





BIG SKY  
ECONOMIC DEVELOPMENT

EDA • EDC    CREATING MONTANA BUSINESS OPPORTUNITIES

# ATTACHMENT A



**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.

Mike Nelson had a question regarding a typo that misstated the year, but it was determined that the year should say 2017 rather than 2018. Five months into the fiscal year, both EDA and EDC are performing well. One the EDC,

there are vacancy savings on the Big Sky Finance team as a result of open positions yet to be filled. Also, the servicing revenues are stronger than last year. Steve mentioned we're headed in a good direction. Jim added some good news regarding the tax protest dollars on the EDA side. We had budgeted for \$28,000 but it appears more likely that it will only be \$9,800.

Motion: Ken Lutton to approve and forward to the full Board, the November 2018 EDA/EDC Financials as presented to the Executive Committee.

Second: Robin Rude

Discussion: None

Motion: Carried

### **Executive Director's Report**

#### **Update: One Big Sky District – Steve**

Steve began by explaining what the next steps are regarding the One Big Sky District. Their final draft of the development plan is nearly done and there is hope that it will be ready for Council on the 10<sup>th</sup>. Steve Loveless asked what exactly it means were the City to approve the plan. Steve said there is no binding commitment, but it is akin to accepting an audit report. They see it as a guiding document for downtown development. Steve also mentioned that the Billings Caucus had received the proposed private/public funding mechanism well and that there were members of both parties willing to work to pass the prospective bill.

Provided to the Committee was a handout outlining the investment strategy for the next two quarters of OBSD work. The next phase of the work is being called the advocacy phase with many of the funds being spent towards efforts at the legislature. The handout breaks down the anticipated costs into four groupings – Design/Engineering/Site analysis, Ongoing Fiscal Analysis, Legal and Public Policy Work, and Reimbursable Expenses. The anticipated total for the community's contribution is \$578,000. In addition, Landmark anticipates investing between \$780,000 - \$1,104,000. Steve said in the interest of time, there will not be an additional ask of the City for a contribution to the expenses. The preliminary recommendation would be to contribute an additional \$300,000 from the Opportunity Fund towards the community's portion of \$578,000. Mike Nelson wanted to adjust the formatting of the recommendation to more prominently display Landmark's contribution. This would be an effort to show their commitment and demonstrate that they have a significant amount of skin in the game. Steve said this recommendation would go to the Opportunity Fund Committee next and then to the full Board. Mike and Jennifer asked how we would respond should the full Board ask what our return on this investment is should it not be successful. Steve replied that if we have done nothing else, we have identified and analyzed opportunities in the downtown core. We have painted a bold vision and set the stage to lead our community forward. Steve said that with the housing study already in place, there could be a concerted effort to achieve the downtown housing aspect of the development plan. There are plenty of opportunities for BSED to pursue that would help redevelop our downtown irrespective of how the OBSD project pans out. Steve thinks there are several components we can glean from this work and put them into action. He also mentioned that the legislative tool would be beneficial to the entire state and that it provokes a conversation about how we grow the proverbial "pie" to benefit the overall State Budget. Further, with talk of other private/public partnership asks, and a sales tax study by the State Chamber, there is perhaps a statewide desire for additional tools to spur development.

Motion: Ken Lutton, to approve and forward to the full Board, the Recommended Investment in Advocacy Phase as presented to the Executive Committee.

Second: Cory Moore

Discussion: None

Motion carried

## **Program/Organizational Directors Updates**

### **Operations/ Future Facility – Becky**

Next was Becky to give a future facilities update. We learned on December 20<sup>th</sup> that the preliminary grant was approved and we were given the green light to submit a full application for the EDA Grant. Additionally, we held another tour of the Paint Building for Board Members who requested to see it and is giving a second tour for staff tomorrow. The next step in the process is to close out the RFP and select a facility as the designated building in the EDA grant application. In order to make that final determination, Becky will gather the Future Facility Taskforce for final feedback and then bring to the Board meeting a final recommendation. Next steps for the grant process would include ordering an appraisal on the facility as well as a preliminary engineering report. We'll also need to figure out how to exactly structure our matching funds for the final budget. Steve said there will be a buy/sell agreement in place contingent on approval for the EDA Grant. Additionally, there will be a letter of intent with the seller of the property we select. Mike asked if this were to fall through, could we have an appraisal and engineering report done on another building by the February deadline. Steve said that he believes that it is possible, and Dianne added that there may be some deadline flexibility if there were delays on our end. It was also mentioned that there will need to be action from the Board to closeout the RFP process. Becky had also asked the Committee's opinion on whether she should conduct a workshop with the Board to review all the due diligence conducted. Cory and Jennifer proposed that Becky offer to Board Member that they could set an appointment should anyone interested in reviewing the due diligence. If there were more folks than anticipated, she should then set a time and date for a workshop.

Motion: Cory Moore motions to approve and forward a recommendation for closing out the RFP, authority to execute an appraisal on the facility, the authority to conduct the preliminary engineering report, and authority to enter a letter of intent to the Full Board, as presented to the Executive Committee.

Second: Jennifer Smith

Abstain: Mike Nelson

Discussion: None

Motion: Carried

### **EBURD MOU between BIRD and BSED – Dianne**

Dianne presented a MOU with the East Billings Urban Renewal District and the parties involved. Some of the BSED commitments in the district are Brownfield assessments, grant administration, and continued work on the implementation of the Masterplan. These are all already in BSED's wheelhouse and this MOU would serve to extend the commitment for an additional five years.

Motion: Jennifer Smith motions to approve and forward the execution of the EBURD MOU to the Full Board, as presented to the Executive Committee.

Second: Robin Rude

Discussion: None

Motion: Carried

**Executive Session: None**

**Public Comment: None**

**Adjourned: at 8:35AM.**



BIG SKY  
ECONOMIC DEVELOPMENT

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# ATTACHMENT B

**Internal Memorandum**

**Date:** January 31, 2018

**To:** Steve Arveschoug  
Big Sky EDA/EDC Executive Committee  
Big Sky EDA/EDC Board of Directors

**From** Jim Tevlin

**Subject:** December 2018 EDA/EDC Financial Statements

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Attached are Big Sky EDA and EDC's financial statements for the month of December 2018.

# Big Sky EDA Balance Sheets

	Dec 31, 2018	Dec 31, 2017	+/-	
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
First Interstate Bank	\$ 514,811.18	\$ 26,451.17	\$ 488,360.01	( C )
Opportunity Fund - FIB	13,255.82	13,240.18	15.64	
Opportunity Fund - Stockman	475,283.20	6,094,992.94	(5,619,709.74)	( A ), ( B )
Stockman GE Maintenance	28,479.10	41,154.87	(12,675.77)	
Yellowstone County Funds	541,727.03	568,488.47	(26,761.44)	
	<u>1,573,556.33</u>	<u>6,744,327.63</u>	<u>(5,170,771.30)</u>	
<b>Other Current Assets</b>				
Accounts Receivable	274,195.22	267,429.54	6,765.68	
American Revenue Guarantee	6,887.28	19,965.08	(13,077.80)	
Due To/Due From EDC	210,671.99	32,659.95	178,012.04	
Miscellaneous Receivables	3,815.55	(428.75)	4,244.30	
Tax Levy Receivable	495,835.38	511,754.07	(15,918.69)	
Tax Levy Receivable - Protested	11,217.87	180,739.21	(169,521.34)	
Allowance for Doubtful Accts	(11,217.87)	(180,739.21)	169,521.34	
Prepaid Expenses	5,427.00	-	5,427.00	
	<u>996,832.42</u>	<u>831,379.89</u>	<u>165,452.53</u>	
<b>Non-Current Assets</b>				
Opportunity Fund - CDs	5,138,928.30	-	5,138,928.30	( A )
Loans Receivable	171,321.62	-	171,321.62	( B )
TEDD Receivable	75,000.00	75,000.00	-	
Cabelas Conduit	4,980.12	5,005.03	(24.91)	
Deferred Outflow of Resources	365,827.38	173,851.38	191,976.00	
	<u>5,756,057.42</u>	<u>253,856.41</u>	<u>5,502,201.01</u>	
<b>TOTAL ASSETS</b>	<u><b>\$ 8,326,446.17</b></u>	<u><b>\$ 7,829,563.93</b></u>	<u><b>\$ 496,882.24</b></u>	
<b>LIABILITIES &amp; EQUITY</b>				
<b>Current Liabilities</b>				
Accounts Payable	64,086.65	69,389.82	(5,303.17)	
Accrued Expenses	570,817.57	404,067.10	166,750.47	( C )
Payroll Liabilities	241.31	33,777.05	(33,535.74)	
Compensated Absences	138,443.60	132,296.37	6,147.23	
Deferred Revenue - GE Settlement	-	3,847,304.21	(3,847,304.21)	
	<u>773,589.13</u>	<u>4,486,834.55</u>	<u>(3,713,245.42)</u>	
<b>Long Term Liabilities</b>				
Deferred Inflow of Resources	7,418.97	2,035.97	5,383.00	
Pension Liability	908,810.80	615,173.80	293,637.00	
	<u>916,229.77</u>	<u>617,209.77</u>	<u>299,020.00</u>	
<b>Net Assets</b>	<u>6,636,627.27</u>	<u>2,725,519.61</u>	<u>3,911,107.66</u>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>\$ 8,326,446.17</b></u>	<u><b>\$ 7,829,563.93</b></u>	<u><b>\$ 496,882.24</b></u>	

( A ) In FY18, the proceeds of the sale of the GE facility (approx \$6 million) were invested in certificates of deposit with maturities of 18 months.

( B ) As part of the One Big Sky District initiative, Big Sky EDA advanced \$171k to the Downtown Billings Alliance.

( C ) On December 31, 2017, Accrued Expenses consisted primarily of \$359k of contributions to Rocky Mountain College and MSU-Billings for their new science facilities. On December 31, 2018, Accrued Expenses consisted primarily of \$478k received from GE Capital for subsequent payout to Zoot Enterprises as part of Zoot's incentive package.



# Big Sky EDA

## Statement of Operations-Actual vs. Budget

For the Six Months Ended December 31,

	2018	Annual Budget	Budget Remaining
<b>Income</b>			
Department of Defense	\$ 261,435.00	\$ 549,626.00	\$ 288,191.00
EDC Reimbursement	260,045.42	601,012.56	340,967.14
EPA - Brownfields	14,559.68	14,559.68	-
Grant Administration	4,266.00	17,650.00	13,384.00
Health Levy Revenue	43,647.00	90,264.00	46,617.00
Mill Levy Revenue	1,269,861.08	1,391,361.00	121,499.92
Miscellaneous Revenue	947.17	-	(947.17)
Opportunity Fund Investment	-	150,000.00	150,000.00
Recovery of Protested Taxes	146,854.25	-	(146,854.25)
SBA/MT Dept of Commerce	54,733.46	117,650.00	62,916.54
SBDC Program Income	62.81	3,211.00	3,148.19
VBOC	127,518.57	300,000.00	172,481.43
	<u>2,183,930.44</u>	<u>3,235,334.24</u>	<u>1,051,403.80</u>
<b>Expense</b>			
Advertising	729.83		(729.83)
Property Tax Protests	10,769.51	28,147.22	17,377.71
Business Recruitment	-	16,000.00	16,000.00
Community Development Projects	-	50,000.00	50,000.00
Contingency	-	17,500.00	17,500.00
Dues and Subscriptions	27,873.92	47,834.00	19,960.08
Employer Contributions	223,295.73	507,433.91	284,138.18
Insurance	6,800.09	14,766.00	7,965.91
Contract Support	-	2,000.00	2,000.00
Marketing	39,601.59	81,854.00	42,252.41
Miscellaneous	21,164.23	39,447.40	18,283.17
Office Equipment	3,400.03	8,700.00	5,299.97
Office Expense	8,124.54	19,000.00	10,875.46
One Big Sky District	-	55,000.00	55,000.00
Professional Fees	44,345.36	73,576.68	29,231.32
PTAC Satellite	42,645.14	87,714.00	45,068.86
PTAC Subcenter	106,549.38	253,543.00	146,993.62
Rent	62,473.83	111,632.00	49,158.17
Repairs	1,305.00	-	(1,305.00)
Salaries/Wages	723,636.33	1,617,320.86	893,684.53
Sponsorships	5,330.00	6,600.00	1,270.00
TEDD	2,409.29	5,000.00	2,590.71
Telecommunications	28,162.45	48,001.00	19,838.55
Travel/Training	44,630.13	124,621.00	79,990.87
Workforce Development	13,617.74	15,000.00	1,382.26
	<u>1,416,864.12</u>	<u>3,230,691.07</u>	<u>1,813,826.95</u>
Operating Income/(Loss)	767,066.32	4,643.17	(762,423.15)
Interest Income	22,677.81	87,477.23	87,477.23
Net Income/(Loss)	<u>\$ 789,744.13</u>	<u>\$ 92,120.40</u>	<u>\$ (674,945.92)</u>

In July 2018, the CHS refinery settled their protested taxes at approximately 90% of the protested amount. These funds will be earmarked to offset expenses associated with EDA's future facilities.

**Big Sky EDA**  
**Statements of Operations-Year Over Year Actual**  
**(Excluding Zoot/GE)**  
**For the Six Months Ended December 31,**

	<b>2018</b>	<b>2017</b>	<b>+/-</b>
<b>Income</b>			
BillingsWorks	\$ -	\$ 10,000.00	\$ (10,000.00)
Department of Defense	261,435.00	237,737.00	23,698.00
EDC Reimbursement	260,045.42	251,559.02	8,486.40
EPA - Brownfields	14,559.68	26,165.00	(11,605.32)
Grant Administration	4,266.00	3,398.16	867.84
Health Levy Revenue	43,647.00	41,145.75	2,501.25
Mill Levy Revenue	1,269,861.08	1,223,881.75	45,979.33
Miscellaneous Revenue	947.17	80,220.38	(79,273.21)
Recovery of Protested Taxes	146,854.25	-	146,854.25
SBA/MT Dept of Commerce	54,733.46	59,936.41	(5,202.95)
SBDC Program Income	62.81	2,077.00	(2,014.19)
VBOC	127,518.57	175,821.75	(48,303.18)
	<u>2,183,930.44</u>	<u>2,111,942.22</u>	<u>71,988.22</u>
<b>Expense</b>			
Advertising	729.83	460.14	269.69
Property Tax Protests	10,769.51	41,786.52	(31,017.01)
BEAR	-	2,450.70	(2,450.70)
Business Recruitment	-	15,494.31	(15,494.31)
Contributions	-	359,300.00	(359,300.00)
Dues and Subscriptions	27,873.92	24,952.45	2,921.47
Employer Contributions	223,295.73	222,130.21	1,165.52
Incubator Expense	-	28,043.89	(28,043.89)
Insurance	6,800.09	19,914.12	(13,114.03)
Contract Support	-	5,163.60	(5,163.60)
Marketing	39,601.59	33,943.51	5,658.08
Miscellaneous	21,164.23	22,194.54	(1,030.31)
Office Equipment	3,400.03	-	3,400.03
Office Expense	8,124.54	13,489.32	(5,364.78)
Professional Fees	44,345.36	146,040.01	(101,694.65)
Program Expense	-	855.63	(855.63)
PTAC Satellite	42,645.14	39,945.93	2,699.21
PTAC Subcenter	106,549.38	90,782.35	15,767.03
Rent	62,473.83	63,455.56	(981.73)
Repairs	1,305.00	665.86	639.14
Salaries/Wages	723,636.33	716,036.62	7,599.71
Sponsorships	5,330.00	7,729.33	(2,399.33)
TEDD	2,409.29	-	2,409.29
Telecommunications	28,162.45	16,144.36	12,018.09
Travel/Training	44,630.13	61,938.06	(17,307.93)
Workforce Development	13,617.74	15,019.28	(1,401.54)
	<u>1,416,864.12</u>	<u>1,947,936.30</u>	<u>(531,072.18)</u>
<b>Operating Income/(Expense)</b>	<u>767,066.32</u>	<u>164,005.92</u>	<u>603,060.40</u>
<b>Other Income</b>			
Interest Income	22,677.81	964.85	21,712.96
<b>Net Income/(Loss)</b>	<u>\$ 789,744.13</u>	<u>\$ 164,970.77</u>	<u>\$ 624,773.36</u>

In July 2018, the CHS refinery settled their protested taxes at approximately 90% of the protested amount. These funds will be earmarked to offset expenses associated with EDA's future facilities.

# Big Sky Economic Development Corporation

## Balance Sheets

	Dec 31, 2018	Dec 31, 2017	+/-	
<b>ASSETS</b>				
<b>Current Assets</b>				
First Interstate Bank	\$ 404,957.21	\$ 120,833.47	\$ 284,123.74	(A)
FIB SSBCI Principal	1,257,377.19	1,013,442.06	243,935.13	
FIB-Long Term Reserve	150,000.00	150,000.00	-	
FIB-Operating Reserve	100,000.00	100,000.00	-	
FIB-Opportunity Fund	22,200.00	22,200.00	-	
First Interstate Bank-RLF	239,897.67	169,062.88	70,834.79	
FIB-OBSD Restricted	142,417.40	-	142,417.40	(B)
Wells Fargo	-	81,732.95	(81,732.95)	(A)
Accounts Receivable	1,000.00	1,000.00	-	
Certificates of Deposit	-	75,114.53	(75,114.53)	(A)
Contributions Receivable	30,500.00	-	30,500.00	(C)
Prepaid Expenses	2,648.53	-	2,648.53	
RLF Portfolio-Current	76,058.68	72,389.57	3,669.11	
SSBCI Portfolio-Current	123,590.12	184,120.35	(60,530.23)	
	<u>2,550,646.80</u>	<u>1,989,895.81</u>	<u>560,750.99</u>	
<b>Other Assets</b>				
Contributions Receivable-Non Current	46,250.00	-	46,250.00	(C)
RLF Portfolio-Non Current	235,625.77	191,034.15	44,591.62	
SSCBI Portfolio-Non Current	867,680.57	1,029,721.85	(162,041.28)	
<b>TOTAL ASSETS</b>	<u><u>3,700,203.14</u></u>	<u><u>3,210,651.81</u></u>	<u><u>489,551.33</u></u>	
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	22,188.49	7,053.23	15,135.26	
Accrued Expenses	10,375.00	16,254.03	(5,879.03)	
Due to/Due From EDA	210,671.99	32,659.97	178,012.02	
	<u>243,235.48</u>	<u>55,967.23</u>	<u>187,268.25</u>	
<b>Net Assets</b>	<u>3,456,967.66</u>	<u>3,154,684.58</u>	<u>302,283.08</u>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>\$ 3,700,203.14</u></u>	<u><u>\$ 3,210,651.81</u></u>	<u><u>\$ 489,551.33</u></u>	

(A) In FY18, the certificates of deposit and bank accounts held by Montana Community Finance Corporation were closed/matured. The remaining funds were deposited into our First Interstate Bank account.

(B) These restricted funds are specifically earmarked for the One Big Sky District master plan.

(C) These receivables represent CTE funding commitments during FY19 (current) and FY20 (non-current)

**Big Sky Economic Development Corporation**  
**Statement of Operations-Actual vs Budget**  
For the Six Months Ended December 31,

	2018	Annual Budget	Budget Remaining
<b>Income</b>			
504 Loan Origination	\$ 85,694.98	\$ 127,500.00	\$ 41,805.02
504 Loan Servicing	277,042.74	531,600.00	254,557.26
Member Investment	90,775.00	350,000.00	259,225.00
Miscellaneous Income	3,850.25	13,000.00	9,149.75
Private BillingsWorks Funding	2,500.00	20,000.00	17,500.00
Recovery of Bad Debt	2,050.00	3,600.00	1,550.00
RLF Business Loan Interest	6,443.34	12,476.00	6,032.66
SSBCI Revenue	13,691.40	29,140.00	15,448.60
	<u>482,047.71</u>	<u>1,087,316.00</u>	<u>605,268.29</u>
<b>Expense</b>			
BEAR Program	1,182.98	6,108.00	4,925.02
Rock31 Expenses	41,321.78	50,000.00	8,678.22
Business Recruitment	23,944.80	81,000.00	57,055.20
Dues and Subscriptions	17,678.23	15,593.00	(2,085.23)
EDA Reimbursement	260,045.42	601,012.56	340,967.14
Event Expense	24,421.51	51,500.00	27,078.49
Insurance	1,737.00	11,000.00	9,263.00
Marketing	4,828.60	11,000.00	6,171.40
Membership Development	2,406.65	7,500.00	5,093.35
Miscellaneous	1,467.18	36,418.00	34,950.82
Office Supplies	2,299.17	2,056.00	(243.17)
Professional Fees	25,104.40	22,500.00	(2,604.40)
Rent	18,495.80	36,320.00	17,824.20
Sponsorships	-	2,000.00	2,000.00
Telephone	2,783.43	4,980.00	2,196.57
Travel & Training	11,728.91	28,500.00	16,771.09
Workforce Development	-	59,695.00	59,695.00
	<u>439,445.86</u>	<u>1,027,182.56</u>	<u>587,736.70</u>
<b>Operating Income</b>	<u>\$ 42,601.85</u>	<u>\$ 60,133.44</u>	<u>\$ 17,531.59</u>

Negative variance due to  
SBA 504 legal fees  
incurred in FY18 on loans  
that did not fund.

**Big Sky Economic Development Corporation**  
**Statements of Operations-Year Over Year Actual**  
For the Six Months Ended December 31,

	<u>2018</u>	<u>2017</u>	<u>+/-</u>
<b>Income</b>			
504 Loan Origination	\$ 85,694.98	\$ 21,785.90	\$ 63,909.08
504 Loan Servicing	277,042.74	277,627.78	(585.04)
Member Investment	90,775.00	79,475.76	11,299.24
Miscellaneous Income	3,850.25	2,207.75	1,642.50
Private BillingsWorks Funding	2,500.00	-	2,500.00
Recovery of Bad Debt	2,050.00	9,064.59	(7,014.59)
RLF Business Loan Interest	6,443.34	7,953.12	(1,509.78)
RLF Loan Fund (net)	-	482.60	(482.60)
SSBCI Revenue	13,691.40	15,433.51	(1,742.11)
	<u>482,047.71</u>	<u>414,031.01</u>	<u>68,016.70</u>
<b>Expense</b>			
BEAR Program	1,182.98	-	1,182.98
Rock31 Expenses	41,321.78	-	41,321.78
Business Recruitment	23,944.80	29,928.08	(5,983.28)
Dues and Subscriptions	17,678.23	7,138.35	10,539.88
EDA Reimbursement	260,045.42	251,559.02	8,486.40
Event Expense	24,421.51	34,560.79	(10,139.28)
Insurance	1,737.00	92.00	1,645.00
Marketing	4,828.60	4,579.99	248.61
Membership Development	2,406.65	1,087.08	1,319.57
Miscellaneous	1,467.18	6,807.71	(5,340.53)
Office Supplies	2,299.17	680.24	1,618.93
Postage and Delivery	-	598.43	(598.43)
Professional Fees	25,104.40	8,609.00	16,495.40
Rent	18,495.80	14,454.40	4,041.40
Repairs	-	753.50	(753.50)
Telephone	2,783.43	2,614.95	168.48
Travel & Training	11,728.91	12,942.53	(1,213.62)
	<u>439,445.86</u>	<u>376,406.07</u>	<u>63,039.79</u>
<b>Operating Income</b>	<u>\$ 42,601.85</u>	<u>\$ 37,624.94</u>	<u>\$ 4,976.91</u>

Year over year variance due to SBA 504 legal fees incurred in FY18 on loans that did not fund.



BIG SKY  
ECONOMIC DEVELOPMENT

EDA • EDC    CREATING MONTANA BUSINESS OPPORTUNITIES

# ATTACHMENT C

**February 2019  
Executive Director's Report  
(with Program Highlights)  
to the Executive Committee & Board of Directors**

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***Strategic Priorities***

- 1. Economic Diversity and Innovation—grow and diversify our economy through small business growth, entrepreneurship, fostering innovative business ideas, and maintaining a regional focus:**
  - a. ROCK31 – Connect Build Grow—Kevin Scharfe is now onboard as our director of the Rock 31 program. He is busy building our program plan for the balance of this fiscal year. We are of course in a holding pattern on the space for the Rock31 program, but in the meantime, we continue our MeetUp events with entrepreneurs. Please check the SBDC/Rock31 section of this report for more details. Oh, the ROCK31 meet-up event at Steep World (Jan. 14) was great! We connected with 20+ entrepreneurs who have ideas to launch adventure/experience-based businesses.
  - b. Coal Country Coalition—No new information on the work of the Coalition.
- 2. Workforce Development and Talent Attraction—via the BillingsWorks Partnership—build and enhance our workforce development strategies/programs and further our talent attraction efforts to meet future workforce needs in support of our regional business community:**
  - a. Advocacy for MSU Billings and RMC—MSUB is now creating a community strategic-direction committee made up of key community leaders. The goal is to support and guide the execution of the University's new Strategic Plan. The first meeting will be February/March. More details to follow.
  - b. BillingsWorks/Talent Attraction and Career and Technical Education/Career Center—See the Billings Works Update as a part of this report for details on work related to Better Off in Billings and preparation of the 2019 State of the Workforce Report. The next meeting of the CTE Advisory Committee will be this month. Greg Upham (SD2 Superintendent) will set the stage for the future of CTE in Billings with the guidance of this advisory committee. More details to follow. Oh, Karen participated in a hearing for CTE funding today (Friday, February 1<sup>st</sup>). She will provide us an update on that work as soon as she returns. Thank you, Karen!!
- 3. Strategic Placemaking--building-remarkable community investments to encourage and support the retention and attraction of workforce and new private investment:**
  - a. Foster Development of Planned, Ready-to-Go Industrial Space—See the TEDD update as a part of the Community Development section of this report. We are working now with KLJ on a game plan for a possible federal BUILD grant that would support the funding of infrastructure in the TEDD. We should have their game plan to review with the TEDD advisory Committee next month. In the meantime, we are meeting with property owners in the TEDD to determine the best opportunities for a catalyst project—one that could help jump-start development in this area.

- b. One Big Sky District—The Recruitment section of this report will provide you with more details on the One Big Sky District Planning project but let me offer you a few important details. 1) the Plan is now complete. It was delivered to City Council on January 26<sup>th</sup>. You can find a copy of the full Plan document on the BSED website.; 2) we have amended our agreement with Landmark to reflect the next phase of work on this project (advocacy, legal, marketing, final design and fiscal analysis). I pulled the budget back to a 90-day work plan and reduced the Strategy Partner budget to \$355,000 not the 6-month plan that was calling for \$578,000. We want to be able to hit pause and regroup after the first 90 days of this work with Landmark, including assessing the status of our legislative work; 3) City Council will be considering the OBSD final plan on February 11<sup>th</sup>. Please join us if you can.

I will add that the OBSD Plan is an outstanding vision for the redevelopment of our downtown core. It outlines a series of catalyst projects which require both public infrastructure and private asset. Under this plan all the upfront investment will rest with the private sector. Private investment must lead this effort. Additionally, the plan lays out the concept for a new economic development tool, which is based in the private/public partnership model outline in our plan. It is all a bold vision, but well past due for our state and community.

- c. Coulson Park Redevelopment and Entryways Now—A contract with DHM Design has been approved, so now the public outreach meetings can begin. Stay tuned for more details. This will be an important project for our community—2019 is off to a great start with key community development projects.
- d. EBURD Redevelopment—No new info to report. See the Community Development section of this report for more info, as available.
- e. Trailhead Hospitality Vision Steering Committee— The scope of work for a plan/design/budget for the improvement of the Metra Park backside walkway, fence and landscaping is complete. The next step is securing funding for that work. Recall--the goal being to take steps forward in the improvement of the HWY 87 corridor as one of the major entryways for our community. The next meeting of the Committee is set for March 1, 2019, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room. They meet every other month.
- f. Air Service—Frontier is coming to Billings this May. Book your tickets now and get a discount. Go to FrontierAirlines.com. This additional carrier to the Denver Market will be helpful in controlling costs for our travelers. Allison will be headed to Arizona for meetings with our other air-service providers in March of 2019. In the meantime, remodeling/expansion of the airport continues with the design phase in full swing. Good progress—Allison and the Billings Chamber Air Service Taskforce.
- g. Space2Place—Micro projects that facilitate quality of place—work on the 2019 project solicitation will begin soon. See Community Development section of this Report.



## ***Program Updates***

### **SBDC/BEAR/ROCK31**

#### **New Business:**

- We are excited to announce that the Business Expansion and Retention (BEAR) mentor team is rolling together with the Rock31 brand.

***Rationale:*** The State-wide BEAR program and brand will no longer operate (funding was cut). We continued to use this brand and resource under the SBDC. We no longer see the need for the additional logo (that is not owned by BSED). It is confusing to clients as to what BEAR is.

***Structure:*** Kevin Scharfe and Lorene Hintz will co-manage/grow this volunteer team. Rock31 expert mentors will be listed on the new Rock31 website with their photo and expertise. The team will continue to hold a “monthly mentor meetup” to collaboratively offer insight, guidance, ideas, and mentorship for companies referred by all programs at BSED. The direction from the mentors will be provided to the client through Lorene and Kevin. Direct referrals to mentors will also be made through recommendations provided by BSED team members and by the mentors at the monthly meetup.

#### **Team activity:**

- Served 30 new and existing companies with technical assistance, training, loan packaging, and consulting.
- Served on 11 community Board/Committee meetings.
- Held 1 meetup for entrepreneurs focused on experience-based business models/ideas.
- Held 2 outreach site visits.
- Trained 14 pre-venture clients through our pre-business workshop.
- Met with several commercial lenders on continued partnership with the program resources.
- Submitted 3 nominees for the 2019 Small Business Administration awards.

#### **Ongoing projects:**

- Rock31 model development is underway by Kevin and the team.
- Kevin is scheduling site visits (other successful co-working/incubation models and startup weekend events) in Boise and Colorado Springs for February.
- Kinetic provided design and wire frames for the new website. Kevin is working with their team on a final design.
- Kevin is forming the Advisory Council for Rock31.
- Lorene (and team) held the SBDC Advisory Council meeting for the SBDC on January 30<sup>th</sup>.
- The program workplan including a schedule of trainings is being developed for the next fiscal year.

### **VBOC**

Outreach has been the focus of the VBOC’s activity in December and January. In Billings, those efforts include:

- Conference call with the entire Montana Small Business Development Center Network
- Separate conversations with Montana and Wyoming SBA to partner on a major leadership training event in Billings (both states are excited to participate)

- Meetings at MSU Billings with Montana Veterans Upward Bound and the new director of MSUB's Military and Veterans Success Center
- Introduction to the director of VetFran at the International Franchise Association and their efforts to promote franchise ownership opportunities for veterans
- Coordination with new leadership at Bunker Labs-Bozeman
- Hill Air Force Base Transition Assistance officer to coordinate a successful January B2B training without the SBA during the government shutdown. Brian made this happen on January 16-17, delivering all 8 modules to more than 16 transitioning service members.
- Meeting with the Director of Veteran Services at Montana State University in Bozeman. Looking forward in the future to introducing small business opportunities to the hundreds of veterans attending MSU.

## **BILLINGSWORKS**

January has been a productive month for BillingsWorks. Karen and Marcell attended Business Days at the Capital in Helena where Computer Science was a major workforce development topic. As such, the council is looking to connect the Yellowstone Tech Alliance (the new local tech sector partnership) with School District 2 to review the IT/Tech curriculum. Additionally, STEM Billings' Adventure in Coding event will be looking to partner with The Alliance as well in hopes to get more industry connected with students in the field of Computer Science. The Better Off in Billings Talent Attraction Campaign has gained a lot of ground after a productive meeting with Veep Marketing. The digital campaign will utilize geo-targeting via Facebook to "hit" single men and women ages 26-38 and/or men and women of this age range who recently changed their job status currently located in Minnesota. We are hoping to launch this campaign in February and look forward to the data we receive. Finally, the BillingsWorks Steering Committee met in January to share all the workforce development initiatives taking place in Yellowstone County. The list was large (yahoo!) but we highlighted the following: STEM Billings, College/Career Readiness in SD2, Inspire Your Future Job Fair, Work Based Learning Coordinator Pilot Position at the Career Center in partnership with Billings Job Service, JMG Sales and Customer Service Program, JMG High School Students running Rimrock Mall Kiosks, and the Better Off in Billings campaign.

## **MEMBER INVESTOR/MARKETING/OUTREACH**

We have added two new Member Investors during January, VEOP Marketing and Historic Billings Depot. Both are actively involved in many of our programs.

We had a very successful Member Investor Breakfast, with many of the comments around how well business is doing, however, finding enough talent is still a challenge.

We delivered our annual Community Report in the Billings Gazette on Sunday, January 20<sup>th</sup>. We have additional copies at the office if you would like to give them to colleagues.

Outreach is in full swing, with Marcell Bruski doing a great job in tracking and facilitating our team's efforts with all business in our county. Our first team outreach for the year was at Swanky Roots, an aquaponic system for growing lettuce and other greens. Visit [www.swankyroots.com](http://www.swankyroots.com) for more information.

## **PTAC**

Since August 1<sup>st</sup>, MT PTAC clients (statewide) have been successful in winning \$39,189,734 in federal, state and local contracts. Of that, \$14,143,998 was awarded to clients of the Billings PTAC. Peaks to Plains Design has been a Billings PTAC client since 2006. The company recently received two contracts from Indian Health Services totaling \$1,671,586 for design and installation of Xeriscape landscaping at its Crow Agency facility. PTAC alerted Denny Menholt Chevrolet to several State of Montana opportunities

and assisted the company with its response. The company was subsequently awarded two contracts, \$1,000,879 for 2018 vehicles and \$51,187 for a Suburban.

## **BIG SKY FINANCE**

It's been an interesting start to the new year with the federal government shutdown. This has had somewhat of an impact on our SBA 504 lending. As a result of the shutdown, we are not able to submit any loans for approval or submit any servicing actions on our existing loans. Unfortunately, we have both situations occurring. However, we are doing our best to minimize this impact on our borrowers and prospects. We are open for business and continue to stay busy taking on new prospects, underwriting and preparing for when the shutdown ends.

We did close on one SBA 504 loan in the month of January – Marketplace 3301. Anticipated funding is in March, if the shutdown ends. If you have not visited this business, I recommend you do so. It is a wonderful antique mall located in downtown Billings with a wide variety of offerings. Need a place to meet for a cup of coffee, they have a full-service coffee bar with seating for all to enjoy!

Big Sky Finance held its annual Lender Appreciation event here in Billings to thank our commercial lenders for their continued partnership! It was another great event with nearly 40 lenders in attendance! We are beginning interviews for our Loan Specialist position and have received some strong applicants. Lender trainings are under way and Brandon presented to Western Security Bank. Jo Ann and Sherry have been helping the team out in Helena at various legislative events!

SBA 504 effective rates for the month of January dropped from the previous month: 25-year rate is 4.88%, 20-year rate is 4.76% and 10-year rate is 5.06%. These rates are fixed for the term of the loan providing borrowers with no interest rate risk!

## **RECRUITMENT**

Recruitment has been focused on the OBSD work, getting the Economic Pulse Report complete, and working with three different companies. The call center company that we've discussed previously should be open by the 4<sup>th</sup> of February and will be ramping up on hiring. Additionally, we celebrated the entrance, once again, of Frontier Airlines to our market which comes after years of work with our air service partners to educate flight planners about the opportunities in Billings. We even had the opportunity to host a Frontier flight planner in Billings to help them better understand the market.

## **COMMUNITY DEVELOPMENT**

The Lockwood TEDD expansion became official on December 18<sup>th</sup>. The Lockwood TEDD Advisory Board met on December 19<sup>th</sup> in BSED's Yellowstone Room and discussed the annual work plan for 2019. The report that needs to be sent to the Department of Revenue is being prepared.

The Coulson Park Master Plan consultants are working with City of Billings staff to finalize the scope of work for the master plan.

US EDA grant pre-application was submitted on December 13<sup>th</sup>. On December 20<sup>th</sup> we receive verbal confirmation of approval to move forward with submitting a full application. EDA is requesting the application be submitted by late February. There are several documents required including a preliminary engineering report. Staff is working on the required documents.

Community Development is receiving multiple Brownfield assessment inquiries and is currently working with property owners on the application process.

Staff continues to work with the Yellowstone County Local Emergency Planning Committee (LEPC) on the spring Preparedness Conference set for April 2<sup>nd</sup>.

Two new fuels reduction assessments and projects have been completed for the Yellowstone County Fuels Reduction program. The grant closed on December 31<sup>st</sup> and the closeout process is being completed.

The Coal Board met in Billings on December 20<sup>th</sup>. Staff provided an update on the MSUB Science building project.

The MOU between BSED, the City of Billings and the BIRD is up for renewal. We have reviewed the MOU and will be taking the agreement to the Board for approval.

We continue to follow the proposed guidelines for the Federal Opportunity Zone program.

### ***Organizational/Policy Matters***

1. Future Facilities Taskforce – As noticed to the Board via email on January 28, 2019, a decision was made to step away from buying the Montana Paint Building. The cost estimate for the fit-out came back at \$1.9 million, which was higher than our total project budget allowed. Even with a renegotiated purchase price, we still had a significant gap to make the budget work. Mark Qualman, who conducted the cost estimate, also spoke to structural risks (like load factors) that were unknown at this point but had high potential to increase costs. In addition, we learned the City would require a finished ceiling height in the basement that would require us to dig down the basement floor to meet code. Board Members from the Future Facility Taskforce and Opportunity Fund Committee, including the Board Chairs, met to review the analysis and made the decision to walk away from the purchase. At that meeting, guidance was given to continue with our plans to open a new RFP with the intent to purchase (as discussed at the Board meeting), continue to work towards an EDA Grant application, and to revisit our budget for purchasing a facility. A new RFP is being drafted and will be released after review with the Executive Committee on February 6th. The goal will be to expedite the RFP process in order to continue progress towards applying for the Federal EDA Grant.
2. Ad Hoc Legislative Committee—Work in underway on the OBSD legislation, but so too is on the economic development tools that we use on a day-to-day basis. I testified on HB2—Department of Commerce Budget package that includes funding for our Small Business Development Center and the workforce training grant programs that we use for the expansion of our local businesses. Next week I expect to be in Helena again to testify on HB52—lifting the sunset on the 2019 suite of economic development tools. That bill is the top priority of the Montana Economic Developers Association (I am President of MEDA this year). I will brief the Ad Hoc Legislative Commitment in the weeks to come as we make progress on our legislative priorities for 2019. Stay tuned.

**Respectfully submitted,  
February 6 & 14, 2019**



**Steve Arveschoug  
Executive Director**