



Committee Members	EDC –Eric Simonsen, Mike Nelson, Mike Seppala, David Trost, Steve Loveless EDA –Jennifer Smith, Cory Moore, Robin Rude, Sheri Nicholson, Paul Neutgens
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Next Executive Committee Meeting – October 3, 2018 (7:30 A.M. to 9:00 A.M.) *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 256-6871.*



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT A

Rosebud Room, 2nd Floor – Granite Tower

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 Present: EDA – Jennifer Smith, Paul Neutgens, Robin Rude, Sheri Nicholson
EDC – David Trost, Eric Simonsen, Mike Nelson, Mike Seppala, Steve Loveless

Staff and others Present: Steve Arveschoug, Austin Trunkle, Becky Rogers, Melanie Schwarz, Jim Tevlin, Dianne Lehm, Allison Corbyn, Dena Johnson, Evelyn Pyburn (Big Sky Business Journal)

Call to Order:

Eric Simonsen, EDC Chair, called the meeting to order at 7:30 A.M.

Agenda Changes for Today's Meeting:

There were no changes to the agenda

Public Comments:

None

Agenda:

Approval of EDA/EDC Executive Committee Minutes of July 2018

Motion: Mike Seppala, to approve and forward to the Board of Directors, the Executive Committee Minutes as presented to the Executive Committee.

Second: Sheri Nicholson

Discussion: None

Motion carried

June 2018 EDA/EDC Financials - Jim

Jim presented the EDA and EDC Financials. The financials reflect the end of fiscal year 2018. Jim reviewed the unexpected items relating to that budget, such as an increase in tax protest and its impact on the budget. In the next fiscal year, Jim and Becky have identified areas to put in place better cost control such as miscellaneous expenses and sponsored lunches/meetings. Regarding the EDC budget, Jim mentioned the EDC has a comfortable net income figure. Jim once again mentioned that there were two significant loans that didn't materialize in FY18 and thus led to a smaller servicing revenue total. David suggested that BSED sets a percentage target to increase the operating margin. Eric mentioned the CHS settlement and asked what that means going forward. Jim doesn't have enough information to determine when we will see the windfall from the tax protests. Robin explained that part of the agreement CHS reached with the County restricts them from protesting their 2018 taxes and prohibits them from challenging the Department of Revenue's methodology.

Motion: Sheri Nicholson, to approve and forward to the Board of Directors, to adopt the financials as presented to the Executive Committee.

Second: Jennifer Smith

Discussion: None

Motion carried

Updates

Future Facilities RFP Responses - Becky

Becky mentioned the Future Facilities Taskforce will see the window for proposals close tomorrow, August 2nd. We anticipate at least six proposals. An important addendum was added to the RFP and \$100,000 was added to the yearly lease budget figure. The final figure then is \$250,000. Several meetings are slated for August during which the FFT will make their considerations and

hopefully forward a decision to the Board in September. Steve thanked Becky for her steadfast work and attention to detail as she's shepherded the process forward. Steve wanted to also mention that we have used the County's legal counsel, Dan Schwarz, to guide our decision-making process and making certain we are within our rights as a Trade-port Authority.

Staffing Changes (Interim Approach for Recruitment Staffing) – Steve

We are taking an interim staffing approach to backfilling gaps in Recruitment and Outreach. For the interim period, Recruitment and Outreach will be moved under Melanie's supervision. We also restructured the job description of a communications specialist that we planned to hire and elevated it to a Business Outreach Project Manager. This project manager will help fill in the gaps in Recruitment and will also be assisting Melanie and Karen with their programmatic needs. Sheri commended Steve for being open to this change in the organizational structure. Steve said there is a lot on Melanie's plate now and she needs another employee to help achieve the program goals.

Hot Topics for Executive Director Dialogue

BSSED Financial Projections – Jim and Steve

Steve asked Jim to explain the FY19 budget projections. The projections assume no large increases in revenue, a full mill levy and no changes in federal funding. Jim mentioned the Entrepreneur Space program was projected to only break-even. The programmatic expenses can be adjusted but Jim preferred to make conservative estimates until he felt the need to shift the numbers. As for EDA risk areas to consider, Jim identified the PTAC reimbursement rate, receiving a full mill levy and the VBOC award being subject to renewal each year. The Defense Logistics Agency has changed the reimbursement rate for the PTAC and that means the federal funding level for the program is susceptible to change. And the VBOC award is committed to a 5-year period but is subject to renewal so it carries an element of risk.

With respect to the EDC, potential risk is within the 504 Loan Program and bank participation and interest rates. The two loans that fell through last year are a good illustration of the risks of the Finance program. The entrepreneurship Space will require the entire organization to lean-in to make the program a success. When you combine EDA and EDC, the organization is in a stable position projecting forward. David asked why the projections for the E-Space were used to sell the Board on the program but not forecasted in the five-year budget projections. Jim mentioned that they used some of the projections to inform the budget forecast but took a conservative approach. Mike and David want to see a more transparent projection that reflects the growth and its associated expenses moving forward. Steve acquiesced to the Committee and said Jim, Becky, and Steve will sit down and re-hash how the budget has been determined.

Board Engagement – 2019 Turnover and 2018 Attendance

The organization keeps a record of Board Member attendance. Our bylaws allow for the organization to replace a Board Member if they have missed three consecutive Board Meetings. Steve made a point to mention how much he appreciates the Boards' dedication to our organization and the selfless giving of their time and expertise. However, there is a reasonable expectation that there is consistent attendance to our meetings. Steve anticipates there will be at least 9 board members turning over this year. As we move into the nominating process, we need to give thoughtful consideration to what expertise we are losing and what expertise we would like to replace or enhance. The nominating committee will meet on August 15th for initial discussions. Eric asked for the materials to show the tenure of the Board Members who look to be on the way out.

MEDA/2019 Legislative Session Expectations

Steve spoke to how the 2019 legislative session is already giving him much to think about. Since the year 2000, the State still contributes the same amount of funding to the SBDC. With a sunset in 2019, it is important we lobby to extend the sunset as well as ask that the funding levels be increased. It will be important to set the stage for a bigger ask of our legislature down the road with respect to giving the state more economic development tools to empower our communities.

One Big Sky District "Big Project"

Steve helped segue into a discussion about OBSD and volunteered Allison to give an update. The Hammes group was here earlier this week and gave BSSED a bit more direction and homework to help advance the planning phase and hit target dates. As mentioned previously, there will be a big push to link the downtown with the medical corridor. David had asked if the City Council had shifted at all from the 6-5 position they've been in. While Steve doesn't think anyone has defected, there have been some of the "no votes" attending the OBSD meetings, which is certainly encouraging. Steve spoke to a possible greater community education effort as there is still a fair amount of misinformation floating around.

Questions and Answers with the Executive Director

Mike Seppala asked, "What role, if any, should BSSED play in resolving the crisis of transients in our downtown core?" Mike Seppala and Mike Nelson both mentioned the One Big Sky District could be hampered somewhat by the fact that there is aggressive panhandling and violence downtown. The issue is wide reaching and effected acutely by mental health issues and drug abuse. Steve

will invite Katy Easton to our September Board Meeting to give an update on how the DBA combats the issues associated with transient individuals in our city.

Eric asked, "Are there other potential projects, besides the 2 catalyst projections, that BSED can focus on until those happen?" Dianne and Steve both listed several objectives BSED is involved in trying to accomplish, some of the most notable projects are the Lockwood TEDD and Coulson Park. There also appears to be a concerted effort to try and bring in a new grocery store since the Downtown co-op closed their doors.

Steve Loveless wanted to make sure the Executive Committee has line of sight to back the continued Medicaid expansion funding in the 2019 legislative session. This is critical to both St. Vincent Healthcare and Billings Clinic and thereby our local economy. Steve Arveschoug indicated this will be a topic for the upcoming BSED Ad Hoc Legislative Committee.

Consideration of Executive Session: Review Executive Director Performance Evaluation

Eric mentioned that Steve's performance review has been completed and an executive session was then initiated.

Motion: Mike Nelson, to approve and forward to the Board of Directors, for an executive session to be initiated as presented to the Executive Committee.

Second: Jennifer Smith

Discussion: None

Motion carried

Executive Session began at 9:08 A.M.

The meeting was called back to order at 9:18 A.M.

Action to Consider Following Executive Session

The Executive Committee reported out that the compensation committee made a recommendation for a one-time, 2.5% merit increase for Steve.

Motion: Mike Seppala, to approve to accept the recommended decision of the compensation committee for a 2.5% one-time merit increase as presented to the Executive Committee.

Second: Sheri Nicholson

Discussion: None

Motion carried

Public Comment: None

Meeting adjourned at 9:20 am

Motion: Jennifer Smith, to approve to adjourn the Executive Committee Meeting.

Second: Robin Rude

Discussion: None

Motion carried

Next Executive Committee Meeting – September 5, 2018

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ATTACHMENT B

Internal Memorandum

Date: August 30, 2018

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

From Jim Tevlin

Subject: July BSEDA Financial Statements

I have changed the format of Big Sky EDA & EDC's monthly financial statements. You will see a Statement of Operations detailing variances to budget and another Statement of Operations detailing variances to the prior year. These changes reflect my efforts to better use Quickbooks' reporting features. Additionally, you will see calculated variances with explanations on the face of the statement instead of in a separate document. Hopefully, this will help the reader better understand key financial transactions.

Please let me know if you have any comments or suggestions regarding our financial statements.

Big Sky EDA Balance Sheets

	Jul 31, 2018	Jul 31, 2017	+/-
ASSETS			
Current Assets			
Checking/Savings			
First Interstate Bank	\$ 71,432.90	\$ 141,600.51	\$ (70,167.61)
Opportunity Fund	58,846.79	6,015,172.64	(5,956,325.85) (A)
Stockman GE Maintenance	28,479.10	67,415.19	(38,936.09)
Yellowstone County Funds	434,821.48	294,864.15	139,957.33
	<u>593,580.27</u>	<u>6,519,052.49</u>	<u>(5,925,472.22)</u>
Other Current Assets			
Accounts Receivable	214,561.59	227,930.70	(13,369.11)
American Revenue Guarantee	19,965.08	25,000.00	(5,034.92)
Due To/Due From EDC	126,735.01	7,249.90	119,485.11
Miscellaneous Receivables	3,000.00	30,991.20	(27,991.20)
Tax Levy Receivable	17,433.37	10,136.98	7,296.39
Tax Levy Receivable - Protested	1,437.48	138,952.69	(137,515.21)
Allowance for Doubtful Accts	(1,437.48)	(138,952.69)	137,515.21
Prepaid Expenses	-	1,804.10	(1,804.10)
	<u>381,695.05</u>	<u>303,112.88</u>	<u>78,582.17</u>
Other Assets			
Cabelas Conduit	9,642.04	5,003.51	4,638.53
Opportunity Fund - CDs	5,931,851.68	-	5,931,851.68 (A)
Deferred Outflow of Resources	173,851.38	173,851.38	-
Long Term TEDD Receivable	75,000.00	-	75,000.00
	<u>6,190,345.10</u>	<u>178,854.89</u>	<u>6,011,490.21</u>
TOTAL ASSETS	<u>\$ 7,165,620.42</u>	<u>\$ 7,001,020.26</u>	<u>\$ 164,600.16</u>
LIABILITIES & EQUITY			
Liabilities			
Current Liabilities			
Accounts Payable	55,790.88	215,867.68	(160,076.80)
Accrued Expenses	247,460.60	137,810.86	109,649.74
Higher Ed & Challenge Match	209,300.00	-	209,300.00
Deferred Revenue - GE Settlement	-	3,847,304.21	(3,847,304.21)
Deferred Revenues - GE Rent	-	57,026.15	(57,026.15)
	<u>512,551.48</u>	<u>4,258,008.90</u>	<u>(3,745,457.42)</u>
Long Term Liabilities			
Deferred Inflow of Resources	2,035.97	2,035.97	-
Pension Liability	615,173.80	615,173.80	-
	<u>617,209.77</u>	<u>617,209.77</u>	<u>-</u>
Net Assets	<u>6,035,859.17</u>	<u>2,125,801.59</u>	<u>3,910,057.58</u>
TOTAL LIABILITIES & NET ASSETS	<u>\$ 7,165,620.42</u>	<u>\$ 7,001,020.26</u>	<u>\$ 164,600.16</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.

Big Sky EDA
Statement of Operations-Actual vs Budget
For the Month Ended July 31,

	2018	Annual Budget	Budget Remaining
Income			
Department of Defense	\$ 45,000.00	\$ 549,626.00	\$ 504,626.00
EDC Reimbursement	41,678.19	601,012.56	559,334.37
Grant Administration	4,266.00	17,650.00	13,384.00
Health Levy Revenue	7,207.50	90,264.00	83,056.50
Mill Levy Revenue	183.89	1,391,361.00	1,391,177.11
Opportunity Fund Investment	-	150,000.00	150,000.00
Recovery of Protested Taxes	146,670.36		(146,670.36)
SBA/MT Dept of Commerce	9,041.67	117,650.00	108,608.33
SBDC Program Income	62.81	3,211.00	3,148.19
VBOC	14,519.56	300,000.00	285,480.44
	<u>268,629.98</u>	<u>3,220,774.56</u>	<u>2,952,144.58</u>
Expense			
Property Tax Protests	-	28,147.22	28,147.22
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	5,780.58	47,834.00	42,053.42
Employer Contributions	37,056.21	507,433.91	470,377.70
Insurance	10,052.00	14,766.00	4,714.00
Contract Support	-	2,000.00	2,000.00
Marketing	2,865.00	81,854.00	78,989.00
Miscellaneous	1,526.41	39,447.40	37,920.99
Office Equipment	-	8,700.00	8,700.00
Office Expense	3,086.04	19,000.00	15,913.96
One Big Sky District	1,527.80	55,000.00	53,472.20
Professional Fees	2,097.60	59,017.00	56,919.40
PTAC Satellite	7,455.79	87,714.00	80,258.21
PTAC Subcenter	20,806.80	253,543.00	232,736.20
Rent	11,021.00	111,632.00	100,611.00
Salaries/Wages	118,469.67	1,617,320.86	1,498,851.19
Sponsorships	-	6,600.00	6,600.00
TEDD	15.77	5,000.00	4,984.23
Telecommunications	4,135.10	48,001.00	43,865.90
Travel/Training	5,877.61	124,621.00	118,743.39
Workforce Development	221.56	15,000.00	14,778.44
	<u>231,994.94</u>	<u>3,216,131.39</u>	<u>2,984,136.45</u>
Operating Income	<u>36,635.04</u>	<u>4,643.17</u>	<u>(31,991.87)</u>
Other Income			
Interest Income	302.12	87,477.23	87,175.11
Net Income	<u>\$ 36,937.16</u>	<u>\$ 92,120.40</u>	<u>\$ 55,183.24</u>

In July 2018, the CHS refinery settled their protested taxes at approximately 90% of the protested amount. These funds will be re-invested as determined by the EDA/EDC Boards.

Big Sky EDA
Statements of Operations-Year Over Year Actual
For the Month Ended July 31,

	2018	2017	+/-
Income			
Department of Defense	\$ 45,000.00	\$ 40,186.00	\$ 4,814.00
EDC Reimbursement	41,678.19	39,979.29	1,698.90
EPA - Brownfields	-	14,413.33	(14,413.33)
Grant Administration	4,266.00	-	4,266.00
Health Levy Revenue	7,207.50	6,790.00	417.50
Mill Levy Revenue	183.89	1,309.66	(1,125.77)
Recovery of Protested Taxes	146,670.36	-	146,670.36
SBA/MT Dept of Commerce	9,041.67	9,676.43	(634.76)
SBDC Program Income	62.81	-	62.81
VBOC	14,519.56	26,453.91	(11,934.35)
	<u>268,629.98</u>	<u>138,808.62</u>	<u>129,821.36</u>
Expense			
BEAR	-	205.63	(205.63)
Dues and Subscriptions	5,780.58	5,997.13	(216.55)
Employer Contributions	37,056.21	36,893.65	162.56
Incubator Expense	-	655.00	(655.00)
Insurance	10,052.00	9,379.51	672.49
Marketing	2,865.00	8,336.36	(5,471.36)
Miscellaneous	1,526.41	4,725.31	(3,198.90)
Office Expense	3,086.04	787.25	2,298.79
One Big Sky District	1,527.80	-	1,527.80
Professional Fees	2,097.60	19,010.98	(16,913.38)
PTAC Satellite	7,455.79	9,710.83	(2,255.04)
PTAC Subcenter	20,806.80	22,458.00	(1,651.20)
Rent	11,021.00	11,208.76	(187.76)
Salaries/Wages	118,469.67	118,339.79	129.88
Sponsorships	-	1,500.00	(1,500.00)
TEDD	15.77	-	15.77
Telecommunications	4,135.10	3,156.72	978.38
Travel/Training	5,877.61	11,238.71	(5,361.10)
Workforce Development	221.56	863.82	(642.26)
	<u>231,994.94</u>	<u>264,467.45</u>	<u>(32,472.51)</u>
Operating Income/(Loss)	36,635.04	(125,658.83)	162,293.87
Other Income			
Interest Income	292.75	258.58	34.17
Net Income/(Loss)	\$ 36,927.79	\$ (125,400.25)	\$ 162,328.04

▲ In July 2018, the CHS refinery settled their protested taxes at approximately 90% of the protested amount. These funds will be re-invested as determined by the EDA/EDC Boards.

▲ Prior year amounts include \$14k for brownfields assessments.

Big Sky Economic Development Corporation

Balance Sheets

	Jul 31, 2018	Jul 31, 2017	+/-	
ASSETS				
Current Assets				
First Interstate Bank	\$ 393,434.34	\$ 126,842.08	\$ 266,592.26	(A)
FIB-SSBCI Principal	1,129,670.60	1,090,211.69	39,458.91	
FIB-Long Term Reserve	150,000.00	-	150,000.00	
FIB-Operating Reserve	100,000.00	50,000.00	50,000.00	
FIB-Opportunity Fund	22,200.00	19,200.00	3,000.00	
First Interstate Bank-RLF	210,164.96	229,140.45	(18,975.49)	
Wells Fargo	-	81,756.37	(81,756.37)	(A)
Accounts Receivable	1,000.00	1,000.00	-	
Certificates of Deposit	-	75,114.53	(75,114.53)	(A)
Miscellaneous Receivables	10,864.11	5,390.85	5,473.26	
Prepaid Expenses	799.33	-	799.33	
RLF Portfolio-Current	71,779.11	75,747.30	(3,968.19)	
SSBCI Portfolio-Current	144,846.18	211,025.62	(66,179.44)	
	<u>2,234,758.63</u>	<u>1,965,428.89</u>	<u>269,329.74</u>	
Other Assets				
FIB-OBSD/Coulson Park	163,350.00	-	163,350.00	(B)
RLF Portfolio-Non Current	263,494.92	211,187.23	52,307.69	
SSCBI Portfolio-Non Current	917,345.84	995,726.00	(78,380.16)	
	<u>1,344,190.76</u>	<u>1,206,913.23</u>	<u>137,277.53</u>	
TOTAL ASSETS	<u>\$ 3,578,949.39</u>	<u>\$ 3,172,342.12</u>	<u>\$ 406,607.27</u>	
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	10,680.78	6,515.63	4,165.15	
Accrued Expenses	26,045.00	2,137.50	23,907.50	
Due to/Due From EDA	126,735.01	10,859.90	115,875.11	
	<u>163,460.79</u>	<u>19,513.03</u>	<u>143,947.76</u>	
Net Assets	<u>3,415,488.60</u>	<u>3,152,829.09</u>	<u>262,659.51</u>	
TOTAL LIABILITIES & EQUITY	<u>\$ 3,578,949.39</u>	<u>\$ 3,172,342.12</u>	<u>\$ 406,607.27</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 and Coulson Park master plans.

Big Sky EDC
Statement of Operations-Actual vs Budget
For the Month Ended July 31,

	2018	Annual Budget	Budget Remaining
Income			
504 Loan Origination	\$ 7,706.87	\$ 127,500.00	\$ 119,793.13
504 Loan Servicing	42,886.22	531,600.00	488,713.78
Member Investment	-	300,000.00	300,000.00
Miscellaneous Income	375.00	13,000.00	12,625.00
Private BillingsWorks Funding	2,500.00	20,000.00	17,500.00
Recovery of Bad Debt	600.00	3,600.00	3,000.00
RLF Business Loan Interest	636.69	12,476.00	11,839.31
SSBCI Revenue	2,456.79	29,140.00	26,683.21
	<u>57,161.57</u>	<u>1,037,316.00</u>	<u>980,154.43</u>
Expense			
BEAR Program	469.69	6,108.00	5,638.31
Business Recruitment	437.37	81,000.00	80,562.63
Contingency	-	10,000.00	10,000.00
Dues and Subscriptions	835.97	15,593.00	14,757.03
EDA Reimbursement	41,678.19	598,137.86	556,459.67
Event Expense	-	51,500.00	51,500.00
Insurance	1,860.00	11,000.00	9,140.00
Marketing	255.65	11,000.00	10,744.35
Membership Development	12.00	7,500.00	7,488.00
Miscellaneous	2,240.11	36,418.00	34,177.89
Office Supplies	1,933.93	2,056.00	122.07
Professional Fees	-	22,500.00	22,500.00
Rent	2,565.95	36,320.00	33,754.05
Sponsorships	-	2,000.00	2,000.00
Telephone	298.26	4,980.00	4,681.74
Travel & Training	1,190.55	28,500.00	27,309.45
Workforce Development	-	59,695.00	59,695.00
	<u>53,777.67</u>	<u>984,307.86</u>	<u>930,530.19</u>
Operating Income	<u>\$ 3,383.90</u>	<u>\$ 53,008.14</u>	<u>\$ 49,624.24</u>

Big Sky EDC
Statements of Operations-Year Over Year Actual
For the Month Ended July 31,

	<u>2018</u>	<u>2017</u>	<u>+/-</u>
Income			
504 Loan Origination	\$ 7,706.87	\$ -	\$ 7,706.87
504 Loan Servicing	42,886.22	45,013.30	(2,127.08)
Member Investment	-	1,000.00	(1,000.00)
Miscellaneous Income	375.00	391.37	(16.37)
Private BillingsWorks Funding	2,500.00	-	2,500.00
Recovery of Bad Debt	600.00	300.00	300.00
RLF Business Loan Interest	636.69	2,262.27	(1,625.58)
RLF Loan Fund (net)	-	87.04	(87.04)
SSBCI Revenue	2,456.79	2,764.79	(308.00)
	<u>57,161.57</u>	<u>51,818.77</u>	<u>5,342.80</u>
Expense			
BEAR Program	469.69	-	469.69
Business Recruitment	437.37	1,427.08	(989.71)
Dues and Subscriptions	835.97	139.99	695.98
EDA Reimbursement	41,678.19	39,979.29	1,698.90
Event Expense	-	1,596.00	(1,596.00)
Insurance	1,860.00	-	1,860.00
Marketing	255.65	350.00	(94.35)
Membership Development	12.00	253.01	(241.01)
Miscellaneous	2,240.11	(902.30)	3,142.41
Office Supplies	1,933.93	200.99	1,732.94
Postage and Delivery	-	88.11	(88.11)
Professional Fees	-	160.00	(160.00)
Rent	2,565.95	2,432.76	133.19
Repairs	-	100.00	(100.00)
Telephone	298.26	234.69	63.57
Travel & Training	1,190.55	1,177.20	13.35
	<u>53,777.67</u>	<u>47,236.82</u>	<u>6,540.85</u>
Operating Income/(Loss)	<u>\$ 3,383.90</u>	<u>\$ 4,581.95</u>	<u>\$ (1,198.05)</u>



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT C

Big Sky Economic Development Authority

Revenues & Expenses

	(Original) FY19 Budget	(Revised) FY19 Budget	(+/-)	
Income				
Department of Defense	621,414.00	549,626.00	(71,788.00)	Reflects decrease in PTAC reimbursement rate
EDC Reimbursement	600,799.20	601,012.56	213.35	
Grant Administration	17,650.00	17,650.00	-	
Health Levy	87,300.00	90,264.00	2,964.00	
Mill Levy Revenue	1,390,560.00	1,391,361.00	801.00	Reflects \$50k from Opportunity Fund for One Big Sky District
Opportunity Fund Investment	100,000.00	150,000.00	50,000.00	
SBA/MT Dept of Commerce	117,650.00	117,650.00	-	
SBDC Program Income	3,211.00	3,211.00	-	
VBOC Revenue	300,000.00	300,000.00	-	
	-	-	-	
	3,238,584.20	3,220,774.56	(17,809.65)	
Expense				
Business Recruitment	16,000.00	16,000.00	-	Decrease primarily due to Business Recruitment Manager position reclassified as part-time
Contingency	17,500.00	17,500.00	-	
Dues and Subscriptions	42,262.00	47,834.00	5,572.00	
Employer Contributions	519,559.67	507,433.91	(12,125.76)	
Insurance	14,766.00	14,766.00	-	Decrease primarily due to Business Recruitment Manager position reclassified as part-time
Intern/Contract Support	15,000.00	2,000.00	(13,000.00)	
Marketing-Departmental	9,600.00	19,104.00	9,504.00	
Marketing-Organizational	62,750.00	62,750.00	-	
Miscellaneous	41,943.40	36,236.40	(5,707.00)	Reduction due to decrease in protest rate to 2.4%
Office Equipment	10,200.00	8,700.00	(1,500.00)	
Office Supplies	22,211.00	22,211.00	-	
Professional Fees	59,017.00	59,017.00	-	
PTAC Satellite	89,845.00	87,714.00	(2,131.00)	Reflects \$50k from Opportunity Fund for One Big Sky District
PTAC Subcenter	249,244.00	253,543.00	4,299.00	
Rent	111,632.00	111,632.00	-	
Salaries/Wages	1,626,813.10	1,617,320.85	(9,492.25)	
Sponsorships	6,600.00	6,600.00	-	Reflects \$50k from Opportunity Fund for One Big Sky District
Tax Protests	70,229.62	28,147.22	(42,082.39)	
TEDD Expense	5,000.00	5,000.00	-	
Telecommunication	45,600.00	45,600.00	-	
Telephone-Cell	960.00	2,401.00	1,441.00	
Travel/Training	124,621.00	124,621.00	-	
Workforce Development	15,000.00	15,000.00	-	
Community Development Projects	50,000.00	50,000.00	-	
One Big Sky District	5,000.00	55,000.00	50,000.00	
	-	-	-	
	3,231,353.78	3,216,131.38	(15,222.40)	
Operating Income	7,230.42	4,643.18	(2,587.24)	
Other Income				
Interest Expense	-	-	-	Interest on CD's Earmarked for Opportunity Fund
Interest Income	87,477.23	87,477.23	-	
	\$ 94,707.65	\$ 92,120.40	\$ (2,587.24)	

Big Sky Economic Development Corporation

Revenues & Expenses

	(Original) FY19 Budget	(Revised) FY19 Budget	(+/-)
Income			
Member Investment	\$ 300,000.00	\$ 300,000.00	\$ -
Miscellaneous Revenue	13,000.00	13,000.00	-
Private BillingsWorks Funding	20,000.00	20,000.00	-
Recovery of Bad Debts	3,600.00	3,600.00	-
RLF Business Interest	12,476.00	12,476.00	-
SBA 504 Origination Fees	127,500.00	127,500.00	-
SBA 504 Servicing Fees	531,600.00	531,600.00	-
SSBCI Revenue	29,140.00	29,140.00	-
Business UP Revenue	50,000.00	50,000.00	-
	-	-	-
	1,087,316.00	1,087,316.00	-
Expense			
BEAR/Advisory Council	6,108.00	6,108.00	-
Business Recruitment	81,000.00	81,000.00	-
Contingency	10,000.00	10,000.00	-
Dues and Subscriptions	15,593.00	15,593.00	-
EDC Reimbursement	600,799.20	601,012.56	213.35
Insurance	11,000.00	11,000.00	-
Marketing-Organizational	11,000.00	11,000.00	-
Membership Development	7,500.00	7,500.00	-
Miscellaneous	36,418.00	36,418.00	-
Office Supplies	2,056.00	2,056.00	-
Organizational Event Expense	51,500.00	51,500.00	-
Professional Fees	22,500.00	22,500.00	-
Rent	36,320.00	36,320.00	-
Sponsorships	2,000.00	2,000.00	-
Telecommunication	4,980.00	4,980.00	-
Travel/Training	28,500.00	28,500.00	-
Workforce Development	59,695.00	59,695.00	-
Business UP Expenses	50,000.00	50,000.00	-
	-	-	-
	1,036,969.20	1,037,182.56	213.35
Operating Income/(Loss)	\$ 50,346.80	\$ 50,133.44	\$ (213.35)

Big Sky Economic Development Authority

Revenues & Expenses

	FY19 Budget	FY20 Estimate	FY21 Estimate	FY22 Estimate	FY23 Estimate	
Income						
Department of Defense	\$ 549,626.00	\$ 549,626.00	\$ 549,626.00	\$ 549,626.00	\$ 549,626.00	
EDC Reimbursement	601,012.56	616,037.87	630,206.75	644,701.50	659,529.63	
Grant Administration	17,650.00	10,000.00	10,000.00	10,000.00	10,000.00	
Health Levy	90,264.00	91,617.96	92,992.23	94,387.11	95,802.92	(B)
Mill Levy Revenue	1,391,361.00	1,426,145.03	1,461,798.65	1,498,343.62	1,535,802.21	(C)
Opportunity Fund Investment	150,000.00	50,000.00	-	-	-	
SBA/MT Dept of Commerce	117,650.00	117,650.00	117,650.00	117,650.00	117,650.00	
SBDC Program Income	3,211.00	3,211.00	3,211.00	3,211.00	3,211.00	
VBOC Revenue	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00	(D)
Business Up Revenue	-	90,871.85	93,084.00	95,350.00	100,075.00	(A)
	3,220,774.56	3,255,159.71	3,258,568.63	3,313,269.23	3,371,696.76	
Expense						
Business Recruitment	16,000.00	16,000.00	16,000.00	16,000.00	16,000.00	
Contingency	17,500.00	17,500.00	17,500.00	17,500.00	17,500.00	
Dues and Subscriptions	47,834.00	48,312.34	48,795.46	49,283.42	49,776.25	(B)
Employer Contributions	507,433.91	520,119.76	533,122.75	546,450.82	560,112.09	(F)
Insurance	14,766.00	14,766.00	14,766.00	14,766.00	14,766.00	
Intern/Contract Support	2,000.00	15,000.00	15,000.00	15,000.00	15,000.00	
Marketing-Departmental	19,104.00	19,104.00	19,104.00	19,104.00	19,104.00	
Marketing-Organizational	62,750.00	62,750.00	62,750.00	62,750.00	62,750.00	
Miscellaneous	36,236.40	36,598.76	36,964.75	37,334.40	37,707.74	(B)
Office Equipment	8,700.00	8,700.00	8,700.00	8,700.00	8,700.00	
Office Supplies	22,211.00	22,211.00	22,211.00	22,211.00	22,211.00	
Professional Fees	59,017.00	59,017.00	59,607.17	60,203.24	60,805.27	(B)
PTAC Satellite	87,714.00	87,714.00	87,714.00	87,714.00	87,714.00	
PTAC Subcenter	253,543.00	253,543.00	253,543.00	253,543.00	253,543.00	
Rent	111,632.00	111,632.00	111,632.00	111,632.00	111,632.00	
Salaries/Wages	1,617,320.85	1,657,753.87	1,699,197.72	1,741,677.66	1,785,219.60	(F)
Sponsorships	6,600.00	6,600.00	6,600.00	6,600.00	6,600.00	
Tax Protests	28,147.22	28,850.90	29,572.17	30,311.48	31,069.26	(G)
TEDD Expense	5,000.00	-	-	-	-	
Telecommunication	48,001.00	48,001.00	48,001.00	48,001.00	48,001.00	
Travel/Training	124,621.00	124,621.00	126,490.32	128,387.67	130,313.48	(E)
Workforce Development	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00	
Community Development Projects	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	
One Big Sky District	55,000.00	-	-	-	-	
	3,216,131.38	3,223,794.63	3,282,271.34	3,342,169.69	3,403,524.71	
Operating Income/(Loss)	4,643.18	31,365.08	(23,702.72)	(28,900.46)	(31,827.95)	
Operating Margin (% of revenue)	0.14%	0.96%	-0.73%	-0.87%	-0.94%	

(A) At present, Business-Up operating revenues and expenses beyond FY19 are too uncertain to predict.
FY20-23 revenues are adjusted to reflect zero operating income for Biz-Up (i.e. break-even)

(B) Trend reflects a 1.0% general inflation rate.

(C) Trend reflects maximum mills levied and a 2.5% annual growth rate.

(D) VBOC program extended through 2023. Contributes approximately \$66k per year towards operating income.

(E) Trend reflects a 1.5% general inflation rate.

(F) Trend reflects a 2.5% annual increase in salaries/benefits.

(G) Tax protests are expected to continue indefinitely. 6% annual rate.

Big Sky Economic Development Corporation

Revenues & Expenses (Conservative)

	FY19 Budget	FY20 Estimate	FY21 Estimate	FY22 Estimate	FY23 Estimate	
Income						
Member Investment	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	\$ 300,000.00	
Miscellaneous Revenue	13,000.00	13,000.00	13,000.00	13,000.00	13,000.00	
Private BillingsWorks Funding	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	
Recovery of Bad Debts	3,600.00	-	-	-	-	
RLF Business Interest	12,476.00	12,805.00	12,685.00	13,338.00	15,258.00	(A)
SBA 504 Origination Fees	127,500.00	127,500.00	127,500.00	127,500.00	127,500.00	
SBA 504 Servicing Fees	531,600.00	552,600.00	573,600.00	594,600.00	615,600.00	(B)
SSBCI Revenue	29,140.00	25,900.00	26,991.00	27,875.00	37,375.00	(E)
Business UP Revenue	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	
	-	-	-	-	-	
	1,087,316.00	1,101,805.00	1,123,776.00	1,146,313.00	1,178,733.00	
Expense						
BEAR/Advisory Council	6,108.00	6,108.00	6,108.00	6,108.00	6,108.00	
Business Recruitment	81,000.00	81,000.00	81,000.00	81,000.00	81,000.00	
Contingency	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	
Dues and Subscriptions	15,593.00	15,748.93	15,906.42	16,065.48	16,226.14	(C)
EDC Reimbursement	601,012.56	615,819.18	629,983.02	644,472.63	659,295.50	
Insurance	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	
Marketing-Organizational	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	
Membership Development	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	
Miscellaneous	36,418.00	36,782.18	37,150.00	37,521.50	37,896.72	(C)
Office Supplies	2,056.00	2,056.00	2,056.00	2,056.00	2,056.00	
Organizational Event Expense	51,500.00	51,500.00	51,500.00	51,500.00	51,500.00	
Professional Fees	22,500.00	22,500.00	22,500.00	22,500.00	22,500.00	
Rent	36,320.00	36,320.00	36,320.00	36,320.00	36,320.00	
Sponsorships	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	
Telecommunication	4,980.00	4,980.00	4,980.00	4,980.00	4,980.00	
Travel/Training	28,500.00	28,927.50	29,361.41	29,801.83	30,248.86	(D)
Workforce Development	59,695.00	59,695.00	59,695.00	59,695.00	59,695.00	
Busines UP Expenses	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	
	1,037,182.56	1,052,936.79	1,068,059.86	1,083,520.45	1,099,326.22	
Operating Income	50,133.44	48,868.21	55,716.14	62,792.55	79,406.78	
Operating Margin (% of revenue)	4.6%	4.4%	5.0%	5.5%	6.7%	

(A) Assumes \$100,000 loaned out per year at 6%.

(B) Assumes \$8.5 million in fundings per year offset by approximately \$4.0 million in maturities/payoffs.

(C) Trend reflects a 1.0% general inflation rate.

(D) Trend reflects a 1.5% general inflation rate.

(E) Assumes \$200,000 loaned out from SSBCI principal payments per year at 2%.

Big Sky Economic Development Corporation

Revenues & Expenses (Growth)

	FY19 Budget	FY20 Estimate	FY21 Estimate	FY22 Estimate	FY23 Estimate	
Income						
Member Investment	\$ 300,000.00	\$ 305,000.00	\$ 310,000.00	\$ 315,000.00	\$ 320,000.00	(G)
Miscellaneous Revenue	13,000.00	13,000.00	13,000.00	13,000.00	13,000.00	
Private BillingsWorks Funding	20,000.00	20,000.00	20,000.00	20,000.00	20,000.00	
Recovery of Bad Debts	3,600.00	-	-	-	-	
RLF Business Interest	12,476.00	12,805.00	12,685.00	13,338.00	15,258.00	(A)
SBA 504 Origination Fees	127,500.00	131,250.00	135,000.00	138,750.00	142,500.00	(F)
SBA 504 Servicing Fees	531,600.00	552,600.00	573,600.00	594,600.00	615,600.00	(B)
SSBCI Revenue	29,140.00	25,900.00	26,991.00	27,875.00	37,375.00	(E)
Business UP Revenue	50,000.00	80,124.00	51,527.00	51,424.00	82,440.00	(H)
	-	-	-	-	-	
	1,087,316.00	1,140,679.00	1,142,803.00	1,173,987.00	1,246,173.00	
Expense						
BEAR/Advisory Council	6,108.00	6,108.00	6,108.00	6,108.00	6,108.00	
Business Recruitment	81,000.00	81,000.00	81,000.00	81,000.00	81,000.00	
Contingency	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	
Dues and Subscriptions	15,593.00	15,748.93	15,906.42	16,065.48	16,226.14	(C)
EDC Reimbursement	601,012.56	615,819.18	629,983.02	644,472.63	659,295.50	
Insurance	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	
Marketing-Organizational	11,000.00	11,000.00	11,000.00	11,000.00	11,000.00	
Membership Development	7,500.00	7,500.00	7,500.00	7,500.00	7,500.00	
Miscellaneous	36,418.00	36,782.18	37,150.00	37,521.50	37,896.72	(C)
Office Supplies	2,056.00	2,056.00	2,056.00	2,056.00	2,056.00	
Organizational Event Expense	51,500.00	51,500.00	51,500.00	51,500.00	51,500.00	
Professional Fees	22,500.00	22,500.00	22,500.00	22,500.00	22,500.00	
Rent	36,320.00	36,320.00	36,320.00	36,320.00	36,320.00	
Sponsorships	2,000.00	2,000.00	2,000.00	2,000.00	2,000.00	
Telecommunication	4,980.00	4,980.00	4,980.00	4,980.00	4,980.00	
Travel/Training	28,500.00	28,927.50	29,361.41	29,801.83	30,248.86	(D)
Workforce Development	59,695.00	59,695.00	59,695.00	59,695.00	59,695.00	
Business UP Expenses	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	
	1,037,182.56	1,052,936.79	1,068,059.86	1,083,520.45	1,099,326.22	
Operating Income	50,133.44	87,742.21	74,743.14	90,466.55	146,846.78	
Operating Margin (% of revenue)	4.6%	7.7%	6.5%	7.7%	11.8%	

(A) Assumes \$100,000 loaned out per year at 6%.

(B) Assumes fundings each year offset by approximately \$4.0 million in maturities/payoffs.

(C) Trend reflects a 1.0% general inflation rate.

(D) Trend reflects a 1.5% general inflation rate.

(E) Assumes \$200,000 loaned out from SSBCI principal payments per year at 2%.

(F) Assumes 3% year-over-year growth.

(G) Assumes \$5,000 net growth per year.

(H) Reflects growth in Business Up program (source: Pro Forma Business Up P&L).



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT D

September 2018
Executive Director's Report
(with Program Highlights)
to the Executive Committee & Board of Directors

Strategic Priorities

1. Strengthen Opportunities for Business Expansion and Economic Diversity

Foster Development of Planned, Ready-to-Go Industrial Space— See the TEDD update as a part of the Community Development section of this report. Controversy continues regarding the proposed expansion of the TEDD. Lockwood Schools has sent their letter to the Transportation and Finance Interim Committee in Helena. There will now be a public comment period regarding the Lockwood TEDD. Dianne will attend that meeting on behalf of BSED. It is important to note that the proposed expansion of the TEDD is at the request of individual property owners, which Montana law does allow. Our role is to walk those requests through the planning-zoning and decision-making process. The County Commissioners will ultimately make the final decision on these requests. It will likely be near the end of the year before this matter reaches a final decision.

“GE to Zoot Project”— Final closeout work pending (Conrad Rd and O&M costs).

Opportunities for Building Economic Diversity and Support Innovative Business Growth—

- a) Business Up— A Model for Great Entrepreneurship and Business Growth Services—A detailed update is available in the Small Business Development Center (SBDC) section of this report. We’ve almost secured the \$50,000 per year (3 years) from a handful of “founding partners.” We just need \$2,500 more to reach our 3-year funding goal. Great work Dena and Melanie. By the way the Meet Up event at CTA with young entrepreneurs was fantastic! I will explain what I mean when we meet.
- b) Coal Country Coalition—No update to provide at this time.

Workforce Development and Talent Attraction

Advocacy for MSU Billings and RMC— MSUB Foundation has met their goal--\$5.0 million raised for the Science Building!! Groundbreaking is set for September 12th. You should have received a separate notice for this event. Outstanding work by our team, with great BSED leadership on this important project. More work to come. RMC science building ribbon-cutting event was held last week. What an outstanding facility and teaching tool for our future workforce. Excellent job—Dr. Wilmouth and team!

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.

2. Key Building-Remarkable Community Investments--Lead/partner/support key redevelopment and enhancement projects:

One Big Sky District— We held a 2-day planning session with Landmark, CTA, and our Strategy Partners to begin identifying our most promising catalyst project opportunities. We also outlined a schedule for the balance of the work needed to produce the OBSD Development Plan. The next planning meetings are tentatively set for September 10th and 11th in Billings. Those two days will focus on building

details around the “lifestyle district” and health and wellness district” concepts, including a modern, nontraditional conference center concept. Stay tuned for me details from Allison.

Convention Center— Planning work now folds into the OBSD process.

Coulson Park Redevelopment and Entryways Now—All the dollars (\$90k) are now in place. The Master Plan RFP Kickoff event will take place September 14th at Coulson Park. Details will follow. Exciting opportunity!

EBURD Redevelopment—No new info to report. See the Community Development section of this report for more info, as available.

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. 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 September 7, 2018, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room. They meet every other month.

Air Service—Please note the attached Year-end Summary from John Brewer regarding the revenue guarantee account. We are being asked to consider what we would like to do with the balance of our \$25,000 contribution (\$6,800). I would be my recommendation that we add it to the funds needed to add amenities to the redevelopment of the airport terminal, but the Executive Committee and Board will of course make that call.

Program Updates

Member Investor Program and Organizational Marketing

We added two new Member Investors: KOA and IConnect.

We are in the hiring process for the new Business Outreach Project Manager. Our goal is to have them start the first week of October.

The process to raise the needed funds for the launch of the Entrepreneur space is near completion, we are currently \$2,500 short of our \$50,000 goal.

We have confirmed two of three Governors for our Annual meeting speakers. Gov Bullock and Wyoming Gov Mead are confirmed, and we’re waiting for North Dakota Governor Bergum to round out the group. We will also be having a second event that day featuring an entrepreneur speaker from the Kauffman Foundation. Registration will open on September 4th.

BillingsWorks

Wow! As summer comes to a close, BillingsWorks has kicked off numerous programs and helped celebrate the coming school year. The employability training program, Yellowstone Strengths Academy, held its first participant class at the Billings Library on August 8th and conducted the Industry Sponsor/Mentor Orientation on August 22nd. This program is working hard to connect businesses with our youth workforce (teens and young parents) and provide opportunity to gain field experience and mentorship regarding employability practices. BillingsWorks also launched its Better Off in Billings talent attraction social media campaign in conjunction with RotarAction. With the help of RotarAction, in four weeks the Better Off in Billings Facebook page has over 450 likes and #betteroffinbillings is working its way across Instagram. BillingsWorks also had the opportunity to present on the value of community partnerships at Billings Public Schools’ convocation on August 21st.

Community Development

The Lockwood TEDD Advisory Board met on August 15th in BSED's Yellowstone Room. Tim Goodridge of the EBURD, and the State TIF Working Group provided information on TIFs and TEDDs and provided an update on what the state group is currently addressing. Robin Rude, DOR provided an update on the certified valuations of the district. The next meeting is scheduled on September 19th at 2:30 pm.

CD staff is working with City County Planning and the County Attorney's Office to complete the zoning jurisdictional boundary change. August 14th the Planning Board recommended to the County Commissioners, approval to expand the zoning jurisdiction. The Commissioners held a public hearing on August 21, at 9:30 am. There is a 30-day comment period prior to the Commissioners resolution on September 25th.

We are working with Melanie on planning a press conference at Coulson Park tentatively scheduled for September 14th at 11 am to kick off the RFP process for the City to hire a consultant to complete the park's master plan.

Space2Place awardee projects are taking shape! The Billings Depot recently had the Girl Scouts at the pocket park planting flowers. The latest sculpture under Skypoint has been installed and the Fractionated Light sculpture is installed by the Burger Dive.

Additional property owner projects have been completed in Emerald Hills with the Fuels Reduction Program. A new Brownfield assessment project has been submitted to EPA for approval. On Monday, August 27th Billings City Council considers the tax abatement request for the Subaru dealership.

VBOC Program Highlights:

1. During this period, we've been working with our resource partners to configuring the FY 2019 training events for Montana, Wyoming, and Utah.
2. We held 2 B2B training events 1 at F.E. Warren AFB, and Hill AFB UT.
3. Attended the VBOC annual conference at Washington DC, on location with the SBA.
4. Assisted our resource partners in Casper, WY with the training of their new Veterans representative on teaching B2B events.
5. We have moved a strong candidate forward to the SBA for consideration in filling the VBOC Directors position.

Big Sky Finance

Big Sky Finance had a productive August. Two loans funded this month, both exciting projects, one in Billings and one in Bozeman. MARS of Billings was a new construction project for the relocation and expansion of their operations here in Billings. Their new building looks spectacular! If you have not seen it, drive by on Gabel Road and check it out, or take advantage of their top of the line automobile detailing services. Zero Indoor Shooting Center located in Bozeman also funded. This is a new, state of the art indoor shooting range. Check them out if ever in Bozeman. Both loans combined were more than \$2.7MM! Thanks to our team on all their work in getting these closed and funded. We also had one SBA 504 loan approved. The Mountain Project located in Bozeman was approved by SBA. Now that summer is coming to an end, school is in session and vacations slow down, we will begin aggressively marketing the SBA 504 loan program across the state!

Rates for the month of August remained stable relative to the previous month. They continue to be a competitive option for long-term, fixed rate financing. The rate on the 25-year note was 5.35% and the 20-year note was 5.30%. There was no new pricing on the 10-year notes as they only fund in the odd numbered months.

PTAC

During MT PTAC's most recent performance year which ended on July 31st, clients across the state were successful in winning **\$94,375,441 in contract awards**. Of that amount, Billings PTAC clients were **awarded \$24,689,614**. All seven centers met or exceeded annual counseling and training goals. Our statewide team held 40 specialized training workshops attended by 568 people and provided over 3000 hours of direct consultation to businesses. Currently, our team is actively working with 1002 unique companies on various government contracting subjects. The MT PTAC website was recently upgraded to a more contemporary look. Social media, blog and news feed functions were added as well. The new format will be an opportunity to further engage with our clients and keep them informed of events and contracting developments. It is expected to be ready to launch the last week of August.

www.montanaptac.org

September 28th is National PTAC Day and is an opportunity for PTACs nationwide to celebrate the contracting success of the tens of thousands of businesses that have benefited from the training and technical assistance provided by their PTAC. It will be marked by local and national social media campaigns and events. All PTACs will participate at varying levels. **The National Defense Authorization Act (NDAA) 2019** recently authorized a higher percentage of federal reimbursement (75% federal - 25% local match) for the PTAC program. This is very good news because Congress has never authorized PTAC funding at these levels before. Funding has been authorized but not yet appropriated. The appropriation process is in progress but not yet complete. Until the appropriation process is complete, the amount of additional funding that will be available at the local level is unknown. Stay tuned.

SBDC

August was productive in serving several new and existing companies with technical assistance and consulting. We hosted the State SBDC network for a quarterly meeting and tours of Billings companies. We provided a train the trainer for consultants on new marketing tactics and trends for small businesses.

9 clients completed training in the August Pre-business Workshop.

B.E.A.R.

BEAR completed a site visit to Dan Walt Gardens to assist the new owners with developing the business. There were 6 direct referrals made to BEAR volunteers. 4 new members joined the team of mentors. NxLevel (10-week business course) launches on September 19th. Several BEAR mentors will be co-teaching this course.

Entrepreneur Program & Space

Meet-UP | Mentor-UP | Business-UP

The momentum continues...

We are very excited to have a growing number of founding / funding partners for the new program.

We presented at the annual conference for NADC on a collaborative effort to enrich the entrepreneurial ecosystem

We hosted the first meetup on August 7th at CTA with over 100 entrepreneurs who learned from an expert panel on resources and engaged in informal collaboration

We co-hosted the 2nd Med-Tech Symposium in the new science building at RMC on the intricacies of Intellectual Property Protection and litigation defense

We are working with Dana Pulis and her team at Kinetic to develop a brand that will be rolled out soon

We are supporting a grant (EDA i6 challenge) application being led by Beartooth RC & D (they are the applicant) that would provide the E-center program with \$60,000 a year for three years to be allocated to marketing and operational startup expenses. We are one of several potential recipients of this grant opportunity. We will know by the end of the calendar year if they were successful.

Recruitment and Outreach

Over the past month, a lot of work has gone toward supporting the One Big Sky District project, working on marketing elements, data, and general project management.

Additionally, recruitment in partnership with BillingsWorks is excited about the direction the Tech/IT Sector Partnership is taking. They will be focusing on a Tech Fest for Billings as an essential first step in making Billings Tech more visible.

Organizational/Program/Policy Matters

1. Future Facilities Taskforce – The RFP resulted in receiving 12 proposals from 7 different entities. The properties proposed include the Hart Albin Building, The Montana National Bank Building, The Montana Paint Building, Granite Tower, The Rocky Mountain Bank Building, The Stillwater Building, Transwestern Tower 3, A property at 3021 3rd Ave N., The Miller Building and The Stone Building. Three proposals were for purchases and the rest were for leases. The Taskforce scored the proposals and selected 7 proposals for site visits. Those visits were conducted on August 20th and August 27th. The Taskforce is working hard to bring a recommendation to the Board for consideration at the September meeting.
2. Work, Thrive, Live Initiative (WTL) – During the month of August, the organization tested the integration of a more flexible work schedule, a hot topic identified through our WTL research. Each director is responsible for structuring his/her team's schedule in a way that covers the needs of each program and ensures services are available to the public during office hours, all while allowing for individual flexibility. The WTL team will sit down with Staff in September to discuss the outcomes of this experiment, how it impacted the organization, and what we learned from it.
3. Personnel Policy Manual Update – One project assigned to Becky in the past year was to review and update our Personnel Policy Manual. The manual recently underwent legal review and we are now on the cusp of adopting the new manual. A few updates to current policies were made to enhance team retention such as longevity rewards for paid vacation and updated leaves of absence policies. New policies, like electronic usage, social media and grievance/internal complaint policies were added to formalize expectations for employee performance. Legal language for policies such as Equal Employment Opportunity, Harassment/Nondiscrimination and Sexual Harassment policies were updated, and staff members underwent training on those policies. The adoption of the new policy manual will likely take place in September.

4. FY 2019 Budget/Tax Protest Dollars—The Board will be presented a proposed revised FY 2019 Budget, reflecting the actual mil levy dollars that will be set by the Commissioners on September 4th. That revised budget is provided as a part of your Board packet.

Tax Protest Dollars—with the settlement of CHS tax protest, BSED did receive a portion of our outstanding tax protest dollars—approximately \$145,000. It would be my recommendation that these one-time dollars be set aside for future facility needs and the Opportunity Fund. It may be that we will not need all these dollars to address transition/new facility needs, so the balance of the funds would go to the Opportunity Fund. Again, these one-time funds would go to one-time expenses as recommended above, which is consistent with our past practice. The Executive Committee and Board will need to consider this recommendation at our September meetings.

5. Strategy Plan—Final Strategic Plan/Work Plan document will be sent to the Board prior to the September 13th Board meeting. This is a lengthy document in that it includes work plans from each program. We will also provide the Board with a Summary Strategic Plan document that will not include the work plans.
6. Montana Economic Developers Association (EMDA)—The MEDA Board met (August 30th) again to consider its legislative strategy for the 2019 Session. There are three objectives to the MEDA strategy: 1) extend the 2019 sunset date that applies to the suite of economic development tools; 2) redirect funding to the SBDC network and the certified regional development corporations throughout Montana; and 3) pledge to develop a renewed game plan for the essential tools and resources for the economic development of Montana in preparation for the 2021 session. I will provide the BSED Ad Hoc Legislative Committee details of this MEDA strategy for their review.
7. Ad Hoc Legislative Committee—The Committee met August 13th to begin drafting the BSED legislative priorities. We hope to have the first draft available for the Board to consider in August. There were two immediate issues that the Committee would ask the Executive Committee and Board to consider as soon as possible: a) BSED support for Initiative 185 Medicaid Funding proposal; and b) continued membership in the Montana Infrastructure Coalition. We will discuss and consider these two items (see attached background info) at the Executive Committee and Board meetings in September.

**Respectfully submitted,
September 5 and 13, 2018**

A handwritten signature in black ink, appearing to read 'Steve Arveschoug', with a stylized, cursive script.

**Steve Arveschoug
Executive Director**



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ATTACHMENT E

MONTANA

BUSINESS QUARTERLY

(<http://www.montanabusinessquarterly.com>)

July 9, 2018

Medicaid Expansion a Huge Success

by Bryce

Ward(<http://www.montanabusinessquarterly.com/author/bryce-ward/>) and Brandon

Bridge(<http://www.montanabusinessquarterly.com/author/brandon-bridge/>)



M

edicaid expansion could become a
major election issue in the

upcoming midterms, as its set to renew in 2019. For policymakers and stakeholders in Montana's health care system, the big questions revolve around its costs and whether the state can afford it. But analysis shows the health care program not only pays for itself, it significantly boosts the state's economy.

A study funded by the Montana Healthcare Foundation and Headwaters Foundation found Medicaid expansion introduces \$350 to \$400 million in new spending to the state's economy each year, which will generate thousands of jobs and hundreds of million in personal income over the next two years.

Approximately 75 to 80 percent of Medicaid spending is new money. This means spending on Medicaid expansion rivals some of the larger sectors of the state's economy. It's 33 percent bigger than Montana's beverage manufacturing industry (e.g., craft brewing, distilling, wineries, etc.) and only 10 percent smaller than the total budget for the Montana University System.



[\(https://missoulafcu.org/belong/\)](https://missoulafcu.org/belong/)

Montana approved Medicaid expansion in 2015, which extended coverage to more low-income and disabled Americans. During its first two years, Medicaid expansion provided beneficiaries more than \$800 million in health care and infused a significant amount of money into the economy.

Medicaid expansion spending enters our economy in two ways – first, it supports new health care spending. Nearly one in 10 Montanans were enrolled in Medicaid expansion as of March 2018. Most expansion enrollees would have been uninsured in the absence of the expansion. As such, Medicaid expansion provided tens of thousands of uninsured, underinsured and low-income Montanans with health care they would not have otherwise received.

Second, Medicaid expansion spending replaces existing spending. Even without

Medicaid expansion, beneficiaries would have received some health care, but Medicaid expansion changed who pays for their care. Without expansion, the state, the federal government, employers, hospitals and providers, and the beneficiaries themselves all contribute to paying for care that is now paid for via Medicaid. With expansion, the federal government pays for nearly all the care provided to beneficiaries.

The effect is similar to when a Montana company wins a government contract – it brings money into the state's economy that would otherwise not be there. Medicaid expansion impacts Montana's economy the same way and this new money stimulates economic activity creating jobs and income.

It's estimated that between 2018 and 2020, Medicaid expansion will generate about 5,000 jobs and \$270 million in personal income annually (Table 1). This represents slightly less than 1 percent of Montana's employment and income.

	2016	2017	2018	2019	2020	Cumulative
Jobs	3,161	5,071	5,326	5,165	4,975	-
Personal income	\$147	\$241	\$265	\$272	\$279	\$1,204
New sales (i.e. output)	\$336	\$551	\$587	\$576	\$566	\$2,616
Population	968	2,229	3,264	4,036	4,672	-

(<http://www.montanabusinessquarterly.com/wp-content/uploads/2018/07/medicare-tab-1.jpg>)

Table 1. Summary of economic impacts of Medicaid expansion in Montana, year and cumulative (income and sales in millions of

2016 dollars). Source: Bureau of Business and Economic Research.

During its first five years, Medicaid expansion is expected to generate a total of about \$1.2 billion in personal income and \$2.6 billion in output or new sales. Between June 2015, when the HELP Act was signed into law, and September 2017, Montana added more than 6,200 health care jobs.

It is important to note that the analysis does not say that the expansion creates 5,000 jobs one year and then an additional 5,000 new jobs the next year. Many of the jobs are created in one year and then persist. For instance, a nursing position created as a result of expansion in 2017 that persists through 2020, would be part of the 5,000 jobs in 2020.

But the economic impacts of Medicaid expansion are not limited to just the jobs and the income it directly or indirectly supports. Medicaid expansion also represents a significant investment in Montanans' health and well-being – and these investments pay off.

A substantial body of research from around the U.S. has evaluated the effects of Medicaid expansion and found that it:

- **Improves health:** One study found that Medicaid expansion was associated with a 5 percent increase in the share of low-income adults in excellent health. This is consistent with a larger body of literature that finds that insurance expansions improve mental health and reduce mortality.
- **Improves financial health:** A recent study found that Medicaid expansion reduced medical debt by \$900 per treated person, prevented 50,000 bankruptcies and led to better credit terms for borrowers.
- **Reduces crime:** Medicaid expansion reduced crime by more than 3 percent, generating social benefits of more than \$10-\$13 billion annually.

Furthermore, Medicaid expansion, along with the associated HELP-Link workforce development program, may have improved labor market outcomes for low-income Montanans.

Following expansion, participation in the labor force among low-income Montanans ages 18-64 increased by 6 to 9 percent. Similar gains in labor force participation did not occur among low-income populations in other states or among higher-income Montanans. This suggests that Medicaid expansion and HELP-Link improved labor market outcomes for low-income Montanans.

While Montana pays part of the cost of Medicaid expansion, these costs are more than offset by cost savings and increased revenues. Medicaid expansion has allowed some people to switch from traditional Medicaid to the expansion. Because Montana pays 35 percent of the cost for traditional Medicaid, but less than 10 percent in the expansion, this saved the state more than \$40 million during the first two years.

Medicaid expansion also saved \$7.7 million in 2017 through increasing economic activity, state revenues and reducing the cost of inmate care. As shown in Table 2, cost savings and increased revenue more than offset expansion costs. This will remain true even after the state's share of Medicaid expansion costs rises to 10 percent in 2020.

	2016	2017	2018	2019	2020
Total savings	\$18	\$38.9	\$40.1	\$41.1	\$42.1
Total costs	\$5.3	\$33.0	\$39.6	\$43.0	\$60.9
Net fiscal impact (revenue growth - expenditure growth)	\$32.7	\$48.7	\$46.0	\$40.2	\$35.3
Net (savings + fiscal impact - costs)	\$45.2	\$54.6	\$46.5	\$38.4	\$16.5

(<http://www.montanabusinessquarterly.com/wp-content/uploads/2018/07/medicare-tab-2.jpg>).

Table 2. Fiscal effects of Medicaid expansion in Montana, year (in millions of 2016 dollars). Source: Bureau of Business and Economic Research.

Overall, Medicaid expansion in Montana generates several thousand additional jobs and several hundred million dollars in additional income. It also pays for itself, since

the savings generated, plus additional revenues (or other reduced expenditures), exceed the costs to the state. In addition to generating economic activity, it appears to improve outcomes – reducing crime, improving health and shrinking debt.

If reauthorized in 2019, Medicaid expansion might not only be a success story for Montana, but possibly a model for other states to replicate.



(<http://www.umt.edu/>).



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ATTACHMENT F



PO Box 1203
Helena, Montana 59624
406-441-9100

Board of Directors:

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Montana Chamber of Commerce

Kelly Lynch, Vice-Chair
Montana League of Cities
and Towns

Eric Bryson, Vice-Chair
Montana Association of Counties

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American Council of Engineering
Companies

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Brian Obert, At-Large
Montana Economic Developers
Association

Jon Metropoulos, At-Large
Montana Association of Oil, Gas &
Coal Counties

Jason Rittal, At-Large
Fallon County

Shane Gorder, At-Large
Richland County

Chris Dschaak, At-Large
City of Wolf Point

Darryl L. James,
Executive Director
DLJ Consulting, LLC
406-441-9100

July 30, 2018

Steve Arveschoug
Big Sky Economic Development Authority
222 N 32nd St
Ste 200
Billings, MT 59101

**Subject: Annual Meeting Summary and
2018-2019 Membership Renewal**

Dear Steve,

This letter marks just over two years since the formal establishment of the Montana Infrastructure Coalition and our first substantive brainstorming session held in Billings. We've come a long way since then, and I hope you're as excited as I am about our progress and our potential to make substantive changes in the way we prioritize and fund critical infrastructure in Montana.

In reaching out to you today, I want to accomplish three things: 1- Provide you with an update from our 2018 Annual Meeting; 2- Solicit your input on our 2019 legislative agenda; and 3- Ask that you continue to lend your time and financial support to the Coalition as we gear up for the next legislative session.

2018 Annual Meeting Re-Cap

The Coalition will continue to focus our efforts on research, analysis, educating the public, and direct lobbying in support of long-term, sustainable funding for critical public infrastructure.

Members recognize the work of the Coalition is an ongoing, multi-year effort. We will continue to spur important discussions and take action once public and political sentiments are strategically aligned with our agenda.

The following provides a summary of the major topics of discussion at the annual meeting:

Infrastructure Funding Overview - Coalition Research Team members Terry Johnson and Lois Steinbeck, joined by MonTax Executive Director Bob Story, led a discussion about historic infrastructure funding

mechanisms, evolving revenue trends, and various tax reform efforts reviewed by the legislature over the last decade. Terry and Lois are preparing a research paper we intend to have finalized by November. This paper will help guide our policy position and any legislative efforts with regard to local option taxes, statewide sales tax, and anything that would affect current entitlement share or local government infrastructure funding tools.

Cost of Compliance - Tim Davis, DEQ, provided an illuminating overview of how the Department is attempting to work with local communities in their struggle to meet DEQ effluent discharge standards. While the standards themselves are unlikely to change, the Coalition will work with communities and DEQ to ensure that enforcement of these heightened standards is not placing an undue burden on local ratepayers.

Transportation Infrastructure Update - Larry Flynn and Lynn Zanto, from MDT, provided a comprehensive overview of the initial results of partial-year BARSAA distributions, and MDT audit results. We also discussed the potential impact of three legislative bill drafts that would raid the fuel tax and divert funds to off-highway vehicle trails, snowmobile trails, and to fund the aquatic invasive species program.

TSEP - Coalition members overwhelmingly support the TSEP program, but believe it needs to be updated and funding levels should be adjusted. Given that the funds come from the Coal Severance Tax Trust Fund, the discussion turned to one of political palatability and chances of success. The Coalition will continue to discuss how and when to broach the discussion about capping the coal trust fund and committing more money to TSEP, and/or a separate infrastructure account that could back bonds. Terry Johnson will develop a paper outlining the mechanics of such a bonding program.

Bonding Bill(s) - During Infrastructure Week, Coalition members heard from local officials and area legislators that it may be time to float a simple, core infrastructure bonding bill, and have a separate bonding bill for vertical structures. Members supported the Coalition moving forward in discussions with individual legislators to craft these bills.

Media Engagement - Over the dinner hour, we enjoyed a discussion with Courtney Kibblewhite as we contemplated how to most effectively engage the public and our elected officials through both traditional and social media. The sum of this discussion is that each and every one of us must engage. Check out our new website, Facebook page, Twitter and Instagram sites (and thank Skye Hatten for taking us to a more professional level!). More than just visiting those sites, "like" them, share them and suggest additional posts. Let's start ramping up the dialogue this fall.

Preliminary Legislative Agenda for 2019

The Coalition will be playing a fair amount of defense during the 2019 legislative session. We anticipate substantive engagement to:

- Protect the revenue gains afforded under HB 473 and defend against any raids or diversions of fuel tax revenues for purposes other than road and bridge construction, operation and maintenance.
- Educate the legislature on local government infrastructure revenue sources and trends to ensure protection of existing funding levels.
- Propose modifications to TSEP that may enhance the effectiveness of the program, possibly including a proposal to cap the Coal Tax Trust Fund. This will require much further discussion amongst membership this fall.
- Attempt to codify DEQ's enforcement practices with regard to water/wastewater discharge compliance criteria and timelines.
- Develop infrastructure bonding bills to address core water/wastewater projects across the state, and vertical infrastructure projects in separate bills.

We will be having important discussions on these legislative concepts over the next few months, so please stay engaged.

Keep the Momentum Going

On behalf of the Board and I, thank you for your previous support of the Infrastructure Coalition. Through your financial support, your commitment of time and resources, and your active engagement in the dialogue in your local community, the Coalition made significant headway.

We ask you to continue to participate in educating and advocating for investment in our most critical infrastructure needs, and renew your membership in the Coalition. Let's build on our recent success, and leave a positive and lasting legacy for the next generation!

The Board decided to maintain our 2016 and 2017 membership levels for another year, as follows:

Voting Membership is available for a **\$5,000** membership fee. Voting membership entitles you to participate in guiding the research, analysis, policy development, and execution of the public information campaign.

Associate Membership is available at a **\$500 level** for a non-voting seat in the Coalition, which will allow you to add your voice to important planning discussions, along with the opportunity for future sponsorship of key action items.

Please consider renewing or upgrading your membership to play a meaningful role in reprioritizing infrastructure investment and spurring new economic activity across Montana. Checks can be made out to the Montana Infrastructure Coalition, and mailed to:

Montana Chamber Foundation
PO Box 1730
Helena, Montana 59624-1730

Please let me know if you need an email or hard copy invoice in addition to this letter.

If you have questions about the Coalition or the 2018-2019 agenda, feel free to contact me at (406) 441-9100 or darryl@jamesconsult.com

I encourage you to stay engaged over the next six critical months as we head into the 2019 legislative session. Let's keep the momentum going and ensure we make even greater progress for Montana families and businesses next session.

Sincerely,

Montana Infrastructure Coalition



Darryl L. James
Executive Director



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ATTACHMENT G

From: John Brewer <John@billingschamber.com>
Sent: Friday, August 03, 2018 3:59 PM
To: Steve Arveschoug <SteveA@bigskyeda.org>
Cc: John Brewer <John@billingschamber.com>
Subject: American Airlines Year End Report

Good afternoon. You are receiving this email because you are a financial supporter of the American Airlines guarantee package that incented the airlines to add direct service between Billings and Dallas/Fort Worth this past year.

Our community's one-year financial guarantee to American Airlines ran from June 2, 2017 to June 1, 2018. Our maximum financial commitment to American in the event of a revenue shortfall was \$1,250,000. \$603,500 was raised through organizational investors such as yourself. The balance was secured through a federal small community air service grant. **We are happy to report that the one-year agreement closed with a total unused balance of \$344,364. Of that amount, \$166,258 is from our local investors.**

As stated in the signed agreement with your organization, **the \$25,000 contribution** you sent for our guarantee escrow account was **proportionally drawn at 4.14%** for a **total of \$18,112.72** leaving a **balance from your contribution of \$6,887.28**. Please let me know if you would like that balance returned to you or if you will allow us to keep that balance in this segregated account only to be used for air service recruitment and airport facility enhancements. These segregated funds will only be spent with the approval of the air service committee.

The flight has exceeded performance expectations. If fuel prices had been lower, our guarantee payment would have been significantly less. Enplanements for the year resulted in a load factor of 80.63% for the airline. Deplanements resulted in a 79.55% load factor. These strong numbers occurred even though Billings experienced travel challenges due to the harsh fire season, ag prices, energy industry lulls, and a tough winter.

The daily direct flight from Billings to Dallas would not have been a success without your financial support and leadership. We anticipate this flight continuing even though our financial guarantee has expired. Thank you once again for being part of the team that brought American Airiness to Billings.



John Brewer
President/CEO, Billings Chamber of Commerce
Main: (406) 245-4111 | Direct: (406) 869-3720
john@billingschamber.com | www.BillingsChamber.com | www.VisitBillings.com

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ATTACHMENT H

Beartooth Resource Conservation & Development Area, Inc.
PO Box 180, 128 South Main Street, Joliet, MT 59041

August 1, 2018

Big Sky EDA
222 N. 32 St., Suite 200
Billings, MT 59101

Re: 2018 Memorandum of Understanding with Beartooth RC&D

Dear Steve,

Enclosed is our MOU for Yellowstone County EDA grant sponsors for the 2018-2019 year. We renewed this agreement with the other county entities at the beginning of the year.

As a reminder, in May of 2017 our Board of Directors approved an increase in the assessment we use to calculate the requested fee from our sponsoring entities. The per capita calculation changed from .1537 to .19 using the most current population available from the US Census Bureau, and the base fee for the county increased from \$3,500 to \$4,500. The total assessment is then allocated to the four participating entities (Yellowstone County, Big Sky EDA, City of Billings and City of Laurel) using the same percentages as previous years.

I have also prepared an invoice for the BSEDA portion of the countywide assessment, reflecting the allocation mentioned above.

Joel Bertolino will be assuming the lead role as Director at Beartooth RC&D effective August 16th. Please contact him if you have any questions or need further information to complete the agreement for this coming year.

Steve, it has been my privilege and genuine pleasure to work with you and the staff at Big Sky the past few years. Thank you all for being such great partners.

Sincerely,



Earl Atwood
General Manager
Beartooth Resource Conservation & Development Area, Inc.

A
MEMORANDUM OF UNDERSTANDING
between
Yellowstone County Commissioners, Big Sky Economic Development Authority,
City of Billings, City of Laurel
and
Beartooth Resource Conservation & Development Area, Inc.

THIS MEMORANDUM OF UNDERSTANDING is made and entered into this ____ day of _____, 2018, by and between **Beartooth Resource Conservation & Development Area, Inc.**, whose principal business address is P.O. Box 180, Joliet, Montana 59041, hereinafter referred to as “Beartooth RC&D” and **Yellowstone County Commissioners (in cooperation with the City of Billings, City of Laurel, and Big Sky EDA)**, and hereinafter referred to as “**the Entity**”.

WHEREAS, The Beartooth RC&D has been formally recognized by the U.S. Department of Commerce, Economic Development Administration (EDA) as a designated Economic Development District (EDD), and as a District, the Beartooth RC&D has been awarded funding to carry out its Comprehensive Economic Development Strategy (CEDS). This funding will provide a staff person, administrative support and operating costs. This is a continual grant, renewable based on successful program operation and availability of federal funds. Local match is required.

WHEREAS, each entity participating in the District will designate a representative and an alternate to the regional Economic Development Committee. This individual will convey the needs and development goals of the local entity to the committee. Regular meetings will be held every two months to assess project status, assign workload and evaluate progress.

NOW THEREFORE IT IS UNDERSTOOD AS FOLLOWS:

ARTICLE 1: SCOPE OF WORK:

Beartooth RC&D employs an Economic Development Coordinator to assist in Economic Development efforts in the region. The Coordinator’s time will be allocated consistent with the goals in the Comprehensive Economic Development Strategy by the regional Economic Development Committee. The Committee is composed of one representative and an alternate from Big Horn, Carbon, Stillwater, Sweet Grass and Yellowstone Counties, Crow Tribe and Big Sky Economic Development Authority. Input to this Committee by local entities is essential for obtaining the services of the Coordinator.

Higher priority will be assigned projects of regional scope or projects with strong local leadership. Grant funding for this position is from EDA, therefore, emphasis will be on regional economic development planning and projects which have a correlation to job creation. Matching funds are from participating entities and emphasis will be placed on their specified projects. Specific items of work for this project year are detailed in the attached “Annual Report and Update”. It is understood that this Annual Report will be presented each year.

Annual Evaluation:

The performance of the Economic Development Coordinator will be evaluated annually by local entities participating on the regional Economic Development Committee. Progress and/or

accomplishments on each program/project will be evaluated to ensure resources are being utilized in the most effective and efficient manner possible.

ARTICLE 2: PERIOD OF PERFORMANCE:

The term of this Memorandum of Understanding shall be from the date it is signed through **June 30, 2019**, unless extended by mutual agreement by both parties. Such extension must be in writing, signed by authorized representatives of both parties, and made a part of the original Memorandum of Understanding by modification reference. This Memorandum of Understanding supersedes the prior Memorandum for participation in the Economic Development District.

ARTICLE 3: PAYMENT:

The Entity's annual contribution will be **\$4,500.00** as a "Membership" fee plus a per capita assessment of .19 cents per person. These funds will provide the necessary match to obtain the \$70,000.00 in federal funds. Entities who do not participate financially in the match requirement will not receive services from the Economic Development Coordinator. The calculated fee for **Yellowstone County** is **\$34,603.03**. This figure is a total of the **\$4,500.00** county fee plus **\$30,103.03** per capita formula using a population of **158,437** as per the 2016 Census data. Yellowstone County's full payment will be separated into a four-way payment system. Each entity within the county will pay a percentage (%) similar to the previous year. Big Sky EDA- 34% or **\$11,765.03**, City of Billings- 36% or **\$12,457.09**, City of Laurel- 6% or **\$2,076.18** and Yellowstone County- 24% or **\$8,304.73**.

Annually, the Beartooth RC&D/EDD staff will provide a comprehensive report of the past year's activity. A new Memorandum of Understanding will be prepared and a request for the following year's match submitted. Entities will be billed for match funds after January 1, 2018, for the current year's assessment.

Payment as provided in this section shall be full compensation for work performed, services rendered and for all materials, supplies, equipment, and incidentals necessary to complete the work.

ARTICLE 4: EXAMINATION OF RC&D RECORDS:

The Entities or their representatives shall have the right to examine any books, records, or other documents of the Beartooth RC&D directly relating to costs when such costs are the basis of compensation hereunder.

ARTICLE 5: OWNERSHIP AND USE OF DOCUMENTS:

Reproducible copies of all documents and other materials produced by the Beartooth RC&D in connection with the services rendered under this memorandum of understanding shall be provided to the Entity for the Entity's use whether the project for which they are made is executed or not. The Beartooth RC&D shall be permitted to retain originals, including reproducible originals, of

drawings and specifications for information, reference and use in connection with Beartooth RC&D's endeavors.

ARTICLE 6: WARRANTY:

The Beartooth RC&D warrants that all services performed herein shall be performed using that degree of skill and care ordinarily exercised in and consistent with generally accepted practices for the nature of the services and shall conform to all requirements of this Memorandum of Understanding.

ARTICLE 7: SAFETY:

The Beartooth RC&D agrees to fully comply with the Occupational Safety and Health Act of 1970, all regulations issued there under and all state laws and regulations enacted and adopted pursuant thereto. The Beartooth RC&D shall take all necessary precautions in performing the services hereunder to prevent injury to persons or damage to property.

ARTICLE 8: CONFIDENTIALITY AND CONFLICTS OF INTEREST:

The Beartooth RC&D agrees to hold in strict confidence any proprietary or other data, findings, results, or recommendations deemed to be confidential by the Entity and obtained or developed by the Beartooth RC&D in connection with the work under this memorandum of understanding. The Beartooth RC&D warrants and agrees they do not and will not have any conflicts of interest regarding the performance of services hereunder.

ARTICLE 9: APPLICABLE LAW:

This Memorandum of Understanding shall be governed in all respects by the laws of the State of Montana. No changes, amendments or modifications of any of the terms and conditions hereof shall be valid unless agreed to in writing. Venue of any proceeding arising hereunder shall be the Thirteenth Judicial District.

ARTICLE 10: COMPLIANCE WITH LAWS:

The Beartooth RC&D shall in performing the services contemplated by this Memorandum of Understanding, faithfully observe and comply with all federal, state, and local laws, ordinances and regulations, applicable to the services to be rendered under this Memorandum of Understanding.

ARTICLE 11: CHANGES:

The parties, by mutual agreement, may, at any time during the term of this Memorandum of Understanding and without invalidating the Memorandum of Understanding, make changes within the general scope of the Memorandum of Understanding. The Beartooth RC&D agrees to perform

such changed services. The Entity's priority list for project work within their county can be changed at any time. In such case, Beartooth RC&D will be informed of this change at the Entity's earliest convenience.

ARTICLE 12: TERMINATION:

This Memorandum of Understanding may be terminated in whole or in part, in writing, by either party in the event of substantial failure by the other party to fulfill its obligations under this Memorandum of Understanding through no fault of the terminating party, provided that no termination may be effected unless the other party is given: (1) not less than ten (10) days written notice (delivered by certified mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the terminating party prior to termination.

Upon such termination the Entity shall pay the Beartooth RC&D amounts due and unpaid for services rendered as of the effective date of termination, and the Beartooth RC&D shall provide to the Entity all materials, surveys, reports, data, and other information performed or prepared as of such date.

ARTICLE 13: INDEMNIFICATION:

The Beartooth RC&D agrees to and does hereby indemnify and save the Entities, their officers, officials and employees, harmless against and from:

1. Any and all claims and liabilities, including but not limited to costs, expenses, and attorney fees arising from injury to, or death of, persons (including claims and liabilities for care or loss of services in connection with any bodily injury or death) and including injuries, sickness, disease, or death to Beartooth RC&D employees occasioned by a negligent act, omission, or failure of the Beartooth RC&D;
2. Any and all claims and liabilities, including costs and expenses, for loss or destruction of or damage to any property belonging to the Beartooth RC&D or the Entities caused by a negligent act, omission, or failure of the Beartooth RC&D and;
3. Any fines, penalties, or other amounts assessed against the Entities by reason of the Beartooth RC&D's failure to comply with all health, safety, and environmental laws and regulations applicable to the services; resulting directly or indirectly from, or occurring in the course of the Beartooth RC&D's performance of the services. However, this indemnity shall not extend to claims and liabilities for (i) injury or death to persons or (ii) loss of or damage to property to the extent that these claims and liabilities result directly from the Entity's negligence or willful misconduct.

ARTICLE 14: INSURANCE:

The Beartooth RC&D shall maintain and demonstrate the following types of insurance:

1. The Beartooth RC&D agrees that its employees and particularly the employees designated to work on this memorandum of understanding are covered by applicable Worker's Compensation

provisions. The Beartooth RC&D further agrees that if the Entities should legally incur any costs whatsoever under the Worker's Compensation laws by reason of the Beartooth RC&D employees' injury or death while engaged in the contract work, the RC&D will indemnify and hold harmless the Entities' for such costs which the Entities' may be legally be required to pay to employees of the Beartooth RC&D.

2. Comprehensive general liability insurance for bodily injury, death, or loss of or damage to property of third persons or other liability due to the negligent acts of the Beartooth RC&D in the minimum amounts of \$500,000 per occurrence and \$1,000,000 aggregate for personal injury; and \$500,000 per occurrence/aggregate for property damage. Proof of coverage as required by this section shall be delivered to the Entity within fifteen (15) days of execution of this Agreement.

3. Professional liability errors and omissions insurance in a minimum amount of \$100,000.00.

ARTICLE 15: NONDISCRIMINATION:

The Beartooth RC&D will not discriminate against any employee or applicant for employment relating to this project on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental handicap or national origin. All hiring associated with any project shall be on the basis of merit and qualifications related to the requirements of the particular position being filled.

ARTICLE 16: INDEPENDENT CONTRACTOR:

The Beartooth RC&D and the Entity agree that the Beartooth RC&D is an independent contractor with respect to the services provided pursuant to this Memorandum of Understanding. Nothing in this Memorandum of Understanding shall be considered to create the relationship of employer and employee between the parties hereto. Neither the Beartooth RC&D nor any employee of the Beartooth RC&D shall be entitled to any benefits accorded Entity employees by virtue of the services provided under this Memorandum of Understanding. The Entity shall not be responsible for withholding or otherwise deducting federal income tax or social security or for contributing to the state Worker's Compensation program, nor shall the Entity be deemed in any way to assume the duties of an employer with respect to the Beartooth RC&D, or any employee of the Beartooth RC&D.

ARTICLE 17: ASSIGNMENT:

The Beartooth RC&D shall not sublet or assign any of the services covered by this Memorandum of Understanding without the express written consent of the Entity.

ARTICLE 18: NON-WAIVER:

Waiver by the County of any provision of this memorandum of understanding or any time limitation provided for in this memorandum of understanding shall not constitute a waiver of any other provision.

ARTICLE 19: NOTICES:

Any Notice to be served hereunder may be served upon the parties personally or served by certified mail, return receipt. Notice served by mail shall be deemed complete upon deposit of said notice in any United States Post Office, postage prepaid, directed to the party to be served, at the following addresses:

ENTITY: **Big Sky EDA**
 222 N. 32 St., Suite 200
 Billings, MT 59101

RC&D: **Beartooth RC&D**
 P.O. Box 180
 Joliet, MT 59041

ARTICLE 20: INTEGRATED AGREEMENT:

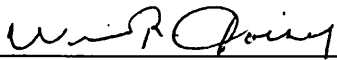
This Memorandum of Understanding together with attachments or addenda represents the entire and integrated Agreement between the Entity and the Beartooth RC&D and supersedes all prior negotiations, representations, or agreements, written or oral. This Memorandum of Understanding may be amended only by written instrument signed by both the Entity and the Beartooth RC&D.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals to this Memorandum of Understanding the day and year in this instrument first above written.

Big Sky EDA

BEARTOOTH RC&D/EDD

Steve Arveschoug, Executive Director



Chairman

ATTEST: _____

Date: _____



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT I



Lockwood School District #26

Legendary Education, Lasting Foundation, Limitless Future!

1932 U.S. Highway 87 East

Billings, MT 59101

(406) 252-6022

www.lockwoodschool.org

July 10, 2018

Yellowstone Board of County Commissioners

PO Box 35000

Billings, MT 59107-5000

Re: Lockwood Targeted Economic Development District

Commissioners,

On behalf of the Lockwood School Board I am writing this letter in regards to expansion of the Targeted Economic Development District (TEDD) in Lockwood. It is our understanding that the City/County Planning Board is currently considering zoning changes on several properties that are requesting to be added to the TEDD. The School District supports these zoning changes but we adamantly oppose any amendments to the TEDD boundaries that add any additional properties to the Lockwood TEDD.

On November 8, 2016 the Lockwood trustees met and voted to stay neutral on the proposed Lockwood TEDD based on conditions we felt addressed our concerns at that time. We detailed these concerns in a letter to you dated November 14, 2016:

Our board has many reservations regarding the proposed TEDD; most importantly the physical size of the district and the length of time the district will exist. Initially, the size of the district was one of our biggest concerns. We were pleased to see the borders set with a smaller foot print, but since have been made aware that land owners can petition to be added to the district after the fact. If you choose to go forward with the proposed TEDD we request that no further changes are made to the footprint of the impacted area.

While we understand that you are bound legally to consider these requests, we strongly encourage you to keep the TEDD borders as they currently stand. Our concerns with expanding the TEDD are multifaceted. First, we were willing to stay neutral on the formation of the original district and forego the growth to taxable value within the established borders in part because we expected to see growth in bordering properties that would offset the lost revenues. Adding these auxiliary properties to the TEDD eliminates the benefits of the TEDD for Lockwood's taxing jurisdictions. The area north of I-90 is key to the growth of our community, with or without the TEDD, thus having the majority of this property locked in at current taxable value is not a benefit to our taxpayers. Second, at this date there is absolutely no evidence that the TEDD is having any positive impact on Lockwood's economy. We understand that it is still



very early in this process, but without tangible results to reference, the idea of locking more community assets, i.e. properties, into this experiment seems like an unnecessary and irresponsible gamble. The more prudent approach would be to wait until the TEDD has been validated as having a positive impact on our community before investing additional resources into it.

I want to stress that we are opposing this expansion not because it financially benefits Lockwood Schools or the other taxing entities. Without a voted levy, the school district's budget is almost completely locked in. Our concern is the tax impact on property owners who are not located within the TEDD. As more of our community's resources are tied up in the TEDD infrastructure, then more of the burden of funding our existing tax entities falls on the remaining Lockwood taxpayers. It is also concerning to us that these taxpayers, whom the TEDD impacts the most, were completely omitted from the TEDD Advisory Board. There is not one member of this committee that owns a business that is located in Lockwood outside of the TEDD borders. Instead, the board is stacked with members who either represent taxing entities or directly benefit from TEDD expansion. We would like to see this balance addressed.

Further expansion of the TEDD borders at this point would be seen as a political "bait and switch". A project is proposed to the community but later expanded or modified using loop holes and exceptions, impacting residents and taxes with much less transparency than the original process. This erodes taxpayer trust in government and we believe we have the responsibility to stand up for our constituents and their interests.

Please let me know if you need any further clarification on our position.

Thank you for hearing our concerns,



Tobin Novasio
Superintendent
Lockwood Schools

CC:

Rep. J. Essmann
Sen. T. Richmond
Rep. S. Vinton
BSEDA Board of Dir.
YCN

Inc:

Nov. 14, 2016 Let.



Lockwood School District #26

Legendary Education, Lasting Foundation, Limitless Future!

1932 U.S. Highway 87 East

Billings, MT 59101

(406) 252-6022

www.lockwoodschool.org

November 14, 2016

Yellowstone Board of County Commissioners

PO Box 35000

Billings, MT 59107-5000

Re: Lockwood Targeted Economic Development District

Commissioners,

The Lockwood School Board is writing this letter in regards to creating a Targeted Economic Development District (TEDD) in Lockwood. Big Sky Economic Development staff reviewed the process of creating a TEDD and presented the Comprehensive Development Plan to the Lockwood School Board on October 11th. At that time BSED requested our support for the creation of the Lockwood TEDD. On November 8th, the board met and voted to stay neutral on the proposed Lockwood TEDD.

First and foremost, we do not believe that it is the role of a school board to direct economic development; our job is to oversee providing the best possible education for the children in our community. This neutral stance is an extension of that philosophy.

The Lockwood School Board would like to see increased oversight on growth in our community, focusing on recruiting businesses that will grow our community by bringing in employees and/or making Lockwood a more appealing place to live. This includes sidewalks and trails. We also would like to be made aware of all proposed tax abatements and afforded the opportunity to discuss the affect of these on our tax base prior to their being granted to businesses. Planned growth, both in regards to land use and tax implications, is something that needs to be addressed in Lockwood as a whole.

An additional positive regarding the proposed TEDD is the recommendation that local taxing districts should serve on the Lockwood TEDD Advisory Board if it is created. We feel strongly that a school board member and our Superintendent should be appointed to the Lockwood TEDD Advisory Board with full board member authority. The proposed structure of the Advisory Board that comprises of taxing district representatives, property owners, and community members seems to be inclusive and will provide balanced oversight for our community. This is a concept that we would like to see the county implement regardless of the TEDD. As a Board, we would like to see a process that allows Lockwood residents a formal voice into how our community develops in the future.



Our board has many reservations regarding the proposed TEDD; most importantly the physical size of the district and the length of time the district will exist. Initially, the size of the district was one of our biggest concerns. We were pleased to see the borders set with a smaller foot print, but since have been made aware that land owners can petition to be added to the district after the fact. If you choose to go forward with the proposed TEDD we request that no further changes are made to the footprint of the impacted area.

Our second major concern is the ability to extend the life of the TEDD beyond 15 years by bonding. This creates an uncertainty for all the taxing entities as we plan for the future. This ability to bond into the future would likely lead to foregoing any additional tax revenues for an entire generation. We ask that if you do move forward in creating a TEDD that you put a hard sunset date on district so that it cannot be extended beyond said date by bonding. A 15 or 20 year window is much more acceptable than extending the tool further out into the future foregoing tax revenues going to the school and other taxing entities. In any business, entering into a contract for a specific term is much more logical than entering into one with an open end date.

Please let me know if you need any further clarification on our Board's position.

Thank you again for keeping us involved in this process,

Tim Sather
Chairman
Lockwood School Board



July 23, 2018

Lockwood School District #26
Attn: Tobin Novasio
1932 U.S. Highway 87 East
Billings, MT 59101

RE: Lockwood Targeted Economic Development District

Dear Mr. Novasio:

Thank you for the opportunity to meet with you and Pam Ask to discuss the Lockwood Schools' concerns regarding the proposed expansion of the TEDD.

Your July 10th letter was addressed to the County Commissioners, but I thought it was appropriate for BSED to respond as well. The Commissioners will conduct formal hearings that are open for comment regarding the zoning and potential expansion of the TEDD. In the interim, BSED will be available to address your questions as best we can.

The process now underway to consider the zoning of parcels that wish to be included in the TEDD is driven by the request of individual landowners. TEDD law requires that parcels be properly zoned to be included in a TEDD. BSED is working with Yellowstone County and the TEDD Advisory Board to respond to those requests in preparation for consideration by the Yellowstone County Commissioners. That process will include:

- A public hearing before the Planning Board on July 24th.
- Board of County Commissioners public hearing on the Planning Board's zoning recommendation on August 21st.
- Thirty-day period for public comment.
- Board of County Commissioners public hearing to consider public comment and make a final decision on requested zoning changes on September 25th.
- Further County Commissioner public hearings (not yet scheduled) regarding:
 - Adoption of an amended Comprehensive Development Plan.
 - Adoption of an ordinance to expand the Lockwood TEDD.

The Lockwood TEDD was created December 27, 2016. As the Comprehensive Development Plan documents, the need for infrastructure in that area is significant, and it will take years and a lot of commitment by property owners to establish the resources to address those infrastructure needs.

GRANITE TRAPP
1022 NORTH 32ND STREET, STE 200
BILLINGS, MT 59101-1045

P: 406.256.8871
F: 406.256.8871

BIGSKYECONOMICDEVELOPMENT.ORG

As we discussed, BSED will assist the Advisory Board in the application of grants and other funds to kick off the infrastructure investment. Until infrastructure needs are addressed, the private investment in the TEDD will be limited and incremental. The TEDD is a long-term approach to develop planned industrial space. When executed with thoughtfulness, the development of the TEDD will benefit the entire Lockwood community.

BSED remains committed to the goals of the TEDD (planned industrial space) as well as our partnership with the community of Lockwood. From the beginning of this project and over the years of supporting public and private projects in Lockwood, BSED has demonstrated that commitment. So please know that we are always available to address your questions and concerns and share updates and information with the school board.

I would note that the comments in the letter and at the July 10th School Board meeting regarding the intent and character of BSED in its work with property owners and the Lockwood community are unfair. As an organization, we are absolutely committed to conduct our work in an open and honest manner and we have demonstrated that with years of service to the Lockwood community.

We remain dedicated to our economic development mission, which will always include an honest, open partnership with property owners, the Lockwood community, and Lockwood Schools. I am available to continue the dialogue with Lockwood Schools as the work on the TEDD continues.

Respectfully,

A handwritten signature in black ink, appearing to read 'Steve Arveschoug', with a stylized, looping flourish at the end.

Steve Arveschoug
Executive Director
Big Sky Economic Development

CC: Yellowstone County Board of County Commissioners
Rep. Jeff Essman
Sen. Tom Richmond
Rep. Sue Vinton
BSEDA/EDC Board of Directors
Yellowstone County News