

**EDA/EDC – Joint Board Meeting
Thursday, November 8, 2018
7:30 A.M. to 9:15 A.M.
Yellowstone Conference Room, First 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.*

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: Jennifer Smith, EDA Chair

7:32 A.M. Public Comment/Recognitions/Special Announcements and Introductions:

- Introductions: Katy Easton, CEO Billings Alliance, New EDA Ex-Officio Board Member
- Jack Nickels, President, Billings Cultural Partners

8:00 A.M. Changes to Today's Agenda

8:02 A.M. Consent Agenda

- October 11, 2018 Board Meeting Minutes
- September 2018 EDA and EDC Financials

(EDA/EDC Action)
(Attachment A)
(Attachment B)

8:05 A.M. Program-Level Reports and Action Items

- Big Sky Finance —Brandon
 - 504/RLF Loan Approvals
- Nominating Committee Recommendations—Becky
 - EDA Board Members for Commissioners Consideration
- Future Facilities Taskforce Recommendation-EDA Grant —Becky
- Update: **Rock31**—Dena
- TEDD Reimbursement Agreement Amendment—Dianne
- Recruitment Program Report—Allison/Melanie
 - Update: USDA Federal Office Relocation—Letter of Interest
 - Update: One Big Sky District

(Attachment C) (EDC Action)

(Handout) (EDA Action)
(Handout) (EDA/EDC Action)
(Handout) (Info)
(Attachment D) (EDA/EDC Action)

(Info)
(info)

8:45 A.M. Executive Directors' Report—Steve

- Ad Hoc Legislative Committee Draft 2019 Legislative Priorities

(Attachment E) (Info)
(Attachment F) (EDA/EDC Action)

8:55 A.M. Other Reports

- Conflict of Interest Guidance—Kevin Heaney

(Attachment G) (Info)

9:10 A.M. Public Comment

9:15 A.M. Adjourn-----Next EDA/EDC Board Meeting December 13, 2018. Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky ED at 256-6871.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT A



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, October 11, 2018 – 7:30 AM – 9:15 A.M.
Yellowstone Room, 1st 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, Fred Sterhan, Greg McDonald, Ken Lutton, Mitch Goplen, Paul Neutgens, Robin Rude, Greg Upham (ex-officio), John Brewer (ex-officio), Matt Lurker (ex-officio), Robyn Driscoll (ex-officio)

EDA Board Members Absent: Chuck Tooley, Dana Pulis, Jennifer Smith, Sheri Nicholson

EDC Board Members Present: Aaron Ramage, Andy Gott, Bob Wilmouth, Craig Bartholomew, Dan Edelman, David Trost, Dennis Pitman, Duncan Peete, Eric Simonsen, Jon Stepanek, Mac Fogelsong, Mike Nelson, Mike Phillips, Mike Seppala, Molly Schwend, Scott Chesarek, Steve Loveless, Ty Elkin, Wayne Nelson

EDC Board Members Absent: David Ellis, Debbie Singer, Doug Hansen

Staff and Guests: Steve Arveschoug, Austin Trunkle, Becky Rogers, Dianne Lehm, Melanie Schwarz, Dena Johnson, Lorene Hintz, Marcell Bruski, Dustin Frost, Brandon Burger, Jim Tevlin, Dr. Bob Merchant, Jack Nickels, JJ Camody, Evelyn Pyburn, Jim Duncan, John Felton, Chris Kukulski

Call to Order:

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

Public Comment/Recognitions/Special Announcements:

Eric introduced John Felton of Riverstone Health and Steve Loveless, Board Member and CEO of St. Vincent Healthcare. Steve and John spoke in favor of Initiative 185 and its aim of expanding Medicaid in Montana. Steve shared a personal story illustrating the ill effects of tobacco usage. Steve also mentioned that the Billings Gazette ran a piece earlier this week clarifying the numbers and confusion surrounding the initiative. Bryce Ward, a Missoula based economist, analyzed the economic impact of the Medicaid expansion and the result indicated there was substantial benefit to passing the initiative. Steve also explained the reimbursement rates of traditional Medicaid vs Medicaid expansion. The State pays 65% of the cost of a traditional Medicaid patient but only pays 10% of the cost of expansion patient. The economics change because expansion converts some of the traditional patients to expansion patients and saves the State money.

John Felton then spoke to how Medicaid expansion affects his healthcare system. Mr. Felton mentioned how the health of the workforce impacts the local economy. He also spoke about the fact that Medicaid serves a lower income demographic. If this group is unable to seek care before their condition worsens, it will cost more in the long-term. Initiative 185 disperses 4% of the tax raised to Veteran Healthcare. The annual contribution equates to \$2M. Mr. Felton navigated a webpage that details specifically the impact of Medicaid expansion in Montana.

Dr. Bob Merchant spoke and said he sees many patients each day with issues directly related to tobacco use. Dr. Merchant said he would like work himself out of a job by increasing awareness of the ill effects of tobacco. It is estimated that a tobacco users annual medical expenses cost each Montana taxpayer \$800.

Cory Moore asked about the constitutionality of the initiative, which has been a talking point in political advertisements. The presenters replied to Cory that the language in the initiative was crafted very thoughtfully and they believe it is indeed constitutional. They conceded that it will likely be challenged but are confident it will be upheld. Superintendent Greg Upham asked if any portion of these funds will be used to educate the youth about the dangers of nicotine use. The presenters said there was \$3-4 million being allocated to preventative measures and cessation assistance. Greg McDonald asked Steve Arveschoug if there will be any Member Investors who will be unhappy with a supportive stance with regard to I-185. Steve said he anticipates there may be some who are upset but he is happy to explain to them why the Board made their decision.

Paige Spalding was then introduced to speak in favor of the 6 Mills for Higher Education. This is a mill levied every ten years and the taxes raised benefit the Montana University System. In its 70-year history, the levy has never failed and generates about \$200M over its ten-year life. Students could see an 18% increase to their tuition if the levy were to fail. Currently, 80% of Montana graduates find work within a year of graduation. Paige asked that when you receive your ballot, to please remember this levy is for our children and our future.

Agenda Changes:

“Other Reports” on the agenda will be struck and moved to next month’s meeting.

Discussion was held about changing the agenda to allow the Board to vote right away on Initiative 185 and 6-Mills for Higher Ed instead of at the end of the meeting.

- Motion: Craig Bartholomew, to change the agenda to allow the Board to vote on the Initiatives, as presented to the Board.
- Second: Ken Lutton
- Discussion: None
- Motion carried

Ad Hoc Legislative Committee Update

Steve proceeded to read the Policy Statement that had been requested by the Board during the September Board Meeting. The vote will require a 3/5 majority to pass.

- Abstained: Dan Edelman, Jon Stepanek, and Denis Pitman. All three are on the EDC Board.
- Motion: David Trost, to approve to adopt the Policy Statement regarding I-185, as presented to the Board.
- Second: Duncan Peete
- Discussion: None
- Motion carried with 7 votes in favor on the EDA side and 16 votes in favor on the EDC side.

A vote was then held for the 6-Mills for Higher Ed. This vote required a 3/5 majority to pass.

- Motion: Cory Moore, on the EDA side, to approve backing a “Pro-6 Mills for High Education” stance, as presented to the Board.
- Second: Ken Lutton
- Discussion: None
- Motion carried with 7 EDA votes in favor.

- Motion: Wayne Nelson, on the EDC side, to approve backing a “Pro-6 Mills for High Education” stance, as presented to the Board.
- Second: Craig Bartholomew
- Discussion: None
- Motion carried with 16 EDC votes in favor.

Consent Agenda:

Approval of the September 2018 Board Meeting Minutes

One change was made to the minutes to correct attendance. David Ellis was in attendance but was not included in the minutes.

Motion: Craig Bartholomew, to approve the September 2018 Board Meeting Minutes as presented to the Board.

Second: Jon Stepanek

Discussion: None

Motion carried

Approval of the August 2018 EDA and EDC Financials

Motion: Duncan Peete, to approve the August Financials, as presented to the Board.

Second: Steve Loveless

Discussion: None

Motion carried

Program-Level Reports and Action Items

EDA-EDC Management Services Agreement Amendment/Update - Becky

Becky presented the management services agreement and discussed the changes made as a result of adding staff to Melanie's department. The Business Outreach Project Manager will now be part of the EDC reimbursement to the EDA. Becky also included the fact that this current agreement will be for a two-year term, pending SBA approval.

Motion: Mike Nelson, to approve the management services agreement pending SBA approval, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

There was also action needed to approve the Resolution to Adopt the New Management Services Agreement. This ensures compliance with the SBA. This item is EDC Action only.

Motion: Craig Bartholomew, to approve the Resolution to Adopt the New Management Services Agreement, as presented to the Board.

Second: Jon Stepanek

Discussion: None

Motion carried

Big Sky Finance – Brandon

504/RLF Loan Approvals

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. **T Bunch, Inc./Tyson and Sarah Bunch (Bevco Countertops)** – Request is for the purchase of the existing commercial real estate building the operating company, T Bunch, Inc., currently leases. T Bunch, Inc. (Bevco Countertops) is a custom countertop fabrication company based in Billings, MT. The property is located in Lockwood and has been the site of the operations for many years. The business has been in operation since 1979. Tyson and Sarah Bunch purchased the business 7 years ago. Tyson previously worked for the business. Both he and Sarah are active in the day to day operations. Tyson is

involved in the production and oversight of shop activities while Sarah assists with the office management.

There are projected to be 3 new jobs created as a result of this project. The total SBA debenture will be \$194,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Western Security Bank.

It should be further noted that the Loan Committee has approved the request with a vote of 4-1. Two members both commercial lenders, abstained from voting due to conflict. Therefore, there was only one commercial lender to vote on the request. SBA requirements for approval and submission of a SBA 504 loan is for there to be two individuals with commercial lending experience voting on the request. Due to the fact we only had one able to vote, this loan must be approved by the EDC Board in order to submit the application to SBA. Loan committee has approved the request.

Abstained: Mike Seppala

Motion: Andy Gott, to approve the T Bunch, Inc./Tyson and Sarah Bunch (Bevco Countertops) loan request, as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

SMART Audit Response/Policy Updates

Brandon presented the results of the SBA SMART Analytical Review. The conclusion was Acceptable with Corrective Action Required. As a result of the Board's approval, all Corrective Actions are in place. Big Sky Finance has already implemented several of the recommendations listed in the audit findings. Attached at the end of this document are the SMART Review Findings and the Response Plan in its entirety. In addition to this document, The Board was provided with the updated Loan Policy and updated Internal Control Policy. Brandon went through each of the findings with the Board and the action to be implemented at this time. Brandon also went through each of the Recommendations for Improvement and discussed the action to be taken. Andy Gott asked if any of these were repeat findings. Brandon let Andy know that this was the first SMART audit Big Sky Finance has undergone so there are no repeat findings. Brandon asked that the Board vote to approve the Audit Response Plan (see ATTACHMENT) in addition to the Updated Loan Policy and Updated Internal Controls Policy.

Motion: Wayne Nelson, to approve the Audit Response Plan in addition to the Updated Loan Policy and Updated Internal Controls Policy, as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

Nominating Committee Update – Becky

Becky gave a Nominating Committee Update.

The EDC Board election results yielded Spencer Frederick, Ann Kosempa, Tom Schlotterback, Dave Ballard, Mitch Goplen and Eric Simonsen.

The application process for the seats open on the EDA Board can be found on the county's website and submissions are due on Thursday, October 25th.

Last week, BSED submitted a letter asking the County Commissioners to consider adding an Ex-officio position for the CEO of the Downtown Billings Alliance. The Commissioners will make a decision on this request at their next work session.

Becky gave a Future Facilities Taskforce update to the Board. Becky is very close to finishing the due diligence process. There will be a workshop on 10/29 that will allow the Board to see the analysis in depth and ask questions of the process and provide feedback.

Becky discussed the steps taken for the analysis and what was still left to do. With the cost analysis, Becky pulled in expertise including Craig, who provided help with lease and purchase analysis in addition to help from a commercial broker. The total operating costs were considered at 10, 15, and 20 years across the three proposals. Becky also shows a set of numbers that reflect a down payment on the purchase proposal. Becky also spoke about the space needs analysis. BSED contracted with Eric Simonsen to conduct a space programming assessment and how the space can be best utilized. Eric will present his findings at the workshop. It should be noted that Eric will abstain from voting on a final decision, as a result of his work on the project. Third was a location analysis which will reflect other considerations identified in the needs analysis. Becky will also follow up with the county Commissioners and respond to questions they asked that were answered during the due diligence. This will happen before the November Board Meeting.

Recruitment Program Report - Allison

Allison gave an update on the USDA request for proposal and OBSD.

No handout was given and no action taken for this update as indicated in the agenda. Allison updated the Board that we will be sending a letter of interest to propose for the new headquarters for the National Institute of Food and Agriculture and the Economic Research Service. That letter is due this coming Monday. Our congregational delegation will be providing letters of support. The RFP will be taking into consideration the following: Overall logistics, workforce, the community and quality of life offered, Capital and operating costs, and the technology infrastructure. Their focus as they look to move will be on improving efficiency, focusing on customer service, and increasing economic development in rural America.

Mike Phillips asked how realistic this proposition is. Allison mentioned that we have a strong position to offer from and that the potential to bring 600 jobs to Billings is immensely important. Steve added that he anticipates that the USDA will receive thousands of intent to propose letters.

Allison then went through her OBSED update. Landmark Development has contracted several entities to help with the financial analysis portion of the masterplan. Greg McDonald asked what the request of the legislature will be. Allison said the essence of the ask would be that the legislature grants an economic development tool that would be provided after a certain amount of private investment has been received.

Update: E-Space Launch – Dena

Dena presented an E-Space update and said that they have secured the entirety of their funding. Dena reminded the Board that there will be a meetup following the Annual Meeting on October 18th. The event will take place at the Depot and will be free to those who register. Dena encouraged the Board to attend and bring a guest with them. Dena gave an example of innovative thinking from Billings that included a company who produces and sells a plant-based drink called Kava.

Annual Meeting – October 18th (95% Goal) – Melanie

Melanie spoke about the annual meeting and that 90% of the Board have RSVP'd the event. The Governors of Montana, Wyoming, and South Dakota will be speaking about economic development in our respective states. Melanie also introduced Marcell Bruski as the new Business Outreach Project Manager.

Executive Director' Report – Steve
Conflict of Interest Waiver Request – Crowley Fleck

Crowley Fleck has entered into an agreement with the City of Billings to lobby on their behalf regarding certain issues. As such, the firm has asked BSED to sign a Conflict of Interest waiver.

Motion: David Trost, to approve to authorize Steve to execute signing the waiver, as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

Public Comment: None

Meeting adjourned: 9:24 A.M.

Next Meeting – November 8, 2018

Respectfully submitted,

Robin Rude, EDA Secretary/Treasurer

Mike Seppala, EDC Secretary/Treasurer

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

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

ATTACHMENT:

**SMART Analytical Review - 2018
Big Sky Economic Development Corporation
Final Response**

Findings:

1. Finding: Big Sky Economic Development Corporation (BSEDC) does not provide the Board with reports on the 504-loan portfolio asset quality and industry concentration on at least a semi-annual basis.

- *Action Taken:* The Loan Policy Manual for Big Sky Finance (Big Sky EDC) has been updated to account for the semi-annual reporting of the SBA 504 Loan portfolio to the Board of Directors. This will be accomplished at two of the regularly scheduled meetings at least 6 six months between each meeting. This report will provide, at a minimum, detail on the portfolios industry concentration, overview of the portfolio, and a copy of the most recent quarterly SBA Lender Portal Report. This reporting will be reflected in the Board meeting minutes.

The Internal Controls for Big Sky Finance provides for the semi-annual reporting of the SBA 504 Loan portfolio status to the Board of Directors. Additional Board reporting is included in the Internal Controls.

- *Loan Policy updated on page 7*
- *Internal Control Policy updated on page 3*

Finding: Board meeting minutes are not signed.

- *Action Taken:* All BSEDC Board minutes are signed by the Corporate Secretary once the minutes have been approved by the Board of Directors. The minutes are signed following the Board meeting at which the minutes were approved. Copies of signed Board minutes will be on file with the CDC Finance Director as well as with the organizational documents maintained by the Director of Operations for Big Sky Economic Development.

- *Loan Policy updated on page 5*
- *Internal Control Policy updated on page 7*

Finding: CDC does not maintain Executive Committee minutes.

- *Action Taken:* BSEDC does maintain Executive Committee meeting minutes. Executive Committee meeting minutes will be kept on file with the CDC Finance Director. Beginning with FYE 2018, CDC will document all Executive Committee meetings within its annual report.

- *Loan Policy updated on page 7*
- *Internal Control Policy updated on page 7*

2. Finding: Big Sky Economic Development Corporation has not submitted Statements of Personal History (SBA Form 1081) to SBA within 30 days of Board member changes. CDC must obtain an SBA Form 1081 from all Loan Committee Members and keep on file with the CDC.

- *Action Taken:* BSEDC has updated its policies, procedures and internal controls to ensure it: 1) submits SBA Form 1081s and fingerprint cards to SBA for all new officers, Board members, professional staff and contractors; 2) obtains SBA Form 1081 for all Loan Committee Members and keeps on file with CDC; 3) obtains SBA's written approval of the forms submitted prior to any staff working with the CDC, and within 30 days of Board members being appointed; and 4) retains copies of the approval documentation. This function will be administered by the CDC Finance Director.

CDC Finance Director works with the Operations Director who has the role of new Board Member orientation in obtaining the required SBA documentation. Form 1081 is provided to new Board Member and any new professional staff as soon as they are elected or hired. CDC Finance Director will work with these individuals to schedule a time to have their fingerprints completed. Operations Director works to have completed form returned to CDC Director within 30 days. Loan Committee Members have been provided Form 1081 to be completed and returned at this time. Any new Loan Committee Member will be required to complete the form when selected to the committee.

- *Loan Policy updated on page 6*
- *Internal Control Policy updated on page 2*

3. Finding: Big Sky Economic Development Corporation does not have appropriate controls in place related to loan approvals.

- *Action Taken:* BSEDC has appropriate controls to ensure that Board and Loan Committee members abstain from voting on loans where any affiliations or potential conflicts of interest exist. Internal Controls have been updated describing the conflict of interest.

CDC Finance Director currently works closely with the Operations Director and Admin Support Specialist at Board meetings to ensure Board members have abstained from voting on loans where there may be a conflict of interest. Finance Director confirms Board members in attendance and if there is any affiliation or conflict based on the loan request. Any conflict or affiliation will be announced during the meeting and noted in the Board minutes.

CDC Finance Director will work with Loan Officer to ensure no Loan Committee member votes on a loan where there may be a conflict of interest. All abstentions will be documented in the Board and Loan Committee minutes.

- *Loan Policy updated on page 5*
- *Internal Control Policy updated on page 6*

4. Finding: Big Sky Economic Development's Internal Control Policy does not include: 1) loan quality classification standards consistent with the standardized classification systems used by

the Federal Financial Institution Regulators (FFIR), as the risk rating system lacks the ratings for Special Mention and Doubtful classifications; and, 2) specification of the control requirements for the oversight of Lender Service Providers.

- *Action Taken:* The Internal Control Policy of BSEDC has been updated to include all requirements of 13 CFR 120.826(b).

BSEDC has established a new 7 grade loan classification system which includes the Special Mention and Doubtful classifications. This new loan grading system will be utilized for current and ongoing loan risk ratings. This was initially instituted as a recommendation from our independent loan review. This loan classification system is included in both the Loan Policy and the Internal Control Policy.

- *(1) Loan Policy and Internal Control Policy both updated with the new loan classification system*

CDC does not utilize Lender Service Providers. However, this has been addressed within the Internal Control Policy.

- *(2) Internal Control Policy updated on page 3*

5. Finding: Big Sky Economic Development Corporation's CPA engagement letter does not contain the language providing SBA access to work papers, policies, and procedures related to the services performed without written authorization from the CDC.

- *Action Taken:* BSEDC has obtained the CPA engagement letter for the FYE 2018 Audit that provides SBA access to and copies of any work papers, policies, and procedures relating to services performed, without prior written authorization from the CDC. BSEDC has also requested of the Auditors that they prepare a letter to CDC management with observations of the CDC's internal control as part of its next financial audit.

CDC Finance Director works with BSEDC's Controller to ensure the above requirements are met. Controller is responsible for the coordination of the completion of the audit.

- *Internal Control Policy updated on page 2*

BSEDC's updated Loan Policy Manual and the updated Internal Control Policy have been presented to the CDC's Board of Directors and management for final approval. These were presented, discussed and approved at the October 11, 2018, Board meeting. Minutes being provided. Additions and modifications have been highlighted for the Board's review and approval.

Recommendations for Improvement:

- 1. Big Sky Economic Development Corporation should ensure that its bank deposits are fully protected by federal deposit insurance or collateralized by the depository.**

- Response: CDC Finance Director has discussed this with the Controller and Executive Director. At this time, the recommendation is being taken under advisement. Further research will be completed and discussed with management and Executive Committee as to what might possibly be done. No immediate action at this time.
- 2. Big Sky Economic Development Corporation should provide its Board of Directors with 504-related training.**
- Response: 504-related training is provided to all new Board of Directors as they are appointed as part of their orientation. This is provided by the CDC Finance Director in a one-on-one setting. Updates to the 504 program will be provided to the Board of Directors at regularly scheduled meetings as the updates arise. Furthermore, sufficient detail on the 504 loan portfolio will be provided to the Board of Directors semi-annually as part of the Board reporting. All Board members are required to review and sign the Board of Directors Annual Certification annually and upon appointment to the Board.
 - *Loan Policy updated on pages 6 and 7*
 - *Internal Control Policy updated on page 6*
- 3. Big Sky Economic Development Corporation should modify its Conflict of Interest Policy to ensure that potential conflicts of interest are re-evaluated on an ongoing basis.**
- Response: Current practice is in place, organizationally, for all Board members to sign the Conflict of Interest Policy on an annual basis. New staff members are provided the Conflict of Interest Policy as part of their new hire packet. Conflict of Interest policy is reviewed annually by management.
 - *Internal Control Policy updated on page 2*
- 4. Big Sky Economic Development Corporation should ensure that its Independent Loan Reviews are conducted at least annually.**
- Response: BSEDC will engage the third party conducting the Independent Loan Review on a more consistent, annual basis to ensure the review is completed within 12 months of the previous review. Reviewer will be engaged annually no later than October 31st of each year (4th month of fiscal year). Review will be completed prior to December 31st and presented to the Board of Directors no later than the February Board meeting.
 - *This was previously in the Internal Control Policy on page 8 and has been left as is*
- 5. Big Sky Economic Development Corporation should revise its risk rating methodology to define the process for managing exceptions, overrides, upgrades, and downgrades, and include alternate methods for loan grading when updated financials are not received.**

- Response: BSEDC's risk rating methodology has been revised as part of the update to its Loan Policy Manual and its Internal Control Policy. If updated financials are not received as part of the loan review process, the loan may be classified as Special Mention if the current year's financials are not provided by the due date of any extensions. This Special Mention grading will be on a loan by loan basis. Other factors will be considered before being downgraded. Loan Officer will continue to work with borrower to obtain updated financials. If updated financials not received, then other analysis will be completed as to the financial stability of the borrower. This would include, but not limited to, analysis of payment history, loan status, property tax payment status, insurance status, and other possible technical default situations. Comments will be included with loan grade and loan placed on Watch list until mitigated.

Loan officers have the ability and to override the risk rating based on subjective analysis of the credit, if necessary. Any overrides of the grade assigned per the scale will be noted within the file (Ventures) and the Finance Director will be notified.

- *Loan Policy updated on pages 26 and 27*

6. Big Sky Economic Development Corporation should incorporate key SBA Loan Program requirements for eligibility, underwriting, closing, and servicing into its Loan Policy Manual.

- Response: These requirements have been specifically outlined in the Loan Policy Manual.

7. Big Sky Economic Development Corporation should ensure that it maintains a diversified loan portfolio so that industry concentrations do not reach a level that would increase financial risks for SBA.

- Response: CDC Finance Director monitors and tracks the SBA 504 loan portfolio industry concentration on a recurring basis. Procedures have been defined within its Loan Policy Manual as to the monitoring and reporting of concentrations.

- *Loan Policy updated on page 11*



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT B

Internal Memorandum

Date: October 31, 2018

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

From: Jim Tevlin

Subject: September BSEDA Financial Statements

Attached are Big Sky EDA and EDC's financial statements for the month of September 2018.

Big Sky EDA Balance Sheets

	Sept 30, 2018	Sept 30, 2017	+/-	
ASSETS				
Current Assets				
Checking/Savings				
First Interstate Bank	144,771.38	255,061.95	(110,290.57)	
Opportunity Fund	658,869.47	5,956,878.30	(5,298,008.83)	(A)
Stockman GE Maintenance	28,479.10	24,439.85	4,039.25	
Yellowstone County Funds	234,668.15	110,156.03	124,512.12	
	<u>1,066,788.10</u>	<u>6,346,536.13</u>	<u>(5,279,748.03)</u>	
Other Current Assets				
Accounts Receivable	205,498.34	231,107.31	(25,608.97)	
TEDD Receivable	75,000.00	-	75,000.00	
American Revenue Guarantee	6,887.28	25,000.00	(18,112.72)	
Opportunity Fund - CDs	5,119,531.00	-	5,119,531.00	(A)
Due To/Due From EDC	87,375.89	41,996.57	45,379.32	
Miscellaneous Receivables	4,993.51	(6,648.75)	11,642.26	
Tax Levy Receivable	4,817.82	3,764.58	1,053.24	
Tax Levy Receivable - Protested	975.93	138,952.69	(137,976.76)	
Allowance for Doubtful Accts	(975.93)	(138,952.69)	137,976.76	
Prepaid Expenses	598.32	3,990.95	(3,392.63)	
	<u>5,504,702.16</u>	<u>299,210.66</u>	<u>5,205,491.50</u>	
	6,571,490.26	6,645,746.79	(74,256.53)	
Other Assets				
Cabelas Conduit	9,643.71	5,004.11	4,639.60	
Deferred Outflow of Resources	365,827.38	173,851.38	191,976.00	
	<u>375,471.09</u>	<u>178,855.49</u>	<u>196,615.60</u>	
TOTAL ASSETS	<u><u>6,946,961.35</u></u>	<u><u>6,824,602.28</u></u>	<u><u>122,359.07</u></u>	
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	80,980.20	158,647.43	(77,667.23)	
Accrued Expenses	115,688.88	44,767.10	70,921.78	
Compensated Absences	146,360.95	132,296.37	14,064.58	
Deferred Revenue - GE Settlement	-	3,847,304.21	(3,847,304.21)	
	<u>343,030.03</u>	<u>4,183,015.11</u>	<u>(3,839,985.08)</u>	
Long Term Liabilities				
Deferred Inflow of Resources	7,418.97	2,035.97	5,383.00	
Pension Liability	908,810.80	615,173.80	293,637.00	
	<u>916,229.77</u>	<u>617,209.77</u>	<u>299,020.00</u>	
Net Assets	<u>5,687,701.55</u>	<u>2,024,377.40</u>	<u>3,663,324.15</u>	
TOTAL LIABILITIES & EQUITY	<u><u>6,946,961.35</u></u>	<u><u>6,824,602.28</u></u>	<u><u>122,359.07</u></u>	

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

Big Sky EDA
Statement of Operations-Actual vs Budget
For the Three Months Ended September 30,

	2018	Annual Budget	Budget Remaining
Income			
Department of Defense	\$ 130,025.00	\$ 549,626.00	\$ 419,601.00
EDC Reimbursement	126,840.00	601,012.56	474,172.56
EPA - Brownfields	9,357.20		(9,357.20)
Grant Administration	4,266.00	17,650.00	13,384.00
Health Levy Revenue	21,471.00	90,264.00	68,793.00
Mill Levy Revenue	54,990.04	1,391,361.00	1,336,370.96
Opportunity Fund Investment	-	150,000.00	150,000.00
Recovery of Protested Taxes	146,854.25		(146,854.25)
SBA/MT Dept of Commerce	27,608.53	117,650.00	90,041.47
SBDC Program Income	62.81	3,211.00	3,148.19
VBOC	48,023.35	300,000.00	251,976.65
	569,498.18	3,220,774.56	2,651,276.38
Expense			
Advertising	400.83		(400.83)
Property Tax Protests	-	28,147.22	28,147.22
Business Recruitment	-	16,000.00	16,000.00
Community Development Projects	-	50,000.00	50,000.00
Contingency	-	17,500.00	17,500.00
Dues and Subscriptions	25,596.61	47,834.00	22,237.39
Employer Contributions	108,964.62	507,433.91	398,469.29
Insurance	10,052.00	14,766.00	4,714.00
Contract Support	-	2,000.00	2,000.00
Marketing	15,141.16	81,854.00	66,712.84
Miscellaneous	5,998.72	36,236.40	30,237.68
Office Equipment	2,990.04	8,700.00	5,709.96
Office Expense	4,720.78	22,211.00	17,490.22
One Big Sky District	-	55,000.00	55,000.00
Professional Fees	33,627.80	59,017.00	25,389.20
PTAC Satellite	19,849.59	87,714.00	67,864.41
PTAC Subcenter	60,095.73	253,543.00	193,447.27
Rent	42,149.00	111,632.00	69,483.00
Salaries/Wages	356,951.16	1,617,320.85	1,260,369.69
Sponsorships	4,000.00	6,600.00	2,600.00
TEDD	2,387.12	5,000.00	2,612.88
Telecommunications	13,116.20	48,001.00	34,884.80
Travel/Training	22,299.02	124,621.00	102,321.98
Workforce Development	1,653.30	15,000.00	13,346.70
	729,993.68	3,216,131.38	2,486,137.70
Operating Income/(Loss)	(160,495.50)	4,643.18	165,138.68
Other Income			
Interest Income	1,322.46	87,477.23	87,477.23
	\$ (159,173.04)	\$ 92,120.41	\$ 252,615.91

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

Prior year amounts include \$21k for Brownfields assessments and \$47k for TEDD master plan expenses.

Big Sky EDA
Statements of Operations-Year Over Year Actual
(Excluding Zoot/GE)
For the Three Months Ended September 30,

	<u>2018</u>	<u>2017</u>	<u>+/-</u>
Income			
Department of Defense	\$ 130,025.00	\$ 121,150.00	\$ 8,875.00
EDC Reimbursement	126,840.00	119,937.87	6,902.13
EPA - Brownfields	9,357.20	24,451.61	(15,094.41)
Grant Administration	4,266.00	2,123.16	2,142.84
Health Levy Revenue	21,471.00	20,484.25	986.75
Mill Levy Revenue	54,990.04	56,180.23	(1,190.19)
Miscellaneous Revenue	-	1,020.56	(1,020.56)
Recovery of Protested Taxes	146,854.25	-	146,854.25
SBA/MT Dept of Commerce	27,608.53	29,029.29	(1,420.76)
SBDC Program Income	62.81	219.00	(156.19)
VBOC	48,023.35	80,566.17	(32,542.82)
	<u>569,498.18</u>	<u>455,162.14</u>	<u>114,336.04</u>
Expense			
Advertising	400.83	129.66	271.17
BEAR	-	423.44	(423.44)
Dues and Subscriptions	25,596.61	13,645.59	11,951.02
Employer Contributions	108,964.62	109,954.59	(989.97)
Incubator Expense	-	1,144.68	(1,144.68)
Insurance	10,052.00	16,919.11	(6,867.11)
Marketing	15,141.16	20,768.38	(5,627.22)
Miscellaneous	5,998.72	7,837.27	(1,838.55)
Office Equipment	2,990.04	-	2,990.04
Office Expense	4,720.78	3,469.93	1,250.85
Professional Fees	33,627.80	75,897.99	(42,270.19)
Program Expense	-	624.67	(624.67)
PTAC Satellite	19,849.59	23,092.62	(3,243.03)
PTAC Subcenter	60,095.73	50,482.80	9,612.93
Rent	42,149.00	32,833.28	9,315.72
Repairs	-	300.50	(300.50)
Salaries/Wages	356,951.16	350,619.87	6,331.29
Sponsorships	4,000.00	5,454.33	(1,454.33)
TEDD	2,387.12	-	2,387.12
Telecommunications	13,116.20	8,112.99	5,003.21
Travel/Training	22,299.02	34,633.43	(12,334.41)
Workforce Development	1,653.30	6,938.52	(5,285.22)
	<u>729,993.68</u>	<u>763,283.65</u>	<u>(33,289.97)</u>
Operating Income/(Loss)	<u>(160,495.50)</u>	<u>(308,121.51)</u>	<u>147,626.01</u>
Other Income			
Interest Income	1,322.46	4,915.75	(3,593.29)
	<u>\$ (159,173.04)</u>	<u>\$ (303,205.76)</u>	<u>\$ 144,032.72</u>

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

Prior year amounts include \$21k for Brownfields assessments and \$47k for TEDD master plan expenses.

Big Sky Economic Development Corporation

Balance Sheets

	Sep 30, 2018	Sep 30, 2017	+/-	
ASSETS				
Current Assets				
First Interstate Bank	\$ 371,573.55	\$ 294,482.15	\$ 77,091.40	(A)
FIB SSBCI Principal	1,160,444.28	950,685.35	209,758.93	
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	19,200.00	3,000.00	
First Interstate Bank-RLF	224,899.24	245,173.04	(20,273.80)	
Wells Fargo	-	81,732.95	(81,732.95)	(A)
Accounts Receivable	1,000.00	1,000.00	-	
Certificates of Deposit	-	75,114.53	(75,114.53)	(A)
Miscellaneous Receivables	4,000.00	390.85	3,609.15	
Prepaid Expenses	2,548.53	-	2,548.53	
RLF Portfolio-Current	77,883.12	72,389.57	5,493.55	
SSBCI Portfolio-Current	123,202.93	200,305.00	(77,102.07)	
	<u>2,237,751.65</u>	<u>2,040,473.44</u>	<u>197,278.21</u>	
Other Assets				
FIB-OBSD/Coulson Park	215,850.00	-	215,850.00	(B)
RLF Portfolio-Non Current	243,606.41	201,917.25	41,689.16	
SSCBI Portfolio-Non Current	905,458.87	969,895.94	(64,437.07)	
TOTAL ASSETS	<u><u>3,602,666.93</u></u>	<u><u>3,212,286.63</u></u>	<u><u>390,380.30</u></u>	
LIABILITIES & EQUITY				
Liabilities				
Current Liabilities				
Accounts Payable	5,643.02	711.74	4,931.28	
Accrued Expenses	30,350.00	5,487.50	24,862.50	
Due to/Due From EDA	87,375.89	41,996.57	45,379.32	
	<u>123,368.91</u>	<u>48,195.81</u>	<u>75,173.10</u>	
Net Assets	<u>3,479,298.02</u>	<u>3,164,090.82</u>	<u>315,207.20</u>	
TOTAL LIABILITIES & EQUITY	<u><u>\$ 3,602,666.93</u></u>	<u><u>\$ 3,212,286.63</u></u>	<u><u>\$ 390,380.30</u></u>	

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

(B) These restricted funds are specifically earmarked for the One Big Sky District and Coulson Park master plans.

Big Sky Economic Development Corporation
Statements of Operations-Actual vs Budget
For the Three Months Ended September 30,

	<u>2018</u>	<u>Annual Budget</u>	<u>Budget Remaining</u>
Income			
504 Loan Origination	\$ 48,228.73	\$ 127,500.00	\$ 79,271.27
504 Loan Servicing	129,694.77	531,600.00	401,905.23
Member Investment	17,000.00	300,000.00	283,000.00
Miscellaneous Income	1,865.94	13,000.00	11,134.06
Private BillingsWorks Funding	2,500.00	20,000.00	17,500.00
Recovery of Bad Debt	1,400.00	3,600.00	2,200.00
RLF Business Loan Interest	3,066.50	12,476.00	9,409.50
SSBCI Revenue	5,792.19	29,140.00	23,347.81
	<u>209,548.13</u>	<u>1,037,316.00</u>	<u>827,767.87</u>
Expense			
Advertising	62.64	-	(62.64)
BEAR Program	686.94	6,108.00	5,421.06
Business Recruitment	4,123.31	81,000.00	76,876.69
Contingency	-	10,000.00	10,000.00
Dues and Subscriptions	2,936.35	15,593.00	12,656.65
EDA Reimbursement	126,840.00	598,137.86	471,297.86
Event Expense	-	51,500.00	51,500.00
Insurance	1,910.00	11,000.00	9,090.00
Marketing	4,058.64	11,000.00	6,941.36
Membership Development	407.62	7,500.00	7,092.38
Miscellaneous	3,690.26	36,418.00	32,727.74
Office Supplies	971.03	2,056.00	1,084.97
Professional Fees	10,088.00	22,500.00	12,412.00
Rent	7,706.38	36,320.00	28,613.62
Sponsorships	-	2,000.00	2,000.00
Telephone	1,075.16	4,980.00	3,904.84
Travel & Training	7,264.68	28,500.00	21,235.32
Workforce Development	552.80	59,695.00	59,142.20
	<u>172,373.81</u>	<u>984,307.86</u>	<u>811,934.05</u>
Operating Income	<u><u>\$ 37,174.32</u></u>	<u><u>\$ 53,008.14</u></u>	<u><u>\$ 15,833.82</u></u>

Big Sky Economic Development Corporation
Statements of Operations-Year Over Year Actual
For the Three Months Ended September 30,

	<u>2018</u>	<u>2017</u>	<u>+/-</u>
Income			
504 Loan Origination	\$ 48,228.73	\$ 4,113.36	\$ 44,115.37
504 Loan Servicing	129,694.77	134,592.61	(4,897.84)
Member Investment	17,000.00	10,383.88	6,616.12
Miscellaneous Income	1,865.94	1,245.25	620.69
Private BillingsWorks Funding	2,500.00	-	2,500.00
Recovery of Bad Debt	1,400.00	900.00	500.00
RLF Business Loan Interest	2,976.55	4,885.21	(1,908.66)
RLF Loan Fund (net)	89.95	268.98	(179.03)
SSBCI Revenue	5,792.19	7,865.77	(2,073.58)
	<u>209,548.13</u>	<u>164,255.06</u>	<u>45,293.07</u>
Expense			
Advertising	62.64	-	62.64
BEAR Program	686.94	-	686.94
Business Recruitment	4,123.31	5,203.97	(1,080.66)
Dues and Subscriptions	2,936.35	1,691.29	1,245.06
EDA Reimbursement	126,840.00	119,937.87	6,902.13
Event Expense	-	3,386.54	(3,386.54)
Insurance	1,910.00	-	1,910.00
Marketing	4,058.64	2,123.45	1,935.19
Membership Development	407.62	362.26	45.36
Miscellaneous	3,348.94	(1,544.00)	4,892.94
Office Supplies	974.03	563.12	410.91
Postage and Delivery	341.32	323.49	17.83
Professional Fees	10,088.00	1,735.00	8,353.00
Rent	7,706.38	7,106.00	600.38
Repairs	-	300.00	(300.00)
Telephone	1,075.16	917.36	157.80
Travel & Training	7,264.68	5,117.53	2,147.15
Workforce Development	552.80	-	552.80
	<u>172,376.81</u>	<u>147,223.88</u>	<u>25,152.93</u>
Operating Income	<u><u>37,171.32</u></u>	<u><u>17,031.18</u></u>	<u><u>20,140.14</u></u>



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT C

November 8, 2018 – Big Sky EDC Board Meeting

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. **A+ Electric Motor, Inc. / CL Rosebud Properties, LLC** – Request is for the purchase of land, new construction and equipment financing for A+ Electric Motor, Inc. A+ is an existing business currently renting a facility located on Central Avenue in Billings, MT. They will be relocating the business to 1439 Rosebud Lane in Lockwood on land previously purchased by the owners. This move will allow them additional space for current operations and future growth. A+ Electric Motor, Inc. repairs and rebuilds electric motors used in sewer lift stations, city water pumps, mining applications, central pivot irrigation systems and many other applications.

There are projected to be 10 new jobs created as a result of this project. The total SBA debenture will be \$553,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real and personal property behind Western Security Bank.

2. **Alpha-Omega Disaster Restoration, Inc.** – Request is for the purchase of an existing building for Alpha-Omega Disaster Restoration, Inc. Alpha-Omega is currently operating out of two locations in Laurel and will be relocating their operations to this new property located at 7069 Neihenke Avenue in Billings. This new building will provide them with more space for their entire operations, including indoor shop space and outdoor storage yard for their vehicles. Alpha-Omega is one of the leading water, fire and mold restoration companies in Billings. They serve Yellowstone, Carbon, Stillwater and Big Horn counties. Alpha-Omega was started by Julie and Willy Johnson in 2006.

There are projected to be five new jobs created as a result of this project. The total SBA debenture will be \$483,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Altana Federal Credit Union.

3. **J/fit.com, LTD** – Request is for the purchase of land and new construction for the operations of J/fit.com, LTD. The project is to be located between Kalispell and Columbia Falls, just north of the airport. Project will consist of a 13,500 warehouse with office space. J/fit will be relocating their existing warehouse from Vancouver, WA. J/fit is an existing, wholesale distribution company, started in 1999, offering their own branded fitness, sports and outdoor equipment. A majority of their product is sold through Amazon.com and Walmart. They are primarily involved in electronic retailing, or e-tailing.

There are projected to be four new jobs created resulting from this project. The total SBA debenture will be \$690,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind First Interstate Bank.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT D

MEMO

October 24, 2018

TO: Big Sky EDA Board of Directors

FROM: Thom MacLean, Community Development Project Manager

RE: Amendment to Lockwood TEDD Reimbursement Agreement

The Lockwood TEDD Advisory Board and Yellowstone County are requesting amendment of the reimbursement schedule of the funds currently owed to Big Sky Economic Development Authority (BSED). The amount owed is \$81,800. In April 2017, Yellowstone County agreed to reimburse BSED for \$75,000 paid to KLJ for an infrastructure master plan for the Lockwood TEDD. In July 2018, Yellowstone County agreed to reimburse BSED for an additional \$6,800 paid to Sanderson Stewart for the Comprehensive Development Plan Amendment needed for the proposed expansion of the TEDD.

No payments have yet been made to BSED due to the lack of increment to the TEDD. The Montana Department of Revenue has estimated that increment for 2018 will be about \$80,000, available after tax collection in November 2018 and May 2019.

The current reimbursement agreement requires *"...no less than 50% of the District Tax Increment Revenue will be paid to BSED annually until the BSED has been reimbursed in full."*

The requested change is to remove this 50% requirement and allow the County to repay BSED in eight installments, each at least \$10,225, until the entire balance has been paid. The installments would be due by December 31 and June 30 of each year, starting in December 2018. This schedule would allow the TEDD to retain greater amounts of the increment over a longer period for necessary expenses related to initial planning and development of the TEDD. Neither the original agreement or the proposed amendment allows for interest or finance charges.

ATTACHMENTS:

Original Reimbursement Agreement (April 2017)

Addendum to Reimbursement Agreement (July 2018)

Second Addendum to Reimbursement Agreement (Proposed)

REIMBURSEMENT AGREEMENT

THIS REIMBURSEMENT AGREEMENT (the "Agreement") dated as of 11, day of April, 2017, is made by and between **Big Sky Economic Development**, address is 222 N. 32nd St, Ste. 200, Billings, MT 59101 (BSED) and **Yellowstone County**, a municipality of the State of Montana whose address is 217 N. 27th Street, Rm 403A, Billings, MT 59101 (the "County") (BSED And County are collectively the "Parties").

WITNESSETH:

WHEREAS, the County has pursuant to Ordinance No. 16-119 (the "Ordinance") created the Lockwood Targeted Economic Development District (Lockwood TEDD) which contains a tax increment provision (the "District") and

WHEREAS, BSED plans to procure a qualified consultant to develop a five-year Infrastructure Master Plan (the "Plan") to be implemented within the Lockwood TEDD. The Plan will outline current infrastructure conditions within the District, infrastructure requirements for future development within the District, infrastructure as it relates to the development of the proposed Billings Bypass, proposed infrastructure development scenarios, site analysis and proposed land use, TEDD market identification, and other infrastructure requirements.

WHEREAS, the County requires the procurement of the consultant to follow all County procurement requirements and all proposed infrastructure development align with County planning, construction and development guidelines.

WHEREAS, the Board of County Commissioners is the entity authorizing all Lockwood TEDD expenditures.

WHEREAS, it is the intention and desire of the Parties that a portion of the tax increment revenue generated from the Lockwood TEDD development will be used to reimburse the BSED for the cost of the Infrastructure Master Plan.

WHEREAS, given the complexities of tax increment bonds and the present lack of tax increment revenues, it is not possible to sell tax increment bonds at this time to pay the cost of the Plan; and

WHEREAS, it is necessary and desirable for the District that BSED proceed with procurement of the Plan, paying for the Plan with funds from the Big Sky Economic Development Opportunity Fund; and

WHEREAS, the County has determined that it is appropriate to provide reimbursement to BSED for the costs of the Infrastructure Master Plan; and

WHEREAS, County and BSED wish to enter into an agreement to establish the terms and conditions and methodology by which the County will reimburse BSED from Tax Increment Revenue.

NOW THEREFORE, for good and valuable consideration, County and BSED agree, covenant and represent as follows:

Section 1. Development of the Plan

1. BSED will develop a Scope of Work to be included in a Request For Proposals to be issued in accordance with the County procurement requirements. BSED will obtain approval of the County and County Finance prior to issuing the RFP.
2. BSED will recommend a qualified consultant to the County in order for the County to issue a contract for the Scope of Work. The plan should be completed no later than September 1, 2017.

Section 2. Reimbursement

1. The total reimbursement from the County to BSED for the Master Infrastructure Plan will not exceed \$75,000. In no event shall the BSED be reimbursed for more than the actual cost of the Plan.
2. The parties intend that no less than 50% of the District Tax Increment Revenue will be paid to BSED annually until the BSED has been reimbursed in full. It is the County's intention to reimburse the BSED annually for the Master Infrastructure Plan costs when and to the extent that the District Tax Increment Revenues are received.

Yellowstone Board of County Commissioners

By: 

John Ostlund

Chair, Yellowstone Board of County Commissioners



Big Sky Economic Development

By: 

Steve Arveschoug

Executive Director, Big Sky Economic Development

ADDENDUM TO REIMBURSEMENT AGREEMENT

WHEREAS, on April 11, 2017 Big Sky Economic Development, address 222 N.32nd St, Ste. 200, Billings, MT 59101 (BSED) and Yellowstone County (the County), a political subdivision of the State of Montana, executed a reimbursement agreement providing for repayment of money paid by BSED to KLJ, an engineering firm for KLJ's creation of an Infrastructure Master Plan (the Plan) to study and plan the future development needs for an area designated as the Lockwood Targeted Development District (TEDD).

WHEREAS, the April 11, 2017 Reimbursement Agreement provided for the repayment of money paid by BSED as increment from the TEDD became available,

WHEREAS, the County is currently considering the expansion of the TEDD which will require an update of the Comprehensive Development Plan prepared by Sanderson/Stewart,

WHEREAS, the cost of the update is \$6800.00,

WHEREAS, the Montana Department of Revenue has estimated that increment to the TEDD will begin to flow into the TEDD account beginning with the November, 2018 tax collections by the County,

WHEREAS, the TEDD Advisory Board and the Yellowstone County Board of Commissioners has approved the \$6800.00 expenditure for the update of the Comprehensive Development plan and BSED believe the expenditure to be necessary to provide for the expansion of the TEDD which in turn is in the best interests for the continued expansion of industry, employment and overall well-being of Yellowstone County's economy,

NOW THEREFORE, for good and valuable consideration, the County and BSED agree, covenant and represent that BSED will provide funding for the update to the plan in the amount of \$6800.00 and that the County agrees to repay this sum, together with the \$75,000 previously agreed to on the terms provided for in the April 11, 2017 Reimbursement Agreement.

Yellowstone Board of County Commissioners

By: _____

John Ostlund

Chair, Yellowstone Board of County Commissioners

Big Sky Economic Development

By: _____

Steve Arveschoug

Executive Director, Big Sky Economic Development

SECOND ADDENDUM TO REIMBURSEMENT AGREEMENT

WHEREAS, the parties to a Reimbursement Agreement dated April 11, 2017 and an addendum to the reimbursement agreement (both attached) were Big Sky Economic Development (BSED), address 222 N. 32nd Street, Ste. 200, Billings, Montana and Yellowstone County (County), a political subdivision for the State of Montana whose address is Box 35000, Billings, Montana 59107 have decided to amend their original reimbursement agreement,

WHEREAS, the parties previously agreed that Yellowstone County would repay the principal of the reimbursement agreement out of the tax increment of the Lockwood Targeted Economic Development District (Lockwood TEDD),

WHEREAS, the repayment from the Lockwood TEDD's increment would come from no less than 50% of the increment as it is received and that such repayment is not subject to interest or finance charges,

WHEREAS, the parties agree that it is in the best interests of the public that the Lockwood TEDD retain greater amounts of the increment over a longer period of time to help facilitate necessary expenditures to encourage economic growth,

WHEREAS, the total amount currently owed through both the original reimbursement agreement and addendum is \$81,800,

NOW THEREFORE, for good and valuable consideration, the County and BSED agree to the following reimbursement schedule:

- 1) The County will repay BSED in eight installments. Each installment shall be a minimum of \$10,225 until the entire balance is paid.
- 2) The installments shall be made on or before December 31 and June 30 each year until the balance is satisfied. The first installment shall be made on or before December 31, 2018.
- 3) There shall be no interest charges or finance charges applied to the outstanding balance.

YELLOWSTONE COUNTY BOARD OF COMMISSIONERS

John Ostlund, Chairperson

BIG SKY ECONOMIC DEVELOPMENT

By: _____
Steve Arveschoug
Executive Director, Big Sky Economic Development



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT E

**November 2018
Executive Director's Report
(with Program Highlights)
to the Executive Committee & Board of Directors**

Strategic Priorities

1. Strengthen Opportunities for Business Expansion and Economic Diversity

Foster Development of Planned, Ready-to-Go Industrial Space — See the TEDD update as a part of the Community Development section of this report. The first public hearing before the County Commissioners on the expansion of the TEDD was held October 30th. The Commissioners approved the request by the property owners to include their lands in the TEDD, on “first reading.” There will be a final decision on November 13th.

“GE to Zoot Project”— No new info--Final closeout work pending (Conrad Rd and O&M costs).

Opportunities for Building Economic Diversity and Support Innovative Business Growth—

- a) *ROCK31* — Our new entrepreneurship model has been branded and launched. It is called *ROCK31*. That concept comes from the fact that according to the national network of small business centers and business accelerators/incubators through the support of these resources a new business is launched every 31 minutes. So, our role is to “rock” that number (*ROCK31*) and enhance the growth of small business and entrepreneurship in our region. Dena will provide the Board with a bit more detail on the upcoming meet-u events related to our *ROCK31* program.
- b) Coal Country Coalition—Look for more info on our 2018 Regional Economic Development Summit among our Coal Country Coalition partner communities. The tentative date is November 27, 10:00 A.M. to 1:30 P.M., BSED, Yellowstone Conference Room.

2. Workforce Development and Talent Attraction

Advocacy for MSU Billings and RMC— Strategic Planning is underway for MSUB. The Chancellor asked me to join him and a group of campus leaders for a series of meetings designed to develop an undated strategic plan for the university. Details on that plan will be available within the next few months. Additionally, for both RMC and MSUB, we are working with the One Big Sky District Planning Team to help define both development opportunities and needs related to the “health and wellness district” concept that is a part of this planning effort. A follow-up meeting with RMC and MSUB will be held on November 13 or 14.

Billings Works/Talent Attraction and Career and Technical Education/Career Center—See the Billings Works Update as a part of this report for details on work related to Better Off in Billings.

3. Key Building-Remarkable Community Investments--Lead/partner/support key redevelopment and enhancement projects:

One Big Sky District— Planning and design work is underway, with the goal of having a preliminary final plan available for the Strategy Partners to review in mid-December. Tentative date of a presentation to City Council is December 17th (two days before my birthday—in case you are planning to send gifts). We are also working on a legislative strategy, and we’ve held several meetings with area legislators and other potential partners (Governor’s Office of Economic Development, Department of Commerce, and the Montana Chamber). Allison just spent the last two days in Wisconsin working directly with the Landmark team on all aspects of this planning process. She’ll provide the Ex. Committee and Board with a quick update at our meetings in November.

Coulson Park Redevelopment and Entryways Now—The RFP process is complete and DHM Design has been selected by the City of Billings to conduct the Coulson Park Master Plan. An initial scope meeting will take place mid-November. More details to follow. Exciting! The project is starting!

EBURD Redevelopment—No new info to report. See the Community Development section of this report for more info, as available.

Trailhead Hospitality Vision Steering Committee—No new info. The scope of work for a plan/design/budget for the improvement of the Metra Park backside walkway, fence and landscaping is almost complete. The next step is securing funding for that work. Recall--the goal being to take steps forward in the improvement of the HWY 87 corridor as one of the major entryways for our community. The next meeting of the Committee is set for November 2, 2018, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room. They meet every other month.

Air Service—Design meetings are in process for the redevelopment of the Billings Airport terminal. Thank you to all the Board members that joined me in meeting with the design team and sharing our input/expectations. Concerns were expressed that the project would not address the façade of the airport and be limited in scope. Other discussions are underway concerning additional funding options to make sure the project fully meets current and future needs for our community. In the meantime, members of the Air Service Taskforce will be headed to Chicago to meet with United Airlines to discuss expanded service to Chicago (larger plans for our seasonal service) and potential seasonal direct service to San Francisco. Our meetings are scheduled November 15th. I will report to the Board on the outcome of this meeting. Additional meetings with our other air-service providers will be held in March of 2019.

Program Updates

Rock31| BEAR | SBDC

1. E-space gets a name!
 - a. Thank you to Kinetic Marketing and Creative for their amazing work.
 - b. Rock31
 - c. Connect. Build. Grow.
 - d. Every 31 minutes a startup company who dared to dream I'm-POSSIBLE grows out of an entrepreneurial program (incubator/accelerator/SBDC).
 - e. The meaning of the number 31 serendipitously is "Creative Builder" and the numerology of number 31 represents practical, yet creative energy.
 - f. We are going to ROCK the number of successful innovative companies in our community and these creative builders are going to find a solid foundation from which to grow.
2. Rock31 is A hybrid solution to entrepreneurial development where incubation services, acceleration programming, and co-working space all *meetup* to serve companies ready to connect with experts (mentorship) and resources, build their concept and grow. The newly launched program is building momentum with a dynamic community of Entrepreneurs. The physical space is on track to be open in Summer of 2019 and Rock31 meetups will continue all over Billings until the doors are open.
3. Stay tuned for www.rock31.org (coming soon) and check out the Rock31 Facebook page to stay current on Rock31 activity.

4. We have several applications for the Rock31 Program Manager / Senior Business Advisor role. We are reviewing and hopeful to begin interviews soon.
5. We are working to build the 2019 [Early Stage Montana](#) regional pitch competition plan. We will host a regional pitch competition as well as a Hyper Accelerator. Our team is also serving on the Steering committee for this state-wide effort to accelerate the growth of technology businesses in Montana.
6. The BEAR team held a site visit at Lasting Legacy Assisted Living. The team provided ideas to Chad Green and his team as they continue into phase 3 of their business plan. Chad is also working directly with a few members of the BEAR team on marketing. We are hosting a lunch & learn taught by Michael Morrison on how to optimize YE with Best Practices throughout the year as well as an overview of the Tax Cuts Jobs Act (T.C.J.A.). We are building this team of mentors to increase our capacity and skill sets for serving entrepreneurs and small business owners.
7. SBDC served several companies in need of direction and training to startup, stabilize or grow as well as held a pre-business workshop to cover the fundamentals of business planning and loan packaging. We provided the Chamber 360 Leadership group an overview of the programs and resources available to members. We held our quarterly Women's Business Uncorked event where we had three motivational women in business share their inspiring story. It was our privilege to attend and support the Montana Small Business Hall of Fame.

VBOC Update

Dustin and Brian attended and helped to deliver Boots to Business courses at Malmstrom Air Force Base (Great Falls, MT) and Hill Air Force Base (Layton, UT), training over 34 active duty Airmen, veterans or spouses with the Introduction to Entrepreneurship curriculum. Planning is also ongoing for the upcoming VETBIZ Billings Meetup during National Veterans Small Business Week. **Mark your calendars to join us for this event on Nov. 8th from 4 to 6 pm at Canyon Creek Brewing.** Special guest speakers include Seth Jordan (Marine Corps Veteran, Board Member of Bunker Labs, Founder of Dog Tag Brewing, and President of Flaskap) and Matt Colebank (Navy Veteran, Owner of Blaze Pizza, other restaurants, and MRB Development). Dustin's outreach throughout the region has continued to SBA offices in all three states, MSU Billings, Eastern MT Veterans Support Group, MTARNG Career Readiness, Veteran Air Warriors, SBDC and other SBA resource partner contacts.

Big Sky Finance

October has been another busy and productive month for the Big Sky Finance team! We presented three separate SBA 504 loan requests to Loan Committee, all of which were approved for submission to SBA. At this time, one has been approved by SBA, one pending and another soon to be submitted. All three projects are located here in Billings. Sherry attended the NADCO Annual Meeting held in Ft. Lauderdale. NADCO is the trade organization for Certified Development Companies that we are a member of. This Annual Meeting provides the opportunity to meet with our counterparts from across the country, as well as members of the SBA. Sherry networked, attended various workshops and presentations, and probably also had a little fun in the sun. She has brought back to our team valuable information and new ideas to help grow and strengthen our SBA 504 Loan program. Lastly, Brandon presented to the Board of Directors the results of our SMART Analytical Review and our implementation plan to correct any findings and work on the recommendations. The Board approved of the plan. This SMART Review is completed by SBA and is a very in-depth review/audit of our CDC. The results were Acceptable and we are pleased to have this completed. It has been a lot of work, but it will only make us better going forward!

SBA 504 effective rates for the month of October did creep up over the previous month, primarily as a result of the overall rising rate environment. However, one benefit is that for this fiscal year, SBA has

reduced their guarantee fee which is part of the overall effective rate! The 25-year rate is 5.53% and the 20-year rate is 5.49%. Our rates are still very competitive and provide borrowers with the opportunity to lock in a fixed rate for the term of their note – especially beneficial in a rising rate environment!

BillingsWorks

BW continues to build partnerships and programs for workforce development in our community. Here is a quick summary of three initiatives the council has leaned into during the month of October. We continue to look at how to offer more work-based learning opportunities for high school students and took a trip to Livingston to meet with their DLI and Peak High School team to learn more about their internship class offered at Peak High. The 2019 State of the Workforce Report, believe it or not, is underway with Focus Groups being scheduled. We are also working on the prospect of having this year's report information presenting as an animation. Finally, BillingsWorks is honored to serve as a table host for JMG's LEAD conference in Helena on the 30th.

Community Development

The Lockwood TEDD Advisory Board met on October 17th in BSED's Yellowstone Room. The Planning Board recommended that the Comprehensive Development Plan Amendment is compatible with the Lockwood Growth Policy. The Yellowstone County Commissioners will hold two public hearings prior to determining whether to expand the TEDD boundary. The public hearings will be held October 30th and November 13th at 9:30 am on the third floor of the Stillwater Building. The Advisory Board is also recommending a revision to the reimbursement agreement with Big Sky Economic Development. Please see information provided in board packet.

The Coulson Park Master Plan consultant proposals are currently being reviewed by a selection committee. Patrick Klugman is serving on the interview committee.

Community Development met with US EDA representative Kirk Keysor on a substantial grant funding opportunity for Rock31.

Rimrock Subaru hosted a tour on October 23rd to allow both the City Council and County Commissioners a chance to see the new facility. Rimrock Subaru is requesting a tax abatement on the new building. Patrick sent the tax abatement survey out and is compiling information for the yearly report.

The Sports Facilities Feasibility Study has led the South Billings Boulevard Urban Renewal District to select a consultant to work on the design of a sports complex. Thom MacLean will serve on the Steering Committee.

Two potential Brownfield Assessments are being considered.

We continue to follow the proposed guidelines for the Federal Opportunity Zone program.

Member Investor Program and Organizational Marketing

Most of this month was spent in preparation for the Annual Meeting, the launch of Rock31 and completing the Annual Report. Our Annual Meeting was a great success with 300 attendees, 91% Board attendance, Governors from South Dakota, Wyoming and Montana, plus Bob Dunn with Landmark LLC.

We also held the brand unveiling for Rock31 to a crowd of close to 200 at the Billings Depot that evening.

Each year, during this time, we also produce our Annual Report. This document is a great representation of all the work of our staff, community stakeholders and clients.

Marcell, our new Business Outreach Project Manager, now has almost a month with us and is doing a great job. You will see her ramping up our outreach efforts in the community as well as enhancing our efforts in workforce and recruitment.

Business Recruitment and Outreach

1. One Big Sky District Analysis - the analysis is progressing rapidly, we assisted a market analysis team, Hunden, in their Billings visit, facilitating their meetings with many community members, Landmark had a productive meeting with the head of the Department of Commerce and the Governor's Office of Economic Development and we continued to work with the Strategy Partners and Landmark on marketing elements, legislative strategy, and the final analysis package.

2. Completed the Expression of Interest Letter for the USDA in partnership with the owner of Stillwater Building.

3. Working with a company out of Utah to recruit them to Billings to grow their in-bound call and customer service business. They originally reached out to the Chamber of Commerce who promptly directed them over to BSED. I traveled to their office to meet with them a few days later as they were considering other markets including Kansas City and Rapid City. The CEO visited Billings on 10/25 which allowed us to connect briefly with the Mayor and facilitate viewing office space that met their needs. Now, I am partnering with BillingsWorks to develop a hiring strategy so we can support the on-boarding of 50 jobs once they finalize a lease (at which point we will celebrate). They expect to grow to 150 jobs fairly rapidly.

PTAC

PTAC just wrapped up its first quarter of the new program year. During August and September, PTAC clients across the state were successful in winning \$19,931,105 in federal, state and local contracts. During August, September and October, our MT PTAC team partnered with staff from the State of Montana Procurement Bureau on a series of workshops on "How to do Business with the State of Montana." Workshops were held in Great Falls, Helena, Missoula, Kalispell Bozeman and Billings. Business owners were pleased to learn about current and upcoming projects as well as tips to be a successful contractor for our state. In Billings, 28 companies attended the workshop.

Organizational/Program/Policy Matters

1. Future Facilities Taskforce – A few weeks ago we learned that our new Rock 31 program and the other programs that support entrepreneurial clients (SBDC, VBOC, and PTAC) are eligible to apply for a Federal EDA Grant of significant means. This grant could help fund costs such as acquiring a building, infrastructure improvements, fiber, build-out, FF&E and so forth. It requires a dollar-for-dollar match from the organization and must reside in the Opportunity Zone. It also requires that we own the facility. We determined this information needs to be factored into our due diligence analysis and we will approach the Board with a recommendation for next steps at the November 8th meeting.

2. **Strategy Plan—Final Strategic Plan/Work Plan** will be presented at the November 8th Board meeting. Please excuse our delay in getting this handout document designed and printed. Also, go to our webpage (bigskyeconomicdevelopment.org) for a complete copy of the Strategic Plan and Workplans.
3. **Montana Economic Developers Association (MEDA)**—MEDA continues its work with the Department of Commerce on the final strategy of the 2019 legislative session. Fundamental to this effort will be the continuation of the core economic development programs. I should have a final plan to present to the Board at our November 8th Board meeting.
4. **Ad Hoc Legislative Committee**—The Committee developed an outline of the proposed legislative priorities for the 2019 Session (see attached). The Committee also met with the County Commissioners (October 29th) to review our outline and seek out any additional priorities that the Commissioners might have through their work with the Montana Association of Counties (MACo). We will review the proposed BSED Legislative Priorities with the Executive Committee and full Board at our November meetings.
5. **Conflict of Interest Guidance**—We've asked Kevin Heaney (Crowley Fleck) to provide the Board some guidance on your current Conflict of Interest Policy. That Guidance is attached for your review. Kevin may join us at the November Board meeting to quickly review this Guidance and address any Board member questions. As we work on major projects in our community it is important for all of us to understand the limitations that exist related to our role and responsibilities as officers, staff and/or Board members of Big Sky Economic Development. Each Board member will be asked to affirm their understanding and acceptance our the BSED Conflict of Interest Policy at our January 2019 Board meeting.
6. **FY 2018 Audit**—the Auditors have completed their work on the EDC and EDA audits for FY 2018. Those reports will be provided to the Board for your review prior to our December Executive Committee and Board meetings.

**Respectfully submitted,
November 7 & 8, 2018**

A handwritten signature in black ink, appearing to read 'Steve Arveschoug', written over a horizontal line.

**Steve Arveschoug
Executive Director**

ATTACHMENT

Big Sky Economic Development

Preliminary Draft- Outline of Legislative Priorities 2019 Session

October 22, 2018 DRAFT

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.
2. One Big Sky District Development Plan-Private/Public Partnership 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.
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.
4. Infrastructure Investment—BSED will again support the efforts of the Montana Infrastructure Coalition, 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.
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.
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.
7. Regional Economic Development and our Rural Partners (TBD)

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.)

C. Other Considerations

ATTACHMENT

Steve,

Thanks for your inquiry regarding clarifying the conflict of interest protocol. Big Sky Economic Development Authority (EDA) and Big Sky Economic Development Corporation (EDC) are separate organizations, but they hold joint meetings and share a joint conflict of interest policy. The Rules of Conduct Conflict of Interest Policy Resolution the boards adopted captures that joint conflict of interest policy. I understand the members of the respective boards confirm their understanding by signing a statement annually (or on some other periodic basis). Because of the emerging One Big Sky Project and its potentially wide reach, I understand the executive committees of the respective boards want to ensure everyone has a solid grasp of the conflict of interest policy. To understand this process, it is helpful to avoid the trap of running through an endless list of hypothetical or "what if" scenarios. Some general hypotheticals can serve an educational purpose, but that discussion can quickly derail. Each conflict scenario has unique elements, so a better approach is to address each one as it arises. To promote that approach, keep these notions at the forefront:

- **Familiarity.** Be familiar with the conflict of interest policy (*i.e.*, read it, including the definitions).
- **Proactivity.** Familiarity with the conflict of interest policy will promote proactively spotting potential conflicts of interest and distinguish them from phantom issues.
- **Transparency.** If a board member believes he or she has a potential conflict of interest, the first step is to read the policy (including the definitions). This will help determine whether there is a conflict and the process to follow. A designated staff member (*i.e.*, the Executive Director), can serve as a resource for the board member in that process, but it is ultimately up to the board member to determine whether there is a conflict. Depending upon the situation, the Executive Committee can provide feedback as needed.
- **Declaration.** If there is a conflict, the board member would then declare it and becomes disqualified from participating in the deliberation and voting.
- **Fiduciary Duties.** Board members have three fiduciary duties to the organization: (1) a duty of care (*i.e.*, give the same care and concern to board responsibilities as a prudent and ordinary person would); (2) a duty of loyalty (*i.e.*, board members must put the organization's interests ahead of their own); and (3) the duty of obedience (*i.e.*, ensure the organization is abiding by the laws and its governance documents). Conflicts of interest fall under the duty of loyalty. In weighing conflicts of interest, it can be helpful to avoid commingling it with issues that more closely align with the other fiduciary duties.

Because of the size and reach of the organization and board members, the board members will want to be thoughtful in their conflict assessments. This will require reaching an appropriate balance between a lax approach and inordinately conservative approach.

Thanks,

Kevin

Kevin Heaney
Crowley Fleck PLLP
490 North 31st Street, Suite 500
Billings, Montana 59101
voice: 406.255.7307 fax: 406.259.4159
kheaney@crowleyfleck.com
www.crowleyfleck.com



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT F

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.
2. One Big Sky District Development Plan-Private/Public Partnership 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.
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.
4. Infrastructure Investment—BSED will again support the efforts of the Montana Infrastructure Coalition, 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.
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.
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.
7. Regional Economic Development and our Rural Partners (TBD)

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.)

C. Other Considerations



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT G

Becky Rogers

From: Kevin P. Heaney <kheaney@crowleyfleck.com>
Sent: Thursday, November 01, 2018 3:33 PM
To: Steve Arveschoug
Cc: Becky Rogers
Subject: Conflict of Interest Discussion

Steve,

Thanks for your inquiry regarding clarifying the conflict of interest protocol. Big Sky Economic Development Authority (EDA) and Big Sky Economic Development Corporation (EDC) are separate organizations, but they hold joint meetings and share a joint conflict of interest policy. The Rules of Conduct Conflict of Interest Policy Resolution the boards adopted captures that joint conflict of interest policy. I understand the members of the respective boards confirm their understanding by signing a statement annually (or on some other periodic basis). Because of the emerging One Big Sky Project and its potentially wide reach, I understand the executive committees of the respective boards want to ensure everyone has a solid grasp of the conflict of interest policy. To understand this process, it is helpful to avoid the trap of running through an endless list of hypothetical or “what if” scenarios. Some general hypotheticals can serve an educational purpose, but that discussion can quickly derail. Each conflict scenario has unique elements, so a better approach is to address each one as it arises. To promote that approach, keep these notions at the forefront:

- **Familiarity.** Be familiar with the conflict of interest policy (*i.e.*, read it, including the definitions).
- **Proactivity.** Familiarity with the conflict of interest policy will promote proactively spotting potential conflicts of interest and distinguish them from phantom issues.
- **Transparency.** If a board member believes he or she has a potential conflict of interest, the first step is to read the policy (including the definitions). This will help determine whether there is a conflict and the process to follow. A designated staff member (*i.e.*, the Executive Director), can serve as a resource for the board member in that process, but it is ultimately up to the board member to determine whether there is a conflict. Depending upon the situation, the Executive Committee can provide feedback as needed.
- **Declaration.** If there is a conflict, the board member would then declare it and becomes disqualified from participating in the deliberation and voting.
- **Fiduciary Duties.** Board members have three fiduciary duties to the organization: (1) a duty of care (*i.e.*, give the same care and concern to board responsibilities as a prudent and ordinary person would); (2) a duty of loyalty (*i.e.*, board members must put the organization’s interests ahead of their own); and (3) the duty of obedience (*i.e.*, ensure the organization is abiding by the laws and its governance documents). Conflicts of interest fall under the duty of loyalty. In weighing conflicts of interest, it can be helpful to avoid commingling it with issues that more closely align with the other fiduciary duties.

Because of the size and reach of the organization and board members, the board members will want to be thoughtful in their conflict assessments. This will require reaching an appropriate balance between a lax approach and inordinately conservative approach.

Thanks,

Kevin

Kevin Heaney
Crowley Fleck PLLP

490 North 31st Street, Suite 500
Billings, Montana 59101
voice: 406.255.7307 fax: 406.259.4159
kheaney@crowleyfleck.com
www.crowleyfleck.com

NOTICE: This electronic mail transmission may constitute an Attorney-Client communication that is privileged at law. It is not intended for transmission to, or receipt by, any unauthorized persons. If you have received this electronic mail transmission in error, please delete it from your system without copying it, and notify the sender by reply e-mail or by calling Crowley Fleck PLLP, 406-252-3441, so that our address record can be corrected.

This email has been scanned for email related threats and delivered safely by Mimecast. For more information please visit <http://www.mimecast.com>