

**EDA/EDC – Joint Board Meeting and
Board Planning Session Agenda
Thursday, April 13, 2017 -7:30 A.M. to 12:30 P.M.
Hilton Garden Inn
2465 Grant Road, Billings**

***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.

7:30 A.M. Call to Order/Pledge of Allegiance/Roll Call: Sheri Nicholson, EDA Chair

7:32 A.M. Public Comment/Recognitions/Special Announcements:

- SD 2 High School Mil Levy—Terry Bouck (Info)

7:42 A.M. Changes to Today's Agenda

7:43 A.M. Consent Agenda

- Approval of March 9, 2017 Board Meeting Minutes (Attachment A) (EDA/EDC Action)
- February 2017 EDA and EDC Financials (Attachment B&C) (EDA/EDC Action)

7:45 A.M. Regular Agenda

- I. **GE Project Update and New Opportunity Considerations**
 - GE Lease Settlement Agreement—Steve (FYI)
 - Job Retention and Growth Opportunity for Center of Excellence (Handout)
 - Background—Allison
 - "Project Boomerang" Announced by Company CEO (Handout)
 - Consideration of Letter of Intent and Proposal (Handout) (EDA/EDC Action)

- II. **Loan Program Considerations—Brandon**
 - A. Loan Approvals (Handout) (EDC Action)
 - B. Merger Update (Info)

- III. **2017 Program Progress Reports-
Community Development, Member Investor Program, and Organizational Marketing**
 - A. Organizational Marketing—Melanie

- IV. **Other Program Level Reports As Needed**
 - A. TEDD Infrastructure Master Plan Reimburse. Agreement—Katy (Attachment D & E) (EDA Action)
 - B. Update: Changes in the Coal Industry Impact Study: Economic Impact,
Workforce Analysis and Transition Strategies –Katy (Info)
 - C. Update: State of the Workforce Report—Karen (Info)

- V. **Directors' Report (Steve will address questions as needed)** (Attachment F)
 - A. Budget Workshop—April 28th (more info to follow)

8:55 A.M. Public Comment

9:00 A.M. Adjourn for Board Planning Session

Next EDA/EDC Board Meeting May 11, 2017

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 and EDC Board Planning Session
April 13, 2017
Hilton Garden Inn
2465 Grant Road, Billings**

9:15 A.M.—Planning Session Call to Order

- Purpose of the 2017 Planning Session—David and Sheri
 - “Getting to Know Us”—the BSED Board of Directors
 - Mid-Point Check Up—Strategic Priorities and Organizational Opportunities
 - “Thinking Outload Together” on Selected Topics

9:25 A.M.—Getting to Know Us—the BSED Board of Directors—David and Sheri

- First-Year and Second-Year Board Members Buddy with a Veteran Board Member

9:45 A.M.—Mid-Point Check Up-- Steve

- 2016-2018 Strategic Priorities Progress Report

10:05 A.M.—Break

10:15 A.M.— “Thinking Outload Together “ Hot Topics

Topic No. 1—Economic Pulse—Allison

- *The Data*
- *Your Key Takeaways*

Topic No. 2—“A Unique Opportunity?”—Combining our Future Facility Needs with a Business Incubator Concept—Steve an Dena

- *Background*
- *The Concept*
- *Your Feedback*

Topic No. 3—“Putting the Opportunity Fund to Work”—Steve and Ty Elkin

- *Background and Criteria*
- *Decision Making Process—OF Committee/Board of Directors*
- *Q&A*

11:40 A.M.—Consideration of Next Steps from “Thinking Outload Together”

11:50 A.M.—Working Lunch

- Buffet Lunch
- Q&A with Organizational Leadership

12:20 A.M.—Closing Remarks—Sheri and David

12:30 P.M.—Adjourn

EDA/EDC Joint Board Meeting Minutes

Thursday, March 9, 2017 – 7:30 a.m. – Granite Tower, 1st 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: Sheri Nicholson, Jennifer Smith, Cory Moore, Kevin Gustainis, Robin Rude, Mitch Goplen, Greg McDonald, Paul Neutgens, Chuck Tooley, Heidi Jensen (ex-officio), Robyn Driscoll (ex-officio), Mike Yakawich (ex-officio)

EDA Board Members Absent: Dana Pulis, Mark Qualman, John Brewer (ex-officio), Terry Bouck (ex-officio)

EDC Board Members Present: David Trost, Eric Simonsen, Duncan Peete, Mike Nelson, Steve Loveless, Scott Chesarek, David Ellis, Mac Fogelsong, John Ostlund, Aaron Ramage, James Smith, Jon Stepanek, John Walsh

EDC Board Members Absent: Craig Bartholomew, Kathy Boelter, John Brewer, Ty Elkin, Doug Hansen, Wayne Nelson, Mike Seppala, Debbie Singer

Staff and Guests: Steve Arveschoug, Brandon Berger, Jim Tevlin, Melanie Schwarz, Katy Easton, Patrick Klugman, Karen Baumgart, Dianne Lehm, Dena Johnson, Deanna Langman, Liz Ching

Call to Order:

David Trost, EDC Chair, called the meeting to order at 7:30 a.m. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements:

Public Comment: Steve recognized everyone for being here today in spite of the snow.

Agenda Changes: Number four on the agenda, Executive Director's Report, will be moved up between the Loan Program and the Progress Report for the interest of time.

Number one on the Agenda Changes, will be between The Loan Program Considerations and the Executive Director's Report.

Consent Agenda:

Approval of January 2017 EDA/EDC Joint Board Meeting Minutes and the December 2016 EDA/EDC Financials
Motion: Jennifer Smith, to approve the January 2017 EDA/EDC Joint Board Meeting Minutes and the December EDA/EDC Financials as presented to the Board.

Second: John Ostlund

Discussion: None

Motion carried

Regular Agenda:

Loan Program Considerations – Brandon Berger

Loan Approvals

Brandon spoke of a 504 Loan Request for Children's Development Center of Bozeman, LLC. This is an update that was originally approved March 10, 2016, for \$323,000. The Loan Request is for an increase from \$323,000 up to \$356,000. The project was for new construction. The project is now completed.

EDC motion only.

Motion: John Ostlund, to approve the request for an increase in the venture from \$323,000 to \$356,000.

Discussion: None

Motion carried

A RLF Request for Kinetic Agency was made for the purchase of new equipment. Kinetic has recently remodeled their office space and is needing to upgrade their computer system and server. The request is for up to \$30,000. The Kinetic Agency, a marketing firm, has been in operation since 2007. Last year they hired ten new employees as their business has grown.

EDC motion only.

Motion: Steve Loveless, to approve the request for Kinetic Agency of \$30,000 from the EDC Board as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

Portfolio Review

Brandon overviewed the Loan Portfolio. He highlighted some items regarding the 504 Loan Portfolio. All loans are current and paid as agreed.

Independent Loan Review

SBA requires us to have Independent Loan Review done on loan files. Not only is SBA auditing the files, now the Loan Program also need an Independent Loan Review. The Advisors Group is contracted as the Independent Loan Review.

Motion: Eric Simonsen, to accept the Loan Review as presented to the Board.

Second: John Walsh

Discussion: None

Motion carried

EDC Board Member Certification

Brandon spoke about the annual certification that SBA requires for the EDC Board Members to sign. The form is a certification that have all the requirements also listed in the bylaws. Basically, it's letting the Board know what their goals and responsibilities are.

EDC Bylaws Proposed Revisions (review only)

Brandon provided a copy of the bylaws with some changes as a result of the merger. He detailed the items that are proposed changes to the bylaws. The changes had to do with membership and particular information about the Executive Director. In order to be a member of the Loan Committee you have to be part of the membership. Two classes of memberships were set up. We have our primary membership here in Billings, Yellowstone County, that serves the overall agency. For businesses outside of Billings, it's a little different as they're serving a unique purpose primarily serving on the statewide loan committee. Two separate sets of membership across the state were set up in order to be able to utilize loan committee members from other locations.

In Section 3.1 of the bylaws, Classes of Members

There shall be two (2) classes of Membership in the Corporation:

- A. Class A Members: Class A Members will only have the right to vote for the election of Directors to the Board of Directors as specifically authorized by these ByLaws. Class A Members will pay dues. The rate of the dues and the time for remittance of such dues shall be determined by the Board of Directors from time to time. All Class A Members will be notified of such determinations. Dues, once paid, shall not be refunded unless requested in writing by the Class A Member and approved by the Board of Directors.
- B. Class B Members: Class B Members shall not have any voting rights and shall not pay any dues.

In Section 4.4 of the bylaws, Terms of Directors

'B' is added as: Any former Director of Big Sky Economic Development Authority ("BSEDA") may be elected to a single, three (3) year term as a Director of the Corporation if elected to the Corporation's Board of Directors immediately following the end of such person's term on the Board of Directors of BSEDA. If such person, however, has had a t least a one (1) year absence from the Board of Directors of BSEDA prior to election to the Corporation's Board of Directors, then such person may serve an initial term of five (5) years and, if re-elected to the Corporation's Board of Directors, a second term of three (3) years as a Director of the Corporation.

In Section 6.8 of the bylaws, Executive Director

Wording was changed due to the fact of the merger.

Deanna mentioned this is the time of year for PTAC to apply for funding from DLA for the PTAC Program, just as they do every year. The application to DLA is due on April 2nd for another round of funding. The only difference with the base year is it goes back out to competition. When it's a base year, the opportunity is posted out on grants.gov. Other organizations could compete for the state PTAC. Our PTAC would like to get the stamp of approval on applying for the OTAC State Program again.

Motion: Sheri Nicholson, to approve to submit application for PTAC funding, as presented to the Board.

Second: Chuck Tooley

Discussion: None

Motion carried

Executive Director's Report/Consideration – Steve Arveschoug

Steve mentioned that the April Board meeting will be the April planning session. It will be held on April 13th at 7:30 am – 12:30 pm, with lunch included. There will be more information on the agenda planning session as well as the location.

Steve wanted to get the Board's decision on our GE Lease Settlement. He provided an abbreviated portion of the Board packet that he reviewed at the Special Board Meeting a week ago. Nothing has really changed from that packet. Our total settlement from GE will be slightly in excess of 3.8 million. That covers lease obligations, and our debt obligations through January 2021.

We have a consent agreement that we have developed with our lenders as outlined in the memo provided to the board. Steve went through the memo in detail with the Board. The memo outlines how dollars are segregated to meet the purposes of the settlement funds.

EDA motion only.

Motion: Mitch Goplen, to authorize staff and our Board Chairs, as appropriate, to execute our settlement agreement with GE which would include a lease termination agreement and a letter of consent with our lenders, as presented to the Board.

Second: Cory Moore

Discussion: None

Motion carried

2017 Program Progress Reports –

Community Development – Dianne Lehm

Dianne covered the first half of the fiscal year for Community Development. During the first half of the year, Community Development completed the strategic plan and the Comprehension Development Plan needed to officially create the Lockwood Targeted Economic Development District. The TEDD was officially put into place on December 27th. Community Development will start working with the Board of County Commissioners on Infrastructure and work with MDT on the By-Pass. She also updated the Board with the ongoing projects and presented a power point of some of their projects.

Member Investor Program – Melanie Schwarz

Melanie overviewed the Member Investor Program. Currently the budget generates \$234,000 in revenue and that includes Member Investor dues as well as additional income that we get for events and other things. This year there are six Member Investors that gave us \$10,000 each. This allows us to do more with our events and to improve them each time. We're also doing the "Take 3" newsletter which everyone should be getting on Wednesday.

Melanie requested that Karen Baumgart speak on how her first week with Big Sky Economic Development went as the new BillingsWorks Director.

Public Comment:

Eric Simonsen introduced his guest, Cody, who is interning with A & E.

Scott Chesarek mentioned their annual meeting, to which everyone is invited, and is being held on April 19th from 11:30 am – 1:00 pm, with lunch provided, in the public conference room at FIB Operations Center.

Steve Arveschoug thanked Melanie and Karen, and others who were a part of the CTE Partnership with School District 2. The Advisory Council will be starting a process of doing a search for Billings First Director of Career Technical Education.

Meeting adjourned at 9:05 am

Next Meeting – April 13, 2017

Respectfully submitted,

David Trost, EDC Chair

Steve Arveschoug, Executive Director, Big Sky EDA-EDC

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

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Internal Memorandum

Date: March 29, 2017
To: Steve Arveschoug
From: Jim Tevlin
Subject: February 2017 Big Sky EDC Financial Statements

I have attached income statements for the year-to-date periods ended February 28, 2017 and 2016 and balance sheets as of February 28, 2017 and 2016.

Balance Sheet Overview

Working Capital (Adjusted):

Presented below is a year-over-year working capital analysis. Note that I have included only those accounts that have an impact on near-term liquidity. Specifically, I have excluded those cash accounts that are restricted (e.g. SSBCI Cash) or designated (e.g. RLF Cash).

	Feb 28, 2017	Feb 29, 2016
Current Assets	\$ 172,057	\$ 129,552
Current Liabilities	<u>62,209</u>	<u>106,492</u>
Working Capital	\$ 109,848	\$ 23,060

In January 2017, GE Capital agreed to waive Big Sky EDC's annual incentive payments (\$25k per year) for 2016 and 2017 with the stipulation that the funds be placed in a separate bank account and that these funds are to be used to assist with re-marketing and refurbishing the GE Center of Excellence facility. Note that GE Capital declared its intent to vacate the facility in late 2017 or early 2018.

Statements of Operations Overview:

Big Sky EDC's operating results for the year-to-date period ended February 28, 2017 reflect an operating loss of \$33,776 compared to operating income of \$30,925 for the prior year.

The year-over-year variance in operating income is primarily due to the timing of SBA 504 Origination Fees and the receipt of Member-Investor dues.

Big Sky Economic Development Corporation

Statements of Operations (Unrestricted - Cash Basis)

For the Eight Months Ended February 28,

	<u>2017</u>	<u>2016</u>	<u>Annual Budget</u>
Income			
RLF Business Interest	\$ 13,136.92	\$ 7,491.80	\$ 8,544.00
RLF Loan Fund Interest	325.90	594.02	800.00
Miscellaneous Revenue	7,281.67	5,701.89	5,327.71
Event Revenue-Building Remarkable	37,500.00	-	45,000.00
Event Revenue-Other	21,152.60	40,549.65	21,000.00
Member Investment	71,859.88	83,625.82	182,500.00
Recovery of Bad Debt	2,400.00	2,800.00	3,600.00
SSBCI Interest Income	21,084.18	23,930.45	29,270.00
SBA 504 Origination Fees	26,650.13	99,639.84	116,400.00
SBA 504 Servicing Fees	166,894.47	161,569.19	243,624.00
	<u>368,285.75</u>	<u>425,902.66</u>	<u>656,065.71</u>
Expense			
Business Recruitment	33,521.95	47,996.31	56,000.00
MCFC Merger	1,110.00	-	-
Dues and Subscriptions	6,503.81	3,910.58	5,700.00
EDA Reimbursement	245,039.49	237,233.30	380,499.44
Insurance	9,990.00	10,895.00	10,772.00
Marketing	2,668.63	4,958.61	7,000.00
Membership Development	968.29	709.22	4,500.00
Miscellaneous	9,195.03	4,186.40	1,400.00
Office Supplies	385.68	1,863.55	1,000.00
Operating Reserve Contribution	-	-	25,000.00
Postage and Delivery	1,056.30	882.27	3,500.00
Professional Fees	19,851.48	12,200.00	20,500.00
SSBCI-MBOI Fee	2,830.13	4,996.72	6,600.00
Event Expense	51,691.71	50,177.93	66,000.00
Workforce Development	-	-	5,000.00
Telecommunication	2,330.00	1,360.00	3,667.00
Travel & Training	14,919.21	13,608.00	23,500.00
Contingency	-	-	10,000.00
	<u>402,061.71</u>	<u>394,977.89</u>	<u>630,638.44</u>
Operating Income/(Loss)	(33,775.96)	30,924.77	25,427.27
Other Expense			
Interest Expense	(2,634.54)	(2,004.78)	(25,000.00)
	<u>(2,634.54)</u>	<u>(2,004.78)</u>	<u>(25,000.00)</u>
Net Income/(Loss)	\$ (36,410.50)	\$ 28,919.99	\$ 427.27

Big Sky Economic Development Corporation

Balance Sheets

	Feb 28 2017	Feb 29 2016
ASSETS		
Current Assets		
First Interstate Bank	\$ 50,467.27	\$ 94,301.64
GE Transition Reserve	50,000.00	-
Operating Reserve	50,000.00	25,000.00
Opportunity Fund	19,200.00	19,200.00
Revolving Loan Funds	183,828.28	377,172.01
Miscellaneous Receivables	21,590.20	10,250.00
SSBCI Portfolio-Current	215,760.44	176,279.38
RLF Loan Portfolio-Current	58,543.34	36,817.09
	<u>649,389.53</u>	<u>739,020.12</u>
Other Assets		
Restricted Cash-SSBCI	998,284.48	782,292.06
SSBCI Portfolio	1,084,567.11	1,341,227.42
RLF Loan Portfolio	261,343.06	117,461.88
	<u>2,344,534.65</u>	<u>2,257,453.24</u>
TOTAL ASSETS	<u>\$ 2,993,584.18</u>	<u>\$ 2,980,001.48</u>
LIABILITIES & EQUITY		
Current Liabilities		
Current Maturities of LTD	\$ -	\$ 20,990.48
A/P & Accrued Expenses	687.50	12,394.60
Due to/Due From EDA	61,521.21	73,107.37
	<u>62,208.71</u>	<u>106,492.45</u>
Non-Current Liabilities (GE Annuity)	-	45,834.44
Total Liabilities	62,208.71	152,326.89
Net Assets	2,931,375.47	2,827,674.59
	<u>2,931,375.47</u>	<u>2,827,674.59</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 2,993,584.18</u>	<u>\$ 2,980,001.48</u>

Internal Memorandum

Date: March 29, 2017
To: Steve Arveschoug
From: Jim Tevlin
Subject: February 2017 BSEDA Financial Statements

I have attached income statements for the year-to-date periods ended February 28, 2017 and 2016 and balance sheets as of February 28, 2017 and 2016.

Balance Sheet Overview:

Working Capital (Adjusted)

Presented below is a year-over-year working capital analysis. Note that I have included only those accounts that have an impact on our near-term liquidity. Specifically, I have excluded those accounts that are designated (e.g. Opportunity Fund) or have separate restricted funding sources.

	Feb 28 2017	Feb 29 2016
Current Assets	\$ 1,261,037	\$ 1,274,396
Current Liabilities	<u>141,376</u>	<u>159,203</u>
Working Capital	\$ 1,119,661	\$ 1,115,193

In January 2017, GE Capital agreed to waive Big Sky EDA's annual incentive payments (\$25k per year) for 2016 and 2017 with the stipulation that the funds be placed in a separate bank account and that these funds are to be used to assist with re-marketing and refurbishing the GE Center of Excellence facility. Note that GE Capital declared its intent to vacate the facility in late 2017 or early 2018.

Statements of Operations Overview:

Big Sky EDA's operating results (Cash-Basis BSEDA only) for the eight months ended February 28, 2017 reflects operating income of \$318,614 compared to operating income of \$329,298 for the prior fiscal year.

Note that revenues received via the HUD and the TEDD-CDBG grants offset equal amounts of operating expenses.

**Big Sky EDA
Balance Sheets**

ASSETS	<u>Feb 28, 2017</u>	<u>Feb 29, 2016</u>
Current Assets		
Cash & Cash Equivalents		
Opportunity Fund	\$ 515,931.24	\$ 575,365.35
GE Transition Reserve	50,000.00	-
Stockman Reserve Funds	74,540.89	74,431.59
Operating Reserve	53,093.21	6,038.51
Operating Cash	<u>233,858.84</u>	<u>222,982.05</u>
	927,424.18	878,817.50
Accounts Receivable		
Trade	21,403.56	35,392.39
Brownfields	75,349.13	53,139.62
Big Sky Trust Fund/CDBG	25,000.00	-
HUD	-	108,248.11
VBOC	78,960.53	65,524.64
Department of Defense	131,834.00	142,956.00
Due From EDC	61,521.21	73,107.37
Mill Levy Receivable-Protested Taxes	110,577.91	69,841.04
Mill Levy Receivable	453,284.38	429,101.02
Allowance For Doubtful Accounts	<u>(110,577.91)</u>	<u>(69,841.04)</u>
	847,352.81	907,469.15
Prepaid Expenses	2,191.63	3,475.00
Total Current Assets	1,776,968.62	1,789,761.65
Fixed Assets (net of depreciation)	8,648,658.28	9,099,838.28
Restricted Cash		
Cabelas Conduit	5,001.80	20,087.58
Deferred Outflow of Resources	75,433.38	69,589.38
GE Building Reserve	770,635.00	677,636.37
GE Unapplied lease payments	6,348.07	6,341.57
	<u>857,418.25</u>	<u>773,654.90</u>
TOTAL ASSETS	<u><u>\$ 11,283,045.15</u></u>	<u><u>\$ 11,663,254.83</u></u>
LIABILITIES & NET ASSETS		
Current Liabilities		
Current Maturities of LTD	\$ 508,070.50	\$ 506,511.65
Deferred GE Maintenance Reimbursement	-	10,000.00
Accounts Payable	141,376.80	133,604.29
Accrued Expenses		
Interest	-	2,004.78
Other	105,492.47	129,366.49
Total Current Liabilities	<u>754,939.77</u>	<u>781,487.21</u>
Long Term Liabilities		
Deferred Inflow of Resources	58,936.97	107,238.97
Pension Liability	443,304.80	414,984.80
Long Term Debt	5,647,389.54	6,173,693.23
Deferred GE Rental Income	75,114.07	75,114.07
	<u>6,224,745.38</u>	<u>6,771,031.07</u>
Total Liabilities	6,979,685.15	7,552,518.28
Net Assets	4,303,360.00	4,110,736.55
TOTAL LIABILITIES & NET ASSETS	<u><u>\$ 11,283,045.15</u></u>	<u><u>\$ 11,663,254.83</u></u>

Big Sky EDA-BSEDA Only
Statements of Operations (Cash Basis)
For the Eight Months Ended February 28,

	<u>2017</u>	<u>2016</u>	<u>Annual Budget</u>
Income			
Department of Defense	\$ 376,360.00	\$ 372,645.00	\$ 599,228.00
Private Billings/Works funding	18,750.00	16,000.00	20,000.00
EPA-Brownfields	89,449.46	107,704.45	197,691.00
VBOC Revenue	249,680.96	152,478.19	350,000.00
HUD Grant	19,701.14	106,418.11	19,701.14
EDA Reserve Funds	-	-	25,000.00
TEDD-CDBG	39,360.38	5,000.00	50,000.00
Grant Administration	3,000.00	323.75	6,844.00
EDC Reimbursement	245,039.49	237,233.30	380,499.44
Mill Levy Revenue	1,100,946.57	1,045,081.29	1,232,176.00
Recovery of Protested Taxes	-	12,118.65	-
Miscellaneous Revenue	3,076.33	14,429.54	1,057.33
SBA/MT Dept of Commerce	76,104.74	73,400.04	108,277.36
SBDC Program Income	2,277.59	-	8,000.00
Opportunity Fund	-	-	25,000.00
Health Levy Revenue	51,645.00	48,016.50	87,300.00
Total Income	<u>2,275,391.66</u>	<u>2,190,848.82</u>	<u>3,110,774.27</u>
Expense			
Advertising	5,482.84	10,473.31	-
Brownfields Expense	64,930.97	80,559.56	194,891.00
BEAR	2,499.46	1,596.35	5,000.00
Protested Taxes	31,604.64	29,482.84	60,912.96
Intern/Contract Support	17,260.27	13,029.70	20,000.00
Sponsorships	9,290.00	500.00	3,100.00
Dues and Subscriptions	26,639.14	26,991.14	23,379.00
Employer Contributions	222,096.05	206,469.65	360,146.12
Insurance	12,596.00	11,957.50	13,606.00
Miscellaneous	9,499.19	23,791.98	22,730.00
Office Supplies	16,674.54	23,982.04	25,500.00
Postage and Delivery	3,142.77	578.69	3,300.00
Professional Fees	56,428.63	83,893.28	53,720.00
Professional Fees-HUD	19,701.14	106,013.86	19,701.14
Marketing-Departmental	3,402.64	-	3,700.00
Marketing-Organizational	54,563.23	54,468.31	60,000.00
Opportunity Fund Project	60,000.00	-	25,000.00
Program Event Expense	1,936.37	5,577.08	9,950.00
PTAC Subcenter/Satellite	220,017.44	217,450.82	379,612.00
Recruiting	1,451.00	11,123.00	35,000.00
Rent	77,744.08	76,538.04	119,955.00
Repairs	2,397.00	1,887.40	2,400.00
Salaries/Wages	706,582.24	671,756.82	1,120,911.98
Telecommunication	19,560.87	20,425.58	31,892.00
TEDD Expense	40,825.26	1,669.50	50,000.00
Travel/Training	49,876.05	39,830.68	87,116.50
VBOC Expense	201,350.20	122,966.30	282,258.00
Workforce Development Reserve	19,225.23	18,537.69	57,000.00
	-	-	17,500.00
Total Expense	<u>1,956,777.25</u>	<u>1,861,551.12</u>	<u>3,088,281.70</u>
Operating Income	318,614.41	329,297.70	22,492.57
Other Income/(Expense)			
Interest Expense	-	-	(25,000.00)
Interest Income	1,083.09	863.68	3,000.00
	<u>1,083.09</u>	<u>863.68</u>	<u>(22,000.00)</u>
Net Income	<u>\$ 319,697.50</u>	<u>\$ 330,161.38</u>	<u>\$ 492.57</u>



BIG SKY ECONOMIC DEVELOPMENT

EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

To: Yellowstone County Board of County Commissioners

From: Big Sky Economic Development

Date: March 30, 2017

Subject: Lockwood Targeted Economic Development District (TEDD): Twelve Month Work Plan

Big Sky Economic Development (BSED) is pleased to present the Yellowstone County Board of County Commissioners (BOCC) with the following Twelve-Month Work Plan for the Lockwood TEDD. This plan outlines the steps BSED will take to facilitate the “next steps” in the development and administration of the Lockwood TEDD. BSED proposes that, in collaboration with the BOCC and the Yellowstone County Finance department, the following steps are implemented to begin the successful development of the Lockwood TEDD;

Lockwood TEDD Year-One Plan

- BSED will facilitate a formal Reimbursement Agreement between BSEDA and Yellowstone County to enable the timely procurement of a qualified consultant to develop a five-year Infrastructure Master Plan.
- A comprehensive Scope of Work will be developed in partnership with the Lockwood TEDD Steering Committee, Yellowstone County BOCC, and the future Advisory Council for the proposed Infrastructure Master Plan.
- BSED will procure a contract with a consultant qualified to develop the Infrastructure Master Plan and administer this planning tool in partnership with the Lockwood TEDD Steering Committee and the future Advisory Council.

Lockwood TEDD Advisory Council –

- BSED will aid the Board of County Commissioners in developing a request for members to serve on the Lockwood TEDD Advisory Council. This request will articulate the proposed structure of the Council and outline the duties, requirements, and expectations of a Council member.
- BSED will facilitate the review and appointment process in collaboration with the BOCC on an as-needed/requested basis.
- Once the BOCC has appointed the TEDD Advisory Council, BSED will facilitate all required meetings, generate meeting minutes, create special committees as needed, produce and deliver Advisory Council reports as requested by the BOCC, and any other duties required to guide the TEDD Advisory Council through the first twelve months. All meetings will comply with the Montana Open Meetings Law.
- BSED will create and monitor a website dedicated to the Lockwood TEDD and prepare the Yellowstone County BOCC to take over management of the website.



Lockwood TEDD Administrative Structure –

- BSED, along with the TEDD Advisory Council, will produce an Administrative Structure that will provide a framework for the operation and management of the Lockwood TEDD, subject to BOCC approval.
- BSED will produce a draft of any required legal documents required by state statute for review by the BOCC and will produce a final document for final approval by the BOCC.
- The Administrative Structure may include, but is not limited to;
 - formalizing the mission and purpose of the TEDD
 - developing an initial budget structure and budget deadlines
 - outlining roles and duties of directors and officers
 - creating rules and procedures for holding meetings, electing directors and appointing officers, and developing conflict of interest policies
 - forming procedures on how tax increment revenue will be distributed

Lockwood TEDD Future Administration –

- BSED will collaborate with the TEDD Advisory Council to create a work plan beyond this agreement. This work plan will include, but is not limited to;
 - a vision for the District
 - development priorities that will implement the vision
 - marketing and recruitment opportunities
 - identifying gap funding sources after developing general cost estimates for potential improvements
- BSED will work to identify Federal and State grant opportunities for which the Lockwood TEDD and Yellowstone County might apply for.
- BSED will work in partnership with the Yellowstone County BOCC, Yellowstone County Finance Department, and Yellowstone County Attorneys to develop a framework for a successful transition plan for the Lockwood TEDD.

Big Sky Economic Development proposes to facilitate the steps outlined above for a period of twelve months, with the option to reevaluate and extend the proposal for a further six months. BSED looks forward to continuing forward with the vision shared by Yellowstone County to create ready to go, planned, industrial space to attract and retain industrial and manufacturing businesses in Yellowstone County.

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT (the “Agreement”) dated as of 11, day of April, 2017, is made by and between **Big Sky Economic Development**, address is 222 N. 32nd St, Ste. 200, Billings, MT 59101 (BSED) and **Yellowstone County**, a municipality of the State of Montana whose address is 217 N. 27th Street, Rm 403A, Billings, MT 59101 (the “County”) (BSED And County are collectively the “Parties”).

WITNESSETH:

WHEREAS, the County has pursuant to Ordinance No. 16-119 (the “Ordinance”) created the Lockwood Targeted Economic Development District (Lockwood TEDD) which contains a tax increment provision (the “District”) and

WHEREAS, BSED plans to procure a qualified consultant to develop a five-year Infrastructure Master Plan (the “Plan”) to be implemented within the Lockwood TEDD. The Plan will outline current infrastructure conditions within the District, infrastructure requirements for future development within the District, infrastructure as it relates to the development of the proposed Billings Bypass, proposed infrastructure development scenarios, site analysis and proposed land use, TEDD market identification, and other infrastructure requirements.

WHEREAS, the County requires the procurement of the consultant to follow all County procurement requirements and all proposed infrastructure development align with County planning, construction and development guidelines.

WHEREAS, the Board of County Commissioners is the entity authorizing all Lockwood TEDD expenditures.

WHEREAS, it is the intention and desire of the Parties that a portion of the tax increment revenue generated from the Lockwood TEDD development will be used to reimburse the BSED for the cost of the Infrastructure Master Plan.

WHEREAS, given the complexities of tax increment bonds and the present lack of tax increment revenues, it is not possible to sell tax increment bonds at this time to pay the cost of the Plan; and

WHEREAS, it is necessary and desirable for the District that BSED proceed with procurement of the Plan, paying for the Plan with funds from the Big Sky Economic Development Opportunity Fund; and

WHEREAS, the County has determined that it is appropriate to provide reimbursement to BSED for the costs of the Infrastructure Master Plan; and

WHEREAS, County and BSED wish to enter into an agreement to establish the terms and conditions and methodology by which the County will reimburse BSED from Tax Increment Revenue.

NOW THEREFORE, for good and valuable consideration, County and BSED agree, covenant and represent as follows:

Section 1. Development of the Plan

1. BSED will develop a Scope of Work to be included in a Request For Proposals to be issued in accordance with the County procurement requirements. BSED will obtain approval of the County and County Finance prior to issuing the RFP.
2. BSED will recommend a qualified consultant to the County in order for the County to issue a contract for the Scope of Work. The plan should be completed no later than September 1, 2017.

Section 2. Reimbursement

1. The total reimbursement from the County to BSED for the Master Infrastructure Plan will not exceed \$75,000. In no event shall the BSED be reimbursed for more than the actual cost of the Plan.
2. The parties intend that no less than 50% of the District Tax Increment Revenue will be paid to BSED annually until the BSED has been reimbursed in full. It is the County's intention to reimburse the BSED annually for the Master Infrastructure Plan costs when and to the extent that the District Tax Increment Revenues are received.

Yellowstone Board of County Commissioners

By: _____

John Ostlund

Chair, Yellowstone Board of County Commissioners

Big Sky Economic Development

By: _____

Steve Arveschoug

Executive Director, Big Sky Economic Development



April 2017

Executive Director's Report to the Ex. Comm. & Board of Directors

Strategic Priorities Implementation

1. Strengthen Opportunities for Business Expansion and Economic Diversity

Foster Development of Planned, Ready-to-Go Industrial Space—We held a discussion session with the County Commissioners (March 30) to review a proposed work plan for the first year of the TEDD and to consider the reimbursement agreement to fund the infrastructure master plan for the Lockwood TEDD. The Commissioners should act on these proposals at their April 11th meeting, and then our Board will consider the agreement at our April 13th meeting.

GE Job Retention—We will have a complete GE project update at our April 13th Board meeting, including the final Lease Termination Agreement and the details of our work with a prospect that is excited about the opportunity to retain GE team members and use the facility for business/job growth plans.

Opportunities for Building Economic Diversity—

a) MATTER-Chicago Concept for Healthcare-Related Business Startup and Incubation—Dena and Lorene invested 3 days at the International Business Incubation Annual Meeting and toured three incubator concepts in the Seattle area. They will draft a concept paper outlining their recommendations regarding a potential business incubation concept for Billings. We will review that concept with our planning group and consider our next steps. We will brief the Board on these ideas at the April 13th planning session.

b) Coal Country Coalition—We're reviewing a final draft report this week. We should be able to provide the Board an overview of the findings/recommendations at the April 13th Board meeting.

2. Workforce Development and Talent Attraction—Advocate for and help define strategic programs and capital investment at our college/university and career center:

Advocacy for MSU Billings—As you know we held a joint meeting with the Chamber Board to discuss next steps in the fundraising efforts for the MSUB Yellowstone Science and Allied Health Building project. Melanie and I then met with Bill Kennedy and John Brewer to discuss a more detailed action plan. We will begin reaching out to a select group of business leaders to encourage their consideration of this project. In the meantime (this week), the legislature is considering the \$5.0 million funding request as proposed by our delegation. That request is part of an overall infrastructure/bonding bill that always has a tough time moving through the process. If it does pass, we as a community will need to raise another \$2.0 million to get this project started. So, more work ahead.

Career and Technical Education/Career Center—The CTE Partnership is underway. The agreements have been signed and all the partners are in place. We held the first CTE Partnership Advisory Council meeting on March 28th. The next step is finalizing the job description for the new CTE Director position and starting the search process. The goal is to have that position filled by July 1st.

3. Key Building-Remarkable Community Investments

Lead/partner/support key redevelopment and enhancement projects:

The former Battin Building—Work on abatement continues. BSED staff will again tour the building to review the work and discuss other infrastructure needs—parking, etc. I also want to talk with the developers about the possibility of BSED buying the first floor of the building for our future office facilities and a location for business incubation. Wild idea I know, but let's think about it together during our Board planning session—April 13th.

One Big Sky Center—No new info that I'm aware of other than the developers have recently hosted potential investors for a day-long tour of Billings and the proposed site.

Coulson Park Redevelopment and Entryways Now—Still looking for partners to support the \$60,000 to \$90,000 (updated numbers) cost of the proposed Coulson Park Master Plan, which is the essential first step in the future development of this park. The proposed entryway design concept analysis will move forward as soon as we find the \$8,000. This concept will look at a handful of entryways that are a part of planned road-improvement projects in Billings. I will look to see what BSED can contribute to this effort in our 2017 and 2018 FY budgets. We should be able to commit \$1,000 to \$2,000 over the next 12 months. Again, this whole effort is being vetted through a subcommittee of the BillingsNow effort.

EBURD Redevelopment—No new info. BIRD Annual meeting is April 19th. Our EPA Brownfields grant is still pending.

Trailhead Hospitality Vision Steering Committee—The next meeting of the Committee is set for May 5, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room.

Air Service—Plans for the June 2nd inaugural flight to Dallas are underway—the Chamber is leading that effort. In addition, Allison is pulling together a business-to-business event for later this summer—more details to follow. We have paid our \$25,000 pledge to the Chamber for the revenue guarantee. That will be held in escrow until such time as a draw is needed to satisfy the guarantee. Those draws will be made proportionate to the amount of our pledge to the overall guarantee—that's about 2% for us. So, we'll pay about 2% of each draw request—the total not to exceed our \$25,000 pledge.

BillingsNow Community Development Vision—Work is still underway on securing a facilitator to help the group develop a vision and priorities for future community development efforts. This work should get underway in the next 30 days.

Organizational Development Opportunities

Growth of our Business Finance Program—We're still waiting to hear from the SBA on our merger request. In the meantime we are preparing our ramp-up plans, with a target date of May 1st.

Organizational/Program/Policy Matters

1. Legislative/Policy Issues Follow-Up:
The Local Option Infrastructure Investment Authority legislation has been tabled in both the Senate and the House. For this year the effort is over. A debrief/next-steps session is planned for April 19th.
2. Management Structure Succession Planning— We have received approximately 12 applications for the Operations Director position. Interviews will begin April 6th.

The Succession Plan work will restart as soon as practical, following the pending staffing decisions.

**Respectfully submitted,
April 5 and 13, 2017**

A handwritten signature in black ink, appearing to read 'Steve Arveschoug', with a long horizontal line extending to the right.

**Steve Arveschoug
Executive Director**