

**Big Sky EDA/EDC
Executive Committee Agenda
January 2, 2019 – 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 –Mike Nelson, Mike Seppala, Steve Loveless, Eric Simonsen, Molly Schwend
EDA –Cory Moore, Robin Rude, Paul Neutgens, Jennifer Smith, Ken Lutton

Call to Order – Mike Nelson, EDC Chair

Agenda Changes for Today's Meeting:

Public Comments:

AGENDA

- I. Approval of EDA/EDC Exec. Comm. Minutes**
- December 5, 2018 Ex. Committee Meeting (Attachment A) (Action)
- II. Approval of EDA/EDC Financials – Jim**
- November 2018 EDA and EDC Financials (Attachment B) (Action)
- III. Executive Director's Report (no written report this month)**
- Update: One Big Sky District—Steve/Mel/Allison
 - a. Development Plan Ex. Summary Review (Email Link)
 - b. Legislative Action Plan (Info)
 - c. Recommendation Re. Investment in Advocacy Phase (Handout) (Action)
- IV. Program/Org. Directors Updates**
- A. Operations:
 - 1. Future Facilities Taskforce—Becky/Jennifer
 - Grant Application Status (EDA Letter) (Attachment C) (Action)
 - Preliminary Recommendations Re. RFP Process/Next Steps (Info)
 - B. Annual Meeting Recap (Info)
 - C. EBURD MOU—between BIRD and BSED—Dianne (Attachment D) (Action)
 - D. Other Program Reports (as Needed)
- V. Executive Session (as needed)**

Public Comment

Adjourn

Next Executive Committee Meeting – February 6, 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

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ATTACHMENT A

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
Wednesday, 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 Present: EDA – Cory Moore, Jennifer Smith, Paul Neutgens, Robin Rude, Sheri Nicholson
EDC – David Trost, Eric Simonsen, Mike Nelson, Steve Loveless,

Committee Members Absent: EDA – Mike Seppala

Staff and others Present: Steve Arveschoug, Austin Trunkle, Becky Rogers, Dena Johnson, Jim Tevlin
Evelyn Pyburn, Stefeni Freese

Call to Order:

Jennifer Smith, EDA Chair, called the meeting to order at 7:30 A.M.

Agenda Changes for Today's Meeting:

Changes to the agenda include Dianne's report being postponed as she is out of town and Steve updating Melanie's report.

Public Comment:

None

Agenda:

Approval of EDA/EDC Executive Committee Minutes

Motion: Paul Neutgens to approve and forward to the Board of Directors, the November 2018 Executive Committee Minutes as presented to the Executive Committee.

Second: Sheri Nicholson

Discussion: None

Motion: Carried

FY 2018 Audit Presentation – Stefeni Freese

Stefeni Freese, from Anderson Zurmuehlen, presented the audit to the Committee. She was pleased to inform the Committee that EDA was given a clean opinion on compliance and the PTAC's single audit. The organization as a whole had no significant deficiencies or material weaknesses. A couple items of note are the current asset to liability ratio was 2.4, which is a strong ratio. The current operating loss was \$1.3M but was primarily due to an incentive paid to Zoot Enterprises. However, the lease cancellation led to an overall gain of \$3.8M. On page 41, there is a Subsequent Event narrative written by Jim regarding our involvement with the OBSD. Steve commented on how important it is to use our tax dollars prudently as the federal and state funds we receive are crucial to our mission and several of our programs. Steve's other comment was about the incentive to Zoot. We were only able to offer an incentive to Zoot because of the settlement with GE. Steve just wanted to clarify that we held an operating loss as a result of an incentive used for recruitment and job creation.

The EDC Audit was next. The EDC was given an unmodified, clean opinion. There was one significant deficiency Stefani reviewed with the Committee regarding the recording of a CTE pledge. A multi-year pledge wasn't fully recorded in the first year received. To correct this deficiency, AZ recommends the Controller be given a copy of all MOU agreements to ensure the proper recording of receivables. Stefani also review with the Committee changes for next year's accounting standards for non-profits. She also reviewed that the year-over-year revenue was up \$400,000. In the future, if these funds are meant to be allocated, it would be wise to start writing disclosures. Along with the positive change in net assets, there is a similar change in the cash flow statement with a \$500,000 increase.

Motion: David Trost motions to approve and forward to the Full Board, the results of the FY2018 Audit as presented to the Executive Committee.

Second: Eric Simonsen

Discussion: None

Motion: Carried

Approval of EDA/EDC Financials – Jim

Jim presented the financials for October. For the EDA, Jim also made a note that the VBOC will likely be underspent. That will affect the funds we receive to offset the programmatic costs. Jim isn't certain of a number but is thinking it will be around \$20,000. On the EDC Balance Sheet, Jim pointed out the pledges for the ongoing CTE contributions that we are receiving. Jim also noted that there will be some vacancy savings from openings on the Big Sky Finance team. Steve mentioned that the Finance team will hire their open loan specialist position first and then a loan officer later.

Motion: Cory Moore to approve and forward to the full Board, the October 2018 EDA/EDC Financials as presented to the Executive Committee.

Second: Steve Loveless

Discussion: None

Motion: Carried

Executive Director's Report

Final BSED 2019 Legislative Priorities – Steve

Steve began by speaking about his final draft of the 2019 Legislative Priorities. Each legislative session, the legislature looks at dollars that go to the Coal Board which are in-turn given as grants to communities who have been affected by issues surrounding coal production. Steve anticipates strongly backing the allocation to these communities. With respect to the Coal Country Coalition, there will be work to incentive research for clean coal technology, carbon capture, etc. Steve would like to protect the Big Sky Trust Fund which harbors some economic development tools. Steve mentioned that BSED spoke before the County Commissioners to inform them of our legislative priorities. Steve Loveless asked if there were any adverse reactions to our priorities. Steve said that the priorities were well-received, and the Commissioners thanked BSED.

Motion: Mike Nelson, to approve and forward to the full Board, the 2019 Legislative Priorities as presented to the Executive Committee.

Second: Steve Loveless

Discussion: None

Motion carried

Nominating Committee Update – Becky

Becky then gave an update for the 2019 Officers. On the EDA side, Board Chair will be Cory Moore, Vice Chair will be Robin Rude, Treasurer/Secretary will be Paul Neutgens, Immediate Past Chair is Jennifer Smith, and Member at

Large will be Ken Lutton. On the EDC, Mike Nelson will be the Chair, Mike Seppala will be Vice Chair, Steve Loveless will be Treasurer/Secretary, Immediate Past President will be Eric Simonsen, and Molly Schwend will be the Member at Large.

Motion: Sheri Nicholson motioned to forward the recommendations for 2019 to the Full Board, as presented to the Executive Committee.

Second: Cory Moore

Discussion: none

Motion: Carried

Program/Organizational Directors Updates

Operations/ Future Facility – Becky

Becky then transitioned into a Future Facility update. It was recently learned that the preliminary EDA grant application will be reviewed on December 20th 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. As a clarification, Becky reminded the Committee that BSED would need to have a facility selected in order to submit a full EDA grant application. In the meantime, due diligence on the Montana Paint Building has continued including a draft floorplan design. A workshop for staff will be held next week to review the due diligence analysis of the three RFP finalists.

Secondly, Becky discussed a letter received from Harrison Fagg that requested BSED open a new RFP to allow other facility purchase proposals. Because the organization is in the middle of an RFP process, Steve felt it important to review the letter and return a formal response. Steve reviewed with the Committee that the current RFP asked for both lease and purchase options and confirmed BSED received three purchase proposals. After brief discussion, the Committee encouraged Steve to respond to the letter that the organization plans to stay the course and finish out the current RFP.

OBSD Update - Steve

Steve stood in for Melanie and gave an OBSD update. Much of the work done recently is centered around the design phase as well as work being done to sharpen the private-public funding mechanism to bring before the legislature. Steve informed the committee that there will be likely be an outline that dictates who will begin paying for certain costs as we move into the next phases of the project. The final draft development plan will be presented to City Council on December 17th.

SBDC Annual Contract/Rock31 Update – Dena

Dena updated on the SBDC Annual Contract Amendments. Every year, the SBDC renegotiates funding and the SBA reassess goals. The SBDC here will not be losing any funding but will not gain any either. The capital infusion goals have decreased and is related to the fact that they have reassessed their overall funding allocation in addition to what external factors would affect people searching for loans. The new metric will be for jobs “supported” rather than “jobs created”. Dena is asking the Committee to forward the approval of this document to the full Board.

Motion: Sheri Nicholson motions to approve and forward the amendments of the contract to the Full Board, as presented to the Executive Committee.

Second: Paul Neutgens

Discussion: None

Motion: Carried

Dena continued and gave a brief Rock31 update. She told the committee that Kevin Scharfe has been hired as the new Rock31 program manager. He spent 9 years as a graphic design teacher and the last few years with Elation. Kevin has also developed and licensed his own product to a large distributor and is aware of how the entrepreneurial process goes. He will start with BSED at the first of the year.

Steve mentioned that our Board meeting next Thursday will begin at 7:15 for Breakfast and the Agenda will begin at 7:30, as usual.

Executive Session: None

Public Comment: Sheri made a public comment about her appreciation for our Board and spoke to how thankful she was for this opportunity.

Adjourned: at 9:05AM.



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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

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, 2018	+/-
ASSETS			
Current Assets			
Checking/Savings			
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>
Other Current Assets			
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>
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	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>
TOTAL ASSETS	<u>\$ 7,886,808.00</u>	<u>\$ 7,753,883.95</u>	<u>\$ 132,924.05</u>
LIABILITIES & EQUITY			
Current Liabilities			
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>
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>6,648,890.27</u>	<u>2,987,675.48</u>	<u>3,661,214.79</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 7,886,808.00</u>	<u>\$ 7,753,883.95</u>	<u>\$ 132,924.05</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
Income			
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
Expense			
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)
Other Income			
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>
Income			
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>
Expense			
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>
Operating Income	791,262.73	499,174.91	292,087.82
Other Income			
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	+/-	
ASSETS				
Current Assets				
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>	
Other Assets				
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)	
TOTAL ASSETS	<u><u>3,560,165.07</u></u>	<u><u>3,185,531.78</u></u>	<u><u>374,633.29</u></u>	
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
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>	
Net Assets	<u>3,183,233.86</u>	<u>3,090,367.11</u>	<u>92,866.75</u>	
TOTAL LIABILITIES & EQUITY	<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>
Income			
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>
Expense			
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>
Operating Income	<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>
Income			
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>
Expense			
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>
Operating Income/(Loss)	<u><u>\$ 34,852.40</u></u>	<u><u>\$ (9,192.53)</u></u>	<u><u>\$ 44,044.93</u></u>



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT C



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. 32nd 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:

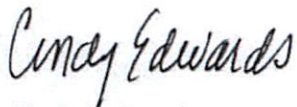
- The project's clear and reasonable estimates of job creation and/or private investment or the project's ability to provide information and tools necessary to further regional economic goals; and
- The applicant's eligibility to receive an EDA grant. Big Sky Economic Development, as a public-private 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 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

Sincerely,

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

Cindy Edwards
Area Director
Denver Regional Office



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT D

**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 lehm@bigskyeda.org (406) 869-8409	Patrick Klugman Senior Community Development Project Manager 222 North 32nd Street, Suite 200 Billings, MT 59102 patrick@bigskyeda.org (406) 869-8418
City:	Wyeth Friday Planning Division Manager City-County Planning 2825 3 rd Ave. North, 4 th Floor Billings, MT 59101 FridayW@ci.billings.mt.us (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 th Ave. North, Ste C Billings, MT 59101 {406} 245-3133	Lenette Kosovich Treasurer BIRD, Inc. 1413 4 th 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

- - C I T Y O F B I L L I N G S - -

Dated _____

By _____
Bill Cole, Mayor City of
Billings

- - B I L L I N G S I N D U S T R I A L R E V I T A L I Z A T I O N D I S T R I C T , I N C O R P O R A T E D - -

Dated _____

By _____
Marshall Knick, President
Billings Industrial Revitalization District

Exhibit "A"

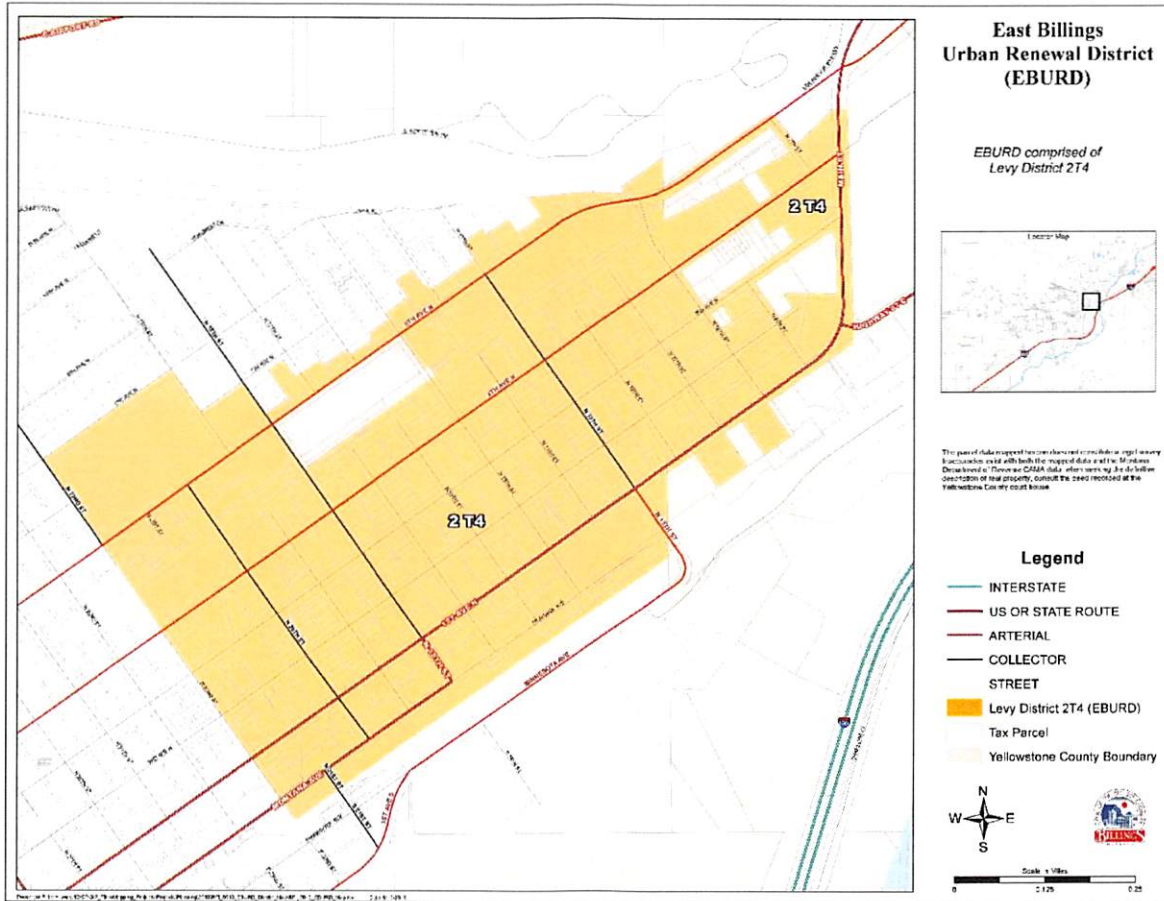


Exhibit "B"

EBURD ORGANIZATION

