

**Big Sky EDA/EDC
Executive Committee Agenda
January 5, 2022
7:30 A.M. to 9:15 A.M.
Yellowstone Conference Room**

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

Committee Members EDC –Ann Kosempa, Kim Jakub, Andy Gott, Nick Pancheau, Jen Kobza
EDA –Ken Lutton, Judi Powers, Riley Bennett, Paul Neutgens, Debbie Desjarlais

7:30 A.M.— Call to Order – Ann Kosempa, EDC Chair

Agenda Changes for Today's Meeting

Public Comments/Board Member and Staff Announcements

- Welcome New Executive Committee Members

7:35 AM –REGULAR AGENDA

I. Board Projects Goals

- Let's Rock Capital Campaign (Goal: \$275k+) Currently: \$153,354
- Member Investor Program (Goal: 160 Members) Currently: 132

II. Ex Director Report

- Update: Downtown Workforce Housing Working-Group Meeting (Info) (Attachment A) (Info)
- Update: MEDA Proposed Executive Director- Update (Info)
- Joint Planning Session Update (Info)
- Board Committee Selections
- January 13th Board Meeting (Info)
(Need two and a half hours—7:00 AM to 9:30 AM)

III. Approval of EDA/EDC Exec. Comm. Minutes (Attachment B) (Action)

- A. December 1, 2021 Ex. Committee Meetings

IV. Approval of EDA/EDC Financials – Shanna (Attachment C) (Action)

- A. November 2021 EDA and EDC Financials (Info)
- B. FY21 Audit Update (Attachment D) (Action)
- C. EDA-EDC Management Services Agreement—Confirmation

V. Program Directors' Updates

- A. Operations--Becky (Handout) (Info)
 - Rock31/BSED Building Project Budget Update—Becky (Info)
- B. Rock31 Program Update/Operating Plan Review—Kevin S. (Handout) (Info)
- C. BillingsWorks – *Workforce Revolution Series*—Marcell (Handout) (Info)
- D. Member Investor Program Update/Rock 31 Campaign--Patrick

Executive Session (As Needed)

Public Comment

Adjourn

Next Executive Committee Meeting – February 2, 2022 (7:30 A.M. to 9:15 A.M.) Big Sky Economic Development Board of Directors will make reasonable accommodations for known disabilities that may interfere with an individual's ability to participate. Persons requiring such accommodations should make their requests to Big Sky Economic Development as soon as possible before the meeting day. Please call Big Sky Economic Development at 256-6871.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT A



**Montana Economic Developers Association
Request for Proposals
Executive Director/Administrative Services**

The Montana Economic Developers Association (MEDA) is seeking professional services to fill the role and responsibilities of association Executive Director, including the administrative and financial management functions of the MEDA organization. As described below, the successful contractor will serve as MEDA’s first Executive Director, a role that is important to the future of MEDA and the execution of our mission. MEDA has functioned with an administrative-services model for the last 18 years, contracting for program, event, Board, and financial management services. We now hope to secure the services of a professional that can lead the organization to its next level, as guided by the MEDA Board of Directors.

Summary

The Executive Director (Contractor) of MEDA will serve as the chief executive officer of the statewide, nonprofit organization comprised of economic development leaders and partners from across Montana. This position reports directly to the MEDA Board President, with policy guidance from the Executive Committee and Board of Directors. The Contractor is responsible for working with the Board in setting the strategic direction for the organization in the execution of its mission to connect, educate and advocate for purposes of economic development of Montana. This role is responsible for the items listed below as it works to meet the Board’s organizational sustainability, partnership, and economic development policy objectives.

The key objectives of the Contractor role is to position MEDA for success in the following areas:

Key Objectives

1. Provide focused attention and leadership to assure MEDA’s financial sustainability
2. Bring effective leadership to influence state and federal economic development policy
3. Strengthen MEDA’s strategic partnerships and identify opportunities for collaboration
4. Be in the know and in the loop with key partners on a consistent basis
5. Foster MEDA’s statewide presence for greater impact throughout Montana
6. Effective administration and financial management of MEDA

Executive Director Contractor Roles and Responsibilities

- A. Financial Sustainability of MEDA
- B. Strategic Planning and Board Engagement
- C. Economic Development Policy Advocacy
- D. Partnership Development
- E. Organizational management and leadership
- F. Management of organization’s finances

- G. Contract administration (provide deliverables under the existing Montana Department of Commerce contract)

Necessary Skills and Experience

1. Demonstrated organizational leadership experience related to community and/or economic development
2. Experience setting and executing organizational strategy with a board of directors and multiple stakeholders
3. Skills in the oversight of financial management functions
4. Experience administering board governance practices
5. Skills and experience establishing policy priorities and advocating for policy objectives
6. Experience in building and managing partnerships that support organizational and policy success
7. Conference and special event coordination

Request for Proposal-Format and Schedule

An “intent to respond” communication (email to Brian Obert, MEDA President at bobert@mbac.biz) should be submitted by January 11, 2022. If selected to advance to next phase, final proposal shall be submitted to the MEDA Board of Directors in writing (copied electronically), on or before January 21, 2022.

The response must include the following:

1. Cover letter expressing an interest in serving as the MEDA Executive Director-Contractor
2. Describe approach for delivering the requested services, highlighting all relevant experience
3. Three letters of recommendation from professional relationships, including former and current clients or organizations
4. Description of business structure or proposed business structure of Contractor
5. An all-inclusive annual fee for service proposal

Selection Process

Submitted proposals will be evaluated with finalists to be interviewed on or before February 1, 2022.

Information/Questions

All questions should be referred to MEDA Board President Brian Obert via email at bobert@mbac.biz.



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT B

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
December 1st, 2021 – 7:30 A.M. to 9:15 A.M.
Granite Tower – Yellowstone Room

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

Committee Members Present: **EDA** – Ken Lutton, Riley Bennett, Paul Neutgens, Judi Powers
 EDC – Aaron Ramage, Ann Kosempa, Mac Fogelsong, Kim Jakub

Committee Members Absent: **EDA** – Dana Pulis
 EDC – Mike Seppala

Staff and Others Present: Steve Arveschoug, Becky Rogers, Austin Trunkle, Shanna Zier, Marcell Bruski,
 Thom MacLean, Patrick Klugman, Lorene Hintz

Call to Order:
Ann Kosempa, EDC Chair, called the meeting to order at 7:31 A.M.

Agenda Changes for Today's Meeting:
Board Projects will move to the bottom. Marcell's update will move to the top. Lorene will be added to the Program Director's Updates.

Public Comment/Introductions
None.

Billings Works Update
Marcell debuted one of the new recruitment videos made possible by a grant we received last year. Marcell explained that this video is one of a series BillingsWorks has produced as a talent attraction tool that companies can use for their own recruitment efforts. Marcell noted that her team is working with Kinetic to roll these videos out in a focused campaign. Marcell went on to explain some changes to the BillingsWorks website to give it a fresh look and to update their areas of focus as well as the work they're doing across the State with the Department of Labor and Helena Wins.

Executive Director Report
Nominating Committee Recommendations– Steve
Steve presented the applicant recommendations for the two, soon-to-be vacant EDA positions. Brian Wood and Zack Dunn applied to be on our EDA Board.

Motion: Ken Lutton to approve and forward to the Board, the EDA Board Member Recommendations, as presented to the Executive Committee.
Second: Judi Powers
Discussion: None
Motion: Carried

2022 Officers and Executive Committee
Steve then presented the recommendation for 2022 Officers which will comprise the Executive Committee for 2022.

Motion: Ken Lutton to approve and forward to the Board, the 2022 Officer Position Recommendations, as presented to the Executive Committee.

Second: Riley Bennett
Discussion: None
Motion: Carried

Downtown Workforce Housing Group Meeting – Steve

Steve continued by speaking about the work of the Downtown Workforce Housing group which includes many of our partners across the city. There is a potential project on the horizon for downtown development, but it will require tax increment financing dollars. This project will be heard at City Council in the coming weeks. Steve went on to speak about the importance of incentivizing these kinds of projects in our downtown core.

MEDA Proposed Executive Director Update – Steve

Next, Steve spoke about the plan to hire an Executive Director for the Montana Economic Developers Association. MEDA will be moving forward with that decision and the groundwork is being laid. Further, Mike and Gloria who have administrated MEDA, will be taking on a new project in their home town but will stay on until March 1st.

Setting Committee Priorities - Steve

Steve will provide a sample form next week for Board Members to rank the Committees they would like to serve on in 2022.

Approval of November 3rd Executive Committee Meeting Minutes

Motion: Aaron Ramage to approve the November 3rd Executive Committee Meeting Minutes, as presented to the Executive Committee.

Second: Ann Kosempa
Discussion: None
Motion: Carried

Approval of October 2021 EDA/EDC Financials – Shanna

On the EDA Balance Sheet current assets decreased slightly. Accounts receivable increased slightly at the end of October. Due To/Due from the EDC totaled approximately \$49,000. Accrued expenses total approximately \$86,000 and consist largely of salary/benefits accruals as well as Space2Place grants. Mill levy revenue will likely be seen in November.

On the Statement of Revenue and Expenses, revenue is slightly under budget through October. Most expenses remain under budget through October including salaries and wages as well as travel and training. Marketing expenses are slightly over budget due to the PTAC GovMatch event. Marketing expenses are slightly over budget due to the PTAC GovMatch event. Professional fees are slightly over budget due to the Brownfields Program, but those expenses are 100% reimbursable.

On the EDC Balance Sheet, current assets increased slightly at the end of October. Accounts Receivable also increased slightly. The RLF portfolio totaled \$249,000, the SSBCI portfolio totaled \$611,000, and the Stabilization Loan portfolio totaled \$81,000 at the end of October.

On the EDC Statement of Revenue and Expenses, the 504-loan servicing revenue is close to budget and totaled \$139,500 through October. Loan origination revenue remains below budget, but Member Investor revenue increased with first quarter invoices going out. Most expenses remain under budget. Professional fees are under budget due to the timing of budgeted expenses. Travel/training expense are under budget. Sponsorship expense and event expense are slightly over budget based on timing of budgeted expenses.

Motion: Judi Powers to approve the October 2021, EDA/EDC Financials, as presented to the Executive Committee.

Second: Ken Lutton
Discussion: None
Motion: Carried

Audit Update – Shanna

Shanna noted that they auditors were not able to attend today because they have not finished their final reports. They have committed to making our Board Meeting next week.

Stockman Bank Gift

Stockman Bank made a commitment to our Capital Campaign in the form of stock. Shanna looked into what we would need to do to receive that gift and determined the path forward is actually quite simple and Stockman has been very generous in helping us navigate these waters.

Steve continued by talking about our budgeting process for FY 2023 and the upward trend in salary adjustments. Steve wanted the Committee's input on what they are seeing or doing in their industry. Discussion from the Committee about their salary and retention efforts ensued.

Program Directors' Updates

Operations – Becky

Big Sky to Sky Point Project Update

Becky gave an update about the status of the building renovation. Becky also went on to speak about the furniture RFP. We received interest from four companies. Becky's goal is to have a final furniture package submitted by December 22nd. Further, with Ken's help, we've been able to identify vendors for security services and A/V providers. Becky continued on by speaking to the budget and how we have relieved pressure on the gap we're trying to fill. Becky will provide a revised budget to the Board in January. Becky had made note about some structural issues we will need to resolve where a previous renovation cut through some structural beams.

Recruitment Update – Austin

Austin gave an update on the status of the current recruitment projects and also made note of the ARPA Commission meetings we've been virtually attending.

504 Program Update

Brandon updated the Committee about the 504 Loan Program. Brandon and Nina were in Whitefish and Missoula last week to close loans for two businesses. Brandon also updated the Committee about the loans that are at risk. Brandon mentioned that we were able to close our first RLF Loan from the new pot of money we received.

Further, Brandon, Steve, Mike Seppala, Spencer Frederick, and others met to discuss the other CDCs that have moved into the Montana market and how we can streamline our process of underwriting loans. The other CDCs are moving aggressively and are able to close loans very quickly. Finally, Steve and Brandon talked about the necessity to hire another underwriter to increase our capacity.

Board Projects Update

Let's Rock Capital Campaign/Member Investor Program – Patrick

Patrick updated the Committee about the capital campaign and the progress being made. Steve and Patrick sent a letter out yesterday soliciting donations for our new building and a donation has already been received. Patrick sent the letter to 72 different companies we're looking to connect with.

On the Member Investor side, Altana has now joined. Further, Patrick noted that Member Investor being moved from \$1,000 to \$1,500 have been happy to increase their donation. Patrick continues to work through the queue of companies.

Big Sky Trust Fund – Lorene

Lorene is presenting Big Sky Trust Fund applications.

Dara Services LLC**Job Creation 5 new jobs**

Dara Services LLC is a trucking company located at 1167 Patriot St, Billings, MT. The company was established in May 2021 by Ayodele Adewole, owner/operator. The company has a box truck to transport product in and out of state. The company would like to expand its operation in Billings, MT and will use the BSTF funding to create up to 5 new driver positions in the next year totaling \$25,000.

All the drivers must live in Yellowstone County. Dara Services will continue to focus on out-of-state markets and sales. The company expects to have continued growth over the next two years.

Motion: Riley Bennett to approve and forward to the Board, the Dara Services BSTF Job Creation Grant Application, as presented to the Executive Committee.

Second: Ken Lutton

Discussion: None

Motion: Carried

Hear it Clear,**Job Creation 11 new jobs**

Hear it Clear is owned by principals, Bryan Haysom, Christopher Carlson, and Robert Bell. The company was initially formed in California in 2020 to help venue owners and performing artists connect. In 2021 the company relocated to Montana.

Hear It Clear's platform allows them to sort and organize the needs and available resources for venue owners, performing artists, and assist event organizers in gathering whatever they might need to create their vision. There are two key revenue streams for the company: Contracts with venues to manage their event needs over a five-year term and short-term deals for individual events to supply equipment, personnel or talent.

Currently, most employees are working from home, but the company is looking to buy or rent an office in Billings. Most of the current staff of 30 are in Montana and the company would like to base an office and storage facility for sound equipment.

At present there is no true competition for Hear It Clear. There are several smaller substantial footholds in their own region. They've averaged 3 short-term deals a month over the last year despite the shutdown and have 4 contracts pending completion.

Hear it Clear will utilize the funding for business development including Website development including back-end and front-end engineering, App development for Android, and iOS o Marketing materials and brand awareness.

They plan to create 11 net new jobs in the next 12 month totaling \$55,000

Motion: Ken Lutton to approve and forward to the Board, the Hear it Clear BSTF Job Creation Grant Application, as presented to the Executive Committee.

Second: Riley Bennett

Discussion: None

Motion: Carried

Executive Session:

None

Public Comment:

Today is Aaron and Mike Seppala's last Executive Committee meeting with us. Steve wanted to thank them for serving in that capacity.

Becky also noted that it's Brandon's birthday today.

Adjourn:

Ann Kosempa adjourned the meeting at 9:14am.

Next Meeting – January 5th, 2022



BIG SKY
ECONOMIC DEVELOPMENT

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ATTACHMENT C

Big Sky Economic Development Authority
Financial Report for Board of Directors
December 22, 2021

Included with this report is balance sheet reflecting the assets, liabilities, and net assets of Big Sky EDA as of November 30, 2021. Also included is the statement of revenue and expenses through the five months of FY22 as compared to budget.

Balance Sheet

Current assets increased to about \$5,928,000 at the end of November from \$5,842,000 at the end of October. This fluctuation in current assets is attributed to the increase in the County Cash account with collection of November property taxes combined with some large expenses for the BSTSP project. Accounts receivable increased from \$355,000 in October to \$588,000 due to expenses and the corresponding receivable with BSTSP expenses. The receivable consists of U.S. EDA (\$392,000), VBOC (\$38,000), PTAC (\$126,000), and SBDC (\$32,000).

Due To/Due From EDC totaled approximately \$50,000 at the end of November and consists of the November amount due from EDC. Tax levy receivable decreased to \$573,000 in November with the collection of November property taxes. This also resulted in an increase to protested tax receivable. Protested tax receivable increased from \$110 to \$25,228. An allowance totaling \$25,228, or 100% of protested tax levy receivable is reflected to allow for potentially uncollectible protested tax levy. Total fixed assets totaled \$3,059,376 at the end of November.

Accounts payable totaled \$77,000 at the end of November. Accrued expenses total approximately \$93,000 and consist largely of salary/benefits accruals (\$78,775). Deferred revenue totals \$50,000 and consists of \$50,000 conditional grant award amount from Beartooth RC&D.

Statement of Revenue and Expenses

Revenue is about \$77,000 under budget through the first five months of the fiscal year. EPA-Brownfields revenue is over budget based on timing of expenses associated with this grant. Department of Defense (PTAC) is about \$86,000 under budget and VBOC revenue is about \$27,000 under budget based on actual expenses incurred through November. EDC reimbursement is about \$26,000 under budget due to vacancy savings and therefore less reimbursement from the EDC to EDA.

Most expenses remain under budget through November. Salaries/wages and employer contributions are under budget by about \$57,000 due to vacancy savings. Travel/training is under budget by about \$43,000 through November. Marketing expenses remain slightly over budget. Professional fees total \$131,000 and are over budget by about \$29,000 largely based on expenses related to Brownfields. Brownfields expenses totaled \$80,000 through November. These expenses are 100% reimbursable.

Through five months of FY22, Big Sky EDA recognized net operating revenue of \$1,213,000 compared to budget of \$1,349,000. When excluding non-operating revenues/expenses (interest income, U.S. EDA reimbursement, professional fees related to the Big Sky to Sky Point project, and depreciation expense), Big Sky EDA recognized net operating revenues of \$789,000 compared to budget of \$648,000.

Big Sky EDA
Comparative Balance Sheet
As of November 30, 2021 and 2020

	11/30/2021	11/30/2020	+/-	6/30/2021	+/-
Assets					
First Interstate Bank	\$140,676	\$248,657	(\$107,981)	\$229,874	-\$89,198
FIB-Recovered Property Taxes	377,795	148,202	229,593	177,795	200,000
FIB-Operating Reserve	251,055	101,032	150,023	301,044	(49,989)
Opportunity Fund-FIB	22,841	455,510	(432,668)	940,395	(917,553)
Opportunity Fund-Stockman	65,010	54,755	10,255	64,997	14
Opportunity Fund-Opportunity Bank	626,421	622,969	3,452	625,004	1,417
Stockman GE Maintenance	15,128	15,128	-	15,128	-
Rocky Mountain Bank Money Market	43,330	493,049	(449,719)	493,262	(449,931)
Valley Federal- Savings	25	-	25	-	25
Valley Federal- Money Market	300,207	-	300,207	-	300,207
Opportunity Fund - CDs (current)	3,310,890	2,404,278	906,612	3,309,497	1,392
Altana Savings	25	-	25	25	-
Clearing Account	(10,000)	-	(10,000)	-	(10,000)
Yellowstone County Funds	784,603	742,984	41,619	570,859	213,744
Total Current Assets	5,928,007	5,286,564	641,443	6,727,879	(799,871)
Other Assets					
Accounts Receivable	588,261	143,895	444,365	141,814	446,447
Grants Receivable	50,000	150,000	(100,000)	100,000	(50,000)
American Revenue Guarantee	6,887	6,887	-	6,887	-
Due To/Due From EDC	50,241	42,161	8,080	62,431	(12,190)
Tax Levy Receivable	573,190	576,905	(3,715)	17,649	555,541
Tax Levy Receivable - Protested	25,228	35,382	(10,154)	665	24,563
Allowance for Doubtful Accounts	(25,228)	(35,382)	10,154	(665)	(24,563)
Prepaid Expenses	21,180	15,438	5,742	30,393	(9,213)
Deposit	-	1,390	(1,390)	-	-
Undeposited Funds	-	-	-	-	-
Interest Receivable	-	-	-	-	-
Miscellaneous Receivable	-	-	-	-	-
Total Other Assets	1,289,759	936,676	353,082	359,174	930,585
Non-Current Assets					
Opportunity Fund - CDs (non-current)	150,577	1,651,935	(1,501,357)	150,388	189
Loans Receivable	-	-	-	-	-
TEDD Receivable	13,650	23,875	(10,225)	13,650	-
Cabela's Conduit	9,649	9,649	0	4,984	4,665
Deferred Outflow of Resources	249,285	146,350	102,935	249,285	-
Total Non-Current Assets	423,161	1,831,808	(1,408,647)	418,307	4,854
Fixed Assets					
Construction in Progress	1,331,596	73,150	1,258,446	275,627	-
Bank Building - Land	301,750	301,750	-	301,750	-
Bank Building - Building	1,473,250	1,473,250	-	1,473,250	-
Accumulated Depreciation	(47,220)	(25,538)	(21,682)	(47,220)	-
Total Fixed Assets	3,059,376	1,822,612	1,236,764	2,003,407	-
Total Assets	10,700,303	9,877,660	822,643	9,508,766	1,191,536
Liabilities & Equity					
Current Liabilities					
Accounts Payable	77,707	63,093	14,614	80,102	(2,395)
Accrued Expenses	93,005	91,607	1,397	99,860	(6,855)
Deferred Revenue	50,000	63,333	14,000	51,667	-
Payroll Liabilities	(408)	(244)	(165)	(590)	182
Compensated Absences	173,068	157,326	15,742	184,483	(11,415)
Total Current Liabilities	393,372	375,117	18,255	415,522	(22,150)
Long Term Liabilities					
Deferred Inflow of Resources	32,238	68,045	(35,807)	32,238	-
Pension Liability	1,127,529	825,316	302,213	1,127,529	-
Total Long Term Liabilities	1,159,767	893,361	266,406	1,159,767	-
Current Year Excess of Revenue over Expenses	1,213,497	988,623	224,874	312,919	900,579
Balance at Beginning of Year	7,933,667	7,620,559	313,108	7,620,559	313,108
Net Assets	9,147,164	8,609,182	537,982	7,933,478	1,213,687
Total Liabilities & Equity	10,700,303	9,877,660	822,642	9,508,766	1,191,537

Big Sky EDA
Statements of Operations
For the Periods Ending November 30, 2021

	Month			YTD		
	Actual	Budget	Variance	Actual	Budget	Variance
Operating Revenue						
County Taxes (Mill Levy Revenue)	(1,220)	-	(1,220)	1,294,647	1,291,820	2,827
Entitlement	-	-	-	60,970	61,000	(30)
Health Insurance Mill Levy	9,010	9,010	-	42,930	43,990	(1,060)
Recovery of Protested Taxes	-	-	-	554	-	554
Department of Defense	40,000	63,373	(23,373)	231,395	316,864	(85,469)
EDC Reimbursement	50,566	60,757	(10,192)	243,060	269,943	(26,883)
EPA-Brownfields	1,404	6,786	(5,382)	79,636	33,929	45,707
SBA/MT Dept of Commerce	15,675	14,750	925	104,055	100,900	3,155
SBDC Program Income	500	-	500	500	-	500
VBOC	23,473	25,000	(1,527)	98,646	125,000	(26,354)
Rents/Leases	-	-	-	-	-	-
Grant Administration	-	-	-	7,635	-	7,635
Beartooth RC&D CARES Act	-	-	-	-	-	-
Other Intergovernmental Revenue	-	-	-	1,667	-	1,667
Miscellaneous Revenue	-	-	-	1,000	-	1,000
Total Revenue	139,407	179,676	(40,269)	2,166,695	2,243,445	(76,750)
Operating Expenses						
Salaries/Wages	136,060	147,587	(11,526)	664,666	705,249	(40,583)
Employer Contributions	42,036	47,052	(5,016)	208,768	225,160	(16,392)
BID Assessment	-	-	-	-	1,398	(1,398)
Contingency	-	3,087	(3,087)	-	15,434	(15,434)
Community Development Projects	-	-	-	150	-	150
Dues and Subscriptions	1,214	12,151	(10,937)	27,859	48,717	(20,858)
Event Expense	-	-	-	-	-	-
Insurance	1,946	2,006	(61)	14,282	12,632	1,651
Marketing - Departmental	1,427	2,227	(799)	14,617	11,133	3,484
Marketing - Organizational	3,301	3,789	(488)	26,634	18,946	7,688
Office Equipment	-	-	-	1,409	4,500	(3,091)
Office Expense	1,580	1,250	330	7,004	12,110	(5,106)
Professional Fees	1,404	17,907	(16,503)	130,987	101,722	29,265
Property Tax Protests	25,117	38,755	(13,638)	25,117	38,755	(13,638)
Property Taxes	1,188	-	1,188	1,188	-	1,188
PTAC Subcenter	24,355	40,704	(16,349)	135,761	199,420	(63,659)
Rent	12,055	12,364	(309)	63,565	62,622	943
Repairs	-	-	-	-	-	-
Sponsorships	-	417	(417)	250	2,083	(1,833)
Strategic Priorities	-	2,500	(2,500)	841	12,500	(11,659)
TEDD	-	-	-	100	500	(400)
Telecommunications	3,057	4,948	(1,891)	17,116	24,742	(7,626)
Travel/Training	8,753	6,334	2,419	21,600	64,688	(43,087)
Utilities	233	3,657	(3,424)	3,227	16,085	(12,858)
Miscellaneous	2,873	3,534	(661)	12,422	16,692	(4,270)
Total Operating Expenses	266,599	350,268	(83,669)	1,377,564	1,595,087	(217,523)
Net Operating Revenue	(127,192)	(170,592)	43,400	789,131	648,358	140,773
Non-Operating Income/Expense						
Interest Income	694	1,349	(655)	3,369	6,747	(3,378)
US EDA Reimbursement	225,037	138,802	86,235	420,997	694,010	(273,013)
Grant Revenue (GASB 68)	-	-	-	-	-	-
Architectural/Professional Fees	-	-	-	-	-	-
Pension Expense	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-
Relocation	-	-	-	-	-	-
Total Non-operating Income/Expense	225,731	140,151	85,580	424,367	700,757	(276,391)
Net Revenue Over (Under) Expense	98,539	(30,441)	128,980	1,213,497	1,349,115	(135,618)

Big Sky Economic Development Corporation
Financial Report for the Board of Directors
December 22, 2021

Included with this report is the balance sheet reflecting the assets, liabilities, and net assets of Big Sky EDC as of November 30, 2021. Also included is the statement of revenue and expenses through five months of FY22 as compared to budget.

Balance Sheet

Current assets totaled approximately \$2,293,000 at the end of November, an increase from \$2,164,000 at the end of October. The majority of this increase is from the collection of member investor and capital campaign pledges. Accounts receivable increased to a total of \$189,000. Accounts receivable consist of Member Investor pledges for FY21 (\$17,500), Member Investor pledges for FY22 (\$57,500), and Capital Campaign pledges for the new building (\$113,000). The RLF portfolio totaled \$246,000, the SSBCI portfolio totaled \$608,000, and the Stabilization Loan portfolio totaled \$76,000. The first loan from the Federal EDA RLF grant was funded in November, this loan totaled \$100,093.

Accounts payable totaled \$19,000 at the end of November. Deferred 504 revenue remained consistent at \$65,000. Deferred 504 revenue will be recognized as loans fund. Due to/Due from EDA totaled approximately \$50,000 and represents the amount owed to EDA from EDC for November reimbursement.

Statement of Revenue and Expenses

The 504 loan servicing revenue is slightly below budget and totaled \$173,000 through November. Loan origination revenue is below budget by about \$43,000 through November. We received and additional \$10,000 in loan origination revenue in December, so total loan origination revenue will increase to about \$24,000 through December. Member investor revenue increased with second quarter invoicing and totaled \$103,000 through November. Member investor revenue remains slightly below budget based on the timing of invoicing. Grant administration revenue is \$22,000 below budget. Grant administration revenue will be derived from the administration of the Federal EDA RLF grant. We completed the first EDA RLF loan and grant draw in November and recognized \$3,400 in grant administration revenue related to this.

The EDA RLF draw resulted in \$90,084 in income related to the grant for the loan funds received. The grant funds received related to the EDA RLF loan are being tracked under the non-operating income/expense section of the income statement. We received \$14,300 in additional pledges for the Big Sky to Sky Point Project in November. Donation income/pledges for the Big Sky to Sky Point Project total approximately \$100,000 through November.

Most expenses remain under budget. Professional fees are under budget by about \$13,000 due to the timing of budgeted expenses. Travel/training expense are under budget by about \$16,000. Contract support expense is \$4,000 over budget with the extension of Melanie's contract. Sponsorship expense and event expense are slightly over budget based on timing of budgeted expenses. Sponsorship expense totaled \$6,700 through November and event expense totaled \$17,000.

Through five months of FY22, Big Sky EDC recognized net operating revenue of \$132,000 compared to budget of (\$16,000). When excluding non-operating revenues/expenses (Big Sky to Sky Point Pledges, Coulson Park donations, Federal EDA RLF Grant, and bad debt expense), Big Sky

EDC recognized net operating revenues of (\$53,000) compared to budget of (\$16,000). This variance is largely attributed to the timing of budget revenue for loan origination revenue, member investor revenue, and grant administration revenue.

Big Sky EDC
Comparative Balance Sheet
As of November 30, 2021 and 2020

	11/30/2021	11/30/2020	+/-	6/30/2021	+/-
Assets					
First Interstate Bank	\$433,144	\$204,300	\$228,844	\$353,963	\$79,181
FIB/Stockman SSBCI Principal	956,014	1,070,353	(114,339)	1,124,775	(168,761)
FIB-Long Term Reserve	250,000	250,000	-	250,000	-
FIB-Opportunity Fund	60,896	152,357	(91,461)	22,200	38,696
FIB-RLF	234,436	75,642	158,794	116,034	118,402
Accounts Receivable	188,642	81,258	107,384	66,092	122,550
Contributions Receivable	-	-	-	-	-
Miscellaneous Receivable	121	-	121	60	-
Prepaid Expenses	2,471	7,438	(4,967)	2,471	-
Undeposited Funds	-	-	-	-	-
Federal EDA RLF Portfolio-Current	100,093	-	100,093	-	100,093
RLF Portfolio-Current	21,867	36,768	(14,900)	58,761	(36,893)
Stabilization Portfolio - Current	25,558	36,742	(11,184)	43,631	(18,074)
SSBCI Portfolio-Current	20,206	37,500	(17,294)	31,058	(10,852)
Total Current Assets	2,293,448	1,952,359	341,089	2,069,045	224,403
Other Assets					
RLF Portfolio-Non Current	224,484	363,655	(139,171)	307,760	(83,276)
SSCBI Portfolio-Non Current	588,055	601,615	(13,560)	588,055	0
Stabilization Portfolio-Non Current	52,018	73,258	(21,240)	52,018	-
Allowance for Loan Losses	(21,626)	(21,934)	309	(21,626)	-
Total Other Assets	842,931	1,016,593	(173,663)	926,207	(83,276)
Total Assets	3,136,378	2,968,952	167,426	2,995,252	141,126
Liabilities & Equity					
Current Liabilities					
Accounts Payable	18,557	33,342	(14,784)	23,118	(4,560)
Property Tax Payable	-	-	-	-	-
Accrued Expenses	-	-	-	-	-
Deferred 504 Revenue	65,249	27,684	37,565	39,674	25,575
Deferred Revenue	-	50,646	(50,646)	-	-
Due to/Due from EDA	50,241	42,161	8,080	62,431	(12,190)
Total Liabilities	134,047	153,832	(19,785)	125,222	8,825
Current Year Excess of Revenue over Expenses	132,301	75,552	56,749	130,462	1,839
Balance at Beginning of Year	2,870,030	2,739,567	130,462	2,739,567	130,462
Net Assets	3,002,331	2,815,120	187,211	2,870,030	132,301
Total Liabilities & Equity	3,136,378	2,968,952	167,426	2,995,252	141,126

Big Sky EDC
Statements of Operations
For the Periods Ending November 30, 2021

	Month			YTD		
	Actual	Budget	Variance	Actual	Budget	Variance
Operating Revenue						
504 Loan Origination	-	11,250	(11,250)	13,703	56,250	(42,547)
504 Loan Servicing	33,164	36,000	(2,836)	172,599	180,000	(7,401)
Float Income	14,024	5,000	9,024	14,024	5,000	9,024
Member Investment	41,920	-	41,920	102,525	135,000	(32,475)
RLF Business Loan Interest	1,304	1,750	(446)	7,773	8,750	(977)
RLF Origination Fees	-	-	-	-	-	-
Stabilization Loan Interest	135	62	73	737	372	365
SSBCI Revenue	1,751	1,500	251	8,010	7,500	510
Recovery of Bad Debt	-	-	-	-	-	-
Grant Administration	3,401	5,000	(1,599)	3,401	25,000	(21,599)
Interest Income	2	1,500	(1,498)	8	7,500	(7,492)
Donation Income	-	-	-	-	-	-
Miscellaneous Revenue	27	2,843	(2,816)	159	14,214	(14,055)
Total Revenue	95,729	64,905	30,824	322,939	439,586	(116,647)
Operating Expenses						
Business Incubation	-	125	(125)	-	625	(625)
Business Recruitment	-	1,250	(1,250)	158	6,250	(6,092)
Contingency	-	833	(833)	-	4,167	(4,167)
Contract Support	2,000	-	-	16,000	12,000	4,000
Contribution Expense	-	-	-	-	-	-
Dues and Subscriptions	5,732	5,444	288	9,623	15,438	(5,814)
EDA Reimbursement	50,566	60,757	(10,192)	243,060	269,943	(26,883)
Event Expense	54	1,000	(946)	17,416	11,000	6,416
Insurance	881	881	-	4,405	5,845	(1,440)
Investment in Economic Activity	-	-	-	-	-	-
Marketing - Departmental	562	2,458	(1,897)	6,579	12,692	(6,113)
Marketing - Organizational	3,117	2,774	343	13,044	14,023	(979)
Marketing- Trade	-	-	-	1,000	-	1,000
Membership Development	-	700	(700)	2,466	3,500	(1,034)
Office Supplies	22	400	(378)	261	4,200	(3,939)
Professional Fees	5,420	2,458	2,962	23,522	36,492	(12,970)
Postage and Printing	-	70	(70)	77	350	(273)
R31 Outreach	-	575	(575)	44	875	(831)
Rent	2,552	2,237	315	12,103	11,184	919
Sponsorships	-	-	-	6,670	-	6,670
Telecommunications	327	605	(278)	1,487	3,023	(1,536)
Travel/Training	3,381	8,343	(4,962)	9,532	25,823	(16,291)
Miscellaneous	796	2,903	(2,107)	8,374	18,316	(9,943)
Total Operating Expenses	75,409	93,814	(18,405)	375,821	455,746	(79,925)
Net Revenue Over (Under) Expense	20,320	(28,909)	49,230	(52,882)	(16,160)	(36,722)
Non-Operating Income/Expense						
Non-Operating Income/Expense						
Coulson Park	-	-	-	-	-	-
BSTSP	14,300	-	14,300	99,600	-	99,600
Federal EDA RLF	90,084	-	90,084	90,084	-	90,084
Bad Debt Expense	-	-	-	4,500	-	4,500
Total Non-operating Income/Expense	104,384	-	104,384	185,184	-	185,184
Net Revenue Over (Under) Expense	124,704	(28,909)	153,613	132,301	(16,160)	148,461



BIG SKY
ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

ATTACHMENT D

**Big Sky Economic Development Authority
Big Sky Economic Development Corporation
Agreement for Professional Services**

Section 1 Parties to the Agreement

This agreement is made and entered into in Billings, Yellowstone County, Montana, this 10th day of June 2021 by and between Big Sky Economic Development Authority, a local government entity, hereinafter referred to as Big Sky EDA, and Big Sky Economic Development Corporation, a Montana Non-Profit Corporation, hereinafter referred to as Big Sky EDC. This agreement in no way diminishes the responsibility of the Big Sky EDC Board of Directors for the operations of the certified development company that is Big Sky EDC.

Section 2 Purpose of Agreement

The purpose of this agreement is to secure from Big Sky EDA staff and support services for Big Sky EDC necessary for continuous effective operations and to comply with applicable regulations of the Small Business Administration.

Section 3 Services Performed

3.1 Staff Services

- Big Sky EDA will provide to Big Sky EDC the services of five employees (Director of Business Finance, three Loan Officers and one Loan Specialist) who will conduct business finance marketing, packaging and processing activities in support of Big Sky EDC's lending programs.
- Big Sky EDA will provide to Big Sky EDC the services of three employees (Director of Development and Business Growth Services, Director of Marketing and BillingsWorks, and the Marketing Specialist) that will conduct overall organizational marketing and outreach for EDA and EDC as well as Member-Investor recruitment, management, policy coordination and communication activities with the purpose of maintaining and expanding Big Sky EDC's Member-Investor base.
- Big Sky EDA will provide to Big Sky EDC the services of an employee (Executive Director) who will conduct overall executive-level management of Big Sky EDC.
- Big Sky EDA will provide to Big Sky EDC the services of an employee (Controller) who will oversee overall financial management of Big Sky EDC.

3.2 Support Services

- Big Sky EDA will provide other necessary general and administrative support services including operations, reception and support to the Big Sky EDA Executive Director.

3.3 Fundraising for Building Renovations

- Big Sky Economic Development is renovating the Montana National Bank Building at 201 North Broadway for the purposes of taking its suite of business support services to the next level. The facility will provide collaboration and coworking space geared toward entrepreneurs within the Rock31 program, create a large training/conference space, as well as house the associated Big Sky Economic Development programs.
- The renovation of the building is in alignment with Big Sky EDC's mission. Per Big Sky EDC'S bylaws:
 - **1.3 Purposes.** As stated in the Corporation's Articles of Incorporation, the Corporation is organized and shall be operated exclusively for charitable, scientific, social welfare and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986...The Corporation is dedicated to attracting, retaining and growing jobs and business throughout Yellowstone County, Montana and, for purposes of the SBA 504 Loan Program, the Corporation's "Area of Operations" is the entire State of Montana."
 - **"2.3 Prohibited Distributions...**The Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth in Section 1.3."
- The renovation will begin in June 2021 and is estimated to be completed by May 2022. During the renovation period, Big Sky EDC will be fundraising to help cover the construction funding gap. All expenses related to construction, professional fees, equipment, and furniture/fixtures will be incurred by Big Sky EDA. Donations obtained by Big Sky EDC for purposes of the Montana National Bank Building project will be transferred from Big Sky EDC to Big Sky EDA to help cover the renovation costs.

Section 4 Other

- 4.1 Big Sky EDA will provide office space including telephone and internet access for employees who will conduct Big Sky EDC’s lending, marketing and Member-Investor programs.
- 4.2 Big Sky EDA will provide liability insurance allocable to employees who will conduct Big Sky EDC’s lending, marketing and Member-Investor programs.

Section 5 Reimbursement

5.1 Reimbursement of Staff and Other Services

Big Sky EDC shall reimburse Big Sky EDA, on a monthly basis for the following expenses associated with services in Section 4 above:

	Salary	Fringe	Rent	Phone & Internet	Liability Insurance
Director-Business Finance	100% (\$44.98/hr)	100%	100%	100%	100%
Loan Officer (2 officers & 1 vacancy)	100% (\$105.10/hr)	100%	100%	100%	100%
Loan Specialist (1)	100% (\$23.06/hr)	100%	100%	100%	100%
Director of Development and Business Growth Services (vacant)	50% (\$18.03/hr)	50%	50%	50%	50%
Director of Marketing and BillingsWorks	50% (\$15.63/hr)	50%	50%	50%	50%
Marketing Specialist	50% (\$10.00/hr)	50%	50%	50%	50%
Executive Director	25% (\$19.07/hr)	25%	-	-	-
Controller	25% (\$10.10/hr)	25%	-	-	-

- Compensation under this agreement is for services performed, and payment is for services actually performed.
 - Sources of compensation for services under this contract include Member-Investor funds, program income, and reserves. All compensation will be paid to Big Sky EDA directly by Big Sky EDC, and not by any borrower.
 - Based on prevailing area wage rates and on professional knowledge and expertise of board members, Big Sky EDC has determined that the compensation rates charged by Big Sky EDA are customary and reasonable for similar services in the area.
 - Contract payments for professional services will not exceed 65 to 75 percent of Big Sky EDC's income.
- 5.2 Big Sky EDA is prohibited from imposing any requirement on any applicant or borrower to purchase any other services from Big Sky EDA as a condition of Big Sky EDA performance of any staff or management functions of Big Sky EDC.
- 5.3 Additional compensation from CDC fee income such as multipliers or bonuses are not permitted.
- 5.4 All compensation paid to Big Sky EDA will be paid by Big Sky EDC and Big Sky EDA cannot charge the borrower for the same services.

Section 6 Term of Agreement, Termination

- 6.1 Term: This agreement shall remain in effect for the period July 1, 2021 to June 30, 2023 unless modified by mutual agreement between the parties, or terminated by either party in accordance with provisions of this section. This agreement shall also provide for one 2-year option for renewal at the expiration of the initial term of this agreement on the same terms and conditions set forth herein.
- 6.2 Termination: Either party, without penalty, may terminate this agreement by delivery to the other party a written notice of termination within 30 days of the effective termination date. In the event of notice of termination, Big Sky EDC shall be entitled to receive services and Big Sky EDA shall be eligible to receive reimbursement for costs incurred pursuant to this agreement until the effective termination date.

Section 7 Miscellaneous Provision

- 7.1 Conflict of Interest: No member of the governing body of Big Sky EDC and no member of the governing body of Big Sky EDA shall have any personal financial interest in this agreement.
- 7.2 Breach: It is expressly understood that the only remedy in the event of breach of terms of this agreement shall be termination of the agreement in accordance with Section 6.2
- 7.3 Entire Agreement: This agreement constitutes the entire agreement between parties relating to the rights herein granted and the obligations herein assumed. The parties hereto agree that the laws of the State of Montana shall govern this agreement.
- 7.4 Independent Contractors: It is expressly understood and agreed by the parties hereto that they are independent contractors and that nothing contained herein should be construed as giving rise to a partnership or joint venture.
- 7.5 The CDC's Board of Directors specifically acknowledges and retains the ultimate responsibility for all loan approvals and loan servicing actions, 13 CFR paragraph 120.823, and that such responsibility must be carried out independently of any control by a contractor.
- 7.6 No contractor or associate of a contractor may be a voting or non-voting member of the CDC's Board of Directors.
- 7.7 Confidentiality: All notes, correspondence, entity documentation, financial information, credit Memoranda, loan authorizations, drafts, photographs, papers, documents and records as defined in their broadest sense (collectively "Records") which CDC allows Service Provider (Big Sky EDA) to review and/or otherwise inspect or utilize in connection with this Agreement shall be considered confidential.

Service Provider agrees, represents, and warrants that it will only use the Records in performing the functions of and duties as set forth herein and/or otherwise in relation to his/her association with CDC. Service Provider shall not appropriate or otherwise use any of the Records and/or any information contained in any of the Records provided by CDC for any purpose other than as set forth herein. This prohibition applies to, without limitation, appropriating, or disclosing, names of CDC customers, trade secrets, vendor names, financial information, and personal information.

CDC agrees not to disclose to any third party (other than those parties specifically related to assignments to be performed under this Agreement)

the name, address, or telephone number of Service Provider without Service Provider's prior approval. CDC agrees not to disclose to any party other than SBA, the party the terms of compensation paid to Service Provider pursuant to this Agreement."

Big Sky EDA is a public entity and subject to Montana's public records and public information and laws. Notwithstanding anything to the contrary in this Section 7.7, to the extent the Records are public records or public information under those laws, the confidentiality provisions of this Section 7.7 does not apply.

Execution

Executed this 13th day of January 2022

Big Sky Economic Development Authority

Ken Lutton, Board Chair Big Sky EDA

Big Sky Economic Development Corporation

Ann Kosempa, Board Chair Big Sky EDC