

**Big Sky EDA/EDC
Executive Committee Agenda
October 4, 2023
7:00 AM to 9:00 AM
Venture Conference Room (Lower Level BSED Building)**

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

Committee Members EDC –Kim Jakub, Andy Gott, Nick Pancheau, Ann Kosempa, Jen Kobza
EDA –Judi Powers, Riley Bennett, Debbie Desjarlais, Ken Lutton, George Warmer

7:00 A.M.— Call to Order – Judi Powers, EDA Chair

Public Comments/Board Member and Staff Announcements

Agenda Changes

REGULAR AGENDA

- A. Approval of EDA/EDC Minutes**
- September 6, 2023 (Attachment A) (Action)
- B. Approval of EDA/EDC Financials—Tami**
- Approve EDA/EDC August Financials (Attachment B) (Action)
- C. Executive Director Report—Steve**
- Re-Org/Staffing—Update (Info)
 - Strategic Priority—Downtown Redevelopment/Housing—Update (Info)
 - Mark your calendars—Nov. 8th Air Service Strategy Session (Info)
 - EDC Board-Vacancy Recommendation-Confirmation (Action)
 - Reminder: No October Board Meeting (Info)
- D. Program Updates/Action Items**
1. Annual Meeting Prep—Marcell (Info)

Consideration of Executive Session (as needed)

Public Comment

Adjourn

Next Executive Committee Meeting – November 1, 2023 (7:00 A.M. to 9:00 A.M.) Location-Venture Conference Room, BSED Building. *Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky Economic Development at 406-256-6871.*



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ATTACHMENT A

account is mostly depleted and this will become the repair and replacement account. \$125,000 was transferred to this account to address unforeseen repairs or replacements within the building.

Tami reviewed the EDC Statement of Operations. The net operating income revenue position is approximately \$22,000.00, Member Investor revenue is up \$5,000 over the previous year. Big Sky Finance loan processing fee income is up compared to last year. General spending was in line with expectations. Tami is monitoring our expenses to budget and meeting revenue goals. Operating cash available is \$70,643. Tami shared an update on the classification of Federal EDA RLF loans on EDC found through the audit process. Per the auditor instructions, Tami performed a prior period adjustment to adjust for FY '22 information that was recorded as revenue that should have been reflected as restricted net assets. Preparing for the upcoming audit, it was clarified that this should in fact be reflected as income. Tami reversed the prior period adjustment and these funds are reflected as non-operating revenue. The prior period adjustment no longer shows on the balance sheet. When loans fund they will show as revenue as non-operating income. Now it will reflect as non-operating revenue rather than sitting as temporarily restricted net asset.

Motion: Andy Gott to approve the July financials as presented to the Executive Committee and forward to the Board for approval.

Second: Nick Pancheau

Discussion: None

Motion: Carried

Proposed/Amended EDA/EDC FY '24 Final Budgets

Tami shared an updated handout for the proposed/amended EDA/EDC FY '24 Final Budgets including updated revenue. The mill levy increase was 7% or \$101,000 over the previous year. The protested tax amount is estimated by the County and represents 3% of the mill levy. The final budget includes the following changes compared to the preliminary budget: for the EDA there was a \$71,000 increase in revenue due to the County mill levy revenue increase and health insurance mill levy which increased by approximately \$8,000. Tami answered questions regarding the increase in Member Investors expenses for FY '24. Member Investor expenses include all salaries for the Member Investor program. Tami offered to send the full budget spreadsheet to the Executive Committee electronically. Expenses from the preliminary budget to the final budget increased by approximately \$100,000. Contributing factors include insurance, building operations and maintenance, community development projects, and marketing expenses. The Executive Committee requested adding a column of budget to actual for FY' 23 to be presented at the Board meeting.

Motion: Andy Gott to approve the proposed/amended EDA/EDC FY '24 final budgets as presented to the Executive Committee and forward to the Board for approval.

Second: Ken Lutton

Discussion: None

Motion: Carried

KCoe Isom, LLP EDA/EDC Audit Engagement Letters

Tami reviewed the KCoe Isom, LLP audit engagement letters for the EDA and EDC including fees. Tami and Steve reviewed with the Executive Committee the increase in fees over the last two years. Steve suggested that we consider an RFP for the audit work next year. Steve asked the Executive Committee to authorize the execution of the engagement letters and to have a conversation with the company regarding the fees.

Motion: Ken Lutton to approve the EDA/EDC audit engagement letters as presented to the Executive Committee and forward to the Board for approval.

Second: George Warmer

Discussion: None

Motion: Carried

Beartooth RC&D Funding Agreement

Tami reviewed the Beartooth RC&D Funding Agreement and invoice in the amount of \$12,327.63.

Motion: Andy Gott to approve the Beartooth RC&D Funding Agreement as presented to the Executive Committee and forward to the Board for approval.

Second: George Warmer

Discussion: None

Motion: Carried

Executive Director Report-Steve

Re-Org/Staffing Update

Steve shared a reorganization/staffing update with the Executive Committee. All Senior Director positions are now filled. The Director of Entrepreneurship search will be set aside for approximately 10 ten days while the Rock31 Community Coordinator position is launched. BSED will then reengage the search for the Director of Entrepreneurship. BSED will also launch a search for the BillingWorks Manager and a VBOC project support position.

Nominating Committee Recommendations for EDC Board Members

Steve reviewed the Nominating Committee Recommendations for the EDC Board position to be filled. There are two vacant EDC seats, previously filled by Northwestern Energy and Billings Clinic and both organizations have recommended individuals to fill these positions. Nichole Mehling will represent Billings Clinic and Molly Schwend will represent Northwestern Energy. Ann Kosempa, Spencer Frederick, and Dave Ballard's first terms expire at the end of the year and all have interest in serving a second term (3-year term). Mike Nelson and Craig Bartholomew have served two terms and are no longer eligible to serve. The Nominating Committee has asked that two EDA members whose terms will expire on the EDA Board be elected to serve on the EDC Board. Judi Powers and George Warmer are proposed to serve on the EDC Board by the Nominating Committee. Their term on the EDC Board will be three years. The Executive Committee is asked to refer the Nominating Committee Recommendations to the Board for approval and call for an election of the Member Investors.

Motion: Ken Lutton to approve the Nominating Committee Recommendations for EDC Board Members as presented to the Executive Committee and forward to the Board for approval.

Second: Nick Pancheau

Discussion: None

Motion: Carried

Succession Plan Update-first draft

Steve reviewed first round edits to the Succession Plan. Steve directed the Executive Committee to review "Guidelines for Executive Director Succession". Steve shared that the current Executive Director job description from 2014 needs to be updated. Steve will assign the Board Committee the following task to update this section of the Succession Plan: 1) define core competencies, 2) routine evaluations and updates of the Executive Director job description 3) Guidance for Board on search process. 4) define the ideal candidate. The Board Committee that will work to revise the Executive Director Job Description and Succession Plan will be composed of the members of the Salary Review Committee (Nick Pancheau, Judi Powers, George Warmer, Jen Kobza, Debbie Desjarlais and staff representatives Patrick Klugman and Brandon Berger).

Program Action Items/Reports

SBDC/Rock31 Partnership with NADC Update-Patrick

Patrick shared an SBDC/Rock31 Partnership with NADC Update. The NADC grant was awarded and BSED is continuing conversations with NADC. The grant award covers the full salary and benefits of a support position that will be a conduit between NADC clients and services provided by BSED and Rock31. This position will also support

Rock31 and SBDC. Patrick shared that the grant would provide an additional \$10,000 to the Director of Entrepreneurship to provide oversight and up to \$51,000 revenue generated from NADC referrals. Patrick, Dianne, and Lorene are in the process of drafting the job description to be approved by BSED and NADC. BSED will then draft a contract between BSED and NADC.

Annual Meeting Theme/Prep- Katelyn

Katelyn shared an update regarding the Annual Meeting on October 11th at The Northern. Katelyn asked the Executive Committee to share pictures of impactful moments over the last year. The annual meeting will focus on valuable industries to the business community and host a Member Investors refresher on what makes the Billings economy “tick”. Steve noted that the annual meeting day will start with a Member Investor only invite.

Executive Session:

None

Public Comment:

Steve and the Executive Committee recognized Tami’s hard work on the FY ’24 budget setting process.

Adjourn:

Riley Bennett adjourned the meeting at 8:36 am.

Next Meeting – October 4, 2023



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ATTACHMENT B

Big Sky EDA
Statement of Operations
July through August 2023

	July 2023	August 2023	TOTAL
Operating Revenue			
County Taxes Mill Levy Revenue	\$ 83	\$ 219	\$ 302
Health Ins Mill Levy Revenue	6,890	6,890	13,780
Department of Defense	60,369 *	58,000 **	118,369
EDC Reimbursement	57,800	67,118	124,918
PTAC Advisor Agreement Support	3,000	3,000	6,000
SBA/MT Dept of Commerce	11,250	11,250	22,500
VBOC	16,562	14,184	30,746
Rock31 Membership Revenue			
Day Passes	98	42	140
Dedicated Desks	2,306	2,107	4,413
Lockers/Mailbox Svc	20	40	60
Private Offices	3,404	3,404	6,808
Punch Passes	35	70	105
Shared Workspaces	1,634	1,920	3,554
Virtual Offices	200	240	440
Total Rock31 Membership Revenue	7,697	7,823	15,520
Zoot/Other Room Rent Revenue			
Catalyst Room	35	35	70
Galvanize Room	245	60	305
Vault Room	20	20	40
Venture Room	45	170	215
Zoot Room	750	-	750
Total Zoot/Other Room Rent Revenue	1,095	285	1,380
Rock31 Barista Rent Revenue	775	775	1,550
Grant Administration	-	4,375	4,375
Total Operating Revenue	165,521	173,919	339,440
Operating Expense			
Salaries/Wages	128,904	136,983	265,887
Employer Contributions	38,546	40,778	79,324
Advertising	1,500	-	1,500
Building Operations/Maintenance			
Door Access	133	-	133
Floor Mats	43	43	86
HVAC maintenance	-	2,475	2,475
Janitorial	3,048	3,048	6,096
Security	268	49	317
Utilities	3,767	2,632	6,399
Total Building Operations/Maintenance	7,259	8,247	15,506

Big Sky EDA
Statement of Operations
July through August 2023

	July 2023	August 2023	TOTAL
Conferences	1,925	200	2,125
Dues/Subscriptions/Memberships	14,760 *	11,366 **	26,126
Event Expense	1,065	36	1,101
Hosted Meetings	69	637	706
Insurance	4,720	4,720	9,440
Marketing	11,106	168	11,274
Office Equip & Furn < \$5000	2,230	-	2,230
Office Expense and Supplies	1,496	2,589	4,085
Professional Development	29	850	879
Professional Fees			
Brownfields	14,190	12,646	26,836
HR Consulting	2,088	525	2,613
Legal Fees	-	876	876
Total Professional Fees	16,278	14,047	30,325
APEX Subcenter	24,864 *	30,976 **	55,840
Rent	877	877	1,754
Repairs	-	695	695
Staff Expenses	397	790	1,187
Telecommunications	4,249	4,239	8,488
Travel	5,607	4,594	10,201
Miscellaneous	816	873	1,689
Total Operating Expense	266,697	263,665	530,362
Net Operating Revenue (Expense)	(101,176)	(89,746)	(190,922)
Non-Operating Income/Expense			
Non-Operating Income			
Non-Operating Income			
Interest Income	932	2,895	3,827
Total Non-Operating Income	932	2,895	3,827
Non-Operating Expense			
Amortization Expense	116	117	233
Depreciation Expense	21,781	21,781	43,562
Interest Expense	57	56	113
Total Non-Operating Expense	21,954	21,954	43,908
Net Non-Operating Revenue (Expense)	(21,022)	(19,059)	(40,081)
Change in Net Assets	\$ (122,198) *	\$ (108,805)	\$ (231,003)

* July profit and loss above differs from what was presented due to reporting of Beartooth RC&D membership approved by Board at last month's meeting and true-up of estimates for APEX (both revenue and subcenter expense)

** August includes estimates for APEX (both revenue and subcenter expense)

Big Sky EDA
Balance Sheet - Comparison with Previous Year
As of August 31, 2023

	August 31, 2023	August 31, 2022	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
Main Operating - FIB	\$ 679,994	\$ 303,453	\$ 376,541	124%
Recovered Property Taxes - FIB	626	626	-	0%
Operating Reserve - FIB	64,596	251,243	(186,647)	(74%)
Reserve for Replacement - FIB	141,909	172,981	(31,072)	(18%)
Opportunity Fund - Stockman	86,575	85,515	1,060	1%
Opportunity Fund - Opportunity	288,390	628,390	(340,000)	(54%)
Stockman GE Maintenance	15,128	15,128	-	0%
Rocky Mountain - Money Market	43,288	43,289	(1)	(0%)
Valley Federal - Savings	25	25	-	0%
Valley Federal - Money Market	303,965	300,810	3,155	1%
Opportunity Fund CDs-current	1,104,368	1,734,416	(630,048)	(36%)
Altana - Savings	25	25	-	0%
Yellowstone County Funds	700,066	325,336	374,730	115%
Total Checking/Savings	3,428,955	3,861,237	(432,282)	(11%)
Accounts Receivable				
Accounts Receivable	236,542	380,242	(143,700)	(38%)
Accounts Receivable - APEX	193,347 *	137,056	56,291	41%
Accounts Receivable - SBDC	22,500	10,573	11,927	113%
Accounts Receivable - VBOC	39,005	101,421	(62,416)	(62%)
Accounts Receivable-Brownfields	5,718	-	5,718	100%
Total Accounts Receivable	497,112	629,292	(132,180)	(21%)
Other Current Assets				
Due To/Due From EDC	70,616	122,625	(52,009)	(42%)
Grants Receivable	-	50,000	(50,000)	(100%)
Tax Levy Receivable	8,902	4,427	4,475	101%
Tax Levy Receivable - Protested	3,122	57	3,065	5,377%
Allowance for Doubtful Accts	(3,122)	(57)	(3,065)	(5,377%)
American Revenue Guarantee	6,887	6,887	-	0%
Prepaid Expenses	47,200	10,471	36,729	351%
Total Other Current Assets	133,605	194,410	(60,805)	(31%)
Total Current Assets	4,059,672	4,684,939	(625,267)	(13%)
Fixed Assets				
Construction in Progress	-	4,366,108	(4,366,108)	(100%)
Bank Building - Land	301,750	301,750	-	0%
Bank Building - Building	6,303,890	1,473,250	4,830,640	328%
Furniture	227,169	-	227,169	100%
Equipment	6,700	-	6,700	100%
Barista Equipment	12,000	12,000	-	0%
Accumulated Depreciation	(300,843)	(57,257)	(243,586)	(425%)
Total Fixed Assets	6,550,666	6,095,851	454,815	7%

Big Sky EDA
Balance Sheet - Comparison with Previous Year
As of August 31, 2023

	August 31, 2023	August 31, 2022	\$ Change	% Change
Other Assets				
Deferred Outflow of Resources	90,930	129,336	(38,406)	(30%)
Opportunity Fund CDs-Noncurrent	642,380	642,380	-	0%
Deposit	173	5,181	(5,008)	(97%)
Cabelas Conduit x0603	4,896	319	4,577	1,435%
Right of Use Asset	6,443	7,781	(1,338)	(17%)
Total Other Assets	744,822	784,997	(40,175)	(5%)
TOTAL ASSETS	\$ 11,355,160	\$ 11,565,787	\$ (210,627)	(2%)
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 112,950 *	\$ 526,273	\$ (413,323)	(79%)
Credit Cards	12,988	19,009	(6,021)	(32%)
Other Current Liabilities				
Contributions Payable	25,000	-	25,000	100%
Accrued Expenses	111,012	97,019	13,993	14%
Compensated Absences	167,779	171,177	(3,398)	(2%)
Payroll Liabilities	(562)	(370)	(192)	(52%)
Deferred Revenues	30,000	36,000	(6,000)	(17%)
Total Other Current Liabilities	333,229	303,826	29,403	10%
Total Current Liabilities	459,167	849,108	(389,941)	(46%)
Long Term Liabilities				
Deferred Inflow of Resources	204,425	386,724	(182,299)	(47%)
Pension Liability	628,001	563,223	64,778	12%
Lease Liability	6,444	7,781	(1,337)	(17%)
Total Long Term Liabilities	838,870	957,728	(118,858)	(12%)
Total Liabilities	1,298,037	1,806,836	(508,799)	(28%)
Equity				
Net Assets	7,577,016	7,242,523	334,493	5%
Contributed Capital	3,193,580	3,193,580	-	0%
Prior Period Adjustment	(482,470)	(482,470)	-	0%
Change in Net Assets	(231,003)	(194,682)	(36,321)	(19%)
Total Equity	10,057,123	9,758,951	298,172	3%
TOTAL LIABILITIES & EQUITY	\$ 11,355,160	\$ 11,565,787	\$ (210,627)	(2%)

* Includes estimate for current month for APEX receivable and APEX subcenter payable

Big Sky Economic Development Corporation
Statement of Operations
July through August 2023

	July 2023	August 2023	TOTAL
Operating Revenue			
504 Loan Servicing	\$ 34,471	\$ 34,568	\$ 69,039
504 Loan Origination	3,380	4,764	8,144
504 Loan Closing Attorney Fees	2,500	-	2,500
Member Investment	33,000	-	33,000
Federal EDA RLF Loan Interest	4,302	4,962	9,264
RLF Business Loan Interest	942	956	1,898
Stabilization Loan Interest	9	5	14
SSBCI Orig Fees/Loan Interest	1,336	3,228	4,564
Loan Processing Fee Income	7,975	-	7,975
Donation Income	-	250	250
Total Operating Revenue	<u>87,915</u>	<u>48,733</u>	<u>136,648</u>
Operating Expense			
Board Expenses	106	-	106
Business Recruitment	772	146	918
Conferences	105	(300)	(195)
Dues and Subscriptions	1,486	881	2,367
EDA Reimbursement	57,800	67,118	124,918
Event Expense	455	2,469	2,924
Hosted Meeting Expense	205	14	219
Insurance	876	876	1,752
Loan Expenses	332	1,774	2,106
Marketing	1,428	4,515	5,943
Membership Development	7	195	202
Office Equip & Furn < \$5000	-	329	329
Office Expenses and Supplies	93	225	318
Postage	3	-	3
Professional Development	-	1,129	1,129
Professional Fees			
Legal Fees - 504 Closing	-	5,500	5,500
Total Professional Fees	<u>-</u>	<u>5,500</u>	<u>5,500</u>
Rent	416	416	832
Sponsorships	-	1,500	1,500
Staff Expenses	93	135	228
Telecommunications	205	205	410
Travel	775	222	997
Miscellaneous	116	68	184
Total Operating Expense	<u>65,273</u>	<u>87,417</u>	<u>152,690</u>
Net Operating Revenue (Expense)	<u>22,642</u>	<u>(38,684)</u>	<u>(16,042)</u>
Non-Operating Income/Expense			
Non-Operating Income			
Interest Income	172	12	184
Total Non-Operating Income	<u>172</u>	<u>12</u>	<u>184</u>
Net Non-Operating Revenue (Expense)	<u>172</u>	<u>12</u>	<u>184</u>
Change in Net Assets	<u>\$ 22,814</u>	<u>\$ (38,672)</u>	<u>\$ (15,858)</u>

Big Sky Economic Development Corporation
Balance Sheet - Previous Year Comparison
As of August 31, 2023

	August 31, 2023	August 31, 2023	\$ Change	% Change
ASSETS				
Current Assets				
Checking/Savings				
FIB Main Operating	\$ 140,696	\$ 118,563	\$ 22,133	19%
FIB x0594-Coulson Park	76,565	76,530	35	0%
FIB/Stockman - SSBCI Principal	535,999	425,941	110,058	26%
FIB - Long Term Reserve	250,000	250,000	-	0%
FIB - Opportunity Fund	60,925	60,898	27	0%
FIB - Federal EDA RLF	217,951	458,887	(240,936)	(53%)
FIB - RLF	307,602	262,421	45,181	17%
Total Checking/Savings	1,589,738	1,653,240	(63,502)	(4%)
Accounts Receivable				
Pledges Receivable	12,500	65,600	(53,100)	(81%)
Accounts Receivable	47,500	43,000	4,500	10%
Total Accounts Receivable	60,000	108,600	(48,600)	(45%)
Other Current Assets				
Undeposited Funds	17,000	-	17,000	100%
Fed EDA RLF Portfolio - Current	106,101	19,165	86,936	454%
RLF Portfolio - Current	28,260	26,885	1,375	5%
SSBCI Portfolio - Current	36,509	36,880	(371)	(1%)
Stabilization - Current	2,557	37,155	(34,598)	(93%)
Total Other Current Assets	190,427	120,085	70,342	59%
Total Current Assets	1,840,165	1,881,925	(41,760)	(2%)
Other Assets				
Fed EDA RLF - Non-Current	985,311	208,799	776,512	372%
RLF Portfolio - Non-Current	167,999	200,949	(32,950)	(16%)
SSBCI Portfolio - Non-Current	754,708	795,368	(40,660)	(5%)
Stabilization - Non-Current	-	7,506	(7,506)	(100%)
Allowance for Loan Losses	(20,150)	(23,856)	3,706	16%
Total Other Assets	1,887,868	1,188,766	699,102	59%
TOTAL ASSETS	\$ 3,728,033	\$ 3,070,691	\$ 657,342	21%

Big Sky Economic Development Corporation
Balance Sheet - Previous Year Comparison
As of August 31, 2023

	August 31, 2023	August 31, 2023	\$ Change	% Change
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	\$ 156,954	\$ 9,547	\$ 147,407	1,544%
Credit Cards	3,203	9,650	(6,447)	(67%)
Other Current Liabilities				
Due to/Due From EDA	70,616	122,625	(52,009)	(42%)
Accrued Expenses	6,000	44	5,956	13,536%
Deferred 504 Revenue	-	13,286	(13,286)	(100%)
Total Other Current Liabilities	76,616	135,955	(59,339)	(44%)
Total Current Liabilities	236,773	155,152	81,621	53%
Total Liabilities	236,773	155,152	81,621	53%
Equity				
Retained Earnings	3,507,118	2,939,820	567,298	19%
Change in Net Assets	(15,858)	(24,281)	8,423	35%
Total Equity	3,491,260	2,915,539	575,721	20%
TOTAL LIABILITIES & EQUITY	\$ 3,728,033	\$ 3,070,691	\$ 657,342	21%