

**Big Sky EDA/EDC  
Executive Committee Agenda  
July 3, 2019 – 7:30 A.M. to 9:15 A.M.  
Rosebud Room, 2<sup>nd</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.

**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**
- June 5, 2019 Ex. Committee Meeting (Attachment A) (Action)
- II. Approval of EDA/EDC Financials – Jim**
- May 2019 EDA and EDC Financials (Attachment B) (Action)
- III. Executive Director's Report** (Attachment C)
- One Big Sky District/406 Impact Districts—Next Steps Update—Steve (Info)
  - FY 2020 Organizational Work Plans and Goals (Handout) (Action)
  - FY 2020 Work Plan Focus for Executive Director (Attachment D) (Action)
  - August 7<sup>th</sup> Ex. Committee Meeting—Breakfast with the ED: Hot Topics Dialogue
- IV. Program/Org. Directors Updates**
- A. Operations:
    - 1. Future Facilities/Grant Application Update—Becky (Info)
    - 2. Transition Plan for Controller Position (Handout) (Info)
  - B. PTAC Program—Bozeman Subcenter Update—Deanna (Info)
  - C. Big Sky Finance – FY 2019 Recap – Brandon (Info)
  - D. Community Development—Coulson Park Update—Patrick (Info)
  - E. Member Investor Program FY 2019 Recap--Melanie Schwarz, "Director-Business Development"
- V. Executive Session (as needed)**

**Public Comment**

**Adjourn**

**Next Executive Committee Meeting – August 7, 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, June 5<sup>th</sup>, 2019 – 7:30 A.M. to 9:15 A.M.**  
**Rosebud Room, 2<sup>nd</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.

**Committee Members Present:**     EDA – Cory Moore, Robin Rude, Ken Lutton, Jennifer Smith  
   EDC – Mike Nelson, Steve Loveless

**Committee Members Absent:**     EDA - Paul Neutgens  
   EDC – Eric Simonsen, Mike Seppala, Molly Schwend

**Staff and Others Present:**         Steve Arveschoug, Dianne Lehm, Melanie Schwarz, Austin Trunkle, Becky Rogers, Jim Tevlin, Evelyn Pyburn

**Call to Order:**  
Cory Moore, EDA Chair, called the meeting to order at 7:30 A.M.

**Agenda Changes for Today's Meeting:**  
None

**Public Comment:**  
None

**Agenda:**

**Approval of EDA/EDC Executive Committee Minutes**  
Cory asked for a motion to approve the May Executive Committee Minutes

Motion: Ken Lutton to approve the May 2019 Executive Committee Minutes as presented to the Executive Committee.  
Second: Jennifer Smith  
Discussion: None  
Motion: Carried

**Approval of EDA/EDC Financials**  
April 2019 EDA/EDC Financials - Jim

Jim then presented the April 2019 EDA/EDC Financials. On the EDA Budget vs Actual, he explained the variance in the Opportunity Fund spending. That variance is due to the Phase II 406 Impact Districts project. He then discussed Rock31 expenses and showed how they are broken down between EDC and EDA. On the EDA Year over Year, the variance is driven by tax protests and vacancy savings. Steve reminded that the Board set aside the \$146,000 in tax protests earmarked for our facility transition. On the EDC Statement of Operation, it should be noted that the statements only show unrestricted funds, however, the audit will show both unrestricted and restricted funds. Steve discussed the Member Investor revenues and when we can expect the bulk of the dues to be paid. Melanie will address that question during her update. There was a question regarding the 504 Loan Program and there was discussion about how the team in Helena is giving us much more presence in the Western part of the state. Steve noted that our charter has always allowed us to lend anywhere in Montana.

Motion: Ken Lutton to approve the April 2019 EDA/EDC Financials, as presented to the Executive Committee.

Second: Mike Nelson  
Discussion: None  
Motion: Carried

#### Final Proposed FY2020 Budget – Jim

Next was the final proposed budget for FY 2020. Jim mentioned this looks very similar to the first draft but there are a couple of items he'd like to go into more detail with. Jim mentioned that Steve had requested that we contribute \$40,000 to the Opportunity Fund on the EDC. Jim review potential changes to the budget before it returns to the Board in August. If the Mill Levy might come in differently than we expect, then the budget will be adjusted accordingly. There is also potential for additional SBDC dollars. Within the next few months, other estimations may become more certain. Jim also addressed the proposed change to the Management Services Agreement that the EDC pays 25% of the controller's salary. Jim went on to speak about an internal committee being formed for the purpose of creating a game plan about how we can maintain sustainability in the future. He also reviewed the key assumptions that depict the FY2020 budget. Steve reminded the Committee that we leverage the Mill Levy each year at a 3:1 rate.

Motion: Mike Nelson to approve Proposed FY 2020 Budget, as presented to the Executive Committee.  
Second: Ken Lutton  
Discussion: None  
Motion: Carried

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

##### OBSD/406 Impact Districts – Draft Next Steps Update – Steve

Steve began his report by turning the Committee's attention to the OBSD/406 Impact District draft next steps. Steve still has more meetings to conduct with strategy partners, but he would like to ask those people what they think we learned and what we could perhaps do better. Steve also spoke about our efforts to bring Lisa Clark to Billings. Lisa is the CEO of Destination Medical Center in Rochester, MN and their community has successfully implemented an economic development tool similar to the one we are seeking. By learning from her experience with pushing that sort of legislation, we may be able to further efforts in our own state.

##### BSED Legislative Priorities Update - Steve

Next, Steve gave a Legislative Priorities update and what the outcomes were of those priorities were. Dan Brooks will present to our Board a synopsis of the 2019 Legislative Session.

##### Organizational Workplans and Goals and Executive Director's Focus – Steve

Steve gave a draft document of each program's workplan and goals for FY2020. Steve also presented his draft workplan for the Executive Director. He asked that each Committee Member look at the document and strike through what they think he could delegate. The Committee Members each offered their opinion and Steve said he will revamp the document to reflect some changes.

#### **Program and Organizational Directors Updates**

##### Operations Update – Future Facilities/Grant Application - Becky

Becky then was up to do a quick update on our Future Facility Grant Application. We are on track to submit the grant tomorrow. It has been an intense three-week sprint and has yielded what will be a more than 1500-page application. She also gave an update on the steps conducted as due diligence since the last meeting. As part of that grant application, a Purchase Agreement must be signed and executed. In order to do so, Becky requested the Committee approve her sending out an electronic vote to the full Board to execute the Purchase Agreement. A quorum was not present to carry an action item, so the balance of the Committee was contacted via email to get approval to send out the electronic vote. The approval was granted.

Becky mentioned that we have been in talks with the Faggs to extend our lease and what the next 18-24 months will look like.

Proposal: Student Ex-Officio Board Member

Next was the proposal for a new Ex-Officio Board Member. The proposal is that a student from MSUB or Rocky, or both, will serve as a non-voting member of our Board. The aim is to give students the experience of serving on a board.

Member Investor Program/30<sup>th</sup> Anniversary/Annual Meeting Update – Melanie

Melanie gave an update on the plans and prospective speaker for our 30<sup>th</sup> Anniversary and Annual Meeting.

Next, Melanie presented a spreadsheet that detailed the received revenues of our Member Investor Program and those that are still outstanding.

Community Development – BIRD/City of Billings/ BSED MOU – Dianne

Dianne presented the revised MOU that includes the City, BSED, and the BIRD. This was an agreement we had already entered into, but some language changed between the City and the EBURD. The City signed and approved in May. The MOU length is 5 years.

**Executive Session:**

A motion was made to enter into an executive session to discuss personnel matters related to the annual performance review of the Executive Director.

Motion: Mike Nelson to enter into an executive session to discuss personnel matters related to the annual performance review of the Executive Director.

Second: Ken Lutton

Discussion: None

Motion: Carried

The Executive Committee reconvened after the Executive Session and reported out the conversation centered around discussing Steve's salary adjustment for 2020. The Salary adjustment will be rolled into the budget under the line item Wages and Salaries.

**Public Comment:**

None

**Adjourned:** Mike Nelson motioned to adjourn. The motion was met with a second from Ken Lutton. The Committee adjourned at **9:21AM**

Next Meeting – July 3<sup>rd</sup>



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# ATTACHMENT B

## **Internal Memorandum**

**Date:** June 27, 2019

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

**From** Jim Tevlin

**Subject:** May 2019 BSEDA Financial Statements

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Attached are Big Sky EDA and EDC's financial statements for the month of May 2019.

## Big Sky EDA Balance Sheets

	May 31, 2019	May 31, 2018	+/-	
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
First Interstate Bank	\$ 45,878.81	\$ 75,476.22	\$ (29,597.41)	
FIB-Recovered Property Taxes	147,854.25	-	147,854.25	
Opportunity Fund - FIB	13,263.50	13,245.17	18.33	
Opportunity Fund - Stockman	3,595.48	45,589.38	(41,993.90)	(A), (B)
Stockman GE Maintenance	23,479.10	28,479.10	(5,000.00)	
Yellowstone County Funds	532,363.77	425,564.82	106,798.95	
	<u>766,434.91</u>	<u>588,354.69</u>	<u>178,080.22</u>	
<b>Other Current Assets</b>				
Accounts Receivable	267,454.77	199,335.62	68,119.15	
American Revenue Guarantee	6,887.28	19,965.08	(13,077.80)	
Due To/Due From EDC	129,846.64	79,743.56	50,103.08	
Miscellaneous Receivables	148.06	(6,648.75)	6,796.81	
Tax Levy Receivable	59,272.27	87,935.95	(28,663.68)	
Tax Levy Receivable - Protested	11,249.91	185,196.14	(173,946.23)	
Allowance for Doubtful Accts	(11,249.91)	(185,196.14)	173,946.23	
Prepaid Expenses	812.62	730.00	82.62	
	<u>464,421.64</u>	<u>381,061.46</u>	<u>83,360.18</u>	
<b>Non-Current Assets</b>				
Opportunity Fund - CDs	5,138,904.42	5,900,000.00	(761,095.58)	(A)
Loans Receivable	388,530.93	-	388,530.93	(B)
TEDD Receivable	64,775.00	75,000.00	(10,225.00)	
Cabelas Conduit	316.75	4,976.53	(4,659.78)	
Deferred Outflow of Resources	68,453.38	68,453.38	-	
	<u>5,660,980.48</u>	<u>6,048,429.91</u>	<u>(387,449.43)</u>	
<b>TOTAL ASSETS</b>	<u><b>\$ 6,891,837.03</b></u>	<u><b>\$ 7,017,846.06</b></u>	<u><b>\$ (126,009.03)</b></u>	
<b>LIABILITIES &amp; EQUITY</b>				
<b>Current Liabilities</b>				
Accounts Payable	82,218.53	77,327.64	4,890.89	
Accrued Expenses	86,401.70	265,114.10	(178,712.40)	(C)
Payroll Liabilities	724.02	283.78	440.24	
Compensated Absences	138,443.60	128,972.75	9,470.85	
	<u>307,787.85</u>	<u>471,698.27</u>	<u>(163,910.42)</u>	
<b>Long Term Liabilities</b>				
Deferred Inflow of Resources	107,238.97	107,238.97	-	
Pension Liability	414,984.80	414,984.80	-	
	<u>522,223.77</u>	<u>522,223.77</u>	<u>-</u>	
<b>Net Assets</b>	<u>6,061,825.41</u>	<u>6,023,924.02</u>	<u>37,901.39</u>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>\$ 6,891,837.03</b></u>	<u><b>\$ 7,017,846.06</b></u>	<u><b>\$ (126,009.03)</b></u>	

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

(B) As part of the One Big Sky District initiative, Big Sky EDA advanced \$388k to the Downtown Billings Alliance.

(C) On May 31, 2018, Accrued Expenses consisted primarily of \$209k of contributions to MSU Billings for their new science building. Big Sky EDA issued payment to MSU Billings in August 2018.



**Big Sky EDA**  
**Statements of Operations - Actual v Budget**  
For the Eleven Months Ended May 31,

	<u>2019</u>	<u>Annual Budget</u>	<u>Budget Remaining</u>
<b>Income</b>			
Department of Defense	\$ 472,747.00	\$ 549,626.00	\$ 76,879.00
EDC Reimbursement	470,258.81	601,012.56	130,753.75
EPA - Brownfields	36,276.73	36,276.73	-
Grant Administration	6,716.50	17,650.00	10,933.50
Health Levy Revenue	83,463.00	90,264.00	6,801.00
Mill Levy Revenue	1,355,041.49	1,391,361.00	36,319.51
Miscellaneous Revenue	11,298.63	-	(11,298.63)
Opportunity Fund Investment	320,000.00	150,000.00	(170,000.00)
Recovery of Protested Taxes	146,954.35	-	(146,954.35)
SBA/MT Dept of Commerce	128,032.67	117,650.00	(10,382.67)
SBDC Program Income	3,228.62	3,211.00	(17.62)
VBOC	269,638.37	300,000.00	30,361.63
	<u>3,303,656.17</u>	<u>3,257,054.29</u>	<u>(46,604.88)</u>
<b>Expense</b>			
406 Impact Districts	170,000.00	-	(170,000.00)
Advertising	1,655.33	-	(1,655.33)
Business Recruitment	562.89	16,000.00	15,437.11
Community Development Projects	(8,000.00)	50,000.00	58,000.00
Contingency	-	17,500.00	17,500.00
Contract Support	-	2,000.00	2,000.00
Dues and Subscriptions	43,597.78	47,834.00	4,236.22
Employer Contributions	425,456.10	507,433.91	81,977.81
Insurance	12,739.09	14,766.00	2,026.91
Marketing	86,359.63	81,854.00	(4,505.63)
Miscellaneous	41,675.45	39,447.40	(2,228.05)
Office Equipment	7,655.47	8,700.00	1,044.53
Office Expense	12,189.09	19,000.00	6,810.91
One Big Sky District	50,000.00	55,000.00	5,000.00
Professional Fees	108,785.97	128,980.26	20,194.29
Property Tax Protests	13,017.50	28,147.22	15,129.72
PTAC Satellite	77,766.82	87,714.00	9,947.18
PTAC Subcenter	196,352.43	253,543.00	57,190.57
Rent	112,578.83	111,632.00	(946.83)
Repairs	1,978.50	-	(1,978.50)
Rock31	11,603.49	-	(11,603.49)
Salaries/Wages	1,371,558.58	1,583,634.36	212,075.78
Sponsorships	7,330.00	6,600.00	(730.00)
TEDD	7,757.24	5,000.00	(2,757.24)
Telecommunications	49,136.44	48,001.00	(1,135.44)
Travel/Training	89,951.21	124,621.00	34,669.79
Workforce Development	15,000.28	15,000.00	(0.28)
	<u>2,906,708.12</u>	<u>3,252,408.15</u>	<u>345,700.03</u>
	<u>396,948.05</u>	<u>4,643.14</u>	<u>(392,304.91)</u>
<b>Other Income</b>			
Interest Income	<u>26,896.65</u>	<u>87,477.23</u>	<u>60,580.58</u>
<b>Net Income</b>	<u>\$ 423,844.70</u>	<u>\$ 92,120.37</u>	<u>\$ (331,724.33)</u>

Represents EDA's participation in the 406 Impact Districts effort

Negative variance offset by Rock31 salaries/benefits vacancy savings.

**Big Sky EDA**  
**Statements of Operations - Year Over Year Actual**  
For the Eleven Months Ended May 31,

	2019	2018	+/-	
<b>Income</b>				
BillingsWorks	-	12,500.00	(12,500.00)	
Coulson Park Revenue	-	12,000.00	(12,000.00)	
Department of Defense	472,747.00	467,722.00	5,025.00	
EDC Reimbursement	470,258.81	437,643.39	32,615.42	
EPA - Brownfields	36,276.73	30,201.21	6,075.52	Includes \$75k related to TEDD master plan loan.
Grant Administration	6,716.50	6,593.16	123.34	
Health Levy Revenue	83,463.00	77,183.25	6,279.75	
Mill Levy Revenue	1,355,041.49	1,286,638.25	68,403.24	
Miscellaneous Revenue	11,298.63	80,755.38	(69,456.75)	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.
Opportunity Fund Investment	320,000.00	150,000.00	170,000.00	
Recovery of Protested Taxes	146,954.35	-	146,954.35	
SBA/MT Dept of Commerce	128,032.67	111,144.76	16,887.91	
SBDC Program Income	3,228.62	2,820.68	407.94	
VBOC	269,638.37	271,829.00	(2,190.63)	
	<u>3,303,656.17</u>	<u>2,947,031.08</u>	<u>356,625.09</u>	
<b>Expense</b>				
406 Impact Districts	170,000.00	-	170,000.00	Represents EDA's participation in the 406 Impact Districts effort.
Advertising	1,655.33	1,008.47	646.86	
BEAR	-	4,132.79	(4,132.79)	
Business Recruitment	562.89	15,494.31	(14,931.42)	
Community Development Projects	(8,000.00)	2,519.40	(10,519.40)	
Contract Support	-	5,163.60	(5,163.60)	Represents contributions and challenge matches for the Rocky MT College and MSU-B science buildings.
Contributions	-	359,300.00	(359,300.00)	
Dues and Subscriptions	43,597.78	29,672.46	13,925.32	
Employer Contributions	425,456.10	393,871.70	31,584.40	
Event Expense	-	5,756.80	(5,756.80)	
Incubator Expense	-	32,540.36	(32,540.36)	
Insurance	12,739.09	21,166.43	(8,427.34)	
Marketing	86,359.63	74,920.15	11,439.48	
Miscellaneous	41,675.45	38,654.97	3,020.48	
Office Equipment	7,655.47	-	7,655.47	
Office Expense	12,189.09	23,418.08	(11,228.99)	
One Big Sky District	50,000.00	-	50,000.00	Includes \$75k related to TEDD master plan loan.
Professional Fees	108,785.97	167,603.38	(58,817.41)	
Program Expense	-	1,139.09	(1,139.09)	
Property Tax Protests	13,017.50	46,403.73	(33,386.23)	
PTAC Satellite	77,766.82	73,406.39	4,360.43	
PTAC Subcenter	196,352.43	188,679.02	7,673.41	
Rent	112,578.83	116,092.15	(3,513.32)	
Repairs	1,978.50	1,380.36	598.14	
Rock31	11,603.49	-	11,603.49	
Salaries/Wages	1,371,558.58	1,246,287.24	125,271.34	
Sponsorships	7,330.00	12,779.33	(5,449.33)	
TEDD	7,757.24	-	7,757.24	
Telecommunications	49,136.44	30,449.09	18,687.35	
Travel/Training	89,951.21	119,606.79	(29,655.58)	
Workforce Development	15,000.28	46,037.98	(31,037.70)	
	<u>2,906,708.12</u>	<u>3,057,484.07</u>	<u>(150,775.95)</u>	
	396,948.05	(110,452.99)	507,401.04	
<b>Other Income</b>				
Interest Income	26,896.65	3,025.57	23,871.08	
<b>Net Income</b>	<u>\$ 423,844.70</u>	<u>\$ (107,427.42)</u>	<u>\$ 531,272.12</u>	

# Big Sky Economic Development Corporation

## Balance Sheets

	May 31, 2019	May 31, 2018	+/-	
<b>ASSETS</b>				
<b>Current Assets</b>				
First Interstate Bank	\$ 123,847.92	\$ 562,917.65	\$ (439,069.73)	(A)
FIB SSBCI Principal	1,321,719.43	975,041.82	346,677.61	
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	-	
FIB-RLF	264,837.33	201,547.31	63,290.02	
FIB-OBSD Restricted	49,384.51	-	49,384.51	(B)
FIB-406 Impact Restricted	135,156.93	-	135,156.93	(B)
Accounts Receivable	1,000.00	2,864.11	(1,864.11)	
Contributions Receivable	55,500.00	4,000.00	51,500.00	(C)
Prepaid Expenses	12,036.77	-	12,036.77	
RLF Portfolio-Current	72,462.57	72,389.57	73.00	
SSBCI Portfolio-Current	123,590.12	149,108.06	(25,517.94)	
	<u>2,431,735.58</u>	<u>2,240,068.52</u>	<u>191,667.06</u>	
<b>Other Assets</b>				
Contributions Receivable-Non Current	43,750.00	-	43,750.00	(C)
RLF Portfolio-Non Current	222,466.38	169,413.32	53,053.06	
SSCBI Portfolio-Non Current	814,058.17	962,267.15	(148,208.98)	
<b>TOTAL ASSETS</b>	<u><u>3,512,010.13</u></u>	<u><u>3,371,748.99</u></u>	<u><u>140,261.14</u></u>	
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	21,195.64	2,289.98	18,905.66	
Accrued Expenses	18,500.00	31,845.97	(13,345.97)	
Due to/Due From EDA	129,845.89	79,743.56	50,102.33	
	<u>169,541.53</u>	<u>113,879.51</u>	<u>55,662.02</u>	
<b>Net Assets</b>	<u>3,342,468.60</u>	<u>3,257,869.48</u>	<u>84,599.12</u>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>\$ 3,512,010.13</u></u>	<u><u>\$ 3,371,748.99</u></u>	<u><u>\$ 140,261.14</u></u>	

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

(B) These restricted funds are specifically earmarked for the One Big Sky District master plan and and the 406 Impact Districts effort.

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

**Big Sky Economic Development Corporation**  
**Statements of Operations - Actual v Budget\***  
For the Eleven Months Ended May 31,

	2019	Annual Budget	Budget Remaining
<b>Income</b>			
504 Loan Origination	\$ 129,432.26	\$ 127,500.00	\$ (1,932.26)
504 Loan Servicing	493,400.68	531,600.00	38,199.32
Member Investment	299,866.50	350,000.00	50,133.50
Miscellaneous Income	21,942.37	13,000.00	(8,942.37)
Private BillingsWorks Funding	-	20,000.00	20,000.00
Recovery of Bad Debt	3,850.00	3,600.00	(250.00)
RLF Business Loan Interest	12,727.89	12,476.00	(251.89)
SSBCI Revenue	24,510.85	29,140.00	4,629.15
	<u>985,730.55</u>	<u>1,087,316.00</u>	<u>101,585.45</u>
<b>Expense</b>			
Advertising	329.00		(329.00)
BEAR Program	4,553.22	6,108.00	1,554.78
Rock31 Expenses	76,100.12	50,000.00	(26,100.12)
Business Recruitment	59,896.38	81,000.00	21,103.62
Contingency	-	10,000.00	10,000.00
Dues and Subscriptions	25,978.39	15,593.00	(10,385.39)
EDA Reimbursement	470,258.81	601,012.56	130,753.75
Event Expense	32,921.51	51,500.00	18,578.49
Insurance	5,952.00	11,000.00	5,048.00
Marketing	19,543.12	11,000.00	(8,543.12)
Membership Development	7,334.39	7,500.00	165.61
Miscellaneous	30,027.96	36,418.00	6,390.04
Office Supplies	3,062.01	2,056.00	(1,006.01)
Professional Fees	32,596.90	22,500.00	(10,096.90)
Rent	35,463.07	36,320.00	856.93
Sponsorships	2,519.09	2,000.00	(519.09)
Telephone	5,145.72	4,980.00	(165.72)
Travel & Training	27,064.22	28,500.00	1,435.78
Workforce Development	67,174.46	59,695.00	(7,479.46)
	<u>905,920.37</u>	<u>1,037,182.56</u>	<u>131,262.19</u>
<b>Operating Income</b>	<u>\$ 79,810.18</u>	<u>\$ 50,133.44</u>	<u>\$ (29,676.74)</u>

Negative variance due primarily to \$20k of professional services received in trade related to Rock31 branding.

Negative variance due to marketing services received via trade.

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

Negative variance due to BillingsWorks services received via trade.

\* Excludes restricted funds.

**Big Sky Economic Development Corporation**  
**Statements of Operations - Year Over Year Actual\***  
For the Eleven Months Ended May 31,

	<u>2019</u>	<u>2018</u>	<u>+/-</u>
<b>Income</b>			
504 Loan Origination	\$ 129,432.26	\$ 47,022.71	\$ 82,409.55
504 Loan Servicing	493,400.68	505,286.18	(11,885.50)
Member Investment	208,366.50	156,225.76	52,140.74
Member Investment - Trades	91,500.00	-	91,500.00
Miscellaneous Income	21,942.37	4,816.31	17,126.06
Recovery of Bad Debt	3,850.00	10,564.59	(6,714.59)
RLF Business Loan Interest	12,487.46	15,227.45	(2,739.99)
RLF Loan Fund (net)	240.43	1,698.92	(1,458.49)
SSBCI Revenue	24,510.85	27,312.58	(2,801.73)
	<u>985,730.55</u>	<u>768,154.50</u>	<u>217,576.05</u>
<b>Expense</b>			
Advertising	329.00	-	329.00
BEAR Program	4,553.22	-	4,553.22
Business Recruitment	59,896.38	39,789.18	20,107.20
Dues and Subscriptions	25,978.39	12,647.85	13,330.54
EDA Reimbursement	470,258.81	437,643.39	32,615.42
Event Expense	32,921.51	35,090.22	(2,168.71)
Insurance	5,952.00	11,002.00	(5,050.00)
Marketing	19,543.12	6,545.31	12,997.81
Membership Development	7,334.39	3,538.29	3,796.10
Miscellaneous	30,027.96	9,159.31	20,868.65
Office Supplies	3,062.01	2,345.64	716.37
Postage and Delivery	-	1,200.58	(1,200.58)
Professional Fees	32,596.90	24,112.30	8,484.60
Rent	35,463.07	26,634.96	8,828.11
Repairs	-	1,253.50	(1,253.50)
Rock31 Expenses	76,100.12	-	76,100.12
Sponsorships	2,519.09	-	2,519.09
Telephone	5,145.72	4,941.92	203.80
Travel & Training	27,064.22	18,193.12	8,871.10
Workforce Development	67,174.46	9,747.09	57,427.37
	<u>905,920.37</u>	<u>643,844.66</u>	<u>262,075.71</u>
<b>Operating Income</b>	<u>\$ 79,810.18</u>	<u>\$ 124,309.84</u>	<u>\$ (44,499.66)</u>

\* Excluding restricted funds.



BIG SKY  
ECONOMIC DEVELOPMENT

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# ATTACHMENT C

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

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***Strategic Priorities***

- 1. Economic Diversity and Innovation—grow and diversify our economy through small business growth, entrepreneurship, fostering innovative business ideas, and maintaining a regional focus:**
  - a. ROCK31 – Connect Build Grow—See the SBDC/Rock 31 section of this report for more details on the work of this program area, including the preparatory work for a fall StartUp Weekend event in Billings.
  - b. Coal Country Coalition—Members of the Coal Country Coalition met June 19<sup>th</sup> in Billings. The meeting coincided with the Montana Coal Board meeting. Our partners, Snowy Mountain Development Corporation, Beartooth RC&D, and Southeastern Montana Development Corporation were joined by Richland Economic Development out of Sidney. Richland ED was invited to join the Coalition, expanding the regional partnership further. We agreed to continue our work together and begin planning on our next “Summit,” which would be an opportunity for our respective Board members to share in a dialogue about our mutual interests in our regional economy. Stay tuned for more details on the location and date of that Summit event. Per the Board’s request, I have asked Jim Atchison, CEO, Southeastern Montana Development Corporation, to attend our July Board meeting to give us a first-hand overview of the issues facing Colstrip.
- 2. Workforce Development and Talent Attraction—via the BillingWorks Partnership—build and enhance our workforce development strategies/programs and further our talent attraction efforts to meet future workforce needs in support of our regional business community:**
  - a. Advocacy for MSU Billings and RMC— No new info to report here as we plan to have Chancellor Edelman present to the Board later this summer.
  - b. BillingsWorks/Talent Attraction and Career and Technical Education/Career Center—The hiring process is underway for the CTE Coordinator position and the Career Counselors. These positions are essential to move the career and technical education efforts in SD2 forward, which supports our workforce development goals/needs in a big way. The CTE Advisory Committee MOU with SD2 and 20 private industry partners will need to be updated to reflect a new leadership approach which will have Karen Baumgart, co-chair of the Advisory Committee, providing direction to the CTE Coordinator. We’ll bring that contract amendment to the Board as soon as it is ready.

- 3. Strategic Placemaking--building-remarkable community investments to encourage and support the retention and attraction of workforce and new private investment:**
- a. Development of Planned, Ready-to-Go Industrial Space—See the TEDD update as a part of the Community Development section of this report. Work continues with City Administration on the suggestion that TEDD properties would one day be annexed, as a condition of the City agreeing to allow the Lockwood Water and Sewer District to expand their service area. Right now, the LWSD uses the City of Billings treatment facilities to manage wastewater under an existing service agreement. In order to include the TEDD properties in the LWSD, the service agreement must be updated. The next step in our work with LSWD and the City will be to meet with property owners to discuss concepts to resolve this issue. Those meeting will take place over the next two weeks, then we will report progress to the City Council and to the TEDD Advisory Board.
  - b. One Big Sky District— We have two parallel tracks we are working regarding next steps for One Big Sky District Plan: 1) meetings with local developers to assess the opportunities to consider an incremental approach to development of the identified catalyst projects; and 2) beginning an outreach/information sharing effort with local legislators, statewide organizations, and legislators from throughout the state. That work is underway, including recent meetings with Representative Bill Mercer, and a presentation to the Montana Infrastructure Coalition (MIC), scheduled for June 28<sup>th</sup>. Additionally, we have now scheduled Lisa Clarke (CEO Destination Medication Center, Rochester, MN) to be in Billings July 17<sup>th</sup> to engage with our partners, civic leaders, and community stakeholders. You should have received a save-the-date notice from Allison and stay tuned for more details.
  - c. Coulson Park Redevelopment and Entryways Now—Master Plan work is underway. See Community Development section of this report for details. Heads-up—be watching for invites for “Picnic at Coulson Park” events during the month of July as a means to inform our civic leadership about the potential of this project.
  - d. EBURD Redevelopment—See Community Development section of this report for any details on our work related to the redevelopment of the East Billings Urban Renewal District, including our Brownfields Assessment Program
  - e. Trailhead Hospitality Vision Steering Committee— The scope of work for a plan/design/budget for the improvement of the Metra Park backside walkway, fence and landscaping is complete. The next step is securing funding for that work. Grant applications are pending for this project. The next meeting of the Committee is set for July 12, 2019, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room.
  - f. Air Service—Nothing new to report.



## *Program Updates*

### **PTAC**

Since August 1<sup>st</sup> 2018, MT PTAC clients (statewide, all 7 PTACs) have been successful in winning **\$59.5 million** in federal, state and local contracts. Of that, **\$15.8 million** was awarded to clients of the Billings PTAC. A few examples. American Welding & Gas, Inc. was awarded \$8,580 for dry ice from the Department of the Army, \$25,000 from Indian Health Service for medical gases and \$32,799 and \$24,000 from the VA, each for medical gases. PTAC has assisted the company with market research and provides bidmatch services. Yellowstone Electric Co. was awarded 5 contracts totaling \$1.6 million with the Bureau of Reclamation for its Davis Dam replacement work and another \$2,645 contract from Indian Health Services for fire alarm system monitoring. PTAC has worked with Yellowstone Electric Co. since 2016 and has assisted with WOSB certification, SAM updates, market research to identify new federal customers and bidmatch services. Northwest Pipe Fittings, Inc. won two contracts totaling \$33,458 from the State of Montana Department of Corrections for boiler components and replacement cutter cartridges. PTAC has worked with Northwest Pipe Fittings, Inc. since 2013 and assists the company with its SAM renewal every year.

### **VBOC**

#### Training

- Boots to Business: Hill Air Force Base in Layton, UT: 15 graduates
- Reboot: Brian delivered 5 of the 8 Boots to Business Training Modules to 16 graduates for a 2-day Reboot at the Veterans Business Resource Center in Sandy, UT.
- Pre-Biz Business Development Workshops at Big Sky Economic. Delivered in partnership with the SBDC- 21 attendees, including 2 veterans and/or spouses.

#### Outreach highlights

- National Guard Spouse Reception with Second Lady Karen Pence (70 attendees). KTVQ television: <https://ktvq.com/news/2019/06/12/seconnd-lady-meets-with-military-families-in-billings/>. This event was preceded by a visit with the Second Lady at Big Sky VBOC and SBDC success story Sassy Biscuit.
- Laurel Chamber of Commerce Lunch and Learn
- Montana Joining Community Forces
- Montana Manufacturing Extension Center

Counseling – The VBOC team consulted with 16 individual veteran clients so far in June as they pursue small business opportunities. These efforts also included 10 referrals to resource partners throughout our region.

### **Big Sky Finance**

Summer is here and with it has brought good things to our loan activity. The Big Sky Finance team has been busy approving and funding loans again this month. We have had three SBA 504 loans approved by the SBA so far this month totaling \$4,556,000, and another three loans funded in June totaling \$2,214,000. In addition to the SBA 504 loans, we also received approval on two Revolving Loan Funds for a total of \$92,000. The team has been busy meeting with clients and prospects, with visits to Missoula, Bozeman, Miles City and numerous other discussions with lenders and borrowers across the state.

Johnna attended the Montana Young Professionals conference in Kalispell. This was a great opportunity to network with young professionals from across the state and build relationships. She also managed to stay upright (and somewhat dry) in her whitewater rafting adventure! Brandon participated in a webinar hosted by the Montana state office of the SBA on the recent changes/updates to the SBA's recently released version of SOP 50 10 5(k). The webinar participants were lenders from across Montana, and Brandon provided updates on the SBA 504 portion.

SBA 504 effective rates for the month of June hit new all-time lows! The 20-year effective rate for loans funded in June hit an all-time low of 3.98%! This is the first time the effective rate on 20-year debentures has ever been priced below 4.0%! The effective rate on the 25-year debenture for June was 4.09%. Compare these fixed rates to the current Prime Rate of 5.50% and one can see the benefit of the fixed rate financing offered through the SBA 504 loan program. Furthermore, since the 25-year debenture was announced one year ago, there has been over \$1 billion in funding across the country!

### **Member Investor Program**

June is a busy month for the Member Investor program with finishing up the fiscal year, adding our new member investors and getting ready to kick off a new fiscal year. We had our monthly member investor breakfast on the west end this month with 10 in attendance. Also, we are getting ready to launch our 30<sup>th</sup> Anniversary branding and vision early in July for the entire year. We helped with many organizational events including early stage Montana, GovMatch, Next Level Graduation and 406 Impact Community meetings. Marcell Bruski has fully transitioned to her new role as Marketing & Outreach Program Manager and Melanie Schwarz is now Director of Business Development.

### **Recruitment**

Recruitment attended Select USA in the beginning of the month which was in partnership with a number of other communities in Montana. We had numerous conversations with business owners looking to expand into the United States. We are in the process of a brand evaluation for Think Billings to ensure it is putting our best foot forward when we begin marketing on LinkedIn. As part of the evaluation there is a survey that I will be sending out to the board. I would appreciate you taking 7 minutes to complete it.

### **SBDC | Rock31**

#### **Noteworthy:**

- Second Lady of the United States, Mrs. Karen Pence, visited the Sassy Biscuit. She recognized Jilan Hall-Johnson for successfully launching her business and for supporting her husband as a Military spouse. Mrs. Pence also recognized our team at a reception held at the Armed Forces Reserve Center. She specifically talked about our small business resources powered by BSED in her speech. We are honored to showcase a local success story and to help inspire other Military spouses to get connected with our VBOC and SBDC and to learn more about launching their business idea.
- SBDC successfully completed a program audit.
- We Submitted the EDA Grant application.

#### **Team activity:**

- We served 43 new and existing companies with technical assistance, training, loan packaging, and consulting.
- The team participated in 5 community Board meetings/Committees/Events.

- We held another successful Women’s Business Uncorked where two women entrepreneurs inspired over 20 women with their story.
- We collaborated with our local Score chapter on ways we can better collaborate with this mentor group.
- The team conducted 3 outreach site visits to existing businesses in Billings.
- 14 diverse business owners attended our monthly “Pre-Biz” workshop.
- The team attended a two-day SBDC State-wide quarterly meeting for professional development.

#### **Ongoing projects:**

- The team is working on planning efforts for Rock31 startup weekend (coming in November)
- The team is working with Kaufmann Foundation on becoming a 1-Million (1M) cups chapter. We are 75% through this process. We are still building a team of volunteers.

#### **Community Development**

Internship—Alli Hert joined the Community Development team to develop the Space2Place website content, research opportunity zone funding, and create public awareness for Coulson Park. Alli travels from Colstrip to Billings for the internship and is completing her undergraduate degree at Dickson State. She will be with BSED through August.

Tax Abatements—We will be finalizing the Opportunity Bank tax abatement application in the coming weeks to present to both City Council and the Yellowstone County Commissioners.

Yellowstone Fuels Reduction Program—The Community Development Team worked in partnership with Yellowstone County to submit a BLM Grant to conduct fuels reduction assessments and activities within the Yellowstone County Wildland Urban Interface. The Grant request is for over \$100,000+ and we expect award announcement in July. We also received notice that in addition to the grant request, Yellowstone County was awarded over \$46,000 to be used towards fuels reduction and defensible practices within the wildland urban interface.

Brownfields Program—Patrick continues work providing Phase I and Phase II environmental site assessments to property owners. We currently have funds available for projects. Please direct property owners with projects within the East Billings Urban Renewal District and Downtown Billings in need of a brownfield assessment to contact Patrick.

Coulson Park—The Community Development Team and City Parks Department continues to work to market and promote public input for the Coulson Park Masterplan. The Team plans to schedule picnics in Coulson Park with elected officials, BSED and Parks Dept. Reps, and community stakeholders to provide updates on the Masterplan process and development of the park. Stay tuned for additional meetings and/or go to the Coulson Park website for more information <http://www.coulsonpark.com/>.

Lockwood TEDD—KLJ conducted the second workshop, per their contract, to outline short-term strategic priorities in the TEDD. The Advisory Board chose extension of utilities through the Johnson Lane interchange to Coulson Road and Improvements to the North Frontage Road as the two projects they would like KLJ to analyze, provide cost estimates, and research funding sources. We also are continuing discussions with the City to find a resolution that will allow for the extension of the Lockwood sewer district boundary to include the TEDD study area.

**Coal Country Coalition**—The Coalition recently met to discuss new developments including Talen’s recent announcement to close Colstrip Units 1 & 2 by the end of the year. Jim Atchison provided a summary of the Colstrip team’s experience at the Coal Reliant Communities’ Challenge they attended in early May. Senator Tom Richmond gave a recap of coal-related bills in the 2019 Legislative Session. Liz Ching updated the group on her work with the POWER grant. New member, Leslie Messer of Richland County Economic Development, attended and discussed the effects of Westmoreland Coal’s bankruptcy on its mine near Savage.

**Space2Place** –The eight projects awarded in April have until September 30 to complete their work. One project, Monica Hill’s Shiloh Pedestrian Tunnel mural, is complete and is very impressive.

**Fuego Fire Service Areas** – The Montana Coal Board awarded \$135,080 to Fuego Fire of Yellowstone County to assist with the funding of a fire station to house their fire equipment. The fire service area is location on Hwy 3 between Indian Cliffs subdivision and Acton.

### **BillingsWorks**

BillingsWorks Director, Karen Baumgart, attended the State Workforce Innovation Board (SWIB)’s annual Spring meeting in June in Lewistown. She learned about Montana’s rural economies as well as how to tap in to underutilized talent pools such as workers with disabilities. It was special to visit Lewistown as BSED and Ferguson County Port Authority created and maintain a collaborative partnership and our organization was praised for all its support in Lewistown creating it’s own workforce council. BillingsWorks also had a Steering Committee this past month where members discussed what the next phase of this program. The group, after being charged with being 15% braver, decided that it’s time for BillingsWorks to look toward building programs and services to support the hiring of untapped talent such as: veterans, those with disabilities, seniors and immigrants. Onward!

### **Organizational/Policy Matters**

1. **FY 2020 Work Plans and Goals**—Final Work Plans and Goals for FY 2020, including the Executive Director Focus for 2020, will be presented to the Executive Committee and Board at our July meetings for your consideration. The Board received a final draft of these plans at the June Board meeting. We will provide updated/clean copies of these meetings for your action. I will also provide the Executive Committee and Board with a separate updated Executive Director Work Plan and Focus for final review.
2. **Future Facilities Taskforce** – The U.S. EDA Grant Application has been submitted and we are currently awaiting review. They recently reached out to let us know the review date is set for July 11<sup>th</sup>. We anticipate knowing the outcome of the application by late August.

Negotiations with Granite Tower for a lease amendment are under way and should be finalized before July 1. An electronic vote was held on June 26<sup>th</sup> to authorize Staff to sign the lease amendment.

3. **FY 2020 Budget** –The did approved the final FY 202 budgets for EDA and EDC at our June meeting. On June 19<sup>th</sup> the Board Chairs and staff did present the EDA Budget to the Commissioners for their review as part of the mill levy setting process. The team did an outstanding job presenting the accomplishments for the organization, along with two testimonials to the impact our programs have every day on local businesses. The Commissioners will set the final EDA mill levy the first Tuesday in September. Following that meeting we will consider any

necessary adjustments to the EDA budget. These adjustments will be presented to the Board at our September 12<sup>th</sup> meeting.

**Respectfully submitted,  
July 3 and 11, 2019**

A handwritten signature in black ink, appearing to be 'SA', with a long horizontal stroke extending to the right.

**Steve Arveschoug  
Executive Director**





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# ATTACHMENT D

**Strategic Priorities (Role: Provide support as needed for project leaders)**

1. Strategic Placemaking Initiatives
  - a. TEDD—Project leaders: Dianne/Allison/Thom)
  - b. Downtown-Core Catalyst Projects (OBSD)—Project Leaders: Allison
  - c. Coulson Park—Project Leaders: Patrick/CD Team
2. Economic Diversity and Innovation
  - a. Rock31 entrepreneurial model execution—Project Leaders: Kevin/Dena
  - b. Regional economic partnerships (Coal Country Coalition)—Project Leaders: Thom/CD Team
3. Workforce Development—Project Leaders: Karen/Outreach Team

**Community/Partnership Engagement (Role: Provide leadership or support as designated)**

1. Member Investor and CEO Engagement—monthly MI connections (support Melanie)
2. **Key Partnerships Engagement (lead)**
  - MSU-B Chancellor/RMC President
  - SD2 Superintendent
  - Yellowstone County and City of Billings
  - Billings Chamber, DBP/Alliance, City of Laurel (includes service on Chamber Board and DBP Board)

**Organization Leadership/Duties (Role: Provide support or leadership as designated)**

1. **Work, Thrive, Live/ Staff Development** (lead/support)
2. **Leadership Development (lead)**
3. Future Facilities (support Becky)
4. Program Execution (support program leaders and managers)
5. **Sustainability Budget Analysis/Model** (lead/support with designated team)
6. **Board Engagement** (lead/support in partnership with Becky)

**Economic Development Leadership (Role: leadership)**

1. **Build the Next Generation of Economic Development Tools** (lead as part of my MEDA Board President role)
2. **Outreach and Preparation for Next Legislative Session** (406 Impact Districts) (in partnership with other Strategy Partners)