Changing lives in our community every day...

Every dollar, every consultation, every tax abatement, every loan, every contract, every small business, every job, every event, every outreach.

Big Sky Economic Development changes & improves peoples lives in Yellowstone County; now that’s building remarkable.

Building Remarkable Imperatives

Adjective | Imper·a·tive | im·per·a·tiv |
something that demands attention or action; an unavoidable obligation or requirement; necessity

I. Planned Industrial Space
II. State of the Art Convention Facility
III. Strategic Planning for Higher Education
IV. Upgrade our Airport/Air Service

Annual Report 2015
Thank you all—EDC Member investors, our business and civic partners, and our Yellowstone County taxpayers. Together you are all contributing in so many ways to the work of Big Sky Economic Development, and together we are “building a remarkable community.”

As you participate in our 2015 Annual Meeting, or later review our Annual Report, I encourage you to seek out a few key takeaways, and be open to accepting our “Building Remarkable” Challenge. First, the takeaways:

1. Results—With your support of time and resources, the staff and programs of BSED are producing results—helping businesses grow, supporting their financing needs, funding workforce training needs, partnering in private-investment projects through incentives, and adding value to community development and redevelopment projects. Check out the numbers, you’ll be proud!

2. “Help Wanted”—The sign of the times in Yellowstone County is “help wanted.” Our businesses need workers, with the right training and ready to work. After 2 years of sharing ideas and planning, issuing the State of Workforce Report and Action Plan—April 2015, and confirming the partnership of several key partners, Big Sky Economic has hired the first Director of BillingsWorks Workforce Council. Our Director, Brittney Souza, will lead the Workforce Council as they execute the community’s workforce development strategies. Look for the BillingsWorks Internship Program and the Work Here talent attraction campaign this fall, all done under this key partnership;

3. Building Remarkable—each of you is contributing to building a remarkable community. You’re building a business, taking risks, creating jobs. Together we’re investing in our schools, improving our infrastructure, parks and trails. But we’ve got a challenge ahead that will really be a critical turning point for our community. We absolutely have to be a community that continues to invest in itself—that is critical to retain and attract talent. Talent is fundamental to growing business. So, take the “Building Remarkable Challenge.” Check out the details in the Annual Report.

As always, feel free to connect with me at any time with your thoughts or questions. My direct number is 839-6707.

Talk with you soon.

Steve Arveschoug
Executive Director

EXECUTIVE DIRECTION TEAM

Brandon Berger
Principal/Senior Director

Allison Corbin
Program Director

Tim Donahue
Vice President

Sara Hudson
Regional Manager/Business Consultant

Dena Johnson
Regional Director/EDC

Jack Ketterling
Program Manager/EDC Director

John Klamann
Small Area Manager - BIA SBA

Patrick Klugman
Community Development Project Manager

Deanna Lamsam
Local Economic Program Manager/ Government Contracting Advisor

Jeanne Larsen
Executive Assistant

Dianne Lohm
Community Development Director

Mary Lou McMillan
Assistant

Kathy Moody-Lund
Fiscal/EDC Support Specialist

Chad Moore
Business Development Program Manager/ EDC Business Consultant

Den Rose
Local Manager

Melanie Schwarz
Director of Marketing and Member Investors

Brittney Souza
Director of Business, Grant

Jim Tevlin
Consultant

**A LETTER FROM THE EXECUTIVE DIRECTOR**

**BIG SKY ECONOMIC DEVELOPMENT STAFF**

**BIG SKY ECONOMIC DEVELOPMENT**

• bigskyeconomicdevelopment.org

**ANNUAL REPORT 2015**
The foundation for economic development has been significantly strengthened in 2015. New initiatives to address workforce needs (BillingsWorks), provide planned industrial space (TEED), and veteran business services (VBOC) are moving forward and we have streamlined BSED Board activities and realigned staff resources helping to assure BSED remains efficient and has the necessary tools to promote economic development in the future. BSED recent designation as an Accredited Economic Development Organization should provide confidence to existing and prospective businesses that economic development is done right in Billings Montana. Thank you BSED Staff, Yellowstone County Commissioners, and BSED member investors for your support of economic growth in the Billings area.

- JOHN WALSH, BSED Chair
BUSINESS FINANCE

“...The Finance Department is building remarkable by providing small business with access to long-term, fixed rate financing to meet their business expansion needs.”
- BRANDON BERGER, Big Sky Economic Development Director of Finance

BILLINGS WORKS

- BSEDC Revenue: $341,539
- SBA 504 loans: $7.8 million funded
- Lender of the Year 2011, 2013, 2014
- SSBCI: $2 million from the treasury to lend in our market

The Finance Department is building remarkable by providing small business with access to long-term, fixed rate financing to meet their business expansion needs.”
- BRANDON BERGER, Big Sky Economic Development Director of Finance

Big Sky Economic Development helps many businesses throughout the state build projects through the SBA504 Loan Program.

- 4 Strategic Goals
  
  GOAL 1: Position the BillingsWorks Workforce Council as the tool for collaboration, accountability, and reporting related to workforce needs and as the go-to resource for workforce development information, coordination, and connections.

  GOAL 2: Address the immediate and sector-specific talent development and talent attraction needs of Yellowstone County businesses.

  GOAL 3: Ensure the alignment of our post-secondary education, career and technical education, and K-12 education and training systems with current and future workforce demand.

  GOAL 4: Develop a talent attraction campaign that promotes the benefits of living and working in Billings and Yellowstone County.

Steering Committee Representatives

A & E Architects
RIC HELDT
Best Western Plus
Clocktower Inn
STEVE WAHLICH
Big Sky Economic Development
STEVE ARVESCHEUG
MELANIE SCHWARZ
Billings Career Center
SCOTT ANDERSON
Billings Chamber of Commerce
BRUCE MONTY
JOHN BREWER
Billings Civic
KARLA STAUFFER
Billings Job Service
JOHN HARPER
Billings Public Schools
TERRY BOUCH
Department of Labor/Higher Education
KIRK LACY
Eliot
CHRIS DIMOCK

Exxon Mobil
DAN CARTER
Governor’s Office
LIZ CHING
of Economic Development
LISA SKRINER
CLIFFORD COPPERSMITH
MSU Billings Extended Campus
KEVIN NEMETH
MSC Billings
MARK NOOK
NorthWestern Energy
DEBBIE SINGER
PayneWest Insurance
SHERRY DANIELS
Rocky Mountain College
BOB WILMOUTH
St. John’s Lutheran Ministries
DAVID TROST
St. Vincent Healthcare
DARREN WALKER
Waddell & Reed
LYLE HILL

Steering Committee Representatives

BRITTNEY SOUZA
Big Sky Economic Development Director of BillingsWorks
At Big Sky Economic Development we are Building Remarkable™ small businesses. We are creating jobs, infusing capital and mentoring professionals. The Small Business Development Center provides counseling, consulting and training for entrepreneurs to start, grow or expand a business. Home to the Veterans Business Outreach Center (VBOC) and Business Expansion and Retention (BEAR) Program, our center is a one stop shop for clients to build a remarkable business.

~ Dena John Son, Big Sky Economic Development Regional Director, SBDC

The Montana Procurement Technical Assistance Center (PTAC) is building remarkable by providing personal, timely advice on contracting with the government to hundreds of businesses not only in Yellowstone County, but across the state.

~ Deanna Langman, Big Sky Economic Development PTAC Statewide Program Manager/ Government Contracting Advisor

• Incumbent worker Training Dollars $110,000; 70 Employees; 20 Businesses
• BSTF Workforce Training Dollars $170,000; 39 Jobs
• Since 2011 businesses that were granted tax abatements created:
  317 Full Time Jobs
  27 Part Time Jobs
  INCREASING PAYROLL BY $25,691,134 in 2014.

• Recently awarded Veteran’s Business Outreach Center to provide services to six states in our region.

All American Pharmaceutical grows production facilities.

BSTF assisted All American Pharmaceutical in securing $70,000 in BSTF category one, grant dollars. They will be creating 14 new jobs in Yellowstone County.

• Billings Service Area: 577 Active Clients - $23,507,799 in awards.
• Statewide: 1541 Active Clients - $108,101,859 in awards. (July ’14 to July ’15)
Business recruitment and outreach is building remarkable by proactively marketing our community to businesses that would benefit from locating or expanding in Yellowstone County, by engaging in strong community partnerships, and by ensuring the services provided at Big Sky Economic Development meet the needs of businesses in our community.

~ ALLISON COBRY
Chief Executive Officer
Big Sky Economic Development
Business Recruitment & Outreach Program Manager

PayneWest Insurance is proud and humbled to be part of the Billings and the surrounding community. Our 85 colleagues feel the same way. We know that ‘community’ doesn’t happen by chance. Instead it requires individuals and businesses to commit, contribute and collaborate in building a remarkable community. We take the responsibility seriously and strategically align ourselves with organizations that develop a strong business climate and vibrant economy with the goal of creating and maintaining a thriving community.

~ SARA WALSE, PayneWest Insurance

Cloud Peak Energy’s Spring Creek Mine is Montana’s largest coal mine, producing high-quality coal to meet the needs of electric power plants generating low-cost, reliable electricity. Cloud Peak Energy purchased more than $18 million in goods, services and contributions made with much of that going to Billings and Yellowstone County. We are proud to be a safe and environmentally-responsible producer and part of the Billings community.

~ MOLLY SCHWEND, Cloud Peak Energy

Insulation Snakes relocates to Billings.

Insulation Snakes, a manufacturer related to oil and gas, recently relocated to Billings, Montana from Casper, Wyoming for the proximity to their customers and an improved quality of life. BSED provided them with site information, support for relocating staff and working to find local and state incentives for job creation. They will open in September of 2015.

~ WADE MILLER, Insulation Snakes

InformatIon sEekIng
sIte selectIon
or commercIal
realtor
InteractIon
hIrIng
staff
and/or
job
creatIon
openIng
theIr
doors for
servIce
to the
commUnItY

NEW BUSINESS RECRUITMENT AND OUTREACH

- 55 Recruitment packets sent from 179 leads.
- Outreach goal of 200 businesses in 2016.
- 11 Businesses actively in the continuum (info seeking, site selection, commercial realtors, hire staff, open doors).
Thank you to the Yellowstone County taxpayers and our community partners for entrusting us with your dollars.

Our work at Big Sky Economic Development would not be possible without the collaboration and support of each and every community partner. We believe that working in tandem is what makes our community unique and together we are Building Remarkable.

- BSED TEAM

Thank you for your support.

We provide leadership and resources to plan and initiate programs, projects, and partnerships that stimulate public and private investment, provide a better quality of place, and enhance the community’s economic wellbeing, providing the foundation for economic development and a vibrant economy.

- DIANNE LEHM, Big Sky Economic Development Director of Community Development

Big Sky Economic Development successfully leverages tax payers dollars 3:1

Source: Audited financial statements

- 1258 Interactions via Yellowstone County Inter-Local Agreement and Working Partnership
- 733 Attendees at Public Outreach or Education
- Grants:
  - Number of Staff Hours: 347.8
  - Number of Proposals: 6
  - Total Amount Requested: $1,349,975
  - Total Amount Awarded: $1,118,535
    - Including $400,000 EPA grant
## Support and Revenue

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
<th><strong>Temporarily Restricted</strong></th>
<th><strong>Unrestricted</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Small Business Credit Initiative Grant</strong></td>
<td>$ -</td>
<td>$ 485,000</td>
<td>$ 485,000</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Small Business Credit Initiative Interest</strong></td>
<td>-</td>
<td>19,423</td>
<td>19,423</td>
<td>-</td>
</tr>
<tr>
<td><strong>Member-Investor Support</strong></td>
<td>168,812</td>
<td>168,812</td>
<td>186,512</td>
<td>186,512</td>
</tr>
<tr>
<td><strong>In-Kind Support from Related Party</strong></td>
<td>365,908</td>
<td>365,908</td>
<td>407,826</td>
<td>407,826</td>
</tr>
<tr>
<td><strong>Loan Fees</strong></td>
<td>365,949</td>
<td>365,949</td>
<td>396,707</td>
<td>396,707</td>
</tr>
<tr>
<td><strong>Interest Income</strong></td>
<td>13,267</td>
<td>13,267</td>
<td>15,120</td>
<td>15,120</td>
</tr>
<tr>
<td><strong>Recovery of Bad Debt</strong></td>
<td>3,600</td>
<td>3,600</td>
<td>6,989</td>
<td>6,989</td>
</tr>
<tr>
<td><strong>Opportunity Fund Contributions</strong></td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
<td>1,000</td>
</tr>
<tr>
<td><strong>Program Event Revenues</strong></td>
<td>107,928</td>
<td>107,928</td>
<td>20,637</td>
<td>20,637</td>
</tr>
<tr>
<td><strong>Other Income</strong></td>
<td>14,289</td>
<td>14,289</td>
<td>19,185</td>
<td>19,185</td>
</tr>
<tr>
<td><strong>Total Support and Revenue</strong></td>
<td><strong>1,059,176</strong></td>
<td><strong>486,000</strong></td>
<td><strong>1,545,176</strong></td>
<td><strong>1,073,477</strong></td>
</tr>
</tbody>
</table>

## Expenses

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
<th><strong>Temporarily Restricted</strong></th>
<th><strong>Unrestricted</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Expenses</strong></td>
<td>293,780</td>
<td>293,780</td>
<td>401,881</td>
<td>401,881</td>
</tr>
<tr>
<td><strong>Business Recruitment &amp; Retention</strong></td>
<td>285,819</td>
<td>285,819</td>
<td>344,112</td>
<td>344,112</td>
</tr>
<tr>
<td><strong>Member-Investor Relations</strong></td>
<td>381,537</td>
<td>381,537</td>
<td>434,872</td>
<td>434,872</td>
</tr>
<tr>
<td><strong>Business Financing</strong></td>
<td>931,136</td>
<td>931,136</td>
<td>960,865</td>
<td>960,865</td>
</tr>
<tr>
<td><strong>Total Program Expenses</strong></td>
<td><strong>1,031,618</strong></td>
<td><strong>1,031,618</strong></td>
<td><strong>1,073,674</strong></td>
<td><strong>1,073,674</strong></td>
</tr>
<tr>
<td><strong>General &amp; Administrative Expenses</strong></td>
<td>100,482</td>
<td>100,482</td>
<td>112,809</td>
<td>112,809</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td><strong>1,132,099</strong></td>
<td><strong>1,132,099</strong></td>
<td><strong>1,186,483</strong></td>
<td><strong>1,186,483</strong></td>
</tr>
</tbody>
</table>

## Operating Income/(Loss)

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
<th><strong>Temporarily Restricted</strong></th>
<th><strong>Unrestricted</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Income/(Loss)</strong></td>
<td><strong>27,558</strong></td>
<td><strong>486,000</strong></td>
<td><strong>513,558</strong></td>
<td><strong>1,197</strong></td>
</tr>
<tr>
<td><strong>Other Expense</strong></td>
<td><strong>(1,197)</strong></td>
<td><strong>1,000</strong></td>
<td><strong>(1,197)</strong></td>
<td><strong>1,000</strong></td>
</tr>
</tbody>
</table>

## Net Assets

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
<th><strong>Temporarily Restricted</strong></th>
<th><strong>Unrestricted</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Assets, Beginning of Year</strong></td>
<td><strong>480,036</strong></td>
<td><strong>2,318,718</strong></td>
<td><strong>2,798,754</strong></td>
<td><strong>457,082</strong></td>
</tr>
<tr>
<td><strong>Changes in Net Assets</strong></td>
<td><strong>(5,955)</strong></td>
<td><strong>1,000</strong></td>
<td><strong>(5,955)</strong></td>
<td><strong>1,000</strong></td>
</tr>
<tr>
<td><strong>Net Assets, End of Year</strong></td>
<td><strong>474,081</strong></td>
<td><strong>2,319,718</strong></td>
<td><strong>2,794,769</strong></td>
<td><strong>457,082</strong></td>
</tr>
</tbody>
</table>

### Financial Position

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
<th><strong>Temporarily Restricted</strong></th>
<th><strong>Unrestricted</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash and Cash Equivalents</strong></td>
<td><strong>$ 566,825</strong></td>
<td><strong>$ 458,086</strong></td>
<td><strong>$ -</strong></td>
<td><strong>$ -</strong></td>
</tr>
<tr>
<td><strong>Accounts Receivable, Net</strong></td>
<td><strong>12,850</strong></td>
<td><strong>9,895</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Notes Receivable, Current</strong></td>
<td><strong>221,395</strong></td>
<td><strong>272,637</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Prepaid Expenses</strong></td>
<td><strong>905</strong></td>
<td><strong>26,433</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td><strong>742,375</strong></td>
<td><strong>788,841</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Restricted Cash</strong></td>
<td><strong>847,579</strong></td>
<td><strong>1,001,255</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Notes Receivable, Net of Current Portion</strong></td>
<td><strong>1,414,338</strong></td>
<td><strong>1,200,452</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td><strong>$ 3,004,292</strong></td>
<td><strong>$ 2,960,548</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

### Liabilities & Net Assets

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
<th><strong>Temporarily Restricted</strong></th>
<th><strong>Unrestricted</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td><strong>$ 12,521</strong></td>
<td><strong>$ 40,506</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Deferred Small Business Credit Initiative Revenue</strong></td>
<td>-</td>
<td><strong>630,915</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Deferred Program Revenue Due to Related Party</strong></td>
<td><strong>126,191</strong></td>
<td><strong>25,615</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Current Portion of Long-Term Liabilities</strong></td>
<td><strong>20,991</strong></td>
<td><strong>19,802</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td><strong>159,703</strong></td>
<td><strong>603,923</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Long-Term Liabilities</strong></td>
<td><strong>45,835</strong></td>
<td><strong>66,862</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Business Incentive Commitment, Net of Current Portion</strong></td>
<td>-</td>
<td><strong>19,802</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td><strong>205,538</strong></td>
<td><strong>670,785</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
<tr>
<td><strong>Net Assets</strong></td>
<td><strong>$ 3,004,292</strong></td>
<td><strong>$ 2,960,548</strong></td>
<td><strong>-</strong></td>
<td><strong>-</strong></td>
</tr>
</tbody>
</table>

Audited financial statements are available upon request.