

**EDA/EDC – Joint Board Meeting**  
**Thursday, January 10, 2019**  
**7:00 A.M. to 9:00 A.M.**  
**Yellowstone Conference Room, First 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.

Agenda items may be rearranged unless an item is listed as having a "time certain". Action may be taken on any item listed on the Board Agenda.

**7:00 A.M. Call to Order/Pledge of Allegiance/Roll Call: Cory Moore, EDA Chair**

**7:02 A.M. Public Comment/Recognitions/Special Announcements and Introductions:**

- Board Member and Staff Introductions
- Review Annual Board Member Information - Becky
  - Conflict of Interest Policy Review and Board Acknowledgment (Board-Member Signature)
  - EDC Annual Board Certification (See Attachment F) (EDC Board-Member Signature)
  - 2018 EDA/EDC Board Directories
  - 2018 Board Calendar

**7:08 A.M. Changes to Today's Agenda**

**7:10 A.M. Consent Agenda**

- December 13, 2018 Board Meeting Minutes (EDA/EDC Action)
- November 2018 EDA and EDC Financials (Attachment A)

**7:35 A.M. Program-Level Reports and Action Items**

- Big Sky Finance —Brandon
  - 504/RLF Loan Approvals (Attachment C) (EDC Action)
  - File Audit Review (Email Attachment) (EDC Action)
- Future Facilities RFP Update —Becky
  - Grant Application Status (EDA Letter) (Attachment D) (Info)
  - Next Steps—RFP, Selected Property and Grant Application (Handout) (EDA/EDC Action)
- EBURD Partnership MOU—Dianne (Attachment E) (EDA Action)
- One Big Sky District—Development Plan Overview—Allison
  - Next Steps/Phase III Funding Commitments (Handout) (EDA/EDC Action)

**8:35 A.M. Executive Directors' Report (no written report)—Steve**

- Update 2019 Legislative Priorities (Handout) (Info)
- Board Committee Review and Assignments—Becky/Steve (Handout) (Info)
- Feb. Board Meeting—Mid-Year Update (Info)

**8:50 A.M. Public Comment**

**9:00 A.M. Adjourn**-----Next EDA/EDC Board Meeting February 14, 2019. *Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky ED at 256-6871.*



BIG SKY  
ECONOMIC DEVELOPMENT

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# ATTACHMENT A



**EDA/EDC Joint Board Minutes**  
**Thursday, December 13, 2018 – 7:15 AM – 9:15 A.M.**  
**Yellowstone Room, 1<sup>st</sup> 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.

**EDA Board Members Present:** Jennifer Smith, Cory Moore, Fred Sterhan, Greg McDonald, Ken Lutton, Paul Neutgens, Robin Rude, Chuck Tooley, Dana Pulis, Sheri Nicholson, Greg Upham (ex-officio), Katy Easton (ex-officio)

**EDA Board Members Absent:** Mitch Goplen, Matt Lurker (ex-officio), Robyn Driscoll (ex-officio), Shaun Brown (ex-officio)

**EDC Board Members Present:** Aaron Ramage, Andy Gott, Craig Bartholomew, Debbie Singer, David Trost, Dennis Pitman, Duncan Peete, Eric Simonsen, Mike Nelson, Mike Phillips, Scott Chesarek, Wayne Nelson, Doug Hansen, Dan Edelman, Jon Stepanek, Molly Schwend, Steve Loveless, Ty Elkin

**EDC Board Members Absent:** Mac Fogelsong, Mike Seppala, Bob Wilmouth, David Ellis

**Staff and Guests:** Steve Arveschoug, Austin Trunkle, Becky Rogers, Dianne Lehm, Karen Baumgart, Allison Corbyn, Dena Johnson, Lorene Hintz, Marcell Bruski, Dustin Frost, Brandon Berger, Jim Tevlin, Jack Nickels, Chris Kukulski, Evelyn Pyburn, Kevin Scharfe, Dave Ballard, Judi Powers, Spencer Frederick, Ann Kosempa, John Pollock, Jack Nickels, Matt Corcoran

**Call to Order:**

Eric called the meeting to order with the Pledge of Allegiance at 7:30AM

**Public Comment/Recognitions/Special Announcements and Introductions:**

**Board Recognition – Steve**

Steve began by reflecting on the year that has passed. We have our outgoing Board Members on both EDC and EDA Boards and would like to recognize their time and dedication. The first was Sheri Nicholson. Sheri is the Immediate Past Chair. Next was Chuck Tooley on the EDA. Chuck spoke to the dedicated staff and overall mission being executed by BSED. Following, was Ty Elkin who had served on both the EDA and EDC Boards. Next, was Wayne Nelson. Wayne served on the EDC Board. Wayne spoke to how much he appreciated the opportunity to meet so many individuals through the Board. Duncan Peete was next. Duncan served for 10 years and was the EDC Chair 3 years ago. Duncan encouraged Board Members to join committees and increase involvement as much as they can. Next was Debbie Singer. Debbie is the longest serving Board Member in the history of BSED. Debbie served 15 years on both the EDA and EDC. Debbie spoke about the projects that have been achieved over the last decade and a half and the accomplishments have been many. Next, was David Trost. David is the Immediate Past Chair of the EDC. David thanked Debbie for her mentorship and example she has set for the Board. David also thanked Ty for his 10 years of service and his intense devotion to BSED's Mission. David mentioned how meaningful his service on the Board was and the pride he took in his role. Commissioner Robyn Driscoll was not present, but Steve

wanted to recognize her service as well. Finally, BSED recognized the outgoing EDA and EDC Board Members, Eric Simonsen and Jennifer Smith. Both spoke to what a whirlwind the past year was and thanked those who had mentored them along the way. Steve then closed by mentioning how he had grown-up professionally with many of these individuals and it has been a great honor to be molded and shaped by their leadership.

**Rock31 Intro** – Dena

Dena introduced our new Rock31 Program Manager, Kevin Scharfe. Kevin spoke to his excitement in joining this team.

**KLJ Announcement** – Matt Corcoran

Matt Corcoran with KLJ presented an award to BSED. KLJ's involvement with the Lockwood TEDD meant working very closely with BSED. Matt mentioned how willing and helpful our Community Development team was and that it was a pleasure working with them.

**IEDC Award** – Melanie

Melanie announced that IEDC has awarded BSED their silver award for the Better Off in Billings Event. This award is a testament to the hard work from Karen and everyone who helped with that event.

**New Member Introductions** – Steve

Steve proceeded to introduce the new Board Members present, Spencer Frederick, Ann Kosempa, Judi Powers, and Dave Ballard. They will begin their terms in January.

**Agenda Changes:**

Jim will review a handout that shows the reinvestment of EDC Dollars in addition to the presentation of the 2018 Audit.

**Consent Agenda:**

**Approval of the November 2018 Board Meeting Minutes**

Motion: Jennifer Smith, to approve the November 2018 Board Meeting Minutes

Second: Fred Sterhan

Discussion: None

Motion carried

**Approval of the October 2018 EDA/EDC Financials**

Motion: Cory Moore, to approve the October 2018 EDA/EDC Financials

Second: Fred Sterhan

Discussion: None

Motion carried

**Program Level Reports and Action Items**

**2018 Audit** – Jim

Jim presented both the EDA and EDC audit. Stefani Freese presented to the Executive Committee in great detail and Jim can answer questions more specifically as needed. The EDA received an "unmodified opinion." This is the highest level of assurance and no issues were found. Jim pointed out some of the large numbers going in and out on the Balance Sheet and those numbers are nearly all related to the sale of the GE Building and the Incentives passed through to Zoot Enterprises. The current operating loss was \$1.3M but was primarily due to an incentive paid to Zoot Enterprises. However, the lease cancellation lead to an overall gain of \$3.8M. With regard to the Single Audit, PTAC was selected for review. PTAC had no issues or findings and that is a testament to Deanna's management of that program.

The EDC Audit was next. Jim reminded the Board that the SBA 504 program requires an SEC level of independence with the audit financial statements. To create that independence, Jim prepares the financial statements instead of Anderson Zurmuehlen. The EDC was given an unmodified, clean opinion. There was one significant deficiency reviewed with the Committee regarding the recording of a CTE pledge. A multi-year pledge wasn't fully recorded in the first year received so an adjusting entry was proposed.

Motion: Jennifer Smith, to accept the 2018 EDA/EDC audit  
Second: Sheri Nicholson  
Discussion: None  
Motion carried

Jim also discussed a handout shared with the Board about the reinvestment of EDC dollars. The SBA 504 program requires the net income be reinvestment back into economic development activities. As part of the budgeting process, we share a handout of what that reinvestment looks like. That handout was overlooked and not shared this past June. As a confirmation of receipt, the Board was asked to vote to accept the reinvestment strategy.

Motion: Debbie Singer, to accept the reinvestment strategy  
Second: Duncan Peete  
Discussion: None  
Motion carried

**Nominating Committee Recommendations – Becky**

Becky presented the recommendations for 2019 Officers. On the EDA Cory Moore is Chair, Robin Rude is Vice Chair, Paul Neutgens as Secretary/Treasurer, Jen Smith will be Immediate Past Chair, Ken Lutton is a Member at Large. On the EDC, Mike Nelson is Chair, Mike Seppala will be Vice Chair, Steve Loveless as Secretary/Treasurer, Eric Simonsen is Immediate Past Chair, and Molly Schwend is a Member at Large.

Motion: Sheri Nicholson, to approve the Officer recommendations of the Nominating Committee  
Second: David Trost  
Discussion: None  
Motion carried

**Future Facility/Communications/ Grant Update – Becky and Steve**

We anticipate hearing about our preliminary application on December 20<sup>th</sup>. It was recently learned that the preliminary EDA grant application will be reviewed on December 20<sup>th</sup> and will receive verbal confirmation that day of whether we will be eligible to submit for the full grant application or not. It was also recently learned that a build-to-suit purchase would not be eligible for EDA grant consideration. A building would need to be purchased as-is and then put out to RFP for the build-out. We have spoken to NAI and they confirmed they are willing to negotiate an as-is sales price. In the meantime, due diligence on the Montana Paint Building has continued including a draft floorplan design. A workshop was held with staff to review the due diligence analysis of the three RFP finalists.

Greg McDonald asked about who holds the lease-hold on the land. Becky has been in contact with Montana Rail Link, who hold the land lease. The current lease is a 20-year-lease but Montana Rail Link told Becky they prefer a 15-year-lease. She was also told they reassess the lease price every three to five years.

Steve mentioned the attached letter received from Harrison Fagg formally requesting we reopen the RFP. Steve is drafting a letter in response. Steve discussed with the Board his response. Steve reviews that our current RFP already asked for purchase options and received purchase proposals. He shares the importance for BSED to stay within the budget limits. We are cautious in this process to not overcommit the organization's operational funds. He lets Harrison know we plan to stay the course with our current RFP. If it is determined no purchase options

meet our needs, we will consider a new RFP process at that time. Steve discussed with the Board that reopening an RFP would likely mean revisiting the budget as most opportunities we researched cost \$1.0-\$1.5 million more.

Scott Chesarek mentioned he has a building on rail-owned land and said he has a negative experience with renegotiated the lease. He was able to protest it but was still unhappy with the results. Scott requested another tour be scheduled for the Paint Building. Greg asked about how we intend to use the basement in the property and if there are any issues with parking. Eric said that there would not be staff offices in the lower level but that it would house the areas like the breakroom, storage, bathrooms, etc. A brief discussion was held about who had been contacted by the Faggs. A few Board Members indicated being contacted.

SBDC 2019 Service Contract – Dena

Dena then presented the 2019 SBDC service contract. The good news is that the funding will not be decreased but the bad news is that it will not be increased either. There were also some benchmark and goal changes to the contract. Rather than jobs created, the metric will now be jobs supported. With no questions regarding the contract. This is an EDA action only.

Motion: Sheri Nicholson, to approve the signing of the 2019 SBDC Service Contract

Second: Robin Rude

Discussion: None

Motion: Carried

Recruitment and Outreach Update – Allison

Allison presented her OBSD update. The strategy partners will be presenting to City Council this month and will show their plans for catalyst projects. They will also work to develop an economic development tool that would be carried in the 2019 Legislature. In January, we will look at the Development Plan and assess where we are and what further commitments we need to make. The strategy partners will encourage those who are willing to speak in favor of the project before the City Council Meeting. Chris Kukulski reiterated that the Council will not be asked to adopt the plan on the 17<sup>th</sup>. Chris also mentioned that the language that has been used in favor of an economic development tool, is not, at first blush, controversial or abrasive. Steve brought attention to the fact that the local legislators will be watching intently, and a confident presentation is very important.

Allison said that that there is a Big Sky Trust Fund ask from ROI Solutions from Utah. The application is due December 19<sup>th</sup> but ROI hasn't fully decided to apply or not. The application would be for 50 jobs. Allison is asking the Boards' approval to make that application contingent upon confirmation from ROI Solutions. This is an EDA action only.

Motion: Robin Rude, to approve the submission of a Big Sky Trust Fund application for ROI Solutions pending ROI's confirmation

Second: Ken Lutton

Discussion: None

Motion: Carried

**Executive Director' Report – Steve**

Steve presented his 2019 Legislative Priorities to the Board. There were a few amendments from the draft that involved helping three other ED organizations in our region. We will be supportive of clean-coal energy and carbon sequestration efforts. Steve also added supporting Funding for the Treasure State Endowment Program. We use this tool when writing grants on behalf of Yellowstone County. If adopted today, these will be our priorities headed in the 2019 Legislative Session.

Steve spoke a bit about the Legislative Breakfast we hosted yesterday and thanked the Board Members who had participated.

Motion: Chuck Tooley, to approve the 2019 Legislative Priorities, as presented to the Board.

Second: Fred Sterhan

Discussion: None

Motion carried

**Board Round Table**

**Business Takeaways from 2018 – Board Members**

Steve closed by asking the Board Members to go around the table and share any noteworthy news in their business or industry.

**Public Comment:**

Steve thanked the Board for all of their time and dedication and wished them well as we close out the year.

**Meeting adjourned: 9:15 A.M.**

Next Meeting – January 10th, 2019

Respectfully submitted,

\_\_\_\_\_  
Paul Neutgens, EDA Secretary/Treasurer

\_\_\_\_\_  
Steve Loveless, EDC Secretary/Treasurer

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

*Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky ED at 256-6871.*



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# ATTACHMENT B



**Internal Memorandum**

**Date:** December 21, 2018

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

**From:** Jim Tevlin

**Subject:** November BSEDA Financial Statements

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

# Big Sky EDA Balance Sheets

	Nov 30, 2018	Nov 30, 2017	+/-
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
First Interstate Bank	\$ 23,625.16	\$ 111,953.14	\$ (88,327.98)
Opportunity Fund - FIB	13,254.24	13,239.23	15.01
Opportunity Fund - Stockman	646,245.40	6,019,453.10	(5,373,207.70) (A)
Stockman GE Maintenance	28,479.10	37,599.46	(9,120.36)
Yellowstone County Funds	627,027.33	575,965.45	51,061.88
	<u>1,338,631.23</u>	<u>6,758,210.38</u>	<u>(5,419,579.15)</u>
<b>Other Current Assets</b>			
Accounts Receivable	276,035.46	268,220.70	7,814.76
American Revenue Guarantee	6,887.28	25,000.00	(18,112.72)
Due To/Due From EDC	167,963.99	(8,404.99)	176,368.98
Miscellaneous Receivables	3,815.55	(6,648.75)	10,464.30
Tax Levy Receivable	516,649.88	533,753.29	(17,103.41)
Tax Levy Receivable - Protested	10,264.74	180,748.29	(170,483.55)
Allowance for Doubtful Accts	(10,264.74)	(180,748.29)	170,483.55
Prepaid Expenses	6,821.63	4,897.13	1,924.50
	<u>978,173.79</u>	<u>816,817.38</u>	<u>161,356.41</u>
<b>Non-Current Assets</b>			
Opportunity Fund - CDs	5,119,531.00	-	5,119,531.00 (A)
TEDD Receivable	75,000.00	-	75,000.00
Cabelas Conduit	9,644.60	5,004.81	4,639.79
Deferred Outflow of Resources	365,827.38	173,851.38	191,976.00
	<u>5,570,002.98</u>	<u>178,856.19</u>	<u>5,391,146.79</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 7,886,808.00</b></u>	<u><b>\$ 7,753,883.95</b></u>	<u><b>\$ 132,924.05</b></u>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable	71,317.13	91,109.38	(19,792.25)
Accrued Expenses	111,456.41	44,767.10	66,689.31
Payroll Liabilities	470.82	33,521.64	(33,050.82)
Compensated Absences	138,443.60	132,296.37	6,147.23
Deferred Revenue - GE Settlement	-	3,847,304.21	(3,847,304.21)
	<u>321,687.96</u>	<u>4,148,998.70</u>	<u>(3,827,310.74)</u>
<b>Long Term Liabilities</b>			
Deferred Inflow of Resources	7,418.97	2,035.97	5,383.00
Pension Liability	908,810.80	615,173.80	293,637.00
	<u>916,229.77</u>	<u>617,209.77</u>	<u>299,020.00</u>
<b>Net Assets</b>	<u>6,648,890.27</u>	<u>2,987,675.48</u>	<u>3,661,214.79</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>\$ 7,886,808.00</b></u>	<u><b>\$ 7,753,883.95</b></u>	<u><b>\$ 132,924.05</b></u>

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

**Big Sky EDA**  
**Statement of Operations-Actual vs. Budget**  
For the Five Months Ended November 30,

	2018	Annual Budget	Budget Remaining
<b>Income</b>			
Department of Defense	\$ 215,784.00	\$ 549,626.00	\$ 333,842.00
EDC Reimbursement	216,008.17	601,012.56	385,004.39
EPA - Brownfields	13,922.18	-	(13,922.18)
Grant Administration	4,266.00	17,650.00	13,384.00
Health Levy Revenue	36,087.00	90,264.00	54,177.00
Mill Levy Revenue	1,214,353.14	1,391,361.00	177,007.86
Miscellaneous Revenue	947.17	-	(947.17)
Opportunity Fund Investment	-	150,000.00	150,000.00
Recovery of Protested Taxes	146,854.25	-	(146,854.25)
SBA/MT Dept of Commerce	45,755.70	117,650.00	71,894.30
SBDC Program Income	62.81	3,211.00	3,148.19
VBOC	103,061.05	300,000.00	196,938.95
	1,997,101.47	3,220,774.56	1,223,673.09
<b>Expense</b>			
Advertising	729.83	-	(729.83)
Property Tax Protests	9,816.38	28,147.22	18,330.84
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	26,679.60	47,834.00	21,154.40
Employer Contributions	186,910.22	507,433.91	320,523.69
Insurance	10,367.09	14,766.00	4,398.91
Contract Support	-	2,000.00	2,000.00
Marketing	32,063.14	81,854.00	49,790.86
Miscellaneous	14,386.34	39,447.40	25,061.06
Office Equipment	3,400.03	8,700.00	5,299.97
Office Expense	7,641.49	19,000.00	11,358.51
One Big Sky District	-	55,000.00	55,000.00
Professional Fees	51,837.11	59,017.00	7,179.89
PTAC Satellite	36,195.63	87,714.00	51,518.37
PTAC Subcenter	95,924.24	253,543.00	157,618.76
Rent	52,144.83	111,632.00	59,487.17
Repairs	1,124.50	-	(1,124.50)
Salaries/Wages	604,626.88	1,617,320.86	1,012,693.98
Sponsorships	5,030.00	6,600.00	1,570.00
TEDD	2,409.29	5,000.00	2,590.71
Telecommunications	18,934.75	48,001.00	29,066.25
Travel/Training	35,153.45	124,621.00	89,467.55
Workforce Development	10,463.94	15,000.00	4,536.06
	1,205,838.74	3,216,131.39	2,010,292.65
Operating Income/(Loss)	791,262.73	4,643.17	(786,619.56)
<b>Other Income</b>			
Interest Income	2,744.40	87,477.23	87,477.23
	\$ 794,007.13	\$ 92,120.40	\$ (699,142.33)

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 Five Months Ended November 30,

	<u>2018</u>	<u>2017</u>	<u>+/-</u>
<b>Income</b>			
BillingsWorks	\$ -	\$ 2,500.00	\$ (2,500.00)
Department of Defense	215,784.00	202,799.00	12,985.00
EDC Reimbursement	216,008.17	200,880.19	15,127.98
EPA - Brownfields	13,922.18	25,357.65	(11,435.47)
Grant Administration	4,266.00	3,123.16	1,142.84
Health Levy Revenue	36,087.00	33,938.25	2,148.75
Mill Levy Revenue	1,214,353.14	1,169,389.18	44,963.96
Miscellaneous Revenue	947.17	1,453.70	(506.53)
Recovery of Protested Taxes	146,854.25	-	146,854.25
SBA/MT Dept of Commerce	45,755.70	50,260.02	(4,504.32)
SBDC Program Income	62.81	289.00	(226.19)
VBOC	103,061.05	146,091.56	(43,030.51)
	<u>1,997,101.47</u>	<u>1,836,081.71</u>	<u>161,019.76</u>
<b>Expense</b>			
Advertising	729.83	312.60	417.23
Property Tax Protests	9,816.38	41,795.60	(31,979.22)
BEAR	-	1,289.49	(1,289.49)
Business Recruitment	-	367.80	(367.80)
Dues and Subscriptions	26,679.60	14,960.95	11,718.65
Employer Contributions	186,910.22	186,157.67	752.55
Incubator Expense	-	26,930.52	(26,930.52)
Insurance	10,367.09	19,429.04	(9,061.95)
Contract Support	-	5,163.60	(5,163.60)
Marketing	32,063.14	32,844.50	(781.36)
Miscellaneous	14,386.34	14,924.39	(538.05)
Office Equipment	3,400.03	-	3,400.03
Office Expense	7,641.49	5,901.44	1,740.05
Professional Fees	51,837.11	142,153.26	(90,316.15)
PTAC Satellite	36,195.63	34,668.61	1,527.02
PTAC Subcenter	95,924.24	79,147.83	16,776.41
Rent	52,144.83	52,776.80	(631.97)
Repairs	1,124.50	585.86	538.64
Salaries/Wages	604,626.88	594,994.71	9,632.17
Sponsorships	5,030.00	7,229.33	(2,199.33)
TEDD	2,409.29	-	2,409.29
Telecommunications	18,934.75	13,737.73	5,197.02
Travel/Training	35,153.45	47,251.46	(12,098.01)
Workforce Development	10,463.94	14,283.61	(3,819.67)
	<u>1,205,838.74</u>	<u>1,336,906.80</u>	<u>(131,068.06)</u>
<b>Operating Income</b>	<b>791,262.73</b>	<b>499,174.91</b>	<b>292,087.82</b>
<b>Other Income</b>			
Interest Income	2,744.40	877.66	1,866.74
	<u>\$ 794,007.13</u>	<u>\$ 500,052.57</u>	<u>\$ 293,954.56</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 \$82k for TEDD master plan expenses.

# Big Sky Economic Development Corporation

## Balance Sheets

	Nov 30, 2018	Nov 30, 2017	+/-	
<b>ASSETS</b>				
<b>Current Assets</b>				
First Interstate Bank	\$ 375,418.19	\$ 99,016.51	\$ 276,401.68	(A)
FIB SSBCI Principal	1,245,221.20	992,542.39	252,678.81	
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	238,004.60	164,592.25	73,412.35	
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	23,750.00	-	23,750.00	(C)
Miscellaneous Receivables	4,000.00	390.85	3,609.15	
Prepaid Expenses	2,548.53	-	2,548.53	
RLF Portfolio-Current	76,671.33	72,389.57	4,281.76	
SSBCI Portfolio-Current	123,590.12	189,530.90	(65,940.78)	
	<u>2,362,403.97</u>	<u>1,948,509.95</u>	<u>413,894.02</u>	
<b>Other Assets</b>				
FIB-OBSD/Coulson Park	41,100.90	-	41,100.90	(B)
Contributions Receivable-Non Current	42,500.00	-	42,500.00	(C)
RLF Portfolio-Non Current	236,282.04	194,023.99	42,258.05	
SSCBI Portfolio-Non Current	877,878.16	1,042,997.84	(165,119.68)	
<b>TOTAL ASSETS</b>	<u><u>3,560,165.07</u></u>	<u><u>3,185,531.78</u></u>	<u><u>374,633.29</u></u>	
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	201,467.22	92,119.66	109,347.56	
Accrued Expenses	7,500.00	11,450.00	(3,950.00)	
Due to/Due From EDA	167,963.99	(8,404.99)	176,368.98	
	<u>376,931.21</u>	<u>95,164.67</u>	<u>281,766.54</u>	
<b>Net Assets</b>	<u>3,183,233.86</u>	<u>3,090,367.11</u>	<u>92,866.75</u>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>\$ 3,560,165.07</u></u>	<u><u>\$ 3,185,531.78</u></u>	<u><u>\$ 374,633.29</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 Five Months Ended November 30,

	<u>2018</u>	<u>Annual Budget</u>	<u>Budget Remaining</u>
<b>Income</b>			
504 Loan Origination	\$ 43,228.73	\$ 127,500.00	\$ 84,271.27
504 Loan Servicing	217,449.18	531,600.00	314,150.82
Member Investment	76,275.00	300,000.00	223,725.00
Miscellaneous Income	3,475.25	13,000.00	9,524.75
Private BillingsWorks Funding	2,500.00	20,000.00	17,500.00
Recovery of Bad Debt	2,050.00	3,600.00	1,550.00
RLF Business Loan Interest	5,819.19	12,476.00	6,656.81
SSBCI Revenue	11,733.00	29,140.00	17,407.00
	<u>362,530.35</u>	<u>1,037,316.00</u>	<u>674,785.65</u>
<b>Expense</b>			
Advertising	62.64	-	(62.64)
BEAR Program	1,108.33	6,108.00	4,999.67
Business Recruitment	17,845.82	81,000.00	63,154.18
Contingency	-	10,000.00	10,000.00
Dues and Subscriptions	8,267.26	15,593.00	7,325.74
EDA Reimbursement	216,008.17	601,012.56	385,004.39
Event Expense	24,421.51	51,500.00	27,078.49
Insurance	2,754.00	11,000.00	8,246.00
Marketing	4,828.60	11,000.00	6,171.40
Membership Development	1,060.45	7,500.00	6,439.55
Miscellaneous	444.54	36,418.00	35,973.46
Office Supplies	1,222.58	2,056.00	833.42
Professional Fees	20,882.40	22,500.00	1,617.60
Rent	14,606.87	36,320.00	21,713.13
Sponsorships	-	2,000.00	2,000.00
Telephone	2,174.05	4,980.00	2,805.95
Travel & Training	11,359.93	28,500.00	17,140.07
Workforce Development	630.80	59,695.00	59,064.20
	<u>327,677.95</u>	<u>987,182.56</u>	<u>659,504.61</u>
<b>Operating Income</b>	<u><u>\$ 34,852.40</u></u>	<u><u>\$ 50,133.44</u></u>	<u><u>\$ 15,281.04</u></u>

**Big Sky Economic Development Corporation**  
**Statements of Operations-Year Over Year Actual**  
For the Five Months Ended November 30,

	<u>2018</u>	<u>2017</u>	<u>+/-</u>
<b>Income</b>			
504 Loan Origination	\$ 43,228.73	\$ 6,105.42	\$ 37,123.31
504 Loan Servicing	217,449.18	233,129.57	(15,680.39)
Member Investment	76,275.00	33,475.76	42,799.24
Miscellaneous Income	3,475.25	2,207.75	1,267.50
Private BillingsWorks Funding	2,500.00	-	2,500.00
Recovery of Bad Debt	2,050.00	8,764.59	(6,714.59)
RLF Business Loan Interest	5,819.19	8,226.65	(2,407.46)
SSBCI Revenue	11,733.00	12,639.51	(906.51)
	<u>362,530.35</u>	<u>304,549.25</u>	<u>57,981.10</u>
<b>Expense</b>			
Advertising	62.64	-	62.64
BEAR Program	1,108.33	-	1,108.33
Business Recruitment	17,845.82	33,452.92	(15,607.10)
Dues and Subscriptions	8,267.26	6,979.37	1,287.89
EDA Reimbursement	216,008.17	200,880.19	15,127.98
Event Expense	24,421.51	34,560.79	(10,139.28)
Insurance	2,754.00	92.00	2,662.00
Marketing	4,828.60	3,173.55	1,655.05
Membership Development	1,060.45	1,087.08	(26.63)
Miscellaneous	444.54	4,680.85	(4,236.31)
Office Supplies	1,222.58	680.24	542.34
Postage and Delivery	-	476.57	(476.57)
Professional Fees	20,882.40	4,109.00	16,773.40
Rent	14,606.87	12,136.32	2,470.55
Repairs	-	653.50	(653.50)
Telephone	2,174.05	2,166.74	7.31
Travel & Training	11,359.93	8,612.66	2,747.27
Workforce Development	630.80	-	630.80
	<u>327,677.95</u>	<u>313,741.78</u>	<u>13,936.17</u>
<b>Operating Income/(Loss)</b>	<u><u>\$ 34,852.40</u></u>	<u><u>\$ (9,192.53)</u></u>	<u><u>\$ 44,044.93</u></u>



BIG SKY  
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# ATTACHMENT C



January 10, 2019 – Big Sky EDC Board Meeting

**SBA 504 Loan Requests**

I. Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan requests. The Big Sky EDC Loan Committee has reviewed the requests and recommends approval to the full EDC Board for submission to the SBA for final approval. The requests meet all the underwriting and eligibility requirements of the EDC.

1. **Artcraft Burgers, LLC** – Request is for the purchase of an existing building for the operations of Artcraft Burgers, LLC dba Backcountry Burger Bar, located in Bozeman, MT. Artcraft Burgers, LLC currently leases space in the building and has since opening in January 2017. The building is located at 125 W. Main Street. Backcountry Burger Bar was started by Albert McDonald. Albert is very experienced in the restaurant industry there in Bozeman, currently operating two other restaurants in the area. Backcountry focuses on using Montana ag products – beef, wheat and potatoes. In addition to burgers, they offer creative salads, appetizers, other sandwiches, craft beer, wine, cider and kombucha. The location is excellent in the heart of downtown.

There are projected to be six new jobs created as a result of this project. A Public Policy goal will be met for rural development. The total SBA debenture will be \$758,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position on the real property behind First Montana Bank in Bozeman.

2. **DJ&A, P.C.** – Request is for the purchase of land and new construction for the offices of DJ&A's corporate headquarters located in Missoula, MT. DJ&A, P.C. has outgrown its existing facility on Russell Street. This new facility will be located on West Broadway and will consist of a 24,000 s.f. office building and will be 100% occupied by DJ&A. DJ&A is an engineering company which has been in existence since 1973 and has been incorporated in Missoula as DJ&A, P.C. since 1999. They currently employ over 50 employees. The business provides a variety of civil engineering services including environmental, surveying, transportation, municipalities, land use planning and development and structural engineering. They work on projects all over the northwestern United States.

There are projected to be nine new jobs created resulting from this project. They will meet a Public Policy goal as they will be located in a HUBZone. The total SBA debenture will be \$2,899,000 on a 25-year note comprising 36.44% of the total project costs. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position on the real and personal property behind Missoula Federal Credit Union.

3. **CKA Partners LLC / Excel Physical Therapy** – Request is for an increase in the amount of the debenture from \$972,000 to \$1,287,000. This loan was previously approved by the Board at the June 8, 2017, meeting. This was a new construction project. At the time of our initial approval, the borrowers were not planning on finishing the entire building, only the first floor. Since that time, business has increased enough where they now need to finish off the remainder of the building for their growth. Cash flow is sufficient to cover the additional costs.

**Original request – 6/8/2017:** Request is for the purchase of land and new construction of a commercial building to house Excel Physical Therapy located in Bozeman, MT. They have seen strong growth over the past couple years and have outgrown their current facility. This new location is at the corner of 19<sup>th</sup> and College and will provide them with additional space to expand in

**the future. Excel Physical Therapy specializes in orthopedic and sports physical therapy practices. They have been in business serving customers in the Gallatin Valley since 2001.**

**Excel Physical Therapy currently has ten employees. There are projected to be three new jobs created as a result of this project. The project meets an SBA Public Policy goal for Rural Development. The total SBA debenture will be \$972,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position to First Interstate Bank – Bozeman, on the real property.**



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# ATTACHMENT D



United States Department of Commerce  
Economic Development Administration  
Denver Regional Office  
1244 Speer Boulevard, Suite 431  
Denver, Colorado 80204

December 20, 2018

In reply refer to:  
Control No. 113070

Steve Arveschoug  
Executive Director  
Big Sky Economic Development  
222 N. 32<sup>nd</sup> Street #200  
Billings, MT 59101-1948

Dear Mr. Arveschoug:

The U.S. Economic Development Administration's (EDA) Denver Regional Office Proposal Review Committee (PRC) has conducted an initial review of your proposal for investment assistance to support the construction of ROCK31 Connect Build Grow. Based on its initial review, the PRC has determined that your proposal is responsive to the Funding Opportunity.

If you wish to be considered for EDA funding, please submit a complete application for your proposed project. The requirements for the content and form of a complete application submission are found in the *FY2018 Economic Development Assistance Programs Notice of Funding Opportunity (EDAP NOFO)*; which can be found on EDA's website at <http://www.eda.gov/funding-opportunities/>.

In order to be considered for funding at the next Investment Review Committee meeting, please submit your complete application by **February 15, 2019**. If you are unable to meet this timeframe, please contact the EDA representative identified below to discuss the application timeline.

The determination that the project is responsive is based on the preliminary information that Big Sky Economic Development provided in the Proposal. Please be aware that although the Proposal Review Committee found the Proposal responsive to the technical evaluation factors, there were significant areas of concern noted. It is recommended that prior to developing an application, you contact EDA's Economic Development Representative identified below to discuss a potential application. Specific areas of concern that were noted by the PRC include:

- The project's clear and reasonable estimates of job creation and/or private investment or the project's ability to provide information and tools necessary to further regional economic goals; and
- The applicant's eligibility to receive an EDA grant. Big Sky Economic Development, as a public-private organization, does not appear to be an eligible applicant under EDA's Public Works and Economic Development and Economic Adjustment Assistance (EAA) programs; but the organization's sub-entity Big Sky Economic Development Authority, as a not for profit entity, would be an eligible applicant. If Big Sky Economic Development Authority will have ownership and control of the project facility, then the application should show Big Sky Economic Development Authority as the applicant.

Please be aware that EDA receives many more meritorious applications than it can fund. This request to submit a complete application in no way guarantees that EDA will approve your application or select your project for an award.

Please contact Kirk Keysor, Economic Development Specialist at 406-599-9795, or [kkeysor@eda.gov](mailto:kkeysor@eda.gov) who can assist you in the development of your application.

Thank you for your interest in EDA. For more information about our programs and other upcoming funding opportunities, please consult our website at [www.eda.gov](http://www.eda.gov)

Sincerely,

A handwritten signature in cursive script that reads "Cindy Edwards".

Cindy Edwards  
Area Director  
Denver Regional Office



BIG SKY  
**ECONOMIC** DEVELOPMENT

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# ATTACHMENT E

**MEMORANDUM OF UNDERSTANDING  
BETWEEN BIG SKY ECONOMIC DEVELOPMENT,  
THE CITY OF BILLINGS AND  
THE BILLINGS INDUSTRIAL REVITALIZATION DISTRICT, INC.  
FOR THE IMPLEMENTATION OF THE MASTER PLAN  
FOR THE REVITALIZATION OF THE EAST BILLINGS URBAN  
RENEWAL DISTRICT**

This Memorandum of Understanding ("MOU") is made and entered into on \_\_\_\_\_, 2019 (the "Effective Date") by and between the Big Sky Economic Development ("BSED"), a local port authority created by Yellowstone County, a political subdivision of the State of Montana, the City of Billings ("City"), and the Billings Industrial Revitalization District, Inc. ("BIRD"), a 501 c(6) tax exempt corporation of the land owners with property located within the boundaries East Billings Urban Renewal District ("EBURD"), that is managed with the purpose of assisting the City in revitalization of the EBURD for all projects, regulations and planning done in the EBURD and to render opinions and give recommendations to the City Council. For purposes of this MOU, BSED, the City, and the BIRD are each a "Party" and are sometimes collectively referred to as the "Parties."

**I. TERM & TERMINATION OF THIS MOU**

This MOU shall be in effect for five (5) years from the Effective Date, and the Parties agree to conduct an annual progress-review meeting to consider any necessary changes to the implementation strategies and roles and responsibilities as set forth in this Agreement. Any Party may terminate this MOU by giving the other Parties thirty (30) days written notice. Days are defined in this Agreement to be business days.

**II. BACKGROUND AND PURPOSE OF THIS MOU**

- A. The EBURD is defined in the attached as a map of the EBURD Exhibit "A".
- B. This MOU is a cooperative effort among the City of Billings, BSED and the BIRD, with the mutual objective of eliminating blight and enhancing economic development opportunities in the EBURD by promoting the ideals of sustainable industry, public infrastructure improvement, and fair, predictable land use decision-making embodied in the Master Plan for the EBURD Exhibit "B".
- C. A Master Plan for the Revitalization of the EBURD has been completed pursuant to a grant by the U.S. Department of Commerce - Economic Development Administration. The purpose of this MOU is to define the mutual understanding of BSED, the BIRD, and the City regarding the implementation of the Master Plan in the Study Area.

- D. The EBURD has as its foundation the EBURD and a Tax Increment Financing (“TIF”) provision.

### **III. RELATIONSHIP OF THE PARTIES**

- A. This MOU relates only to the cooperative efforts of BSED, the City, and the BIRD described herein in connection with the EBURD.
- B. This MOU is not intended to create or constitute any joint venture, partnership, joint powers agency, or other formal organization of any kind.
- C. Nothing herein shall be interpreted to require the Parties to exercise their discretion in any particular way or to require the Parties to take any future action regarding the EBURD.
- D. No Party is authorized herein to act as the agent of the other.
- E. This MOU is not intended to create any benefits, rights or entitlements for persons or entities not a party to this MOU.
- F. Sections IV through XII of this MOU describe a basic outline of roles and responsibilities related to the EBURD. These Sections identify lead organizations for each identified role and responsibility. All Parties shall collaborate with the identified lead organization to carry out these identified activities.

### **IV. BIRD BOARD AND STAFF**

- A. The BIRD board will hire and supervise a support staff necessary to administer the EBURD.
- B. BIRD board members and staff cannot receive TIF funding for Development Incentives while in the employment of the BIRD or serving as a member of the board of directors of the BIRD.

### **V. TAX INCREMENT FINANCING AUTHORITY AND ADMINISTRATION**

- A. The City Council shall have the decision-making authority regarding any expenditure of TIF Funds related to the EBURD. Recommendations for expenditures shall be presented by the BIRD to the City Council.
- B. The BIRD and the City has developed an application form and assistance guidelines for parties seeking the use of TIFD Funds.
- C. The BIRD will accept and review the application for TIFD Funds related to the EBURD within ten (10) days of receipt of a fully completed application, and then will submit said application to the City staff for review and recommendations. The City shall return the application with their comments within fifteen (15) days from the submittal of a complete application from the BIRD. The BIRD



board shall review and meet with the applicant within twenty (20) days and then make advisory recommendations to the City Council regarding such expenditures in consultation with the Parties. The application shall be processed and sent to the City Council for action within 50 days after receipt of a properly completed application.

## **VI. LAND USE DECISION AUTHORITY**

- A. The City shall have final decision-making authority regarding any land use or zoning decision related to the EBURD, provided those items are first reviewed by the BIRD which shall present its recommendation to the City Council for action.**
- B. The City staff shall provide to the BIRD of any proposed land use regulation changes related to EBURD property within ten (10) days of receipt or consideration of such proposal for the review and approval by the BIRD. The BIRD shall submit its recommendation to the City Council within ten (10) days.**
- C. Subject to existing land use law, the City may develop and administer land use and design regulations consistent with those proposed in the Master Plan, the EBURD code and as recommended by the BIRD. The City and the BIRD shall cooperatively explore potential incentives for developers and property owners subject to such regulations.**

## **VII. BROWNFIELDS ASSESSMENT**

- A. BSED is currently administering a grant from the Environmental Protection Agency to undertake brownfields assessments of petroleum and hazardous substance contamination on sites within and surrounding the EBURD and Downtown.**
- B. BSED has assembled a steering committee to help make decisions about assessed sites. The City and BIRD have both contributed their time to this steering committee to help determine what criteria should be used to prioritize potential assessment sites. This steering committee will also apply these criteria in selecting assessment sites throughout the life of the project.**

## **VIII. SEEKING AND ADMINISTERING GRANT AND INCENTIVE FUNDING**

- A. BSED will seek, apply for, and administer grant opportunities well-suited for the EBURD. Specifically, in development projects where there will be an increase of additional new jobs, BSED will apply on behalf of, or assist in the preparation of, applications to the Montana Department of Commerce New Worker Training Grant and Big Sky Economic Development Trust Fund incentive programs. All applications for grants and any acceptance of any grant awards must be approved by the City Council, if TIF funds are used.**
- B. When an appropriate grant or funding opportunity is not available to BSED, for eligibility reasons, BSED will identify a potential applicant among the Parties and will notify such Party of the funding opportunity. BSED will assist**

these Parties in preparing applications for these funding opportunities on a fee-for-service basis at the hourly rate normally charged by BSED for grant-writing services per hour through December 31, 2018 and the amount agreed to annually.

- C. Whenever possible, funds secured by BSED for implementation of Master Plan recommendations should be matched with local dollars, including TIF funds, in order to maximize impact.

**IX. MAINTENANCE, PRIORITIZATION, AND IMPLEMENTATION OF THE EBURD MASTER PLAN**

- A. BIRD will work to maintain, prioritize, and implement the EBURD Master Plan, as its staffing capacity will allow and in consultation with the Parties.
- B. The Parties, under BIRD leadership, will assemble a "Response Team" of Party representatives to meet with potential investors and to coordinate recruitment efforts on a case-by-case basis.
- C. BIRD board will appoint a committee of all Parties to discuss and suggest recommendations to the BIRD regarding the framework for a work plan for the maintenance, prioritization, and implementation of the EBURD Master Plan.

**IX. RECRUITMENT OF PRIVATE INVESTORS AND DEVELOPERS TO THE EBURD**

- A. BIRD will actively work to recruit private investment in the EBURD, as its staffing capacity will allow.
- B. The Parties, under BIRD leadership, will assemble a "Response Team" of Party representatives to meet with potential investors and to coordinate recruitment efforts on a case-by-case basis.

**X. IDENTIFY FUNDING SOURCES AND FACILITATE INFRASTRUCTURE IMPROVEMENTS**

- A. The City will identify and make application for appropriate funding sources in order to facilitate necessary infrastructure improvements as identified in the Master Plan.
- B. The Parties, under BIRD leadership and direction, will assemble an "Infrastructure Improvements Task Force" of representatives of each party to suggest infrastructure improvement efforts and assist the City with funding applications, as appropriate.

**XI. OTHER SERVICES**

- A. BIRD may, at its sole option, contract professional services with an outside party or the City to potentially provide planning, security and maintenance services within the EBURD funded through property owner participation in a business improvement district or sub-district.
- B. BIRD will work to potentially provide a marketing /branding plan and attendant materials for the EBURD, as staff and funding allows and in consultation with the Billings Chamber of Commerce and BSED.

**XII. PUBLIC RELATIONS**

Any news release, public announcement, advertisement or publicity proposed to be released by BSED, BIRD or the City regarding this MOU shall be subject to the approval of the other Parties prior to release. The Parties agree that such approval shall not be unreasonably withheld.

**XIII. NOTICE**

The Parties have identified the following individuals as point persons for all communication and coordination. Any notice required hereunder shall be provided in writing.

BSED:	Dianne Lehm Director of Community Development 222 North 32nd Street, Suite 200 Billings, MT 59101 <a href="mailto:lehm@bigskyyeda.org">lehm@bigskyyeda.org</a> (406) 869-8409	Patrick Klugman Senior Community Development Project Manager 222 North 32nd Street, Suite 200 Billings, MT 59102 <a href="mailto:patrick@bigskyyeda.org">patrick@bigskyyeda.org</a> (406) 869-8418
City:	Wyeth Friday Planning Division Manager City-County Planning 2825 3 <sup>rd</sup> Ave. North, 4 <sup>th</sup> Floor Billings, MT 59101 <a href="mailto:FridayW@ci.billings.mt.us">FridayW@ci.billings.mt.us</a> (406) 657-8249	Planning Manager 4th Floor Parmly Billings Library Bldg. 510 N. Broadway Billings, MT 59101 (406) 247-8660
BIRD:	Marshal Knick President, BIRD, Inc. 1413 4 <sup>th</sup> Ave. North, Ste C Billings, MT 59101 (406) 245-3133	Lenette Kosovich Treasurer BIRD, Inc. 1413 4 <sup>th</sup> Ave. North, Ste C Billings, MT 59101

**XIV. AUTHORITY AND EXECUTION**

Each Party represents that it has the authority to enter into this MOU and to perform the functions stated herein, and that the persons executing this MOU on their respective behalf are authorized by law, resolution or other requisite action of the Party's governing body.

**IN WITNESS WHEREOF**, the Parties hereto have executed this MOU on the dates indicated below.

**-- BIG SKY ECONOMIC DEVELOPMENT AUTHORITY --**

Dated \_\_\_\_\_

By \_\_\_\_\_  
Steve Arveschoug  
Executive Director  
Big Sky Economic Development

**-- CITY OF BILLINGS --**

Dated \_\_\_\_\_

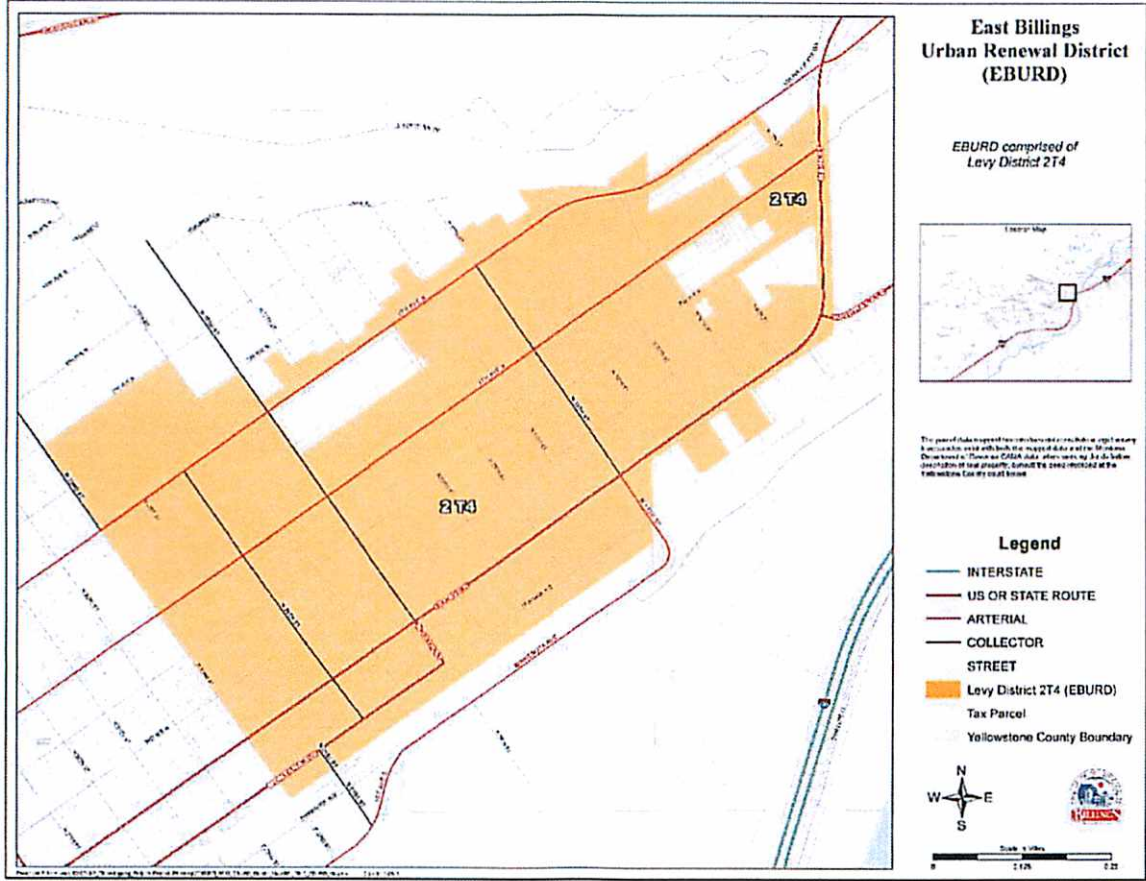
By \_\_\_\_\_  
Bill Cole, Mayor City of  
Billings

**-- BILLINGS INDUSTRIAL REVITALIZATION DISTRICT, INCORPORATED --**

Dated \_\_\_\_\_

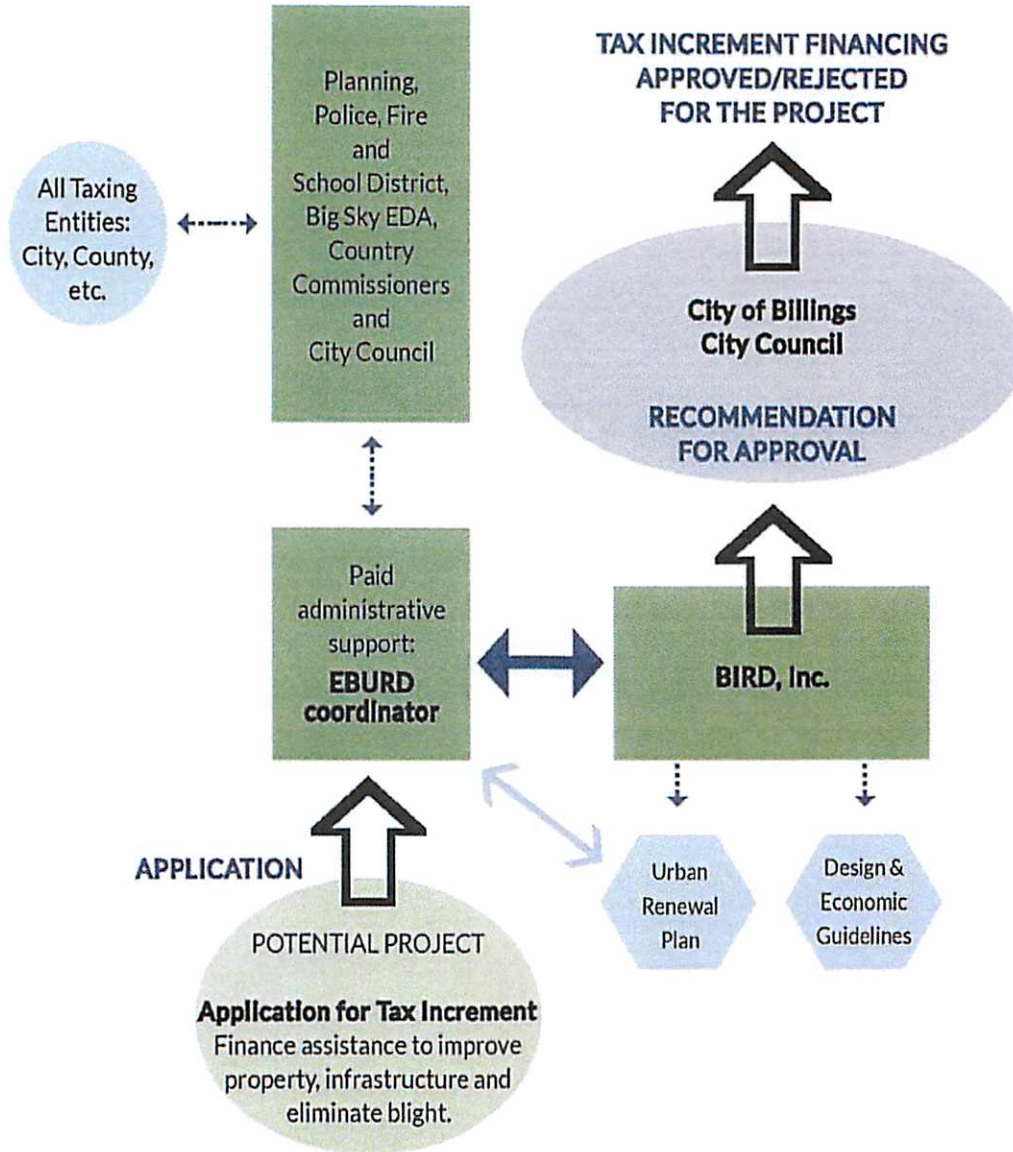
By \_\_\_\_\_  
Marshall Knick, President  
Billings Industrial Revitalization District

# Exhibit "A"



# Exhibit "B"

## EBURD ORGANIZATION





BIG SKY  
ECONOMIC DEVELOPMENT

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# ATTACHMENT F

**BIG SKY ECONOMIC DEVELOPMENT CORPORATION  
BOARD OF DIRECTORS ANNUAL CERTIFICATION  
OF 13 C.F.R. § 120.823  
FOR FISCAL YEAR 2019**

We, as all the Directors of Big Sky Economic Development Corporation ("CDC"), hereby certify that we have read and understand 13 C.F.R. § 120.823 CDC Board of Directors, which is set forth below:

**§120.823 CDC Board of Directors.**

(a) The CDC, whether for-profit or nonprofit, must have a Board of Directors with at least nine (9) voting directors. A CDC may request the approval of the D/FA or designee to have a Board with fewer directors than 9 for good cause. SBA recommends that the CDC create a Board with no more than 25 voting directors. The Board must be actively involved in encouraging economic development in the Area of Operations. The initial Board may be created by any method permitted by applicable State law. At a minimum, the Board must have directors with background and expertise in internal controls, financial risk management, commercial lending, legal issues relating to commercial lending, and corporate governance. Directors may be either currently employed or retired. A CDC must have at least one voting director that represents the economic, community or workforce development fields, and at least two voting directors that represent the commercial lending field.

(b) At least two voting members of the Board of Directors, other than the CDC manager, must possess commercial lending experience satisfactory to SBA. When the Board votes on SBA loan approval or servicing actions, at least two voting Board members, with such commercial lending experience, other than the CDC manager, must be present and vote.

(c) The Board of Directors must meet at least quarterly and shall be responsible for the actions of the CDC and any committees established by the Board of Directors. In addition, the Board of Directors is subject to the following requirements:

- (1) Except for the CDC manager, no person on the CDC's staff may be a voting director of the Board;
- (2) A quorum must be present to transact business. The quorum shall be set by the CDC but shall be no less than 50% of the voting members of the Board of Directors;
- (3) Attendance at meetings may be through any format permitted by State law;
- (4) Directors from the commercial lending fields must comprise less than 50% of the representation on the Board; and
- (5) No CDC Board member may serve on the Board of another CD.

(d) The Board shall have and exercise all corporate powers and authority and be responsible for all corporate actions and business. There must be no actual or appearance of a conflict of interest with respect to any actions of the Board. The Board is responsible for ensuring that the structure and operation of the CDC, as set forth in the Bylaws, comply with SBA's Loan Program Requirements. The responsibilities of the Board include, but are not limited, to the following:

- (1) Approving the mission and the policies for the CDC;
- (2) Hiring, firing, supervising and annually evaluating the CDC manager;
- (3) Setting the salary for the CDC manager and reviewing all salaries;
- (4) Establishing committees, at its discretion, including the following:

(i) Executive Committee. To the extent authorized in the Bylaws, the Board of Directors may establish an Executive Committee. The Executive Committee may exercise the authority of the Board; however, the delegation of its authority does not relieve the Board of its responsibility imposed by law or Loan Program Requirements. No further delegation or redelegation of this authority is permitted. If the Board establishes an Executive Committee and delegates any of its authority to the Executive Committee as set forth in the Bylaws of the CDC, the Executive Committee must:

(A) Be chosen by and from the Board of Directors from the Board; and

(B) Meet the same organizational and representational requirements as the Board of Directors, except that the Executive Committee must have a minimum of five voting members who must be present to conduct business.



(ii) Loan Committee. The Board of Directors may establish a Loan Committee. The Loan Committee may exercise the authority of the Board only as set forth below; however, the delegation of its authority does not relieve the Board of its responsibility imposed by law or Loan Program Requirements. If the Board of Directors chooses to establish a Loan Committee, no CDC staff or manager may serve on the Loan Committee. The Loan Committee must:

(A) Be chosen by the Board of Directors, and consist of individuals with a background in either financial risk management, commercial lending, or legal issues relating to commercial lending who are not associated with another CDC;

(B) Have a Quorum of at least five (5) Loan Committee Members authorized to vote;

(C) Have at least two (2) Loan Committee Members with commercial lending experience satisfactory to SBA; and

(D) Have no actual or appearance of a conflict of interest, including for example, a Loan Committee member participating in deliberations on a loan for which the Third Party Lender is the member's employer or the member is otherwise associated with the Third Party Lender; and

(E) Consist of Loan Committee members who live or work in the Area of Operations of the State where the 504 project they are voting on is located unless the project falls under one of the exceptions listed in § 120.839.

(5) Ensuring that the CDCs expenses are reasonable and customary;

(6) Hiring directly an independent auditor to provide the financial statements in accordance with Loan Program Requirements;

(7) Monitoring the CDCs portfolio performance on a regular basis;

(8) Reviewing a semiannual report on portfolio performance from the CDC manager, which would include, but not be limited to, asset quality and industry concentration;

(9) Ensuring that the CDC establishes and maintains adequate reserves for operations;

(10) Ensuring that the CDC invests in economic development in each of the States in its Area of Operations in which it has a portfolio, and approving each investment. If the investment is included in the CDCs budget, the Board's approval of the budget may be deemed approval of the investment. If the investment is not included in the budget, the Board must separately approve the investment;

(11) Establishing a policy in the Bylaws of the CDC prohibiting an actual conflict of interest or the appearance of same, and enforcing such policy (see §120.140 and §120.851);

(12) Retaining accountability for all of the actions of the CDC;

(13) Establishing written internal control policies, in accordance with §120.826;

(14) Establishing commercially reasonable loan approval policies, procedures, and standards. The Bylaws must include any delegations of authority to the Loan Committee and Executive Committee, if either Committee has been established. In addition, the CDC must establish and set forth in detail in a policy manual its credit approval process. All 504 loan applications must have credit approval prior to submission to the Agency. The Loan Committee, if established, may be delegated the authority to provide credit approval for loans up to \$2,000,000 but, for loans of \$1,000,000 to \$2,000,000, the Loan Committee's action must be ratified by the Board or Executive Committee prior to Debenture closing. Only the Board or Executive Committee, if authorized by the Board, may provide credit approval for loans greater than \$2,000,000.

(15) All members of the Board of Directors must annually certify in writing that they have read and understand this section, and copies of the certification must be included in the Annual Report to SBA.

(e) The Board of Directors shall maintain Directors' and Officers' Liability and Errors and Omissions insurance in amounts established by SBA that are based on the size of the CDC's portfolio and other relevant factors.

This Certification may be signed in multiple counterparts, each of which will be deemed an original, and all of which together constitute one and the same instrument.

Signatures on following pages attached.