

**Big Sky EDA/EDC
Executive Committee Agenda
December 5, 2018 – 7:30 A.M. to 9:15 A.M.
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 **EDC**—Eric Simonsen, Mike Nelson, Mike Seppala, David Trost, Steve Loveless
 EDA—Jennifer Smith, Cory Moore, Robin Rude, Sheri Nicholson, Paul Neutgens

Call to Order – Jennifer Smith, EDA Chair

Agenda Changes for Today's Meeting:

Public Comments:

AGENDA

- I. Approval of EDA/EDC Exec. Comm. Minutes**
- November 7, 2018 Ex. Committee Meeting (Attachment A) (Action)
- II. Approval of EDA/EDC Financials – Jim**
- October 2018 EDA and EDC Financials (Attachment B) (Action)
 - FY 2018 Audit Presentation (sent via separate email) (Action)
- III. Executive Director's Report** (Attachment C) (Info)
- Final BSED 2019 Legislative Priorities (Handout) (Action)
 - Nominating Committee—Proposed 2019 Officers—Becky/Steve (Handout) (Action)
- IV. Program/Org. Directors Updates**
- A. Operations:
 - 1. Future Facilities Taskforce—Becky/Jennifer
 - Grant Application Status/Communications/Next-Steps Recommendations (Attachment D) (Action as Needed)
 - B. TEDD Update—Dianne (Info)
 - C. OBSD Update—Allison/Melanie (Info)
 - Important Next Steps and Commitments
 - D. SBDC Annual Contract/Rock31 Update—Dena (Attachment E) (Action)
 - E. Annual Meeting Recap—Melanie (Info)
 - F. Other Program Reports (as needed)
- V. Executive Session (as needed)**

Public Comment

Adjourn

Next Executive Committee Meeting – January 2, 2019 (7:30 A.M. to 9:15 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

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
Wednesday, November 7, 2018 – 7:30 A.M. to 9:15 A.M.
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 – Cory Moore, Jennifer Smith, Paul Neutgens, Robin Rude, Sheri Nicholson
EDC – David Trost, Eric Simonsen, Mike Nelson, Steve Loveless, Mike Seppala

Staff and others Present: Steve Arveschoug, Austin Trunkle, Becky Rogers, Dianne Lehm, Allison Corbyn,
Jim Tevlin

Call to Order:

Eric Simonsen, EDC Chair, called the meeting to order at 7:31 A.M.

Agenda Changes for Today's Meeting:

Changes to the agenda include moving Allison's updates to the top of the Executive Director's Report and moving all action items to the forefront of the agenda to accommodate parties who needed to leave early.

Public Comments:

None

Agenda:

Approval of EDA/EDC Executive Committee Minutes

Motion: Jennifer Smith, to approve and forward to the Board of Directors, the October 2018 Executive Committee Minutes as presented to the Executive Committee.

Second: Paul Neutgens

Discussion: None

Motion carried

Approval of EDA/EDC Financials – Jim

Jim presented the September Financials. For the EDA, Jim mentioned there are some vacancy savings for staffing that was budgeted for a full year but vacant until hired. Those vacancies include the Rock31 Manager and the Business Outreach Project Manager. On the EDC side, we saw the first draw on an account set aside for the OBSD work. Jim sent a check for an amount totaling ~\$170,000.

Motion: Mike Seppala, to approve and forward to the full Board, the September 2018 EDA/EDC Financials as presented to the Executive Committee.

Second: Cory Moore

Discussion: None

Motion carried

FY 2018 Audit Update

With regard to the FY 2018 Audit, Steve mentioned that there were no findings to discuss thus far and though the audit is not final, we expect a clean audit closeout. Eric asked if an annual audit is mandated for the organization. Steve said that due to receiving tax payer money and federal dollars, an audit is required annually for both the EDA and EDC.

Executive Director's Report

One Big Sky District Update – Allison/Steve

The Landmark group will be back in Billings this month to flesh out more details regarding the catalyst projects associated with OBSD. The fiscal and economic analysis should be completed any day now and will be an important piece in deciding how to formulate a plan to ask our legislature for more robust economic development tools. Steve met with Roger Webb on why the OBSD project is vital to our community. He agreed that this is a significant project but said any hesitation of his lies in the details of how the funding mechanisms will be guaranteed. Allison mentioned that the marketing pieces will begin to ramp up after Landmark hired Kinetic Marketing to assist with that component. The next public meeting the Landmark Group will attend is the December 17th, City Council Meeting.

Recruitment Update - Allison

The other update Allison gave was the relocation of a contact center based out of Utah. The company has several contracts where they walk customers through their issue and attempt to remedy any problem. They expect to employee 50 individuals initially with room to grow. They will be signing a lease any day now, according to Allison. Cory asked how they will be able to hit their employment goals with a low starting wage. Allison said she's been working with Karen to activate a diverse labor pool and with the company's incentive-based work programs. They have confidence in achieving their vision. Cory asked why they choose Billings. Allison said they haven't had an in-depth conversation with regard to how they made their decision but the labor pool in the Billings market was more appealing than that of metro areas. Steve made a note that there was no financial commitment on the side of BSED thus far in recruiting this company.

Draft 2019 BSED Legislative Priorities - Steve

Steve present the draft Legislative Priorities which has been formulated with the Ad Hoc Legislative Committee and presented to our County Commissioners. The areas of focus include 2019 Economic Development Tools, a Private/Public Partnership Mechanism, Medicaid Expansion, Infrastructure investment, Tax Increment Financing, Workforce Development and Career and Technical Education, and Regional Economic Development with our Rural Partners. The Montana Chamber of Commerce has published a Tax Policy Study that details the burden of property tax and how it is a higher burden on business than a local option tax would. One example of The Regional Economic Development item is the rebuilding of the Colstrip community which has been acutely affected by the closure of coal mining opportunities. Steve asked that if the Committee is so inclined, that they forward the draft to the full Board.

Motion: David Trost, to recommend forwarding Draft 2019 Legislative Priorities to the full Board, as presented to the Executive Committee.

Second: Jennifer Smith

Discussion: None

Motion carried

Program Director's Updates

Future Facilities Update – Becky/Jennifer

Becky provided a Future Facilities update. The due diligence work has been completed but there is a new opportunity that has emerged in the past few weeks that we feel strongly needs to be factored into the due diligence. The opportunity is a Federal EDA Cooperative Agreement. This grant is aimed at bolstering Entrepreneurial supported programs such as Rock31, SBDC, VBOC and PTAC. As the Governor re-designated opportunity zones, we found ourselves in a qualifying area. It requires a dollar for dollar match and could be worth up to \$1M. However, the grant can only be applied to a building purchase and ownership, not leasing a space. Becky has asked the Committee to forward to the Board, the request to authorize BSED to pause the RFP process to submit a preliminary application. Becky shared a handout that listed potential funding sources. Becky asked Steve to explain why we have landed on a potential figure of \$500,000 from the Opportunity Fund. Steve said he came to this number after alternative funding sources were identified and that it demonstrates fiscal stewardship and an organizational outlook with a longer term. Becky also said we intend to take out a \$500,000 loan from the State Small Business Credit Initiative which is, in essence, a loan to ourselves. David asked if perhaps the grant can be structured to repay the Opportunity Fund if the programs the Grant funds perform well. David also asked what

the time frame is and if there is competition for the funds. There is a ten-state region vying for \$15-20 million and there is no designated time frame.

Motion: David Trost, to recommend granting BSED the authority to pause the RFP Process to the full Board, as presented to the Executive Committee.

Second: Paul Neutgens

Abstentions: Mike Nelson

Discussion: None

Motion carried

Nominating Committee Update – Becky/Mike Nelson

Becky then updated on the Nominating Committee results for the EDA Board positions. Five applications were received for three openings. Those selected to serve on the EDA Board are: Jennifer Owen, Judi Powers, and George Warmer. Tom Schlotterback and Mark Neale were the two other applicants and will be added to an active candidate pool.

Motion: Jennifer Smith, to forward the Nominating Committees selections to the full Board, as presented to the Executive Committee.

Second: Cory Moore

Discussion: None

Motion carried

TEDD Reimbursement Agreement - Dianne

Dianne was up next to discuss the TEDD Reimbursement Agreement. The Lockwood/TEDD Advisory Committee has asked if our Board would consider extending the repayment schedule. They have asked to make payments of \$10,225, twice a year over a four-year period. The ask is meant to free-up dollars to apply for infrastructure grants to keep the Lockwood TEDD moving forward. The repayment, as it stands, is no less than 50% of the increment generated. That figure is roughly \$40,000 due in May of 2019. Steve also spoke to the fact that the Commissioners are already looking to expand the footprint of the TEDD and that has upset the School District in Lockwood. Steve said this extension would be a good first step in curbing some of their concerns.

Motion: David Trost, to forward the Approval of the Reimbursement Plan to the full Board, as presented to the Executive Committee.

Second: Mike Nelson

Discussion: None

Motion carried

Conflict of Interest – Follow-Up - Steve

Steve briefly touched on the conflict of interest policy and has invited Kevin Heaney to speak to the Board tomorrow morning. Eric asked how Board Members should make the determination of abstaining from a vote. This is especially important as we continue our involvement with OBSD and the “insider” knowledge that is part and parcel of being on the BSED Board. Steve reiterated that all information that is received via BSED Board Membership, is public knowledge. Steve also mentioned that the Board will not be privy to proprietary or confidential information concerning the OBSD project. Information brought to Board will be the same information openly shared with the public. Additionally, it is incumbent upon the Board Member to identify potential conflicts even if it may seem trivial.

Steve discussed that there was good conversation with the County Commissioners when explaining to them the grant opportunity before us. Steve also mentioned that there will be a modified agenda in December as we recognize our outgoing Board members.

Changing Board Meeting Times - Steve

Steve asked that we extend the Board Meetings to last two hours starting in 2019. There was discussion to begin the meetings at 7AM to accommodate Steve’s ask for an extension. There was also discussion of trimming the agenda to be more efficient and to allow extended dialogue among the Board. David said, at times, that the Executive Committee feels identical to the Board Meetings. Steve said that is good information and we will look at

if there is another agenda structure we can utilize. It was determined a poll will be taken at the Board Meeting to identify the best option moving forward.

Executive Session (as needed)

There was no need for an Executive Session

Public Comment

None

Adjourn

Eric entertained a motion to adjourn the meeting.

Motion: Jennifer Smith, to adjourn the Executive Committee Meeting

Second: Paul Neutgens

Discussion: None

Motion carried

Meeting adjourned at 9:03AM

Next Executive Committee Meeting – December 5, 2018

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ATTACHMENT B

Internal Memorandum

Date: November 26, 2018

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

From Jim Tevlin

Subject: October 2018 EDA/EDC Financial Statements

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

Big Sky EDA Balance Sheets

	Oct 31, 2018	Oct 31, 2017	+/-	
ASSETS				
Current Assets				
Checking/Savings				
First Interstate Bank	\$ 89,331.22	\$ 40,530.50	\$ 48,800.72	
Opportunity Fund - FIB	13,252.72	13,238.25	14.47	
Opportunity Fund - Stockman	645,836.67	6,019,071.98	(5,373,235.31)	(A)
Stockman GE Maintenance	28,479.10	29,627.46	(1,148.36)	
Yellowstone County Funds	150,904.25	45,464.35	105,439.90	
	<u>927,803.96</u>	<u>6,147,932.54</u>	<u>(5,220,128.58)</u>	
Other Current Assets				
A/R-Dept of Defense	245,562.41	301,471.01	(55,908.60)	
American Revenue Guarantee	6,887.28	25,000.00	(18,112.72)	
Due To/Due From EDC	134,496.14	43,596.53	90,899.61	
Miscellaneous Receivables	3,815.55	(6,648.75)	10,464.30	
Tax Levy Receivable	1,163,684.33	1,118,589.10	45,095.23	
Tax Levy Receivable - Protested	448.36	138,952.69	(138,504.33)	
Allowance for Doubtful Accts	(448.36)	(138,952.69)	138,504.33	
Prepaid Expenses	1,210.61	3,681.66	(2,471.05)	
	<u>1,555,656.32</u>	<u>1,485,689.55</u>	<u>69,966.77</u>	
Non-Current Assets				
Opportunity Fund - CDs	5,119,531.00	-	5,119,531.00	(A)
TEDD Receivable	75,000.00	-	75,000.00	
Cabelas Conduit	4,979.27	5,004.46	(25.19)	
Deferred Outflow of Resources	365,827.38	173,851.38	191,976.00	
	<u>5,565,337.65</u>	<u>178,855.84</u>	<u>5,386,481.81</u>	
TOTAL ASSETS	<u>\$ 8,048,797.93</u>	<u>\$ 7,812,477.93</u>	<u>\$ 236,320.00</u>	
LIABILITIES & EQUITY				
Current Liabilities				
Accounts Payable	41,153.01	52,739.59	(11,586.58)	
Accrued Expenses	210,826.93	44,767.10	166,059.83	
Payroll Liabilities	665.13	32,599.52	(31,934.39)	
Compensated Absences	146,352.75	132,296.37	14,056.38	
Deferred Revenue - GE Settlement	-	3,847,304.21	(3,847,304.21)	
	<u>398,997.82</u>	<u>4,109,706.79</u>	<u>(3,710,708.97)</u>	
Long Term Liabilities				
Deferred Inflow of Resources	7,418.97	2,035.97	5,383.00	
Pension Liability	908,810.80	615,173.80	293,637.00	
	<u>916,229.77</u>	<u>617,209.77</u>	<u>299,020.00</u>	
Net Assets	<u>6,733,570.34</u>	<u>3,085,561.37</u>	<u>3,648,008.97</u>	
TOTAL LIABILITIES & EQUITY	<u>8,048,797.93</u>	<u>7,812,477.93</u>	<u>236,320.00</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 Four Months Ended October 31,

	2018	Annual Budget	Budget Remaining
Income			
Department of Defense	\$ 170,784.00	\$ 549,626.00	\$ 378,842.00
EDC Reimbursement	171,775.12	601,012.56	429,237.44
EPA - Brownfields	10,067.20	10,067.20	-
Grant Administration	4,266.00	17,650.00	13,384.00
Health Levy Revenue	28,527.00	90,264.00	61,737.00
Mill Levy Revenue	1,214,353.14	1,391,361.00	177,007.86
Miscellaneous Revenue	886.27	-	(886.27)
Opportunity Fund Investment	-	150,000.00	150,000.00
Recovery of Protested Taxes	146,854.25	-	(146,854.25)
SBA/MT Dept of Commerce	36,841.84	117,650.00	80,808.16
SBDC Program Income	62.81	3,211.00	3,148.19
VBOC	45,316.58	300,000.00	254,683.42
	<u>1,829,734.21</u>	<u>3,230,841.76</u>	<u>1,401,107.55</u>
Expense			
Advertising	729.83	-	(729.83)
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	25,762.52	47,834.00	22,071.48
Employer Contributions	146,315.22	507,433.91	361,118.69
Insurance	10,650.00	14,766.00	4,116.00
Contract Support	-	2,000.00	2,000.00
Marketing	19,093.35	81,854.00	62,760.65
Miscellaneous	11,578.51	39,447.40	27,868.89
Office Equipment	3,330.04	8,700.00	5,369.96
Office Expense	5,808.81	19,000.00	13,191.19
One Big Sky District	-	55,000.00	55,000.00
Professional Fees	39,328.60	69,084.20	29,755.60
PTAC Satellite	27,151.61	87,714.00	60,562.39
PTAC Subcenter	75,976.74	253,543.00	177,566.26
Rent	42,208.83	111,632.00	69,423.17
Repairs	980.00	-	(980.00)
Salaries/Wages	483,073.92	1,617,320.86	1,134,246.94
Sponsorships	4,750.00	6,600.00	1,850.00
TEDD	2,409.29	5,000.00	2,590.71
Telecommunications	16,083.70	48,001.00	31,917.30
Travel/Training	26,325.17	124,621.00	98,295.83
Workforce Development	3,517.56	15,000.00	11,482.44
	<u>945,073.70</u>	<u>3,226,198.59</u>	<u>2,281,124.89</u>
Operating Income/(Loss)	884,660.51	4,643.17	(880,017.34)
Other Income			
Interest Income	2,026.69	87,477.23	85,450.54
	<u>\$ 886,687.20</u>	<u>\$ 92,120.40</u>	<u>\$ (794,566.80)</u>

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

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

	2018	2017	+/-
Income			
Department of Defense	\$ 170,784.00	\$ 162,467.00	\$ 8,317.00
EDC Reimbursement	169,403.65	159,917.16	9,486.49
EPA - Brownfields	10,067.20	24,592.55	(14,525.35)
Grant Administration	4,266.00	2,123.16	2,142.84
Health Levy Revenue	28,527.00	27,211.25	1,315.75
Mill Levy Revenue	1,214,353.14	1,171,440.90	42,912.24
Miscellaneous Revenue	886.27	1,453.70	(567.43)
Recovery of Protested Taxes	146,854.25	-	146,854.25
SBA/MT Dept of Commerce	36,841.84	38,705.72	(1,863.88)
SBDC Program Income	62.81	219.00	(156.19)
VBOC	45,316.58	109,471.93	(64,155.35)
	<u>1,827,362.74</u>	<u>1,697,602.37</u>	<u>129,760.37</u>
Expense			
Advertising	729.83	312.60	417.23
BEAR	-	523.14	(523.14)
Community Development Projects	-	-	-
Dues and Subscriptions	25,762.52	14,257.10	11,505.42
Employer Contributions	146,315.22	147,388.28	(1,073.06)
Incubator Expense	-	26,631.59	(26,631.59)
Insurance	10,650.00	16,919.11	(6,269.11)
Contract Support	-	5,163.60	(5,163.60)
Marketing	19,093.35	26,010.90	(6,917.55)
Miscellaneous	11,578.51	10,057.74	1,520.77
Office Equipment	3,330.04	-	3,330.04
Office Expense	5,808.81	4,161.86	1,646.95
Professional Fees	39,328.60	99,268.37	(59,939.77)
Program Expense	-	624.67	(624.67)
PTAC Satellite	27,151.61	28,511.99	(1,360.38)
PTAC Subcenter	75,976.74	65,309.68	10,667.06
Rent	42,208.83	42,491.04	(282.21)
Repairs	980.00	463.50	516.50
Salaries/Wages	483,043.92	470,754.05	12,289.87
Sponsorships	4,750.00	5,729.33	(979.33)
TEDD	2,409.29	-	2,409.29
Telecommunications	16,083.70	10,768.99	5,314.71
Travel/Training	25,733.81	40,557.58	(14,823.77)
Workforce Development	3,517.56	9,245.76	(5,728.20)
	<u>944,452.34</u>	<u>1,025,150.88</u>	<u>(80,698.54)</u>
Operating Income/(Loss)	<u>882,910.40</u>	<u>672,451.49</u>	<u>210,458.91</u>
Other Income			
Interest Income	1,779.40	757.21	1,022.19
	<u>\$ 884,689.80</u>	<u>\$ 673,208.70</u>	<u>\$ 211,481.10</u>

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

Prior year amounts include \$21k for Brownfields assessments and \$66k for TEDD master plan expenses.

Big Sky Economic Development Corporation

Balance Sheets

	Oct 31, 2018	Oct 31, 2017	+/-	
ASSETS				
Current Assets				
First Interstate Bank	\$ 304,172.86	\$ 33,112.59	\$ 271,060.27	(A)
FIB SSBCI Principal	1,233,180.03	971,643.00	261,537.03	
FIB-Long Term Reserve	150,000.00	150,000.00	-	
FIB-Operating Reserve	100,000.00	100,000.00	-	
FIB-Opportunity Fund	22,200.00	22,200.00	-	
First Interstate Bank-RLF	231,429.63	253,791.58	(22,361.95)	
Wells Fargo	-	81,732.95	(81,732.95)	(A)
Accounts Receivable	1,000.00	1,000.00	-	
Certificates of Deposit	-	75,114.53	(75,114.53)	(A)
Contributions Receivable	30,000.00	-	30,000.00	(C)
Miscellaneous Receivables	4,000.00	390.85	3,609.15	
Prepaid Expenses	1,398.53	-	1,398.53	
RLF Portfolio-Current	77,282.81	72,389.57	4,893.24	
SSBCI Portfolio-Current	123,590.12	194,924.65	(71,334.53)	
	<u>2,278,253.98</u>	<u>1,956,299.72</u>	<u>321,954.26</u>	
Other Assets				
FIB-OBSD/Coulson Park	215,850.00	-	215,850.00	(B)
Contributions Receivable-Non Current	42,500.00	-	42,500.00	(C)
RLF Portfolio-Non Current	239,949.98	200,559.63	39,390.35	
SSCBI Portfolio-Non Current	888,074.83	1,056,433.29	(168,358.46)	
TOTAL ASSETS	<u><u>3,664,628.79</u></u>	<u><u>3,213,292.64</u></u>	<u><u>451,336.15</u></u>	
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	14,402.82	32,143.10	(17,740.28)	
Accrued Expenses	30,750.00	8,475.00	22,275.00	
Due to/Due From EDA	134,496.14	43,596.53	90,899.61	
	<u>179,648.96</u>	<u>84,214.63</u>	<u>95,434.33</u>	
Net Assets	<u>3,484,979.83</u>	<u>3,129,078.01</u>	<u>355,901.82</u>	
TOTAL LIABILITIES & EQUITY	<u><u>\$ 3,664,628.79</u></u>	<u><u>\$ 3,213,292.64</u></u>	<u><u>\$ 451,336.15</u></u>	

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

(B) These restricted funds are specifically earmarked for the One Big Sky District and Coulson Park master plans.

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

Big Sky Economic Development Corporation
Statement of Operations-Actual vs Budget
For the Four Months Ended October 31,

	2018	Annual Budget	Budget Remaining
Income			
504 Loan Origination	\$ 48,228.73	\$ 127,500.00	\$ 79,271.27
504 Loan Servicing	173,184.61	531,600.00	358,415.39
Member Investment	20,775.00	300,000.00	279,225.00
Miscellaneous Income	3,012.75	13,000.00	9,987.25
Private BillingsWorks Funding	2,500.00	20,000.00	17,500.00
Recovery of Bad Debt	1,700.00	3,600.00	1,900.00
RLF Business Loan Interest	4,456.32	12,476.00	8,019.68
SSBCI Revenue	9,305.82	29,140.00	19,834.18
	<u>263,163.23</u>	<u>1,037,316.00</u>	<u>774,152.77</u>
Expense			
Advertising	62.64	-	(62.64)
BEAR Program	1,108.33	6,108.00	4,999.67
Business Recruitment	7,820.99	81,000.00	73,179.01
Contingency	-	10,000.00	10,000.00
Dues and Subscriptions	7,311.62	15,593.00	8,281.38
EDA Reimbursement	171,775.12	601,012.56	429,237.44
Event Expense	22,517.44	51,500.00	28,982.56
Insurance	1,910.00	11,000.00	9,090.00
Marketing	4,058.64	11,000.00	6,941.36
Membership Development	407.62	7,500.00	7,092.38
Miscellaneous	5,749.67	36,418.00	30,668.33
Office Supplies	1,206.32	2,056.00	849.68
Professional Fees	18,142.40	22,500.00	4,357.60
Rent	13,678.91	36,320.00	22,641.09
Sponsorships	-	2,000.00	2,000.00
Telephone	1,465.16	4,980.00	3,514.84
Travel & Training	10,562.97	28,500.00	17,937.03
Workforce Development	630.80	59,695.00	59,064.20
	<u>268,408.63</u>	<u>987,182.56</u>	<u>718,773.93</u>
Operating Income/(Expense)	<u>\$ (5,245.40)</u>	<u>\$ 50,133.44</u>	<u>\$ 55,378.84</u>

Big Sky Economic Development Corporation
Statements of Operations-Year Over Year Actual
For the Four Months Ended October 31,

	2018	2017	+/-
Income			
504 Loan Origination	\$ 48,228.73	\$ 8,605.42	\$ 39,623.31
504 Loan Servicing	173,184.61	179,166.98	(5,982.37)
Member Investment	20,775.00	10,383.88	10,391.12
Miscellaneous Income	3,012.75	1,732.75	1,280.00
Private BillingsWorks Funding	2,500.00	-	2,500.00
Recovery of Bad Debt	1,700.00	7,864.59	(6,164.59)
RLF Business Loan Interest	4,456.32	5,093.08	(636.76)
RLF Loan Fund (net)	-	357.44	(357.44)
SSBCI Revenue	9,305.82	9,980.42	(674.60)
	<u>263,163.23</u>	<u>223,184.56</u>	<u>39,978.67</u>
Expense			
Advertising	62.64	-	62.64
BEAR Program	1,108.33	-	1,108.33
Business Recruitment	7,820.99	19,517.38	(11,696.39)
Dues and Subscriptions	7,311.62	6,596.81	714.81
EDA Reimbursement	171,775.12	159,917.16	11,857.96
Event Expense	22,517.44	30,874.24	(8,356.80)
Insurance	1,910.00	92.00	1,818.00
Marketing	4,058.64	2,940.78	1,117.86
Membership Development	407.62	785.08	(377.46)
Miscellaneous	5,749.67	(705.33)	6,455.00
Office Supplies	1,206.32	563.12	643.20
Postage and Delivery	-	373.68	(373.68)
Professional Fees	18,142.40	1,735.00	16,407.40
Rent	13,678.91	9,539.16	4,139.75
Repairs	-	553.50	(553.50)
Telephone	1,465.16	1,772.05	(306.89)
Travel & Training	10,562.97	6,611.56	3,951.41
Workforce Development	630.80	-	630.80
	<u>268,408.63</u>	<u>241,166.19</u>	<u>27,242.44</u>
Operating Income/(Loss)	<u><u>\$ (5,245.40)</u></u>	<u><u>\$ (17,981.63)</u></u>	<u><u>\$ 12,736.23</u></u>



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT C

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

Strategic Priorities

- 1. Economic Diversity and Innovation—grow and diversify our economy through small business growth, entrepreneurship, fostering innovative business ideas, and maintaining a regional focus:**
 - a. ROCK31 – Connect Build Grow—Dena will share with you great news regarding the development of our new entrepreneurship model—*ROCK31*. We have a program manager hired!! See the SBDC/*ROCK31* Program Section for details. Remember—every 31 minutes a new business is launched out of a SBDC, incubator, entrepreneurship program, and, we're going *ROCK* that number! The next *ROCK31* meet-up event is scheduled for January 14, 8AM at Steep World, with the goal to support the launch of adventure/experience-based businesses.
 - b. Coal Country Coalition—We held our annual Summit among the partners in the Coal Country Coalition—BSED, Beartooth RC&D, Southeast Montana Economic Development Corporation (Colstrip), and the Snowy Mountain Development Corporation (Lewistown) on November 27th. It was a great opportunity to share an update on our respective work, and consider how we can support our collective priorities going into the 2019 Legislative Session. We also discussed our original workplan and the goal we established to support incentives for clean-coal technology. Toward that end, we agreed to follow-up with the principals involved in the research project in Wyoming and the Federal Department of Energy (DOE) to see if there is a route for Montana's partnership in this existing project, from an economic development standpoint (not at a policymaker level).
- 2. Workforce Development and Talent Attraction—via the BillingsWorks Partnership—build and enhance our workforce development strategies/programs and further our talent attraction efforts to meet future workforce needs in support of our regional business community:**
 - a. Advocacy for MSU Billings and RMC—No new information—MSUB strategic planning work continues. No plan to share at this time. Details on that plan will be available within the next few weeks. Additionally, for both RMC and MSUB, work continues on the One Big Sky District Planning process, which will attempt to show how both schools can partner in this project.
 - b. BillingsWorks/Talent Attraction and Career and Technical Education/Career Center—See the Billings Works Update as a part of this report for details on work related to Better Off in Billings and our annual business-sector focus group meetings in preparation for the 2019 State of the Workforce Report.

3. Strategic Placemaking—building-remarkable community investments to encourage and support the retention and attraction of workforce and new private investment:

- a. Foster Development of Planned, Ready-to-Go Industrial Space — See the TEDD update as a part of the Community Development section of this report. The County Commissioners have approved the expansion of the TEDD. That decision now waits for 30 days before being enacted (a requirement of the TEDD laws). It is important to note that the expansion of the TEDD adds 624 total acres, but only 175 of those acres are developable at this time. The expansion that the total developable acres to 468, which is very close to the target size as originally determined in the Industrial Park Feasibility Study—the plan that launched the concept of developing a “targeted economic development district.”
- b. One Big Sky District— A lot of work to be done before the development plan (final draft) is presented to City Council is December 17th. Landmark will be in town next week (December 5th and 6th) to work through the development plan draft, all the design elements of the catalyst projects, and the legislative tool. On December 6th we will be in Helena to meet with— Governor’s budget director, Department of Commerce Director, and other key partners. We’ll be hosting a luncheon for MEDA and Ambassador Board members, the League of Cities and Towns, and Chambers. Next week is a big week to wrap up the plan and build legislative support.
- c. Coulson Park Redevelopment and Entryways Now—DHM Design has begun work with the City Parks team to define the scope of work for the Master Plan project. Public meetings should begin very soon. More details to follow. Exciting! The project is starting!
- d. EBURD Redevelopment—No new info to report. See the Community Development section of this report for more info, as available.
- e. Trailhead Hospitality Vision Steering Committee—No new info. The scope of work for a plan/design/budget for the improvement of the Metra Park backside walkway, fence and landscaping is complete. The next step is securing funding for that work. Recall the goal being to take steps forward in the improvement of the HWY 87 corridor as one of the major entryways for our community. The next meeting of the Committee is set for January 4, 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.
- f. Air Service—A Billings team met with planners for United Airlines at their HQ in Chicago. It was a good meeting. The direct flight to Chicago during the summer season will begin in June and run through September, adding almost 4 weeks to this schedule. We also discussed a direct flight to San Francisco, but the timing of that opportunity will be 2 years out, based upon equipment and pilot availability issues. Additional meetings with our other air-service providers will be held in March of 2019. In the meantime, remodeling/expansion of the airport continues with the design phase in full swing. The budget for this project will be a challenge. More details to follow
- g. Space2Place—Micro projects that facilitate quality of place—work on the 2019 project solicitation with begin soon.

Program Updates

SBDC

SBDC served several new and existing companies with technical assistance, training and consulting. The team partnered with the VBOC on a Vet-Biz meetup. The SBDC Regional Director is now serving on the Comprehensive Economic Development Strategy (CEDS) committee. We had an excellent planning meeting to work on the draft document that will be available for public comment and then sent to the EDA for approval. This CEDS is for 2019-2023. We are excited to show a strong focus for Innovation & Entrepreneurship as well as business development.

We trained 10 pre-venture/startup clients in our monthly pre-business workshop. We taught a pre-business workshop for students at Yellowstone Valley Bible College at the request of their business professor. We taught Rocky Mountain College students about programs and resources available to start-up or grow your business after college. We also covered industry/market research as well as access to capital. We held the first nominating committee meeting for the SBA awards. The team will select finalists in the next couple weeks.

BEAR

The BEAR team held a monthly meeting to evaluate the progress of all company referrals in the last 6 months. They are currently working with an Insurance Agency that is growing. The team has a site visit scheduled for December. The team made 4 direct referrals to volunteers in the areas of marketing, accounting, legal, and agriculture.

Rock31

Rock31 is very excited to announce Kevin Scharfe as our new Program Manager | Senior Business Advisor for SBDC. Kevin brings a wealth of knowledge, experience, and passion for serving entrepreneurs. He will do an outstanding job in this new role for our team. He looks forward to hitting the ground running on January 2nd. Stay tuned for a formal announcement and write-up on Kevin. The team is working hard to prepare a competitive cooperative agreement (to receive grant funding) proposal to the Federal EDA to enable us to leverage additional funding for the purchase of a building. The goal is to enable us to open the doors of Rock31 as well as provide space for the technical assistance programs that will serve the clients. We are working on planning our next meetup as well as building the list for the advisory committee.

VBOC

To celebrate National Veterans Small Business Week (Nov. 5 to 9), the VBOC held the #VETBIZ Billings Meetup at Canyon Creek Brewing with 45 total attendees, including 14 veterans and/or spouses. Local media outreach included a guest column in the Billings Gazette, live interviews on KTVQ, News Talk 95.5, and 730 KYYA, and a mention in the Helena Independent Record. On Nov. 14 to 15, Brian and Dustin also trained 10 transitioning airmen in the Boots to Business class at FE Warren Air Force Base.

The week of Thanksgiving, Dustin travelled to Seattle for three days at Business Impact NW, host of the Veterans Business Outreach Center serving Washington, Oregon, Idaho and Alaska. Along with providing business support services to veterans and military spouses throughout the region, Business Impact NW is a nonprofit Community Development Financial Institution and houses the Washington Women's Business Center. The trip gave Dustin the opportunity to shadow the VBOC Director, learning

how the VBOC successfully integrates with BINW's mission to better serve veterans and spouses across such a large geography. He also met with local partners like Bunker Labs – Seattle and the Small Business Administration. The trip culminated with a ferry ride to the home of the U.S. Naval Fleet's command in the Pacific Northwest to attend day 1 of the Boots to Business Introduction to Entrepreneurship training with 18 transitioning sailors and their spouses.

Community Development

The Lockwood TEDD Advisory Board met on November 28th in BSED's Yellowstone Room. The Yellowstone County Commissioners held two public hearings on October 30th and November 13th prior to a 2 to 1 vote to expand the TEDD boundary. After a 30-day comment period the expansion will become official on December 18.

The Coulson Park Master Plan consultants are working with City of Billings staff to develop the scope of work for the master plan and expect to hold the first public meeting in December. The projected completion date for the Master Plan is June 2019.

Community Development is working with Rock31 to apply for the US EDA for funding towards the Rock31 building.

Coal Country Coalition held its annual POWER Summit on November 27th in Billings. Partners from each organization discussed priorities for the coming year.

The Rimrock Subaru tax abatement request has been approved by both the City and the County.

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

Community Development staff is working with the Lockwood Pedestrian Safety District providing assistance regarding the Becraft Lane Project.

Two new fuels reduction assessments have been completed for the Yellowstone County Fuels Reduction Program.

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

Big Sky Finance

In November, the Big Sky Finance team had one SBA 504 loan request approved by SBA, and another submitted and currently under review with SBA. It was a successful month for loan fundings as we had two 504 loans fund totaling \$2.9M. Both fundings, as all are, were a culmination of a lot of hard work from our team. They do great work in taking these from application to funding! We also received final approval from SBA on both our SMART Analytical Review and a 2-year extension of our ALP status (Accredited Lenders Program). We are required to reapply for this every two years and takes a lot of work. It is important for our CDC to maintain this accreditation and to be recognized by SBA for this.

There was one significant change to our structure within the Finance team. Our Loan Officer here in Billings, Ben Rose, chose to leave Big Sky for a new opportunity. We wish him the best in his new endeavor. I am very thankful for the years of service he did provide and enjoyed watching him grow and learn. We will be looking to fill a new position very soon.

SBA 504 effective rates for the month of November are as follows: 25-year rate is 5.64%, 20-year rate is 5.59% and the 10-year rate is 5.59%. Our rates remain competitive and provide borrowers with the opportunity to lock in a fixed rate for the term of their note – especially beneficial in a rising rate

environment! If you ever know of anyone in the state looking to acquire commercial real estate and/or equipment for their business (owner occupied), please refer them over to us!

BillingsWorks

BillingsWorks is gearing up for the 5th State of the Workforce Report. Due to resources and need, we've made the decision to produce a full report every other year with an overview/workplan still produced every year. The 2019 State of the Workforce Report will be comprised of the past 4 years' Employer Survey Results, Goal Updates, 2019-2020 Workplan along with feedback from focus groups in our main industries, education sector, NextGEN and a cross section of our workforce. We've conducted 4 of these focus groups so far with 5 remaining. The report this year will be taking on a new medium as well; animation. We believe this will allow our business and education partners to better utilize this information in presentations, conversations, etc. Additionally, our Better Off in Billings Talent Attraction campaign is gaining speed as we continue to flesh out the brand getting community members such as Black Dog Coffee, The Fieldhouse, and Thirsty Street involved in creating unique menu items under the Better Off in Billings slogan.

Marketing and Member Investor

We had a successful Veterans Business Event hosting over 40 Veterans, their spouses, community partners and elected officials. Marcell Bruski has been on board for a little over a month and is making a significant impact on our team. She has increased our business outreach activity and awareness and is making a noticeable difference in our external presence.

We are currently working on an external marketing strategy for business growth services with the new addition of Rock31.

The growth of the member investor program is on track as our mid-year checkpoint helped greatly by businesses wanting to engage with Rock31. We had two current Member investors increase their annual commitments which is also part of the revenue growth plan.

Recruitment and Outreach

Business Recruitment had a productive recruitment committee meeting focused on how we work in our community to find gaps in supply chains to focus recruitment efforts around. The Utah call center will be looking at a start date in January now due to difficulties in securing a lease, but they are still moving forward. One Big Sky District work is fast and furious at this point with the draft final report heading to Council on the 17th of December. We have yet to hear anything regarding the USDA office space expansion.

PTAC

Since August 1st, MT PTAC clients statewide have been successful in winning \$32,436,361 in federal, state and local contracts. Of that, \$12,645,230 was awarded to clients of the Billings PTAC. Yellowstone Kelly's received task orders totaling \$2,262,069 on an existing agreement with the U.S. Forest Service to provide catering for fire camps. Sandra Graham, DBA: Wildfire Hot Showers received task orders totaling \$334,996 on her existing agreement with the U.S. Forest Service to provide portable showers to fire camps. Anthony Davis, DBA: Wildfire Mobile Laundry received task orders totaling \$100,360 on his existing agreement with the U.S. Forest Service. Black Canyon, LLC received three separate awards totaling \$1,105,580 from the National Park Service for construction services to replace the lift station and sewer lines at Mount Rushmore and to replace the sewer system at Fort Union in North Dakota.

Organizational/Program/Policy Matters

1. Future Facilities Taskforce – We are putting the finishing touches on the EDA grant preliminary application and plan to submit it on Monday, December 3rd. The preliminary application confirms grant eligibility and, if approved, will give us the green light to submit a full grant application. We will factor those results into the due diligence conducted and will then make a final determination for the RFP and next steps. In the meantime, we have continued our due diligence on the Paint Building to assess functionality within that space. We will bring the outcomes of the preliminary application and our final determination to the next Board meeting.
2. Nominating Committee Recommendation Regarding Officers for 2019—the Nominating Committee met November 26th to consider the appointment of officers for 2019. A recommendation will be provided to the Executive Committee and then to the full Board for consideration at our December meetings.
3. Strategy Plan—The Board will receive a hand-out version of our Strategic Plan at the December Board meeting.
4. Ad Hoc Legislative Committee—Following the Board's preliminary approval of our outline of Legislative Priorities for 2019, I met with our regional partners to learn about their issues/priorities for the Session. I will be updating our outline to reflect our support for their issues and present that to the Board at our December meetings. Also, the Board is invited to join the staff for a breakfast meeting with legislators (December 12, 7:30 A.M. to 9:00 A.M., Northern Hotel). You should have all received an invite for this breakfast. This will give us a chance to share our priorities with our area legislators before they head off to Helena. Please try to join us if you can.
5. FY 2018 Audit—the Auditors have completed their work on the EDC and EDA audits for FY 2018. Those reports will be provided to the Board via a separate email on Monday, December 3rd. The auditors will then attend our Executive Board meeting on the 5th to review the Audit.

**Respectfully submitted,
December 5 & 13, 2018**



**Steve Arveschoug
Executive Director**



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT D

Harrison G. Fagg
1414 Mystic Dr.
Billings, Mt. 59102

Steve Arveschoug
BSEDA Director
211 Granite Tower
222 N. 32nd St.
Billings, Mt. 59102

Re: BSEDA space

Dear Steve,

Thank you for meeting with us yesterday about BSEDA space. We appreciate the hard work you are putting in, as we know how important this decision is to BSEDA's future.

We applaud you looking to purchase space. This seems like a good option for BSEDA long term.

The purpose of our meeting, and this letter, is to request BSEDA to do another RFP asking for purchase options in downtown Billings. This could be a short time frame, even two weeks.

A couple of thoughts that may have not been made clearly yesterday.

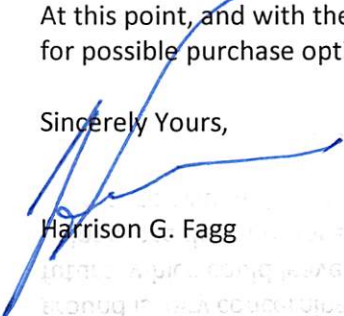
One, you are obviously quite interested in the Montana Paint building. However, being on leasehold ground is very concerning. The lease could be cancelled or lease payments increased substantially in the future, which could leave BSEDA in a difficult spot in the future. Also, our study shows the Montana Paint space does not meet your square footage requirements, and one-third of the space is in the basement, with not windows. The conference room would have large pillars in it.

Two, there may be other options come up that have not been considered. Obviously, we are interested since we have a buy sell on the Fratt Building. We would sell BSEDA the space they require, and believe it is a cost effective strategy long term. There are, however, other possible options. The Gainan's Building, the Taubert Building, the Good Earth Market building, and possibly other options.

Three, any bid should require floor plans so BSEDA knows what they are getting.

At this point, and with the EDA grant request, you have a couple of weeks to send out a new RFP asking for possible purchase options. This would seem to serve BSEDA in the long term.

Sincerely Yours,



Harrison G. Fagg

Steve Aronson
BSEA Director
211 Granite Tower
324 M. 32nd St.
Brooklyn, NY 11218



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT E

**MONTANA DEPARTMENT OF COMMERCE
SMALL BUSINESS DEVELOPMENT CENTER
CONTRACT AMENDMENT # 14-51-009E**

This Contract amendment is entered into by and between **Big Sky Economic Development Authority**, Billings, Montana (Contractor), and the **Montana Department of Commerce**, Helena, Montana, (the Department).

The Contractor and the Department mutually agree to amend Contract # 14-51-009 (the Contract), executed by them on January 1, 2014 (date of the original contract) as follows:

1. Section 3. 2. (a) of the Contract is amended to read:

- a. Consistently and correctly enter client information, sessions and impact into Neoserra as required but not limited to;

178 clients served,

380 jobs supported,

1,200 client hours,

12 new business starts,

\$4,800,000 in capital funding obtained,

45 long term clients,

2 publishable success stories,

2. Section 5. (a) of the Contract is amended to read:

- (a) This Contract amendment shall take effect January 1, 2019 and will terminate on December 31, 2019, unless terminated earlier in accordance with the terms of this Contract.

3. Section 6. of the Contract is amended to read:

For 2019, The Department has allocated \$100,000.00 in federal funding for Contractor reimbursement. The Department will provide up to \$12,500.00 in cash match and the Contractor will provide the remaining 1:1 match in which at least 50% must be cash match.

4. All other provisions of the Contract remain in full force and effect.

IN WITNESS OF THE TERMS SET OUT ABOVE, the parties hereto have caused this Contract to be executed.

BIG SKY ECONOMIC DEVELOPMENT AUTHORITY:

Steve Arveschoug, Executive Director

Date

MONTANA DEPARTMENT OF COMMERCE:

Pam Haxby-Coty, Director

Date

MONTANA DEPARTMENT OF ADMINISTRATION:

State Procurement Contracts Officer

Date