

EDA/EDC – Joint Board Meeting
Thursday, June 14, 2018
7:00 A.M. to 9:00 A.M.
Yellowstone Conference Room, First Floor Granite Tower
(Lite-Breakfast Provided at 7:00 A.M.)

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.—Breakfast with the Board

7:10 A.M. Call to Order/Pledge of Allegiance/Roll Call: Eric Simonsen, EDC Chair

7:12 A.M. Public Comment/Recognitions/Special Announcements and Introductions:

7:18 A.M. Changes to Today's Agenda

7:20 A.M. Consent Agenda

- Approval of May 10, 2018 Board Meeting Minutes (Attachment A) (EDA/EDC Action)
- April 2018 EDA and EDC Financials (Attachment B) (EDA/EDC Action)

7:25 A.M. FY 2019 Budget Hearing and Strategic Plan

- Review of Strategic Plan for FY 2019 and FY 2020—Steve (Plan Outline-Attachment C)
- Proposed Preliminary Budgets and Narrative—Steve/Jim (Attachment D or Handout)
- Review of Management Services Agreement—Jim (Handout)
- Board Q&A and Public Comment
- Board Consideration (Action: Strategic Plan, Budgets, Management Serv. Agreement) (EDA/EDC)

8:00 A.M. Program-Level Reports and Action Items

- Big Sky Finance (as needed)—Brandon
 - 504/RLF Loan Approvals (Handout) (EDC Action)
- One Big Sky District Dev. Plan Agreement Consideration—Allison/Steve (Attachment E) (EDA/EDC Action)
- BillingsWorks—CTE Investment—Melanie and Karen (Handout) (EDA/EDC Action)
- Future Facilities RFP Final DRAFT—Becky/Steve/Jennifer (Attachment F) (EDA/EDC Action)
- Update: EDC Board Member Special Election Vacancy—Becky/Steve (Info)

8:50 A.M. Executive Directors' Report—Steve

- Ex. Director Focus for FY 2019 (Attachment G) (Info)

8:55 A.M. Public Comment

9:00 A.M. Adjourn

Next EDA/EDC Board Meeting July 12, 2018. *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

ATTACHMENT A

EDA/EDC Joint Board Minutes
Thursday, May 10, 2018 – 7:00 AM – 9:00 AM
Northern Hotel, 2nd Floor, North Ballroom
(breakfast included – Hosted by Mike Nelson)

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: Cory Moore, Dana Pulis, Greg McDonald, Jennifer Smith, Ken Lutton, Paul Neutgens, Robin Rude, Sheri Nicholson, John Brewer (ex-officio), Robyn Driscoll (ex-officio), Shaun Brown (ex-officio), Terry Bouck (ex-officio)

EDA Board Members Absent: Chuck Tooley, Fred Sterhan, Mitch Goplen

EDC Board Members Present: Aaron Ramage, Andy Gott, Craig Bartholomew, David Ellis, David Trost, Debbie Singer, Duncan Peete, Eric Simonsen, John Ostlund, Jon Stepanek, Mac Fogelson, Mike Nelson, Mike Phillips, Mike Seppala, Molly Schwend, Scott Chesarek, Ty Elkin, Wayne Nelson

EDC Board Members Absent: Bob Wilmouth, Doug Hansen, Steve Loveless

Staff and Guests: Steve Arveschoug, Becky Rogers, Austin Trunkle, Melanie Schwarz, Dianne Lehm, Jim Tevlin, Brandon Berger, Karen Baumgart, Chris Kukulski, Jack Nickels, Colin Nygaard, Chris Dimock, Evelyn Pyburn, Rick Devore

Call to Order:

Jennifer Smith, EDA Chair, called the meeting to order at 7:10 AM with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements

None

Changes to Today's Agenda: None

Consent Agenda:

Approval of the April 12, 2018 Board Meeting Minutes & the March 2018 EDA/EDC Financials

Motion: Mike Nelson, to approve the April 2018 Board Meeting Minutes & the March 2018 EDA/EDC Financials, as presented to the Board.

Second: Sheri Nicholson

Discussion: None

Motion carried

Program-Level Action Items (as Needed)

Big Sky Finance Loan Approvals – Brandon

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.

Marketplace 3301 LLC – Request is for the purchase of an existing commercial real estate property for Marketplace 3301 LLC, located at 3301 1st Avenue N., Billings, MT. Marketplace 3301 has been leasing this space since 2010, and now have the opportunity to purchase the property. Marketplace 3301 is one of the largest antique malls in Montana. They have over 100 vendors inside the building who display and sell their products. Brice and Shelly Turk are the owners.

There are projected to be four new jobs created as a result of this project over the next two years. The project meets a Public Policy goal for a Woman Owned business. The total SBA debenture will be \$342,000 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 on the real property behind Western Security Bank.

Abstained: Mike Seppala

Motion: Wayne Nelson, to approve Marketplace 3301 LLC loan request, as presented to the Board

Second: Paul Neutgens

Discussion: None

Motion carried

Kelshir King Inc./SPENCER JO, LLC (Mountain Hot Tub) – Request is for the purchase of land and construction of a new building for Mountain Hot Tub, located in Bozeman, MT. This new building will consist of 10,000 s.f. of warehouse space and 5,000 s.f. of showroom and office space for the operations of Mountain Hot Tub. This will be a relocation and consolidation of five warehouses in the area. All Inventory and services in the Bozeman area will be under this one roof. The new facility will be located off Huffine Lane and Gooch Hill Road on the west edge of Bozeman towards Four Corners. Mountain Hot Tub sells hot tubs, swim spas, saunas and accessories with showrooms in Bozeman, Butte and Helena.

There are projected to be a minimum of 4 new jobs created as a result of this project over the next two years. The project meets an SBA Public Policy goal for a Veteran Owned business as well as Rural Development. The total SBA debenture will be \$2,170,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position behind Big Sky Western Bank located in Bozeman.

Abstained: Mike Seppala

Motion: Craig Bartholomew, to approve Kelshir King Inc./Spencer Jo, LLC (Mountain Hot Tub) loan request, as presented to the Board.

Second: Debbie Singer

Discussion: None

Motion carried

Draft Outline of Strategic Plan/Priorities – Becky

Becky reviewed the draft outline of Strategic Plan/Priorities. Given the feedback from the Board poll, staff input and the stakeholder survey, Steve drafted a Strategic Plan Outline for FY 2019-FY 2020. Outside of the execution of our core mission, three priorities emerged. One, workforce development was rated as a tremendous priority. We would give a renewed vision for the CTE partnership, Better Off in Billings campaign and strengthen our higher education impact in target sectors. Second was strategic placemaking with a continued focus on our current projects like Coulson Park Master Plan, the Trailhead Hospitality Corridor and the Lockwood TEDD. Emerging opportunities include the One Big Sky District Development Planning, Space2Place micro placemaking projects and entryway beautification. The third is creating Economic Diversity and Innovation. The Business-UP entrepreneurship support model would drive this strategic focus. As for organizational opportunities, we would execute our growth plan for Big Sky Finance, grow our Member Investor program, enact our Work, Thrive, Live initiative, find a future facility for BSED and Business-UP and continue efforts to build awareness of our programs. This is shared for informational purposes today but will be considered in conjunction with our budget in June.

Controller – Review of Proposed BY 2019 Budgets – Jim

Jim presented a preliminary budget for FY 2019. We will set the final budget in September when we will know the full value of the Mill Levy. For FY 2019, the preliminary budget projects that the Mill will increase by about \$31,000. This increase will be negated in near entirety as the projected tax protests will also increase. This budget takes into consideration a few staffing changes. The Big Sky Finance team will look to hire a full-time loan processor position to backfill an open loan officer position. Additionally, Mary Lou will transition to a part-time roll with some of her responsibilities being spread to other individuals within the Admin team. With respect to salaries, a 2.5% increase is budgeted for staff wages. This increase will be given to most individuals with a few receiving additional compensation due to expanded roles within the organization. The Board asked what our intent is with the interest income gained on the CD's that hold the GE proceeds. That interest income will be reinvested in the Opportunity Fund. A member of the Public asked that if we were to have shortcomings in the budget, would the operating reserves be easily accessible. The answer is yes but we would prefer not to use reserves for operational expenses. Steve wanted to mention that we were informed last week that additional federal dollars are available for our PTAC Program. This extra money could open the door to an additional PTAC team member in the future.

SBDC – Proposed Business Model for Entrepreneurship Space/Program – Steve/Dena

Steve presented information on the proposed Business-UP ("Biz-UP") Entrepreneurship Space in Dena's absence. Steve gave an overview of the process we've gone through over the past two years to research and learn about the gaps existing in our current entrepreneur ecosystem. The reason we've dedicated our resources to this important project is because we believe Biz-UP will promote economic diversity while supporting our entrepreneurs and, in turn, bolstering our local economy. We also see this as a way to elevate our Business Growth Services. Our partners on this initiative include Zoot, MSUB, RMC, and Elation.

Steve reviewed the program for Biz-UP. The program provides physical and virtual business incubation services and co-working space, which will provide the entrepreneur with the resources needed to network and optimize their business. Steve shared the elements of the programming, "Meet Up, Mentor Up and Biz-UP." Steve also reviewed a proforma that shows estimated utilization rates for each part of the program, the seed money needed to get the program started, as well as a profit and loss statement and cash flow statement for the first five years of the program. The program will need \$150,000 in seed money. BSED would like to raise the seed money for doing a 2 to 1 match using Opportunity Fund dollars. BSED would ask the community to raise \$50,000 and contribute \$100,000. Steve noted that no money from BSED will be spent until the community match threshold is met. Board Members raised questions concerning the continued need for Member Investor Dollars in the financial forecasts. Discussion was held about the possibility of Biz-UP graduates being able to give back to the program after graduation.

Speaking in support, Chris Dimock, Founder of Elation, reiterated why this is important to our community. Tech entrepreneurship, in particular, magnifies additional investments through high paying jobs, infrastructure contributions, and purchase of operating equipment. Expanding on Chris's sentiments, Chris Kukulski, from Zoot Enterprises, wanted to reaffirm Zoot's commitment to this project. He stated that they are of the opinion that companies who are grown here are more likely to stay here compared to those who have been recruited to our community.

Motion: David Trost, to approve moving forward with Biz-UP, as presented to the Board.

Second: Dana Pulis

Discussion: None

Motion carried

EDC Special Election Recommendation (MSUB Chancellor) – Becky

Becky gave an update from the Nominating Committee concerning a request to hold a special election to fill the open seat created by Dr. Larsen's departure from Billings. It is the Nominating Committee's recommendation that Dr. Dan Edelman, the new Chancellor of MSUB, be the only candidate nominated for approval by a majority vote of the Member Investors Companies. This nomination would be pending a confirmation from Dr. Edelman, who has held preliminary conversations about serving on the Board.

Motion: Ken Lutton, to approve the committee's recommendation that Dan Edelman be the only candidate to be nominated as the new Chancellor of MSUB, as presented to the Board.

Second: Debbie Singer

Discussion: None

Motion carried

Future Facilities Taskforce Update – Becky

Becky gave an update for the Future Facilities Taskforce. A drafted RFP is being worked on and will now include the space needs for housing the Biz-UP program. The next steps are for the Taskforce to review the RFP and then hopefully release it near the end of the month. The Taskforce will bring to the Board a recommended facility for consideration later this summer.

VBOC Notice of Award Execution – Steve

Steve told the Board that we have formally received the Notice of award for the VBOC in the amount of \$300,000. He is asking the Board to authorize him to execute the paperwork to finalize the acceptance of the award.

Motion: Robin Rude, to approve to authorize Steve to execute the paperwork to finalize the acceptance of the award, as presented to the Board.

Second: Sheri Nicholson

Discussion: None

Motion carried

Member Investor Program Recap and Strategy for 2019 - Melanie

Melanie was then up to detail her Member Investor strategy for FY 2019. Some of the new priorities include:

- Member Investor breakfasts/lunches go on the road
- Next phase in engaging our Member Investors in BSED social media
 - Success stories (blog, social, Take3)
 - Increased coverage of MI company events
- Full implementation on MI Management system (7/1/18)
- Continue to grow each MI with 3-5 key contacts
- Build Membership committee to 10 (combination of Board/MI)
- Member Investor marketing piece for Committee, Board and Staff to use when talking to colleagues or businesses about BSED, Time for Growth due to increased programmatic needs

Having been considered for a couple of years now, Melanie will raise the Gold Level Membership from \$1,000 to \$1,500. Eric Simonsen mentioned that perhaps we should consider a more modest up-tick in the membership and therefore not risk individuals balking at a renewal. Steve reminded the Board that Melanie must tread lightly when asking for contributions for a couple of reasons. One is to be mindful that we aren't drawing from the same well too often and exhausting resources. Secondly, it's important to remain sensitive that one of our closest partners is the Chamber of Commerce whose revenue is generated primarily from membership dues.

BillingsWorks Update – 2018 State of the Workforce Report – Findings and Strategies – Karen

Karen gave us a look at what to expect with the 2018 State of the Workforce report. Rather than pouring over the whole report, Karen shared some of the more meaningful data points that came out of the survey. For example, the overall confidence in the workforce remains around 44%. Meanwhile, the confidence in an employer's own workforce comes in around 77%. They conclude that means employers are confident in their current workforce but

less confident in the upcoming workforce. In response, BillingsWorks will increase efforts to connect upcoming workforce with our employers and try to get them to participate in experiential learning. Another metric that was evaluated this year was the gulf that emerges as retirees phase out and students graduate into the workforce. With about 4,200 retirements and 700 new job openings projected, this leaves the workforce 2,500 jobs adrift. Which leaves us to conclude it is good to row our own workforce and a need for Geo-Targeting efforts as part of the Better Off in Billings Campaign.

Parks Development Fund/Coulson Park Master Plan Update – Rick DeVore, Parks Board Chairman

Having visited our Board in October of 2017, Rick DeVore, Chair of the Parks Board, returned to give us an update. The Parks Board has, potentially, three funding mechanisms at their disposal. They will need all three in conjunction to carry out what they've envisioned for our community. Those mechanisms are Cash-in-lieu, Parks District 1 zones, and City Reserves. They will be asking the city to increase their PD1 zones from \$2 million to \$3 million to help cover the cost of routine maintenance. Additionally, they will ask for a \$1 million contribution from the City's reserve funds. The Parks Board makes this request full-well knowing that there will be many other agencies looking to secure funding via this avenue. They believe their amount requested is appropriate. Finally, if they are successful in securing these funds, a consideration will be made to put money towards a Coulson Park Master plan which is shy just \$10,000 of its goal.

Executive Directors' Report

As time was wearing thin, Steve gave an abbreviated Executive Director's Report. Most notably, the agenda reflected that there would be an OBSED Development Plan Agreement. This was not the case as certain details are still being fleshed-out by the Strategy Partners. This final document will be made available to our Board electronically and they will vote on the piece electronically as well. Steve forwarded reviewing his draft "Executive Director Focus for 2019" to next month. We will have another early Board Meeting next month as there will be a significantly full agenda. Steve will be leaving town tomorrow and will be out until the 21st. In his stead, Brandon has been appointed as Acting Executive Director.

Public Comment:

Melanie mentioned it is Economic Development Week and we are one of approximately 50 internationally accredited economic development authorities. IEDC is the accrediting institution.

Meeting adjourned: 9:18 am.

Next Meeting – June 14, 2018

Respectfully submitted,

Robin Rude, EDA Secretary/Treasurer

Mike Seppala, 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.



BIG SKY
ECONOMIC
DEVELOPMENT

ATTACHMENT B

Internal Memorandum

Date: May 31, 2018
To: Steve Arveschoug
From: Jim Tevlin
Subject: April 2018 BSEDA Financial Statements

I have attached income statements for the year-to-date periods ended April 30, 2018 and 2017 and balance sheets as of April 30, 2018 and 2017.

Balance Sheet Overview:

Working Capital (Adjusted)

Presented below is a year-over-year working capital analysis. Note that I have included only those accounts that have an impact on our near-term liquidity. Specifically, I have excluded those accounts that are restricted (e.g. Opportunity Fund) or are related to the GE/Zoot transactions (e.g. Stockman Reserve Funds).

	Apr 30 2018	Apr 30 2017
Current Assets	\$ 1,195,320	\$ 1,053,473
Current Liabilities	<u>116,042</u>	<u>137,798</u>
Working Capital	\$ 1,079,278	\$ 915,675

Certificates of Deposit

During February and March 2018, I invested \$5,900,000 of funds previously classified as Stockman Reserve Funds in certificates of deposit at nine Member-Investor banks.

Long Term TEDD Receivable

The Lockwood TEDD has agreed to reimburse (up to \$75,000) Big Sky EDA for expenses related to the development of the TEDD Master Plan. This receivable will be collected when the TEDD has accumulated tax increment funds.

American Airlines Revenue Guarantee

The American Airlines Revenue Guarantee represents Big Sky EDA's pledge to American Airlines to support the new Billings to Dallas service. These funds, held in

escrow with the Billings Chamber of Commerce, were formerly included as part of the Stockman Reserve Funds. During December 2017, the Chamber withdrew \$5,035 to cover American's revenue shortfall during the fourth quarter of 2017.

MSUB/RMC Contribution

These amounts record Big Sky EDA's pledge to MSUB and Rocky Mountain College for assistance in constructing their science facilities. Each college will receive \$100,000. During February 2018, Rocky Mountain College, received its \$100,000 pledge.

MSUB/RMC Challenge Matching

These amounts record Big Sky EDA's pledge to match private contributions to MSUB and Rocky Mountain College. MSUB's and RMC's private matching contributions were \$109,350 and \$50,000, respectively. During February 2018, Rocky Mountain College, received its \$150,000 pledge.

Statements of Operations Overview:

Big Sky EDA's operating results (excluding the GE/Zoot transactions and MSUB/RMC contributions) for the year-to-date period ending April 30, 2018 reflect operating income of \$213,576 compared to operating income of \$247,049 for the prior fiscal year.

Protested taxes for half of the fiscal year (\$42k) are slightly less than the annual budgeted amount (\$45.6k). Per discussion with County Finance, one of the refinery's expected protest amount is significantly more than the amount protested.

**Big Sky EDA
Balance Sheets**

	Apr 30, 2018	Apr 30, 2017
ASSETS		
Current Assets		
Cash & Cash Equivalents		
Opportunity Fund	\$ 58,823.49	\$ 578,084.88
Stockman Reserve Funds	-	49,552.60
Operating Cash	229,234.00	240,256.59
	<u>288,057.49</u>	<u>868,874.17</u>
Certificates of Deposit	5,900,000.00	-
Accounts Receivable		
Trade	19,552.89	17,980.28
Brownfields	1,912.29	41,222.16
VBOC	31,818.57	67,970.26
Department of Defense	188,877.00	94,495.00
Due From EDC	179,498.95	89,001.05
Mill Levy Receivable-Protested Taxes	180,447.88	110,565.71
Mill Levy Receivable	495,404.49	441,587.37
Allowance For Doubtful Accounts	(180,447.88)	(110,565.71)
	<u>915,082.19</u>	<u>752,256.12</u>
Prepaid Expenses	6,444.26	1,407.05
American Airlines Rev. Guarantee	19,985.08	25,000.00
Total Current Assets	7,129,529.02	1,644,537.34
Fixed Assets (net of depreciation)	-	8,603,540.28
Non-Current Assets		
Cabelas Conduit	4,976.18	5,002.54
Deferred Outflow of Resources	173,851.38	75,433.38
Long Term TEDD Receivable	75,000.00	-
GE Building Reserve	-	787,580.80
GE Escrow Account	-	83,387.00
	<u>253,827.56</u>	<u>931,383.62</u>
TOTAL ASSETS	<u>\$ 7,383,356.58</u>	<u>\$ 11,179,461.44</u>
LIABILITIES & NET ASSETS		
Current Liabilities		
Current Maturities of LTD	\$ -	\$ 508,070.50
Accounts Payable	117,882.53	137,830.38
Deferred Revenues	12,000.00	132,140.22
Accrued Expenses		
MSUB/RMC Contribution	100,000.00	-
MSUB/RMC Challenge Matching	109,300.00	-
Compensated Absences	128,972.75	100,427.43
Other	13,895.93	5,085.04
	<u>481,851.21</u>	<u>883,533.57</u>
Long Term Liabilities		
Deferred Inflow of Resources	2,035.97	58,938.97
Pension Liability	615,173.80	443,304.80
Long Term Debt	-	5,580,372.12
	<u>617,209.77</u>	<u>6,082,613.89</u>
Total Liabilities	1,098,880.98	6,946,147.46
Net Assets	6,284,495.59	4,233,313.98
TOTAL LIABILITIES & NET ASSETS	<u>\$ 7,383,356.57</u>	<u>\$ 11,179,461.44</u>

Big Sky EDA
Statements of Operations
For the Ten Months Ended April 30, 2018

**Note: Excludes GE/Zoot & MSUB/RMC
Contributions/Matching**

	2018	2017	Annual Budget
Income			
Department of Defense	\$ 424,614.00	\$ 472,371.00	\$ 569,018.00
Private BillingsWorks funding	12,500.00	18,750.00	20,000.00
EPA-Brownfields	26,363.90	104,262.27	-
VBOC Revenue	252,211.23	318,102.53	350,000.00
HUD Grant	-	19,701.14	-
EDA Reserve Funds	-	-	25,000.00
TEDD-CDBG	-	39,360.38	-
Grant Administration	6,343.16	4,970.21	6,844.00
EDC Reimbursement	366,809.39	308,082.23	576,514.81
Mill Levy Revenue	1,286,728.17	1,153,484.92	1,359,392.00
Miscellaneous Revenue	5,255.55	2,767.08	948.00
SBA/MT Dept of Commerce	102,103.09	94,185.74	112,685.00
Opportunity Fund	75,000.00	60,000.00	100,000.00
Health Levy Revenue	69,975.75	63,285.00	93,120.00
	2,660,454.92	2,659,600.09	3,213,519.81
Expense			
Advertising	460.14	7,550.52	60.00
Brownfields Expense	22,946.72	79,743.78	-
Business Incubation	31,047.24	-	30,000.00
BEAR	3,981.68	2,850.49	5,000.00
Community Development Projects & Planning	-	-	40,000.00
Protested Taxes	41,655.55	31,804.84	45,833.28
Intern/Contract Support	6,202.56	6,107.31	5,000.00
Sponsorships	12,379.33	12,163.00	6,600.00
Dues and Subscriptions	27,471.42	27,925.05	33,312.00
Employer Contributions	324,485.21	279,694.08	428,281.91
Insurance	15,004.43	12,596.00	14,106.00
Miscellaneous	36,443.70	28,690.75	29,180.00
Office Supplies	10,805.72	19,322.41	20,500.00
Office Equipment	4,383.45	-	6,500.00
Professional Fees	58,401.69	65,816.26	59,500.00
Professional Fees-TEDD Master Plan	82,500.00	-	75,000.00
Professional Fees-HUD	-	19,701.14	-
Marketing-Organizational	48,368.41	59,110.82	60,000.00
Opportunity Fund Project	-	60,000.00	25,000.00
PTAC Subcenter/Satellite	234,395.41	284,779.59	352,516.00
Business Recruitment	15,013.52	1,451.00	25,000.00
Rent	98,423.60	97,380.60	119,369.00
Repairs	1,332.86	2,471.43	3,200.00
Salaries/Wages	1,018,942.99	887,952.35	1,352,082.33
Telecommunication	26,384.25	24,817.53	25,340.00
Telephone-cell	-	-	4,560.00
TEDD Expense	-	41,004.01	3,000.00
Travel/Training	62,833.43	70,142.48	96,621.00
VBOC Expense	203,386.16	256,624.84	282,258.00
Workforce Development	47,000.00	29,671.50	47,000.00
Contingency	-	-	17,500.00
	2,446,878.58	2,412,551.45	3,210,099.52
Operating Income/(Loss)	213,576.34	247,048.64	3,420.29
Other Income/(Expense)			
Interest Income	2,804.10	1,488.51	3,000.00
	2,804.10	1,488.51	3,000.00
Net Income/(Loss)	\$ 216,380.44	\$ 248,537.15	\$ 6,420.29

Internal Memorandum

Date: May 31, 2018
To: Steve Arveschoug
From: Jim Tevlin
Subject: April 2018 Big Sky EDC Financial Statements

I have attached income statements for the year-to-date period ended April 30, 2018 and 2017 and balance sheets as of April 30, 2018 and 2017.

Note Big Sky EDC and Montana Community Finance Corporation (MCFC) merged on June 1, 2017. Note that Big Sky EDC acquired the funds in MCFC's Wells Fargo bank account and two certificates of deposit (\$75,115).

Balance Sheet Overview

Working Capital (Adjusted):

Presented below is a year-over-year working capital analysis. Note that I have included only those accounts that have an impact on near-term liquidity. Specifically, I have excluded those cash accounts that are restricted (e.g. SSBCI Cash) or designated (e.g. RLF Cash, Long-Term Reserve).

	Apr 30, 2018	Apr 30, 2017
Current Assets	\$ 571,216	\$ 167,739
Current Liabilities	<u>203,467</u>	<u>90,777</u>
Working Capital	\$ 367,749	\$ 76,962

From June 2012 through April 2015, Big Sky EDC received (and subsequently loaned out) \$2,298,513 from the Small Business Administration via the Montana Department of Commerce. This effort is known as the State Small Business Credit Initiative (SSBCI). Note that principal payments received under the SSBCI program were restricted to funding additional loans until April 2017 at which time all restrictions were removed

In September 2017, the Board approved the establishment of a \$100,000 long-term or "rainy day" reserve. Additionally, the Board approved a \$50,000 increase to EDC's short-term or operating reserve. Funding for these additions came from the SSBCI cash accounts referred to above.

Statements of Operations Overview:

Big Sky EDC's operating results for the year-to-date period ending April 30, 2018 reflects operating income of \$73,449 compared to an operating loss of \$63,104 for the prior year. The year-over-year increase is due primarily to increased SBA 504 servicing fees that are attributable to the merger with Montana Community Finance Corporation.

Big Sky Economic Development Corporation

Balance Sheets

	Apr 30 2018	Apr 30 2017
ASSETS		
Current Assets		
First Interstate Bank	\$ 528,005.30	\$ 152,689.25
Operating Reserve	150,000.00	-
Long-Term Reserve	100,000.00	-
Opportunity Fund	22,200.00	22,200.00
Revolving Loan Funds	190,165.21	205,623.80
SSBCI Unrestricted Funds	956,129.50	-
Certificates of Deposit	75,114.53	-
Miscellaneous Receivables	5,000.00	15,049.35
SSBCI Portfolio-Current	154,645.31	215,760.44
RLF Loan Portfolio-Current	72,389.57	57,411.23
	<u>2,253,649.42</u>	<u>668,734.07</u>
Other Assets		
Restricted Cash-SSBCI	-	1,030,178.03
SSBCI Portfolio	973,321.05	1,052,213.69
RLF Loan Portfolio	178,191.49	246,898.90
	<u></u>	<u></u>
TOTAL ASSETS	<u>\$ 3,405,161.96</u>	<u>\$ 2,998,024.69</u>
LIABILITIES & EQUITY		
Current Liabilities		
A/P & Accrued Expenses	\$ 23,970.31	\$ 1,976.13
Due to/Due From EDA	179,498.95	89,001.05
	<u>203,467.26</u>	<u>90,977.18</u>
Total Liabilities	203,467.26	90,977.18
Net Assets	3,201,694.70	2,907,047.51
	<u>3,201,694.70</u>	<u>2,907,047.51</u>
TOTAL LIABILITIES & EQUITY	<u>\$ 3,405,161.96</u>	<u>\$ 2,998,024.69</u>

Big Sky Economic Development Corporation
Statements of Operations (Unrestricted)
For the Ten Months Ending April 30,

	2018	2017	Annual Budget
Income			
RLF Business Interest	\$ 12,779.29	\$ 18,111.73	\$ 24,095.00
RLF Loan Fund Interest	685.59	511.19	500.00
RLF Origination Fee	-	850.00	-
Miscellaneous Revenue	4,496.30	5,444.18	7,327.71
Merger/Transition Reserve Funds	-	-	35,000.00
Member Investment/Event Support	121,504.79	165,262.48	248,500.00
Recovery of Bad Debt	9,964.59	3,000.00	3,600.00
SSBCI Interest Income	24,991.42	25,862.58	30,288.00
SBA 504 Origination Fees	49,025.38	43,015.01	167,325.00
SBA 504 Servicing Fees	443,284.46	207,913.20	530,378.00
	<u>666,731.82</u>	<u>469,970.37</u>	<u>1,047,013.71</u>
Expense			
Business Recruitment	34,431.18	40,440.88	66,000.00
MCFC Merger	-	2,432.60	35,000.00
Dues and Subscriptions	12,507.87	6,690.86	11,755.00
EDA Reimbursement	396,609.39	306,082.23	576,514.81
Insurance	11,002.00	9,990.00	10,772.00
GE Transition	-	1,704.77	-
Marketing	6,346.12	3,418.63	12,000.00
Membership Development	3,538.29	1,144.70	4,500.00
Miscellaneous	3,455.47	5,143.04	11,656.00
Office Supplies	2,236.63	385.68	8,000.00
Operating Reserve Contribution	-	-	25,000.00
Postage and Delivery	886.30	1,176.40	4,600.00
Professional Fees	33,219.80	20,390.00	27,500.00
Rent	24,187.34	1,875.80	33,480.00
Repairs	1,153.50	-	1,500.00
SSBCI-MBOI Fee	-	50,301.97	-
Event Expense	34,445.23	62,610.27	66,000.00
Workforce Development	9,338.34	-	15,000.00
Telephone-cell	3,917.23	2,600.00	8,235.00
Travel & Training	16,008.49	16,686.46	28,500.00
Contingency	-	-	25,904.43
	<u>593,283.18</u>	<u>533,074.29</u>	<u>971,917.24</u>
Operating Income/(Loss)	73,448.64	(63,103.92)	75,096.47
Other Expense			
Interest Expense	-	(2,634.54)	-
	<u>-</u>	<u>(2,634.54)</u>	<u>-</u>
Net Income/(Loss)	\$ 73,448.64	\$ (65,738.46)	\$ 75,096.47



BIG SKY
ECONOMIC
DEVELOPMENT

ATTACHMENT C

A. Execution of our Core Mission

1. Business Support Services
 - Small Business Development Center
 - Business Expansion And Retention (BEAR)
 - Procurement and Technical Assistance Center (PTAC)
 - Big Sky Finance
 - BillingsWork
 - Veteran Business Outreach Center (VBOC)
2. New Business Recruitment
3. Community Development
4. Member Investor Program and Business Outreach

B. Strategic Priorities**1. Workforce Development (via the BillingsWorks Partnership)**Continued Focus:

- CTE Partnership/Renewed Vision for the Career Center (Karen and Partnership)
- Talent Attraction (Better Off in Billings) (Karen, Chamber, other partners)
- Strengthening our higher education system's impact in healthcare, technology, the trades, and business related workforce (Karen, Steve)

2. Strategic Placemaking (Building Remarkable Community Investments)—Continued Focus:

- Coulson Park Master Plan/Corette Site (Dianne, CD Team, Steve)
- Trailhead Hospitality Corridor (HWY 87/Metra Park Corridor) (Dianne, CD Team)
- Lockwood TEDD (Dianne, Allison, CD Team)
- Urban renewal project support—EBRD, SSBURD, Laurel Urban Renewal Authority, and Downtown Urban Renewal (DBP) (Dianne, CD Team)
- Enhanced Air Service and Airport Terminal Redevelopment (Allison, Steve)
- Trails and parks development throughout the community, including Skyline Trail (HWY 3) (Dianne, CD Team)

Emerging Opportunities:

- One Big Sky District Development Planning (Steve, Allison, Strategy Partners)
- Space2Place Micro Placemaking Projects (Dianne and CD Team)
- Entryway Beautification Opportunities throughout the community (Dianne and CD Team)

3. Economic Diversity/Innovation

- *"Business-Up"* entrepreneurship support model with space and programming to drive new business creation and the success of our existing businesses (Dena, Steve, Founding Partners)
- *Maintain Coal County Coalition Regional Partnership* (Dianne, Steve, CD Team)

C. Organizational Opportunities

1. Execute growth plan for Big Sky Finance (Brandon, BSF Team, Melanie)
2. Grow Member Investor Program Impact/Relationships/Resources (Melanie, Steve, Board)
3. Work, Thrive, Live initiative for retention, recruitment, and engagement of the BSED team (Becky, Steve)
4. Future Facilities for BSED and *Business-Up* (Becky, Steve, Board)
5. Build Program Awareness (Melanie, BSED Team, and Board)
6. *Enhance Business Expansion and Retention Outreach* (Melanie, BEAR)



BIG SKY
ECONOMIC
DEVELOPMENT

ATTACHMENT D

FY 2019 Organizational Budget

Key Assumptions

EDA Revenue

- Full mill levy. 2.5% increase.
- 50% reimbursement from EDC for new Project Specialist position.
- \$100k Opportunity Fund investment for Biz-Up program.
- Increased federal reimbursement related to PTAC program.
- \$87k interest income earmarked to Opportunity Fund

EDA Expense

- 2.5% general placeholder for salary increases. \$25k earmarked for possible adjustments based on salary guidelines.
- Tax protests continue. 7% of mill levy.
- Key program funding:
 - Business Recruitment \$16k
 - Organizational Marketing \$63k
 - Workforce Development \$15k
 - Community Development projects \$50k

EDC Revenue

- \$300k Member-Investor revenue
- \$8.5 million SBA 504 loan fundings
- \$50k Biz-Up funding

EDC Expense

- Key program funding:
 - Business Recruitment \$81k
 - Workforce Development \$60k
 - Biz-Up \$50k

Key Challenges/Opportunities

1. Tax Protests

Tax protests reduce EDA's operating revenue by \$70k. Forces us to shift some programmatic expenses to EDC.

- \$9k Business Recruitment
- \$40k Workforce Development
- \$30k Program Specialist salary & benefits

2. **Providing adequate Funding to Strategic Priorities.**

--Workforce Development (\$75k in preliminary budget)

--Strategic Placemaking (\$61k in preliminary budget)

Coulson Park

Trailhead Hospitality Corridor

Lockwood TEDD

Enhanced Air Service

One Big Sky District

Space2Place

--Economic Diversity

Business-Up (\$100k Opportunity Fund investment)

3. **Increased Member-Investor Revenues**

FY19 EDC budget includes a \$32k increase in Member-Investor revenue.

4. **Securing New Office Space**

Location: Downtown

Adequate: Serves existing and expected growth needs

Cost Effective: Net occupancy costs near current levels

5. **Key Future Considerations**

The expected growth in mill levy over the next 5-10 years does not keep pace with inflation, primarily salaries and benefits. This likely requires a gradual shifting of expenses from EDA to EDC unless we develop additional EDA expenses.

Big Sky Economic Development Authority

Revenues & Expenses

	FY18 Estimate	FY18 Budget	FY19 Budget	(+/-)	
Income					
BSEDA Reserve	\$ -	\$ 25,000.00	\$ -	\$ (25,000.00)	↑ Increase reflects higher federal reimbursement rate.
Department of Defense	498,737.00	569,018.00	621,414.00	52,396.00	
EDC Reimbursement	497,762.39	576,514.82	600,799.20	24,284.38	
Grant Administration	6,343.16	6,844.00	17,650.00	10,806.00	
Health Levy	84,390.75	93,120.00	87,300.00	(5,820.00)	↑ EDA start-up funding for Business Up (BUP) program.
Mill Levy Revenue	1,359,392.00	1,359,392.02	1,390,560.00	31,167.98	
Miscellaneous Revenue	7,472.55	945.97	-	(945.97)	
Opportunity Fund Investment	-	-	100,000.00	100,000.00	
Private BillingsWorks Funding	20,000.00	20,000.00	-	(20,000.00)	↑ Private BillingsWorks funding recorded in EDC
SBA/MT Dept of Commerce	120,186.43	112,685.00	117,650.00	4,965.00	
SBDC Program Income	-	-	3,211.00	3,211.00	
VBOC Revenue	296,382.05	350,000.00	300,000.00	(50,000.00)	↑ SBA funding decreased as did reduced coverage area.
	-	-	-	-	
	2,992,030.23	3,113,519.81	3,238,584.20	125,064.39	
Expense					
Advertising	460.14	60.00	-	(60.00)	
BEAR/Advisory Council	5,000.00	5,000.00	-	(5,000.00)	
Business Recruitment	25,000.00	25,000.00	16,000.00	(9,000.00)	↑ Reflects program costs shifted to EDC
Contingency	-	17,500.00	17,500.00	-	
Dues and Subscriptions	35,030.22	33,312.00	42,262.00	8,950.00	
Employer Contributions	395,000.58	468,163.91	519,559.67	51,395.76	
Insurance	15,657.42	14,106.00	14,766.00	660.00	
Intern/Contract Support	5,163.60	15,000.00	15,000.00	-	
Marketing-Departmental	8,332.02	7,000.00	9,600.00	2,600.00	
Marketing-Organizational	60,000.00	60,000.00	62,750.00	2,750.00	
Miscellaneous	27,044.23	35,231.97	41,943.40	6,711.43	
Office Equipment	-	10,500.00	10,200.00	(300.00)	
Office Supplies	23,826.47	19,000.00	22,211.00	3,211.00	↑ Entre Technology expenses (Internet) reclassified to Telecommunication.
Professional Fees	159,337.16	81,500.00	59,017.00	(22,483.00)	
Business Incubation	30,000.00	30,000.00	-	(30,000.00)	
PTAC Satellite	74,903.99	100,619.00	89,845.00	(10,774.00)	
PTAC Subcenter	207,775.61	251,897.00	249,244.00	(2,653.00)	
Rent	117,282.12	127,289.02	111,632.00	(15,657.02)	
Salaries/Wages	1,234,569.93	1,482,062.34	1,626,813.10	144,750.76	↑ Reflects: -- Merit increases -- New Biz UP director -- New Project Specialist
Sponsorships	10,229.33	6,600.00	6,600.00	-	
Tax Protests	81,617.29	45,633.28	70,229.62	24,596.34	
TEDD Expense	-	3,000.00	5,000.00	2,000.00	
Telecommunication	30,332.35	29,900.00	45,600.00	15,700.00	
Telephone-Cell	-	1,044.00	960.00	(84.00)	↑ Reduced VBOC Travel
Travel/Training	94,082.49	145,986.00	124,621.00	(21,365.00)	
VBOC Expense	255,439.01	-	-	-	
Workforce Development	47,000.00	54,695.00	15,000.00	(39,695.00)	↑ Reflects program costs shifted to EDC
Community Development Projects	40,000.00	40,000.00	50,000.00	10,000.00	
One Big Sky District	-	-	5,000.00	5,000.00	
	-	-	-	-	
	2,983,083.96	3,110,099.52	3,231,353.78	121,254.26	
Operating Income	8,946.27	3,420.29	7,230.42	3,810.13	
Other Income					
Interest Income	2,808.61	3,000.00	87,477.23	84,477.23	↑ Interest on CD's. To be deposited in the Opportunity Fund
	\$ 11,754.88	\$ 6,420.29	\$ 94,707.65	\$ 88,287.36	

Big Sky Economic Development Corporation

Revenues & Expenses

	FY18 Estimate	FY18 Budget	FY19 Budget	(+/-)	
Income					
Member Investment	\$ 269,500.00	\$ 269,500.00	\$ 300,000.00	\$ 30,500.00	
Miscellaneous Revenue	6,801.26	7,327.71	13,000.00	5,672.29	
Private BillingsWorks Funding	-	-	20,000.00	20,000.00	
Recovery of Bad Debts	10,864.59	3,600.00	3,600.00	-	
RLF Business Interest	16,860.55	24,595.00	12,476.00	(12,119.00)	Projected loan funding decrease from \$13 million to \$8.5 million
SBA 504 Origination Fees	83,573.22	167,325.00	127,500.00	(39,825.00)	
SBA 504 Servicing Fees	531,265.93	530,378.00	531,600.00	1,222.00	
SSBCI Revenue	29,173.60	30,288.00	29,140.00	(1,148.00)	
Business UP Revenue	-	-	50,000.00	50,000.00	
	-	-	-	-	
	948,039.15	1,033,013.71	1,087,316.00	54,302.29	
Expense					
BEAR/Advisory Council	-	-	6,108.00	6,108.00	Reflects program costs shifted from EDA
Business Recruitment	66,000.00	66,000.00	81,000.00	15,000.00	
Contingency	-	25,904.42	10,000.00	(15,904.42)	
Dues and Subscriptions	14,845.80	14,255.00	15,593.00	1,338.00	Includes 50% reimbursement for Project Specialist
EDC Reimbursement	497,762.39	576,514.82	600,799.20	24,284.38	
EDC Reserve Contribution	25,000.00	25,000.00	-	(25,000.00)	
Insurance	11,002.00	10,772.00	11,000.00	228.00	
Marketing-Departmental	12,000.00	12,000.00	-	(12,000.00)	
Marketing-Organizational	11,000.00	11,000.00	11,000.00	-	
Membership Development	4,500.00	4,500.00	7,500.00	3,000.00	Increase primarily Biz Up and Business Outreach
Miscellaneous	20,286.80	20,256.00	36,418.00	16,162.00	
Office Equipment	-	8,000.00	-	(8,000.00)	
Office Supplies	2,014.68	-	2,056.00	2,056.00	
Organizational Event Expense	54,560.79	71,000.00	51,500.00	(19,500.00)	
Professional Fees	33,219.80	27,500.00	22,500.00	(5,000.00)	
Rent	28,550.18	33,480.00	36,320.00	2,840.00	
Sponsorships	-	-	2,000.00	2,000.00	
Telecommunication	5,317.17	8,235.00	4,980.00	(3,255.00)	Reflects program costs shifted from EDA
Travel/Training	31,589.68	28,500.00	28,500.00	-	
Workforce Development	15,000.00	15,000.00	59,695.00	44,695.00	
Business UP Expenses	-	-	50,000.00	50,000.00	
	-	-	-	-	
	834,732.16	957,917.24	1,036,969.20	79,051.96	
Operating Income/(Loss)	\$ 113,306.99	\$ 75,096.47	\$ 50,346.80	\$ (24,749.67)	



BIG SKY
ECONOMIC
DEVELOPMENT

ATTACHMENT E

DEVELOPMENT PLAN AGREEMENT

THIS DEVELOPMENT PLAN AGREEMENT (the “Contract”) is made as of July 1 ____, 2018, by and between the Big Sky Economic Development Corporation, a Montana nonprofit corporation (hereinafter referred to as “EDC”), and Landmark Development Services Company, LLC, a Wisconsin limited liability company (hereinafter referred to as “Developer”).

RECITALS

WHEREAS, the EDC, along with each of the City of Billings (the “City”), Downtown Billings Partnership, Inc. (“DBP”), Billings Economic Development Authority, Billings Chamber of Commerce, and Billings Tourism Business Improvement District (together with the EDC, the “Strategy Partners”), desires to advance an economic development strategy for a multi-anchor district in Billings, Montana, commonly referred to as the One Big Sky District as described in the Development Plan, defined below (the “Project”);

WHEREAS, the Developer previously completed, at its own cost and expense, the concept development plan that serves as the conceptual framework for the Project (the “Concept Development Plan”);

WHEREAS, the Developer and the Strategy Partners are working together to advance the strategic redevelopment of the Billings downtown core by identifying the private-investment and public infrastructure investment opportunities in the health-wellness district and lifestyle district as identified in the Concept Development Plan, with a mutually beneficial outcome;

WHEREAS, the next phase of work for the Project will include evolving the master plan, conceptual design and engineering plans for the Project, as well as establishing a preliminary plan of finance for the One Big Sky District (all of those matters, the “Development Plan”);

WHEREAS, because the Development Plan has significant potential to promote economic development resulting in major, positive economic and fiscal impacts for the region and the State of Montana, the EDC and the other Strategy Partners desire to work collaboratively with the Developer and contribute an amount not to exceed Six Hundred Seventy-Five Thousand and 00/100 Dollars (\$675,000.00) toward the Expenses (defined on Exhibit 1), but excluding direct personnel expenses of the Developer, to complete the Development Plan consistent with the Services as defined and more particularly described herein and in Exhibit 1 attached hereto; and

WHEREAS, once the Developer completes the Development Plan, it is the parties’ current intent to work toward a definitive plan and continue their public - private partnership by collaboratively advancing an immediate phase of a public – private development opportunity the Development Plan identifies as a catalyst project or projects that includes a public infrastructure component (each, a “Catalyst Project”).

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Basic Definitions.

1.1 “Services” are those activities and services to be undertaken by the Developer and any Subconsultants (as hereinafter defined) with respect to the development, design, market analysis and financial structuring of the Project as more particularly described in Exhibit 1 attached hereto.

1.2 “Work” comprises completion of the Services described herein, including, but not limited to, all labor, materials, expenses and equipment used or incorporated therein.

2. Services.

2.1 Services. Developer represents that it has the knowledge and experience to undertake the Services as set forth in this Contract. Developer will perform the Services in a manner consistent with the standard of care applicable to firms having experience with providing services for projects having similar scope, function, schedule, budget, quality and complexity as the Project. It is the intent of the EDC and the Developer that this Contract include all reasonable items necessary for proper execution and completion of the Work.

2.2 Coordination; EDC and Other Strategy Partners Responsibilities. The Developer is responsible to coordinate its Services and the Work with EDC and other Strategy Partners. The EDC will cooperate with the Developer and use its best efforts to cause the other Strategy Partners to cooperate with the Developer to: (i) complete primary market research in support of the real estate program planned for the Development Plan; (ii) work with the Developer to prepare an outline of a capital improvement plan and budget for civic infrastructure costs and investment phased over time to support the Project development; (iii) work with the Developer to prepare a plan and timeline for achieving project entitlements to be outlined in the Development Plan; (iv) evaluate opportunities to acquire sites that may be desired or necessary to implement the Development Plan (if required); (v) negotiate exclusively with the Developer for the development, construction and operation of the private sector components of a civic convention and events center in the One Big Sky District for the entire term of the Contract; (vi) negotiate exclusively with the Developer for the planning and development of an adjacent private sector hotel and mixed-use development for the entire term of the Contract as described in Exhibit 1; (vii) contract for and fund, or cause to be contracted for and funded by the Billings Chamber of Commerce, a separate convention center market and feasibility study to further inform the Development Plan; (viii) work with the Developer to facilitate the financial administration of the Services and Work with the EDC serving as fiscal liaison on behalf of the Strategy Partners for the completion of the Work under the Contract; (ix) facilitate support from the Governor’s Office of Economic Development, the Montana Department of Commerce, and other entities or individuals for State of Montana incentives programs; and (x) utilize the City’s current, relevant plans that relate directly to the Services. The exclusivity in subsections (v) and (vi) in this Section does not apply to the agreement Montdevco, LLC (“Montdevco”), has with DBP giving Montdevco the option to purchase real estate from DBP (the “Option”) or the transactions, discussions or events flowing from that sale if it occurs unless and until Developer exercises rights under the Option as assignee of Montdevco.

2.3 Delivery of Services. The Developer shall furnish to the EDC a complete list of any subconsultants or vendors the Developer intends to engage for purposes of providing or assisting with the Services described herein (together the “Subconsultants” or, individually, a “Subconsultant”). The Developer will use a competitive process to engage any Subconsultant, giving a preference for Subconsultants local to the Billings, Montana, area. Developer shall be responsible for the performance of, or failure in performance of, its personnel. The Subconsultant(s) will be responsible for the performance of, or failure in performance of, their respective portions of the Services. In each agreement the Developer signs with a Subconsultant for the Services, the Developer shall include a provision stating that EDC is a

third-party beneficiary may pursue the Subconsultant directly if the Subconsultant fails to perform its respective portion of the Services or otherwise breaches that agreement (a "Subconsultant Breach"). The Developer shall report to the EDC's Executive Director or the Executive Director's designee with respect to all matters related to the Services hereunder, and shall provide a status report in person not less than quarterly to the EDC and other Strategy Partners as facilitated by the EDC. The EDC will be responsible to work with the Developer to provide interim updates (monthly) to the Strategy Partners.

2.4 Additional Services. Other than those Services set forth in Exhibit 1, the Developer shall not be required to provide any additional Services (the "Additional Services").

2.5 Compliance. In all matters pertaining to this Contract and the Services, Developer shall comply with all federal, state and local laws, regulations, ordinances and other requirements applicable to Developer.

2.6 No Conflict. EDC represents on behalf of itself and the other Strategy Partners that, notwithstanding the Services performed and Work undertaken pursuant to this Contract, Developer and its owners and affiliates shall be eligible to submit a proposal to any of the Strategy Partners for future services related to the development or management of public or private development or infrastructure related to the Project. The Developer shall not be prohibited in any manner as a result of this Contract from pursuing development of a project(s) or professional services engagement(s) involving the One Big Sky District, including the convention and events center if such project should materialize.

3. Work Product; Rights of Use. The Work will be compiled in the form of the final Development Plan resulting from the Services. The Development Plan shall be provided to the EDC and other Strategy Partners for their use in advancing the projects identified therein. The Developer shall own all Work and the Development Plan and hereby grants the Strategy Partners a perpetual royalty-free license to use the Development Plan in pursuit of the Project. The information in the Development Plan will include analyses, projections and forecasts of market demand, planning, cost, financial, fiscal-economic and other data based on industry standard methodologies, industry data, and other relevant information provided by third parties deemed to be reliable. The programs and project development opportunities considered as part of the Development Plan necessarily involve known and unknown risks, uncertainties and other factors that may influence the outcomes discussed therein. The EDC and other Strategy Partners and any other parties reviewing the Development Plan should make their own investigations, projections and conclusions about the information contained therein. Review or use of the Development Plan by any party does not create any legal liability on the part of Developer, its affiliates, assignees or any other third party involved in the Work.

4. Expenses and Payment.

4.1 Expenses. In consideration for the Services rendered hereunder and delivery of the Development Plan, EDC shall pay for up to Six Hundred Seventy-Five Thousand and 00/100 Dollars (\$675,000.00) in Expenses as deemed by the Developer to be necessary in performing the Work. Payment for any Additional Services shall be agreed upon between the EDC and Developer at the time such Additional Services, if any, are authorized in writing by the EDC (with concurrence of the Strategy Partners). No such Expenses shall be used to reimburse the Developer for its direct personnel expenses in performing the Services, except as expressly provided in Exhibit 1 hereto.

4.2 Payment. Prior to the EDC making payments for Expenses, the Developer shall submit to the EDC itemized Applications for Payment in the format set forth by the EDC in Exhibit 2 of this Contract, supported by such data as the EDC may deem reasonably necessary to substantiate Developer's request. The Developer shall submit an Application for Payment only during the first ten (10) business days of any

month. Applications for Payment submitted at any other time during the month will be deemed to have been submitted as of the first day of the following month. EDC shall approve or reject Developer's invoice on or before the 15th day of the month. Such amounts as EDC may approve, consistent with the terms hereof, shall be payable not later than fifteen (15) days from the date upon which the Application for Payment is approved by the EDC.

5. Term and Termination.

5.1 Term. The term of this Contract shall commence on the date hereof and shall continue until the soonest of these events to occur: (1) the Developer completes the Development Plan; (2) a period of 210 days from the date in the introductory clause of this Agreement elapses; or (3) a party terminates this Contract as provided in the following Section of this Article. The Term of this Contract may be extended by mutual written consent of the parties.

5.2 Termination. The EDC or Developer may terminate this Contract, with or without cause, upon thirty (30) days' written notice, in which case, EDC shall pay Expenses pertaining to the Work completed to the date of termination.

6. Insurance and Limitation of Liability.

6.1 Requirements. The Developer shall be responsible to purchase and maintain insurance coverage with a provider with an A.M. Best rating of A-VII or better, for commercial general liability, professional liability, workers' compensation, and umbrella in forms and amounts in accordance with the insurance coverage set forth in Exhibit 3 of this Contract. A Certificate of Insurance evidencing such coverage is attached in Exhibit 3 of this Contract. The insured parties below (the "Insured Parties") shall be additional insureds under the Developer's commercial general liability and umbrella policies. The Developer shall cause its insurer(s) to provide the Insured Parties with not less than thirty (30) days' written notice of any cancellation, non-renewal, termination, or material modification to the insurance coverage required hereunder. Except with respect to professional liability insurance, the Developer shall cause its insurer(s) to agree to waive any rights of subrogation they may have against EDC. Failure of Developer to procure or maintain required insurance shall constitute a material breach of this Contract, upon which EDC may immediately terminate this Contract. The Insured Parties shall include the parties listed below and any affiliates related thereto, including their respective trustees, shareholders, members, directors, officers, partners, managers, agents and employees, successors and assigns:

Named Insured Parties:

Big Sky Economic Development Corporation
City of Billings
Downtown Billings Partnership, Inc.
Big Sky Economic Development Authority
Billings Chamber of Commerce
Billings Tourism Business Improvement District

Additionally, the Developer shall be responsible to require each Subconsultant to obtain and maintain commercial general liability, professional liability, workers' compensation, and umbrella in forms and amounts Developer deems appropriate to the Subconsultant's scope of work.

6.2 Limitations. The obligation of the Developer to pay any damages, liabilities, obligations, losses or expenses pursuant to this Contract or the Project shall not exceed the insurance required to be provided by or through the Developer hereunder and the insurance limits associated therewith. To the extent that the Developer has obtained insurance as set forth in Section 6.1 above, and such coverage does not fully cover

any damages, liabilities, obligations, losses or expenses, the Developer's liabilities shall not exceed Five Thousand and 00/100 Dollars (\$5,000.00), regardless of the cause or extent of such damages, liabilities, losses or expenses. The limitations in the first two sentences of this Section 6.2 do not apply to damages EDC suffers occasioned by a Subconsultant Breach if EDC directly pursues a Subconsultant for a Subconsultant Breach.

6.3. Limitation of Liability. Neither EDC nor the other Strategy Partners will be liable to the Developer for damages pertaining to lost profits or opportunities or indirect, special, incidental or consequential damages arising from or related to this Contract; provided, however, that this limitation does not apply in any way to EDC's and Strategy Partners' obligations to pay developers capital costs as provided in Exhibit 1 to this Contract

7. **Relationship.** All Services provided under this Contract by Developer shall be as an independent contractor of EDC, and nothing in this Contract, or in the parties' activities in connection therewith, shall be deemed to create any partnership, joint venture, employment or other agency relationship between Developer and EDC or any other Strategy Partner. Developer shall be responsible for payment of all taxes, fees, contributions, and withholding or other charges applicable by law to Developer's Services, personal property, and employees, and shall require, by contract, its Subconsultants to pay all of their respective taxes, fees, contributions, and withholding or other charges applicable by law to their respective portion(s) of the Services, and their personal property and employees.

8. Miscellaneous.

8.1 Notices. Any and all notices required or permitted hereunder shall be in writing and shall be delivered to the individual(s) designated below for the recipient thereof or for such individuals' attention during normal business hours to a receptionist or other person available to receive incoming deliveries at the address designated below for such recipient or sent to such recipient via facsimile or electronic mail to the facsimile number/e-mail addresses designated below for such recipient or by registered or certified mail, return receipt requested and postage prepaid, to the address designated below for such recipient:

EDC: Attn: Executive Director
222 N. 32nd, Ste. 200
Billings, Montana 59101
Facsimile: (406) 256-6877
Electronic Mail: SteveA@bigskyeda.org

Developer: Robert P. Dunn
10 W. Mifflin Street, Ste. 400
Madison, Wisconsin 53703
Facsimile: (608)274-7442
Electronic Mail: dunnb@hammescosports.com

Notices delivered as provided above shall be deemed given upon such delivery. Notices sent via facsimile or electronic mail as provided above shall be deemed given upon their successful transmission. Notices mailed as provided above shall be deemed given on the date of their deposit in the United States mail. Any party hereto may change the individual, facsimile number, e-mail address or street address to which notices thereto should be given hereunder by giving notice of such change to the other party hereto in accordance with the provisions of this Section.

8.2 Force Majeure. Neither party shall be liable or in default hereunder for any delay or failure to perform under this Contract to the extent that such delay or failure was attributable to flood, hurricane,

tornado, earthquake, storm or other acts of God; war, acts of a public enemy, insurrection, riot, vandalism or other civil or military action, terrorism, accident, fire, explosion or other casualty; nationalization, violence; seizure, embargos or other government actions or restrictions of that type; walk outs, failure of transportation, supply or utilities, strike or other work interruption or any other similar causes beyond the reasonable control of such party.

8.3 Further Assurance. Each of the parties hereby agrees to execute and deliver such documents and to take such other actions at any time and from time to time hereafter as may be reasonably requested by the other party to carry out the provisions or purposes of this Contract.

8.4 Successors. This Contract shall be binding upon, and inure to the benefit of, the parties and their respective successors and assigns. No party may assign any of such party's rights or obligations under this Contract without the prior written consent of the other party hereto. This Contract shall not confer any rights or remedies upon any third-party beneficiary or other person other than the parties, except to the Strategy Partners as specifically provided herein.

8.5 Severability. In the event that any provision of this Contract is ever finally determined to be wholly or partially illegal, invalid or unenforceable, either in all jurisdictions and circumstances or in particular jurisdictions or circumstances, such provision shall be deemed severed herefrom in those jurisdictions and circumstances as to which it is so determined to be wholly illegal, invalid or unenforceable and shall be deemed limited to the extent required in those jurisdictions and circumstances as to which it is so determined to be partially illegal, invalid or unenforceable, and such severance or limitation shall not affect the legality, validity or enforceability of any of the other provisions hereof or of such provision to the extent not so severed or limited.

8.6 Governing Law. This Contract shall be governed by, and construed and enforced in accordance with, the laws of the State of Montana.

8.7 Interpretation. The headings in this Contract are intended for convenience only, and shall not affect the meaning or interpretation hereof. In interpreting this Contract, whenever the context so permits, (a) the singular shall include the plural and the plural shall include the singular, (b) any gender shall include all genders and (c) the term "including" shall mean "including, without limitation." Reference to any federal or state statute shall be deemed to refer to all rules and regulations promulgated thereunder unless the context otherwise requires and shall be deemed to incorporate amendments thereto except to the extent that taking such amendments into account would defeat the purposes of this Contract. Any exhibit, schedule or other document referred to herein is incorporated in this Contract and made a part hereof. This Contract was drafted jointly by the parties, and no rule of construction or other presumption shall arise by reason of authorship of any of the provisions hereof.

8.8 Execution. This Contract may be executed in counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Transmission of a copy of a signature page of this Contract purporting to be signed by a party from the recipient email address of such party hereunder to the recipient email address of another party shall be treated by both parties as the equivalent of physical delivery by such party to such other party of a complete original of this agreement executed by such party.

8.9 Announcements. No party shall, directly or indirectly, issue any press release or make any public announcements relating to the subject matter of this Contract at any time during the term of this Contract without the prior written consent or approval of all of the other parties, except as may be required by law. The Developer shall be allowed to use the name or marks or refer to the Project in any marketing, advertising and publicity related to this Project or the Developer's normal and ordinary business pursuits.

The EDC (together with the other Strategy Partners) shall have the right to provide appropriate information during public-information sessions throughout the planning process, with such appropriate information being determined by the parties in advance of such sessions. Nothing in this provision is intended to impede or prevent EDC or the other Strategy Partners from complying with their respective obligations, if any, relating to laws pertaining to open meetings or public documents.

8.10 Amendment. This Contract may be amended by, and only by, a written instrument signed by both parties. No failure or delay on the part of either party in the exercise or enforcement of any of its rights under any provision hereof shall be deemed to constitute a waiver or other relinquishment of any of such rights or of such provision in the absence of a written waiver signed by such party. Any such written waiver shall be effective only with respect to the specific matters covered thereby and shall not affect the parties' respective rights and obligations with respect to other or future items.

8.11 Integration. This Contract constitutes the entire agreement of the parties with respect to the subject matter hereof, and supersedes any and all oral, written or other negotiations, warranties, representations, agreements or other understandings in regard thereto.

8.12 Survival. The provisions of this Contract with these descriptive headings will survive the termination or expiration of the term of this Contract: Compliance, No Conflict, Work Product; Rights of Use, Expenses, Payment, Insurance (including Limitations), Relationship, and Developer's Capital Costs in Exhibit 1.

[SIGNATURE PAGE FOLLOWS]

THIS DEVELOPMENT PLAN AGREEMENT is made and entered into as of the day and year first written above.

EDC:

**BIG SKY ECONOMIC DEVELOPMENT
CORPORATION**

By: _____

Title: _____

Date: _____

DEVELOPER:

**LANDMARK DEVELOPMENT SERVICES
COMPANY, LLC**

Robert P. Dunn

By: _____

Title: Managing Member

Date: _____

By signing below, the Strategy Partners: (1) acknowledge they approve this Contract pursuant to Section 1 of the Memorandum of Understanding between them; (2) agree they are obligated to EDC to perform the matters in this Contract (i) that EDC agreed to cause the Strategy Partners to perform, and (ii) that otherwise require or necessitate any of their participation, cooperation or collaboration; and (3) the Developer may enforce the payment and performance obligations of this Contract against each Strategy Partner in the same manner and to the fullest extent of the law as if each Strategy Partner were a party hereto.

City of Billings

By: _____
Name: _____
Title: _____

Big Sky Economic Development Authority

By: _____
Name: _____
Title: _____

Billings Tourism Business Improvement District

By: _____
Name: _____
Title: _____

Downtown Billings Partnership, Inc.

By: _____
Name: _____
Title: _____

Billings Chamber of Commerce

By: _____
Name: _____
Title: _____

EXHIBIT 1

SERVICES

The “Services” to be provided by the Developer are described in this Exhibit 1 to the Development Plan Agreement.

The Developer, with the support of the EDC and other Strategy Partners, will organize the planning process and prepare the Work to include the following:

- Undertake efforts to prepare a Development Plan based upon the Concept Development Plan to address historic challenges faced by the City of Billings related to “place” that make urban redevelopment, workforce recruitment and driving visitation difficult, including development that is not always coordinated, underutilized or underdeveloped civic amenities, a transportation network that should be further refined, and an evolving community vision that needs to be aligned with a broader economic development strategy, responding to the stated needs and priorities of the growing, vibrant community.
- Prepare conceptual plans and a preliminary finance plan for an immediate phase of development to be the first anchoring project(s) in the One Big Sky District to include mixed-use program consisting of possible program elements such as: commercial office, residential, retail, hotel and other civic uses, including a convention and events center.
- Work in partnership with the EDC and the other Strategy Partners to incorporate the elements of proposed civic infrastructure into the Development Plan that may include a new convention and events center and other related civic elements.

Specifically, the Developer will undertake Services to produce the Work listed below, which will be presented as a Development Plan to the EDC and other Strategy Partners:

I. Concept Master Plan

- Concept Master Plan for the One Big Sky District
- Preliminary Master Planning Design Guidelines
- Evaluation of City Planning Guidelines and Planning Considerations
- Outline of Current City Infrastructure and Capacity Analysis
- Preliminary Civil Engineering Analysis Based on Proposed Capacities to Support Planned Development
- Conceptual Civic Infrastructure Plan
 - Assessment of City Sewer Improvement Plans
 - Assessment of City Water Quality Plans
 - Assessment of Other City Infrastructure
 - Preliminary Site Access, Circulation and Parking Plan
- Preliminary Transportation and Parking Analysis for the District Based on City Analysis
 - Preliminary Parking Plan and Transit Modeling
- Conceptual Design Documents
 - Outline of Mixed-Use Program for the District
 - Conceptual Design Studies
 - Project Program Development
 - Determine Site Massing and Density Limitations
 - Assessment of Zoning and Entitlement Restrictions
 - Other Site Parameters
 - Site Massing Models

- Thematic Design
- Conceptual Design and Master Plan Documents for Cost Model for Major Program Elements
 - Conceptual Master Plan
 - Architectural Design Concepts
 - Civil Engineering Plans (Preliminary)
 - Transportation / Circulation Plans (Preliminary)
 - Structural (Preliminary)
 - MEP (Preliminary)

II. Preliminary Finance Plan

- Financing Structure
 - Financing Overview
 - Revenue and Expense Recognition
 - Outline Public Finance and City Infrastructure Requirements
- Preliminary Plan of Finance
 - Sources and Uses of Funds
 - Financial Model(s)
 - Pricing / Sponsorship Analysis and Market Research
 - Market Research of Revenue Assumptions
 - Market Assessment of Expense Assumptions
 - Term Sheet(s)
 - Outline of Possible Equity Sources
 - Outline of Capital Structures (Debt)
- Outline of Public Finance Structures and Alternatives
- Financing Schedule
- Preliminary Detailed Master Project Budget

III. Legal / Definitive Deal Structure

- Public Finance Term Sheets (As Required)
- Outline of Project Development Agreements

IV. Market Research

- Market Research (Primary and Secondary)
 - Economic Impact Analysis
 - Fiscal Impact Analysis
 - Target Market Surveys
 - Market Assessment of Primary Program Elements
 - Market Assessment of Sponsorship Programs
 - Market Evaluation and Measurement of Location

V. Development Management / Administration

- Develop Scope of Services
- Primary Professional Services Agreements (e.g., Design Services Agreement, Consulting Services Agreement)
- Engage and Manage the Project Team
- Project Communications and Coordination Procedures
- Document Control and Distribution
- Accounting and Cost Control
- Community Relations Interface
- Complete Site Logistics Plan

- Outline of Public and Regulatory Approvals
 - Outline EIR Status / Addendum
 - Outline Zoning Approvals
 - Outline Other Public Approvals
- Undertake to Obtain Public Approvals (As Required)
- Preliminary Master Project Schedule
- Consolidated Schedule / Phasing
- Preparation of the Work to Include Key Deliverables
 - Outline of the Development Plan
 - Development Plan

Payment of Expenses:

EDC shall pay certain Expenses directly to the Subconsultants and pay the Developer directly for certain reimbursable Expenses, as set forth in the Expenses section below, which the Developer submits to the EDC as itemized Applications for Payment in the format set forth in Exhibit 2 of this Contract. Other than the Expenses, the Developer is responsible for all costs and expenses necessary for it to perform the Services and complete the Work, including its direct personnel expenses (“DPE”) in performing the Services and completing the Work set forth above, except as provided below.

Expenses:

Expenses shall include all expenses associated with the Developer’s completion of the Work, other than the Developer’s DPE, incurred by the Developer in the interest of the Development Plan (the “Expenses”), including:

- Costs of Subconsultants, as approved by the EDC or required to complete the Work; and
- Costs of the Work when contracts are held by the Developer; and
- Travel and reasonable subsistence expenses (e.g., living expenses, mileage and per diems) for travel to make quarterly status reports as required by Section 2.3 of the Contract and other travel expressly requested by the EDC to conduct Project meetings, but not for travel and subsistence expenses the Developer otherwise incurs in relation to performing the Services or Work; and
- Expenses of postage, handling and express delivery; and
- Costs of printing and reproductions associated with the Work; and
- Other expenses agreed to in writing and in advance by and between the EDC and the Developer.

Expenses will be billed at 1.0 times direct cost and will not exceed a total of Six Hundred Seventy-Five Thousand and 00/100 Dollars (\$675,000.00) (“Strategy Partners’ Capital Costs”). EDA will make the reimbursement for the travel and subsistence Expenses under the third bullet point above in this Expenses section from the portion of the \$675,000 comprising private sector contributions.

Developer’s Capital Costs:

To complete the Development Plan, the Developer reasonably expects to incur DPE and other expenses, which are not a part of the Strategy Partners’ Capital Costs, of One Million Three Hundred Forty Thousand and 00/100 Dollars (\$1,340,000.00) (the “Developer’s Capital Costs”). The Developer’s Capital Costs are not payable: (1) if one or more Catalyst Projects does not move forward consistent with the Development Plan within five (5) years of the end of the term of this Contract; or (2) if the Developer is contracted to Develop a Catalyst Project (where “Develop” means to undertake a substantial, material and significant portion of the additional services necessary to create the definitive building program, determine the design, assemble land, secure approvals, and finance such Catalyst Project and cause it to be constructed and to manage or transfer such project). The Developer’s Capital Costs will be payable to the Developer if one or more Catalyst Projects moves forward and the Developer is not contracted to Develop one of them; in which event EDC will cause the Strategy Partners responsible for obtaining the financing for such Catalyst project to pay the Developer’s Capital Costs from that financing, consistent with the categories described in Exhibit 4 up to an aggregate maximum amount of \$1,340,000.00, payable within 30 days of closing of

the financing for such Catalyst Project. Interest will not accrue on the Developer's Capital Costs. Nothing herein precludes either the Developer's Capital Costs or Strategy Partners' Capital Costs from being financed by any long-term construction financing or from any equity secured for Catalyst Project(s), or from being contributed to a Catalyst Project as equity, upon mutual agreement of the parties.

Work Plan:

The anticipated period for the Developer to complete the Work under this Contract and deliver the final Development Plan to the EDC is from July 2018 to January 2019, with the following schedule of Project milestones / deliverables:

- Outline of Development Plan – Completed by October 2018
The Outline of Development Plan will include a PowerPoint level presentation document that provides an overview of the key elements of the Work and major issues / considerations / decisions for consideration by the Strategy Partners
- Draft Development Plan for Review – Completed by December 2018
The Draft Development Plan will include a written report that addresses all aspects of the Work as described in this Contract
- Development Plan – Completed by January 2019

The Contract term and schedule may be extended by mutual written agreement of both parties.

Private Sector Components:

The anchoring project described in Section 2 of the Agreement has two primary components. Regarding the civic convention and events center component, no determination or recommendation has been made about which parts of that component will comprise private sector efforts, if any, and which will comprise public sector efforts, if any. The adjacent hotel and mixed-use development component will comprise a private sector effort and as part of that effort, EDC shall: (1) work in conjunction with Big Sky Economic Development Authority ("EDA") and the DBA to structure and facilitate land assemblage opportunities for the Developer; (2) assist and coordinate with the Developer if the Developer applies for funds available under these State of Montana programs (i) Big Sky Economic Development Trust Fund, (ii) Workforce Training Grant, (iii) Montana Infrastructure Tax Credits, (iv) Montana Board of Investment Participation Loan; (3) assist and coordinate with the Developer in obtaining other available local, state, or federal sponsored economic development incentive programs or grants that may benefit the development of the Private Sector Components; and (4) assist and coordinate with the Developer in pursuing property tax abatement opportunities. EDC will use its best efforts, diligently pursue, and act in good faith in undertaking its obligations under this paragraph.

EXHIBIT 2

APPLICATION FOR PAYMENT

The Developer's Application for Payment is included herein as Exhibit 2.

NOTE: The Developer will prepare a single consolidated application for payment of Expenses which includes all the payments due to Subconsultants and reimbursable Expenses from which EDC will make payment and certify that it is doing so each month

EXHIBIT 3

INSURANCE

Developer Insurance Coverages:

Commercial General Liability

General Aggregate \$2,000,000

Products/ Completed Operations Aggregate \$2,000,000

Each Occurrence \$2,000,000

Automobile Liability

Combined Single Limit \$1,000,000

Worker's Compensation

Statutory

Employer's Liability

Each Accident \$1,000,000

Disease - Policy Limit \$1,000,000

Disease - Each Employee \$1,000,000

Professional Liability

Each Occurrence \$2,000,000

EXHIBIT 4

CATEGORIES OF DEVELOPER'S CAPITAL COSTS

Category of Cost	Estimated Cost
Development planning / management	\$ 256,700.00
Preparation of master project budgets / schedules	93,400.00
Capital structuring / financial modeling	198,500.00
Market research & analysis	162,500.00
Site planning & evaluation	51,650.00
Design management and administration	175,000.00
Report production / design / narrative	182,250.00
Legal / deal structuring & drafting	155,000.00
Related capital expenses	65,000.00
TOTAL NOT TO EXCEED	\$ 1,340,000.00



BIG SKY
ECONOMIC
DEVELOPMENT

ATTACHMENT F

Request for Proposals Big Sky Economic Development Office Space Lease or Purchase

NOTICE IS HEREBY GIVEN that the Board of Big Sky Economic Development (BSED) is currently requesting proposals from qualified firms for a lease, a lease to own agreement, a sale of an existing building, sale of land plus build to suit or a sale of a condominium of a minimum of **14,000** square feet **16,000** square feet.

Big Sky Economic Development is an organization that hosts seven programs that focus on the growth and development of businesses, the recruitment of new business, and the development of our region's vibrant economy. Office space is needed to house the current BSED Programs, conference space, plus a new endeavor (Business-UP) that involves coworking space and an open floorplan.

Budget range is \$2.5 million - \$3.5 million for an all-in purchase and renovations. Budget range for rent is approximately \$150,000 a year, including utilities and maintenance.

All interested firms should submit one (1) proposal electronically and mail or deliver one (1) original plus six (6) copies of their proposal to Big Sky Economic Development, 222 North 32nd Street, Suite 200, Billings Montana, 59101, Attention: Becky Rogers. Proposals must be received no later than 5:00pm, X/X/2018. Submittals delivered after the RFP closing date will not be considered.

Proposal and Supplemental Material Requirements are as follows:

1. Proposals are not to exceed a **10**-page limit, not including **5** pages of supplemental material for a total of 15 pages.
2. Current or proposed floor plan layout need to be labeled with room dimensions.
3. Exterior photo of main entrance, suite entrance, if applicable, street view or a rendering or illustration if proposing new construction.
4. Detailed description of parking capacity, including the cost per space and whether the space is open, covered or a combination thereof. Include a photo or illustration of parking accommodations.
5. Photos of private office space, reception area, and conference rooms.
6. Lease proposals must be expressed in cost per sq/ft with yearly escalation calculations and lease term included.
7. Include average annual utility cost for water, gas and electric (listed individually) from the last full-year tenant. May give an estimate if no previous tenant information is available or if quoting a full-service lease.
8. Condominium proposals must include if janitorial, maintenance, snow removal, yard care, security, capital improvement or any other costs are additional to the condo fees.
9. Condominium proposals will be quoted with total square footage finished, unfinished, and total purchase price. Also include any condominium fees itemized out.
10. Provide a detailed description of security features, systems and accessibility.
11. If proposed space requires a renovation to accommodate spatial needs, please provide a projected floor plan illustration.
12. **Broadband requirements include aggregated service with a minimum of XXX Mbs upload and XXX Gbps download capacity.**

Proposals are subject, but not limited to, the following criteria:

1. Minimum of 14,000 sq/ft and maximum of 16,000 sq/ft
2. Preference is to be located in the Central Business District (see attached) but will consider proposals in the general vicinity.
3. Total square footage can include more than a single floor(s), however the floors must be adjacent to each other. Total Business-UP space must reside on one floor. Strong preference for total square footage occupying one floor.
4. If proposing a purchase, the proposed price will be considered the total price. **BSED will require a certified appraisal before purchase**
5. Proposed office space needs include the following:
 - a. Big Sky Economic Development Office Space
 - One (1) large conference room approximately 1,600-2,000sq/ft that can preferably also be partitioned off into two to three (2-3) individual conference spaces.
 - One (1) medium conference/training room approximately 375 sq/ft.
 - Three (3) small private collaboration rooms approximately 120 sq/ft each
 - At least sixteen (16) private hard wall offices approximately 144-224 sq/ft each
 - Open office space approximately 500-600 sq/ft to house approximately eight (8) workstations. Could be housed as additional hard wall offices if available.
 - Support Spaces listed below could be combined into one or more multi-use space.
Support space includes:
 - o One (1) break room/kitchen approximately 225 sq/ft total
 - o One (1) copy/print room approximately 150 sq/ft total
 - o One (1) mechanical room approximately 112 sq/ft total
 - o One (1) IT room approximately 100 sq/ft total
 - o One (1) janitor closet approximately (if applicable) approximately 48 sq/ft total
 - o Storage space approximately 275 sq/ft total. Could be split into more than one space.
 - Restrooms facilities consisting of 3 stalls for women and 2 stalls + urinals for men approximately 600 sq/ft total and will be shared with Business-UP space (ADA accessibility)
 - b. Business-UP Office Space
 - One (1) administrative office approximately 150 sq/ft
 - Ten (10) hard wall offices approximately 120 sq/ft each
 - Open flexible work space approximately 2200 sq/ft total
 - Four (4) small enclosed workspaces for making private calls approximately 20 sq/ft each
 - Kitchen/Coffee bar approximately 200 sq/ft total
 - Storage space approximately 300 sq/ft total
 - Restroom space is assumed to be part of common area space or shared with BSED
6. Office quality must exceed or be at least comparable to current BSED space. (Walk-throughs available upon request.)
7. Occupancy no later than 06/20/2019
8. The building and office space must be available to authorized employees 24 hours a day, seven days a week. Additionally, the space must have controlled entry and functioning security system.
9. Parking needs include accommodating up to 100 spaces and must include a guaranteed number of parking spaces available to be reserved to Big Sky Economic Development.
10. Ability to prominently display signage on the exterior and interior of the premises.

11. Proposed space has both air conditioning and heating thermostatically controlled by zones in an area not to exceed 1000sq/ft.

Alternatives:

1. Proposals may include reasonable alternatives to the criteria above. Alternative proposals will be considered on a case by case basis.
2. Will potentially consider square footage beyond 16,000 sq/ft if such addition would accommodate co-location with similar resource partners or if space could be left unfinished for potential growth in the future.
3. Will potentially entertain proposals of partnering with entities on facility costs in order to support the economic development mission of our organization.

Additional preferences are as follows:

1. Space provides ample natural light
2. Office layout is flexible that may be adapted to accommodate multiple uses or turn into additional workspace
3. Location is visible and easy to locate and access
4. Location is close to other amenities such as coffee shops, restaurants, and business services
5. Location on the ground floor or has street view exposure
6. Location has covered parking within proximity to the facility's main entrance

Timeline:

All participants must attend a mandatory meeting on X/X/2018 held at Big Sky Economic Development, 222 N. 32nd Street, Suite 200, in the Yellowstone Conference Room.

Proposals must be received no later than 5:00pm, X/X/2018

All proposals must make themselves available for a site visit during the weeks of _____ and _____.

Within 60 days of the due date, finalists will be presented to the BSED Board of Directors for further consideration.

Disclaimers:

The Board of Big Sky Economic Development reserves the right to reject any or all proposals received, to waive informalities to evaluate the proposals submitted, to take submitted proposals and further explore opportunities, and to accept the proposal which best services the interests of BSED's Mission.



BIG SKY
ECONOMIC
DEVELOPMENT

ATTACHMENT G



June 2018

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

Strategic Priorities

1. Strengthen Opportunities for Business Expansion and Economic Diversity

Foster Development of Planned, Ready-to-Go Industrial Space — Work on the TEDD is now going through the Lockwood TEDD Advisory Board, as appointed by the County Commissioners. See the TEDD update as a part of the Community Development section of this report.

"GE to Zoot Project" — We're still working on the final reconciliation O&M and property tax costs with GE for 2017. In addition, we have now settled our share of the obligations for the Conrad Road improvements. That totaled about \$90,000, which was just under our \$100,000 commitment in the Buy-Sale Agreement with Zoot.

Opportunities for Building Economic Diversity—

- a) Business Up—A Model for Great Entrepreneurship and Business Growth Services — With the Board's approval at our May Board meeting, and the Opportunity Fund Committee's concurrence at their May 25th, work now begins on securing 3-year commitments from a handful of "founding partners." The goal is to raise \$50,000 per year through these Business-Up Founding Partners. We're hopeful to do that in the next 30 to 45 days, then we'll begin the process of finding our Business-Up Program Manager. More details to follow.
- b) Coal Country Coalition—No update to provide at this time specific to the Coalition. As a side note, the Montana Energy Summit is going on in Billings as I write this report. I did take the opportunity to attend some of the sessions and hear key-note address from energy leaders and policy makers. I also had the opportunity to meet with the CEO of TransCanada (sponsors of the Keystone XL Pipeline), Mr. Russ Girling. We are working with the TransCanda team on a supply-chain match-making event that will serve to connect Montana businesses with the general contractor for the pipeline project. We should have a representative of TransCanada at a Board meeting in the next few months to provide a project update.

At the Energy Summit I also met with the owners of the Hardin Power Plant. They are seeking options to retool the plant and their site as a hub for data centers and the data-management platforms used to mine for bitcoins. More discuss on this project will follow in the next few weeks.

Workforce Development and Talent Attraction

Advocacy for MSU Billings and RMC— MSUB Foundation continues to make progress on the fundraising for the science building. They just received a \$500,000 grant so they need about \$800,000 more to reach the \$5.0 million mark. That is great news.

BillingsWorks/Talent Attraction and Career and Technical Education/Career Center—We held a great BillingsWorks event featuring our Better Off in Billings talent attraction campaign kickoff. The Steering Committee for Billings Works is now working with Karen on the Work Plan for FY 2019. More details on that work plan to follow.

2. Key Building-Remarkable Community Investments

Lead/partner/support key redevelopment and enhancement projects:

One Big Sky District— All the funds are in place—\$675,000. We still need to finalize and approve the Development Plan Agreement. We held a stakeholders meeting on Wednesday, May 30th to review the general terms of the DPA. We should complete the drafting of that agreement over the weekend and get that sent out to the Strategy Partners by Monday June 4th. City Council will consider the agreement on June 11th, then the BSED Boards will consider the agreement on our June 14th Board meeting. A final version of the agreement will be sent out to the Board early next week.

Convention Center— A presentation of the HVS Convention Center Analysis will be held June 19th at the Pub Station, 7:30 A.M. to 10:00 A.M. Please plan to join us for this meeting. BSED helped to fund this work and it will be important to the work we are doing on One Big Sky District.

Coulson Park Redevelopment and Entryways Now—The Governor has approved our funding requests for the Coulson Park Master Plan. Great work by our Community Development team. See more detail about this project in that section of this report.

EBURD Redevelopment—BIRD Annual meeting was held May 24th. Our Community Development team shared info on the Brown Fields Assessment Program, and received inquiries from several potential new EBRUD projects.

Trailhead Hospitality Vision Steering Committee—We're still working on the scope of work for a plan/design/budget for the improvement of the Metra Park backside walkway, fence and landscaping. The goal being to take steps forward in the improvement of the HWY 87 corridor as one of the major entryways for our community. The next meeting of the Committee is set for July 6, 2018, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room. They meet every other month.

Air Service—Nothing new to report.

Program Updates

BillingsWorks

May has been a month full of collaboration for the creation of employability trainings. BillingsWorks has partnered with the Career Center, Job Service, Rimrock Mall and Cellular Plus to launch a course in the 5 Jobs for Montana Graduates' (JMG) classes this Fall focused on employability skills specific to customer service and sales. Additionally, BillingsWorks, The Library, Kynexions and the Sam and Judy McDonald Foundation have built and will be piloting an employability program called the Yellowstone Strengths Academy for 16-24 year-old at-risk youths in June. The course will take place at the Library outside of school hours and currently has the following organizations supporting it via finances, instruction, and job shadowing/on the job experience: The Billings Chamber/Leadership Billings, The Northern Hotel, Altana and Woods Powr-Grip.

Big Sky Finance

Exciting news from SBA came out recently! Big Sky Finance is now able to offer to its borrower's SBA 504 loans with terms of 25 years! Previously, we were able to offer either a 10-year note or 20-year note for the SBA's portion of the 504 financing. Historically, most of our loans have utilized the 20-year option but going forward we expect many of our real estate loans to use the 25-year term. This will provide borrowers with another option to conserve cash flow for their operations. And remember, the rate is fixed for the term of the note!

SBA 504 loan activity is picking up. In May, we had five loans approved internally, of which two have been submitted to SBA and approved. The others will be submitted for SBA approval soon. We closed one loan which will be scheduled to fund in July. And, one loan funded during the month of May, SteepWorld Climbing & Fitness. As has been mentioned before, if you have not been out to this exciting facility, we would highly recommend you visit it and climb a wall or two. It is a great attraction for the entire family! We have even had a couple of our own BSED employees test their skills!

The 20-year effective rate on our SBA 504 loans for the month of May is 5.22%. The 10-year effective rate on SBA 504 loans is 5.30%. The rates on the 25-year debenture have not yet been published as these loans will not have their first funding until July. Overall, rates are still attractive, especially considering the rising interest rate environment we are in – SBA 504 rates are fixed for their term!

Community Development

The Lockwood TEDD Advisory Board met on May 2nd to learn about the new grant program BUILD that is replacing TIGER funding and the INFRA grant program from Becky Bey at KLJ. The next meeting will be June 20th at 2:30 pm in BSED's Yellowstone Room. Yellowstone Valley Electric Cooperative, Montana Dakota Utilities, and Northwestern Energy will discuss current utilities and future opportunities in the Lockwood TEDD at the June meeting. BSED has met with property owners wishing to have their property zoned and included in the TEDD. We have received the zoning petitions and are working to start the process with the County.

The first project under the new Brownfields Grant has been approved by the Steering Committee and the EPA to proceed. Patrick Klugman presented an overview of the Brownfield Program at the BIRD Annual Meeting.

The scope of work is being finalized for the MetraPark entryway project and a meeting is scheduled with members of the Steering Committee.

Four property assessments have been conducted for Yellowstone County's Fuels Reduction program and each property was approved to move forward with mitigation work. Two mitigation projects were completed and two projects are scheduled for the week of June 4th. CD Team is seeking additional funding through the Bureau of Land Management to assist the County with the 26 new applications.

Yellowstone River Oil Spill Funding Committee held several public meetings to receive public comments and make a final recommendation to the Governor. The recommendation to the Governor includes \$45,000 for the Coulson Park Master Plan, \$250,000 toward implementing the plan, and an additional \$110,000 to the City of Billings for replacement of the boat launch, restrooms, and parking lot upgrades.

Member Investor Program and Organizational Marketing

Big Sky Economic Development hosted the statewide SBA Awards at Camelot Ranch. Over 125 people attended. Billings had three statewide winners including Business Person of the Year, Skip King, owner of King's Ace Hardware. We also were the regional host for the first Early Stage Montana pitch competition. The two regional winners Elation and Web Buy, both BSED clients, will move on to the state competition.

We are wrapping up the fiscal year for Member Investor revenue and have made a new work plan for next fiscal year that includes growth in the program. Additionally, we have incorporated funding for the new Biz-Up Entrepreneur Center as part of this plan.

We celebrated the successful completion of our 8th intern in the marketing department and our new intern, Hailey McDonald, begins on June 4th. She will be working in both marketing and finance for the summer.

PTAC

Since August of 2017, Montana PTAC clients have been successful in winning \$67 million in contract awards. Of that amount, clients of the Billings PTAC have been awarded \$19 million. All seven centers across the state have met or exceeded annual goals and our team is actively working with 900 unique companies on various government contracting subjects. Since August, 2017 the MT PTAC team across the state has held 27 training workshops on subjects ranging from conducting market research to responding to leveraging sole source contract opportunities through set-aside programs. Big Sky EDA received notice of its award from DLA to operate a statewide PTAC program on April 18, 2018. The new performance/funding period for PTAC will begin on August 1st, 2018.

2018 marks the 20th year Big Sky EDA has hosted the statewide PTAC program.

SBDC

May was productive in serving several new and existing companies with technical assistance and consulting. Sixty-three clients completed training in our Pre-business Workshop, Buying & Selling a Business, QuickBooks 101 & 102 and Trademark Thursday. We hosted the State SBA awards at Camelot Ranch where 4 local winners and 2 local success stories were honored along with all the State winners. We partnered with Frontier Angels to host Early Stage Montana (regional pitch competition for early stage tech companies) in Billings. Two winners were selected as finalists to go on to a hyper accelerator in July. And we celebrated the grand opening of Sassy Biscuit downtown. Go check it out! Amazing food and atmosphere!

B.E.A.R.

Lorene, Karen, Melanie, Dena and the B.E.A.R. team created a new approach for client attraction. The team will provide site visits and added resources to a handful of selected companies (contest format). The contest is designed to broaden awareness of B.E.A.R. and deepen the impact for these clients.

The BEAR team met on May 22 to discuss the opportunities and challenges of two existing local businesses who will be participating in scheduled site visits by members of the team. They will receive an in-depth analysis of their operation as well as guidance for growth. Businesses participating in these site visits are eligible to win additional resources, social media promotion and \$149.00 scholarship to NxLevel training.

Biz-UP

Following Board approval of Biz-UP, the Opportunity Fund Committee approved a seed funding request for Biz-UP in the amount of \$150,000 (in total) to be matched with private sector commitments over the first 2-3 years.

Steve and Dena presented at the Med-Tech Symposium (co-planned and sponsored by BSED) to educate partners and medical technologists about the program. We met with several potential funding partners as well as mentors and candidates for Biz-UP. We are working on founding partner levels (financial) and will be meeting with interested supporters in the next 30 days. Once the private sector commitments are finalized, we will post to hire the Program Manager for Biz-UP. Steve, Dena and Melanie will be working on the marketing strategy for the program as well as meeting with key partners. We plan to hold the first Meet-UP in August.

VBOC

During the last month, we've been configuring our current contractual agreements with our resource partners in the three-state service area. We have conducted two Boots-to-Business training events, one at Hill AFB, Utah and one at Laramie Community College, Cheyenne, Wyoming. While at Laramie, Wyoming, Brian held a resource roundtable with the new Small Business Development Center team. We discussed the best course of action moving into the new five-year VBOC agreement. The VBOC team was represented at our Eastern Montana Veterans Support Job fair held locally at the Elks club. In addition to the B2B's, on a Saturday we conducted a ReBoot in Ogden, Utah at the local National Guard Armory. The announcement for the VBOC director's position is out and we are now taking applications to best fit this diverse and fluid leadership opportunity.

Organizational/Program/Policy Matters

1. **Future Facilities Taskforce** – The Taskforce has completed a draft RFP and is bringing it to the Executive Committee and Board for review. Next steps include running the draft RFP past our legal counsel as well as Dan Schwarz with Yellowstone County. It is hoped that the RFP will be released at the end of the month. The taskforce expects to bring a recommendation to the Board for consideration in the Fall.
2. **Work, Thrive, Live Initiative (WTL)** – The WTL team (Becky, Karen, Brandon, Patrick and Kathy) is overseeing the efforts of two committees. One is focused on revamping the performance management process and the other is focusing on the structure for employee appreciation efforts, both monetary and non-monetary.
3. **Strategy Plan**—I will present to the Board a draft of our 2019-2020 Strategic Plan at the June 14th Board meeting. This plan will include program level work plans and goals for FY 2019.

**Respectfully submitted,
June 6th and 14th**

A handwritten signature in black ink, appearing to read 'SA', with a stylized flourish extending to the right.

**Steve Arveschoug
Executive Director**



BIG SKY
ECONOMIC
DEVELOPMENT

ATTACHMENT H

Strategic Priorities

1. Strategic Placemaking Initiatives (lead/support role)
2. One Big Sky District Development Planning Project (lead role w/ partners)
3. Entrepreneurship Model Launch (support role)
4. Workforce Development (support role)

Community Leadership

1. Community Vision Leadership—(strategic placemaking initiatives, workforce development)
2. Key Partnerships Stewardship and Development
 - Engage new MSU-B Chancellor
 - Engage new SD2 Superintendent
 - Engage new City Administrator and team
 - Maintain partnerships—Billings Chamber, RMC, Yellowstone County, DBP/Alliance, City of Billings, City of Laurel (includes service on Chamber Board and DBP Board)

Organization Leadership/Duties

1. Work, Thrive, Live/ Staff Development (lead/support role)
2. Strategic Planning
 - Future Facilities (support/lead)
 - Opportunity Fund Strategy
3. Program Support
 - Business Finance Growth Plan (support role)
 - VBOC Transition
 - Enhance Business Recruitment (support role)
 - Member Investor Relationships (support role)
 - Others—ongoing
4. Board Engagement (lead/support)

Economic Development Leadership

1. MEDA Board President
 2. Economic Development Policy Advocacy (2019 Session) (MT Chamber, MT Infrastructure Coalition)
 3. 2019 Legislative Priorities (w/ Ad hoc Legislative Committee)
-

Delegated Duties/Projects and Priorities

1. Budget Development Process and Budget Management (Jim/Becky)
 - Check authorization and signing (Becky)
 - Monthly financial statement review (Becky)
 - Budget Development/Salary-Setting Processes (Jim/Becky)
2. TEDD Development (CD and Allison)
3. Coulson Park Master Plan/Corette (CD)
4. MSUB Science Building (Melanie)
5. HR Opportunities and Challenges (Becky)
6. Management of Performance Evaluation Process (Becky)
7. Member Investor Relationships (Melanie)
8. CTE Advisory (Melanie/Karen)
9. Trailhead Hospitality Corridor Vision Steering Committee (CD)
10. Air Service (Allison)
11. Billings Works Steering Committee (remain an active participant)
12. Internal/External Communications (Becky/Melanie)
13. Facilitation of Staff and Board Planning (Becky and appointed Director)

Important Definitions Concerning Ex. Director Role

“Lead”—act as project lead and coordinate all necessary support team members

“Support”—set program/project expectations with director/manager, provide guidance as needed, and address key decision items as needed; project lead will provide routine check-in/reports

“Participant”—serve as an active part of a committee or project team, but not the lead or support role (I.E., BillingsWorks Steering Committee)

“Decision Items Which Need Executive Director Direction”—

- 1) a change in scope of project/program;
- 2) setting budget priorities and a change in budget-authority;
- 3) involves Board-level decision making and engagement;
- 4) has potential impact on key partner or community/business leader relationships;
- 5) involves multiple programs/projects;
- 6) involves a critical personnel/staffing decision;
- 7) involves significant organizational branding/marketing;
- 8) involves response to media/public/policymaker inquiries