Dear Community Stakeholder,

Wow! This has been a busy, productive year! At times, in the midst of helping to “build a remarkable community,” you feel like you’re climbing a mountain trail that never ends. The work goes on and on, challenges are a daily occurrence, the regional competition is tough, and your hopes and ambitions for your community are endless.

We really do have a mountain to climb as we consider the economic future of our community. Yet, I can honestly say that your economic development team and our partners take on this challenge with the attitude that “there ain’t no mountain high enough” to keep us from building a remarkable community. Here’s just a sample of the climbing we did this year, with your partnership and resources, in our role as the community’s lead economic development organization:

- Merger of our 504 Loan Program with a Helena team, doubling our loan portfolio and opening a Helena office for greater statewide lending
- Settlement of our lease agreement with GE Capital, creating a win-win scenario for future job creation
- Recruitment of Zoot Enterprises for expansion in Billings, utilizing the GE facility and talent
- Building our Opportunity Fund to $5.5 million—setting the stage for future job-creating projects
- Approval of the Lockwood Targeted Economic Development District—creating the platform for planned, ready-to-go industrial space and building consensus around a trail connection from Lockwood to Dover Park across the future Lockwood By-Pass
- The Career and Technical Education (CTE) Public Private Partnership with School District 2 and 20 private sector partners—providing the community with its first director of CTE and the framework to set a new vision for CTE in our community
- Securing yet another EPA Brownfields Assessment grant ($300K)—supporting the continued redevelopment of the EBURD (East Billings Urban Renewal District)
- Signing the Business Incubation/Accelerator MOU with Zoot, BMC, and MSUB to develop a business plan for an exciting new facility and programming to expand entrepreneurship in our community
- Launching the effort for a Coulson Park Master Plan with key community partners—looking to create a community vision for a park development along the Yellowstone River
- Joining forces with the Chambers’ Air Service Taskforce to expand air service and encourage investment at the Billings airport
- Providing leadership and a catalyst gift for strategic higher education investments—supporting the efforts of both BMC and MSUB to invest in future science and healthcare workforce

This list represents the work of a great team at BSED, but it is not possible without our many community partners and without your commitment to the work of Big Sky Economic Development. Thank you, and we appreciate the trust and confidence you extend to our team.

Billings and Yellowstone County are really in a great position to accomplish exciting things for our economic future. I will provide you with the specifics as a part of the Annual Meeting as we discuss the four building blocks for our economic future and how changing our expectations will make all the difference.

Call or email me anytime as it is important for us to understand your perspective and what is driving your business forward or, maybe, driving you nuts.

STEVE ARVESCHOG
Executive Director
KAREN BAUMGART
Director of BillingsWorks
BRANDON BERGER
Big Sky Finance Director
BRIAN CLEMONS
VBOC Region VIII Project Manager
RACHEL COURT
VBOC Program Support Specialist
ALLISON CORBYN
Director of New Business Recruitment and Outreach
RO'SALIND DIX
PTAC Government Contracting Advisor
SARA HUDSON
VBOC Region VIII Director
DENA JOHNSON
Regional Director, SBDC
JO ANNE JONES
Big Sky Finance Loan Officer
PATRICK KLUWMAN
Community Development Project Manager

DEANNA LANGMAN
PTAC Statewide Program Director/Government Contracting Advisor
DIANNE LEHM
Community Development Director
MARY LOU MCMILLAN
Receptionist
KATHY LUND
PTAC/ SBDC Support Specialist
SHERY O’DONNELL
Big Sky Finance Loan Officer
BECKY ROGERS
Director of Operations
BEN ROSE
Big Sky Finance Loan Specialist
MELANIE SCWARZ
Director of Marketing and Member Investors
JIM TEVLIN
Controller
AUSTIN TRUNKLE
Operations Support Specialist
THOM MACLEAN (not pictured)
Community Development Project Manager

STEVE ARVESCHOG
406.256.6871
steve@bigskeyeda.org

Big Sky Economic Development successfully leverages tax payer dollars

ON AVERAGE 3:1

SHERRY O’DONNELL
Big Sky Finance Loan Officer

MARY LOU MCMILLAN
Director of First Impressions

THOM MACLEAN
Community Development Project Manager

BSED Team hosts the Westmont Warriors during the NAIA Women’s Basketball Tournament.

EXECUTIVE DIRECTOR
I am honored to serve as the Big Sky Economic Development Board of Directors for six years. I assure members that the work of BSED has been focused on our mission (to sustain and grow Yellowstone County’s vibrant economy and outstanding quality of life) and our community is better with this successful private/public partnership. The staff is extremely capable and is highly respected by those in business and government and by our elected officials. I look forward to BSED increasing attention to community development initiatives. Enhancing community engagement and amenities will help us attract and recruit a quality workforce and their families. As you do, I love our community and want us at our best. Our membership investment enables the staff and volunteer board to deliver the best. Thank you, members of Big Sky Economic Development Corporation, for the opportunity to serve.

God bless you in your service,
David Trott CEO • St. John’s Lutheran Ministries and EDC Board Chair
This year was exciting as we merged the Big Sky Economic Development Finance Department with the Montana Community Finance Corporation making Big Sky Finance. This merger brings an expanded team of professionals and allows us to offer the SBS504 program to more businesses in the state of Montana. Additionally, this year we plan to expand our revolving loan fund for Yellowstone County and provide alternate financing option for SSBCI Funds.

Brandon Berger

**BillingsWorks**

BillingsWorks is a local workforce development collaboration hosted by Big Sky Economic Development and supported by community partners and 80+ private businesses.

In a private-public partnership between School District 2 and BillingsWorks/Big Sky Economic Development, steps were taken to move recommendations from the Career and Technical Education Review into implementation. Two sessions were coordinated and facilitated by BillingsWorks. These sessions brought area businesses together with School District 2 administrators, to gather support for start-up funding for a Career and Technical (CTE) Education Director. Memorandums of Understanding have been signed and BillingsWorks facilitated the CTE Partnership Advisory Council to create a Mission, CTE Job Description, and Search Committee. On July 1st, SD2’s first ever CTE Director/Business Liaison official started. The CTE Director and BillingsWorks have created a partnership, working with local businesses and the school district to ensure Career and Technical Education is supported and accessible to every student K-12.

First CTE Director Lew Anderson (right) with BPS Board Chair Greta Besch-Moen, and Terry Bosck, Superintendent of Billings Public Schools (left)

BillingsWorks has four Key Initiatives:

1. **Collaboration**
2. **Business Toolkit**
3. **Align Education With Local Workforce Needs**
4. **Talent Attraction**

**STEERING COMMITTEE MEMBERS**

- A&E Architects
- Advanced Care Hospital
- Best Western Clocktower Inn
- Billings Career Center
- Billings Adult Education
- Billings Chamber of Commerce
- Billings Clinic
- Billings Job Service
- Billings School District #2
- City of Billings
- Downtown Billings Alliance
- Elkhorn
- ExxonMobil
- Lule Hill (former BSED board member)
- MSU Billings and City College at MSUB
- MT Departments of Labor and Industry
- NorthWestern Energy
- PayneWest Insurance
- Rocky Mountain College
- St. John’s Lutheran Ministries
- St. Vincent Healthcare
- Yellowstone County
- Big Sky Economic Development Board of Directors
- Big Sky Economic Development Board of Directors
- Cellular Plus

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**BillingsWorks Success Story**

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Next year, the SBDC is committed to the work we are currently doing as well as work to fill the gaps in our entrepreneurial ecosystem. Business incubation, co-working space, makers space, expert mentoring and training are all in play as we work to find more resources for small businesses and their owners.

The Business Expansion and Retention (BEAR) Team has been reinigorated with the addition of Lorene Hintz. BEAR is comprised of a group of business professionals willing to volunteer their time to help other businesses grow and expand.

SBDC/BEAR have regular trainings available at no cost for small business owners needing resources, consulting or one-on-one advising.

Business Growth Services:
- Incumbent worker training dollars $49,022
  31 employees; 9 businesses
- BSTF workforce training dollars $155,000
  32 jobs

Here are a few of the businesses in our community that received assistance from our Small Business Development Center.

CUCANCIC CONSTRUCTION, INC.

BLM referred Jamie Writesel with Cucancic Construction to the Billings PTAC for assistance with registration in the System for Award Management (SAM). Jamie had tried the registration on his own but encountered a significant amount of difficulty. He called for assistance, but after visiting with him a bit Jamie decided he would still try it on his own. About a week later, he called back because he continued to have difficulty. By this time, he was very frustrated. Time was of the essence because BLM needed to make the award before the end of its fiscal year.

Jamie finally came into the Billings office and we completed the registration. We also assisted Jamie with registration on a number of other electronic systems necessary to do business with the government. BLM awarded a $96,220 contract to the company.

Needless to say, Jamie was very happy.

Since winning this award, Billings PTAC has assisted the company with responding to two other solicitations with BLM and Malmstrom Air Force base. Jamie has not yet received word whether the company was the successful bidder, but Jamie continues to call PTAC for assistance as he navigates this new market segment.
In the fall of 2015, Region VIII Veterans Business Outreach Center opened its doors with the goal of helping military veterans, active duty service members & their spouses start or expand their small businesses.

➤ BRIAN CLEMONS
Region VIII VBOC Project Manager

➤ SARA HUDSON
Region VIII VBOC Director

➤ RACHEL COURT
Region VIII VBOC Project Specialist

In Boots to Business Reboot*

732 Transitioning Service Members Trained in Boots to Business*

293 Veterans Trained

★ Three Hundred Fifty Three

Active Duty Guard & Reserve Trained in the Fundamentals of Small Business Start Up

Counseling Sessions Delivered to Veterans, Active Duty, Reservists, Guardsmen and Their Spouses

302 Active Clients

91 Counseling

2,888 Members of the U.S. Military Community & Support Organizations Informed About VBOC

1,353 Service Members Reached Through Yellow Ribbon Events

275 Attendees Reached Through Native American Development Council Conferences & Workshops

76 Active Duty Reached Through the Enlisted Association of The National Guard of Montana

Through Yellowstone County Inter-Local Agreement:

➤ Number of Proposals: 11
➤ Total Amount Requested: $910,000
➤ Total Amount Awarded: $656,400
➤ Including $300,000 EPA Grant
➤ Organizational & Committee Partnerships in Yellowstone County: 40+
➤ 1258 Interactions via Yellowstone County Inter-Local Agreement and working partnership

Over $655,000 in Grant Awards through BSED Community Development

Business Growth Incentives:

➤ Tax Abatements created during FY17: 3
➤ Capital Investment Impact: $17,050,788
➤ 48 New FT Positions anticipated through the life of the abatements

ACTIVE PROJECTS

➤ Fuels Reduction Program for Yellowstone County
➤ The Changing Coal Industry: Regional Economic Impacts, Workforce Analysis, Transition Strategies
➤ Shepherd Community Center Parking Lot
➤ Coulson Park Master Plan Feasibility Study

Through EPA Brownfields grants secured by the BSED Community Development team, the new Mint Carwash is brought to the EBURD

Billings Flying Service

Reboot Graduates, March 8, 2017, Elks Lodge, Billings, Montana

"Thank you for your role in providing such an interesting, informative day yesterday. I admire your knowledge, enthusiasm, and passion. I appreciate the time and effort it took Big Sky Economic Development to organize and present such a fine training program. What an asset you all are to our community. Take care!"

DOREEN HARTMAN
(Future B&B Family)
New Business
RECRUITMENT & OUTREACH

The successful recruitment and sale of the GE facility to Zoot Enterprises.

American Airlines lands in Billings thanks to the collaborative work of the Air Service Task Force.

What’s Next?
- Working to recruit more FinTech and Tech related business to our community
- Value added Ag processes for pulse crops
- Securing a catalyst project for the TEDD
- Outreach visits to a total of 50 companies to provide education and resources about Big Sky Economic Development

ECONOMIC PULSE

Economic Pulse shows data trends for Billings and peer communities to identify future opportunities and challenges. The data is viewed through a 500-mile perspective to evaluate our regional competitiveness for private investment and talent attraction.

AVERAGE ANNUAL GDP GROWTH % 2012-2016 • 2016 GDP

<table>
<thead>
<tr>
<th>City</th>
<th>GDP Growth</th>
<th>GDP 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billings</td>
<td>3.24%</td>
<td>$10,138,164,000</td>
</tr>
<tr>
<td>Cheyenne</td>
<td>2%</td>
<td>$5,585,201,000</td>
</tr>
<tr>
<td>Sioux Falls</td>
<td>4.24%</td>
<td>$18,375,379,000</td>
</tr>
<tr>
<td>Bismarck</td>
<td>5.76%</td>
<td>$7,971,525,000</td>
</tr>
<tr>
<td>Bozeman</td>
<td>5.52%</td>
<td>$5,441,732,000</td>
</tr>
</tbody>
</table>

COST OF LIVING • AVERAGE ANNUAL WAGE PER WORKER

<table>
<thead>
<tr>
<th>City</th>
<th>Wage Per Worker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billings</td>
<td>$41,876</td>
</tr>
<tr>
<td>Cheyenne</td>
<td>$44,984</td>
</tr>
<tr>
<td>Sioux Falls</td>
<td>$45,544</td>
</tr>
<tr>
<td>Bismarck</td>
<td>$46,645</td>
</tr>
<tr>
<td>Bozeman</td>
<td>$48,431</td>
</tr>
</tbody>
</table>

AVERAGE ANNUAL % POPULATION GROWTH 2006-2016

<table>
<thead>
<tr>
<th>City</th>
<th>Population Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Billings</td>
<td>1.2</td>
</tr>
<tr>
<td>Cheyenne</td>
<td>1.2</td>
</tr>
<tr>
<td>Sioux Falls</td>
<td>1.9</td>
</tr>
<tr>
<td>Bismarck</td>
<td>2.0</td>
</tr>
<tr>
<td>Bozeman</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Data provided by: Bureau of Economic Analysis • Chmura Economics and Analytics through 1st Quarter 2017 • Bureau for Labor and Statistics • American Community Survey and Census Data
**ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$1,594,526</td>
<td>$414,305</td>
</tr>
<tr>
<td>Certificates of Deposit</td>
<td>79,154</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>16,891</td>
<td>21,905</td>
</tr>
<tr>
<td>Notes receivable, current</td>
<td>293,075</td>
<td>287,236</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td></td>
<td>70</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>$1,979,606</td>
<td>$723,516</td>
</tr>
<tr>
<td>Restricted cash</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Notes receivable, net of current portion</td>
<td>1,224,987</td>
<td>1,434,610</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>$3,204,593</td>
<td>$3,011,015</td>
</tr>
</tbody>
</table>

**LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued liabilities</td>
<td>$28,998</td>
<td>$21,090</td>
</tr>
<tr>
<td>Due to related party</td>
<td>34,348</td>
<td>30,156</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td>63,346</td>
<td>94,486</td>
</tr>
<tr>
<td>Business incentive commitment, net of current portion</td>
<td></td>
<td>23,585</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>63,346</td>
<td>118,071</td>
</tr>
</tbody>
</table>

**SUPPORT AND REVENUE**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private donor funding</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Billings Public Schools</td>
<td></td>
<td></td>
</tr>
<tr>
<td>BillingsNow Community Visioning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Small Business Credit Initiative</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member-Investor support</td>
<td></td>
<td></td>
</tr>
<tr>
<td>In-kind support from related party</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loan fees</td>
<td>35,512</td>
<td>35,512</td>
</tr>
<tr>
<td>Interest income</td>
<td>10,696</td>
<td>10,696</td>
</tr>
<tr>
<td>Opportunity Fund contributions</td>
<td></td>
<td>2,000</td>
</tr>
<tr>
<td>Recovery of bad debt</td>
<td>3,800</td>
<td>3,800</td>
</tr>
<tr>
<td>Program event revenues</td>
<td>43,050</td>
<td>43,050</td>
</tr>
<tr>
<td>Other income</td>
<td>17,863</td>
<td>17,863</td>
</tr>
<tr>
<td><strong>Total support and revenue</strong></td>
<td>$3,386,908</td>
<td>($2,270,518)</td>
</tr>
</tbody>
</table>

**EXPENSES**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business recruitment and retention</td>
<td></td>
<td>199,519</td>
</tr>
<tr>
<td>Member-Investor relations</td>
<td></td>
<td>143,891</td>
</tr>
<tr>
<td>Business financing</td>
<td>440,827</td>
<td>440,827</td>
</tr>
<tr>
<td><strong>Total program expenses</strong></td>
<td>971,789</td>
<td>784,237</td>
</tr>
<tr>
<td>General and administrative expenses</td>
<td>113,561</td>
<td>97,571</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td>1,072,726</td>
<td>1,076,476</td>
</tr>
</tbody>
</table>

**OPERATING INCOME/(LOSS)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income/(loss)</strong></td>
<td>$2,314,182</td>
<td>($2,274,268)</td>
</tr>
</tbody>
</table>

**OTHER INCOME/(EXPENSE)**

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net assets acquired in business combination</td>
<td>136,183</td>
<td>136,183</td>
</tr>
<tr>
<td>Gain on early extinguishment of debt</td>
<td>74,844</td>
<td>74,844</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(2,638)</td>
<td>(2,638)</td>
</tr>
<tr>
<td><strong>Change in net assets</strong></td>
<td>2,522,571</td>
<td>$2,274,268</td>
</tr>
<tr>
<td><strong>Net assets, beginning of year</strong></td>
<td>$572,226</td>
<td>2,320,718</td>
</tr>
<tr>
<td><strong>Net assets, end of year</strong></td>
<td>$3,094,797</td>
<td>$3,141,247</td>
</tr>
</tbody>
</table>

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*A copy of our audited financial statements is available upon request.*
Focused on growing our regions’ vibrant economy and outstanding quality of life through:

› BUSINESS GROWTH SERVICES
  › Business Finance
  › BillingsWorks
  › Small Business Development Center
  › Veterans Business Outreach Center
  › Montana Procurement Technical Assistance Center
  › Business Growth Incentives
  › Business Expansion & Retention Team

› NEW BUSINESS RECRUITMENT & OUTREACH

› COMMUNITY DEVELOPMENT

STRATEGIC PRIORITIES
(FY2017-18)

1 Strengthen Opportunities for Business Expansion & Economic Diversity

2 Workforce Development and Talent Attraction - BillingsWorks

3 Lead/Partner on Key Building Remarkable Community Investments
  › Entryway Corridor Enhancement
  › Battin Building “Restart”
  › Expanded Air Service and Modernized Facilities
  › Redevelopment (EBURD) and Convention Center
  › Planned, Ready-to-Go Industrial Space (TEDD)
  › Corette/Coulson Park Mixed-Use Concept

Find our complete Strategic Plan at:
www.bigskyeconomicdevelopment.org/strategicplan