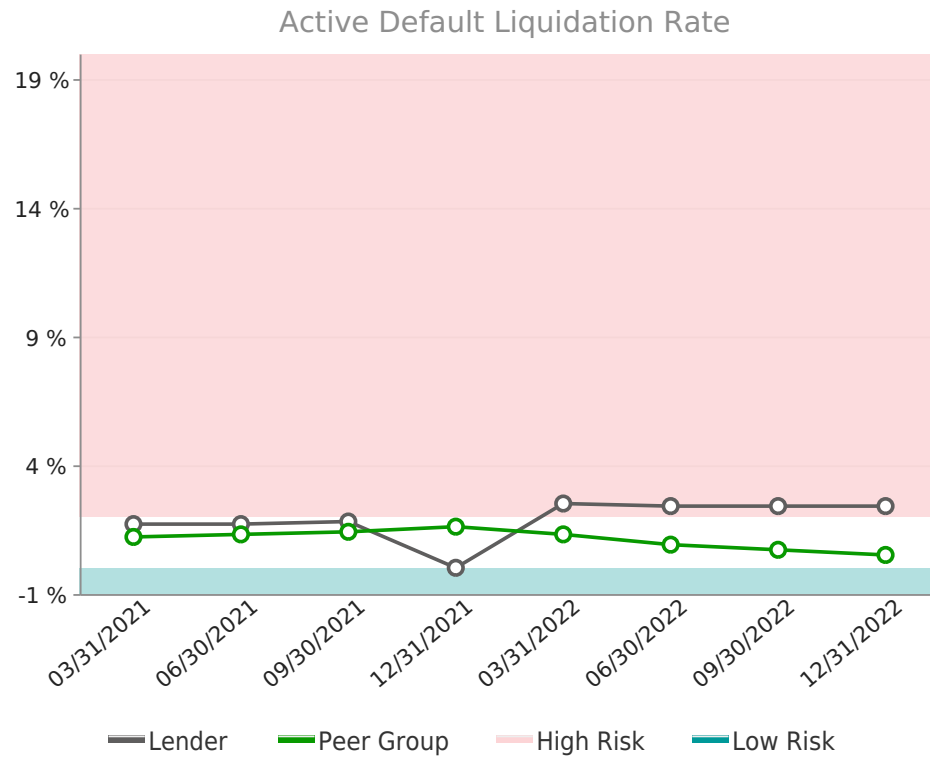
MANAGEMENT

Forecasted Purchase Rate



High Risk Origination Rate





AVG CURRENT SBPS SCORE (DOLLAR WEIGHTED) INTO VARIOUS PORTFOLIO SEGMENTS

	Average	Risk Rating	Active #	Active \$	% Active Loans
Legacy (greater than 36 months on book)	219	Lower Risk	106	\$42,441,177.12	65.40%
Emerging (36 months on book or less)	211	Lower Risk	33	\$22,471,921.22	34.60%
Over \$750K Loans	219	Lower Risk	44	\$42,807,506.08	65.90%
Under \$750K Loans	210	Moderate Risk	95	\$22,105,592.26	34.10%

ORIGINATION RISK (LAST 36 MONTHS)

	\$	CDC %	Peer	Risk
High Risk Origination	\$1,288,000.00	5.20%	4.90%	Moderate Risk

ACTIVE DEFAULT LIQUIDATION RATE

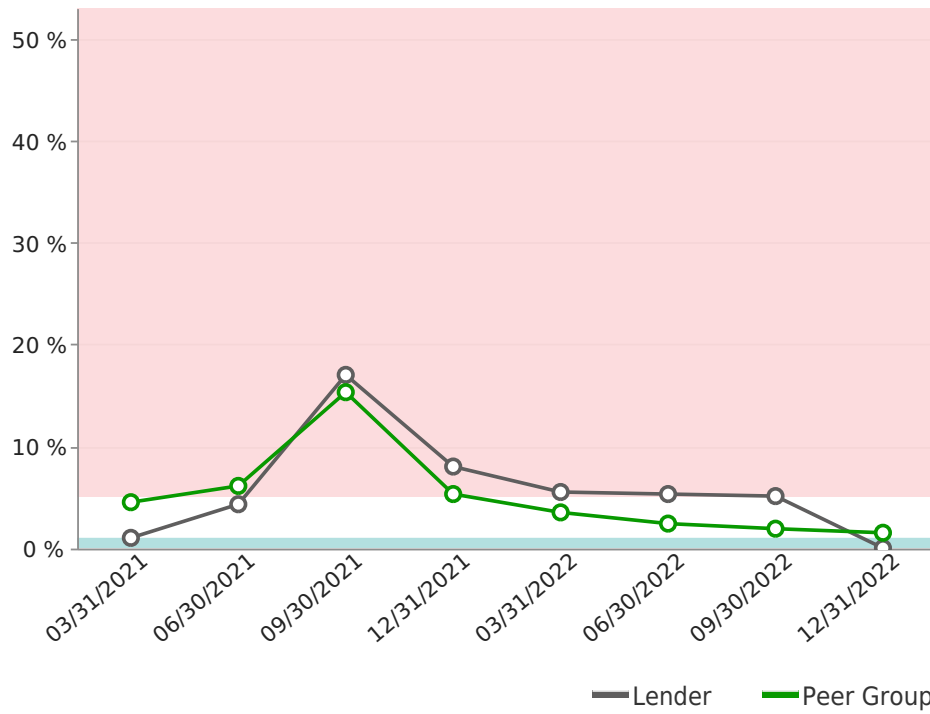
	#	\$	% of Purchase Balance	Risk
Active Default Liquidation	3	\$1,659,776.00	2.40%	Higher Risk

FORECASTED PURCHASE RATE

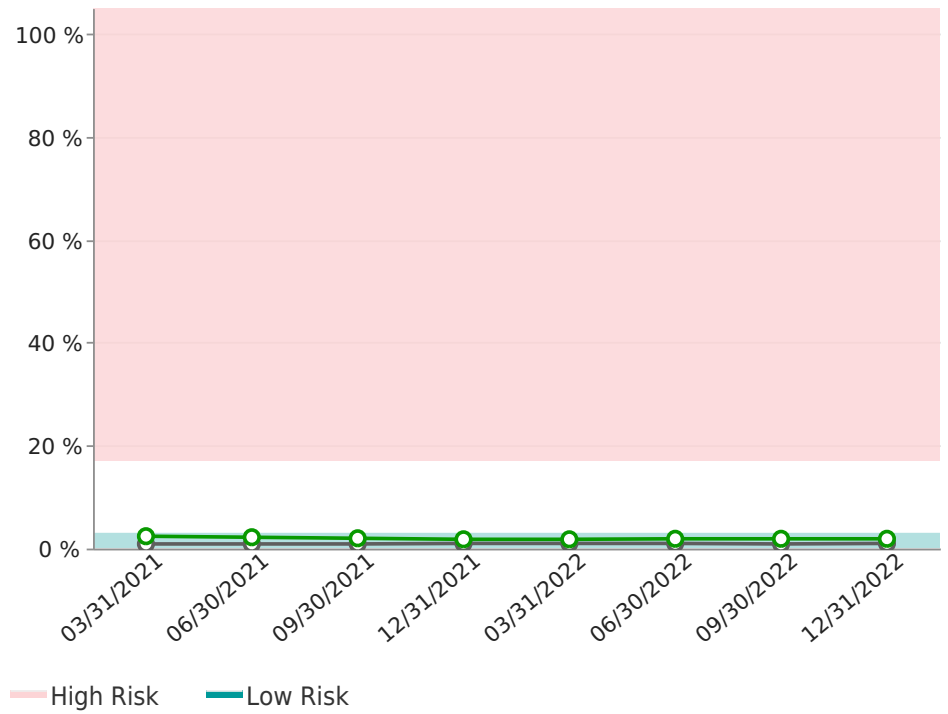
Forecasted Purchase Rate (FPR)	Peer FPR	Risk
0.35%	0.74%	Lower Risk

ASSET QUALITY

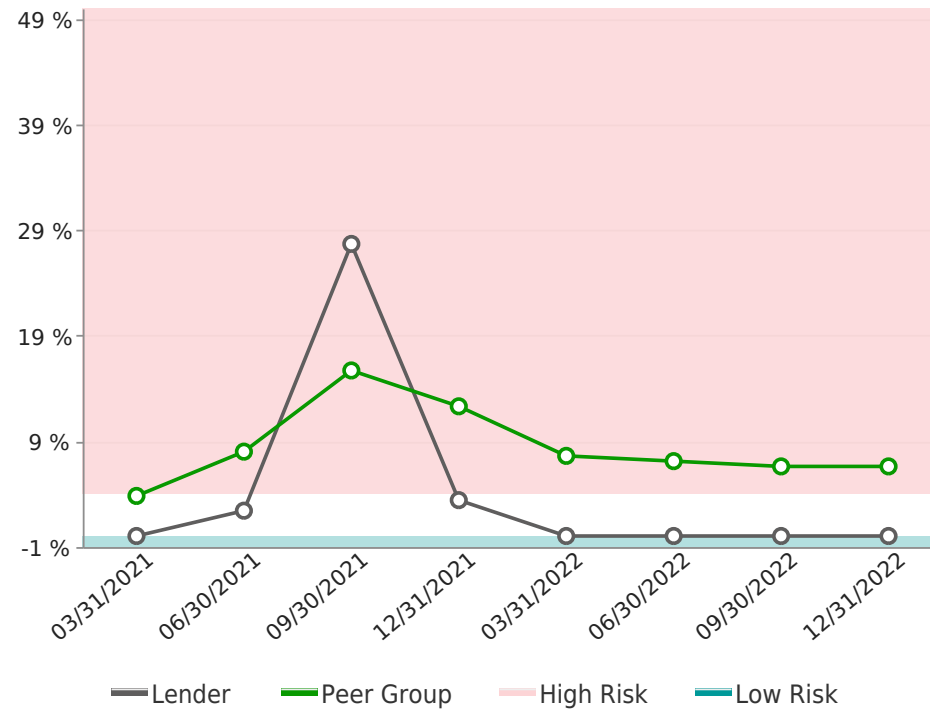
Stressed Rate



5 Year Charge Off Rate



Early Problem Loan Rate Chart



UNDISBURSED APPROVALS	Approved #	Approved \$
Approvals not Disbursed in the past 4 years	11	\$11,806,000.00

EARLY PROBLEM AND DEFAULT (LAST 36 MONTHS)					
	#	\$	CDC %	Peer %	Risk
Early Problem	-	-	0.00%	6.60%	Lower Risk
Early Default	-	-	0.00%	0.00%	

SERVICING RISK

	\$	CDC %	Peer %	Risk
Past Due	-	-	0.58%	
Delinquent	-	-	0.89%	
Deferred	-	-	0.27%	
In Catch-Up	\$6,128,644.79	9.44%	10.64%	
Projected Purchase	\$225,066.48	0.35%	0.74%	
Stressed	-	0.00%	1.50%	Lower Risk

RESOLUTION RISK

	#	\$	CDC %	Peer %
Active Purchases	6	\$3,674,410.00	5.36%	1.93%
12 Month Purchase	3	\$1,559,501.00	2.35%	0.37%
Average # months of loans in Active Purchase Status				59.17
			CDC %	Peer %
5-Year Charge Off Rate			0.90% Lower Risk	1.80%

VINTAGE ANALYSIS

Disbursement Fiscal Year	# of Disbursed Loans	Disbursed \$	Approval \$ for Disbursed Loans	Surrogate Origination Average SBPS	Gross Purchase Amt of Disbursed Loans for Given FYTD
2010	22	\$10,824,000.00	\$10,941,000.00	209	\$960,315.00
2011	35	\$15,308,000.00	\$15,542,000.00	199	\$787,659.00
2012	21	\$10,754,000.00	\$10,797,000.00	196	\$0.00
2013	39	\$27,665,000.00	\$27,918,000.00	201	\$1,428,776.00
2014	20	\$13,047,000.00	\$13,255,000.00	202	\$533,831.00
2015	16	\$12,706,000.00	\$12,782,000.00	196	\$0.00
2016	17	\$11,315,000.00	\$11,674,000.00	181	\$1,025,670.00
2017	13	\$6,285,000.00	\$6,395,000.00	188	\$0.00
2018	10	\$7,775,000.00	\$8,155,000.00	181	\$0.00
2019	10	\$8,232,000.00	\$8,599,000.00	206	\$0.00
2020	16	\$14,040,000.00	\$14,063,000.00	197	\$0.00
2021	2	\$1,306,000.00	\$1,470,000.00	204	\$0.00
2022	17	\$11,217,000.00	\$11,301,000.00	219	\$0.00
2023	1	\$1,172,000.00	\$1,172,000.00	217	\$0.00

REGULAR SERVICING AND RESOLUTIONS

Sum of Dollars ▼

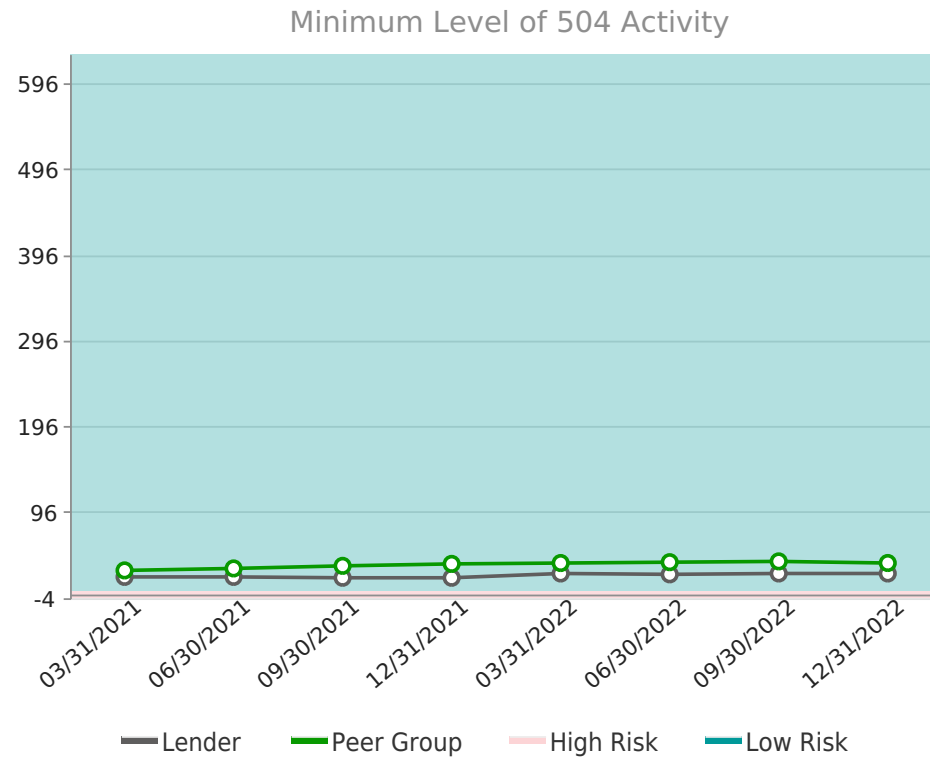
Delivery Method	Gross #	Gross Outstanding	Current	Past Due	Delinquent	Deferred	In-Catch Up	Active Purch
ALP	115	\$52,988,088.81	\$44,572,293.24	-	-	-	\$5,455,991.57	\$2,959,804.00
504REG	25	\$11,869,494.39	\$11,154,888.39	-	-	-	-	\$714,606.00
PCLP	-	-	-	-	-	-	-	-
504RFI	5	\$3,729,925.14	\$3,057,271.92	-	-	-	\$672,653.22	-
504D	-	-	-	-	-	-	-	-
Total	145	\$68,587,508.34	\$58,784,453.55	-	-	-	\$6,128,644.79	\$3,674,410.00

REGULAR SERVICING AND RESOLUTIONS

% of Total Balance ▼

Delivery Method	Gross Outstanding	Current	Past Due	Delinquent	Deferred	In-Catch Up	Active Purch
ALP	77.26%	64.99%	-	-	-	7.95%	4.32%
504REG	17.31%	16.26%	-	-	-	-	1.04%
PCLP	-	-	-	-	-	-	-
504RFI	5.44%	4.46%	-	-	-	0.98%	-
504D	-	-	-	-	-	-	-
Total	100.00%	85.71%	-	-	-	8.94%	5.36%

REGULATORY COMPLIANCE



STATE OF INCORPORATION

In what state is the CDC incorporated?

MT

MINIMUM LEVEL OF 504 EXPERIENCE

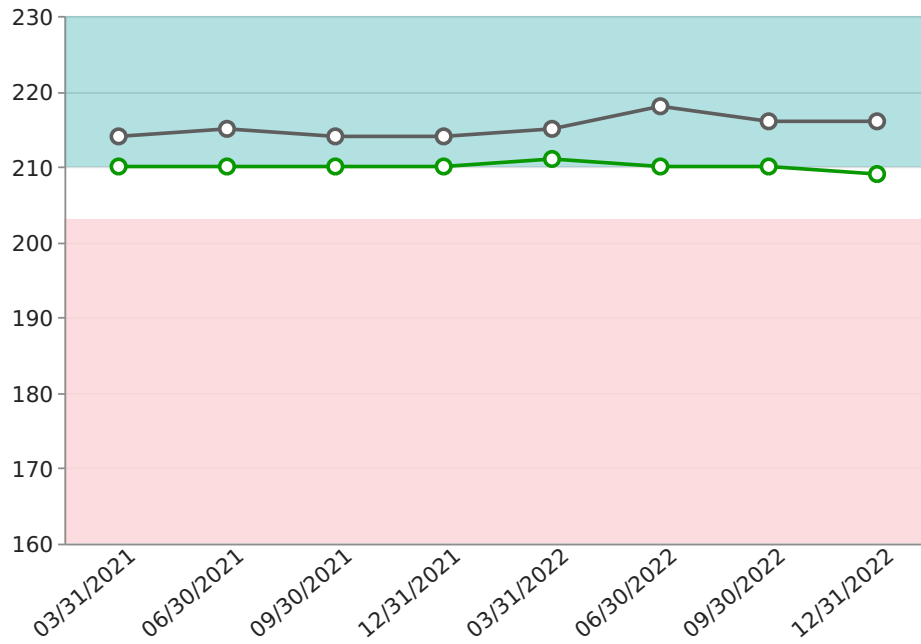
of Loans Approved the Past 2 Years

24

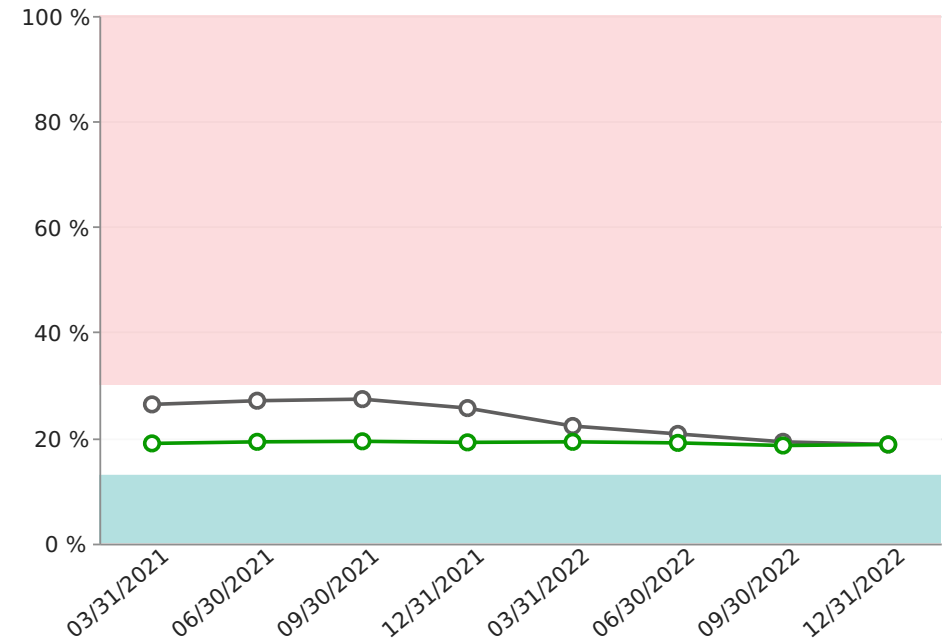
Lower Risk

TECHNICAL ISSUES

Average Portfolio SBPS Score Chart



Top Industry Concentration Rate Chart



— Lender — Peer Group — High Risk — Low Risk

AVERAGE PORTFOLIO CURRENT SBPS (\$ WEIGHTED)

Lender	Peer	Risk
216	209	Lower Risk

% BREAKDOWN OF CURRENT LOAN SBPS SCORES

	SBPS Range 200-300	SBPS Range 180-199	SBPS Range 160-179	SBPS Range 140-159	SBPS Range 0-139	Not Yet Scored
By Loan Count	71.22%	16.55%	6.47%	2.16%	1.44%	2.16%
By Dollars	73.95%	13.38%	6.62%	0.70%	0.53%	4.82%

LOAN APPROVALS

Approval FY	Approved #	Approved \$
2018	10	\$9,989,000.00
2019	16	\$14,813,000.00
2020	6	\$2,905,000.00
2021	12	\$6,683,000.00
2022	13	\$13,717,000.00
2023	2	\$1,155,000.00
Total	59	\$49,262,000.00

TOP INDUSTRY CONCENTRATION RATE

NAICS Subsector Code	721
NAICS Subsector	Accommodation
# of Loans	15
\$	\$12,822,102.05
%	18.69% Moderate Risk

TOP 10 NAICS

NAICS Subsector Code	NAICS Subsector	Gross #	Gross \$	%
721	Accommodation	15	\$12,822,102.05	18.69%
722	Food Services and Drinking Places	12	\$6,682,451.01	9.74%
621	Ambulatory Health Care Services	20	\$4,831,051.62	7.04%
812	Personal and Laundry Services	4	\$4,345,354.08	6.34%
444	Building Material and Garden Equipment and Supplies Dealers	7	\$3,972,852.31	5.79%
453	Miscellaneous Store Retailers	3	\$3,253,278.29	4.74%
531	Real Estate	7	\$3,034,420.37	4.42%
441	Motor Vehicle and Parts Dealers	5	\$2,912,228.74	4.25%
541	Professional, Scientific, and Technical Services	9	\$2,735,942.20	3.99%
445	Food and Beverage Stores	4	\$2,512,069.00	3.66%

TOP 5 FRANCHISES

Franchise Rank	Franchise Name	# of Loans	\$	%
1	SPRINGHILL SUITES	1	\$2,273,271.90	3.31%
2	Ace Hardware	2	\$1,793,803.99	2.62%
3	HOLIDAY INN EXPRESS	1	\$1,552,863.09	2.26%
4	MICROTEL	1	\$1,489,302.00	2.17%
5	BEST WESTERN INN	1	\$1,452,638.36	2.12%
Total Franchise Portfolio:		24	\$19,128,394.98	27.89%

TOP 5 STATES

State	# of Loans	\$	%
MT	144	\$67,938,913.21	99.05%
WY	1	\$648,595.13	0.95%
-	-	-	-
-	-	-	-
-	-	-	-

Report Name: Management Report - Industry Concentration -Top 3 Industry Concentration
Organization Name: Big Sky Economic Development Corporation
Report Date: 3/1/2023

Reference Name	Project Address City	NAICS Description	NAICS Code	Project Total Costs Amount	Primary Loan Balance	Loan Status		
Main Street Grind	Miles City	Limited-Service Restaurants	722513	600,750.00	177,849.86	Current		
10th Avenue South Taco John's	Great Falls	Limited-Service Restaurants	722513	1,801,279.41	307,520.36	Current		
The Haufbrau	Anaconda	Full-Service Restaurants	722511	579,000.00	154,980.12	Current		
Plonk Missoula	Missoula	Full-Service Restaurants	722511	1,507,940.00	441,309.32	Current		
Pizza Ranch	Billings	Full-Service Restaurants	722511	2,507,361.75	582,635.79	Current		
SWIM LLC	Bozeman	Full-Service Restaurants	722511	3,691,287.08	1,097,624.86	Current		
Live 2 Ski, LLC	Whitefish	Full-Service Restaurants	722511	2,011,213.00	791,279.59	Current		
PANGEA RESTAURANT GROUP, LLC	Missoula	Full-Service Restaurants	722511	2,317,500.00	768,471.86	Catch-Up	9	
BACKCOUNTRY BURGER BAR	Bozeman	Full-Service Restaurants	722511	1,851,891.36	678,534.49	Current	5,000,206.25	7.70%
Camelot Ranch LLC	Billings	Rooming and Boarding Houses, Dormitories, and Workers' Camps	721310	1,800,000.00	670,312.99	Catch-Up		
Gautam Lodging, LLC	Sheridan	Hotels (except Casino Hotels) and Motels	721110	2,265,778.00	646,338.63	Catch-Up		
Days Inn Lolo	Lolo	Hotels (except Casino Hotels) and Motels	721110	1,800,000.00	441,723.32	Current		
Springhill Suites by Marriott	Billings	Hotels (except Casino Hotels) and Motels	721110	7,445,500.00	2,264,688.99	Current		
Red Lodge Inn Management Company	Red Lodge	Hotels (except Casino Hotels) and Motels	721110	735,446.86	161,971.89	Current		
Colstrip Inn	Colstrip	Hotels (except Casino Hotels) and Motels	721110	1,341,905.45	346,680.20	Current		
Lexington Inn & Suites	Billings	Hotels (except Casino Hotels) and Motels	721110	5,805,250.00	1,178,818.74	Current		
Holiday Inn Express Hotel & Suites	Butte	Hotels (except Casino Hotels) and Motels	721110	7,999,875.00	1,543,165.52	Current		
La Quinta Inn & Suites	Glendive	Hotels (except Casino Hotels) and Motels	721110	3,423,000.00	704,227.81	Current		
Best Western Plus Havre Inn and Suites	Havre	Hotels (except Casino Hotels) and Motels	721110	6,612,478.00	1,444,944.17	Current		
YELLOWSTONE GATEWAY INN, LLC	Gardiner	Hotels (except Casino Hotels) and Motels	721110	932,118.65	163,002.32	Current		
JZ Parts and Service, LLC	Culbertson	Hotels (except Casino Hotels) and Motels	721110	2,806,978.93	650,788.93	Current	13	
Dillon Guesthouse, Inc.	Dillon	Hotels (except Casino Hotels) and Motels	721110	2,480,000.00	168,868.76	Current	10,385,532.27	15.99%
Florence Therapy and Wellness Incorporated	Florence	Offices of Physical, Occupational and Speech Therapists, and Audiologists	621340	806,115.00	188,557.42	Current		
ADVANCED REHABILITATION SERVICES, LLC	Kalispell	Offices of Physical, Occupational and Speech Therapists, and Audiologists	621340	914,264.87	176,810.50	Current		
Health In Motion Physical Therapy, Inc.	Bozeman	Offices of Physical, Occupational and Speech Therapists, and Audiologists	621340	705,250.00	132,919.29	Current		
Advanced Therapy Clinic, LLC	Billings	Offices of Physical, Occupational and Speech Therapists, and Audiologists	621340	969,005.00	364,592.02	Current		
Montana Center for Somatic Psychotherapy PLLC	Missoula	Offices of Mental Health Practitioners (except Physicians)	621330	338,613.77	129,765.99	Current		
Helena Valley Addiction Services	Helena	Offices of Mental Health Practitioners (except Physicians)	621330	836,700.00	330,236.52	Current		
Gallatin Psychotherapy, Inc.	Bozeman	Offices of Mental Health Practitioners (except Physicians)	621330	300,434.42	64,178.69	Current		
OPHTHALMIC ASSOCIATES OF BILLINGS, LLC	Billings	Offices of Optometrists	621320	1,698,594.96	392,320.61	Current		
OPTIMUM HEALTH AND WELLNESS, PLLC	Missoula	Offices of Chiropractors	621310	254,975.00	101,531.25	Current		
LAKE'S FAMILY CHIROPRACTIC, P.C.	Kalispell	Offices of Chiropractors	621310	284,444.00	69,841.05	Current		
GALLATIN VALLEY CHIROPRACTIC LLC	Bozeman	Offices of Chiropractors	621310	277,975.00	88,961.27	Current		
Montana Periodontics & Dental Implants, PLLC	Kalispell	Offices of Dentists	621210	1,283,445.00	416,364.23	Current		
Mast Dentistry, P.C.	Helena	Offices of Dentists	621210	465,404.04	144,556.79	Current		
GLACIER VALLEY ENDODONTICS, INC.	Kalispell	Offices of Dentists	621210	371,000.00	83,505.30	Current		
Kurt S. Lindemann, D.D.S., P.C.	Kalispell	Offices of Dentists	621210	632,506.57	102,410.50	Current		
Yellowstone Orthodontics	Bozeman	Offices of Dentists	621210	2,641,472.34	1,033,062.96	Current		
Mint Dental LLC	Bozeman	Offices of Dentists	621210	1,783,994.00	655,260.40	Current		
Bozeman Psychiatry, P.C.	Bozeman	Offices of Physicians, Mental Health Specialists	621112	449,203.77	84,420.86	Current	19	
Big Sky Psychiatric Services, PC	Billings	Offices of Physicians, Mental Health Specialists	621112	883,133.46	181,932.93	Current	4,741,228.58	7.30%
				240,715,075.97	64,968,567.85			
				1,731,763.14	467,399.77			

Report Name: Funded 504 Loans in Portfolio
Organization Name: Big Sky Economic Development Corporation
Report Date: 3/1/2023

Borrower	Project City	Current Balance	Funded Date	Maturity Date	Loan Status
PANGEA RESTAURANT GROUP, LLC	Missoula	768,471.86	06/17/2020	06/01/2045	Catch-Up
MONTANA LINEN SUPPLY, LLC	Belgrade	2,138,787.47	06/17/2020	06/01/2045	Catch-Up
MONTANA LINEN SUPPLY, LLC	Belgrade	1,881,668.49	06/17/2020	06/01/2040	Catch-Up
Gautam Lodging, LLC	Sheridan	646,338.63	08/12/2020	08/01/2045	Catch-Up
Camelot Ranch LLC	Billings	670,312.99	08/12/2020	08/01/2045	Catch-Up
BIG SKY WOODCRAFTERS, INC.	Laurel	5,690.11	11/12/2003	11/01/2023	Current
Autopilot, Inc.	Bozeman	10,401.56	08/11/2004	08/01/2024	Current
MONTANA TIRE DISTRIBUTOR, INC.	Billings	34,278.58	11/17/2004	11/01/2024	Current
COMMA-Q ARCHITECTURE, INC.	Bozeman	35,690.30	03/16/2005	03/01/2025	Current
Dillon Guesthouse, Inc.	Dillon	168,868.76	12/14/2005	12/01/2025	Current
Resodyn Corporation	Butte	154,996.66	06/14/2006	06/01/2026	Current
Prewett Interiors	Glasgow	33,044.64	12/12/2007	10/01/2027	Current
Kurt S. Lindemann, D.D.S., P.C.	Kalispell	102,410.50	06/11/2008	02/01/2028	Current
Big Sky I.V. Care	Kalispell	67,231.34	06/11/2008	06/01/2028	Current
Highline Moulding & Millwork, Inc.	Kalispell	82,784.52	10/15/2008	05/01/2028	Current
M3 Meats, Inc.	Sidney	134,834.51	10/15/2008	10/01/2028	Current
Belgrade True Hardware	Belgrade	378,876.47	06/17/2009	06/01/2029	Current
Homesite Designers, Inc.	Billings	106,267.83	10/14/2009	10/01/2029	Current
Grains of Montana Bakery Operations, Inc.	Billings	301,418.83	02/17/2010	02/01/2030	Current
Advantage Insurance Agency, LLC	Great Falls	27,000.81	03/17/2010	03/01/2030	Current
Bozeman Psychiatry, P.C.	Bozeman	84,420.86	06/16/2010	06/01/2030	Current
West Paw	Bozeman	585,466.60	07/14/2010	07/01/2030	Current
WGM GROUP, INC.	Missoula	525,638.06	08/11/2010	08/01/2030	Current
American Steel, Inc.	Billings	658,905.54	08/11/2010	08/01/2030	Current
10th Avenue South Taco John's	Great Falls	307,520.36	10/13/2010	10/01/2030	Current
Mother Moose Enterprises, Inc.	Missoula	119,951.07	10/13/2010	09/01/2030	Current
Health In Motion Physical Therapy, Inc.	Bozeman	132,919.29	10/13/2010	10/01/2030	Current
Brooke DeVries, Inc.	Hamilton	40,394.56	12/15/2010	12/01/2030	Current
Three Brothers Plumbing & Heating Inc.	Montana City	111,418.23	03/16/2011	03/01/2031	Current
Apex Animal Hospital, PLLC	Helena	119,711.14	06/15/2011	06/01/2031	Current
Gallatin Psychotherapy, Inc.	Bozeman	64,178.69	12/14/2011	12/01/2031	Current
King's Ace Hardware	Billings	614,872.58	12/14/2011	12/01/2031	Current
ADVANCED REHABILITATION SERVICES, LLC	Kalispell	176,810.50	02/15/2012	02/01/2032	Current
Big Sky Psychiatric Services, PC	Billings	181,932.93	03/14/2012	05/01/2032	Current
Montana Mobile Document Shredding, Inc.	Billings	66,851.12	05/16/2012	05/01/2032	Current
Baxter Creek Veterinary Clinic, P.C.	Bozeman	144,615.57	06/13/2012	06/01/2032	Current
GLACIER VALLEY ENDODONTICS, INC.	Kalispell	83,505.30	09/12/2012	09/01/2032	Current
HEADFRAME SPIRITS, INC.	Butte	87,841.68	10/17/2012	10/01/2032	Current

Automatic Real Estate, L.L.P.	Billings	254,644.80	02/13/2013	02/01/2033	Current
OPHTHALMIC ASSOCIATES OF BILLINGS, LLC	Billings	392,320.61	02/13/2013	02/01/2033	Current
Abatement Contractors of Montana, LLC.	Missoula	197,408.07	03/13/2013	03/01/2033	Current
YELLOWSTONE GATEWAY INN, LLC	Gardiner	163,002.32	03/13/2013	03/01/2033	Current
Pizza Ranch	Billings	582,635.79	03/13/2013	03/01/2033	Current
Florence Therapy and Wellness Incorporated	Florence	188,557.42	04/17/2013	04/01/2033	Current
U-STORE IT, INC.	Laurel	281,143.18	04/17/2013	04/01/2033	Current
RED OXX MFG INCORPORATED	Billings	370,070.79	05/15/2013	05/01/2033	Current
NORTHWEST SCIENTIFIC, INC.	Billings	506,351.21	06/12/2013	06/01/2033	Current
LJ Fitness, Inc.	Big Timber	67,512.88	06/12/2013	06/01/2033	Current
LAKE'S FAMILY CHIROPRACTIC, P.C.	Kalispell	69,841.05	06/12/2013	06/01/2033	Current
NAPA AUTO PARTS	Helena	389,236.30	08/14/2013	08/01/2033	Current
PS Mini Mart	Missoula	101,407.92	08/14/2013	08/01/2033	Current
3G's Convenience Center	Billings	513,451.24	09/11/2013	09/01/2033	Current
WESTERN RANCH SUPPLY CO.	Billings	985,367.39	10/16/2013	10/01/2033	Current
KING'S HARDWARE CENTRAL, INC.	Billings	248,552.50	11/13/2013	11/01/2033	Current
Holiday Inn Express Hotel & Suites	Butte	1,543,165.52	12/11/2013	12/01/2033	Current
JZ Parts and Service, LLC	Culbertson	650,788.93	06/11/2014	06/01/2034	Current
The Haufbrau	Anaconda	154,980.12	06/11/2014	06/01/2034	Current
Good Vibrations	Billings	194,471.35	07/16/2014	07/01/2034	Current
NCI Quality Windows and Doors	Billings	66,970.10	07/16/2014	07/01/2034	Current
Qwik Signs & Classic Creations LLC	Helena	77,790.67	08/13/2014	08/01/2034	Current
Epic Steel Corporation	Missoula	604,566.09	09/17/2014	09/01/2034	Current
Hazel & Fawn, LLC	Missoula	234,992.21	10/15/2014	10/01/2034	Current
Lexington Inn & Suites	Billings	1,178,818.74	11/12/2014	11/01/2034	Current
Helena Athletic Club, Inc	Helena	296,798.77	12/17/2014	12/01/2034	Current
La Quinta Inn & Suites	Glendive	704,227.81	02/11/2015	02/01/2035	Current
MATT'S OLD FASHIONED BUTCHER SHOP & DELI	Livingston	202,620.25	04/15/2015	04/01/2035	Current
Wildfire Autobody, Inc.	Billings	202,849.66	05/13/2015	05/01/2035	Current
Mountain Supply Co.	Billings	464,239.75	05/13/2015	05/01/2035	Current
3G's Convenience Center	Billings	572,564.91	07/15/2015	07/01/2035	Current
Roxy's Market	Big Sky	1,064,592.32	08/12/2015	08/01/2035	Current
Mountain View Hearth Products Inc.	Columbia Falls	327,687.21	10/14/2015	10/01/2035	Current
Shipton's Big R, Inc.	Billings	2,121,235.42	10/14/2015	10/01/2035	Current
Best Western Plus Havre Inn and Suites	Havre	1,444,944.17	12/16/2015	12/01/2035	Current
Main Street Grind	Miles City	177,849.86	01/13/2016	01/01/2036	Current
Red Lodge Inn Management Company	Red Lodge	161,971.89	02/17/2016	02/01/2036	Current
N W CONSTRUCTION, INC.	Bozeman	129,577.68	02/17/2016	02/01/2036	Current
Plonk Missoula	Missoula	441,309.32	03/16/2016	03/01/2036	Current
Kosmann, Inc.	Billings	155,186.49	04/13/2016	04/01/2036	Current
Colstrip Inn	Colstrip	346,680.20	06/15/2016	06/01/2036	Current
SCS Unlimited Inc	Bozeman	527,557.40	06/15/2016	06/01/2036	Current
Northwest Ballet, Inc.	Kalispell	85,413.67	06/15/2016	06/01/2036	Current
Castlerock Excavating, Inc.	Billings	266,672.91	07/13/2016	07/01/2036	Current

TIRE WORLD, LLC	Bozeman	370,546.73	10/12/2016	10/01/2036	Current
LOCKWOOD HARDWARE INC	Billings	713,750.33	12/14/2016	12/01/2036	Current
Mast Dentistry, P.C.	Helena	144,556.79	12/14/2016	12/01/2036	Current
ADVANTAGE SPRAYING SERVICES, INC.	Bozeman	135,521.73	12/14/2016	12/01/2036	Current
GALLATIN VALLEY CHIROPRACTIC LLC	Bozeman	88,961.27	02/15/2017	02/01/2037	Current
MAP BREWING COMPANY, LLC	Bozeman	695,724.31	02/15/2017	02/01/2037	Current
Dr. Lawn Landscape Services, Inc	Great Falls	322,798.21	05/17/2017	05/01/2037	Current
Silver Springs Assisted Living Limited Liability Company	Townsend	234,757.40	06/14/2017	06/01/2037	Current
Children's Development Center of Bozeman LLC	Bozeman	275,820.37	06/14/2017	06/01/2037	Current
Bliss Beauty Bar Salon LLC	Missoula	94,478.88	08/16/2017	08/01/2037	Current
Montana Periodontics & Dental Implants, PLLC	Kalispell	416,364.23	10/11/2017	10/01/2037	Current
Montessori Children's House, LLC	Bozeman	277,768.06	12/13/2017	12/01/2037	Current
Days Inn Lolo	Lolo	441,723.32	12/13/2017	12/01/2037	Current
Mountain Plains Equity Group, Inc.	Billings	319,267.09	04/11/2018	04/01/2038	Current
Laurel Ace Hardware	Laurel	676,191.70	04/11/2018	04/01/2038	Current
STEEPWORLD Climbing & Fitness, LLC	Billings	421,345.22	05/16/2018	05/01/2038	Current
SWIM LLC	Bozeman	1,097,624.86	06/13/2018	06/01/2038	Current
Springhill Suites by Marriott	Billings	2,264,688.99	11/14/2018	11/01/2038	Current
Glacier Hardwoods LLC	Kalispell	208,224.50	11/14/2018	11/01/2043	Current
Alpha-Omega Disaster Restoration, Inc.	Billings	431,087.44	01/16/2019	01/01/2044	Current
MARKETPLACE 3301 LLC	Billings	292,117.56	03/13/2019	03/01/2039	Current
T Bunch, Inc.	Billings	165,747.11	04/17/2019	04/01/2039	Current
Broadwater Self Storage, Inc.	Billings	648,098.91	06/12/2019	06/01/2044	Current
BACKCOUNTRY BURGER BAR	Bozeman	678,534.49	06/12/2019	06/01/2044	Current
Mint Dental LLC	Bozeman	655,260.40	06/12/2019	06/01/2044	Current
SNYDER MOTORS INC.	Bozeman	701,375.58	09/11/2019	09/01/2039	Current
Nelson's ACE Hardware	Whitefish	1,111,605.03	11/13/2019	11/01/2044	Current
Mountain Hot Tub	Bozeman	1,962,720.25	11/13/2019	11/01/2044	Current
GLACIER STONE FABRICATION, INC.	Kalispell	166,856.02	12/11/2019	12/01/2039	Current
RESTYLE CLOTHING EXCHANGE	Missoula	270,011.78	12/11/2019	12/01/2044	Current
The Mountain Project	Bozeman	193,064.04	12/11/2019	12/01/2039	Current
Advanced Therapy Clinic, LLC	Billings	364,592.02	01/15/2020	01/01/2045	Current
Jump Time Montana LLC	Bozeman	802,830.49	01/15/2020	01/01/2045	Current
J/fit.com, LLC	Columbia Falls	563,386.86	03/11/2020	03/01/2045	Current
Daniels Gourmet Meats & Sausages	Bozeman	407,791.23	08/12/2020	08/01/2040	Current
Montana Center for Somatic Psychotherapy PLLC	Missoula	129,765.99	08/12/2020	08/01/2045	Current
Lake Helena Storage LLC	Helena	506,092.10	05/12/2021	05/01/2046	Current
FUN AND FANCY FREE LEARNING CENTER, LLC	Polson	735,710.89	09/15/2021	09/01/2046	Current
Wrap Hive, LLC	Kalispell	483,455.44	12/15/2021	12/01/2046	Current
OPTIMUM HEALTH AND WELLNESS, PLLC	Missoula	101,531.25	01/12/2022	01/01/2042	Current
Live 2 Ski, LLC	Whitefish	791,279.59	01/12/2022	01/01/2047	Current
ROCKY MOUNTAIN DIESEL CORPORATION	Missoula	201,231.04	02/16/2022	02/01/2047	Current
Modory	Missoula	349,967.09	02/16/2022	02/01/2047	Current
Mountain Valley Foods, Inc.	Kalispell	826,271.53	03/16/2022	03/01/2047	Current

Polson Theatres, Inc.	Polson	1,214,531.31	03/16/2022	03/01/2047	Current
Helena Valley Addiction Services	Helena	330,236.52	04/13/2022	04/01/2047	Current
Auctus Capital Partners	Bozeman	1,052,942.54	05/11/2022	05/01/2047	Current
Yellowstone Orthodontics	Bozeman	1,033,062.96	06/15/2022	06/01/2047	Current
CrossFit Billings	Billings	213,703.20	06/15/2022	06/01/2047	Current
Rocky Mountain School of Photography, Inc.	Missoula	775,043.42	06/15/2022	06/01/2047	Current
Windermere Real Estate Helena	Helena	176,760.63	07/15/2022	07/01/2042	Current
Butterfly Homes, Inc.	Billings	1,194,860.61	08/17/2022	08/01/2047	Current
CASLEN LIVING CENTERS, INC.	Livingston	752,100.00	08/17/2022	08/01/2047	Current
CASLEN LIVING CENTERS, INC.	Whitehall	210,508.90	08/17/2022	08/01/2047	Current
Placer Subaru	Helena	1,289,313.59	08/17/2022	08/01/2042	Current
Glacier Precast Concrete	Kalispell	1,165,650.22	11/16/2022	11/01/2047	Current
Meadowlark Brewing	Billings	1,251,000.00	02/15/2023	02/01/2048	Current
BSK GRAND 2285, LLC	Billings	567,462.60	09/17/2014	09/01/2034	Transferred to SBA
Popeyes Louisiana Kitchen	Billings	564,013.50	10/14/2015	10/01/2035	Transferred to SBA
BSK Kalispell, LLC	Kalispell	528,787.24	11/10/2015	11/01/2035	Transferred to SBA
Sum		66,628,831.19			
Average		469,217.12			
# Loans		142			

Report Name: Approved 504 Loans (07/01/2022 - 12/31/2022)
Organization Name: Big Sky Economic Development Corporation
Report Date: 3/1/2023

SBA Loan #	Primary OC Name	Project Address City	Project Total Costs Amount	Primary Gross Debenture	Processing Fee	SBA Approval Date	Jobs Created	Jobs Retained
41684591-03	WALLIS CORPORATION	Kalispell	2,845,746.00	1,172,000.00	17,074.47	07/08/2022	4.00	0.00
41702691-04	SHELLIES COUNTRY CAFE, INC.	Helena	2,176,448.00	897,000.00	13,058.69	07/11/2022	27.00	0.00
42833891-01	OBW 1 LLC	Billings	1,274,776.00	461,000.00	6,692.57	09/06/2022	10.00	0.00
42861291-10	MEADOWLARK BREWING, LLC	Billings	5,235,652.82	1,251,000.00	18,230.76	09/07/2022	11.00	0.00
44305291-07	Eva's Cleaning Service LLC	Billings	563,290.00	233,000.00	3,379.74	10/25/2022	14.00	0.00
46592491-04	REAY INC.	Billings	2,211,730.16	907,000.00	13,270.38	12/12/2022	3.00	0.00
Sum			14,307,642.98	4,921,000.00	71,706.61		69.00	0.00
Average			2,384,607.16	820,166.67	11,951.10		11.50	0.00

Report Name: Funded Loans (07/01/22 - 12/31/22)
Organization Name: Big Sky Economic Development Corporation
Report Date: 3/1/2023

SBA Loan #	Reference Name	Project Address City	Primary Gross Debenture	Funded Date	Jobs Created	Jobs Retained
30119191-07	Windermere Real Estate Helena	Helena	180,000.00	07/15/2022	0.00	0.00
13108491-00	Placer Subaru	Helena	1,310,000.00	08/17/2022	3.00	0.00
31429991-09	Butterfly Homes, Inc.	Billings	1,209,000.00	08/17/2022	2.00	30.00
31429091-04	CASLEN LIVING CENTERS, INC.	Livingston	761,000.00	08/17/2022	3.00	14.00
31429291-10	CASLEN LIVING CENTERS, INC.	Whitehall	213,000.00	08/17/2022	3.00	14.00
41684591-03	Glacier Precast Concrete	Kalispell	1,172,000.00	11/16/2022	4.00	0.00
Sum			4,845,000.00		15.00	58.00
Average			807,500.00		2.50	9.67

Report Name: Prepaid Report (07/01/22 - 12/31/22)
Organization Name: Big Sky Economic Development Corporation
Report Date: 3/1/2023

Reference Name	Funded Date	Payoff Date	Original Balance	Payoff Balance
ANGRY HANK'S MICROBREWERY LLC	09/12/2012	12/15/2022	411,000.00	226,539.25
Cayton Excavation, Inc.	01/16/2013	10/22/2022	147,000.00	83,776.65
Creative Horizons Learning Center, LLC	09/14/2005	09/15/2022	263,000.00	58,612.58
Excel Physical Therapy	04/17/2019	11/08/2022	1,285,000.00	1,110,887.11
LouLa's Cafe	10/15/2014	07/05/2022	172,000.00	118,269.18
Super 8 Great Falls MT	09/11/2013	07/13/2022	990,000.00	651,047.40
Super 8 Miles City	07/11/2018	10/14/2022	528,000.00	446,458.60
Sum			3,796,000.00	2,695,590.77
Average			542,285.71	385,084.40
Count				7



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT H

SBA 504 Loan Requests

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

1. **MIRZA HEARING SERVICES LLC / MIRZA HOLDING LLC (Miracle Ear)** – Purpose of this request is for the purchase of a commercial condominium unit located in Kalispell, MT for Mirza Hearing Services LLC. Mirza Hearing Services is a Miracle Ear franchise owned and operated by Usman Mirza. This is an existing business with locations in Kalispell and Missoula. They have lost their lease on their existing location in Kalispell thus the need for the acquisition. This new location will be in the same area as their current location and is in the heart of the medical district.

The total SBA debenture will be \$150,000 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 Bank of Idaho. The project will retain the existing 3 jobs and meets a Public Policy goal for rural development and is located in a HubZone.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT I

**March 2023
Executive Director's Report
to the Board of Directors**

Strategic Priorities (FY 2023-24)

Strategic Objectives (updates in *blue/italic*)

1. Build out the Billings entrepreneurship ecosystem to support new, innovative, diverse business startups (Leads: Business Advising & Lending Programs)

Strategies

- a. Complete the Rock31/BSED facility development project to its full vision—*building project is 99% complete. We just have sound system upgrades in the Zoot Space that will take 30 to 60 days to complete. We should be able to request the balance of the federal EDA grant funds (\$189k) within a few weeks. These funds will reimburse our operating reserve account. The use of the space has been outstanding, generating \$45,115 through Dec 31, 2022. We now have 52 paying members—private office members, dedicated desk members, and co-working space members. Off to a great start for the first 6 months.*
- b. Execute the Rock31 program plan, build Rock31 membership and roll out acceleration programming—*In addition to the membership success we are now launching the Rock31 Accelerator Program with 12 to 15 entrepreneurs that are in the early stages of growth a consumer product business. This accelerator program will be 10 weeks of intense training, ending in a pitch competition in May. Exciting. We are still working on the barista incubator concept. We have identified a potential client for this space that we hope could launch in April.*
- c. Build awareness of all business advising and lending programs and tools—*BSED is very visible in our new location, giving us the opportunity to serve new clients including our Rock31 residents. We are now looking at a potential partnership with the Native American Development Corporation to serve their client base through our existing Rock31 and Small Business Development Center programs. I will be discussing this partnership with the Board at our March meeting.*

2. Act Now to redevelop downtown, building essential workforce housing and connection/complementing medical corridor investment (Leads: Executive Director, Community Development, and Recruitment)

Strategies

- a. Partner to create a Development Action Fund (pool of tools and resources) to attract and incent downtown housing/mix-use development—*We are working on support data for a potential development in our downtown core. Our goal is to support the business case for a downtown housing/mixed-use development. Interest rates have slowed the pace of these projects, but there remains a good level of willingness to consider projects, perhaps with a longer timeline. The key roadblock remains the cost of assembling developable sites downtown. More meetings to follow.*
- b. Develop a marketing/outreach strategy and solicit developer proposals—*individual outreach to developers is the strategy at this point. The Downtown Billings Partnership put out an RFP for*

the proposed development of the Yesteryears building. The City is preparing to do the same with their downtown properties—old city hall, etc.

- c. Update the 2017 downtown housing study to guide decision making for City/BSED and private developers—**COMPLETED**; *we're looking to add a section specific to recommended solutions. This new data will be out July 2023.*
- d. Seek a more development-friendly approach from the City—*planning a meeting with City team and local developers/home builders. Date is TBD. No progress yet.*

3. Invest in the quality of our community through a comprehensive parks and trails development and funding plan (Leads: Community Development)

Strategies

- a. Facilitate working groups that feed the policy-making process—*Work continues on building a proposal for the funding of parks, trails and the rec center. The goal is to present a recommended plan to City Council at their March 31-April 1 planning retreat. That retreat will be at Rock31 (Zoot Space). Our team is preparing testimony for that public planning session. The City Council will likely act to approve a ballot question for the votes at their April or May Council meeting. Then the question goes to the votes—September or November. More details to follow.*
- b. Provide research and data that articulates the value in parks and trails development—*see attached article on the value proposition of development with trails and parks.*
- c. Build public awareness regarding parks and trails investment—*work pending.*
- d. Complete \$1.0 million in phase-one Coulson Park development—*no new info to share.*

4. Grow, retain and attract a qualified workforce (Leads: BillingsWorks)

Strategies (*see BillingsWorks section for updates*)

- a. Curate & share quarterly job market/industry data reports and solutions for employers to help them make data informed decisions related to talent attraction and retention
- b. Collaborate with Think Billings to advance talent attraction and retention resource with targeted marketing campaigns that align business recruitment efforts and talent attraction efforts
- c. Sustain partnerships and focus on education and industry alignment and collaboration through participation in STEM Yellowstone, internships, Yellowstone County Summer Jobs Program, the Summer Intern Leadership Institute, and continued convening (quarterly) of the BillingsWorks Steering Committee

Program Updates

Community Development Program Report

Tax Abatements:

We currently have two companies considering tax abatements located within the City of Billings and will need to go before both the Yellowstone County Commissioners and the Billings City Council for consideration.

Brownfields Program:

We received confirmation of Closeout for our 2016 Brownfield Assessment grant.

We have submitted our preliminary paperwork for our new \$500,000 Brownfield Assessment grant to the EPA-DC for review and approval. This is taking longer than expected due to staffing issues with the EPA. We have developed the Request for Proposals (RFP) to choose and hire an environmental consultant for the new grant and submitted that to EPA-Denver for review and approval. Once we receive these approvals, we will begin the process of hiring a consultant. We hope to have that accomplished by late

April or May, but timing is dependent on when we get the green light from the EPA. In May, we should also find out if we will receive an EPA Brownfield Revolving Loan Fund grant. If received, that will fund and be available in October.

In the interim, we are utilizing a targeted Brownfield Assessment grant to assist Homefront on one of their sites for new housing development.

Coulson Park:

On February 1st, the City Parks Department notified us they are waiting to receive approval to begin work in the floodplain.

Downtown Housing:

BSED, Downtown Billings, and the BIRD continue to work on the second phase of the housing study update. Consultant EPS has been delayed in their work for us. The committee is meeting soon to develop a scope and determine a path forward. The committee plans to refine the Downtown Housing Study Update and setting up local discussions on strategies and best practices.

Lockwood Targeted Economic Development District (TEDD):

Because of the impending construction of the Johnson Lane Interchange section of the Billings Bypass project, the TEDD Advisory Board is focusing our immediate efforts on the planning and cost estimates for the water and sewer infrastructure that will need to be replaced and extended during the construction of that project. KLJ and Morrison Maierle continue their work on the preliminary engineering for the priority water, sewer, and road projects for the southeastern half of the TEDD. One area property owner is exploring a reimbursement agreement with the County for planned infrastructure improvements on the southern end of the TEDD. We are assisting in that effort. We continue to search for possible resources for funding of the initial infrastructure project to extend water, sewer, and roads into that area ahead of the completion of the Billings Bypass. In addition, we are asking KLJ and the TEDD Advisory Board to revisit flood zone remapping which may be beneficial for area property owners.

Space2Place:

Space2Place grant applications opened on January 19th. We have received a lot of inquiries, but not a lot of applications, yet. This is normal. Most applications are submitted in the last couple weeks before the deadline. Applications are due by March 9. We will set up a review meeting with the grant subcommittee in March and notify winners by April 6th. Awards will be announced at our Better Off In Billings event on April 20th.

Parks and Trails:

We continue our work with Councilperson Tom Rupsis, the City, and other local partners to explore funding options for parks and trails in the greater Billings area. We have attended four weekly meetings in late January and February to provide information and options to City Council for their annual goal-setting retreat. We will then assist City Council in their effort to develop a ballot measure to present to the voters this fall.

Department of Transportation Thriving Communities Grant:

We were notified that our application partnering with NADC and 7th Gen was selected to move to the next round of consideration to receive technical assistance. We submitted the required partner letters to the Thriving Communities Program and are awaiting a response on the next step in the process.

NADC/Rock31/SBDC Grant Application:

We are working with NADC on their grant application to potentially provide entrepreneur and business services to NADC's clients through Rock31 and the SBDC. The proposed scope of work is consistent with our regularly provided services. Should the application be successful, it would provide additional revenue to the programs. Proposal submissions are due February 28th.

Placemaking:

Presented to the Leadership Montana 2023 class on placemaking and the importance of parks, trails in Billings' community development.

PTAC

Since August 1st, companies across the state that have been assisted by the MT PTAC network have secured **\$195 million** in federal, state and local contracts. Of that, contracts valued at **\$38 million were awarded** to PTAC clients within the Billings service area and **\$27 million** was awarded to companies served by Big Sky EDA's satellite location. Lynnette Hale covers the Butte, Helena and Bozeman area. Since GSA made changes to the System for Award Management (SAM) last April, PTAC advisors have been experiencing unprecedented demand for assistance with navigating the system. Companies have experienced payment delays and some have missed bid opportunities because of the problems with SAM. PTAC has been instrumental in trouble shooting SAM issues for MT companies. Lynnette and Tereza launched a virtual, monthly training series designed to prompt companies to develop a focused market strategy for the government marketplace. It has been effective and well received. So, far over 65 companies from across the state have attended. The next workshop is March 15th. Information can be found at www.montanaptac.org PTAC continues to assist companies with solicitation review, Federal Acquisition Regulation (FAR) questions, SBA socio-economic certifications, payment systems, finding opportunities, market research and more. On October 1st, 2022, administration of PTAC moved from the Defense Logistics Agency (DLA) to the DoD Office of Small Business Programs (OSBP). OSBP changed the name to APEX Accelerator. Over the next few months, you will begin to see APEX Accelerator replace PTAC.

VBOC

Big news on the VBOC front is that Kevin and Dustin will both be resigning effective March 10 as they purchase a business together. Patrick and team are leading the effort to find replacement for the Director position first. More updates to follow soon.

Member Investor Program

Time begins to plateau regarding building maintenance, building warranty, day-to-day building findings/requests, with the anticipation of working with Sarah to transition those tasks and job expectations to her role. We were able to complete the tectum paneling and additional lighting installation on the 2nd floor Zoot Space in February; also HVAC technicians were able to find solutions to different heating and air flow issues discovered over the winter months. Heavy timeframe was provided to sending out Q3 invoices in February with reaching out to outstanding Member Investor contributions to previous Q1 & Q2 invoices as well. We met with 4 different prospect Member Investor companies and organizations, in addition have Member Investor Luncheons planned in March and April with KLJ Engineering and Allied Investments in April. Connect with me regarding new perspective Member Investor referrals or communications with current Member Investors at patrick@bigskyeda.org, 869-8419.

Marketing/BillingsWorks

Marketing:

- Continued partnership with BSED programs with marketing needs
- Put together org presentation & PowerPoint for BBER Economic Outlook Seminar
- Leading planning efforts for MEDA Spring Conference
- Assisted Big Sky Finance with Lender Appreciation Breakfast at Northern Hotel
- Launched The Vault at 201 N Broadway, organizational podcast
 - Two episodes released
- Attended the monthly DBA BID Board meeting on behalf of BSED
- Two BSED presentations & building tours to Leadership Billings

BillingsWorks:

- Continue to participate in the MEDA Monthly Workforce Working Group, MCOM Student, JSEC
- Continue to work towards developing out the betteroffinbillings.com website
- Continue to partner with SBDC to record The Vault podcast episodes about small business, entrepreneurship, and workforce development
- Attended MT Bioscience alliance meeting to plan student healthcare immersion day
- Actively planning and coordinating the Better Off in Billings Event

SBDC/Rock31

Noteworthy:

- Team member completed NDC 201 Business Credit Analysis Training
- The Vault released the first Podcast

Team Activity:

- Members working on an Accelerator Program for consumer goods products
- Member are signing up businesses to attend the Accelerator Program
- Member is working on the Rock31 Member Handbook
- Meet with the Founder on Wed's in the lower lever
- The Vault Podcast – recording episodes on Wednesdays
- Working with NADC to build relationship and client base
- Team members attended or participated in:
 - Member attended 1 Million Cups - Jan 4
 - Team had lunch with Downtown Police Offices - Jan 25
 - Team attended BSED Board meeting – Jan 26
 - Team did outreach to Red Lodge - Jan 26
 - Member attended High Tech Business Alliance Social Jan 30
 - Team attended BBER - Jan 31
 - Member attended Leadership Billings – Feb 1
 - Member attended Leadership Montana – Jan and Feb
 - Rock31 Team celebration – Feb 17
 - Team members attended the 504 Lender Breakfast – Feb 17
- Monthly training:
 - Start-up Roadmap, monthly recurring training for all start-ups
 - Increase your sales with Google – Jan 25
 - Developing a Business Strategy – Feb 15

New Business Recruitment

The last month has required a greater focus on the media film cap increase at the legislature, air service development work, Big Sky Trust Fund grant management and extensions, and ongoing follow-up with recruitment leads in partnership with the state.

I met with several airlines this past month and am happy to share the feedback received at this month's board meeting.

On March 23rd we will be completing a virtual Site Selector call with our state partners that will cover the unique assets of Montana in our legacy industries. The following call will focus on emerging industries. We are focusing on state-wide industries and unique assets in response to site selector feedback to our previous two presentations – one that was community specific, and one that focused on incentives.

The weeks ahead will require legislative focus to get the film tax revisions complete, the veteran pension bill through the process, and work to navigate the handful of housing bills that are being introduced along with TIF defense. We will also be working with the airport and the chamber closely to raise funds for the small community air service grants.

Big Sky Finance

Big Sky Finance has started the year with a lot of activity to date. As we begin the new year, interest rates rose significantly in 2022. SBA 504 rates have climbed also, but not to the same level as most bank rates and short term rates. This has helped keep our activity up. Following are 504 stats for the month:

504 Loan Approvals	1 loan for \$150,000
504 Loans Funded	1 loan for \$1,251,000

The loan approval was for a small business located in Kalispell. Our team (Heather) was able to underwrite and get SBA approval on this request all within 15 days. Borrower and lender were on a very short time frame as they were given 30 days to vacate. Our quick turn time has allowed them to purchase their new building prior to vacating their existing property.

The Meadowlark Brewery project funded this month. This was an intensive project that took a lot of work to get closed. Team (Nina) did an excellent job wrapping it all together and loan funded with a fixed rate under 6%. This project is a great addition to the Billings economy. We closed on another loan in Missoula for a new Italian restaurant and drove to Gillette and Sheridan to close on the Buggy Bath project.

Met with several lenders and bank institutions while in Missoula and in other markets across the state discussing the SBA 504 loan program. Very productive visits. Held our Lender Appreciation breakfast in Billings for all our local lending partners. This was a great event with over 50 attendees where we thanked them for their support and also updated on what Big Sky Finance has to offer.

We are responding to several prospect calls and have many projects in the works, both 504 and EDA RLF. We received approval on an EDA RLF loan for approximately \$200k which we will be closing on shortly and have 2-3 more in the pipeline we will be working on.

Interest rates on SBA 504 loans remain below market and provide a nice, fixed rate for those looking to acquire commercial real estate or equipment for their business. Our rates provide a great opportunity for long-term, fixed rate financing. The effective rates for loans funded in October were:

- 25-year debenture = 6.02%
- 20-year debenture = 5.99%
- 10-year debenture = 6.17%

Organizational/Policy Matters

1. Staffing Plans – we have three active search process underway—Senior Director – Recruitment and Community Development; Director of VBOC, and an Operations Support Specialist position. We have quality applicants for each positions so interview will begin next week. Our next search process will be for a Business Development Officer for Big Sky Finance.

We have two Senior Director positions in place – Finance (Tami) and Economic Development Programs (Patrick). The next two Senior Directors should be in place before the end of March. The entire team will be meeting March 7th to consider our future and share insights regarding the changes at play at Big Sky Economic Development. It will be an important time for us to regroup together. It is also the 6 month anniversary of launching our new facility so we want to check in and review how it's going in our new space.

2. Legislative Priorities for the 2023 Session –Allison will provide the Board an update on our work in Helena related to the 2023 legislative priorities at the March Board meeting.
3. Air Service Strategies – Allison will also update the Board on new strategies that are emerging around securing additional air service out of Billings. We are looking at another federal air service grant which will require local matching dollars. This grant could then be used to incent air service to the Los Angles market. More details to follow.
4. Board Planning Session—Mark your calendars: April 13, 7:30 AM to 12:30 PM for our annual Board planning session. More details to follow.

**Respectfully submitted,
March 9, 2023**



**Steve Arveschoug
Executive Director**

Trails, open space attract outdoor-loving renters

Many residents see nature as a premium amenity, making the extra investment and red tape worth it, developers say.

Published Feb. 24, 2023

By Robyn Griggs Lawrence

Designed by BKV Group, Modera Katy Trail is a 217-unit apartment community on the northern terminus of the Katy Trail, a former railroad train path, overlooking Highland Park in Dallas. Permission granted by Mill Creek Residential

When Jeff Tegethoff, operating partner for Chicago-based development and investment firm CRG, bought 80 acres in suburban St. Louis to develop Wildhorse Village, a lot of other developers told him he was crazy.

That's because only about 80% of the site is buildable. The mixed-use community will include residential, office and retail along with 8 acres of public green space, 1.5 miles of bicycle lanes and 2.2 miles of walking paths that circle a 16-acre lakefront and connect with a trail along Chesterfield Creek.

"The other half of the development community said, 'That's genius. You just bought lakefront property in the middle of landlocked Chesterfield, and what a great opportunity to engage with nature,'" Tegethoff said. "That was the plan all along."

As the pandemic so vividly underscored, living near open space can be hugely beneficial to mental and physical health. And with the Infrastructure Investment and Jobs Act boosting federal spending

on new trails and greenways by 70%, Americans are about to have many more opportunities to hike, walk, run, cycle—and live—in natural settings.



The Reed is a 440-unit community under development on the Chicago River. Permission granted by Lendlease

A number of studies have found that locating properties next to natural resource-based parks and open space substantially increases their value. Many residents will pay a premium for proximity to multi-use trails as an amenity that improves their quality of life.

Developers like CRG are taking note, building apartment communities on sites with easy access to trails and outdoor recreation. Companies that have built multifamily communities near trails and greenways say there are a number of things to consider before undertaking them. Here are the top considerations:

Be willing to make the investment

While studies show that developing a property on or adjacent to a park or open space translates into higher rents, “it’s a significant investment because land costs in a city are not cheap and it costs a pretty penny to develop it,” said Michael Drew, founding principal of Chicago-based Structured Development, which is building a mixed-use community that will include a new public park in Chicago.

“Be prepared to spend more money,” agreed Chris Coleman, vice president of development for Mount Prospect, Illinois-based Wingspan Development Group, which co-developed Hub13, a 300-unit community next to a nature preserve with wetlands about 15 miles south of Milwaukee. “But if you’re willing to make the investment, that investment will pay off.”

Research the site

While due diligence is necessary with any development site, it’s even more important when the site is in a natural habitat. Understanding the natural topography, whether it’s in a flood zone or wetlands, and how it’s been used in the past is key.

“If you can embrace the history of the site, it’s going to create a much better master plan,” said Ted Weldon, executive general manager of development for the Chicago office of global real estate developer Lendlease. His office developed The Reed at Southbank, a 41-story, 440-unit residential tower along the Chicago River in a master-planned community that includes a 2-acre park and a river walk.

Engage the community early on

As soon as Lendlease procured the site for Southbank, it began working with Friends of the Chicago River and other local groups

“because you want to try to do a plan that is going to be embraced by the stakeholders in the community,” Weldon said.

“Understanding what the community is looking for is always helpful. You can’t please everyone, but the focus is to try to get something the majority of the people will endorse.”

Similarly, Minneapolis-based design firm BKV Group worked closely with Friends of the Mississippi River and the National Park Service during the entitlement process for Waterford Bay, a 243-unit apartment community along the Mississippi National River and Recreation Area in St. Paul, Minnesota, to ensure it would support the waterway’s ecological health.

Treat nature as an amenity

Access to trails and open space “is an opportunity to differentiate your project, to have an added amenity outside of the amenity race that we’re still in,” said Mike Krych, a partner with BKV Group, which is working on a number of multifamily projects directly connected to outdoor space.

Coleman said dedicating 80% of the 25-acre site for Hub13 to open space that includes a pond and walking trails was “not the most efficient land plan,” but the tradeoff is well worth it. “That was something that really resonated with the residents we were targeting there. It is seen as a premium amenity.”

Make access to nature easy for residents

Residents who choose an apartment because it’s next door to a trail or open space should be able to easily access that amenity, said Alison Mills, vice president of design and development for Chicago-based CRG, which is building Chapter at The Streets, a

245-unit community on the 240-mile-long Katy Trail in St. Charles, Missouri.

“Every additional minute that my resident has to spend to get to the trails is just a minute they don’t want to spend, and they’re going to use the amenity less and less,” Mills said. “Try to make that path of travel as intuitive and easily understandable as possible and build your amenities near them.”

Be prepared for additional red tape

Before Wingspan could even break ground on Hub13, the company worked for more than a year with Wisconsin’s Department of Natural Resources to accommodate an offsite wetlands bank, Coleman said.

Projects like Hub13 require “a lot of stamina and really good third-party consultants, especially your civil engineer,” he added.