

**EDA/EDC – Joint Board Meeting**  
**Thursday, September 12, 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**

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

- Jenna Peete, Moss Manson, Executive Director, Invite to the BSD Board
- Introductions-
  - Nick Altonaga, City of Laurel, BSED Ex-officio Board Member (designee)
  - Dr. Elaine Labach, Dean College of Business, MSUB
- Dr. Robert Wilmouth, President, Rocky Mountain College—State of the College Report

**7:55 A.M. Changes to Today's Agenda**

**7:58 A.M. Program-Level Action Items/Reports**

- Big Sky Finance —Brandon
  - 504/RLF Loan Approvals (Attachment A) (EDC Action)
  - Approval of New Loan Committee Member (Attachment B) (EDC Action)
  - RLF Default and Past Due Loan Policy Outline (Attachment C) (Info)
- Operations—Becky
  - Future Facilities Update (Info)
  - Controller Transition Update (Info)
  - FY 2020 Final Budget Consideration (Attachment D) (EDA & EDC Action)
  - Beartooth RC&D MOU (Attachment E) (EDA Action)
- BSTF Grant Applications—Lorene/Allison (Attachment F) (EDA Action)
- Member Investor Program--Melanie
- Recruitment Update—Allison
  - One Big Sky District Next Steps Strategy (Attachment G) (Info)
  - Opportunity Zone Strategy (Info)
  - TEDD Recruitment Update (Info)
- Rock 31 Update
  - Kaufman Foundation—One Million Cups
  - StartUp Weekend

**8:43 A.M. Consent Agenda**

- July 11, 2019 Board Meeting Minutes (EDA/EDC Action)
- June 2019 EDA and EDC Financials (Attachment H)
- (Attachment I)

**8:50 A.M. Executive Director Report (Acting Executive Director—Patrick Klugman)**

- Public Safety Action Plan/Oct. 2<sup>nd</sup> Community Meeting (Attachment J) (Info)

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

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

**Next EDA/EDC Board Meeting October 10, 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.**



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# ATTACHMENT A

**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. **Restyle Clothing Exchange, Inc. (River City Properties, LLC)** – Request is for the purchase of land, building and renovations for Restyle Clothing Exchange, located in Missoula, MT. This is an existing business relocating to a larger building in order to facilitate expansion opportunities, as well as alleviating the need to utilize storage units for inventory. Restyle is a woman-owned used clothing business which has been in existence since 2012. They buy and sell gently used, brand name clothing and accessories for cash or in-store credit. Clientele is primarily teens and young adults.

No new jobs are projected to be created at this time as a result of this project. The project does meet two Public Policy goals: woman-owned business and business located in a HUBZone. The total SBA debenture will be \$310,000 on a 25-year note comprising approximately 40% of the total project costs. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> line position behind First Interstate Bank of Missoula on the real property.

2. **Polson Theatres Inc. (Showboat Land Holdings, LLC)** – Request is for the renovations to an existing building currently owned by the borrowers, as well as the purchase of new equipment. Polson Theatres Inc. currently operates a two-screen movie theatre (Showboat Theatre) in Polson, MT. They are requesting the funds to expand the existing building from two screens to a six-screen cinema. Polson Theatres Inc. also operates theatres in 10 other rural communities across MT (one in Idaho). This is a family owned business and has been for the past 47 years.

There will be two new jobs created as a result of this project. The project meets two Public Policy goals: rural development and being located in a HUBZone. The total SBA debenture will be \$1,245,000 on a 25-year note comprising approximately 33% of the total project. This is a special purpose building so borrowers must inject additional cash. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position on the real and personal property behind Glacier Bank in Polson.

3. **Advanced Therapy Clinic LLC** – Request is for an increase in the amount of the SBA debenture from \$403,000 to \$405,000. Loan was originally approved by the Board on May 9, 2019. The increase is the result of the addition of professional fees (appraisal cost) added to the project costs at submission to SBA. Loan has been approved by the SBA and is currently in the closing process. No other changes to the loan as approved.

**Original Request – 05/09/2019:** 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.



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# ATTACHMENT B

**Big Sky EDC Board Meeting – September 12, 2019**

**Finance Department Update**

**To: Big Sky EDC Board of Directors**

**From: Brandon Berger, Finance Director**

**RE: Recommendation for new member of the Big Sky EDC Loan Committee.**

I would like to recommend to the Board of Directors the addition of Paul Neutgens to serve on the Corporation's Loan Committee. Paul currently serves on the Big Sky EDA Board of Directors. Having him as a member of the Big Sky Finance Loan Committee will provide us with a representative from the EDA Board of Directors, to go along with having a representative from the EDC Board.

Paul is owner of American Steel. He brings to the committee strong small business knowledge, as well as his background in the construction and steel industry. Additionally, Paul has gone through the SBA 504 process as American Steel has a loan with Big Sky EDC, therefore he has experience with the program.

It is my recommendation as Finance Director of Big Sky EDC for Paul Neutgens to serve on the Corporation's Loan Committee.



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# ATTACHMENT C

## Big Sky EDC Revolving Loan Fund

### Past Due Loan Collection Procedures – Current Policy

- a. Big Sky EDC Loan Service agent will contact the borrower on the 10<sup>th</sup> day following the payment date if payment is not received.
  - b. If payment is not received within twenty (20) calendar days from payment date, BSEDC staff will again contact borrower and send a payment reminder.
  - c. If payment has still not been made 30 days after payment date, staff from BSEDC will directly contact the borrower to discuss the past due nature of the loan.
  - d. At sixty (60) days past due, Big Sky EDC staff will visit the borrower site. If satisfactory arrangements are not made for payment at this time, the situation will be presented to the Loan Review Committee, and all actions to date will be noted in borrower's file.
  - e. If payment is ninety (90) calendar days overdue, a default notice will be sent. If satisfactory arrangements are not made within five (5) working days, the matter will be turned over to Big Sky EDC legal counsel. Final decision on foreclosure will be made by the Big Sky EDC Executive Committee.
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### Options going forward for collection procedures:

1. Continue with above procedures
2. Initiate demand upon 30 days past due \*
  - a. Send 10-day demand letter
    - i. Response from borrower within 10 days
      1. Require full past due payment, or
      2. Permit restructured payment plan
    - ii. No response from borrower within 10 days
      1. Initiate collections/foreclosure, or
      2. Additional grace period to contact borrower

\*Loan Officer would be contacting borrower during the 30 day window, most likely initially after 10 days late.

### Questions:

- If response, what is the timeframe for collection of full past due payment?
- If response, restructure payment if necessary? Temporary?
- No response – Move to immediate collection efforts per loan agreement/note.
  - o Involve legal
- No response – Provide borrower additional grace period of 30 days to respond.
  - o No response after 60 days – full collection efforts
  - o Response – work with borrower for past due payments

Additional items/questions:

- How much time/effort does organization want Finance Director allocating towards collection efforts?
- Consideration of making underwriting standards for RLF loans more stringent?
- How should program be utilized:
  - o Stand-alone financing (no bank partner)
  - o Require bank partner in every instance
  - o Limit loan disbursement - \$50k maximum loan amount?
  - o Reserve for losses
- Discretion on turning borrower over to legal.
  - o Costs incurred by BSEDC
  - o Potential for borrower to file BK – does BSEDC want to initiate or force this?
    - What would potential for recovery be in BK?
    - If minimal to no chance for repayment, do we force?
- Continued collection efforts.
  - o Finance Director authority to propose Offer In Compromise?
    - At what point in the timeline? 30, 60 days past due?
- Credit Bureau reporting
  - o Do we report? At what point in delinquency?
    - Personal? Business?
- Finance Director discretion on borrower missed payments.
- Payment deferral / partial payment options
  - o Finance Director authority?
  - o Loan Committee or Executive Committee approval?





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# ATTACHMENT D



## **Proposed FY 2020 Budget Adjustments**

The following are explanations for the proposed adjustments to the FY 2020 budget for consideration by the EDA/EDC Board of Directors:

### **EDA**

#### **INCOME**

- EDC Reimbursement updated to reflect adjustments to salaries and wages and rent
- Health Levy Revenue updated to reflect the addition of an employee
- Mill Levy Revenue estimate updated to reflect growth
- Opportunity Fund Contribution adjusted to offset growth in SBDC Revenue
- SBA/MT Dept of Commerce Revenue adjusted to reflect increased SBDC Revenue

#### **EXPENSE**

- Contingency increased to cover future facility carrying costs
- Intern/Contract Support reflects a holding place for Jim's contract wages and the hiring of a temporary employee for the PTAC
- Rent updated to reflect the renewed lease agreement
- Salaries/Wages and employer contributions updated to reflect recent adjustments
- Sponsorships increased for a contribution to MEDA's next generation of economic development tools analysis
- Tax Protests increased from 2.4% to 4%

### **EDC**

#### **EXPENSE**

- \$10,000 was reallocated in Professional Fees from Recruitment for Legislative Priorities policy work. This change did not impact the overall EDC operating income.

Please see the attached budget spreadsheets for more information.

# Big Sky Economic Development Authority

## Revenues & Expenses

Final Budget with Adjustments

Final Budget with Adjustments	Preliminary		Final
	FY20		FY20
	Budget		Budget
Income			
Department of Defense	\$ 633,828.00	\$ -	\$ 633,828.00
EDC Reimbursement	583,705.08	1,042.74	584,747.81
Grant Administration	8,900.00	-	8,900.00
Health Levy	96,312.00	6,048.00	102,360.00
Mill Levy Revenue	1,414,817.02	46,407.98	1,461,225.00
Opportunity Fund Investment	87,175.00	(62,175.00)	25,000.00
SBA/MT Dept of Commerce	112,500.00	52,000.00	164,500.00
VBOC Revenue	300,000.00	-	300,000.00
	-	-	-
	3,237,237.10	43,323.72	3,280,560.81
Expense			
Contingency	15,000.00	15,000.00	30,000.00
Dues and Subscriptions	52,024.89	-	52,024.89
Employer Contributions	523,530.87	6,865.38	530,396.25
Insurance	14,766.00	-	14,766.00
Intern/Contract Support	-	11,000.00	11,000.00
Marketing-Departmental	13,152.33	-	13,152.33
Marketing-Organizational	61,750.00	-	61,750.00
Miscellaneous	40,525.44	-	40,525.44
Office Equipment	7,000.00	-	7,000.00
Office Supplies	20,000.00	-	20,000.00
Professional Fees	35,125.55	-	35,125.55
PTAC Satellite	140,520.30	-	140,520.30
PTAC Subcenter	278,281.50	-	278,281.50
Rent	119,444.50	6,919.30	126,363.80
Salaries/Wages	1,614,032.38	(11,261.14)	1,602,771.24
Sponsorships	10,916.94	5,000.00	15,916.94
Tax Protests	33,776.67	15,413.73	49,190.40
TEDD Expense	8,500.00	-	8,500.00
Telecommunication	51,840.00	-	51,840.00
Telephone-Cell	2,400.00	-	2,400.00
Travel/Training	133,222.70	-	133,222.70
Community Development Projects	50,000.00	-	50,000.00
One Big Sky District	-	-	-
	3,225,810.07	48,937.27	3,274,747.34
Operating Income	11,427.03	(5,613.55)	5,813.47
Other Income			
Interest Expense	-	-	-
Interest Income	90,334.12	-	90,334.12
	\$ 101,761.15	\$ (5,613.55)	\$ 96,147.59

# Big Sky Economic Development Corporation

## Revenues & Expenses

Final Budget with Adjustments

Final Budget with Adjustments	Preliminary		Final							
	FY20		FY20							
	Budget		Budget							
Income										
Member Investment	\$	370,000.00	\$	-	\$	370,000.00				
Miscellaneous Revenue		13,000.00		-		13,000.00				
Recovery of Bad Debts		3,600.00		-		3,600.00				
RLF Business Interest		11,004.28		-		11,004.28				
SBA 504 Origination Fees		135,000.00		-		135,000.00				
SBA 504 Servicing Fees		526,488.00		-		526,488.00				
SSBCI Revenue		24,063.88		-		24,063.88				
		-		-		-				
		1,083,156.16				1,083,156.16				
Expense										
BEAR/Advisory Council		5,386.00		-		5,386.00				
Contingency		10,000.00		-		10,000.00				
Dues and Subscriptions		19,677.23		-		19,677.23				
EDA Reimbursement		583,705.08		1,042.74		584,747.81				
Insurance		11,000.00		-		11,000.00				
Marketing-Departmental		61,547.67		-		61,547.67				
Marketing-Organizational		11,000.00		-		11,000.00				
Membership Development		15,000.00		-		15,000.00				
Miscellaneous		41,992.38		-		41,992.38				
Office Equipment		2,500.00		-		2,500.00				
Office Supplies		2,056.00		-		2,056.00				
Opportunity Fund Contribution		40,000.00		-		40,000.00				
Organizational Event Expense		52,500.00		-		52,500.00				
Postage & Printing		1,000.00		-		1,000.00				
Professional Fees		80,928.45		-		80,928.45				
Business Incubation		3,000.00		-		3,000.00				
Rent		41,049.08		-		41,049.08				
Sponsorships		8,603.06		-		8,603.06				
Telecommunication		3,699.12		-		3,699.12				
Telephone-Cell		1,920.00		-		1,920.00				
Travel/Training		64,655.80		-		64,655.80				
		-		-		-				
		1,061,219.87		1,042.74		1,062,262.60				
Operating Income					\$	21,936.29	\$	(1,042.74)	\$	20,893.55



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# ATTACHMENT E

**Beartooth Resource Conservation & Development Area, Inc.**  
**PO Box 180, 128 South Main Street, Joliet, MT 59041**

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August 1, 2019

Big Sky EDA  
222 N. 32 St., Suite 200  
Billings, MT 59101

Re: 2019 Memorandum of Understanding with Beartooth RC&D

Dear Steve,

Enclosed is our MOU for Yellowstone County EDA grant sponsors for the 2019-2020 year. We renewed this agreement with the other county entities at the beginning of the year.

The per capita calculation is .19 using the most current population available from the US Census Bureau, and the base fee for the county is \$4,500. The total assessment is allocated to the four participating entities (Yellowstone County, Big Sky EDA, City of Billings and City of Laurel) using the same percentages as previous years.

I have also prepared an invoice for the BSEDA portion of the countywide assessment, reflecting the allocation mentioned above.

Steve, it continues to be our privilege to work with you and the staff at Big Sky. Thank you all for being such great partners.

Sincerely,



Joel Bertolino  
Executive Director  
Beartooth Resource Conservation & Development Area, Inc.

**A**  
**MEMORANDUM OF UNDERSTANDING**  
**between**  
**Yellowstone County Commissioners, Big Sky Economic Development Authority,**  
**City of Billings, City of Laurel**  
**and**  
**Beartooth Resource Conservation & Development Area, Inc.**

**THIS MEMORANDUM OF UNDERSTANDING** is made and entered into this \_\_\_\_ day of \_\_\_\_\_, 2019, by and between **Beartooth Resource Conservation & Development Area, Inc.**, whose principal business address is P.O. Box 180, Joliet, Montana 59041, hereinafter referred to as "**Beartooth RC&D**" and **Yellowstone County Commissioners (in cooperation with the City of Billings, City of Laurel, and Big Sky EDA)**, and hereinafter referred to as "**the Entity**".

**WHEREAS**, The Beartooth RC&D has been formally recognized by the U.S. Department of Commerce, Economic Development Administration (EDA) as a designated Economic Development District (EDD), and as a District, the Beartooth RC&D has been awarded funding to carry out its Comprehensive Economic Development Strategy (CEDS). This funding will provide a staff person, administrative support and operating costs. This is a continual grant, renewable based on successful program operation and availability of federal funds. Local match is required.

**WHEREAS**, each entity participating in the District will designate a representative and an alternate to the regional Economic Development Committee. This individual will convey the needs and development goals of the local entity to the committee. Regular meetings will be held every two months to assess project status, assign workload and evaluate progress.

**NOW THEREFORE IT IS UNDERSTOOD AS FOLLOWS:**

**ARTICLE 1: SCOPE OF WORK:**

Beartooth RC&D employs an Economic Development Coordinator to assist in Economic Development efforts in the region. The Coordinator's time will be allocated consistent with the goals in the Comprehensive Economic Development Strategy by the regional Economic Development Committee. The Committee is composed of one representative and an alternate from Big Horn, Carbon, Stillwater, Sweet Grass and Yellowstone Counties, Crow Tribe and Big Sky Economic Development Authority. Input to this Committee by local entities is essential for obtaining the services of the Coordinator.

Higher priority will be assigned projects of regional scope or projects with strong local leadership. Grant funding for this position is from EDA, therefore, emphasis will be on regional economic development planning and projects which have a correlation to job creation. Matching funds are from participating entities and emphasis will be placed on their specified projects. Specific items of work for this project year are detailed in the attached "Annual Report and Update". It is understood that this Annual Report will be presented each year.

**Annual Evaluation:**

The performance of the Economic Development Coordinator will be evaluated annually by local entities participating on the regional Economic Development Committee. Progress and/or

accomplishments on each program/project will be evaluated to ensure resources are being utilized in the most effective and efficient manner possible.

## **ARTICLE 2: PERIOD OF PERFORMANCE:**

The term of this Memorandum of Understanding shall be from the date it is signed through **June 30, 2020**, unless extended by mutual agreement by both parties. Such extension must be in writing, signed by authorized representatives of both parties, and made a part of the original Memorandum of Understanding by modification reference. This Memorandum of Understanding supersedes the prior Memorandum for participation in the Economic Development District.

## **ARTICLE 3: PAYMENT:**

The Entity's annual contribution will be \$4,500.00 as a "Membership" fee plus a per capita assessment of .19 cents per person. These funds will provide the necessary match to obtain the \$70,000.00 in federal funds. Entities who do not participate financially in the match requirement will not receive services from the Economic Development Coordinator. The calculated fee for **Yellowstone County** is **\$34,706.20**. This figure is a total of the \$4,500.00 county fee plus \$30,206.20 per capita formula using a population of 158,980 as per the 2017 Census data. Yellowstone County's full payment will be separated into a four-way payment system. Each entity within the county will pay a percentage (%) similar to the previous year. Big Sky EDA- 34% or \$11,800.11, City of Billings- 36% or \$12,494.23, City of Laurel- 6% or \$2,082.37 and Yellowstone County- 24% or \$8,329.49.

Annually, the Beartooth RC&D/EDD staff will provide a comprehensive report of the past year's activity. A new Memorandum of Understanding will be prepared and a request for the following year's match submitted. Entities will be billed for match funds after January 1, 2019, for the current year's assessment.

Payment as provided in this section shall be full compensation for work performed, services rendered and for all materials, supplies, equipment, and incidentals necessary to complete the work.

## **ARTICLE 4: EXAMINATION OF RC&D RECORDS:**

The Entities or their representatives shall have the right to examine any books, records, or other documents of the Beartooth RC&D directly relating to costs when such costs are the basis of compensation hereunder.

## **ARTICLE 5: OWNERSHIP AND USE OF DOCUMENTS:**

Reproducible copies of all documents and other materials produced by the Beartooth RC&D in connection with the services rendered under this memorandum of understanding shall be provided to the Entity for the Entity's use whether the project for which they are made is executed or not. The Beartooth RC&D shall be permitted to retain originals, including reproducible originals, of



drawings and specifications for information, reference and use in connection with Beartooth RC&D's endeavors.

#### **ARTICLE 6: WARRANTY:**

The Beartooth RC&D warrants that all services performed herein shall be performed using that degree of skill and care ordinarily exercised in and consistent with generally accepted practices for the nature of the services and shall conform to all requirements of this Memorandum of Understanding.

#### **ARTICLE 7: SAFETY:**

The Beartooth RC&D agrees to fully comply with the Occupational Safety and Health Act of 1970, all regulations issued there under and all state laws and regulations enacted and adopted pursuant thereto. The Beartooth RC&D shall take all necessary precautions in performing the services hereunder to prevent injury to persons or damage to property.

#### **ARTICLE 8: CONFIDENTIALITY AND CONFLICTS OF INTEREST:**

The Beartooth RC&D agrees to hold in strict confidence any proprietary or other data, findings, results, or recommendations deemed to be confidential by the Entity and obtained or developed by the Beartooth RC&D in connection with the work under this memorandum of understanding. The Beartooth RC&D warrants and agrees they do not and will not have any conflicts of interest regarding the performance of services hereunder.

#### **ARTICLE 9: APPLICABLE LAW:**

This Memorandum of Understanding shall be governed in all respects by the laws of the State of Montana. No changes, amendments or modifications of any of the terms and conditions hereof shall be valid unless agreed to in writing. Venue of any proceeding arising hereunder shall be the Thirteenth Judicial District.

#### **ARTICLE 10: COMPLIANCE WITH LAWS:**

The Beartooth RC&D shall in performing the services contemplated by this Memorandum of Understanding, faithfully observe and comply with all federal, state, and local laws, ordinances and regulations, applicable to the services to be rendered under this Memorandum of Understanding.

#### **ARTICLE 11: CHANGES:**

The parties, by mutual agreement, may, at any time during the term of this Memorandum of Understanding and without invalidating the Memorandum of Understanding, make changes within the general scope of the Memorandum of Understanding. The Beartooth RC&D agrees to perform

such changed services. The Entity's priority list for project work within their county can be changed at any time. In such case, Beartooth RC&D will be informed of this change at the Entity's earliest convenience.

#### **ARTICLE 12: TERMINATION:**

This Memorandum of Understanding may be terminated in whole or in part, in writing, by either party in the event of substantial failure by the other party to fulfill its obligations under this Memorandum of Understanding through no fault of the terminating party, provided that no termination may be effected unless the other party is given: (1) not less than ten (10) days written notice (delivered by certified mail, return receipt requested) of intent to terminate, and (2) an opportunity for consultation with the terminating party prior to termination.

Upon such termination the Entity shall pay the Beartooth RC&D amounts due and unpaid for services rendered as of the effective date of termination, and the Beartooth RC&D shall provide to the Entity all materials, surveys, reports, data, and other information performed or prepared as of such date.

#### **ARTICLE 13: INDEMNIFICATION:**

The Beartooth RC&D agrees to and does hereby indemnify and save the Entities, their officers, officials and employees, harmless against and from:

1. Any and all claims and liabilities, including but not limited to costs, expenses, and attorney fees arising from injury to, or death of, persons (including claims and liabilities for care or loss of services in connection with any bodily injury or death) and including injuries, sickness, disease, or death to Beartooth RC&D employees occasioned by a negligent act, omission, or failure of the Beartooth RC&D;
2. Any and all claims and liabilities, including costs and expenses, for loss or destruction of or damage to any property belonging to the Beartooth RC&D or the Entities caused by a negligent act, omission, or failure of the Beartooth RC&D and;
3. Any fines, penalties, or other amounts assessed against the Entities by reason of the Beartooth RC&D's failure to comply with all health, safety, and environmental laws and regulations applicable to the services; resulting directly or indirectly from, or occurring in the course of the Beartooth RC&D's performance of the services. However, this indemnity shall not extend to claims and liabilities for (i) injury or death to persons or (ii) loss of or damage to property to the extent that these claims and liabilities result directly from the Entity's negligence or willful misconduct.

#### **ARTICLE 14: INSURANCE:**

The Beartooth RC&D shall maintain and demonstrate the following types of insurance:

1. The Beartooth RC&D agrees that its employees and particularly the employees designated to work on this memorandum of understanding are covered by applicable Worker's Compensation

provisions. The Beartooth RC&D further agrees that if the Entities should legally incur any costs whatsoever under the Worker's Compensation laws by reason of the Beartooth RC&D employees' injury or death while engaged in the contract work, the RC&D will indemnify and hold harmless the Entities' for such costs which the Entities' may be legally be required to pay to employees of the Beartooth RC&D.

2. Comprehensive general liability insurance for bodily injury, death, or loss of or damage to property of third persons or other liability due to the negligent acts of the Beartooth RC&D in the minimum amounts of \$500,000 per occurrence and \$1,000,000 aggregate for personal injury; and \$500,000 per occurrence/aggregate for property damage. Proof of coverage as required by this section shall be delivered to the Entity within fifteen (15) days of execution of this Agreement.

3. Professional liability errors and omissions insurance in a minimum amount of \$100,000.00.

#### **ARTICLE 15: NONDISCRIMINATION:**

The Beartooth RC&D will not discriminate against any employee or applicant for employment relating to this project on the basis of race, color, religion, creed, political ideas, sex, age, marital status, physical or mental handicap or national origin. All hiring associated with any project shall be on the basis of merit and qualifications related to the requirements of the particular position being filled.

#### **ARTICLE 16: INDEPENDENT CONTRACTOR:**

The Beartooth RC&D and the Entity agree that the Beartooth RC&D is an independent contractor with respect to the services provided pursuant to this Memorandum of Understanding. Nothing in this Memorandum of Understanding shall be considered to create the relationship of employer and employee between the parties hereto. Neither the Beartooth RC&D nor any employee of the Beartooth RC&D shall be entitled to any benefits accorded Entity employees by virtue of the services provided under this Memorandum of Understanding. The Entity shall not be responsible for withholding or otherwise deducting federal income tax or social security or for contributing to the state Worker's Compensation program, nor shall the Entity be deemed in any way to assume the duties of an employer with respect to the Beartooth RC&D, or any employee of the Beartooth RC&D.

#### **ARTICLE 17: ASSIGNMENT:**

The Beartooth RC&D shall not sublet or assign any of the services covered by this Memorandum of Understanding without the express written consent of the Entity.

#### **ARTICLE 18: NON-WAIVER:**

Waiver by the County of any provision of this memorandum of understanding or any time limitation provided for in this memorandum of understanding shall not constitute a waiver of any other provision.

**ARTICLE 19: NOTICES:**

Any Notice to be served hereunder may be served upon the parties personally or served by certified mail, return receipt. Notice served by mail shall be deemed complete upon deposit of said notice in any United States Post Office, postage prepaid, directed to the party to be served, at the following addresses:

**ENTITY:**     Big Sky EDA  
                  222 N. 32 St., Suite 200  
                  Billings, MT 59101

**RC&D:**       Beartooth RC&D  
                  P.O. Box 180  
                  Joliet, MT 59041

**ARTICLE 20: INTEGRATED AGREEMENT:**

This Memorandum of Understanding together with attachments or addenda represents the entire and integrated Agreement between the Entity and the Beartooth RC&D and supersedes all prior negotiations, representations, or agreements, written or oral. This Memorandum of Understanding may be amended only by written instrument signed by both the Entity and the Beartooth RC&D.

**IN WITNESS WHEREOF**, the parties have hereunto set their hands and seals to this Memorandum of Understanding the day and year in this instrument first above written.

**Big Sky EDA**

**BEARTOOTH RC&D/EDD**

\_\_\_\_\_  
Steve Arveschoug, Executive Director

\_\_\_\_\_  
Chairman

**ATTEST:** \_\_\_\_\_

**Date:** \_\_\_\_\_

# INVOICE

Beartooth RC&D Area, Inc.  
Building Stronger Communities!

DATE: 8/1/2019  
INVOICE #: 19-115

## BILL TO

Big Sky EDA  
222 N 32nd St Suite 200  
Billings, MT 59101



## JOB

## PAYMENT TERMS

2019 EDD Memorandum of Understanding  
Sponsor Assessment

Due on receipt

## DESCRIPTION

## AMOUNT

### 2019 Beartooth RC&D/EDD Assessment

Population 158980 (2017 Census)

Base Fee \$ 4,500.00

Per Capita (.19 x 158,980) \$ 30,206.20

Countywide Assessment Total \$ 34,206.20

34% of Total Assessment per agreement

\$11,800.11

## TOTAL

\$11,800.11

Make all checks payable to Beartooth RC&D Area, Inc.. Thank you for supporting our programs!

128 So. Main Street, P.O. Box 180, Joliet, MT 59041

ph. 406-962-3914



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ECONOMIC DEVELOPMENT

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# ATTACHMENT F

Sept 12, 2019 – Big Sky EDA Board Meeting

### **Big Sky Trust Fund Grant Requests**

The Big Sky Trust Fund is a state funded program created by the 2005 Legislature to assist in economic development that will create good-paying jobs, promote long-term growth, retain or expand existing businesses, and encourage workforce development in Montana.

Big Sky EDA board is requesting approval to submit to the Big Sky Trust Fund, Job Creation Grant fund the for the following grant request:

In business since 2009, Island Mountain Development Group (IMDG) is an employee-driven company dedicated to serving the Gros Ventre and Assiniboiné Nations by creating a self-sustaining, local economy through the creation of business opportunities, jobs and by providing workplace training, positive role models, and resource development. IMDG operates with the goal of building profitable businesses and a solid local workforce. By striving to build businesses and developing a strong workforce; we are generating a stronger local economy where tribally earned dollars are circulated within our local economy.

IMDG businesses include e-commerce, real estate development, energy development, construction & information technology companies. Presently, there are over 190 employees that are employed by IMDG with plans to continue to expand the local and regional workforce. Currently, more than \$12 million is paid annually to our local employees.

I've have been working with Sean Henderson, Loren Stiffarm and Dana Pyette to apply for \$375,000 from the Big Sky Trust Fund job creation grant due Sept 18<sup>th</sup>.

The IMDG E-Commerce corporate headquarters is located at 353 Old Hays Road, Hays Montana. IMDG E-Commerce has expanded in the summer of 2019 to a 34,000 square foot facility located at 1537 Avenue D, Billings, MT 59102. Further expansion to the Fort Belknap Agency will be completed in November of 2019 to a new 5400 square foot contact center and administrative services building. Each location will house contact center services and will be utilized for the management of, processing and servicing of Consumer Installment Loans.

The Billings call center increase the number of employees by creating 75 new jobs in Yellowstone county. I am requesting the board approval with a vote authorizing the submittal of the BSTF application



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# ATTACHMENT G



# ONE BIG SKY DISTRICT/406 IMPACT DISTRICTS STRATEGY

## Background

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In the summer of 2018, the Billings Strategy Partners which includes Big Sky Economic Development, the Billings Chamber of Commerce, Downtown Billings Partnership, and Visit Billings came together with Landmark Development to create a master plan document for the heart of our downtown. This plan was adopted by City Council in February of 2019 and now serves as a roadmap for how the community moves forward on developing catalyst projects that will help drive greater investment in our community.

One of the needs identified in this plan is a mechanism that can help the private sector close the gap that exists between what it costs to complete new construction and the rent that is market rate in the downtown today. This mechanism came in the form of state legislation that was named Statewide Economic Impact Districts or 406 Impact Districts for marketing purposes. The legislation was not successful in the 2019 session.

Following the close of the legislative session through the summer of 2019, the Strategy Partners have been working on receiving community input on the planning and legislative process and researching best practices/emerging opportunities.

For this effort, Big Sky Economic Development (BSED) brought in Lisa Clark from Rochester, MN whose organization has successfully used a tool similar to the 406 Impact Districts. Additionally, BSED invited Kenan Fikri, an Opportunity Zone Expert with Economic Innovation Group to educate on this tool which can be deployed in the effort to move the One Big Sky District Master Plan forward. Following this learning and due diligence, the Strategy Partners have developed work areas and next steps to continue momentum.

## Next Steps

---

Based on community and business leader input, insights from experts in the fields, and strategies identified in the One Big Sky District Plan, the following work areas and next steps have been identified. These committees will each meet to further refine their strategy moving forward.

### **Committee: Public Engagement/ Education**

Goal Statement: To educate on the challenges our community faces and the role a strong downtown has in securing a brighter future for the businesses and citizens of Billings.

Chairs: Kelly McCandless, Billings Chamber & Melanie Schwarz, Big Sky Economic Development

#### Initiatives:

- Provide education on best practices from other communities
- Develop Outreach & Education Plan to ensure inclusive, effective engagement using all mediums
- Review existing branding and messaging for One Big Sky District
  - o Define simple messaging points for both brands and separating the two efforts to make each digestible
  - o Develop branding and positioning strategy along with brand and language standards and needed messaging materials such as website updates & collateral
- Maintain Data/Trends that relate to the "Why" for strategic community investment

### ***406 Impact Districts/ Next Generation Economic Development Tools***

Goal Statement: To refine the draft legislation based on state-wide input and strategize for a 2021 legislative effort.

Chairs: Steve Arveschoug, Big Sky Economic Development, Dan Brooks, Billings Chamber of Commerce, Kevin Iffland, City of Billings

#### Initiatives:

- Participate in the Montana Economic Developers working group on Economic Development Tools (Montana Economic Developers Association driven)
- Receive and compile input from the lobbying team to understand best route forward from their perspective
- Develop State-Wide working group on legislative tool
- Meet with regional legislators for feedback and to discuss next 18 months

### ***One Big Sky District Plan Implementation***

Goal Statement: To facilitate discussions and provide resources on tools/funding available to gain traction on catalyst projects identified in the planning document.

Chairs: Katy Easton, Downtown Billings Alliance, Allison Corbyn, Big Sky Economic Development, Andy Zoeller, City Finance Director

#### Initiatives:

- Opportunity Zones
  - o Research other community's approach to attracting funds (prospectus, online mapping, etc.)
  - o Collaborate with State and other communities to elevate Montana as a place to invest.
- Identifying first Catalyst Project
  - o TIF Capacity

- Elected Official/Community Support
- Dialogue with Local/Regional Developers
- Aligning Funding

### ***Team Communication & Resources***

Project Manager: Allison Corbyn, Big Sky Economic Development

- Hold regular Strategy partner meeting to maintain communication and alignment
- Following the development of workplan for each work area, develop budget and understand what resources are being contributed by each Strategy Partner along with partner contributors
- Consider a "Community/Leadership roundtable" as a means to sustain community engagement



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# ATTACHMENT H

**EDA/EDC Joint Board Minutes**  
**Thursday, July 11<sup>th</sup> 2019 – 7:00 AM – 9:00 A.M.**  
**Big Sky Economic Development – Yellowstone Conference Room**  
**Granite Tower 222 N. 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.*

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

**EDA Board Members Absent:** Greg McDonald, Katy Easton (Ex-Officio), Don Jones (Ex-Officio), John Brewer (Ex-Officio)

**EDC Board Members Present:** Aaron Ramage, Andy Gott, Ann Kosempa, Craig Bartholomew, Denis Pitman, David Ellis, Eric Simonsen, Jon Stepanek, Mike Nelson, Mike Seppala, Molly Schwend, Nicole Bengé

**EDC Board Members Absent:** Bob Wilmouth, Dan Edelman, Dave Ballard, Doug Hansen, Mac Fogelson, Mike Phillips, Mitch Goplen, Scott Chesarek, Spencer Frederick, Steve Loveless

**Staff and Guests:** Jim Atchison, Lorene Hintz, Melanie Schwarz, Becky Rogers, Austin Trunkle, Steve Arveschoug, Jack Nickels, Thom MacLean, Dustin Frost, Liz Ching, Tory Kolkhorst, Jim Tevlin, Brandon Berger, Dena Johnson, Patrick Klugman, Deanna Langman, Allison Corbyn, Leslie Modrow, Johnna Jablonski

**Call to Order:**

Cory Moore, EDA Chair, called the meeting to order at 7:32 A.M. with the Pledge of Allegiance.

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

Public Comment

Jon Stepanek announced that the Montana Broadcasters Awards named a commercial featuring the Billings Mustangs and our very own Cory Moore, as the best commercial of the year.

Leslie Modrow, Director of the Billings Library Foundation announced a forum taking place at the Library with the topic being Russia. The luncheon will be at 12pm on July 25<sup>th</sup> with a private reception to follow at 6pm-7pm at MSUB.

Melanie announced that the mural at the Pub Station has been completed and showed the final product on the screen. A student from the Career Center won the design competition, and RotarAction, the DBA, and BSED coordinated the tracing and painting. Melanie wanted to extend some extra appreciation for all of the work that Marcell Bruski did to bring this project to fruition.

Next was Jim Atchison with South Eastern Montana Development in Colstrip. Jim and his team serve a vast portion of Eastern Montana. Jim wanted to give an update to the Board regarding the recent closures of units 1 and 2. The

coal and power industry employs 800 individuals in their community. Jim wanted to also emphasize that Billings' economy is affected by their work. Jim reminded the Board that a significant amount of tax is generated by coal production and the effects will be felt in Helena. In 2016, pending closures were announced for the plant and were supposed to take place in 2022. Jim said they have increased their efforts to build a diversification strategy for their community and in 2017, the plan was completed by KLJ. There is 6 goals and 17 strategies in the plan and the number one goal was to increase broadband capacity. Just last month, the early closure of units 1 and 2 were announced. Jim said the situation is still fluid and the direct impacts are still not fully known. He went on to say that the community of Colstrip has dug in their heels and is ready to face the issue head on. Jim ended by saying that Colstrip is still open for business and units 3 and 4 will continue to produce clean, sustainable energy. Jim thanked our Board for their support of Colstrip and our partnership in the Coal Country Coalition. The Energy Open will take place in Colstrip on August 15<sup>th</sup> and 16<sup>th</sup>.

Steve spoke more to what the Coal Country Coalition is and that there is likely a meeting this fall that the Board is invited to attend.

Karen announced that we have just been notified that our Better Off in Billings Campaign has won the gold award from the International Economic Development Council.

**Agenda Changes:**

1. Financials will be moved out of the consent agenda to program level reports.

**Consent Agenda:**

Approval of the June 2019 Board Meeting Minutes, and the results of the electronic votes on June 20<sup>th</sup> and June 26<sup>th</sup>.

Motion: Judi Powers, to approve the June 2019 Board Meeting Minutes, and the Electronic Votes, as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

**Program Level Reports and Action Items**

Approval of the May 2019 EDA/EDC Financials – Jim

Steve asked Jim to field some questions regarding the financials for May. Jim began his report but was quickly interrupted by Steve who told Jim that there weren't any questions, and that we wanted to recognize his 17 years of service to our organization as this will be his last Board Meeting.

Steve did have a question regarding the funds we have set aside in our GE Maintenance account. Both Jim and Allison will work on getting a written statement from GE releasing us from further liability so that we may reallocate those funds.

Motion: Mike Seppala, to approve the May 2019 EDA/EDC Financials, as presented to the Board.

Second: Jennifer Smith

Discussion: None

Motion carried

Big Sky Finance – Brandon

SBA 504 Loan Requests

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

1. **Pangea Restaurant Group LLC** – Request is for an increase in the overall project costs and SBA debenture. The total project costs are being increased by \$35,000 as the borrower's decided to include in the project the purchase of a ventilation hood for the restaurant. This will result in an increase of the SBA debenture from \$828,000 to \$843,000. Loan request was originally approved by the Board on June 13, 2019. Original request was approved by SBA and the increase is pending SBA approval. No other changes to the loan as originally approved. Minimal impact to overall debt service – projected cash flow coverage remains sufficient.

**Original Request – 06/13/2019:** Request is for the purchase of land, existing building and renovations for a new restaurant to be located in downtown Missoula. The restaurant will be called Pangea. The owners of Pangea currently own and operate Liquid Planet Montana in this same location, and currently lease the space. With the purchase, they will close this restaurant location and open Pangea, thus the need for renovations. This will be a full-service restaurant with full bar. They will offer an authentic and culturally diverse menu bringing flavors from around the world. The owners have prior experience in restaurant operations and marketing. An experienced chef is being brought on to assist but will have no ownership.

There are projected to be 25 new jobs created as a result of this project. The total SBA debenture will be \$828,000 on a 25-year note comprising 35% of the total project costs. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position behind Farmers State Bank in Missoula on the real property.

Motion: Mike Nelson, to approve the Pangea Restaurant Group, LLC loan request as presented to the Board.

Second: Craig Bartholomew

Discussion: None

Motion carried

*A second loan approval involving First Interstate Bank was moved to September as a bankers quorum would not have been achieved with the abstention of Andy Gott.*

#### **Future Facilities Taskforce Update– Becky**

Today is the day that our EDA Grant Application will be reviewed by the Denver office. We anticipate knowing early next week if we are being flagged for further consideration. Becky said the letter they send will possibly stipulate what they think is an allowable project cost and if we will receive funding in either this fiscal year or next. The EDA's fiscal year ends in September. Becky believes we will hear more in late August or early September.

Becky then gave a lease amendment update. The Board authorized Staff to execute a lease via electronic vote on June 26<sup>th</sup>. Legal counsel reviewed the agreement the following day and suggested some adjustments. Becky reviewed the adjustments made to the terms of the lease.

Craig asked if money could be borrowed from the Opportunity Fund to move forward with the facility purchase should the federal funds be delayed. Becky said that this question was brought to Kirk (EDA representative for our region) and he said that would pre-spending grant funds would complicate the process. He said it becomes a legal issue and would need to be reviewed with legal counsel before proceeding.

#### **Big Sky Trust Fund Application – Lorene**

Lorene presented to the Board an application for the BSTF.

The Big Sky Trust Fund is a state funded program created by the 2005 Legislature to assist in economic development that will create good-paying jobs, promote long-term growth, retain or expand existing businesses, and encourage workforce development in Montana.

Big Sky EDA board is requesting approval to submit to the Big Sky Trust Fund, Job Creation Grant fund the for the following grant request:

Project Meats dba Ranch House Meats LLC is a basic sector company that will be the recipient of BSTF financial assistance. They must apply for the BSTF grant through a private, nonprofit economic development corporation designated by the Department of Commerce. In this case, Big Sky Economic Development is the applicant for Project Meats dba Ranch House Meats LLC to apply for \$100,000 to create 20 net new jobs in the next 12 months. These jobs must meet or exceed the program's wage eligibility requirements.

Project Meats dba Ranch House Meats LLC is a full-service meat company located in Billings. They produce and sell fresh and shelf-stable meat products through wholesale channels as well as directly to the consumer through their retail store and on-line retail channels. The business was purchased in 2007 by Shane and Tanya Flowers. At the time of purchase, it was a custom-processing facility with annual revenue of \$150,000. They achieved state inspected designation in 2009. In 2014, they opened their first standalone retail location in Billings. Ranch House Meats is owned by three co-founders, Shane and Tanya Flowers, and Patrick Daley. The business grew with internal cash flow and limited debt financing to \$2.05 Million in 2018. Ranch House Meats LLC will purchase and renovate a building for production that will focus 80% on Meat Snacks and shelf stable products. With additional space they will be able to cut fresh meat as well as process meat snacks in two separate locations, keeping the different types of meat processing separate. They also plan to upgrade the current livestock harvest and meat processing facility located in Shepherd to be a USDA inspected operation. They have cash investment from the owners of \$330,000 and investment/contribution of \$250,000. They will have a long-term loan of \$1,200,000 for building purchase and improvement and a med term loan of \$1,000,000 for equipment. Total sources of fund are \$2,980,000. In addition to the building purchase and improvement of \$1,400,000, equipment of \$1,000,000, they will have \$80,000 of transaction costs, leaving \$500,000 of working capital for the company.

Motion: Robin Rude, to approve the BSTF Grant Application, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

#### BillingsWorks CTE MOU with SD2 – Karen

Karen was next with a career and technical education update. Edits were made to the MOU between BSED and SD2. The changes include a position title name change to Career Outreach Director. The contract will be for two years and the BillingsWorks Director will also co-supervisor the position with the Superintendent of SD2. Greg mentioned that there were 65 applicants for the Career Outreach Director and 111 for Career Coaches. Greg also said that these positions wouldn't have been possible without the passing of the school levy earlier this year. He thanked BSED for their support and Dana Pulis and her team at Kinetic for their work. Greg went on to say that SD2 is undergoing a paradigm shift and that the community needs to be aware of how we open opportunities for students beyond the college career path. These positions that SD2 will hire for will help to empower teachers and parents of students to find a career path that is right for each student. Greg said 88% of students surveyed said they would be interested in exploring career paths while attending school and receiving dual credit. Cory went on to commend the work of Karen and SD2 in reaching out to students.

Motion: Judi Powers, to approve the execution of the MOU with SD2, as presented to the Board.

Second: Fred Sterhan

Discussion: None

Motion carried

#### Member Investor Program FY19 Recap – Melanie

Melanie presented a spreadsheet for the Board Members to detail the revenue generated this year, and the historical year-over-year increases for the Member Investor Program. Melanie increased the revenues by 27% over the last year. Melanie highlighted the Members who increased their contributions and then spoke to the other funding efforts that were made in the last fiscal year.

#### Coulson Park Update – Patrick

Patrick presented a PowerPoint to the Board to give them an update on the progress of the Coulson Park effort. BSED and their partners raised \$90,000 to develop a Masterplan which is now underway. Patrick also mentioned



that there is a challenge grant available to this project if \$250,000 can be raised before May of 2020. If so, that \$250,000 will be matched in full for a total of \$500,000 of seed money. Patrick showed the three concepts that have been developed by the masterplan consultants. Those concepts are Passive, Active, and Hybrid approaches. As the project moves forward, there will be a series of Coulson Park Picnics with the aim of having members of the public and elected officials attending to give their input and stoke their interest in the project. With respect to timeline, the Masterplan should be completed by September or October. At that point, they will seek approval from the City Council.

#### FY2020 Board Calendar – Marcell

Marcell drew the Board's attention to the updated Board Calendar. The updated information is highlighted in orange and included the date for our Annual Meeting.

#### **Executive Director's Report - Steve**

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

Steve asked the Board to direct their attention to the Organizational Workplans and Goals for our programs as well as the revised Executive Director's Focus on the last page. Steve has distilled his focus and has noted those changes in the document. Items that Steve will keep as top priorities are bolded and in blue, items in which he will serve in an advisory capacity are regular font and blue, and items that will be delegated have been left in regular typeface. Steve is asking the Board to adopt the Workplans and Goals Document.

Motion: Fred Sterhan, to approve and adopt the Workplans and Goals Document, as presented to the Board.

Second: Paul Neutgens

Discussion: None

Motion carried

#### Controller Transition Plan – Steve /Becky

Jim's last day will be August 30<sup>th</sup> and his priorities until then will be closing the ledger for FY2019 and preparing for the audit fieldwork in August. As with all openings, Becky said as we move forward we will take a fresh look at the position and have asked a contingent of Board Members and Staff to be on the hiring committee for the position. In the expected interim between Jim's departure and the hire of the new staff member, we will contract with Avitus Group to come in-house and handle our day-to-day work such as payroll and accounts payable.

Finally, Steve mentioned that there will be no August Board Meeting but there will be a "hot topics" dialogue with the Executive Committee Meeting. Steve invited the Board to give their input on what items should be discussed at that meeting.

Steve also invited the Board to attend the luncheon we will be hosting with Lisa Clarke from Destination Medical Center in Rochester, MN. The meeting will be on July 17<sup>th</sup> at the Northern Hotel.

#### **Public Comment**

None

#### **Adjourn**

Cory Moore entertained a motion to adjourn. Jennifer Smith made the motion, and the meeting was adjourned at 8:58 A.M.

**Meeting adjourned: 8:58 A.M.**

Next Meeting – September 12<sup>th</sup>, 2019

Respectfully submitted,

---

Paul Neutgens, EDA Secretary/Treasurer

---

Steve Loveless, 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.*



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# ATTACHMENT I

## Internal Memorandum

**Date:** September 1, 2019

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

**From:** Jim Tevlin

**Subject:** June 2019 EDA Financial Statements

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Attached are Big Sky EDA's financial statements for the fiscal year ended June 30, 2019.

### Balance Sheet Overview

1. Increased year-over-year liquidity

FY19 Working Capital (excl Opportunity Funds)	\$637,896
FY18 Working Capital (excl Opportunity Funds)	\$533,977

2. \$4.6 million in Opportunity Fund CD's earning approximately \$80k per year. See Opportunity Fund Rollforward.
3. \$388k Loan with Downtown Billings Association earning \$1.5% interest.
4. Increase in Compensated Absences (Vacation & Sick) accrual. Due to combination of increased salaries/wages and non-use of vacation and sick hours.

### Income Statement Overview

1. Income Statement Adjusted for Opportunity Fund Activity & Non-Cash Accruals:

<b>FY19 Operating Loss</b>	<b>(\$ 83,519)</b>
----------------------------	--------------------

**Add:**

406 Impact Districts	170,000
One Big Sky District	50,000
Vacation Accrual	33,648

**Deduct:**

Protested Taxes	<u>(146,954)</u>
-----------------	------------------

**Adjusted FY19 Operating Income** **\$ 23,175**

2. Key Income Statement Items:

	Favorable/ <u>Unfavorable</u>
Lower Property Tax Protests	\$17,168
Lower Salaries (vacancy savings in Business Finance, Rock31)	\$80,856
Lower EDC reimbursement (Business Finance)	(\$87,294)

# Big Sky EDA Balance Sheets

	June 30, 2019	June 30, 2018	+/-
<b>ASSETS</b>			
<b>Current Assets</b>			
<b>Checking/Savings</b>			
First Interstate Bank	\$ 23,570.92	\$ 191,513.45	\$ (167,942.53)
FIB-Recovered Property Taxes	97,854.25	-	97,854.25
Opportunity Fund - FIB	13,264.92	13,246.41	18.51 (A)
Opportunity Fund - Stockman	3,611.90	645,589.38	(641,977.48) (A)
Opportunity Fund - Opportunity Bank	613,162.75	-	613,162.75 (A)
Stockman GE Maintenance	23,479.10	28,479.10	(5,000.00) (A)
Yellowstone County Funds	519,876.89	450,642.12	69,234.77
	<u>1,294,820.73</u>	<u>1,329,470.46</u>	<u>(34,649.73)</u>
<b>Other Current Assets</b>			
Accounts Receivable	283,781.48	228,186.61	55,594.87
American Revenue Guarantee	6,887.28	6,887.28	-
Due To/Due From EDC	175,426.76	83,211.57	92,215.19
Miscellaneous Receivables	218.41	3,007.00	(2,788.59)
Tax Levy Receivable	18,230.76	18,916.45	(685.69)
Tax Levy Receivable - Protested	9,211.16	167,202.62	(157,991.46)
Allowance for Doubtful Accts	(9,211.16)	(167,202.62)	157,991.46
Interest Receivable	2,420.67	-	2,420.67
Opportunity Fund - CDs	3,982,343.79	-	3,982,343.79 (A)
Prepaid Expenses	38.65	6,449.00	(6,410.35)
	<u>4,469,347.80</u>	<u>346,657.91</u>	<u>4,122,689.89</u>
<b>Non-Current Assets</b>			
Opportunity Fund - CDs	608,374.30	5,328,831.00	(4,720,456.70) (A)
Loans Receivable	388,530.93	-	388,530.93 (A)
TEDD Receivable	64,775.00	75,000.00	(10,225.00)
Cabelas Conduit	4,981.93	9,642.04	(4,660.11)
Deferred Outflow of Resources	459,995.38	365,827.38	94,168.00
	<u>1,526,657.54</u>	<u>5,779,300.42</u>	<u>(4,252,642.88)</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 7,290,826.07</u></u>	<u><u>\$ 7,455,428.79</u></u>	<u><u>\$ (164,602.72)</u></u>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Current Liabilities</b>			
Accounts Payable	119,524.35	126,143.72	(6,619.37)
Accrued Expenses	118,144.14	418,806.24	(300,662.10) (B)
Payroll Liabilities	4,978.78	1,013.17	3,965.61
Compensated Absences	164,177.36	146,352.75	17,824.61
	<u>406,824.63</u>	<u>692,315.88</u>	<u>(285,491.25)</u>
<b>Long Term Liabilities</b>			
Deferred Inflow of Resources	18,115.97	7,418.97	10,697.00
Pension Liability	1,166,466.80	908,810.80	257,656.00
	<u>1,184,582.77</u>	<u>916,229.77</u>	<u>268,353.00</u>
<b>Net Assets</b>	<u>5,699,418.67</u>	<u>5,846,883.14</u>	<u>(147,464.47)</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u><u>\$ 7,290,826.07</u></u>	<u><u>\$ 7,455,428.79</u></u>	<u><u>\$ (164,602.72)</u></u>

(A) See Opportunity Fund Rollforward

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

<b>Big Sky EDA Opportunity Fund Rollforward</b>							
			<b>Cash</b>		<b>Certificates of Deposit</b>		
		<b>FIB</b>	<b>Stockman Bank</b>	<b>Opportunity Bank</b>	<b>Non-Current CD's</b>	<b>Current CD's</b>	<b>Total</b>
<b>Balance July 1, 2018</b>		\$ 13,246.41	\$ 645,589.38	\$ -	\$ 5,328,831.00	\$ -	\$ 5,987,666.79
<b>Add:</b>							
Interest		18.51	2,654.05	629.32	83,720.52		87,022.40
Transfer in from GE account			5,000.00				5,000.00
<b>Deduct:</b>							
MSUB Science Building					(209,300.00)		(209,300.00)
OBSD			(50,000.00)				(50,000.00)
Loan to Downtown Billings Alliance			(388,530.93)				(388,530.93)
406 Impact Districts			(211,100.60)				(211,100.60)
<b>CD's Mature</b>				612,533.43	(612,533.43)		-
<b>Reclassification to Current</b>					(3,982,343.79)	3,982,343.79	-
<b>Balance June 30, 2019</b>		\$ 13,264.92	\$ 3,611.90	\$ 613,162.75	\$ 608,374.30	\$ 3,982,343.79	\$ 5,220,757.66

**Big Sky EDA**  
**Statements of Operations - Actual v Budget\***  
For the Twelve Months Ended June 30,

	2019	Budget	Favorable/ (Unfavorable)	
<b>Income</b>				
Department of Defense	\$ 519,994.00	\$ 549,626.00	\$ (29,632.00)	Due primarily to unfilled Finance position.
EDC Reimbursement	513,718.61	601,012.56	(87,293.95)	
EPA - Brownfields	40,886.75	40,886.75	-	
Grant Administration	6,716.50	17,650.00	(10,933.50)	
Health Levy Revenue	91,527.00	90,264.00	1,263.00	Due to BSFT grants that did not materialize.
Mill Levy Revenue	1,410,065.35	1,391,361.00	18,704.35	
Miscellaneous Revenue	7,961.23	-	7,961.23	
Opportunity Fund Investment	-	150,000.00	(150,000.00)	
Recovery of Protested Taxes	146,954.35	-	146,954.35	Earmarked for future moving expense.
SBA/MT Dept of Commerce	138,108.05	117,650.00	20,458.05	
SBDC Program Income	3,228.62	3,211.00	17.62	
VBOC	293,445.83	300,000.00	(6,554.17)	
	<u>3,172,606.29</u>	<u>3,261,661.31</u>	<u>(89,055.02)</u>	
<b>Expense</b>				
406 Impact Districts	170,000.00	-	(170,000.00)	Unfavorable variance offset by favorable vacancy Rock31 salaries variance.
Rock31	20,513.93	-	(20,513.93)	
Advertising	1,996.23	-	(1,996.23)	
Property Tax Protests	10,978.75	28,147.22	17,168.47	Less than expected protests.
Business Recruitment	-	16,000.00	16,000.00	
Community Development Projects	30,300.00	50,000.00	19,700.00	
Contingency	-	17,500.00	17,500.00	
Dues and Subscriptions	44,934.49	47,834.00	2,899.51	
Employer Contributions	501,443.35	507,433.91	5,990.56	
Insurance	12,739.09	14,766.00	2,026.91	
Contract Support	-	2,000.00	2,000.00	
Marketing	89,868.21	81,854.00	(8,014.21)	Variance due to PTAC marketing. Amount recovered via cooperative agreement.
Miscellaneous	44,922.47	39,447.40	(5,475.07)	
Office Equipment	8,985.47	8,700.00	(285.47)	
Office Expense	13,974.32	19,000.00	5,025.68	
One Big Sky District	50,000.00	55,000.00	5,000.00	
Professional Fees	138,450.75	133,590.25	(4,860.50)	
PTAC Satellite	82,785.27	87,714.00	4,928.73	
PTAC Subcenter	221,860.41	253,543.00	31,682.59	FY19 budget did not include \$8k of rent applicable to Finance.
Rent	122,907.83	111,632.00	(11,275.83)	
Repairs	1,978.50	-	(1,978.50)	
Salaries/Wages	1,502,778.43	1,583,634.36	80,855.93	Due to vacancy savings in Finance & Rock31 & Business Finance.
Sponsorships	9,880.00	6,600.00	(3,280.00)	
TEDD	7,757.24	5,000.00	(2,757.24)	
Telecommunications	53,450.90	48,001.00	(5,449.90)	
Travel/Training	98,611.85	124,621.00	26,009.15	
Workforce Development	15,007.46	15,000.00	(7.46)	
	<u>3,256,124.95</u>	<u>3,257,018.14</u>	<u>893.19</u>	
Operating Income/(Loss)	<u>(83,518.66)</u>	<u>4,643.17</u>	<u>(88,161.83)</u>	
<b>Other Income</b>				
Recovery of Conrad Rd Obligation	14,465.57	-	14,465.57	
Interest Income	95,773.62	87,477.23	8,296.39	
Net Income/(Loss)	<u>\$ 26,720.53</u>	<u>\$ 92,120.40</u>	<u>\$ (65,399.87)</u>	

\* Excludes GASB "push down" of PERS retirement activity.



**Big Sky EDA**  
**Statements of Operations - Year Over Year Actual\***  
For the Twelve Months Ended June 30,

	2019	2018	+/-
<b>Income</b>			
BillingsWorks	\$ -	\$ 15,000.00	\$ (15,000.00)
Coulson Park Revenue	-	25,000.00	(25,000.00)
Department of Defense	519,994.00	529,709.75	(9,715.75)
EDC Reimbursement	513,718.61	491,677.39	22,041.22
EPA - Brownfields	40,886.75	32,638.71	8,248.04
GE MX Reimbursement	-	91,375.83 (A)	(91,375.83)
Health Levy Revenue	91,527.00	84,390.75	7,136.25
MIII Levy Revenue	1,410,065.35	1,354,147.93	55,917.42
Miscellaneous Revenue	14,677.73	92,624.51	(77,946.78)
Recovery of Protested Taxes	146,954.35	17,993.52	128,960.83
GE Rent	-	446,627.58 (A)	(446,627.58)
SBA/MT Dept of Commerce	141,336.67	120,620.21	20,716.46
VBOC	293,445.83	287,984.49	5,461.34
	<u>3,172,606.29</u>	<u>3,589,790.67</u>	<u>(417,184.38)</u>
<b>Expense</b>			
406 Impact Districts	170,000.00	-	170,000.00
Rock31/Incubator	20,513.93	33,514.70	(13,000.77)
Property Tax Protests	10,978.75	66,640.77	(55,662.02)
Business Recruitment	-	28,572.11	(28,572.11)
Community Development Projects	30,300.00	63,519.40	(33,219.40)
Contributions	-	359,300.00	(359,300.00)
Dues and Subscriptions	44,934.49	29,898.53	15,035.96
Employer Contributions	501,443.35	455,253.83	46,189.52
GE Billable Repairs	-	93,650.56 (A)	(93,650.56)
Insurance	12,739.09	24,356.43 (A)	(11,617.34)
Marketing	91,864.44	87,303.54	4,560.90
Miscellaneous	44,922.47	53,198.22	(8,275.75)
Office Expense	22,959.79	30,489.38	(7,529.59)
One Big Sky District	50,000.00	-	50,000.00
Professional Fees	146,207.99	166,597.88	(20,389.89)
PTAC Satellite/Subcenter	304,645.68	298,675.24	5,970.44
Rent	122,907.83	126,533.20	(3,625.37)
Repairs	1,978.50	61,316.95 (A)	(59,338.45)
Salaries/Wages	1,502,778.43	1,406,062.62	96,715.81
Sponsorships	9,880.00	12,779.33	(2,899.33)
Telecommunications	53,450.90	50,369.61	3,081.29
Travel/Training	98,611.85	129,633.58	(31,021.73)
Workforce Development	15,007.46	44,497.68	(29,490.22)
Zoot Business Incentive	-	500,000.00 (A)	(500,000.00)
Zoot Maintenance Incentive	-	763,500.00 (A)	(763,500.00)
	<u>3,256,124.95</u>	<u>4,885,663.56</u>	<u>(1,629,538.61)</u>
Operating Income/(Loss)	(83,518.66)	(1,295,872.89)	1,212,354.23
<b>Other Income/(Expense)</b>			
Recovery of Conrad Rd Obligation	14,465.57	-	14,465.57
Loss On Sale of GE Building	-	(672,154.78)	672,154.78
Gain on Lease Cancellation	-	3,847,304.21	(3,847,304.21)
Interest Income	95,773.62	40,407.35	55,366.27
Interest Expense	-	(42,837.38) (A)	42,837.38
Net Income/(Loss)	<u>\$ 26,720.53</u>	<u>\$ 1,876,846.51</u>	<u>\$ (1,850,125.98)</u>

FY18 Miscellaneous Revenue includes \$75k related to reimbursement of TEDD master plan expenses.

FY18 includes contributions to MSUB & RMC science buildings.

FY18 includes \$75k of Lockwood TEDD master plan expenses.

\* Excludes GASB "push down" of PERS retirement activity.

(A) FY18 activity is GE and/or Zoot-related.

## Internal Memorandum

**Date:** September 1, 2019

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

**From:** Jim Tevlin

**Subject:** June 2019 EDC Financial Statements

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Attached are Big Sky EDC's financial statements for the fiscal year ended June 30, 2019.

### Balance Sheet Overview

1. Increased year-over-year liquidity

FY19 Working Capital (excl Loan Funds)	\$204,555
FY18 Working Capital (excl Loan Funds)	\$168,218

2. SSBCI Funds & Reserves (\$1,585,009) are underperforming assets (i.e. earning less than 1% interest)

### Income Statement Overview

1. Income Statement Adjusted for One Big Sky, 406 Impact Districts:

<b>FY19 Operating Loss</b>	<b>(\$234,389)</b>
----------------------------	--------------------

**Add:**

406 Impact Districts	\$ 89,397
One Big Sky District	270,855
CTE pass-through	63,000

**Deduct:**

406 Impact Districts	(62,750)
One Big Sky District	(118,000)

**Adjusted FY19 Operating Income** \$ 8,113

2. Key Income Statement Items:

	<u>Favorable/ Unfavorable)</u>
Higher Year-Over-Year Member Investment	\$114,132
Higher Year-Over-Year 504 Revenue	111,372
Loan Losses	(117,303)

3. OBSD Revenue:

FY18	\$150,850
FY19	\$118,000

# Big Sky Economic Development Corporation

## Balance Sheets

	June 30, 2019	June 30, 2018	+/-
<b>ASSETS</b>			
<b>Current Assets</b>			
First Interstate Bank	\$ 410,006.64	\$ 308,361.60	\$ 101,645.04
FIB SSBCI Principal	1,335,009.18	1,140,509.70	194,499.48
FIB-Long Term Reserve	150,000.00	150,000.00	-
FIB-Operating Reserve	100,000.00	100,000.00	-
FIB-Opportunity Fund	22,200.00	22,200.00	-
FIB-RLF	268,287.96	205,502.68	62,785.28
FIB-OBSD Restricted	-	160,850.00	(160,850.00)
Accounts Receivable	52,158.00	2,864.11	49,293.89
Contributions Receivable	44,500.00	39,000.00	5,500.00
Prepaid Expenses	4,867.00	-	4,867.00
RLF Portfolio-Current	43,451.76	78,487.44	(35,035.68)
SSBCI Portfolio-Current	126,447.71	154,550.21	(28,102.50)
	<u>2,556,928.25</u>	<u>2,362,325.74</u>	<u>194,602.51</u>
<b>Other Assets</b>			
Contributions Receivable-Non Current	-	42,500.00	(42,500.00)
RLF Portfolio-Non Current	131,180.27	256,184.26	(125,003.99)
SSCBI Portfolio-Non Current	800,790.94	942,810.97	(142,020.03)
<b>TOTAL ASSETS</b>	<u>3,488,899.46</u>	<u>3,603,820.97</u>	<u>(114,921.51)</u>
<b>LIABILITIES &amp; EQUITY</b>			
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	62,640.14	26,626.81	36,013.33
Accrued Expenses	20,472.83	33,170.00	(12,697.17)
Deferred SBA 504 Revenues	3,936.40	-	3,936.40
Due to/Due From EDA	175,426.76	83,211.57	92,215.19
	<u>262,476.13</u>	<u>143,008.38</u>	<u>119,467.75</u>
<b>Net Assets</b>	<u>3,226,423.33</u>	<u>3,460,812.59</u>	<u>(234,389.26)</u>
<b>TOTAL LIABILITIES &amp; EQUITY</b>	<u>\$ 3,488,899.46</u>	<u>\$ 3,603,820.97</u>	<u>\$ (114,921.51)</u>

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

(B) Beginning in June 2019, SBA 504 borrowers will be required to fund a portion of their expected origination fee upon loan approval. These funds will be recognized as revenue at loan closing.

**Big Sky Economic Development Corporation**  
**Statements of Operations - Actual v Budget**  
For the Twelve Months Ended June 30,

	2019	Annual Budget	Favorable/ (Unfavorable)	
<b>Income</b>				
406 Impact District Revenue	62,750.00	-	62,750.00	
504 Loan Origination	192,778.64	127,500.00	65,278.64	
504 Loan Servicing	553,550.46	531,600.00	21,950.46	
Member Investment	349,307.95	370,000.00	(20,692.05)	
Miscellaneous Income	26,030.69	13,000.00	13,030.69	
OBSD Revenue	118,000.00	-	118,000.00	
Recovery of Bad Debt	3,850.00	3,600.00	250.00	
RLF Business Loan Interest	13,736.74	12,476.00	1,260.74	
SSBCI Revenue	26,839.35	29,140.00	(2,300.65)	
	<u>1,346,843.83</u>	<u>1,087,316.00</u>	<u>259,527.83</u>	
<b>Expense</b>				
Bad Debt Expense	1,000.00	-	(1,000.00)	
406 Impact Districts Expense	89,396.75	-	(89,396.75)	
BEAR Program	5,106.67	6,108.00	1,001.33	
Rock31 Expenses	76,100.12	50,000.00	(26,100.12)	
Business Recruitment	77,811.42	81,000.00	3,188.58	
Contingency	-	10,000.00	10,000.00	
Dues and Subscriptions	25,785.45	15,593.00	(10,192.45)	
EDA Reimbursement	513,718.61	601,012.56	87,293.95	
Event Expense	31,421.51	51,500.00	20,078.49	
Insurance	10,147.00	11,000.00	853.00	
Loan Losses	117,303.53		(117,303.53)	
Marketing	25,784.38	11,000.00	(14,784.38)	
Membership Development	5,996.99	7,500.00	1,503.01	
Miscellaneous	69,891.86	36,418.00	(33,473.86)	
Office Supplies	6,398.58	2,056.00	(4,342.58)	
OBSD Expense	270,855.00	-	(270,855.00)	
Professional Fees	110,212.24	22,500.00	(87,712.24)	
Rent	38,857.61	36,320.00	(2,537.61)	
Sponsorships	2,519.09	2,000.00	(519.09)	
Telephone	5,265.89	4,980.00	(285.89)	
Travel & Training	37,249.93	28,500.00	(8,749.93)	
Workforce Development	60,410.46	59,695.00	(715.46)	
	<u>1,581,233.09</u>	<u>1,037,182.56</u>	<u>(544,050.53)</u>	
<b>Operating Income/(Loss)</b>	<u><u>\$ (234,389.26)</u></u>	<u><u>\$ 50,133.44</u></u>	<u><u>\$ (284,522.70)</u></u>	

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

Write-offs of RLF Loans:  
Loan #1      \$39k  
Loan #2      \$79k

Negative variance due to marketing services received via trade.

Includes \$63k of restricted funds recorded in FY18 to support the Billings School District Continuing Technical Education position.

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

	2019	2018	+/-
<b>Income</b>			
504 Loan Origination	192,778.64	86,401.97	106,376.67
504 Loan Servicing	553,550.46	548,554.64	4,995.82
406 Impact Districts Revenue	62,750.00	-	62,750.00
BillingsNow Revenue	-	9,500.00	(9,500.00)
Coulson Park Revenue	-	10,000.00	(10,000.00)
CTE Director Donations	-	117,500.00	(117,500.00)
One Big Sky District Revenue	118,000.00	150,850.00	(32,850.00)
Member Investment	349,307.95	235,175.76	114,132.19
Miscellaneous Income	26,030.69	31,775.39	(5,744.70)
Recovery of Bad Debt	3,850.00	10,564.59	(6,714.59)
RLF Business Loan Interest	13,736.74	16,372.22	(2,635.48)
SSBCI Revenue	26,839.35	29,931.31	(3,091.96)
	<u>1,346,843.83</u>	<u>1,246,625.88</u>	<u>100,217.95</u>
<b>Expense</b>			
Bad Debt Expense	1,000.00	-	1,000.00
406 Impact Districts Expense	89,396.75		
BEAR Program	5,106.67	-	5,106.67
Rock31 Expenses	76,100.12	-	76,100.12
Coulson Park Expense		10,000.00	(10,000.00)
Business Recruitment	77,811.42	71,307.69	6,503.73
Dues and Subscriptions	25,785.45	15,460.17	10,325.28
EDA Reimbursement	513,718.61	491,677.39	22,041.22
Event Expense	31,421.51	48,417.58	(16,996.07)
Insurance	10,147.00	11,002.00	(855.00)
Loan Losses	117,303.53	3,786.47	113,517.06
Marketing	25,784.38	34,059.27	(8,274.89)
Membership Development	5,996.99	3,955.29	2,041.70
Miscellaneous	69,891.86	38,545.60	31,346.26
Office Supplies	6,398.58	6,923.60	(525.02)
One Big Sky District Expense	270,855.00	-	270,855.00
Postage and Delivery	-	1,371.77	(1,371.77)
Professional Fees	110,212.24	106,299.80	3,912.44
Rent	38,857.61	29,185.09	9,672.52
Repairs	-	1,353.50	(1,353.50)
Sponsorships	2,519.09	-	2,519.09
Telephone	5,265.89	5,890.13	(624.24)
Travel & Training	37,249.93	20,965.20	16,284.73
Workforce Development	60,410.46	26,859.88	33,550.58
	<u>1,581,233.09</u>	<u>927,060.43</u>	<u>654,172.66</u>
<b>Operating Income</b>	<u>\$ (234,389.26)</u>	<u>\$ 319,565.45</u>	<u>\$ (553,954.71)</u>

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

Write-offs of RLF Loans:  
Loan #1 \$39k  
Loan #2 \$79k

Increase due primarily to loan processing expenses.



BIG SKY  
**ECONOMIC** DEVELOPMENT

EDA • EDC    CREATING MONTANA BUSINESS OPPORTUNITIES

# ATTACHMENT J



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

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***Strategic Priorities***

- 1. Economic Diversity and Innovation—grow and diversify our economy through small business growth, entrepreneurship, fostering innovative business ideas, and maintaining a regional focus:**
  - a. ROCK31 – Connect Build Grow—See the SBDC/Rock 31 section of this report for more details. See how you can be a part of the EarlyStage Montana event, StartUp Weekend, and the One Million Cups launch. Kevin is doing great things to rev-up the entrepreneur community even before the opening of the Rock31 space. Exciting!
  - b. Coal Country Coalition—Nothing new to report in this area.
- 2. Workforce Development and Talent Attraction—via the BillingsWorks Partnership—build and enhance our workforce development strategies/programs and further our talent attraction efforts to meet future workforce needs in support of our regional business community:**
  - a. Advocacy for MSU Billings and RMC—Bids have been reviewed and an award is in process for the MSUB science building project. Groundbreaking is coming soon. The new Dean of the College of Business (Elaine Labach, Ph.D.) will be sitting in our BSED Board meetings for the next few months as Dr. Edelman attends to business with the Regents, etc. Please extend a great BSED welcome to Elaine at our September 12<sup>th</sup> meeting. Dr. Wilmouth will be presenting a State of the College report to our Board in September.
  - b. BillingsWorks/Talent Attraction and Career and Technical Education/Career Center—See the BillingsWorks section of this report for all the details of our work related to BillingsWorks and Better Off in Billings. Also take note of the update on the CTE Advisory Board work, the new CTE Liaison, and the Career Counselors that are now at work in SD2 building partnerships with private industry. Great work from the entire BillingsWorks team.
- 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. Our work with City Administration, TEDD Advisory Committee, Lockwood Water and Sewer, and landowners has not yet produced a solution to the issue of future annexation. We are now asking our City and County leadership to get directly involved. A letter will be sent to Council and the Commissioners asking for their participation in a series of facilitated meetings to see if we can move this issue forward. We hope to kick off this effort in September.



- b. One Big Sky District— Allison will present our final game plan related to the OBSD redevelopment plan and the 406 Impact District economic development tool at our September Board meeting. We had a great learning opportunity last month with Lisa Clarke (CEO, Destination Medical Center, Rochester, MN) and an Opportunity Zone Workshop with a national consultant. Allison will brief the Board on both of these visits/meetings as they have both educated our strategy to move forward with essential community development projects in our downtown core. Additionally, we have begun a series of meetings with our colleagues across the state, beginning with Missoula, Butte, and Bozeman. Our next meeting (Sept.30th) will be in Helena with key legislative strategists. The work continues.
- c. Coulson Park Redevelopment and Entryways Now—Next week (Sept. 5), the Coulson Park Steering Committee will review the draft master plan for Coulson Park. Exciting, indeed. We will then conduct a series of public review sessions, including an information booth at the Ales for Trails event on Sept. 6<sup>th</sup>. Stop by the booth and take a look at the draft plan.
- d. EBURD Redevelopment—See Community Development section of this report for any details on our work related to the redevelopment of the East Billings Urban Renewal District, including our Brownfields Assessment Program
- e. Trailhead Hospitality Vision Steering Committee— The scope of work for a plan/design/budget for the improvement of the Metra Park backside walkway, fence and landscaping is complete. We are now working on a CDBG grant application to secure \$45,000 to support the funding of this project. The next meeting of the Committee is set for Sept. 6, 2019, 11:45 A.M. to 1:00 P.M. at the City/County Planning Office, First Floor Conference Room.
- f. Air Service—Invites went out for an Air Service Summit at Billings airport—September 10<sup>th</sup>. Connect with Allison ([allison@bigskyeda.org](mailto:allison@bigskyeda.org)) if you need more info.

## ***Program Updates***

### **SBDC|Rock31**

Noteworthy:

- The One Million Cups organizing team completed their final onboarding meeting with the Kauffman foundation and received the green light for Billings to become an official chapter.
- We launched the Rock31 website, ([rock31.org](http://rock31.org)) on August 28<sup>th</sup>
- Because of an extensive outreach effort, many successful entrepreneurs have agreed to volunteer their time to mentor during the HyperAccelerator and Startup Weekend events.
- The SBDC is partnering with DBE & NADC to put on QuickBooks training on Sept 18 & 19.
- Tickets for the Startup Weekend Nov 1-3 are now available. The new dean of business at MSU-Billings has agreed to partner with us to promote the event to faculty members and encourage students to attend.

Team activity:

- We provided 38 counseling sessions to 19 new and existing companies with technical assistance, training, loan packaging, and consulting.
- The team conducted a site visit to Apex Manufacturing with the Rock31 Mentor Network.

- The team conducted outreach visits to Broadus to provide a Customer Service Workshop in partnership with the Mile City SBDC.
- We arranged a photoshoot of the Rock31 mentor network for the new website. It's been exciting to see the network grow as we continue to connect with successful business owners in our community.
- We attended the Parks and Rec meeting to discuss the Colson Park master plan.
- The team participated in (BSEDA) community Board meetings/Committees/Events.
- The team conducted an outreach site visit to Rebel River Creative.
- We attended the ribbon cutting for the Shepherd Senior Citizens parking lot revisions.
- The team presented their individual programs to the County Commission candidates.
- Dena and Melanie attended the EDA Conference in Denver Co.
- We conducted an outreach site visit to Montana Beauty Institute.
- 18 diverse business owners attended our monthly "Pre-Biz" workshop.

#### Ongoing projects:

- The team is working to provide answers to the EDA grant application as it relates to Rock31

#### **Community Development**

**Tax Abatements:** Community Development continues to work with Opportunity Bank Leadership to discuss the finalization of the tax abatement application. Operation of the bank is still anticipated for October; presentation of the application to City Council and Yellowstone County Commissioners is anticipated for late September or early October.

**Yellowstone Fuels Reduction Program:** The Community Development Team is working with BLM Representatives to complete finalization of financials and award regarding Yellowstone County's May application. It is anticipated the Grant and award will have the green light to send out an RFQ to consultants/contractors this Fall to complete fuels reduction work within the medium-high risk wildland urban interface areas within Yellowstone County.

**Brownfields Program:** Continued work providing Phase I and Phase II environmental site assessments. We could use help identifying new projects and marketing the program to as many people as possible! The CD Team continues to receive calls from interested property owners/buyers and provides knowledge of the Brownfield Program and its benefit to help encourage reuse, expansion, and redevelopment within the EBURD and DT TIF.

**Coulson Park:** Coulson Park Picnics! All three picnics were completed Thursday, July 25<sup>th</sup>, Friday July 26<sup>th</sup>, and August 1<sup>st</sup>. These picnics were a great opportunity to update and ask for input from our City Councilmembers, interested residents, County Commissioners, and business leaders. 8 out of 11 Councilmembers attended and all 3 Commissioners attended. We had fantastic conversation regarding the theme IPO.... Ice Cream, Perspective, and Opportunity! The next public meeting is at South Park during the Phillips 66 Community Picnic on Thursday, September 5<sup>th</sup>, starting at 5:00pm

**Lockwood TEDD:** We are still working to resolve an impasse with the City over extension of the Lockwood Water and Sewer District sewer boundary to include the TEDD study area. Discussions with the City staff have stalled, so we are considering a request to County and City leadership to meet and

discuss ideas for resolution of this issue. KLJ Engineering presented a draft of the Strategic Priority Project plan to the Lockwood TEDD Advisory Board at the August 21 meeting. Cost estimates for the two projects they studied were provided. Project 1 – the extension of water and sewer from Old Hardin Road to Coulson Road – would cost about \$765,000. Project 2 – Water, sewer, and road extension along I-90 Frontage Road – would run about \$4,839,000. The Advisory Board will review the document and offer comment. The TEDD Annual Work Plan was revised to sync with the Fiscal Year instead of the calendar year. That plan has been present to the Yellowstone County Commissioners and approved.

Southside Grocery: Marguerite Jodry should present the completed business plan soon. NADC is submitting an application for the Investment Connections program with a neighborhood grocery store project. If selected to present, they will make their pitch on September 27.

MetraPark Beautification Project: CDBG Planning Grants have opened for applications due September 27. The second CDBG Public Hearing is set for September 10, 2019 at the BOCC meeting. The grant application is being revised to match the 2019 application format. Letter of Commitment and Letters of Support need to be obtained. The RFP is ready to go if a grant is received.

SBURA Sorts Facility: A & E Architects have completed the Master Plan and Feasibility Study.

[https://www.billingsparks.org/wp-content/uploads/South-Billings-Aqua-Rec-Center\\_Mas\\_Plan\\_Feas\\_Study.pdf](https://www.billingsparks.org/wp-content/uploads/South-Billings-Aqua-Rec-Center_Mas_Plan_Feas_Study.pdf)

### **Big Sky Finance**

Just as August passes by and summer begins to slow down, so had the SBA 504 loan activity for Big Sky Finance this month. This is the first month in a while we have not had any 504 loans approved or funded. However, the team continues to be very busy with prospect calls, underwriting, servicing and working towards loan closings. Brandon spent a couple days in the Flathead area meeting with several different banks and their commercial lenders, updating them on the SBA 504 program. These were productive visits as some institutions were able to bring in their lenders from surrounding communities in the NW part of the state to get caught up on the program.

We closed on one Revolving Loan Fund totaling \$100,000 for Neecee's LLC. We are also currently working with our SBDC on another RLF prospect.

SBA 504 effective rates for the month of August once again came in lower than the previous month! The 20-year effective rate for loans funded in August was 3.53%! The effective rate on the 25-year debenture for August was 3.63%. 10-year debentures were not priced as they are only offered every other month. The SBA 504 loan program is an excellent financing tool offering low down payment and excellent, long-term, fixed rates for borrowers commercial real estate and/or equipment financing!

### **VBOC**

#### **Training**

- Boots to Business: FE Warren Air Force Base in Cheyenne, WY: 3 graduates
- Pre-Biz Business Development Workshops at Big Sky Economic. Delivered in partnership with the SBDC- 13 attendees, including 6 veterans and/or spouses.

Patriot Boot Camp - Dustin served as a mentor at the most recent 3 day 2019 Patriot Boot Camp in Lehi, UT with 47 veteran or military spouse entrepreneurs, 21 guest speakers, and 45 other mentors. What an experience and connections with some of the most impressive veteran entrepreneurs and business experts in the country! Ask Dustin for more details.

VBOC Annual Conference in Washington, D.C. – Dustin attended the conference to connect with the 21 other VBOC directors from around the country, learn from SBA leadership and national partners.



### Outreach highlights

- Meeting at SBA Utah District Office in Salt Lake City with entire Utah team
- Meeting with new director of the Utah Veterans Business Resource Center in Sandy
- Montana Joining Community Forces Career Key service area call – note upcoming veteran and families Career Mini Summit on Sept. 18<sup>th</sup> at the Billings Armed Forces Reserve Center
- Call with US Chamber Hiring Our Heroes program and Mayor Cole

Counseling – The VBOC team completed 16 counseling sessions with 7 individual veteran clients so far in August as they pursue small business opportunities. These efforts also included 5 referrals to resource partners throughout our region.

### **BillingsWorks**

As we head into fall, BillingsWorks wanted to be sure to thank its tireless Steering Committee members thus, held an Appreciation Breakfast on August 27<sup>th</sup>. During this meeting, it was noted that over the past four years the program has retained all of its original MOU partners and gained the following four: Mark Rite Lines, Freyenhagen Construction, Cellular Plus, and Kampgrounds of America (KOA). In this past year, the Committee has either spearheaded or supported the following workforce development initiatives: “Let’s Get to Work” mandatory job fair for high school seniors, Career Outreach Director for SD2 MOU extension, STEM Billings, MT Bio Science Alliance Internship Program, Summer Intern Leadership Institute, Yellowstone Strengths Academy at Skyview High School, Better Off in Billings talent attraction campaign launch to Minnesota, Better Off in Billings Community Event, Work-based Learning at The Northern Hotel for High School Culinary Students, Native American Development Corporation’s first Job Fair, Project Lead the Way Industry Connection Modules for 2<sup>nd</sup> grade, Jobs Jamboree, and the recruitment for the Better Off in Billings Ambassadors Program. Whew! Now challenged with being 15% braver, we are exploring new workforce development strategies working to attract, retain and grow a diverse talent pool.

### **Member Investor Program**

Plans for the Annual Meeting are now complete, and registration is set to open the week of Labor Day. Todd Johnson, Global Channel Leader with Gallup, will be the keynote and will also facilitate two workshops during his visit. The Annual meeting will be October 24<sup>th</sup> at the Metra Park Pavilion from 11:30-1:30pm. The new platform for Member Investor data is fully implemented, making engagements, invoicing and contacts easier to manage and also allowing us to quantify our engagements with each member investor.

### **Business Outreach & Marketing Update**

We have had several outreach visits this month including a full team outreach event at Rocky Mountain College’s Aviation program. We celebrated with the Shepherd Community Center on the paving of the parking lot, many of the Space2Place projects were unveiled including two pieces of public art at MSUB and on the West End Shiloh Tunnel, and we had a booth at the RDO Equipment Customer Appreciation event.

BSED hosted the city council candidates for a “BSED 101” outreach. Each program gave a brief overview and then Steve provided them his economic growth blueprint for the future. This allowed a private setting for them to learn more about all of our programs, meet our staff and learn how our organization works with city government.

## **Recruitment**

Business recruitment has been focused on continuing the One Big Sky District dialogue with local developers about their interest in projects downtown, facilitating dialogue with our economic development peers via our August road trip, working through the Think Billings Brand Audit, developing collateral related top Opportunity Zones, and preparing for the air service event and flight planner meeting in Big Sky. Additionally, the recruitment committee met and helped prioritize business recruitment, identifying an anchor tenant in the TEDD, air service development, and recruiting a tech related company as the top three things that need to be accomplished in the year ahead.

## **PTAC**

Since August 1<sup>st</sup> 2018, MT PTAC clients (statewide, all 7 PTACs) have been successful in winning \$76.4 million in federal, state and local contracts. Of that, Billings PTAC client were awarded contracts valued at \$20.2 million!

Montana Peterbilt LLC has been a client of the Billings PTAC since 2016. PTAC has assisted its owner, Kevin Gustainis with registrations, market research, finding opportunities, understanding affiliation rules and more. The company has done some business with the National Park Service, Yellowstone County and the City of Billings. This winter, the company had an opportunity to participate in Fritos Lay's supplier diversity program through its parent, PepsiCo but needed to obtain a certification through one of the company's approved certifying agencies. The U.S. Small Business Administration 8(a) certification is a federal contracting program but was on the approved list so PTAC assisted Kevin with beginning the application process and gathering the proper documentation. After diving into the details, we determined that Peterbilt did not qualify for 8(a) certification. Kevin was frustrated and ready to give up but Deanna assured him there was another way and found another approved certification through the National Minority Supplier Development Council. The documentation we had assembled for 8(a) was also required for this certification so Kevin was able to easily apply. He was accepted and recently received an order from Frito Lay for 79 units worth over \$12 million dollars! In addition to its commercial customers, Old Frito-Lay, Inc. sells millions to DoD and the Federal Bureau of Prisons each year. Kevin recently sent the messages below.

"Deanna,

We received some outstanding news this morning. We've been certified by the Northwest Minority Supplier Development Council. Our first opportunity is for a contract for over 750 trucks. Thank you so much for your help in this regard, we literally would have given up if not for your perseverance."

"We just received our first order from Frito Lay for 79 units worth over \$12M. There will be many more to come this year and next. Our being able to bid on this package is a direct result of Deanna's hard work and perseverance. Can't thank y'all enough. I will be sending that letter this week."

Thanks again.

Kevin"

## **Organizational/Policy Matters**

1. Future Facilities Taskforce – Becky, Dianne, and Dena have submitted the revisions for our EDA grant request and are hopeful to hear word back in the coming weeks. We'd like to acknowledge the work of Kirk Keysor, our Regional EDA Rep, and the EDA team at large for helping to shepherd us through the process.
2. Controller Transition – Becky and the Search Committee have done an outstanding job with the search process for our new controller. We now have two strong candidates that have made it

through first and second round interviews. I have selected a finalist and we will now conduct a staff meet and greet. I should be prepared to extend a offer by September 6<sup>th</sup> or 9<sup>th</sup>. In the meantime, Becky and working with on temporary accounting support to continue our payroll, accounts payable, reporting and reimbursement functions. Our July financial statements will be delayed during this transition, as we have asked Jim to focus his close-out work on our FY 2019 audit.

3. Acting Executive Director – I will be out of the office for a combination of sick time (knee surgery) and vacation during the month of September. As is the practice, I will appoint an Acting Executive Director to carry on the duties and responsibilities of my position. For the first 9 days of my absence (Sept. 10-18) Patrick Klugman will serve, then Melanie Schwarz will serve for the balance (Sept.19-27). I will return to full-time status on September 30<sup>th</sup>. As always, Becky and the Acting Director will have my personal contact information as needed. BSED will be in good hands during my leave.

Do wish me luck. When I return, I will have a rebuilt knee, and I'll be ready to run faster and jump higher (maybe).

**Respectfully submitted,  
September 4 and 12, 2019**

A handwritten signature in black ink, appearing to read 'Steve Arveschoug', with a stylized, cursive script.

**Steve Arveschoug  
Executive Director**