

**EDA/EDC – Joint Board Meeting  
Thursday, May 9, 2019  
7:30 A.M. to 9:00 A.M.  
Yellowstone Conference Room  
Granite Tower  
222 North 32<sup>nd</sup> Street  
Billings, MT**

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

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

**7:30 A.M. Call to Order/Pledge of Allegiance/Roll Call: Cory Moore, EDA Chair**

**7:33 A.M. Public Comment/Recognitions/Special Announcements and Introductions**

**7:35 A.M. Changes to Today's Agenda**

**7:37 A.M. Consent Agenda**

- April 11, 2019 Board Meeting Minutes
- April 18, 2019 Budget Workshop Minutes
- March 2019 EDA and EDC Financials

**(EDA/EDC Action)**

(Attachment A)

(Attachment B)

(Attachment C)

**7:40 A.M. Program-Level Action Items/Reports**

- First-Draft Proposed FY 2020 Budget Review—Jim/Becky
- Big Sky Finance —Brandon
  - 504/RLF Loan Approvals
- Future Facilities Task Force Update/Recommendation—Becky
- 2019 Board Planning Recap—Becky/Steve
- SOW Report and Space2Place Awards—Karen and Dianne
- TEDD Update—Dianne/Thom

(Attachment D) (Info)

(Attachment E) (EDC Action)

(Handout) (EDA/EDC Action)

(Handout/Presentation) (Info)

(Presentation)

(Info)

**8:45 A.M. Executive Director Report**

- BSED Legislative Priorities Update
- Board Member Engagement/Communication/Calendars—Mel/Steve
- OBSD Update/Next-Steps Plan (May 9<sup>th</sup> Public Meeting)

(Attachment F) (Info)

(Handout)

(Info)

(Info)

**8:55 A.M. Public Comment**

**9:00 A.M. Adjourn**

**Next EDA/EDC Board Meeting June 13, 2019. Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky ED at 256-6871.**



BIG SKY  
ECONOMIC DEVELOPMENT

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# ATTACHMENT A

**EDA/EDC Joint Board Minutes**  
**Thursday, April 11<sup>th</sup>, 2019 – 7:15 AM – 8:30 A.M.**  
**Hilton Garden Inn, Salons A&B**

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

**EDA Board Members Present:** Cory Moore, Robin Rude, Ken Lutton, Fred Sterhan, George Warmer, Jennifer Owen, Paul Neutgens, Dana Pulis, Greg McDonald, Jennifer Smith, Judi Powers, John Brewer (Ex-Officio) Don Jones (Ex-Officio), Shaun Brown (Ex-Officio), Katy Easton (Ex-Officio)

**EDA Board Members Absent:** Greg Upham (Ex-Officio)

**EDC Board Members Present:** Aaron Ramage, Andy Gott, Ann Kosempa, Bob Wilmouth, Dave Ballard, David Ellis, Denis Pitman, Mac Fogelson, Mike Nelson, Mike Phillips, Mike Seppala, Steve Loveless

**EDC Board Members Absent:** Craig Bartholomew, Dan Edelman, Doug Hansen, Eric Simonsen, Jon Stepanek, Mitch Goplen, Molly Schwend, Nicole Bengel, Scott Chesarek, Spencer Frederick

**Staff and Guests:** Steve Arveschoug, Austin Trunkle, Becky Rogers, Dianne Lehm, Allison Corby, Dena Johnson, Melanie Schwarz, Lorene Hintz, Dustin Frost, Brandon Berger, Jim Tevlin, Johnna Jablonski, Kevin Scharfe, Karen Baumgart, Deanna Langman, Thom MacLean, Todd Buchanan, Pam Ellis, Evelyn Pyburn

**Call to Order:**

Mike Nelson, EDC Chair, called the meeting to order at 7:30 A.M. with the Pledge of Allegiance.

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

Public Comment

Todd Buchanan presented the SD2 High School Mill Levy. Todd gave some background to the Board on why our superintendent and other community members see a need to pass this Mill Levy. This levy will help to drive job preparedness among high school students. Last Tuesday, the district hosted the first mandatory job fair for high school seniors at Metra Park. Within the week, employers who had attended have reported they have filled multiple jobs. This job fair was an idea from Greg Upham as he continues to push for career readiness among our young people. The last high school levy that passed was in 2007. This Levy is aimed at high schools specifically. One of the criteria that colleges look at heavily is Advanced Placement courses. We currently do not offer AP Chemistry in the district and offering this option to students has the potential to broaden their horizons. The levy would raise \$970,000 a year to update materials and licenses and also to bring in career guidance counselors. The counselors' sole job would be to connect students with pathways to a fulfilling career. Todd asked that the Board take a position of support on SD High School Levy.

**Agenda Changes:**

A discussion regarding the SD2 High School Mill Levy was added to the Program-Level Action Items.

**Consent Agenda:**

**Approval of the March 2019 Board Meeting Minutes**

Motion: Ken Lutton, to approve the March 2019 Board Meeting Minutes as presented to the Board.  
Second: Jennifer Smith  
Discussion: None  
Motion carried

**Approval of the February 2019 EDA/EDC Financials**

Motion: Jennifer Smith, to approve the February 2019 EDA/EDC Financials as presented to the Board.  
Second: Ken Lutton  
Discussion: None  
Motion carried

**Program Level Reports and Action Items**

**SD2 High School Mill Levy – Steve/Karen**

Steve read a memo to the Board that was drafted internally and illustrated our organizational support for the Levy. Our request is that the Board takes a position of support on the Levy and that we may post our support to our website. It should be noted that we may not actively campaign for the Levy using BSED resources. It was asked what the average home could expect to pay on their property taxes if this Levy passes. The increase would be \$5.02 per \$100,000. It was also asked where the marketing campaign stands. One Board Member mentioned it feels as though the push for support just began. One of the issues that contributes to the effort just beginning now, is how the funds are appropriated at the state level. Once those numbers are confirmed, then a push for a Levy can begin. Dana and Mike Nelson attested to the condition of the textbooks.

***Note: Per the Big Sky Economic Development By-Laws, the EDA must achieve a 3/5 majority to take a position on a measure such as the Levy. The EDC may simply act as a majority.***

**EDA Board: Position of Support for SD2 Mill Levy**

Motion: Cory Moore, to approve the EDA's Position of Support for the SD2 High School Mill Levy as presented to the Board.  
Second: Dana Pulis  
Discussion: Above  
Motion carried unanimously, 11 in favor, zero against.

**EDC Board: Position of Support for SD2 Mill Levy**

Motion: Dave Ballard, to approve the EDC's Position of Support for the SD2 High School Mill Levy as presented to the Board.  
Second: Mac Fogelsong  
Discussion: None  
Abstentions: County Commissioner Denis Pitman  
Motion carried unanimously, 11 in favor, zero against, one abstention.

***Note: The original vote took place with 11 EDC members present, fulfilling the necessary quorum. However, with the abstention of Commissioner Pitman, only 10 votes were counted. The invalid vote was recognized and a 12<sup>th</sup> EDC Board Member had just arrived (Dr. Bob Wilmouth). The vote was held once more with the same Board Members making the motion and the second, and the result of the vote was again unanimous.***

**FY 2020 Budget Update – Becky**

Becky gave a quick update on the timeline of the Budget process. The Budget Workshop is scheduled for April 18<sup>th</sup> at 3:30pm. A draft budget will be presented to the Executive Committee and Board in May. The preliminary budget will be presented in June. The Mill Levy isn't set by the County Commissioners until August so the final budget will be adopted in September.

**SBA 504 Loan Requests**

- I. Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan requests. The Big Sky EDC Loan Committee has reviewed the requests and recommends approval to the full EDC Board for submission to the SBA for final approval. The requests meet all the underwriting and eligibility requirements of the EDC.
1. **Jump Time Montana LLC (Bearded Dogs LLC)** – Request is for the purchase of land and new construction for Jump Time Montana LLC. This project is a new indoor trampoline park to be located in Bozeman, MT, in the Four Corners area. The project consists only of the financing for the real property. The equipment will be financed separately by the primary lender, First Security Bank of Bozeman. Jump Time Montana will be the third trampoline park owned and operated by these borrowers. The other facilities are located in Boise, Twin Falls, and Meridian, Idaho. Chad Babcock and Eric Anderson own the facility and business (50/50). Chad started and has successfully operated the other facilities, beginning in 2010. This is the first and only indoor trampoline park in the Gallatin Valley.

There are projected to be 13 new jobs created as a result of this project. A Public Policy goal for Rural Development will be achieved. The total SBA debenture is projected to be \$994,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position on the real property behind First Security Bank of Bozeman.

Motion: Andy Gott, to approve the Jump Time Montana LLC loan request as presented to the Board.

Second: Aaron Ramage

Discussion: None

Abstentions: Mike Seppala

Motion carried

2. **Glacier Stone Fabrication, Inc. (SVM Holdings, LLC)** – Request is for the purchase of an existing building for the operations of Glacier Stone Fabrication, Inc., located on Highway 2 in Kalispell, MT. The facility being purchased is the building that Glacier Stone Fabrication currently leases. Glacier Stone Fabrication is owned 100% by Sergey Morozov. Sergey started the business in 2015. They provide solid surface manufacturing for new and remodeled homes and businesses, primarily fabricating quartz, granite and marble countertops. By purchasing the property, the new monthly occupancy expense will be less than what is currently paid in rent.

There is currently projected to be one new job created as a result of this project. A Public Policy goal for Rural Development will be achieved. The total SBA debenture is projected to be \$191,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position on the real property behind Glacier Bank of Kalispell.

Motion: Steve Loveless, to approve the Glacier Stone Fabrication, Inc loan request as presented to the Board.

Second: Dave Ballard

Discussion: None

Abstentions: Mike Seppala

Motion carried

**Future Facilities Taskforce Update – Becky**

Becky gave a Future Facilities update. Becky mentioned to the Board that she worked with a team of industry experts to build a cost estimate for both the Fratt Building and the Montana National Bank Building. Becky, Jim, and Steve will sit down next week to work through the results of that analysis. Becky has been in contact with our

EDA representative who is helping shepherd us through the grant process. Our deadline has been extended for the grant and we will work to select a facility before the month is out. Councilman Brown asked about the office-space climate in town and if our struggles to find a new space were echoed by the private sector. While our process is more prescribed and slower moving, the trouble of locating downtown can lie in the fit-out costs of bringing a building up to code. At that point, the cost is very similar to new construction. Greg asked if we do not purchase a building, if leasing a space is again an option. Becky replied that would be part of the discussion if we were to not select a facility. She reminded the Board that the first RFP asked for lease options so we have a good idea of the options out there for leasing space.

#### One Big Sky District/406 Impact Districts Update – Allison

Allison spoke to the Board about a “post-mortem” debrief with our community members and Board. Steve mentioned that he has spoken with Lisa Clarke at Destination Medical Center in Rochester, MN. Steve discussed with her some legislative strategies they used and if she would perhaps be interested in coming to our community to speak about the comprehensive successes they have achieved in Minnesota. The next potential step would to then send a contingent of our community leaders to Rochester to see their successes firsthand.

#### TEDD Update – Thom

Thom presented an update on the Lockwood TEDD. The County has entered an agreement with KJL to begin a short-term infrastructure plan. The information that this process will yield will dovetail with Allison’s work to recruit business to the TEDD. Lockwood Water and Sewer has an existing agreement with the City of Billings to treat waste water from Lockwood, but the boundary does not encompass the TEDD. There are currently discussions to extend the boundary. It is important to note that it is not an ask for additional capacity. Councilman Brown gave some context to the issue from the City’s side.

#### **Executive Director’s Report**

Steve briefly touched on the Executive Director’s Report and brought the Board’s attention to the HB52 update. The original ask of the Legislature was to extend the sunset date for a suite of economic development programs an additional 10-years. The bill passed the House, but the caveat is that the sunset is now 2-years. This week, the bill went to the Senate and was given an 8-year sunset rather than 2. However, the dollars for Research and Commercialization were zeroed out. The \$600,000 that were then available were appropriated to Agricultural programs. There was conversation amongst the Board regarding legislative processes and how dollars are appropriated and generated.

#### **Public Comment**

Melanie announced that we have three winners for the SBA awards that will be in Great Falls on May 2<sup>nd</sup>. April 25<sup>th</sup> will be the Better Off in Billings event at the Pub Station. Economic Development Week will begin on June 6<sup>th</sup> and we will be holding events all week long.

Mike Nelson recognized Karen Baumgart for being awarded the Chamber of Commerce’s Emerging Leader Award.

Mike entertained a motion to adjourn. Aaron motioned and the meeting was adjourned at 8:44am.

**Meeting adjourned: 8:44 A.M.**

Next Meeting – May 9<sup>th</sup>, 2019

Respectfully submitted,

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Paul Neutgens, EDA Secretary/Treasurer

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Steve Loveless, EDC Secretary/Treasurer

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

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# ATTACHMENT B



EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

**EDA/EDC Budget Workshop Minutes**  
**Tuesday, April 18, 2019 – 3:30 PM – 5:00 PM**  
**Yellowstone Room, 1<sup>st</sup> Floor - Granite Tower**

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

**EDA Board Members Present:** Cory Moore, Ken Lutton,

**EDC Board Members Present:** Mike Phillips, Spencer Frederick

**Staff and Guests:** Steve Arveschoug, Becky Rogers, Jim Tevlin, Austin Trunkle, Melanie Schwarz, Brandon Berger, Dustin Frost, Dianne Lehm

**Call to Order:**

Cory Moore, EDC Chair, called the meeting to order at 3:32 pm.

**Presentation:**

Jim and Becky gave a presentation that covered the following information:

**Budget Objectives**

- Attract and Retain Talent While Funding the Mission
- Invest in Professional Development of Staff
- Increase EDC Net Positive Cash Flow
- Promote Entrepreneurial Development

**Timetable**

- March: Compile/Review/Analyze Budget
- April: Budget Workshop
- May: First draft to Board and Executive Committee
- May: Adjust as Necessary
- June: Present preliminary budget to commissioners
- July and August: Holding Pattern
- September: Mill Levy is set, and Budget finalized.

Jim then explained Revenue Sources, Expenses, and Focuses for both the EDC and EDA. One of the items Jim touched on specifically was the EDA Professional Services Agreement.

**EDA:**

Revenue

The primary sources of revenue are the Mill Levy and Federal and State Grants

Expenses

Salaries and Benefits, Federal Grant Pass-throughs, Some program expenses

Focus



## **Control Expenses**

### **EDC:**

#### **Revenue**

The primary sources of revenue are Big Sky Finance Revenue and Member Investor Revenue

#### **Expenses**

EDA Professional Services, Some Program Expenses, Event Expenses

#### **Focus**

Maximize net income.

Program Expenses are, by-and-large, unrelated to salary and benefits.

Mike Phillips asked about the consistency of the Member Investor Program dollars. Jim said Melanie has been very consistent with reaching her goals in years past.

## **FY 2020 Budget – Knowns and Unknowns**

### **Facility**

- Lease at Granite Tower expires June 30<sup>th</sup>, 2019
- Objective is to procure/develop office space
  - Contemporary
  - Highly Visible
  - Accommodates Larger Training and Conference Space
  - Enhances our Economic Development Mission

Becky updated those in attendance about where we stand in the Future Facility Process. Steve will be reaching out to the property owners this week and into next to see if they would consider donating a portion of the building's asking price as outline in the RFP. Mike Phillips asked where the dollars needed to complete a purchase will come from. Jim also interjected about projected occupancy costs of both buildings and the timeline of what a facility move would look like.

## **Revenue Growth vs Expense Inflation**

Revenue comes from Mill Levy and Non-Mill Levy sources. The Mill Levy is about 40% of the FY 2020 Budget. Jim showed an info-graphic detailing the increase in Non-Mill Levy Revenue as compared to the Mill Levy Revenue.

Ken asked if the non-mill revenue includes interest on the Opportunity Fund dollars. Jim said that we receive around \$85,000 a year in interest from CDs holding Opportunity Fund money. It's important to note that the interest income earned is contributed back into the Opportunity Fund and is not used for any operational expenses.

## **Mill Levy**

### **Maximum Allowable Levy**

- Jim's budget assumes a full Mill Levy
- Steve will meet with each Commissioner individually to gain perspective before the budget hearing

### **Tax Protests**

- Tax Protest dollars create a fair amount of uncertainty

## **Member Investor Support**

### **Realize Newly Increased Member-Investor Revenues**

<u>FY 2018</u>	<u>FY 2019</u>	<u>FY 2020</u>
\$300,000	\$370,000	\$370,000

## **Board Guidance and Feedback**

Mike asked if bringing on a new program has created any challenges and if a new facility was only needed because of the new program. Steve replied that all new programs have challenges. And no, BSED needed a new facility for more reasons than just adding the Rock31 program. We are approaching capacity with our other programs and training space in our current location and lack the desired visibility and exposure to our programs among other reasons. Steve believes Rock31 helps us aspire to a higher vision organizationally.

Mike also asked if we would be able to work out a donation with either building owner in exchange for some sort of naming rights or other benefit. Jim went on to explain how prescriptive the EDA is with regard to receiving a grant from them.

There was additional discussion about the potential EDA Grant.

The Preliminary Budget will be reviewed at the May Executive Committee at May 1<sup>st</sup>.

## **Meeting adjourned: 4:22 PM.**

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# ATTACHMENT C

**Internal Memorandum**

**Date:** April 26, 2019

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

**From** Jim Tevlin

**Subject:** March 2019 EDA/EDC Financial Statements

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

# Big Sky EDA Balance Sheets

	Mar 31, 2019	Mar 31, 2018	+/-	
<b>ASSETS</b>				
<b>Current Assets</b>				
<b>Checking/Savings</b>				
First Interstate Bank	\$ 203,228.13	\$ 50,462.88	\$ 152,765.25	
FIB-Recovered Property Taxes	147,854.25	-	147,854.25	
Opportunity Fund - FIB	13,260.29	13,243.15	17.14	
Opportunity Fund - Stockman	291,582.97	1,245,579.33	(953,996.36)	(A), (B)
Stockman GE Maintenance	28,479.10	28,479.10	-	
Yellowstone County Funds	204,364.12	253,996.74	(49,632.62)	
	<u>888,768.86</u>	<u>1,591,761.20</u>	<u>(702,992.34)</u>	
<b>Other Current Assets</b>				
Accounts Receivable	240,612.18	228,035.08	12,577.10	
American Revenue Guarantee	6,887.28	19,965.08	(13,077.80)	
Due To/Due From EDC	47,999.93	133,192.37	(85,192.44)	
Miscellaneous Receivables	3,000.00	(5,179.20)	8,179.20	
Tax Levy Receivable	483,817.36	500,677.41	(16,860.05)	
Tax Levy Receivable - Protested	11,117.60	180,608.24	(169,490.64)	
Allowance for Doubtful Accts	(11,117.60)	(180,608.24)	169,490.64	
Prepaid Expenses	1,091.64	1,690.58	(598.94)	
	<u>783,408.39</u>	<u>878,381.32</u>	<u>(94,972.93)</u>	
<b>Non-Current Assets</b>				
Opportunity Fund - CDs	5,138,928.30	4,700,000.00	438,928.30	(A)
Loans Receivable	306,208.33	-	306,208.33	(B)
TEDD Receivable	64,775.00	75,000.00	(10,225.00)	
Cabelas Conduit	4,981.16	4,975.82	5.34	
Deferred Outflow of Resources	68,453.38	68,453.38	-	
	<u>5,583,346.17</u>	<u>4,848,429.20</u>	<u>734,916.97</u>	
<b>TOTAL ASSETS</b>	<u><b>\$ 7,255,523.42</b></u>	<u><b>\$ 7,318,571.72</b></u>	<u><b>\$ (63,048.30)</b></u>	
<b>LIABILITIES &amp; EQUITY</b>				
<b>Current Liabilities</b>				
Accounts Payable	75,193.23	65,277.31	9,915.92	
Accrued Expenses	93,003.29	262,697.99	(169,694.70)	(C)
Payroll Liabilities	1,819.84	283.86	1,535.98	
Compensated Absences	138,443.60	128,972.75	9,470.85	
	<u>308,459.96</u>	<u>457,231.91</u>	<u>(148,771.95)</u>	
<b>Long Term Liabilities</b>				
Deferred Inflow of Resources	107,238.97	107,238.97	-	
Pension Liability	414,984.80	414,984.80	-	
	<u>522,223.77</u>	<u>522,223.77</u>	<u>-</u>	
<b>Net Assets</b>	<u>6,424,839.69</u>	<u>6,339,116.04</u>	<u>85,723.65</u>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><b>\$ 7,255,523.42</b></u>	<u><b>\$ 7,318,571.72</b></u>	<u><b>\$ (63,048.30)</b></u>	

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

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

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

**Big Sky EDA**  
**Statements of Operations Actual vs. Budget**  
For the Nine Months Ended March 31,

	2019	Annual Budget	Budget Remaining
<b>Income</b>			
Department of Defense	\$ 377,873.00	\$ 549,626.00	\$ 171,753.00
EDC Reimbursement	381,910.59	601,012.56	219,101.97
EPA - Brownfields	20,137.56	20,137.56	-
Grant Administration	6,716.50	17,650.00	10,933.50
Health Levy Revenue	67,335.00	90,264.00	22,929.00
Mill Levy Revenue	1,326,910.12	1,391,361.00	64,450.88
Miscellaneous Revenue	4,002.17	-	(4,002.17)
Opportunity Fund Investment	-	150,000.00	150,000.00
Recovery of Protested Taxes	146,954.35	-	(146,954.35)
SBA/MT Dept of Commerce	101,302.73	117,650.00	16,347.27
SBDC Program Income	1,369.58	3,211.00	1,841.42
VBOC	218,296.52	300,000.00	81,703.48
	<u>2,652,808.12</u>	<u>3,240,912.12</u>	<u>588,104.00</u>
<b>Expense</b>			
Advertising	830.33	-	(830.33)
Property Tax Protests	10,769.51	28,147.22	17,377.71
Business Recruitment	1,173.25	16,000.00	14,826.75
Community Development Projects	(8,000.00)	50,000.00	58,000.00
Contingency	-	17,500.00	17,500.00
Dues and Subscriptions	39,200.23	47,834.00	8,633.77
Employer Contributions	344,869.69	507,433.91	162,564.22
Insurance	12,227.09	14,766.00	2,538.91
Contract Support	-	2,000.00	2,000.00
Marketing	59,355.01	81,854.00	22,498.99
Miscellaneous	29,208.71	39,447.40	10,238.69
Office Equipment	5,290.02	8,700.00	3,409.98
Office Expense	10,556.55	19,000.00	8,443.45
One Big Sky District	50,000.00	55,000.00	5,000.00
Professional Fees	92,349.30	112,841.06	20,491.76
PTAC Satellite	63,164.06	87,714.00	24,549.94
PTAC Subcenter	157,593.99	253,543.00	95,949.01
Rent	93,031.83	111,632.00	18,600.17
Repairs	1,890.50	-	(1,890.50)
Salaries/Wages	1,109,252.27	1,583,634.36	474,382.09
Sponsorships	7,330.00	6,600.00	(730.00)
TEDD	7,371.59	5,000.00	(2,371.59)
Telecommunications	41,420.82	48,001.00	6,580.18
Travel/Training	67,736.39	124,621.00	56,884.61
Workforce Development	15,000.28	15,000.00	(0.28)
	<u>2,211,621.42</u>	<u>3,236,268.95</u>	<u>1,024,647.53</u>
<b>Operating Income</b>	<b>441,186.70</b>	<b>4,643.17</b>	<b>(436,543.53)</b>
<b>Other Income</b>			
Interest Income	25,672.28	87,477.23	61,804.95
<b>Net Income</b>	<b>\$ 466,858.98</b>	<b>\$ 92,120.40</b>	<b>\$ (374,738.58)</b>

In July 2018, the CHS refinery settled their protested taxes at approximately 90% of the protested amount. These funds will be earmarked to offset expenses associated with EDA's future facilities.

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

	2019	2018	+/-	
<b>Income</b>				
BillingsWorks	-	12,500.00	(12,500.00)	
Coulson Park Revenue	-	12,000.00	(12,000.00)	
Department of Defense	377,873.00	379,695.00	(1,822.00)	
EDC Reimbursement	381,910.59	355,575.39	26,335.20	
EPA - Brownfields	20,137.56	28,272.50	(8,134.94)	Includes \$75k related to TEDD master plan loan.
Grant Administration	6,716.50	6,343.16	373.34	
Health Levy Revenue	67,335.00	62,768.25	4,566.75	
Mill Levy Revenue	1,326,910.12	1,279,165.70	47,744.42	
Miscellaneous Revenue	4,002.17	80,255.38	(76,253.21)	In July 2018, the CHS refinery settled their protested taxes at approximately 90% of the protested amount. These funds will be earmarked to offset expenses associated with EDA's future facilities.
Recovery of Protested Taxes	146,954.35	-	146,954.35	
SBA/MT Dept of Commerce	101,302.73	93,061.42	8,241.31	
SBDC Program Income	1,324.58	2,217.00	(892.42)	
VBOC	218,296.52	239,994.60	(21,698.08)	
	<u>2,652,763.12</u>	<u>2,551,848.40</u>	<u>100,914.72</u>	
<b>Expense</b>				
Advertising	830.33	460.14	370.19	
Property Tax Protests	10,769.51	41,655.55	(30,886.04)	
BEAR	-	3,961.68	(3,961.68)	
Business Recruitment	1,173.25	15,494.31	(14,321.06)	
Community Development Projects	(8,000.00)	2,500.00	(10,500.00)	Represents contributions and challenge matches for the Rocky MT College and MSU-B science buildings.
Contributions	-	359,300.00	(359,300.00)	
Dues and Subscriptions	39,200.23	27,391.35	11,808.88	
Employer Contributions	344,869.69	322,323.27	22,546.42	
Incubator Expense	-	30,939.32	(30,939.32)	
Insurance	12,227.09	22,657.42	(10,430.33)	
Contract Support	-	5,163.60	(5,163.60)	
Marketing	59,355.01	65,847.91	(6,492.90)	
Miscellaneous	29,208.71	32,310.96	(3,102.25)	
Office Equipment	5,290.02	-	5,290.02	
Office Expense	10,583.97	20,215.80	(9,631.83)	Includes \$83k related to the TEDD master plan.
One Big Sky District	50,000.00	-	50,000.00	
Professional Fees	92,349.30	154,288.42	(61,939.12)	
Program Expense	-	1,014.09	(1,014.09)	
PTAC Satellite	63,164.06	63,119.58	44.48	
PTAC Subcenter	157,593.99	149,696.77	7,897.22	
Rent	93,031.83	94,737.84	(1,706.01)	
Repairs	1,890.50	1,252.86	637.64	
Salaries/Wages	1,109,252.27	1,019,802.15	89,450.12	
Sponsorships	7,330.00	10,979.33	(3,649.33)	
TEDD	7,371.59	-	7,371.59	
Telecommunications	41,420.82	24,562.94	16,857.88	
Travel/Training	67,721.39	93,001.84	(25,280.45)	
Workforce Development	15,000.28	25,310.07	(10,309.79)	
	<u>2,211,633.84</u>	<u>2,587,987.20</u>	<u>(376,353.36)</u>	
Operating Income/(Loss)	441,129.28	(36,138.80)	477,268.08	
<b>Other Income</b>				
Interest Income	25,672.28	10,235.73	15,436.55	
Net Income	<u>\$ 466,801.56</u>	<u>\$ (25,903.07)</u>	<u>\$ 492,704.63</u>	

# Big Sky Economic Development Corporation

## Balance Sheets

	Mar 31, 2019	Mar 31, 2018	+/-	
<b>ASSETS</b>				
<b>Current Assets</b>				
First Interstate Bank	\$ 139,545.92	\$ 425,610.86	\$ (286,064.94)	(A)
FIB SSBCI Principal	1,295,055.19	931,297.35	363,757.84	
FIB-Long Term Reserve	150,000.00	150,000.00	-	
FIB-Operating Reserve	100,000.00	100,000.00	-	
FIB-Opportunity Fund	22,200.00	22,200.00	-	
First Interstate Bank-RLF	253,498.47	187,070.57	66,427.90	
FIB-OBSD Restricted	113,646.92	-	113,646.92	(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	74,339.67	72,389.57	1,950.10	
SSBCI Portfolio-Current	123,590.12	162,229.52	(38,639.40)	
	<u>2,293,376.29</u>	<u>2,130,912.40</u>	<u>162,463.89</u>	
<b>Other Assets</b>				
Contributions Receivable-Non Current	43,750.00	-	43,750.00	(C)
RLF Portfolio-Non Current	229,242.19	180,275.86	48,966.33	
SSCBI Portfolio-Non Current	835,281.31	989,996.60	(154,715.29)	
<b>TOTAL ASSETS</b>	<u><u>3,401,649.79</u></u>	<u><u>3,301,184.86</u></u>	<u><u>100,464.93</u></u>	
<b>LIABILITIES &amp; EQUITY</b>				
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Accounts Payable	13,477.50	7,736.77	5,740.73	
Accrued Expenses	13,312.50	15,254.03	(1,941.53)	
Due to/Due From EDA	47,999.93	133,192.37	(85,192.44)	
	<u>74,789.93</u>	<u>156,183.17</u>	<u>(81,393.24)</u>	
<b>Net Assets</b>	<u>3,326,859.86</u>	<u>3,145,001.69</u>	<u>181,858.17</u>	
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>\$ 3,401,649.79</u></u>	<u><u>\$ 3,301,184.86</u></u>	<u><u>\$ 100,464.93</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.

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



**Big Sky Economic Development Corporation**  
**Statement of Operations-Actual vs Budget**  
For the Nine Months Ending March 31,

	2019	Annual Budget	Budget Remaining
<b>Income</b>			
504 Loan Origination	\$ 106,893.81	\$ 127,500.00	\$ 20,606.19
504 Loan Servicing	392,655.21	531,600.00	138,944.79
Member Investment	123,775.00	350,000.00	226,225.00
Miscellaneous Income	21,204.87	13,000.00	(8,204.87)
Private BillingsWorks Funding	9,750.00	20,000.00	10,250.00
Recovery of Bad Debt	2,950.00	3,600.00	650.00
RLF Business Loan Interest	9,671.70	12,476.00	2,804.30
RLF Loan Fund (net)	167.78	-	(167.78)
SSBCI Revenue	20,172.21	29,140.00	8,967.79
	<u>687,240.58</u>	<u>1,087,316.00</u>	<u>400,075.42</u>
<b>Expense</b>			
Advertising	329.00	-	(329.00)
BEAR Program	1,481.01	6,108.00	4,626.99
Rock31 Expenses	52,484.17	50,000.00	(2,484.17)
Business Recruitment	57,231.92	81,000.00	23,768.08
Contingency	-	10,000.00	10,000.00
Dues and Subscriptions	17,496.31	15,593.00	(1,903.31)
EDA Reimbursement	381,910.59	601,012.56	219,101.97
Event Expense	24,421.51	51,500.00	27,078.49
Insurance	4,266.00	11,000.00	6,734.00
Marketing	7,727.13	11,000.00	3,272.87
Membership Development	2,866.91	7,500.00	4,633.09
Miscellaneous	13,347.56	36,418.00	23,070.44
Office Supplies	1,547.48	2,056.00	508.52
Professional Fees	32,604.40	22,500.00	(10,104.40)
Rent	29,548.84	36,320.00	6,771.16
Sponsorships	2,519.09	2,000.00	(519.09)
Telephone	4,070.86	4,980.00	909.14
Travel & Training	20,914.89	28,500.00	7,585.11
Workforce Development	22,903.01	59,695.00	36,791.99
	<u>677,670.68</u>	<u>1,037,182.56</u>	<u>359,511.88</u>
<b>Operating Income</b>	<u>\$ 9,569.90</u>	<u>\$ 50,133.44</u>	<u>\$ 40,563.54</u>

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

**Big Sky Economic Development Corporation**  
**Statements of Operations-Year Over Year Actual**  
For the Nine Months Ended March 31,

	2019	2018	+/-
<b>Income</b>			
504 Loan Origination	\$ 106,893.81	\$ 21,785.90	\$ 85,107.91
504 Loan Servicing	392,655.21	409,586.97	(16,931.76)
Member Investment	123,775.00	84,975.76	38,799.24
Miscellaneous Income	21,204.87	3,921.30	17,283.57
Private BillingsWorks Funding	9,750.00	-	9,750.00
Recovery of Bad Debt	2,950.00	9,964.59	(7,014.59)
RLF Business Loan Interest	9,671.70	12,269.07	(2,597.37)
RLF Loan Fund (net)	167.78	767.07	(599.29)
SSBCI Revenue	20,172.21	23,837.50	(3,665.29)
	<u>687,240.58</u>	<u>567,108.16</u>	<u>120,132.42</u>
<b>Expense</b>			
Advertising	329.00	-	329.00
BEAR Program	1,481.01	-	1,481.01
Rock31 Expenses	52,484.17	-	52,484.17
Business Recruitment	57,231.92	44,431.18	12,800.74
Dues and Subscriptions	17,496.31	11,912.89	5,583.42
EDA Reimbursement	381,910.59	355,575.39	26,335.20
Event Expense	24,421.51	34,545.23	(10,123.72)
Insurance	4,266.00	11,002.00	(6,736.00)
Marketing	7,727.13	6,346.12	1,381.01
Membership Development	2,866.91	3,495.29	(628.38)
Miscellaneous	13,347.56	10,265.45	3,082.11
Office Supplies	1,547.48	2,140.20	(592.72)
Postage and Delivery	-	780.11	(780.11)
Professional Fees	32,604.40	24,112.30	8,492.10
Rent	29,548.84	21,713.72	7,835.12
Repairs	-	1,053.50	(1,053.50)
Sponsorships	2,519.09	-	2,519.09
Telephone	4,070.86	3,542.54	528.32
Travel & Training	20,914.89	14,341.44	6,573.45
Workforce Development	22,903.01	408.75	22,494.26
	<u>677,670.68</u>	<u>545,666.11</u>	<u>132,004.57</u>
<b>Operating Income</b>	<u>\$ 9,569.90</u>	<u>\$ 21,442.05</u>	<u>\$ (11,872.15)</u>

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



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# ATTACHMENT D

# 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)

**Program Operating Expense (in thousands)**

	<b>EDC</b>		<b>EDA</b>		<b>Total</b>	
	<b>FY19</b>	<b>FY20</b>	<b>FY19</b>	<b>FY20</b>	<b>FY19</b>	<b>FY20</b>
<b>Administration</b>	\$ 96	\$ 52	\$ 824	\$ 817	\$ 920	\$ 869
<b>Comm Dev</b>	-	-	334	356	334	356
<b>CD Projects</b>	-	-	50	50	50	50
<b>PTAC</b>	-	-	564	651	564	651
<b>SBDC</b>	-	-	251	247	251	247
<b>Big Sky Finance</b>	561	506	-	-	561	506
<b>Recruitment</b>	82	81	91	95	173	176
<b>Workforce</b>	60	60	108	99	168	159
<b>Member-Investor</b>	86	93	91	90	177	183
<b>Org Marketing</b>	11	11	63	62	74	73
<b>Dept Marketing</b>	-	11	8	8	8	19
<b>VBOC</b>	-	-	233	233	233	233
<b>Rock31</b>	50	35	89	91	139	126

**Key Challenges/Opportunities**

1. **Mill Levy Increase (\$23k)**

Puts more pressure on securing private sector revenues and/or reducing program funding.

2. **Member-Investor Revenues**

Realization of Member-Investor revenue growth.

3. **Operating Expenses**

Seek ways to reduce and/or eliminate operating expenses.

4. **Key Future Considerations:**

**Revenue and Expense Trends**

The expected growth in mill levy over the next 5 years is not expected to keep pace with inflation, primarily salaries and benefits.

**Future Space Needs**

Current occupancy costs at Granite Tower (i.e. rent)

\$127k

Estimated occupancy costs

\$147k-\$158k

## **Increase Revenue**

### **Sources:**

SBA 504 origination and servicing fees

Member-Investors

Rock31 memberships/fees

Sponsorships

**Big Sky Economic Development Authority**  
**Revenues & Expenses**  
(preliminary)

	FY19 Estimate	FY19 Budget	FY20 Budget	(+/-)	
<b>Income</b>					
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)	Assumes assessment of maximum levy authority
Health Levy	89,007.00	90,264.00	96,312.00	6,048.00	
Mill Levy Revenue	1,381,401.08	1,391,361.00	1,414,817.02	23,456.02	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.
Miscellaneous Revenue	18,122.54	-	-	-	
Opportunity Fund Investment	150,000.00	150,000.00	87,175.00	(62,825.00)	
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	-	
	-	-	-	-	
	<u>3,055,037.48</u>	<u>3,217,563.56</u>	<u>3,237,237.10</u>	<u>19,673.54</u>	
<b>Expense</b>					
Contingency	-	17,500.00	15,000.00	(2,500.00)	The decrease is due to a "double counting" of 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	-	
Intern/Contract Support	2,000.00	2,000.00	-	(2,000.00)	
Marketing-Departmental	-	8,000.00	13,152.33	5,152.33	Decrease reflects unfilled Big Sky Finance position offset by overall 2.5%
Marketing-Organizational	81,854.00	62,750.00	61,750.00	(1,000.00)	
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)	Decrease reflects unfilled Big Sky Finance position offset by overall 2.5%
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	Decrease reflects unfilled Big Sky Finance position offset by overall 2.5%
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	Decrease reflects unfilled Big Sky Finance position offset by overall 2.5%
Community Development Project	50,000.00	50,000.00	50,000.00	-	
Business Expenses	-	-	-	-	
One Big Sky District	55,000.00	55,000.00	-	(55,000.00)	
	-	-	-	-	
	<u>3,047,712.39</u>	<u>3,212,920.38</u>	<u>3,225,810.07</u>	<u>12,889.69</u>	
<b>Operating Income</b>	<b>7,325.09</b>	<b>4,643.18</b>	<b>11,427.03</b>	<b>6,783.85</b>	
<b>Other Income</b>					
Interest Income	87,477.23	85,261.23	86,734.12	1,472.89	
	<u>\$ 94,802.32</u>	<u>\$ 89,904.41</u>	<u>\$ 98,161.15</u>	<u>\$ 8,256.74</u>	

**Big Sky Economic Development Corporation**  
**Revenues & Expenses**  
(preliminary)

	FY19 Estimate	FY19 Budget	FY20 Budget	(+/-)
<b>Income</b>				
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)
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>
<b>Expense</b>				
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
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	7,500.00	-
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	-
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>1,013,719.87</u>	<u>(23,462.68)</u>
<b>Operating Income</b>	<u>\$ 158,580.61</u>	<u>\$ 50,133.45</u>	<u>\$ 69,436.29</u>	<u>\$ 19,302.84</u>

Increase reflects \$500k additional loan fundings

Net decrease of 1 unfilled Big Sky Finance vacancy offset by new 25% Controller reimbursement

**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.





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# ATTACHMENT E

**SBA 504 Loan Requests**

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

1. **Snyder Motors Inc. / Z Enterprises LLC** – Request is for an increase in the amount of the SBA debenture from \$741,000 to \$816,000. This was originally approved on September 13, 2018. This is a new construction project. Project/construction costs increased due to changes that were made to the building and additional fire suppression systems not originally included in plans. Construction is nearly completed at this time and no additional advances will be made. Borrower continues to demonstrate sufficient cash flow to service the additional debt resulting from the increased costs.

**Original Request – 09/13/2018: Request is for the purchase of land and new construction for Snyder Motors Inc. located in Bozeman, MT. This will be a relocation from a previously leased building in the same Bozeman/Belgrade area. The new project will be located on Jackrabbit Lane just north of Four Corners. Previous location was further north off Jackrabbit Lane. Snyder Motors has been in operation since 2011 and is owned 100% by Zach Snyder. It is a pre-owned, late model dealer and also provides maintenance and repairs and detailing services. They have a second location in Bozeman on 7<sup>th</sup> Avenue. They have been one of the top used car dealers in the Bozeman/Belgrade area.**

**There are projected to be three new jobs created resulting from this project. A Public Policy goal of Rural Development will be met. The total SBA debenture will be \$741,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC will be in a 2<sup>nd</sup> lien position on the real property behind Opportunity Bank (Bozeman).**

2. **Advanced Therapy Clinic LLC** – Request is for the purchase of an existing building with minor renovations for the offices of Advanced Therapy Clinic LLC. The project is located at 1701 Avenue E, Billings, MT. The renovations are minimal and necessary to convert a portion of the space suitable to their practice. Advanced Therapy Clinic LLC is owned by Patrick and Anna Brown. They provide pediatric speech, occupational, physical and behavioral therapy and counselling. Services are primarily offered to children, but they also work with adults. They have outgrown their leased space and this new building will provide them with room for growth. They also have offices in Butte and Bozeman.

**There are projected to be six new jobs created resulting from this project. The total SBA debenture will be \$403,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC will be in a 2<sup>nd</sup> lien position behind First Interstate Bank on the real property acquired.**

3. **DJ&A, P.C.** – Request is for an increase in the amount of the SBA debenture from \$2,899,000 to \$3,104,000. This request was originally approved at the January 10, 2019, Board meeting. The request for increase has been approved by the Loan Committee with recommendation for approval. Due to the size of the debenture exceeding \$2MM, the request must be approved by the EDC Board prior to SBA submission. Total project costs have changed slightly due to the exclusion of equipment and increase in professional fees. Financing related to our project now only includes the real property. Overall, total project costs have decreased. Additionally, the allocation has changed to a typical 50-40-10 structure.

The anticipated increase in the gross debenture is \$205k, however total financing has only increased \$103k due to the reallocation. Annualized payments on the property debt will increase by \$5.2k which the business can easily service. Spreadsheet to be provided separately.

**Original Request – 01/10/2019:** Request is for the purchase of land and new construction for the offices of DJ&A's corporate headquarters located in Missoula, MT. DJ&A, P.C. has outgrown its existing facility on Russell Street. This new facility will be located on West Broadway and will consist of a 24,000 s.f. office building and will be 100% occupied by DJ&A. DJ&A is an engineering company which has been in existence since 1973 and has been incorporated in Missoula as DJ&A, P.C. since 1999. They currently employ over 50 employees. The business provides a variety of civil engineering services including environmental, surveying, transportation, municipalities, land use planning and development and structural engineering. They work on projects all over the northwestern United States.

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



BIG SKY  
**ECONOMIC** DEVELOPMENT

EDA • EDC    CREATING MONTANA BUSINESS OPPORTUNITIES

# ATTACHMENT F

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

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***Strategic Priorities***

- 1. Economic Diversity and Innovation—grow and diversify our economy through small business growth, entrepreneurship, fostering innovative business ideas, and maintaining a regional focus:**
  - a. ROCK31 – Connect Build Grow—Great work going on in this area. Kevin did a fantastic job with Montana Code School. We just got confirmation today that the Montana Code School, in partnership with Rock31 and Zoot, will launch the first class in Billings this fall. That will help build the tech talent that will support innovative business growth. See more details in the SBDC/Rock31 section of this report.
  - b. Coal Country Coalition—No new information on the work of the Coalition.
- 2. Workforce Development and Talent Attraction—via the BillingWorks Partnership—build and enhance our workforce development strategies/programs and further our talent attraction efforts to meet future workforce needs in support of our regional business community:**
  - a. Advocacy for MSU Billings and RMC— No new info to report.
  - b. BillingsWorks/Talent Attraction and Career and Technical Education/Career Center—We just held our second annual Better Off in Billings event (Thursday April 25<sup>th</sup>). It was fantastic. We shared the 2019 State of the Workforce Report, presented the Space2Place Awards, and got guidance from Ethan Kent, Senior VP, with the Project for Public spaces. He shared his insights into the work around the nation on transforming spaces to “places” and how that can attract people/talent and business. It was a powerful reinforcement of the messages we delivered as a part of our OBSD planning work. This whole Better Off In Billings event (combing our talent attraction work with our community development work) is spot on and is gaining understanding in our community.
- 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 big challenge now with the development of the TEDD is securing 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. The City is suggesting that such agreement may well include a requirement of the land owners to sign a “waiver of right to protest” future annexation. This is a huge issue for the property owners in the TEDD. We will work over the next two months to see if we can iron out an agreement that makes sense for all the parties. Rough road ahead.

- b. One Big Sky District— “Moving on to the next steps.” We have begun a series of meetings with Council members and other stakeholders in the OBSD project to gather their takeaways from our OBSD planning and the 406 Impact Districts legislation. Be watching for a notice on an upcoming public dialogue (May 9<sup>th</sup>) that will give the community a chance to weigh in on next steps. Following this meeting, we will draft a Next-Steps Plan for Strategy Partners to review. In the meantime, we have connected with the Destination Medical Center EDA (Rochester, MN) and extended an invitation to Lisa Clarke, CEO, to join us in Billings for a learning session on the work and successes of their downtown redevelopment efforts. We are targeting late June for that visit with Lisa Clarke. More details to follow.
- c. Coulson Park Redevelopment and Entryways Now—Master Plan Kickoff was April 18 and 19. See details in Program Reports--Community Development Section of this report.
- d. EBURD Redevelopment—A new draft MOU is now circulating, following the City Attorney’s Office review. I will ask Dianne to brief the Board on the redraft of the MOU as soon as it is ready to go.
- 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 pending for this project. The next meeting of the Committee is set for May 3, 2019, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room. They meet every other month.
- f. Air Service—No new info.
- g. Space2Place—Micro-grant projects that facilitate quality of place—See the Community Development Section of this Report for the list of the 2019 recipients of the Space2Place grants. We have awarded funding for a handful of great placemaking projects across the community.

## ***Program Updates***

### **SBDC|Rock31**

#### **Noteworthy:**

- Rock31 launched a Code School in partnership with Montana Code School. The first co-hort begins on June 10<sup>th</sup>. This is a 12-week full stack junior developer program that will be housed in the offices of Zoot Enterprises on Hesper Road. Montana Code Schools programs train individuals with little or not coding experience to be ready for entry level software developer jobs or related career tracks in the high-tech industry.

#### **Team activity:**

- We served 33 new and existing companies with technical assistance, training, loan packaging, and consulting.
- 22 companies remain active participants of the NxLevel Business course (10-week course to build a strategic business plan)
- The team participated in 3 community Board meetings/Committees/Events.
- The team conducted 2 outreach site visits.

- 10 diverse business owners attended our monthly “Pre-Biz” workshop.
- The team attended the International Innovation Business Incubation Conference where they received training and the opportunity to network with other incubator/accelerator programs and SBDCs from all over.
- We rebranded the B.E.A.R. team of mentors to the Rock31 Expert Network. This network met to watch a pitch from an early stage company who was able to walk away with tangible steps to help their planning process.

#### Ongoing projects:

- Rock31 will host Early Stage Montana’s regional pitch competition in Billings on May 14<sup>th</sup> from 5:00pm-8:00pm at the Zoot building in Billings. The top regional tech-centric “Early Stage” (less than \$10MM in Revenue) companies from each region will compete for \$50k at a state-wide showcase with access to a room full of potential investors. All the applications have been turned in and we are in the process of selecting the finalists who will get to pitch.
- As part of the Rock31 “Co-working Friday” initiative, we held Demo Friday for three companies who got to pitch their business model and receive expert mentorship/feedback from the audience
- Rock31.org will go live in May.
- The team is working on items that will be needed to submit Phase 2 of the EDA grant application

#### **Marketing, Member Investor and Outreach**

This month has been spent growing our Member Investor program and working on the Better Off in Billings event.

The growth of Member Investors is going great and we have had great prospects from staff and board. Better Off in Billings is expecting record attendance with over 240 registrations and a nationally recognized keynote speaker with Ethan Kent.

Our entire team did an outreach site visit to Exxon. We learned about their impact in our community and saw their new office complex set to open later this summer.

#### **Big Sky Finance**

Big Sky Finance had a productive April. We started the month out with hosting a Lender Appreciation Breakfast and SBA 504 Loan training in Helena. We had various lenders in attendance along with representative from the SBA and the local SBDC office. In addition to thanking the attendees for their commitment to the program, Brandon provided an overview of the 504 Loan program and Big Sky Economic Development. It was a great success and look forward to continuing this event in the future. The Big Sky Finance team was joined by Steve, Melanie and Marcell at the event. I would like to thank everyone for all their work on making this happen!

SBA 504 activity continues to be strong. We presented three loans to loan committee and all were approved for submission to SBA. One loan was submitted to and approved by SBA totaling \$191,000 (SBA portion) and another two loans were funded in April totaling \$1,479,000. These three loans were each located in a different community across the state. We are currently underwriting several other loans and fielding numerous calls regarding prospects, keeping us busy on all fronts.

SBA 504 effective rates for the month of April are as follows: 25-year rate is 4.53%, 20-year rate is 4.37% and 10-year rate remained at 4.63%. 10-year loans are funded and priced every other month, in the

odd numbered months. These 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!

## **VBOC**

### Attendance

Intent Based Leadership Training Session 1 with David Marquet: **212 attendees, including 62 veterans** (March 29<sup>th</sup> at Montana State University Billings)

- 18 Airmen from Malmstrom Air Force Base in Great Falls also attended. They got on a bus at 4:30 am to make the 220 mile trip (6 of those drove down in personal vehicles to ensure they could participate in the other three workshop sessions). This is a huge win for our efforts to strengthen our relationship with leadership at Malmstrom. In fact, the decision to send the bus for airmen to attend was made by the commander of Malmstrom AFB, Col. Jennifer Reeves.

- Intent Based Leadership Training Workshop (sessions 2, 3 & 4) with Andy Worshek (retired navy Master Chief): **74 attendees, including 27 veterans**

\*Note that attendance numbers do not include # of vet spouse attendees: forgot to ask that on registration sheet.

### Partnerships

- Financial sponsors included: Big Sky Economic Development, Phillips 66, RDO Equipment Company, Northwestern Energy, Billings Small Business Development Center, Billings Job Service Employers Committee, Exxon Mobil

- Hosted by Montana State University Billings Veteran & Military Success Center – this partnership is going to continue long term as we work together in the regional veteran community.

- SBA Resource Partners helping to promote the event: o Montana Small Business Development Centers

- Montana SBA District Office (including attendance by District Director Wayne Gardella for the entire day)
- Wyoming SBA District Office
- Billings SCORE Chapter – also had a table in the lobby giving their information out

- Other notable participation:

- Leslie Robinson, State Director for Congressman Greg Gianforte
- Two staffers from Senator Steve Daines' office
- Molly Bell, Field Representative for Senator Jon Tester

### Additional Outreach Events

Boots 2 Business Training event @ Hill AFB, UT.

24 attendees

NW B2B trainer summit in Seattle: Attended by VBOC Director Mr. Dustin Frost

How to secure funding for your Business; (Cheyenne, WY)

SBA sponsored event attended by Senior Area Training Manager Brian Clemons



## **Community Development**

BSED, TEDD Advisory Board members, and Lockwood Water and Sewer District attended the City Council work session on April 1<sup>st</sup> to provide newer council members and the new city administrator with a history of the TEDD, a recap of the agreement between the City and LWSD to treat wastewater from Lockwood, and to seek an MOU to proceed with exploring expanding the LWSD sewer service boundary to include the Lockwood TEDD area. The request was only to expand the boundary, not to increase the capacity. Currently LWSD only uses 7% of the total capacity identified in the agreement dated in 2008.

The Lockwood TEDD Advisory Board met on April 17<sup>th</sup>. Allison Corbyn provided a draft marketing and recruitment plan to the board for consideration. KLJ and BSED staff are working to set up property owner interviews on current and planned infrastructure needs of each parcel. Those meetings will take place in the next few weeks. Chris Kukulski, City Administrator attended the meeting to join LWSD in a discussing the City Council work session. Annexation was a topic of discussion at the City work session as well as amending the agreement with LWSD. City staff will take the next 90 days to conduct their due diligence, explore their options, and provide a recommendation to Council.

Brownfields assessments continue with the program. Patrick is attending the Regional Brownfield Conference in Denver. As a regional expert, he has been asked to speak about his success in working with property owners in the EBURD conducting phase I and phase II assessments, his outreach efforts, and work with potential developers.

The Yellowstone County Local Emergency Planning Committee (LEPC) held the spring Preparedness Conference on April 2<sup>nd</sup>. The updated All Hazard Mitigation Plan for Yellowstone County is available for review prior to formal adoption.

Space2Place micro placemaking grant program received numerous project applications. The selection committee, comprised of staff and board members, identified award winners which will be announced at the Better Off in Billings event on April 25<sup>th</sup>. All awardees will complete their projects by September 30<sup>th</sup>.

The Coulson Park Masterplan project is underway with City Parks and Recreation. The Kick Off Summit was held April 18 and 19. The consultant team met with the Parks and Recreation Board which Thom serves on, the project steering Committee which Steve and Patrick serve on, and community stakeholder groups. Public meetings will be held later in the process.

## **PTAC**

MT PTAC will hold its annual “GovMatch” event on May 29<sup>th</sup> at the Northern Hotel. Over 30 federal, state and local agencies will be on hand to talk with companies from all over the state about doing business. Several federal agencies will be participating for the first time and will be traveling from Texas, Nebraska, Colorado, Wyoming, Idaho & Washington D.C. With assistance from Senator Daines and staff, Northrop Grumman, Boeing, AirBus, Raytheon & Lockheed Martin have been invited. Northrop Grumman has confirmed and will be sending a representative from California. Boeing is in the process of assembling a team from its Helena operation to attend. Airbus & Raytheon are considering the event. GovMatch 19 is a fantastic opportunity for MT companies to explore new business opportunities with the public sector! So far, 77 companies have registered but, we need more. This is a stellar event and we need at least 150 + companies across every industry to sign up. Please disseminate information about GovMatch 19 among your business circles. For registration information and to view a list of confirmed and pending agencies, please go to: <http://www.montanaptac.org/government-contracting-match-making-event/>

## **BillingsWorks**

Happy Better Off in Billings month! April is the time when BillingsWorks hosts the State of the Workforce annual event and 2019 marked the second annual Better Off in Billings gathering which partners with Community Development on Talent Attraction and Retention. We had a packed house on April 25<sup>th</sup> at the Pub Station and spent the day sharing all the hard work and engagement that our community is doing every day for the betterment of our city. During this event we revealed our Better Off in Billings: There's Space for You Here... digital campaign and informed our partners how they can plug into the message and online presence for recruitment efforts. Finally, Keynote speaker, Ethan Kent shared his Project for Public Spaces experience and knowledge advising us to ensure we create spaces where people can safely access and influence.

## **Recruitment**

The last month has been focused on OBSD budget close-out and meetings around strategy moving forward. Additionally, we have been refining the strategy for the year ahead, planning a site selector luncheon in Dallas in May and the Select USA event focused on Foreign Direct Investment occurring in June.

## **Organizational/Policy Matters**

1. Future Facilities Taskforce – The Future Facility Taskforce met on April 24<sup>th</sup> to review the facility analysis conducted. The intent is to select a facility from the RFP by the end of the month to give to the Board for consideration at the May 9<sup>th</sup> meeting. The Taskforce presented a recommendation to Steve, who is now finishing up final due diligence for his final determination and recommendation to the Board. As a reminder, the two facilities being considered are: 1) The Montana National Bank Building and 2) The Fratt Memorial building.
2. FY 2020 Budget – The Executive Committee will receive the first draft of the FY 2020 Budget at our May 1<sup>st</sup> meeting. Key issues in that budget will include: 1) proposed changes to our staffing plan (role and responsibilities are shifting with focus on revenue centers in the organization); 2) the challenge of shifting operational/program costs to the EDC; 3) the need to build up net operating resources on the EDC; and 4) consider long-term plans to address future revenue and expense issues for both the EDC and EDA. Becky and Jim will walk the Executive Committee through these details and seek Committee input.
3. Ad Hoc Legislative Committee—HB52 has passed and is headed to the Governor for signature. This means that the core economic development programs will remain in place for the next 8 years. It also means that the funding for the programs, in total, will remain at \$3.3 million. The SBDC network will receive an additional \$200,000, which may mean a bit more resources for our program in Billings (but no guarantee). Now the work begins on developing the next generation of economic development tools. MEDA will begin that work at our Spring Conference in May. Stay tuned. I will provide the Board with an complete update on all our legislative priorities at the May Board meeting.

**Respectfully submitted,  
May 1 and 9, 2019**



**Steve Arveschoug  
Executive Director**