

**Big Sky EDA/EDC
Executive Committee Agenda
June 5, 2019 – 7:30 A.M. to 9:15 A.M.
Rosebud Room, 2nd Floor – Granite Tower**

BIG SKY ED Mission Statement: - Focused on sustaining and growing our region's vibrant economy and outstanding quality of life, **Big Sky Economic Development** provides leadership and resources for business creation, expansion, retention, new business recruitment and community development.

Committee Members **EDC**—Mike Nelson, Mike Seppala, Steve Loveless, Eric Simonsen, Molly Schwend
EDA—Cory Moore, Robin Rude, Paul Neutgens, Jennifer Smith, Ken Lutton

Call to Order – Cory Moore, EDA Chair

Agenda Changes for Today's Meeting:

Public Comments:

AGENDA

- I. Approval of EDA/EDC Exec. Comm. Minutes**
- May 1, 2019 Ex. Committee Meeting (Attachment A) (Action)
- II. Approval of EDA/EDC Financials – Jim**
- April 2019 EDA and EDC Financials (Attachment B) (Action)
 - Final Proposed FY 2020 Budgets—Jim/Becky (Attachment C) (Action)
- III. Executive Director's Report** (Attachment D)
- One Big Sky District/406 Impact Districts—Next Steps Update—Steve (Handout)
 - Big Sky Economic Development Legislative Priorities Update (Attachment E)
 - Organizational Work Plans and Goals (Handout)
 - FY 2020 Work Plan Focus for Executive Director (Handout)
- IV. Program/Org. Directors Updates**
- A. Operations:
1. Future Facilities/Grant Application—Becky (Info)
 2. Proposal: Student Ex-Officio Board Member (Attachment F)
- B. Member Investor Program/30th Anniversary/Annual Meeting Update--Melanie
- C. Community Development:
1. BIRD/City/BSED MOU Reconsideration (Attachment G) (Action)
- V. Executive Session (as needed)**
- Executive Director Performance Review
- VI. Report Out of Executive Session**

Public Comment

Adjourn

Next Executive Committee Meeting – July 3, 2019 (7:30 A.M. to 9:15 A.M.) Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky Economic Development at 256-6871.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT A

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
Wednesday, May 1, 2019 – 7:30 A.M. to 9:15 A.M.
Rosebud Room, 2nd Floor – Granite Tower

BIG SKY ED Mission Statement: - Focused on sustaining and growing our region's vibrant economy and outstanding quality of life, Big Sky Economic Development provides leadership and resources for business creation, expansion, retention, new business recruitment and community development.

Committee Members Present: EDA – Cory Moore, Robin Rude, Ken Lutton
EDC – Molly Schwend, Eric Simonsen, Mike Nelson, Steve Loveless, Mike Seppala

Committee Members Absent: EDA - Jennifer Smith, Paul Neutgens

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

Call to Order:
Mike Nelson, EDC Chair, called the meeting to order at 7:30 A.M.

Agenda Changes for Today's Meeting:
Item IV (Letter A. Operations) will move to Item II.

Public Comment:
None

Agenda:

Approval of EDA/EDC Executive Committee Minutes

The date of the minutes incorrectly reflected the date of the April 3rd meeting. Instead, they had the date of the March 6th meeting. The change has been made and the minutes will be approved contingent on that correction.

Motion: Eric Simonsen to approve the April 2019 Executive Committee Minutes as presented to the Executive Committee with the correction to the date made.

Second: Mike Seppala

Discussion: None

Motion: Carried

Program and Organizational Directors Updates

Operations Update – Becky

Mike Nelson excused himself and left the room for the Future Facilities Taskforce conversation. Becky then gave a Future Facility Update. Becky said a final decision is coming very soon and should be finished by the Board Meeting next Thursday. The due diligence concluded that both facilities satisfy our needs, and both would be a good fit for our organization. Each property also has the need for extensive renovation which exceeds our initial budget. Becky and Steve sat down with each property owner and shared with them the outcomes of the analysis for their facility. They then asked each owner if they would consider exercising an option listed in the RFP to contribute to the project in the name of supporting the Economic Development mission of the organization. The outcome of one conversation will be determined on Friday. Becky continued by detailing the occupancy cost considered and the potential dollars leveraged from Grant opportunity. She then presented a new budget concept for consideration. The current budget would be unable to sustain the debt obligation of the renovations. In the new budget concept,

the goal would be to incur no debt obligation. In order to full leverage the grant opportunity and buy a facility debt free, it would require up to \$2,000,000 in an Opportunity Fund contribution and \$500,000 from the EDC. With regard to the EDC contribution, we would structure those dollars as a grant rather than a loan as previously planned. Becky asked if the Executive Committee to discuss their comfort level with the budget concept as presented. Mike Seppala asked if there will be any fallout with how we use our Opportunity Fund dollars. Steve reminded the committee that the request of Opportunity Fund dollars falls within the criteria for its use. He also mentioned that he doesn't want to speculate how individuals may react but addressed some of the potential concerns and how we might respond. Steve went on to say that we will keep the County Commissioners updated at every turn in this process. Becky and Jim again spoke to occupancy costs and how either facility would provide better cost/sf. Steve Loveless gave his thoughts on the future facility process and commended the work but mentioned we need to make a decision and then continue to focus on our Mission and serving Yellowstone County. Steve Arveschoug went on to discuss how either potential project would be a redeveloping of a building that is historic and underused in our downtown. Becky built on that comment by bringing attention to the fact that we have had consistent feedback from stakeholders that BSED needs to build better awareness and prominence. Becky believes a stand-alone building that we can brand and own ourselves would help to achieve that goal. Eric commented that the analysis of Gene and Mitch was extremely thorough, and we should feel confident in their work but would like to have perhaps seen a greater contingency margin. Cory gave some perspective about working on a building as old as the two properties we are considering and how we need to be very certain of our cost estimates. Steve Arveschoug shared his opinion on how the face of the community is beginning to change. Steve believes we are and will continue to serve a different clientele that has a different expectation of BSED. Steve believes that this potential move would aid our efforts among all demographics. It was then decided that the whole Board should be invited to a Future Facility Workshop next Tuesday to review the analysis in depth.

Becky continued with her updates and mentioned that she put out a survey for Steve's performance review via email for Board Members and Staff.

Finally, Becky asked for feedback from the Board Planning Event from last month. The comments were all positive and appreciative. Becky went on to say that there will be a Board and Staff Planning outcomes update at the Board meeting next week.

Approval of EDA/EDC Financials – Jim

Jim mentioned there is three months left in the fiscal year and there is nothing of significance to discuss. Eric asked about the money we have sitting in CDs. Jim mentioned that some CDs will be due for renewal soon. Mike Seppala cautioned that the rates may fall this year if the Fed drops rates. That would make it important to lock-in rates we are comfortable with. Jim will provide a schedule of the CDs to the Board Members. Steve asked a question about the Member Investor Revenues and where he thinks that final number will land. Melanie mentioned that will be covered in her update later.

Motion: Cory Moore to approve and forward to the full Board, the March 2019 EDA/EDC Financials as presented to the Executive Committee.

Second: Mike Seppala

Discussion: None

Motion: Carried

Review of FY 2020 Budget – Jim

Jim passed out a budget narrative and a summary budget to the Committee to help frame the conversation. One of the biggest items Jim wanted to bring attention to is the auditors' request to not make individual line items for Workforce Development, Recruitment, and Rock31. Those will be broken out into separate expense categories. Jim also wanted to shed light on one of his biggest assumptions, a full Mill Levy from the County Commissioners. With

respect to balancing the budget, there would be a proposed change in the Management Services Agreement that would have the EDC reimburse the EDA for 25% of the controller's salary. Currently, the EDA bears the full burden of the controller's pay. Steve said it is important to not over extend EDC dollars with overhead costs. Jim also spoke about the funds earmarked for Rock31 for FY 2019 and FY 2020. Dena will have roughly \$37,000 out of the \$100,000 initial seed money available to carry over to FY 2020. Rock31 will be allotted \$50,000 in 2020 which would bring that total to \$87,000 in the coming fiscal year. PTAC will receive additional funding but with that, there will be additional expenses as well. We are the Lead Center for the Montana PTAC making us ultimately responsible for the entirety of the state.

Some expense highlights Jim wanted to bring attention to are the \$24,000 set aside for salary increases and \$16,000 for merit increases and promotions. Jim wanted to bring attention to the projected increase in the Mill Levy and what the protested taxes could potentially be. Robin thinks that protested taxes will likely rise due to this year being an appraisal year. Another key item related to staffing are the retirements of Kathy and Mary Lou. Going forward, we will fill only one of those vacancies while existing staff will absorb any other duties that may be delegated. Additionally, Brandon does not intend on filling the Loan Officer vacancy in FY 2020. Finally, there will be the modification of the Outreach Manager position to take on organizational marketing as well. This move was made to give Melanie more latitude to focus on the Member Investor Program.

On the EDC, Jim listed the revenue line items and then gave a few more numbers related to EDC program budgets.

Finally, Jim provided three-year projections and spoke about the items that call for attention. He again addressed the significance of the Mill Levy and its growth in comparison to other expenses. He highlighted how the seed money for Rock31 will be exhausted and the program costs will be assumed by BSED. Jim also factored in occupancy costs that would reflect BSED in a different facility. Between increased overhead costs and a Mill Levy that doesn't mirror our increases, BSED may need to pursue alternative funding sources in the future. Steve went on to say that he believes we need to make a three-year game plan on how we can offset program costs and position ourselves well for the future.

Program and Organizational Directors Updates

Member Investor Program, Economic Development Week and Annual Meeting Update – Melanie

Melanie was next with a Member Investor Program update. Melanie explained how she intends on arriving at the \$370,000 Member Investor revenue mark. Melanie said she is about a month back from where she would like to be due to OBSD work earlier in the year. Melanie anticipates announcing her Member Investor Round-up in the coming weeks. Melanie also wanted to bring attention to the trade dollars we receive from community members. That number is roughly \$50,000 and is not reflected in the \$370,000 figure. For context, the PTAC Match Making Event will not have to pay for their space due to trade with our community partners. Melanie also spoke to how she believes she could encourage certain Member Investors to a higher contribution level.

Melanie's other update was about Economic Development week. May 6th – 10th is Economic Development Week and a proclamation was made by the County Commissioners to make it official in our County. Melanie said there will be several outreach efforts made throughout the week to increase awareness of our programs. Melanie also gave a quick update about who may potentially be our Keynote Speaker for our Annual Meeting.

Community Development: Lockwood TEDD Update – Dianne

Dianne presented a Lockwood TEDD update. We have a contract in place with KLJ to do a deeper dive on the scope of work for infrastructure needs. On April 8th, Melanie and Allison presented a recruitment and marketing strategy update to the County Commissioners. Property owner interviews are already underway with the intent of assessing their plans for their property. The Lockwood TEDD Advisory Board met on Monday to go through the infrastructure masterplan. Dianne also spoke about the agreement between the City and Lockwood Water and

Sewer and the boundary issue that is at hand. Again, this issue has no bearing on capacity. We will also be looking to have a meeting with the City Council and City Staff members to review the infrastructure plan.

Executive Director's Report

Legislative Priorities Update – Steve

Steve mentioned that he will have an updated handout for the Board next week. The handout will cover the outcomes of our legislative priorities and how they will affect the work we do in our community. House Bill 52 was passed and a signing ceremony with the governor will take place sometime next week. House Bill 52 extended the sunset date of a suite of existing economic development tools for our state. Steve said that there is still important work to do on how we can create economic development tools of the future.

One Big Sky District Update – Steve

Steve said that most of his meetings have been individual discussions with civic leaders and City Council Members about how the process evolved and what the next steps will be as we look towards the future.

Executive Session: None

Public Comment:

Melanie commended the hard work of Kevin Scharfe who successfully lobbied the Montana Code School to start a branch in Billings. We have already received applications less than a week into the announcement of its arrival.

Adjourned: Cory, filling in for Mike Nelson, adjourned the meeting at 9:15 AM.

Next Meeting – June 5th



BIG SKY
ECONOMIC DEVELOPMENT

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ATTACHMENT B

Internal Memorandum

Date: May 30, 2019

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

From Jim Tevlin

Subject: April 2019 BSEDA Financial Statements

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

Big Sky EDA Balance Sheets

| | Apr 30, 2019 | Apr 30, 2018 | +/- | |
|---------------------------------------|-------------------------------|-------------------------------|-------------------------------|----------|
| ASSETS | | | | |
| Current Assets | | | | |
| Checking/Savings | | | | |
| First Interstate Bank | \$ 16,958.57 | \$ 94,674.27 | \$ (77,715.70) | |
| FIB-Recovered Property Taxes | 147,854.25 | - | 147,854.25 | |
| Opportunity Fund - FIB | 13,261.92 | 13,244.16 | 17.76 | |
| Opportunity Fund - Stockman | 80,719.39 | 45,589.38 | 35,130.01 | (A), (B) |
| Stockman GE Maintenance | 28,479.10 | 28,479.10 | - | |
| Yellowstone County Funds | 206,805.53 | 107,511.36 | 99,294.17 | |
| | <u>494,078.76</u> | <u>289,498.27</u> | <u>204,580.49</u> | |
| Other Current Assets | | | | |
| Accounts Receivable | 290,192.36 | 239,403.24 | 50,789.12 | |
| American Revenue Guarantee | 6,887.28 | 19,965.08 | (13,077.80) | |
| Due To/Due From EDC | 132,204.58 | 175,485.70 | (43,281.12) | |
| Miscellaneous Receivables | 3,000.00 | (5,179.20) | 8,179.20 | |
| Tax Levy Receivable | 477,314.14 | 495,404.49 | (18,090.35) | |
| Tax Levy Receivable - Protested | 9,001.92 | 180,447.96 | (171,446.04) | |
| Allowance for Doubtful Accts | (9,001.92) | (180,447.96) | 171,446.04 | |
| Prepaid Expenses | 1,047.31 | 1,389.06 | (341.75) | |
| | <u>910,645.67</u> | <u>926,468.37</u> | <u>(15,822.70)</u> | |
| Non-Current Assets | | | | |
| Opportunity Fund - CDs | 5,138,928.30 | 5,900,000.00 | (761,071.70) | (A) |
| Loans Receivable | 306,208.33 | - | 306,208.33 | (B) |
| TEDD Receivable | 64,775.00 | 75,000.00 | (10,225.00) | |
| Cabelas Conduit | 4,981.75 | 4,976.18 | 5.57 | |
| Deferred Outflow of Resources | 68,453.38 | 68,453.38 | - | |
| | <u>5,583,346.76</u> | <u>6,048,429.56</u> | <u>(465,082.80)</u> | |
| TOTAL ASSETS | <u>\$ 6,988,071.19</u> | <u>\$ 7,264,396.20</u> | <u>\$ (276,325.01)</u> | |
| LIABILITIES & EQUITY | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 62,978.64 | 118,332.41 | (55,353.77) | |
| Accrued Expenses | 95,503.61 | 266,253.99 | (170,750.38) | (C) |
| Payroll Liabilities | 241.34 | 283.82 | (42.48) | |
| Compensated Absences | 138,443.60 | 128,972.75 | 9,470.85 | |
| | <u>297,167.19</u> | <u>513,842.97</u> | <u>(216,675.78)</u> | |
| Long Term Liabilities | | | | |
| Deferred Inflow of Resources | 107,238.97 | 107,238.97 | - | |
| Pension Liability | 414,984.80 | 414,984.80 | - | |
| | <u>522,223.77</u> | <u>522,223.77</u> | <u>-</u> | |
| Net Assets | <u>6,168,680.23</u> | <u>6,228,329.46</u> | <u>(59,649.23)</u> | |
| TOTAL LIABILITIES & EQUITY | <u>\$ 6,988,071.19</u> | <u>\$ 7,264,396.20</u> | <u>\$ (276,325.01)</u> | |

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

(B) As part of the One Big Sky District initiative, Big Sky EDA advanced \$306k to the Downtown Billings Alliance.

(C) On April 30, 2018, Accrued Expenses consisted primarily of \$209k of contributions to MSU Billings for their new science building. Big Sky EDA issued payment to MSU Billings in August 2018.

Big Sky EDA
Statements of Operations Actual vs. Budget
For the Ten Months Ended April 30,

| | 2019 | Annual Budget | Budget Remaining |
|--------------------------------|----------------------|---------------------|------------------------|
| Income | | | |
| Department of Defense | \$ 433,673.00 | \$ 549,626.00 | \$ 115,953.00 |
| EDC Reimbursement | 425,735.36 | 601,012.56 | 175,277.20 |
| EPA - Brownfields | 28,538.36 | 28,538.36 | - |
| Grant Administration | 6,716.50 | 17,650.00 | 10,933.50 |
| Health Levy Revenue | 75,399.00 | 90,264.00 | 14,865.00 |
| Mill Levy Revenue | 1,333,528.42 | 1,391,361.00 | 57,832.58 |
| Miscellaneous Revenue | 11,298.63 | - | (11,298.63) |
| Opportunity Fund Investment | 320,000.00 | 150,000.00 | (170,000.00) |
| Recovery of Protested Taxes | 146,954.35 | - | (146,954.35) |
| SBA/MT Dept of Commerce | 114,707.29 | 117,650.00 | 2,942.71 |
| SBDC Program Income | 2,524.62 | 3,211.00 | 686.38 |
| VBOC | 245,536.95 | 300,000.00 | 54,463.05 |
| | <u>3,144,612.48</u> | <u>3,249,312.92</u> | <u>104,700.44</u> |
| Expense | | | |
| 406 Impact Districts | 170,000.00 | - | (170,000.00) |
| Rock31 | 9,370.84 | - | (9,370.84) |
| Advertising | 1,105.33 | - | (1,105.33) |
| Property Tax Protests | 10,769.51 | 28,147.22 | 17,377.71 |
| Business Recruitment | 234.21 | 16,000.00 | 15,765.79 |
| Community Development Projects | (8,000.00) | 50,000.00 | 58,000.00 |
| Contingency | - | 17,500.00 | 17,500.00 |
| Dues and Subscriptions | 41,384.00 | 47,834.00 | 6,450.00 |
| Employer Contributions | 384,612.59 | 507,433.91 | 122,821.32 |
| Insurance | 12,739.09 | 14,766.00 | 2,026.91 |
| Contract Support | - | 2,000.00 | 2,000.00 |
| Marketing | 62,398.37 | 81,854.00 | 19,455.63 |
| Miscellaneous | 36,406.06 | 39,447.40 | 3,041.34 |
| Office Equipment | 7,655.47 | 8,700.00 | 1,044.53 |
| Office Expense | 11,580.60 | 19,000.00 | 7,419.40 |
| One Big Sky District | 50,000.00 | 55,000.00 | 5,000.00 |
| Professional Fees | 100,972.60 | 121,241.86 | 20,269.26 |
| PTAC Satellite | 72,838.97 | 87,714.00 | 14,875.03 |
| PTAC Subcenter | 179,730.53 | 253,543.00 | 73,812.47 |
| Rent | 102,967.83 | 111,632.00 | 8,664.17 |
| Repairs | 1,978.50 | - | (1,978.50) |
| Salaries/Wages | 1,239,941.24 | 1,583,634.36 | 343,693.12 |
| Sponsorships | 7,330.00 | 6,600.00 | (730.00) |
| TEDD | 7,383.74 | 5,000.00 | (2,383.74) |
| Telecommunications | 44,298.48 | 48,001.00 | 3,702.52 |
| Travel/Training | 77,629.47 | 124,621.00 | 46,991.53 |
| Workforce Development | 15,000.28 | 15,000.00 | (0.28) |
| | <u>2,640,327.71</u> | <u>3,244,669.75</u> | <u>604,342.04</u> |
| | 504,284.77 | 4,643.17 | (499,641.60) |
| Other Income | | | |
| Interest Income | 26,414.75 | 87,477.23 | 61,062.48 |
| Net Income | <u>\$ 530,699.52</u> | <u>\$ 92,120.40</u> | <u>\$ (438,579.12)</u> |

Represents EDA's participation in the 406 Impact Districts effort.

Negative variance offset by Rock31 salaries/benefits vacancy savings.

Big Sky EDA
Statements of Operations - Year Over Year Actual
For the Ten Months Ended April 30,

| | 2019 | 2018 | +/- | |
|--------------------------------|----------------------|----------------------|----------------------|---|
| Income | | | | |
| BillingsWorks | \$ - | \$ 12,500.00 | \$ (12,500.00) | |
| Coulson Park Revenue | - | 12,000.00 | (12,000.00) | |
| Department of Defense | 433,673.00 | 418,853.00 | 14,820.00 | |
| EDC Reimbursement | 425,735.36 | 396,609.39 | 29,125.97 | |
| EPA - Brownfields | 28,538.36 | 28,427.50 | 110.86 | |
| Grant Administration | 6,716.50 | 6,343.16 | 373.34 | |
| Health Levy Revenue | 75,399.00 | 69,975.75 | 5,423.25 | Includes \$75k related to TEDD master plan loan. |
| Mill Levy Revenue | 1,333,528.42 | 1,286,728.17 | 46,800.25 | |
| Miscellaneous Revenue | 11,298.63 | 80,255.38 | (68,956.75) | |
| Opportunity Fund Investment | 320,000.00 | - | 320,000.00 | |
| Recovery of Protested Taxes | 146,954.35 | - | 146,954.35 | |
| SBA/MT Dept of Commerce | 114,707.29 | 102,103.09 | 12,604.20 | |
| SBDC Program Income | 2,524.62 | 2,820.68 | (296.06) | |
| VBOC | 245,536.95 | 256,620.67 | (11,083.72) | |
| | <u>3,144,612.48</u> | <u>2,673,236.79</u> | <u>471,375.69</u> | |
| Expense | | | | |
| 406 Impact Districts | 170,000.00 | - | 170,000.00 | Represents EDA's participation in the 406 Impact Districts effort. |
| Rock31 | 9,370.84 | - | 9,370.84 | |
| Advertising | 1,105.33 | 985.14 | 120.19 | |
| Property Tax Protests | 10,769.51 | 41,655.55 | (30,886.04) | |
| BEAR | - | 3,961.68 | (3,961.68) | |
| Business Recruitment | 234.21 | 15,494.31 | (15,260.10) | |
| Community Development Projects | (8,000.00) | 2,519.40 | (10,519.40) | |
| Dues and Subscriptions | 41,384.00 | 28,060.30 | 13,323.70 | |
| Employer Contributions | 384,612.59 | 358,603.92 | 26,008.67 | |
| Event Expense | - | 689.10 | (689.10) | |
| Incubator Expense | - | 31,047.24 | (31,047.24) | |
| Insurance | 12,739.09 | 21,166.43 | (8,427.34) | |
| Contract Support | - | 5,163.60 | (5,163.60) | |
| Marketing | 62,398.37 | 71,006.20 | (8,607.83) | |
| Miscellaneous | 36,406.06 | 36,113.70 | 292.36 | |
| Office Equipment | 7,655.47 | - | 7,655.47 | |
| Office Expense | 11,580.60 | 21,494.34 | (9,913.74) | |
| One Big Sky District | 50,000.00 | - | 50,000.00 | Year-over-year variance primarily due to TEDD master plan expense (\$82k) |
| Professional Fees | 100,972.60 | 163,363.42 | (62,390.82) | |
| Program Expense | - | 1,089.09 | (1,089.09) | |
| PTAC Satellite | 72,838.97 | 68,664.29 | 4,174.68 | |
| PTAC Subcenter | 179,730.53 | 168,002.12 | 11,728.41 | |
| Rent | 102,967.83 | 104,098.60 | (1,130.77) | |
| Repairs | 1,978.50 | 1,332.86 | 645.64 | |
| Salaries/Wages | 1,239,941.24 | 1,133,848.88 | 106,092.36 | |
| Sponsorships | 7,330.00 | 12,379.33 | (5,049.33) | |
| TEDD | 7,383.74 | - | 7,383.74 | |
| Telecommunications | 44,298.48 | 27,674.81 | 16,623.67 | |
| Travel/Training | 77,629.47 | 99,711.50 | (22,082.03) | |
| Workforce Development | 15,000.28 | 42,814.85 | (27,814.57) | |
| Total Expense | <u>2,640,327.71</u> | <u>2,460,940.66</u> | <u>179,387.05</u> | |
| | 504,284.77 | 212,296.13 | 291,988.64 | |
| Other Income | | | | |
| Interest Income | 26,414.75 | 2,795.84 | 23,618.91 | |
| Net Income | <u>\$ 530,699.52</u> | <u>\$ 215,091.97</u> | <u>\$ 315,607.55</u> | |

Big Sky Economic Development Corporation

Balance Sheets

| | Apr 30, 2019 | Apr 30, 2018 | +/- | |
|---------------------------------------|-------------------------------|-------------------------------|-----------------------------|-----|
| ASSETS | | | | |
| Current Assets | | | | |
| First Interstate Bank | \$ 260,901.08 | \$ 528,041.70 | \$ (267,140.62) | (A) |
| FIB SSBCI Principal | 1,300,641.17 | 956,129.50 | 344,511.67 | |
| FIB-Long Term Reserve | 150,000.00 | 150,000.00 | - | |
| FIB-Operating Reserve | 100,000.00 | 100,000.00 | - | |
| FIB-Opportunity Fund | 22,200.00 | 22,200.00 | - | |
| FIB-RLF | 259,317.34 | 190,246.69 | 69,070.65 | |
| FIB-OBSD Restricted | 48,384.51 | - | 48,384.51 | (B) |
| FIB-406 Impact Restricted | 46,500.00 | - | 46,500.00 | (B) |
| Accounts Receivable | 1,000.00 | 1,000.00 | - | |
| Certificates of Deposit | - | 75,114.53 | (75,114.53) | (A) |
| Contributions Receivable | 20,500.00 | 4,000.00 | 16,500.00 | (C) |
| RLF Portfolio-Current | 73,091.00 | 72,389.57 | 701.43 | |
| SSBCI Portfolio-Current | 123,590.12 | 154,645.31 | (31,055.19) | |
| | <u>2,406,125.22</u> | <u>2,253,767.30</u> | <u>152,357.92</u> | |
| Other Assets | | | | |
| Contributions Receivable-Non Current | 43,750.00 | - | 43,750.00 | (C) |
| RLF Portfolio-Non Current | 226,864.05 | 178,031.86 | 48,832.19 | |
| SSCBI Portfolio-Non Current | 833,365.58 | 973,321.05 | (139,955.47) | |
| TOTAL ASSETS | <u><u>3,510,104.85</u></u> | <u><u>3,405,120.21</u></u> | <u><u>104,984.64</u></u> | |
| LIABILITIES & EQUITY | | | | |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts Payable | 26,386.10 | 6,695.31 | 19,690.79 | |
| Accrued Expenses | 22,509.49 | 20,829.03 | 1,680.46 | |
| Due to/Due From EDA | 132,204.58 | 175,485.70 | (43,281.12) | |
| | <u>181,100.17</u> | <u>203,010.04</u> | <u>(21,909.87)</u> | |
| Net Assets | <u>3,329,004.68</u> | <u>3,202,110.17</u> | <u>126,894.51</u> | |
| TOTAL LIABILITIES & EQUITY | <u><u>\$ 3,510,104.85</u></u> | <u><u>\$ 3,405,120.21</u></u> | <u><u>\$ 104,984.64</u></u> | |

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

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

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

Big Sky Economic Development Corporation
Statements of Operations - Actual v Budget*
For the Ten Months Ending April 30,

| | 2019 | Annual Budget | Budget Remaining |
|----------------------------|---------------------|---------------------|---------------------|
| Income | | | |
| 504 Loan Origination | \$ 129,432.26 | \$ 127,500.00 | \$ (1,932.26) |
| 504 Loan Servicing | 436,618.73 | 531,600.00 | 94,981.27 |
| Member Investment | 188,650.00 | 370,000.00 | 181,350.00 |
| Miscellaneous Income | 21,392.37 | 13,000.00 | (8,392.37) |
| Recovery of Bad Debt | 3,550.00 | 3,600.00 | 50.00 |
| RLF Business Loan Interest | 10,848.01 | 12,476.00 | 1,627.99 |
| SSBCI Revenue | 21,633.00 | 29,140.00 | 7,507.00 |
| | <u>812,124.37</u> | <u>1,087,316.00</u> | <u>275,191.63</u> |
| Expense | | | |
| Advertising | 329.00 | - | (329.00) |
| BEAR Program | 1,712.44 | 6,108.00 | 4,395.56 |
| Rock31 Expenses | 53,600.12 | 50,000.00 | (3,600.12) |
| Business Recruitment | 52,490.75 | 81,000.00 | 28,509.25 |
| Contingency | - | 10,000.00 | 10,000.00 |
| Dues and Subscriptions | 19,078.57 | 15,593.00 | (3,485.57) |
| EDA Reimbursement | 425,735.36 | 601,012.56 | 175,277.20 |
| Event Expense | 24,421.51 | 51,500.00 | 27,078.49 |
| Insurance | 5,109.00 | 11,000.00 | 5,891.00 |
| Marketing | 9,236.93 | 11,000.00 | 1,763.07 |
| Membership Development | 1,989.91 | 7,500.00 | 5,510.09 |
| Miscellaneous | 18,264.00 | 36,418.00 | 18,154.00 |
| Office Supplies | 2,486.96 | 2,056.00 | (430.96) |
| OBSD Expense | 16,714.37 | - | (16,714.37) |
| Professional Fees | 32,604.40 | 22,500.00 | (10,104.40) |
| Rent | 32,054.04 | 36,320.00 | 4,265.96 |
| Sponsorships | 2,519.09 | 2,000.00 | (519.09) |
| Telephone | 4,518.29 | 4,980.00 | 461.71 |
| Travel & Training | 24,602.36 | 28,500.00 | 3,897.64 |
| Workforce Development | 38,892.44 | 59,695.00 | 20,802.56 |
| | <u>766,359.54</u> | <u>1,037,182.56</u> | <u>270,823.02</u> |
| Operating Income | <u>\$ 45,764.83</u> | <u>\$ 50,133.44</u> | <u>\$ 4,368.61</u> |

Represents non-Landmark-related OBSD expenses.

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

* Excludes restricted funds.

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

| | <u>2019</u> | <u>2018</u> | <u>+/-</u> |
|----------------------------|---------------------|---------------------|-----------------------|
| Income | | | |
| 504 Loan Origination | \$ 129,432.26 | \$ 39,561.00 | \$ 89,871.26 |
| 504 Loan Servicing | 436,618.73 | 452,748.84 | (16,130.11) |
| Member Investment | 188,650.00 | 118,225.76 | 70,424.24 |
| Miscellaneous Income | 21,392.37 | 4,496.30 | 16,896.07 |
| Recovery of Bad Debt | 3,550.00 | 9,964.59 | (6,414.59) |
| RLF Business Loan Interest | 10,848.01 | 13,386.73 | (2,538.72) |
| SSBCI Revenue | 21,633.00 | 24,991.42 | (3,358.42) |
| | <u>812,124.37</u> | <u>663,374.64</u> | <u>148,749.73</u> |
| Expense | | | |
| Advertising | 329.00 | - | 329.00 |
| BEAR Program | 1,712.44 | - | 1,712.44 |
| Rock31 Expenses | 53,600.12 | - | 53,600.12 |
| Business Recruitment | 52,490.75 | 34,431.18 | 18,059.57 |
| Dues and Subscriptions | 19,078.57 | 12,507.87 | 6,570.70 |
| EDA Reimbursement | 425,735.36 | 396,609.39 | 29,125.97 |
| Event Expense | 24,421.51 | 34,545.23 | (10,123.72) |
| Insurance | 5,109.00 | 11,002.00 | (5,893.00) |
| Marketing | 9,236.93 | 6,346.12 | 2,890.81 |
| Membership Development | 1,989.91 | 3,538.29 | (1,548.38) |
| Miscellaneous | 18,264.00 | 3,380.97 | 14,883.03 |
| Office Supplies | 2,486.96 | 2,236.63 | 250.33 |
| OBSD Expense | 16,714.37 | - | 16,714.37 |
| Postage and Delivery | - | 886.30 | (886.30) |
| Professional Fees | 32,604.40 | 24,112.30 | 8,492.10 |
| Rent | 32,054.04 | 24,187.34 | 7,866.70 |
| Repairs | - | 1,153.50 | (1,153.50) |
| Sponsorships | 2,519.09 | - | 2,519.09 |
| Telephone | 4,518.29 | 3,917.23 | 601.06 |
| Travel & Training | 24,602.36 | 16,222.67 | 8,379.69 |
| Workforce Development | 38,892.44 | 9,747.09 | 29,145.35 |
| | <u>766,359.54</u> | <u>584,824.11</u> | <u>181,535.43</u> |
| Operating Income | <u>\$ 45,764.83</u> | <u>\$ 78,550.53</u> | <u>\$ (32,785.70)</u> |

The year-over-year decrease in loan serving revenue is due to higher than expected loan payoffs

* Excluding restricted funds.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT C

Big Sky Economic Development Authority

Revenues & Expenses

(preliminary)

| | FY19 Estimate | FY19 Budget | FY20 Budget | (+/-) | |
|--------------------------------|---------------------|---------------------|----------------------|---------------------|--|
| Income | | | | | |
| Department of Defense | \$ 522,873.00 | \$ 549,626.00 | \$ 633,828.00 | \$ 84,202.00 | Reflects higher reimbursement for non-distressed counties. |
| EDC Reimbursement | 488,757.44 | 601,012.56 | 583,705.08 | (17,307.48) | |
| Grant Administration | 4,266.00 | 17,650.00 | 8,900.00 | (8,750.00) | |
| Health Levy | 89,007.00 | 90,264.00 | 96,312.00 | 6,048.00 | Assumes assessment of maximum levy authority |
| Mill Levy Revenue | 1,381,401.08 | 1,391,361.00 | 1,414,817.02 | 23,456.02 | |
| Miscellaneous Revenue | 18,122.54 | - | - | - | |
| Opportunity Fund Investment | 150,000.00 | 150,000.00 | 87,175.00 | (62,825.00) | The EDA/EDC boards authorized \$100k of opportunity funds for Rock31 in FY19 and \$50k in FY20. At present, we estimate \$37k to be available as carryover from FY19, resulting in \$87k in Opportunity Funds available in FY20. |
| SBA/MT Dept of Commerce | 108,600.02 | 117,650.00 | 112,500.00 | (5,150.00) | |
| VBOC Revenue | 292,010.40 | 300,000.00 | 300,000.00 | - | |
| | - | - | - | - | |
| | 3,055,037.48 | 3,217,563.56 | 3,237,237.10 | 19,673.54 | |
| Expense | | | | | |
| Contingency | - | 17,500.00 | 15,000.00 | (2,500.00) | The decrease is due to a "double counting" of budgeted IT services in FY19 and lower estimated FY20 professional fees associated with PTAC and VBOC |
| Dues and Subscriptions | 47,562.11 | 47,834.00 | 52,024.89 | 4,190.89 | |
| Employer Contributions | 449,369.63 | 507,433.91 | 523,530.87 | 16,096.96 | |
| Insurance | 14,766.00 | 14,766.00 | 14,766.00 | - | Decrease reflects unfilled Big Sky Finance position offset by overall 2.5% wage increase. |
| Intern/Contract Support | 2,000.00 | 2,000.00 | - | (2,000.00) | |
| Marketing-Departmental | - | 8,000.00 | 13,152.33 | 5,152.33 | |
| Marketing-Organizational | 81,854.00 | 62,750.00 | 61,750.00 | (1,000.00) | Interest income on Opportunity Fund CD's (\$86k) is earmarked as a contribution to the Opportunity Fund. |
| Miscellaneous | 64,324.03 | 54,736.40 | 40,525.44 | (14,210.96) | |
| Office Equipment | 8,700.00 | 8,700.00 | 7,000.00 | (1,700.00) | |
| Office Supplies | 19,000.00 | 19,000.00 | 20,000.00 | 1,000.00 | |
| Professional Fees | 53,858.31 | 77,621.00 | 35,125.55 | (42,495.45) | |
| PTAC Satellite | 85,245.14 | 87,714.00 | 140,520.30 | 52,806.30 | |
| PTAC Subcenter | 253,541.38 | 253,543.00 | 278,281.50 | 24,738.50 | |
| Rent | 123,394.83 | 111,632.00 | 119,444.50 | 7,812.50 | |
| Salaries/Wages | 1,511,295.61 | 1,617,320.85 | 1,614,032.38 | (3,288.47) | |
| Sponsorships | 9,100.00 | 9,100.00 | 10,916.94 | 1,816.94 | |
| Tax Protests | 28,147.22 | 28,147.22 | 33,776.67 | 5,629.44 | |
| TEDD Expense | 7,206.69 | 5,000.00 | 8,500.00 | 3,500.00 | |
| Telecommunication | 56,226.47 | 45,600.00 | 51,840.00 | 6,240.00 | |
| Telephone-Cell | - | 2,401.00 | 2,400.00 | (1.00) | |
| Travel/Training | 127,120.97 | 127,121.00 | 133,222.70 | 6,101.70 | |
| Community Development Projects | 50,000.00 | 50,000.00 | 50,000.00 | - | |
| One Big Sky District | 55,000.00 | 55,000.00 | - | (55,000.00) | |
| | - | - | - | - | |
| | 3,047,712.39 | 3,212,920.38 | 3,225,810.07 | 12,889.69 | |
| Operating Income | 7,325.09 | 4,643.18 | 11,427.03 | 6,783.85 | |
| Other Income | | | | | |
| Interest Income | 87,477.23 | 85,261.23 | 90,334.12 | 5,072.89 | |
| | <u>\$ 94,802.32</u> | <u>\$ 89,904.41</u> | <u>\$ 101,761.15</u> | <u>\$ 11,856.74</u> | |

General Note:

Our auditors, Anderson Zurmuehlen & Co, have requested that workforce development and recruitment expenses be classified in several of the above operating expense categories as opposed to a single expense category. In compliance with this request, I have reclassified the FY19 budget to be consistent with the FY20 presentation.

Big Sky Economic Development Corporation
Revenues & Expenses
(preliminary)

| | FY19 Estimate | FY19 Budget | FY20 Budget | (+/-) | |
|-------------------------------|----------------------|---------------------|---------------------|-----------------------|---|
| Income | | | | | |
| Member Investment | \$ 370,000.00 | \$ 370,000.00 | \$ 370,000.00 | \$ - | |
| Miscellaneous Revenue | 23,392.37 | 13,000.00 | 13,000.00 | - | |
| Recovery of Bad Debts | 3,850.00 | 3,600.00 | 3,600.00 | - | |
| RLF Business Interest | 9,436.98 | 12,476.00 | 11,004.28 | (1,471.72) | Increase reflects \$500k additional loan fundings |
| SBA 504 Origination Fees | 112,299.98 | 127,500.00 | 135,000.00 | 7,500.00 | |
| SBA 504 Servicing Fees | 519,422.12 | 531,600.00 | 526,488.00 | (5,112.00) | |
| SSBCI Revenue | 23,591.40 | 29,140.00 | 24,063.88 | (5,076.12) | |
| | - | - | - | - | |
| | <u>1,061,992.85</u> | <u>1,087,316.00</u> | <u>1,083,156.16</u> | <u>(4,159.84)</u> | |
| Expense | | | | | |
| BEAR/Advisory Council | 6,108.00 | 6,108.00 | 5,386.00 | (722.00) | |
| Contingency | | 10,000.00 | 10,000.00 | - | |
| Dues and Subscriptions | 19,361.96 | 17,667.70 | 19,677.23 | 2,009.53 | Net decrease of 1 unfilled Big Sky Finance vacancy offset by new 25% Controller reimbursement |
| EDA Reimbursement | 488,757.44 | 601,012.56 | 583,705.08 | (17,307.48) | |
| Insurance | 11,000.00 | 11,000.00 | 11,000.00 | - | |
| Marketing-Departmental | 53,898.36 | 53,898.36 | 61,547.67 | 7,649.31 | |
| Marketing-Organizational | 11,000.00 | 11,000.00 | 11,000.00 | - | |
| Membership Development | 7,500.00 | 7,500.00 | 15,000.00 | 7,500.00 | Decrease due to account reclassifications from Workforce & Recruitment |
| Miscellaneous | 40,698.23 | 63,692.45 | 41,992.38 | (21,700.07) | |
| Office Equipment | 3,616.90 | 3,616.90 | 2,500.00 | (1,116.90) | |
| Office Supplies | 2,056.00 | 2,056.00 | 2,056.00 | - | |
| Opportunity Fund Contribution | | - | 40,000.00 | 40,000.00 | |
| Organizational Event Expense | 51,500.00 | 51,500.00 | 52,500.00 | 1,000.00 | |
| Postage & Printing | 1,446.76 | 1,446.76 | 1,000.00 | (446.76) | |
| Professional Fees | 78,256.23 | 71,151.83 | 80,928.45 | 9,776.62 | |
| Business Incubation | 4,340.28 | 4,340.28 | 3,000.00 | (1,340.28) | |
| Rent | 39,031.10 | 36,320.00 | 41,049.08 | 4,729.08 | |
| Sponsorships | 7,603.06 | 8,603.06 | 8,603.06 | - | |
| Telecommunication | 5,949.27 | 4,020.00 | 3,699.12 | (320.88) | |
| Telephone-Cell | | 960.00 | 1,920.00 | 960.00 | |
| Travel/Training | 71,288.65 | 71,288.65 | 64,655.80 | (6,632.85) | |
| | - | - | - | - | |
| | <u>903,412.24</u> | <u>1,037,182.55</u> | <u>1,061,219.87</u> | <u>24,037.32</u> | |
| Operating Income | <u>\$ 158,580.61</u> | <u>\$ 50,133.45</u> | <u>\$ 21,936.29</u> | <u>\$ (28,197.16)</u> | |

General Note:

Our auditors, Anderson Zurmuehlen & Co, have requested that workforce development and recruitment expenses be classified in several of the above operating expense categories as opposed to a single expense category. In compliance with this request, I have reclassified the FY19 budget to be consistent with the FY20 presentation.

Big Sky Economic Development Corporation
Revenues & Expenses
FY20 Budget

| | Admin | Finance | Recruit | MI | Rock 31 & BEAR | Workforce | FY20 Total | |
|-------------------------------|------------------------|----------------------|-----------------------|----------------------|-----------------------|-----------------------|---------------------|--|
| Income | | | | | | | | |
| Member Investment | \$ - | \$ - | \$ - | \$ 370,000.00 | \$ - | \$ - | \$ 370,000.00 | SBA 504 Program Contribution to |
| Miscellaneous Revenue | - | 9,000.00 | 4,000.00 | - | - | - | 13,000.00 | Economic Development: |
| Recovery of Bad Debts | - | 3,600.00 | - | - | - | - | 3,600.00 | |
| RLF Business Interest | - | 11,004.28 | - | - | - | - | 11,004.28 | Origination Fees \$135,000.00 |
| SBA 504 Origination Fees | - | 135,000.00 | - | - | - | - | 135,000.00 | Servicing Fees 526,488.00 |
| SBA 504 Servicing Fees | - | 526,488.00 | - | - | - | - | 526,488.00 | <u>\$661,488.00</u> |
| SSBCI Revenue | - | 24,063.88 | - | - | - | - | 24,063.88 | |
| | - | - | - | - | - | - | - | Total Finance Revenue \$709,156.16 |
| | - | 709,156.16 | 4,000.00 | 370,000.00 | - | - | 1,083,156.16 | 504 Program-Related Revenue \$661,488.00 |
| Expense | | | | | | | | |
| BEAR/Advisory Council | - | - | - | - | 5,386.00 | - | 5,386.00 | Percent 504-Related 93% |
| Contingency | 10,000.00 | - | - | - | - | - | 10,000.00 | Total Finance Expense \$505,806.35 |
| Dues and Subscriptions | - | 15,856.00 | - | 2,081.60 | 750.00 | 989.63 | 19,677.23 | 504 Program-Related (93%) \$470,399.91 |
| EDC Reimbursement | 77,151.00 | 400,934.15 | - | 105,619.93 | - | - | 583,705.08 | |
| EDC Reserve Contribution | - | - | - | - | - | - | - | 504 Program-Related Revenue \$661,488.00 |
| Insurance | 11,000.00 | - | - | - | - | - | 11,000.00 | 504 Program-Related Expense 470,399.91 |
| Intern/Contract Support | - | - | - | - | - | - | - | |
| Marketing-Departmental | - | - | 22,660.71 | 11,000.00 | 7,500.00 | 20,386.96 | 61,547.67 | Available for Economic Development <u>\$191,088.09</u> |
| Marketing-Organizational | - | - | - | 11,000.00 | - | - | 11,000.00 | |
| Membership Development | - | - | - | 15,000.00 | - | - | 15,000.00 | Business Recruitment \$ 81,000.00 |
| Miscellaneous | 5,000.00 | 10,792.00 | 3,133.93 | 2,500.00 | 8,000.00 | 12,566.45 | 41,992.38 | Workforce Development 59,694.99 |
| Office Equipment | - | - | - | - | 2,500.00 | - | 2,500.00 | Program Marketing 22,000.00 |
| Office Supplies | - | 2,056.00 | - | - | - | - | 2,056.00 | Rock31 Entrepreneurial Program 28,393.10 |
| Opportunity Fund Contribution | 40,000.00 | - | - | - | - | - | 40,000.00 | <u>\$191,088.09</u> |
| Organizational Event Expense | - | - | - | 52,500.00 | - | - | 52,500.00 | |
| Professional Fees | 26,000.00 | 6,500.00 | 40,500.00 | - | 500.00 | 7,428.45 | 80,928.45 | |
| Rent | - | 41,049.08 | - | - | - | - | 41,049.08 | |
| Sponsorships | - | 2,000.00 | - | - | - | 6,603.06 | 8,603.06 | |
| Telecommunication | - | 3,699.12 | - | - | - | - | 3,699.12 | |
| Telephone-Cell | - | - | - | 1,920.00 | - | - | 1,920.00 | |
| Travel/Training | - | 22,920.00 | 14,705.36 | 4,000.00 | 11,310.00 | 11,720.44 | 64,655.80 | |
| | - | - | - | - | - | - | - | |
| | 169,151.00 | 505,806.35 | 81,000.00 | 205,621.53 | 39,946.00 | 59,694.99 | 1,061,219.87 | |
| Operating Income/(Loss) | <u>\$ (169,151.00)</u> | <u>\$ 203,349.81</u> | <u>\$ (77,000.00)</u> | <u>\$ 164,378.47</u> | <u>\$ (39,946.00)</u> | <u>\$ (59,694.99)</u> | <u>\$ 21,936.29</u> | |

FY 2020 Organizational Budget

Key Assumptions

EDA Revenue

- Full mill levy. 2.0% (\$23k) increase.
- 25% reimbursement (\$29k) from EDC for Controller position salary & benefits.
- Opportunity Fund investment for Rock31 program:

\$100k FY19 appropriation. \$50k FY20 appropriation.

| | |
|--|------------|
| FY19 estimated unused appropriation | \$37k |
| FY20 appropriation | <u>50k</u> |
| Total FY20 Opportunity Fund Investment | 87k |

- Increased federal reimbursement related to PTAC program.

EDA Expense

- \$24k general placeholder for salary increases. \$15.8k earmarked for possible adjustments based on salary guidelines.
- Tax protests continue. 2.4% (\$34k) of mill levy.
- FY19 Administrative FTE's 2.5
FY20 Administrative FTE's 2.0

No new staff for FY20

Modify one position from Project Manager to Marketing Program Manager

EDC Revenue

- \$370k Member-Investor revenue
- \$135k SBA 504 loan origination fee revenue

EDC Expense

- EDA Reimbursement:

| | |
|-----------------------------------|------------|
| Unfilled Big Sky Finance Position | (\$58k) |
| Controller reimbursement | 29k |
| Salary & benefit increase | <u>12k</u> |
| | (\$17k) |

EDA-EDC Cost Sharing

| | Salary | Fringe | Rent | Phone & Internet | Liability Insurance |
|--------------------------------------|--------|--------|------|------------------|---------------------|
| Director-Business Finance | 100% | 100% | 100% | 100% | 100% |
| Loan Officers (2) | 100% | 100% | 100% | 100% | 100% |
| Loan Specialist | 100% | 100% | 100% | 100% | 100% |
| Director-Member Investor & Marketing | 50% | 50% | 50% | 50% | 50% |
| Program Manager-Marketing & Outreach | 50% | 50% | 50% | 50% | 50% |
| Executive Director | 25% | 25% | - | - | - |
| Controller | 25% | 25% | - | - | - |
| Program Manager-Business Recruitment | - | - | - | - | - |
| Director-Operations | - | - | - | - | - |
| Administrative Assistant | - | - | - | - | - |
| Receptionist | - | - | - | - | - |

Program Operating Expense (in thousands)

| | EDC | | EDA | | Total | |
|-----------------|-------|-------|--------|--------|--------|--------|
| | FY19 | FY20 | FY19 | FY20 | FY19 | FY20 |
| Administration | \$ 96 | \$ 92 | \$ 824 | \$ 817 | \$ 920 | \$ 909 |
| Comm Dev | - | - | 334 | 356 | 334 | 356 |
| CD Projects | - | - | 50 | 50 | 50 | 50 |
| PTAC | - | - | 564 | 651 | 564 | 651 |
| SBDC | - | - | 251 | 247 | 251 | 247 |
| Big Sky Finance | 536 | 477 | - | - | 536 | 477 |
| Recruitment | 82 | 81 | 91 | 95 | 173 | 176 |
| Workforce | 60 | 60 | 108 | 99 | 168 | 159 |
| Member-Investor | 86 | 100 | 91 | 90 | 177 | 183 |
| Org Marketing | 11 | 11 | 63 | 62 | 74 | 73 |
| Dept Marketing | - | 11 | 8 | 8 | 8 | 19 |
| VBOC | - | - | 233 | 233 | 233 | 233 |
| Rock31 | 50 | 35 | 89 | 91 | 139 | 126 |

Key Challenges/Opportunities

1. Mill Levy Increase (\$23k)

Excluding FY18, the increase in mill levy funding over the past few years has ranged from \$20k-\$30k. These increases don't cover routine inflationary expenses and require a combination of program cuts and/or an injection of private-sector funding.

2. Member-Investor Revenues

Our budgeted FY19 Member-Investor revenues call for a \$50k year-over-year increase from FY18. Most of these revenues are realized in the 4th quarter of our fiscal year. While I believe these revenues are realizable, I don't have a history of data that will allow me to assume the \$370k budgeted for FY20 is readily attainable. Consequently, I consider the realization of \$370k of Member-Investor in FY20 to have a higher level of uncertainty.

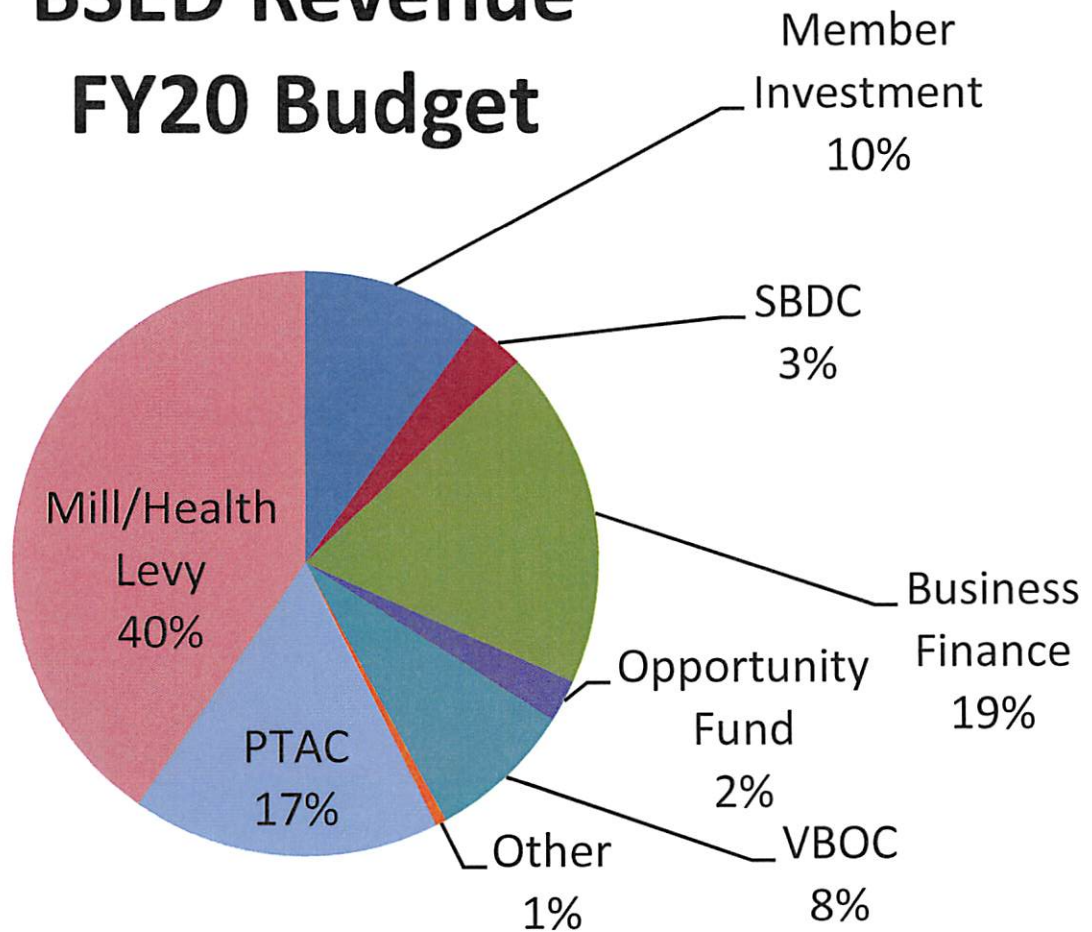
3. Key Future Considerations:

A preliminary estimate of EDA/EDC operations for fiscal years 2021 and beyond indicates a general decline in operating margins. This estimate is based on the preliminary FY20 budget "rolled forward" to FY21-23 with anticipated program revenues offset by inflation-adjusted expenses associated with our current economic development programs. A significant expense unknown relates to our future office occupancy costs. We currently have plans to acquire the Montana Bank Building but a number of material contingencies need to be resolved before we can estimate our occupancy costs with a high degree of accuracy.

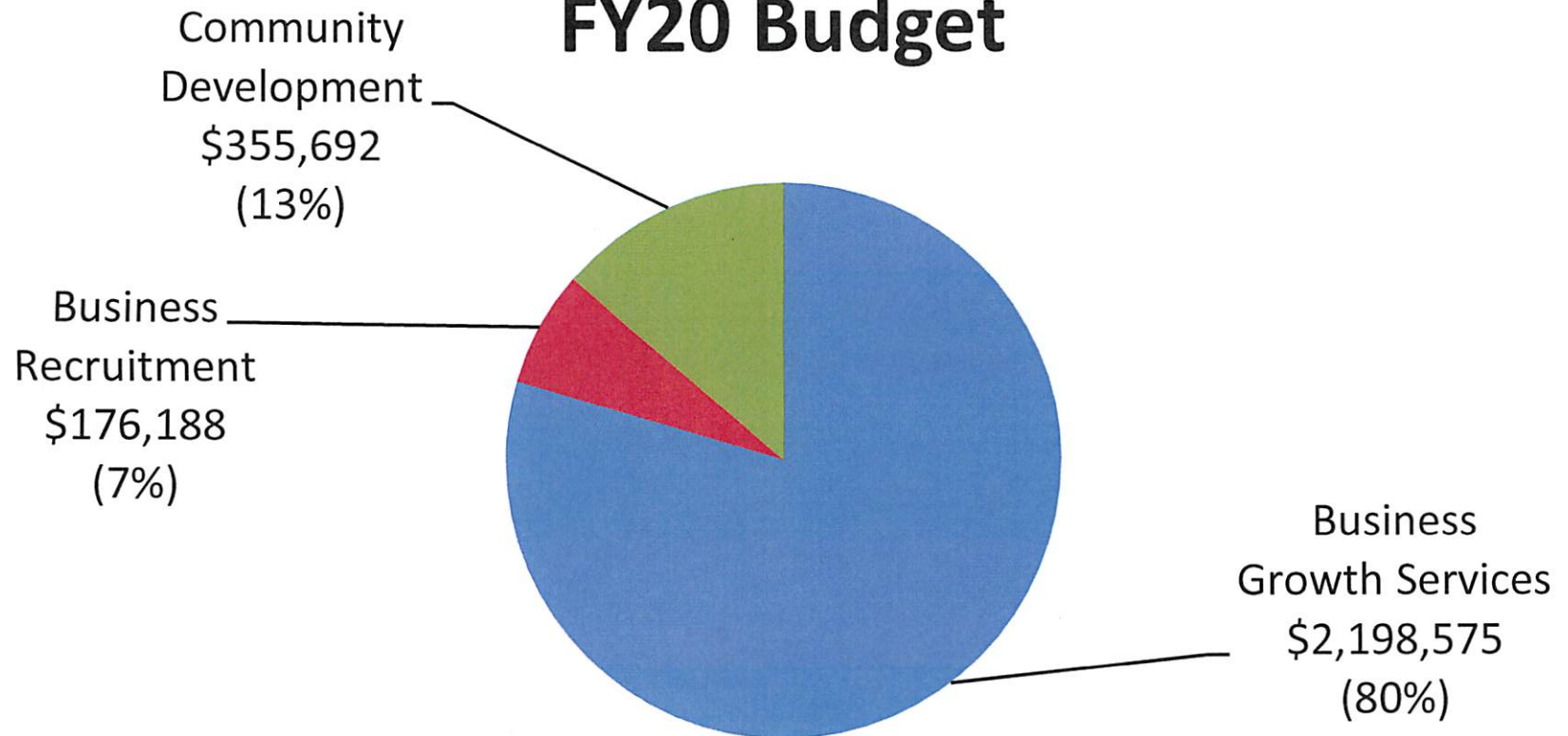
While the afore-mentioned trends don't materially express themselves until FY22 or FY23, our management team believes that we should take steps to address revenue and expense trends immediately. Accordingly, staff has recommended we create a committee of key staff members along with our Board Treasurers to develop a "Game Plan for the Future." This plan will address revenue growth and resource allocation that will provide us with guidance to sustainably operate Big Sky Economic Development in the coming years. The goal is for this committee to have the plan ready for Executive Committee review by November 2019.

BSED Revenue FY20 Budget

| | |
|--------------|-------------|
| Mill/Health | \$1,505,081 |
| VBOC | 300,000 |
| PTAC | 633,828 |
| Bus. Finance | 700,156 |
| Opp Fund | 87,175 |
| Member Inv | 370,000 |
| SBDC | 112,500 |
| Other | 21,900 |
| Total | \$3,732,140 |



BSED Expenses FY20 Budget





BIG SKY
ECONOMIC DEVELOPMENT

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ATTACHMENT D

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

Strategic Priorities

- 1. Economic Diversity and Innovation—grow and diversify our economy through small business growth, entrepreneurship, fostering innovative business ideas, and maintaining a regional focus:**
 - a. ROCK31 – Connect Build Grow—See the SBDC/Rock 31 section of this report for more details, but I would highlight the Early Stage Montana pitch competition as a great effort lead by our Rock31 team. We helped to host the eastern and center Montana competition and had 8 to 10 startups pitch for a chance to be selected to compete in the statewide competition. Kevin did a fantastic job working with the Early Stage team for this event. Several of the startups in the competition are active SBDC/Rock31 clients. We were not able to pull off the summer code school event this year with the Montana Code School, but we are working toward a fall program. Stay tuned for more details.
 - b. Coal Country Coalition—No new information on the work of the Coalition.
- 2. Workforce Development and Talent Attraction—via the BillingsWorks Partnership—build and enhance our workforce development strategies/programs and further our talent attraction efforts to meet future workforce needs in support of our regional business community:**
 - a. Advocacy for MSU Billings and RMC— No new info to report.
 - b. BillingsWorks/Talent Attraction and Career and Technical Education/Career Center—With the success of the High School mill levy resources will now be placed in career and technology education by defining and strengthening career pathways and hiring a set of career counselors to help connect our high school students with work-based learning opportunities. This team will work with the CTE director position that we helped to create through our CTE Advisory Committee MOU with SD2 and 20 private industry partners. Great strides being made under the leadership of our BillingsWorks Director, Karen Baumgart. More details in this program area can be found in the BillingsWorks section of this report.
- 3. Strategic Placemaking--building-remarkable community investments to encourage and support the retention and attraction of workforce and new private investment:**
 - a. Development of Planned, Ready-to-Go Industrial Space—See the TEDD update as a part of the Community Development section of this report. The challenge remains between the City and the original plan for the Lockwood TEDD. We are meeting with the City leadership on a routine basis to develop a plan to hopefully secure an agreement between the City of Billings and the Lockwood Water and Sewer District (LWSD) that would allow LWSD to expand their service area to include the TEDD properties. We are also planning a luncheon meeting with the City Council and the Lockwood

community to hopefully inform and connect the two groups. We will stay on task with this effort. More details to follow.

- b. One Big Sky District— “Moving on to the next steps.” A handout will be provided at the Executive Committee and Board Meetings that summarizes the takeaways from briefing sessions we have conducted over the last 6 weeks. This summary is still a draft as we have key conversations still to come over the next two weeks before the “moving forward plan” is outlined. This summary will at least give our Board and the Strategy Partners a starting place for dialogue around next steps. We will review this summary with the Executive Committee at our June 5th meeting. In the meantime, we are still working on dates for a Destination Medical Center (Lisa Clarke, CEO, Rochester, MN) learning session, tentatively planned for late June. Be watching for an invitation for this event.
- c. Coulson Park Redevelopment and Entryways Now—Master Plan work is underway. See Community Development section of this report for details.
- d. EBURD Redevelopment—A new draft MOU is included in your Board Packet for your review. Dianne will review the MOU with the Executive Committee. The goal of the MOU is to create a framework for our partnership with the BIRD and the City on the redevelopment of the East Billings Urban Renewal District. We have had an MOU in place for several years. This new MOU updates our framework with BIRD and the city. I will ask Dianne to brief the Board on the redraft of the MOU at the June Board Meeting.
- e. Trailhead Hospitality Vision Steering Committee— The scope of work for a plan/design/budget for the improvement of the Metra Park backside walkway, fence and landscaping is complete. The next step is securing funding for that work. Grant applications are pending for this project. The next meeting of the Committee is set for July 5, 2019, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room. That date may change because of the conflict with the 4th of July.
- f. Air Service—Frontier Airlines is off the ground and flying in and out of Billings. Exciting!!
- g. Space2Place—Micro-grant projects that facilitate quality of place—Space2Place grants have been awarded and projects are underway. Dianne will provide the Board an overview of these projects at our June Board meeting.

Program Updates

VBOC

Training

Boots to Business

- Malmstrom Air Force Base in Great Falls, MT: 16 graduates
- FE Warren Air Force Base in Cheyenne, WY: 12 Graduates

Other Training: Brian delivered a class on access to capital for veteran owned businesses at a Yellow Ribbon event in Kalispell, MT. This event is a post deployment event for soldiers and families of the 495th Combat Sustainment Support Battalion of the Montana Army National Guard (recently returned from deployment to Afghanistan).

Outreach

- Patriot Boot Camp – conversation about potential VBOC involvement in the next boot camp to be held in Lehi, Utah in August

- Yellowstone County Commission meeting

Counseling – The VBOC team consulted with 7 individual veteran clients so far in May as they pursue small business opportunities. These efforts also included 8 referrals to resource partners throughout our region.

Professional Development – Last month, Dustin attended the NW Boots to Business Summit at Business Impact NW in Seattle. Alongside colleagues at the Region X Veterans Business Outreach Center, he was able to learn, share ideas and collaborate on efforts to improve the effectiveness of the Boots to Business trainings for service members preparing to transition out of the military. Keep your eyes open for a new and exciting program to be announced soon in collaboration with the VBOC and other partners in Seattle!

Big Sky Finance

Big Sky Finance has had a busy and successful month. We started off with the team attending the SBA Annual Awards event in Great Falls. Big Sky Finance was recognized as the SBA 504 Lender of the Year for its SBA 504 loan production! In addition, Brandon attended the lender training event held in conjunction with the awards banquet and was able to network with several lenders and lending partners. The truly exciting part of this year's SBA awards was how many of the recipients Big Sky Finance has worked with. First, Devon Davidson, owner of MARS of Billings, was selected as the Montana Small Business Person of the Year! Big Sky Finance has assisted MARS with two separate SBA 504 loans, the most recent their state-of-the-art building here in Billings on Gabel Road. Devon and Kimberly Davidson represented Montana at the National SBA Awards event held in Washington, DC. Tanya Chemodurow with Abatement Contractors of Montana was the 8a Graduate of the Year. Big Sky Finance provided her company with an SBA 504 loan.

As part of Economic Development Week, Brandon traveled to Butte and presented at the Butte Economic Development Lender Training event. There were over 15 lenders and economic development professionals from the surrounding area in attendance. There were stops in Helena and Bozeman along the way to meet with the Helena team and prospects.

SBA 504 activity is keeping us busy as we have several prospects we are working with. We had one loan submitted to and approved by SBA totaling \$405,000 (SBA portion). We are also looking at a couple of Revolving Loan Fund requests. The team is also in the process of bringing online an enhancement to our loan software which will assist us with our workflow and processes.

SBA 504 effective rates for the month of May dropped from the previous month and are as follows: 25-year rate is 4.39%, 20-year rate is 4.27% and 10-year rate at 4.37%. It's a great rate environment for business owners to secure property with long-term, fixed rates! Our rates are fixed for the term of the loan providing borrowers with no interest rate risk! This coupled with the low equity requirement, as little as 10%, make for a very attractive financing option for our small business owners! We provide the SBA 504 loan product throughout the entire state of MT!

Community Development

Lockwood TEDD---KLJ Engineering continues with their data collection and analysis for strategic short-term infrastructure priorities and associated funding strategies. They have conducted the first workshop which reviewed the Infrastructure Master Plan for Advisory Board members, property owners, and other interested parties. Individual interviews with TEDD property owners will be completed by Friday, May 17. Discussions continue with the City regarding expansion of sewer service to the Lockwood TEDD area. Plans are to have this issue before the City Council by mid-July for a decision. The next

workshop/Advisory Board meeting is scheduled for June 19th from noon – 2 pm at BSED in the Yellowstone Conference Room to prioritize infrastructure needs. Advisory board members, property owners, city/county staff, and the public are welcome to attend. Please notify Thom if you are planning to attend as lunch will be provided.

Space2Place---Grants were awarded to eight projects at our Better Off in Billings event April 25. Those projects are:

- Always Be Creative – Interactive Musical Garden at the entrance to the new Wise Wonders Children's Museum
- Downtown Billings Alliance/RotorAction – Interactive Alleyscape artwork in alleyway between Pub Station and MoAv
- Monica Hill – Mural project in the pedestrian tunnel under Shiloh
- Healthy by Design – Creative Wayfinding project for Safer Routes to School
- MSU Billings – Mural project in N 27th St Tunnel adjacent to their campus
- Yellowstone County Museum – Prehistoric Rock Art images on the exterior wall
- Montana State Firefighters Memorial – Bench project at their memorial park in Laurel
- Montana Rescue Mission – Seating area project at their shelter.

MetraPark Entryway Beautification Project—The application is complete and ready to submit to the Montana CDBG Planning Grant program when the State begins accepting applications.

Coal Country Coalition---Now that legislature is over, we will schedule a meeting of this group soon to discuss results of that session, debrief on what Colstrip learned at NADO Coal summit in Denver, and next steps.

Tax Abatements—Patrick presented the annual tax abatement report to the Southside Taskforce meeting last week, May 16th by request of the Taskforce. A reminder, in '17 we had 20 active abatements which saw a total of \$358,964 tax savings throughout Yellowstone County and the City of Billings. In the same year, all businesses that had an active abatement or saw their abatements expire in '17 had a total of \$92,317,701 in payroll. We continue to hear from different businesses each month inquiring about potential abatement applications.

Yellowstone Fuels Reduction Program---The Community Development Team worked in partnership with Yellowstone County to complete a BLM Grant application requesting over \$100,000 to conduct fuels reduction assessments and activities within the Yellowstone County Wildland Urban Interface. The application will be submitted on Wednesday, May 22nd to the Bureau of Land Management.

Brownfields Program---Patrick presented at the Billings Industrial Revitalization District's annual meeting to discuss the Brownfields program and overview of previous projects and statistics. BSEDA has completed four different Brownfields projects with our current EPA Brownfield Assessment Grant. To date since 2008, BSEDA has completed 36 Phase I and 28 Phase II environmental site assessments within the East Billings Urban Renewal District and Downtown TIF District; of those completed projects, 96% have come back with no restrictions to reuse, expansion, or redevelopment.

Coulson Park---The Community Development Team and City Parks Department plan to meet with Consultants (DHM) to determine marketing and promotion of the Park and promote public input for the Masterplan. The Team plans to have a presence at the Strawberry Festival and multiple other events this Summer. Stay tuned for additional meetings and/or go to the Coulson Park website for more information <http://www.coulsonpark.com/>.

Thom MacLean, Community Development Project Manager graduated from the Leadership Billings program.

Member Investor & Marketing Program

BSED had a great month by celebrating Economic Development Week. We had a full week of sharing the story of economic development throughout the county. The week started with the Yellowstone County Commissioners proclaiming the week as Economic Development Week, followed by recognition from the City Council with a similar announcement. We also held two “pop up” coffee conversations, one at Black Dog Coffee on the west end and one at Harmony Coffee Bar in Laurel. Both were well attended by our community and we plan to do more of these impromptu coffees in the future. Also, that week, with the help of the boards and staff, we delivered 200 gifts to community stakeholders, elected officials and member investors, thanking them for their continued support of BSED’s work.

Also, this month we have been completing the last of the three-part strategy to grow the Member Investor program. The goal is to add 20 new member investors by the end of the fiscal year, and have the total funds received for the year reach \$370,000. We are near this goal and will have a full update at the June board meeting.

Marcell Bruski attended IEDC training in Nashville this month and will begin her new role as Marketing & Outreach Program

BillingsWorks

Your workforce development program continues to collaborate with our private and public sectors, creating innovative work-based learning initiatives. May was an exciting month due to the Yellowstone Strengths Academy graduating 8 Skyview High School students from the employability skills training program on May 22nd. This community partnership program will look to see where its next host location should be at in the upcoming weeks. Additionally, this month hosted the TEN-takeover by SD2 Culinary Arts students. Two high school seniors and one junior created, purchased, cooked and served over 20 education and community partners dinner at The Northern Hotel’s TEN restaurant under mentorship of industry experts; showing how impactful and doable getting students into the workplace is!

PTAC

MT PTAC held its annual “GovMatch” event on May 29th at the Northern Hotel. 38 federal, state and local agencies were on hand to talk with MT companies from all over the state about doing business. Northrop Grumman, Boeing, Raytheon & Lockheed Martin were also on site to discuss sub-contracting opportunities with attendees. Several federal agencies traveled from other states including Utah, Colorado, Wyoming, California, Texas, Idaho, South Dakota, Virginia, Nebraska and Washington D.C. Senator Daines kicked off the event and visited with attendees and Senator Tester sent a video message. GovMatch 19 was a terrific success and a productive day for companies interested in doing business with the public sector!

Since August 1st, MT PTAC clients (statewide, all 7 PTACs) have been successful in winning **\$56 million** in federal, state and local contracts. Of that, **\$15 million** was awarded to clients of the Billings PTAC.

SBDC|Rock31

Noteworthy:

- Rock31 hosted Early Stage Montana’s regional pitch competition in Billings on May 14th from 5:00pm-8:00pm at the Zoot building in Billings. The top regional tech-centric “Early Stage” (less

than \$10MM in Revenue.) competed for a spot in a hyper accelerator boot camp that will prepare the finalists for a State-wide pitch competition.

- 22 companies graduated the NxLevel Business course (10-week course to build a strategic business plan).

Team activity:

- We served 35 new and existing companies with technical assistance, training, loan packaging, and consulting.
- The team participated in 3 community Board meetings/Committees/Events.
- The team conducted 2 outreach site visits.
- 14 diverse business owners attended our monthly “Pre-Biz” workshop.

Ongoing projects:

- The team is working on final items needed to submit Phase 2 of the EDA grant application

Recruitment

Business recruitment has been focused on collecting the debrief information for One Big Sky and developing next steps, preparing for a site selector luncheon in Dallas that we are hosting with Butte and the Governor’s Office of Economic Development, preparing for the Foreign Direct Investment Conference in Washington DC, and fine-tuning collateral/branding for the upcoming fiscal year in order to launch greater online lead generation through LinkedIn.

Organizational/Policy Matters

1. FY 2020 Work Plans and Goals—As a handout we will provide a detailed outline of the Work Plans and Goals for each program for FY 2020. This outline is the tool we use to track and measure the outcomes/focus for each program area within the organization. Included in this document will be a recital of our current Strategic Priorities, which stay in place through FY 2020.

I will also provide the Executive Committee and Board with a separate Executive Director Work Plan and Focus, which is intended to outline my proposed work priorities for FY2020. I intend to seek the Board’s input on these priorities, starting with a dialogue at the June Executive Committee meeting.

2. Future Facilities Taskforce – Per the Board’s direction, we are moving forward on a buy-sale agreement for the Montana Bank building and our EDA grant application that would support the purchase and renovation of the building. The grant application is due June 6th. The team is working day and night to pull all the supporting material together for this grant/project. Becky will give the Executive Committee and update.
3. FY 2020 Budget –The Executive Committee will receive the proposed FY 2020 EDA and EDC budgets for review and consideration. There should not be significant changes from the drafts there were presented last month.
4. Ad Hoc Legislative Committee—Attached for your review is a recap of the outcome of our work during the legislative sessions related to our Legislative Priorities. I will discuss this recap with the Executive Committee and Board.
5. Acting Director Designation—I will be out of the office on vacation June 5th (following our Ex. Committee meeting) through mid-day June 11th. Dianne Lehm will serve as Acting Executive

Director during my time away from the office. Also, in case of emergency, Becky and Dianne will have the appropriate contact information for me, if needed. Thank you to the Board and staff for giving we the opportunity to share this time with my wife—celebrating our 37th wedding anniversary.

**Respectfully submitted,
June 5 and 13, 2019**

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

**Steve Arveschoug
Executive Director**



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ATTACHMENT E

**Big Sky Economic Development
Outline of Legislative Priorities 2019 Session
As Proposed to the BSED Boards December 13, 2018
(DRAFT Update: Reflects Action from the 2019 Legislative Session)**

A. Areas of Focus for 2019 Session

1. 2019 Economic Development Tools—eliminate the current sunset on the set of economic development tools; and, shift resources, within available funds, to Small Business Development Center and Certified Regional Economic Developments Corporations (Consistent with the Montana Economic Developers Association Recommendation). Without positive action by the State Legislature and Governor, these programs will expire June 30, 2019. Additionally, support current funding levels for the Workforce Training Grant Program, which supports job creation among existing and new businesses. *Update: HB 52 passed the House and Senate and is now waiting the Governor's signature. A signing ceremony is set for Tuesday, May 7th. The legislation grants an 8-year sunset period, and shifts dollars to SBDC, MMEC, and Certified Regional Economic Development Corporations. HB 52 also takes all funding out of the Board of Research and Commercialization, shifting another \$500,000 to Growth through Ag programs.*
2. One Big Sky District Development Plan & Economic Development Tool (Value Capture Mechanism)—the development plan for One Big Sky District will include a strategy to create a unique economic development tool(s) that will encourage private investment to lead the implementation of the development plan, and then create a mechanism to capture a percentage of new economic activity to off-set the investment in associated public infrastructure and amenities. The exact tool will be proposed as a part of the final OBSD Development Plan. *SB430 did not pass out of committee (Senate Taxation), nor did it pass a floor motion to move the bill out of committee for full Senate debate. The Committee vote was 5 to 5 and the floor vote was 2 votes shy of the needed 26 votes. The 406 Impact District legislation did peak the interests of legislators and communities who were hoping for a new economic development tool to drive private investment and public infrastructure investment. Our efforts this year do indeed set a foundation for the 2021 Session. We will be working to build statewide support for the concept, including an effort with MEDA to analysis and consider the "next generation of economic development tools." I will be presenting the 406 Impact District concept at the annual meeting of the Montana Infrastructure Coalition the end of June, in Billings.*
3. Medicaid Expansion—BSED supports the continuation of Montana's Medicaid Expansion Program. This program has a direct economic impact on Yellowstone County and supports the continuity of healthcare in rural communities throughout our region. Notwithstanding the results of I-185, the Legislature will have to appropriate funds to sustain this program. *Update: HB 658 did pass both the House and Senate and went on to the Governor for his signature. The Medicaid expansion program now sunsets June 30, 2025. As before Montana's Medicaid program includes a work/volunteer provision, now 80 hours per month under the new law for participants between 19-55 years of age. There are*

exemptions of course for those unable to work. This work provision is subject to legal review. Funding for the State's share of this program is supported, in part, by fees on hospitals, a premium tax on MT Health Co-op and PacficoSource, and modest annual increases in premiums on beneficiaries (less than .5% per year). Effective Jan. 1, 2020 hospitals will not receive co-pays/con-insurance/deductible payments from program beneficiaries. The State's appropriation to this program is no longer a Statutory Appropriation. Funding levels will be set by the legislature during each Session.

4. Infrastructure Investment—BSED will again support the efforts of the Montana Infrastructure Coalition (MIC), and others, to develop tools to ensure funding of much needed infrastructure throughout Montana. For our community, those tools should also include some form of a local option tax to support the development of strategic public infrastructure and amenities. Our support will extend to legislation that encourages greater public/private partnership approaches to Montana's infrastructure needs. *Update: A combination of bills help to fund capital projects and infrastructure in Montana-- SB 338 (Montana Heritage Center), HB 652 (Romney Hall MSU and other MUS projects, and restoring funding to TSEP local infrastructure projects), and HB 553 which establishes a framework for the consideration of other capital projects through a "bonding bill." The Montana Infrastructure Coalition will continue their work on a funding tool for local infrastructure. The MIC Annual meeting is planned for Billings, June 28th. More details to follow.*
5. Tax Increment Financing (TIF)—tax increment financing remains one of Montana's few economic development tools that can bring resources to the table to invest in public infrastructure needed to support private development. Our goal is to encourage the sustainability of TIF for both urban renewal and to fund infrastructure investment for value-added industry. *Update: No significant changes to TIF or TEDD laws.*
6. Workforce Development-Career and Technical Education—BSED will encourage increased funding for career and technical education (CTE). Montana remains near the bottom of the list among our peer states for the investment in CTE. At the same time Montana faces a current and future workforce challenge, especially in the trades and healthcare. Through our BillingsWorks partnership we've made some impact in this area, but so much more needs to be done. *HB 387 (Create Advanced Opportunity Act for MT students) was passed and is awaiting signature from the Governor. HB 387: "Will expand personalized opportunities for students to accelerate their career and college readiness and reduce out-of-pocket costs for families; empowering students to actively engage in forming successful postsecondary pathways. Provide expanded flexibility and advanced opportunity aid to districts in supporting each student's pathway. Authorize districts to utilize limited funding in the adult education fund to support advanced opportunities. Providing rulemaking authority, providing an appropriation, amending section 20-7-701; and providing an effective date. The bill was carried by Llew Jones of Conrad, MT.*
7. Regional Economic Development and our Rural Partners (TBD)
 - a. **The extension of the 2019 Economic Development Tools** (as highlighted above) are critically important to our regional partners in economic development—Snowy Mountain Development Corporation, Southeast Montana Development Corporation, and Beartooth RC&D. Funding helps to sustain these certified regional development corporations (CRCD) and is vital to sustaining development efforts in rural Montana.
 - b. **Coal Board Funding**—many communities in our region are impacted by coal development in the area—both good and bad. Coal Trust Fund dollars are appropriated

to the Coal Board to support the funding of key infrastructure and community development projects in this region. Impacted communities ask that the funding to the Coal Board for these projects be sustained at the appropriate levels.

- c. **Support Colstrip's efforts** as they work to transition from the pending closure of Units 1 and 2.
- d. **The Coal Country Coalition** (BSED, Beartooth RC&D, SE Montana Development Corporation, and Snowy Mountain Development Corporation) advocates and encourages the legislature to consider incentives for Montana companies, investors, and higher education to commercialize technologies that lower carbon emissions and raise thermal efficiency of coal-fired generators using state tax revenues generated by the coal industry. The Coalition believes the first step should be to strengthen a partnership with the existing research and development efforts that are underway in the state of Wyoming related to "clean coal technologies."

Update: See attached outline of legislation from Jim Atchison, Southeast Montana Economic Development Corporation.

B. Monitor During Legislative Session

- 1. Program and funding needs related to MSU Billings and City College
- 2. Business Equipment Tax Changes
- 3. Business Climate Issues (workers comp rates, regulation, etc.)
- 4. Funding for the Treasure State Endowment Program (TSEP)
- 5. Protect the Integrity of the Big Sky Trust Fund with focus on its current economic development programs

C. Other Considerations

- 1. Legislatives Priorities of the City of Billings and Yellowstone County
- 2. Legislative Priorities for the Montana Chamber of Commerce
- 3. League of Cities and Towns and MACo priorities for the Session

Steve Arveschoug

From: Steve Arveschoug
Sent: Tuesday, May 07, 2019 8:46 PM
To: jatchison@semcdc.org
Subject: Re: Legislative Bills - Coal / Energy

Jim,
Thank you! This info is very helpful.
I just got in from Helena. Long day.
See you soon.
Steve

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From: jatchison@semcdc.org <jatchison@semcdc.org>
Sent: Tuesday, May 7, 2019 8:08:24 PM
To: Steve Arveschoug
Subject: Legislative Bills - Coal / Energy

Hi Steve,
Thanks for being in Helena for the HB-52 Signing on Tuesday. As per your request below, here's a brief Update on where a few Legislative Bills concerning **Coal / Energy** are currently. These Bills would certainly impact Yellowstone County. I included the SEMDC Legislative Tracking Chart as well.

HB-292: Extend Coal Board Funding (SEMDC Strong Support): Passed the Legislature by large margins and was bi-partisan. **Currently on Governor's Desk**. He may veto it as it was not in his Budget. The current law had Coal Board funding at 5.8% and sun-setting June 2019. Rep. Usher's Bill would extend the term for 4 years and keep it at 5.8%. Unfortunately, the Governor's Budget had this sunsetting in June and thus going back to the original 2.9% level or cutting the funding in half. I believe the additional funding is about \$3.2 million over the Biennium. This funding comes from the Coal Severance Tax and MT coal production is up over 7% year to date. Last year, \$60 million was collected from this tax alone. **"This is not the time to be cutting funding assistance in Impacted Coal Country!"**

SB-191: Allow Counties to Establish Coal Fund (SEMDC Strong Support): **Governor signed into Law**. Good Bill as it would allow Counties to setup a Coal Fund to help with future impacts. I believe this would allow Federal Mineral Royalties to be set aside and not be counted in their cash reserves.

SB-278: Colstrip Power Plant Ownership Transfer (SEMDC Strong Support): Bill had good intentions but was quickly attacked by the media and radical environmental groups. Lots of mis-information was circulated. It was noted as the "Save Colstrip Bill" but actually it should have been "Save NWE Bill." The Bill would have allowed NWE to purchase an additional 150 mwts of Colstrip power out of Unit 4 and bypass the MT PSC. Bypassing the PSC would have saved 2 + years of review and lawsuits as NWE needs the power Now. They ran out of power during the recent polar vortex in February and had to purchase \$13.5 million of additional power on the open market since Renewables was not producing. (see attached NWE Bill Insert-2nd page). **Bill was Tabled**. Sponsor Senator Richmond submitted SB-331 to replace it.

SB-331: Colstrip Power Plant Ownership Transfer (SEMDC Strong Support): The Sponsor and proponents ironed out many of the issues from SB-278. Passed the Senate but was heavily amended in the House Committee on Federal Relations, Energy & Telecommunications chaired by Rep. Zolnikov. The diluted Bill did not survive the House Floor votes

even though it passed 2nd Reading, **it did not pass 3rd Reading and Died**. Attempts to add some of the parts into HB-597 failed.

Overall, Colstrip, Coal and the significant revenues that Coal brings into Yellowstone County & the State, did NOT have a good showing with the Legislature.

Hope this helps and feel free to contact me on any questions,

Jim Atchison
SEMDC



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ATTACHMENT F

May 21, 2019

RE: Ex officio student board member

Steve,

Thank you for allowing me to present this idea to the board. Below is a brief outline of the student board position. Please make changes as you see fit.

Position description:

Ex officio member to serve on EDA or EDC board. Student would be majoring in business at Rocky Mountain College. The student would likely serve for either 9 or 12 months starting in September or October of each year. The term would end in May unless the student would be staying in Billings for the summer. In this case, the term would end in August.

Selection process:

Business faculty at RMC would nominate a student each year. Ultimately, the board and staff of BSSED would determine whether or not to place the student on the board.

Benefits for student:

- Networking opportunities
- Exposure to a professional setting
- Exposure to BSSED's activities and programs

Benefits for BSSED:

- Gain insight into issues from a college student's perspective
- Network with the student....many board members are looking for quality employees

There are probably many other benefits for both parties. As I stated at the meeting last week, I see this as a 'rough draft' proposal. I look forward to hearing new ideas that will help us form this position.

Please contact me anytime to further discuss this idea.

Thank you,

James Smith
smithj@rocky.edu
406-861-0555



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ATTACHMENT G

**MEMORANDUM OF UNDERSTANDING BETWEEN
THE CITY OF BILLINGS
AND
THE BILLINGS INDUSTRIAL REVITALIZATION DISTRICT, INC.,
AN I.R.C. 501 (c)(6) MONTANA NON-PROFIT CORPORATION,
AND
BIG SKY ECONOMIC DEVELOPMENT, FOR THE
IMPLEMENTATION OF THE MASTER PLAN FOR
REVITALIZATION, PROGRAM COORDINATION, AND TAX
INCREMENT FINANCING RECOMMENDATIONS AS PER MCA 7-15-
4233 IN THE EAST BILLINGS URBAN RENEWAL DISTRICT**

This Memorandum of Understanding ("MOU") is made and entered into on _____, 2019 (the "Effective Date") by and between the City of Billings (City), Big Sky Economic Development (BSED), a local port authority created by Yellowstone County, a political subdivision of the State of Montana, and the Billings Industrial Revitalization District, Inc. (BIRD), a 501 c(6) tax exempt corporation of the land owners with property located within the boundaries East Billings Urban Renewal District (EBURD). Management is coordinated with these entities for the purpose of assisting the City in revitalization of the EBURD for all projects, regulations and planning done in the EBURD, and to render opinions and give recommendations to the City Council as outlined in MCA 7-15-4233 on all financial assistance provided by Tax Increment Financing (TIF) in the EBURD. For purposes of this MOU, BSED, the City, and the BIRD are each a "Party" and are sometimes collectively referred to as the "Parties."

I. TERM & TERMINATION OF THIS MOU

This MOU shall be in effect for 5 years from the Effective Date, and the parties agree to conduct an annual progress-review meeting open and noticed to the public to consider any necessary changes to the implementation strategies and roles and responsibilities as set forth in this Agreement. Any Party may terminate this MOU by giving the other 90-days written notice prior to a fiscal year end of June 30. Days are defined in this Agreement to be business days.

II. BACKGROUND AND PURPOSE OF THIS MOU

- A. The EBURD was created by the City of Billings in 2006 and expanded in 2015 (Ordinance No. 06-5395, Ordinance No. 15-5652) and is defined in the attached Exhibit A map.
- B. The City of Billings has adopted a Tax Increment Finance Policy (Resolution #18-10750). The BIRD will maintain compliance with the Policy, or any future amendments, in operating under this MOU and the City will use the Policy in its decisions related to TIF programs and projects.

- C. This MOU is a cooperative effort among the City of Billings, BSED and the BIRD. The Parties share the mutual objective of enhancing economic development opportunities in the EBURD by promoting the ideals of sustainable industry, outstanding quality of life, public infrastructure improvement, and predictable land use decision-making. These efforts are embodied in the 2009 EBURD Master Plan, 2012 EBURD Code (Ordinance No. 12-5581), 2013 Exposition Gateway Concept Plan, 2013 Hospitality Corridor Planning Study, as well as other City-adopted ordinances, plans and programs affecting the EBURD, provided said ordinances, plans and programs are reviewed by the BIRD board.
- D. The BIRD is actively working on annexation of County lands in and around the EBURD. Collectively the EBURD and relevant County Land shall be called ("The Study Area").
- E. A Master Plan for the Revitalization of the EBURD has been completed pursuant to a grant by the U.S. Department of Commerce – Economic Development Administration. One purpose of this MOU is to define the mutual understanding of BSED, the BIRD, and the City regarding the implementation of the Master Plan the Study Area.
- F. The EBURD, as its foundation, is an Urban Renewal District with a Tax Increment Financing Provision.

III. RELATIONSHIP OF THE PARTIES

- A. For the life of this MOU, the BIRD will maintain itself as a non-profit advisory board to make recommendations to the Billings City Council regarding all TIF expenditures and land use in the EBURD. This MOU relates only to the cooperative efforts of BSED, the City, and the BIRD described herein in connection with the EBURD. As per Sections 2-3-103, 2-3-111, and 2-3-203(1), Montana Code Annotated (MCA), which specify public participation requirements and that all meetings of public or governmental bodies or organizations supported by or expending public funds must be open to the public, the BIRD will comply with these requirements when acting in its capacity as an advisory board to the City Council.
- B. The BIRD Board By-Laws in Article IV specifies the Board shall be made up of stakeholders that represent both business and property interests in the EBURD. As per the City TIF Policy Section 3 (a), this MOU refers to the BIRD By-Laws in outlining the members of the Board. The BIRD must carry Errors and Omissions Insurance for its board members and provide proof of insurance to the City. The Board will ensure a current copy of its By-Laws is provided to the City.
- C. This MOU is not intended to create or constitute any joint venture, partnership, joint powers agency, or other formal organization of any kind.
- D. No Party is authorized herein to act as the agent of the other.
- E. This MOU is for the sole benefit of the parties herein and their successors and

assigns. This MOU is not intended to and shall not be interpreted to create or confer to a third party any rights, entitlements or interest, including any third party beneficiary rights.

- F. Sections IV through XIII of this MOU outline roles and responsibilities of the City, BSED and BIRD related to the EBURD. The Parties shall collaborate with the identified lead organization to carry out these identified activities. The attached Exhibit B outlines the EBURD administration.

IV. BIRD BOARD AND STAFF

- A. The BIRD board may hire, contract for, or coordinate with the City, for support for the implementation of this MOU. Support includes, but is not limited to, program coordination, application review and processing, tax increment financing recommendations, administration and implementation of the EBURD Master Plan. TIF funding used for operations and staff must be approved by the City Council through its annual budgeting process as part of its review and approval of the EBURD annual budget. If the BIRD does seek contract services, supplies, or expenditures for other capital costs that utilize TIF funds, the BIRD must follow City purchasing and procurement policies in effect at the time.
- B. The BIRD Board has adopted a policy that board members and staff cannot receive TIF funding for Development Incentives while in the employment of the BIRD or serving as a member of the board of directors of the BIRD.

V. TAX INCREMENT FINANCING AUTHORITY AND ADMINISTRATION

- A. The City Council shall have the ultimate decision-making authority regarding any expenditure of TIFD Funds related to the EBURD. The BIRD will present recommendations for expenditures to the City Council.
- B. The BIRD and the City will maintain an application form and assistance guidelines for parties seeking the use of TIF Funds.
- C. Review and Action on TIF fund applications in the EBURD will go as follows:
 - 1. The BIRD staff will accept and review complete applications for TIF funds related to the EBURD and then will provide a copy of the application to the City staff for review.
 - 2. The City staff will review the application and provide comments and recommendations, which shall be returned to the BIRD Board.
 - 3. The BIRD Board shall review the recommendations of City staff and, upon concurrence, BIRD staff will meet with the applicant to review any application questions or changes.
 - 4. Any recommended changes will be incorporated into the application and the BIRD Board will make a recommendation to the City Council regarding funding of the application.

5. BIRD staff and City staff will prepare a development agreement for the expenditures of the TIF funds in the application to coordinate submittal of the application and development agreement to City Council for action.
6. The complete application and development agreement shall be processed and placed on a City Council Meeting for action within fifty (50) days after receipt of a properly completed application as specified in C 1.

VI. BIRD TRAINING AND CONFLICT OF INTEREST

- A. Training – The BIRD Board and support staff will participate with all City Urban Renewal District (URD) advisory boards in biannual training conducted in coordination with City staff and URD support staff. The training shall include, but is not limited to review of URD and TIF laws, Administrative Rules, ethics, conflicts of interest, meeting management, and maintenance of minutes and records.
- B. Conflict of Interest – The BIRD will adopt a resolution stating the Board and any employees of the BIRD will follow the conflict of interest rules adopted by the City under BMCC Article 2-507 (8)(b)(15) and BMCC Article 2-702. The BIRD Board also addresses elements of conflict of interest in Section IV (B) of this MOU. If the City finds an appearance of conflict of interest during review of a program or project seeking TIF funding, the matter will be reviewed by the City Attorney's Office.

VII. LAND USE DECISION AUTHORITY

- A. The City shall have final decision-making authority regarding any land use or zoning decision related to the EBURD, provided those items are first reviewed by the BIRD which shall present its recommendation to the City Council.
- B. Subject to existing land use law, the City may develop and administer land use and design regulations with consideration to the EBURD Master Plan, EBURD Code and other plans and ordinances adopted by the City. As referenced in Section II C. of this MOU, the City and the BIRD share the mutual objective of enhancing economic development opportunities in the EBURD by promoting the ideals of sustainable industry, public infrastructure improvement, and predictable land use decision-making consistent with those proposed in the Master Plan as recommended by the BIRD. The City and the BIRD shall cooperatively explore potential incentives for developers and property owners subject to such regulations.

VIII. BROWNFIELDS ASSESSMENT

- A. BSED has and is currently administering grants from the Environmental Protection Agency (EPA) to undertake brownfields assessments of petroleum and hazardous substance contamination on sites within and adjacent to the EBURD.
- B. BSED has assembled a steering committee to help recommend sites to be assessed. The City and BIRD have both contributed time to this steering committee to help prioritize potential assessment sites. This steering committee

will also apply EPA's Brownfields criteria of future reuse, expansion, and/or redevelopment in recommending assessment sites throughout the life of the project.

IX. MAINTENANCE, PRIORITIZATION, AND IMPLEMENTATION OF THE 2009 EBURD MASTER PLAN

- A. The BIRD will work to maintain, prioritize, and implement the EBURD Master Plan, as its staffing capacity will allow and in consultation with the Parties.
- B. The BIRD Board will convene a committee of all Parties to discuss and suggest recommendations to the City regarding maintenance, prioritization, implementation and updates to the EBURD Master Plan.

X. IDENTIFY FUNDING SOURCES AND FACILITATE PUBLIC INFRASTRUCTURE IMPROVEMENTS

- A. The City will identify and make application for appropriate funding sources in order to facilitate necessary infrastructure improvements as identified in the City's Capital Improvement Plan and other infrastructure master plans for projects within the EBURD boundary. The BIRD will assist the City with funding applications, as appropriate.
- B. The BIRD will work with City staff and property owners to consider public infrastructure projects in the EBURD and bring recommendations to City Council through processes, including the City's Capital Improvement Plan.
- C. In partnership with the City and the BIRD, BSED will seek, apply for, and administer grant opportunities well suited for the EBURD. Specifically, in development projects where there will be an increase of additional new jobs, BSED will apply on behalf of, or assist in the preparation of, applications to the Montana Department of Commerce New Worker Training Grant and Big Sky Economic Development Trust Fund incentive programs. All applications for grants will be reviewed by the BIRD. The BIRD also will make recommendations on grants to the City Council. Acceptance of any grant awards where TIF funds are used must be approved by the City Council.
- D. When an appropriate grant or funding opportunity is not available to BSED, for eligibility reasons, BSED will identify a potential applicant among the Parties and will notify such Party of the funding opportunity. BSED will assist these Parties in preparing applications for these funding opportunities on a fee-for-service basis at the hourly rate normally charged by BSED for grant-writing services.
- E. Whenever possible, funds secured by BSED for implementation of Master Plan recommendations should be matched with local dollars, including TIFD funds, in order to maximize impact.

XI. RECRUITMENT OF PRIVATE INVESTORS AND DEVELOPERS TO THE EBURD

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

XII. OTHER SERVICES

The BIRD may, at its sole option, contract professional services for security and maintenance services within the EBURD funded through property owner participation in a business improvement district or sub-district. However, the City Council shall have the ultimate decision making authority regarding any expenditure of TIFD Funds related to the EBURD, including funds allocated to professional services for a business improvement district or sub-district.

XIII PUBLIC RELATIONS

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

XIV. NOTICE

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


XV. AUTHORITY AND EXECUTION

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

| | | |
|-------|--|---|
| BSED: | Dianne Lehm Director of Community Development 222 North 32nd Street, Suite 200 Billings, MT 59101 lehm@bigskyeda.org (406) 869-8409 | Patrick Klugman Senior Community Development Project Manager 222 North 32nd Street, Suite 200 Billings, MT 59102 patrick@bigskyeda.org (406) 869- |
| City: | Wyeth Friday, Planning Director Planning and Community Services Dept. 2825 3 rd Ave. North, 4 th Floor Billings, MT 59101 fridayw@ci.billings.mt.us (406) 657-8249 | Monica Plecker, Planning Manager City-County Planning Division 2825 3 rd Ave. North, 4 th Floor Billings, MT 59101 pleckerm@ci.billings.mt.us (406) 247-8660 |
| BIRD: | Matthew McDonnell President, BIRD, Inc. 1413 4 th Ave. North, Ste C Billings, MT 59101 (406) 245-3133 | Lenette Kosovich Treasurer BIRD, Inc. 1413 4 th Ave. North, Ste C Billings, MT 59101 |

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

-- BILLINGS INDUSTRIAL REVITALIZATION DISTRICT, INCORPORATED --

By: 
Matthew McDonnell, President

BIG SKY ECONOMIC DEVELOPMENT AUTHORITY

By: _____
Steve Arveschoug, Executive Director

THE CITY OF BILLINGS:

By: _____
William A. Cole, MAYOR

ATTEST:

By: _____
Denise R. Bohlman, CITY CLERK

APPROVED AS TO FORM:

By: _____
Brent Brooks, CITY ATTORNEY

Exhibit A

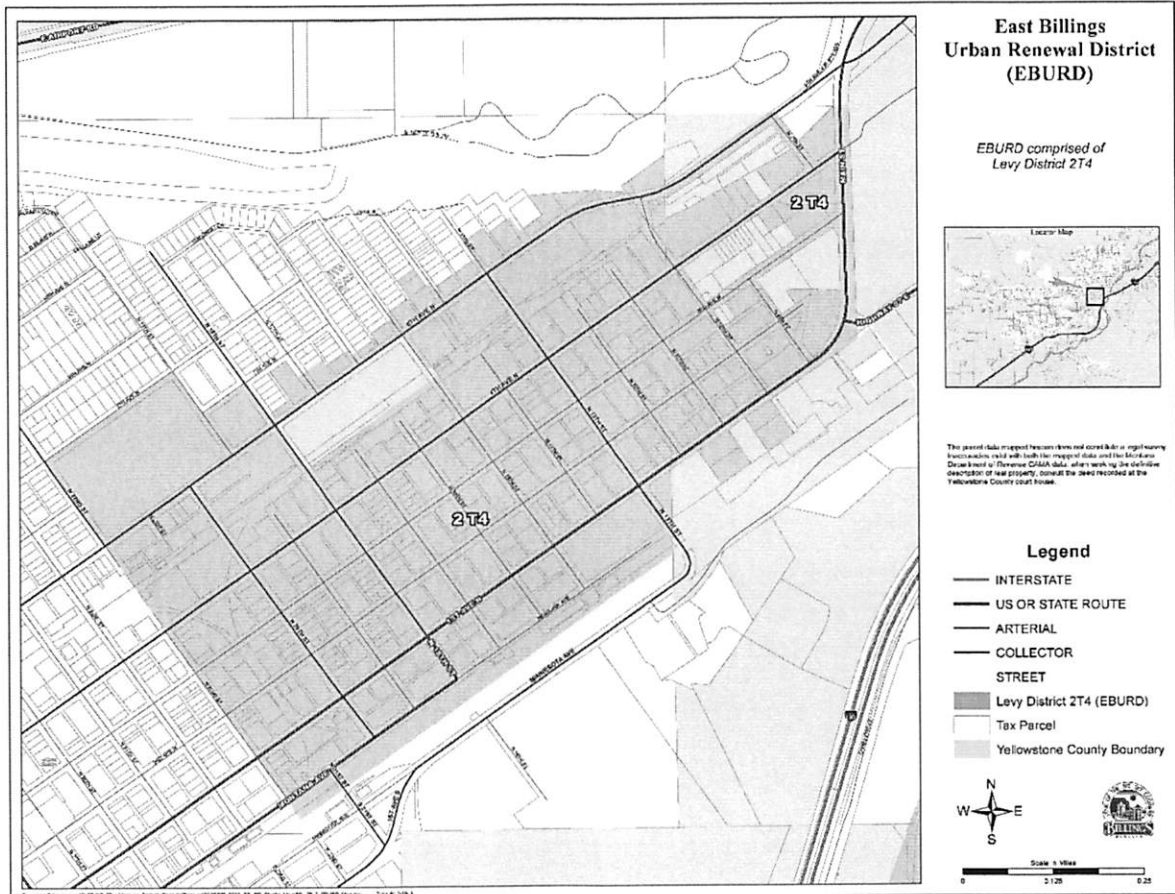


Exhibit B

EBURD ORGANIZATION

