

MINUTES

Beartooth RC&D Area, Inc. Board of Director's Meeting
Thursday, September 18, 2014 – Red Lodge, Montana

<p>Board Members Present Chuck Egan, Chairman, Town of Columbus Marvin Carter, Vice Chairman, City of Laurel John Pulasky, Yellowstone Conservation District Jeffrey McDowell, Two Rivers Authority Bill Foisy, Red Lodge City Council Lisa Skriner, MSU-Billings, MSUB City College Dan Lowe, Big Horn Conservation District Clayton Greer, Hardin City Council Holly Higgins, First Interstate Bank, Hardin Gerald Dell, Stillwater County Steve Arveschoug, Big Sky EDA Mike Creeden, Carbon Co. Conservation District Royce Njos, City of Red Lodge Yolanda GoodVoice, Crow Nation</p> <p>Members at Large Present John Klaman, SBA Ken Gomer Marissa Hauge, Stillwater County Ec. Development</p>	<p>Board Members Not Present Bob Faw, Sweet Grass County Commission Jim Reno, Yellowstone County Doug Tucker, Carbon County Page Dringman, City of Big Timber Sidney (Chip) Fitzpatrick, Big Horn Co. Commissioners John Beaudry, Stillwater Mining Corp. Dick Rath, Sweetgrass Co. Conservation District Clinton Giesick, Town of Bridger Bob Van Oosten, Stillwater Conservation District Al Swanson, Billings City Council</p> <p>Members at Large Not Present Kendall Hartmann Ryan VanBallegooyen, Billings Job Service</p>
<p>Guests Deana Johnson, SBDC/BSEDA Caroline Egan Bob and Joan Carr, Elation</p>	<p>Staff Luke Walawander (present) Joel Bertolino (present) Jilann Knutson (present) Dick Rath (present) Valentine Smith (present) Earl Atwood (present)</p>

Meeting Called to Order at 5:30 p.m. by Chairman at the Red Lodge Golf Course Clubhouse.

Minutes from the July, 2014 meeting were reviewed. **Jeff McDowell moved for approval of the minutes, seconded by Dan Lowe. APPROVED.**

Board Appointments:

Kathryn Callahan resignation: At the August 4th Executive Committee meeting, Chairman Chuck Egan presented a letter he received from Katie Callahan tendering her resignation as Treasurer and from the Board of Directors. The Executive Committee accepted her resignation, with regret.

Katie's resignation leaves our Treasurer position vacant. Chairman Egan called for nominations for a new Executive Committee member, to serve as Treasurer.

Jeff McDowell nominated Mike Creeden. Jerry Dell nominated Bill Foisy. Chairman Egan made two additional calls for nominations. There being none he closed the nominations and asked each nominee

to give a brief presentation describing their background and relevant abilities for the position. Subsequently, Mike Creeden expressed that while he would be willing to serve as Treasurer, since Bill Foisy was interested he would like to withdraw to avoid taking on too many outside obligations. Chairman Egan called for a vote by show of hands. All present voted in favor of Bill Foisy, none opposed.

Homebuyer Education Program Update:

Following are partial minutes from the August 4, 2014 Executive Meeting in Joliet:

“HBE program discussion: Following up on the Board action of July 17th, the Executive Committee was presented further information by Earl Atwood and Val Smith concerning additional investigation into certification requirements and feasibility of alternatives (divest, minimize, status quo, go all in) conducted since the Board meeting.

Val reported the results of our telephone meeting with Neighborworks to address remaining questions on training requirements and certifications, compliance reporting, and resource options outside Beartooth RC&D for HBE classes and counseling. In essence we learned that it will possibly be next year before a final ruling is available on certification requirements. Therefore we must assume conservatively that if we continue to provide classes, our new resource will have to obtain certification in all six categories of proficiency regardless of whether we engage in that line of service. Neighborworks plans to provide some funding to offset training costs, and hopes to arrange some advanced training inside the state. We will continue to be required to maintain HUD certification as an organization, and comply with reporting and audit requirements.

After discussion among the Executive Committee, Chairman Egan polled the staff for their opinion regarding the best alternative for the program. The majority opinion among staff, for a variety of reasons, was that it would be in the best interest of the program to transition it to another partner within the Neighborworks network to be integrated into the full range of services to be offered at the Home Center in Billings.

Jerry Dell moved, seconded by Marvin Carter to adopt transition of the program as the approved strategy for Beartooth, and to direct Val Smith to work up a transition plan in cooperation with Neighborworks to identify timeline and logistics for the change. Approved.”

Current Status: A transition plan has been worked out with Neighborworks Montana and Homeward, providing for a transfer of services effective January 1, 2015. We have begun notification of our service partners and constituents, and will collaborate with Neighborworks and Homeward over the next few months to insure a graceful handoff. Our announcement about the transition coincides with promotion and fundraising efforts supporting the creation of the Home Center in Billings, which should work to everyone’s benefit.

Request for Assistance-Beartooth RC&D Area, Inc.

Project Proposal: GTUIT, LLC Training Protocol and Manual Development

GTUIT is developing a training protocol to transfer its technology for use in Egypt. The Ministry of Petroleum in Egypt contacted GTUIT in early 2014 about using GTUIT's technology in the Egyptian oil fields to capture natural gas liquids and use them for a variety of industrial uses. GTUIT is requesting Beartooth RC&D's assistance in applying for a Big Sky Trust Fund Planning Grant.

The training protocol and certified training manuals are expected to cost up to \$485,000 (final cost should decrease significantly once a non-disclosure agreement is complete; more detailed information will be available, which will produce an accurate budget). Receiving a \$25,000 Big Sky Trust Fund Planning Grant will help defray costs.

GTUIT estimates the potential increased business from this export project will be up to \$100 million in total revenue. This increased revenue will generate between \$15-30 million in taxable income in the state of Montana. Based on a 6.9% tax rate in Montana, this would provide between \$1.9 and \$2.07 million in revenue to the State of Montana.

Current partners include GTUIT, the Egyptian Ministry of Oil, and ONEIL and Associates. ONEIL is the consultant that will be developing the protocol and training manuals.

The requested assistance is for grant writing and administration. The anticipated cost of this feasibility study is still being determined. GTUIT, LLC is seeking a \$25,000 Big Sky Trust Fund planning grant, and is committed to providing the remaining required costs as match.

Ken Gomer moved approval of the request for assistance, seconded by Jeff McDowell. Approved

Request for Assistance-Beartooth RC&D Area, Inc.

Project Proposal: Custer Gallatin National Forest Working Group startup

This request is to provide continued startup assistance to the Working Group, including meeting support, facilitation, technical assistance with document creation, member communications and meeting records. Investigate possible funding sources available to establish long term support for the group.

CGWG is a collaborative group established by Madison, Gallatin, Park, Sweet Grass, Stillwater and Carbon County Commissioners to bring together parties with special interest and knowledge of the Custer-Gallatin National Forest. We are reaching out to timber, agriculture /ranching, quiet and motorized recreation, conservation, hunting and fishing, outfitters/guides, and other citizen interests to solicit participation. The CGWG hopes to develop common understanding among diverse stakeholders and to serve as a bridge to broader constituencies on the Custer-Gallatin National Forest (CGNF) Management Plan, where litigation and appeals are commonly filed on the CGNF and conflict has been high around the new forest plan. Working Group members will provide a venue to resolve issues in a positive manner before they get to the appeal stage, resulting in more restoration work being done on the ground and in a way that achieves ecological objectives as well as community benefits. There is currently no other forest-wide collaborative group on the CGNF, and the Forest

Service has welcomed and supported the CGWG as a way to engage more deeply with the various interests involved in the Forest. Our specific objectives include:

- Reaching agreements or consensus that will lead to more efficient and effective restoration project work being achieved at the watershed level
- Broadening the understanding of Forest Service processes and approaches
- Offering and supporting innovations in forest management
- Identifying management efficiencies and advocating priority projects
- Fostering wide public support and ownership of proposed Forest Service actions

This project will support Local Government, citizens and businesses in Madison, Gallatin, Park, Sweet Grass, Stillwater, Big Horn and Carbon Counties with interest (private and commercial) in the Custer-Gallatin National Forest with continued startup support during the initial fundraising phase of the group. A contractual facilitator will be engaged once the group has identified a source for sufficient operating funds. Inter-local agreement among seven County Commissions have been put in place, with participation and membership from a number of target area interests who have already participated in three official meetings. Funding from the State DNRC Forests in Focus initiative looks promising.

Jeff McDowell move approval of the request for assistance, seconded by Ken Gomer. Approved.

Revolving Loan Fund Books- Reporting Ending August 31, 2014

Loan Client Review

<u>County</u>	<u># of loans</u>	<u>\$ Loaned out</u>
Big Horn	1	\$41,886.48
Stillwater	4	\$626,145.53
Yellowstone	3	\$398,055.32
Carbon	4	\$150,050.82
Sweet Grass	<u>5</u>	<u>\$269,505.66</u>
Total loans	17	\$1,485,643.81

Bank Balances as of August 31,2014

Total available for lending

Bank of Joliet- EDA	\$27,298.75	27,298.75
Bank of Joliet-CDBG	\$446,177.74	446,177.74
Bank of Joliet- IRP	\$306,353.34	255,083.82
Bank of Joliet-Fromberg	\$21,708.91	<u>21,708.91</u>
		750,269.22

Beartooth Books- Reporting Ending August 31, 2014

YTD Net Income	2014 Budgeted Net Income	% Difference
\$-28,397.19	\$10,410	-36.7%
YTD Income	2014 Budgeted Income	% Difference
\$415,727.47	\$445,782	93%
YTD Expenses	2014 Budgeted Expenses	% Difference
\$444,391.95	\$435,372	98%

Financial Updates

- Copies of the 2013 audit will be provided for all voting members at the meeting.

Bank Balances as of August 31, 2014

Bank of Joliet-Savings	\$66,894.25
Bank of Joliet- Checking	\$62,256.73

Jerry Dell moved, seconded by Marvin Carter to approve the financial reports and instruct staff to put them on file for audit purposes. APPROVED.

Jillann Knutson provided a handout to the Board Members present containing the final audit report from the 2013 financial examination. Key provisions of the report were read and discussed. The audit report was very positive, not containing any findings or noteworthy exceptions.

Beartooth RC&D Staff Program Update

September 2014

Food/Ag Report: (Joel Bertolino)

Rural BEAR Program: We have had the last Rural BEAR meeting in Joliet a two weeks ago and reviewed Kids Club Daycare in Columbus, MT, the next meeting will be October 3rd in Columbus.

Tumblewood Teas: We have been assisting Tumblewood Teas in Big Timber they received their USDA RBEG grant for marketing and have completed their marketing plan and updates to their website allowing them to sell their line of teas more efficiently via the internet we are currently working with Rural Development to attempt to get the project closed out.

Rocky Fork Food Hub: A USDA proposal for marketing plan was approved and we have received three qualified proposals, of which the business and I have chosen one to do the project.

Stillwater Packing Co: We have been assisting Stillwater Packing in Columbus, they received their USDA Rural Business Enterprise Grant for marketing. They have been working with Betula Creative

on their marketing plan and advertising materials for Keysor Creek meats. They have changed their product branding to Emmet's Meats and have new logo, labels, signage and website improvements.

Yellowstone Valley Farms: Reuben and Miriam Stahl have utilized the USDA grant to get a new logo that was designed in their signage, advertising. The project has been completed the final work on a Facebook business page and business apparel for Yellowstone Valley Farms, we have completed the closeout on this project.

Beckys Berries: We have received a qualified proposal for the marketing plan and materials from Betula Creative and Bridgewater Consulting principal Dale Dietrick to complete the processing facility expansion plan.

Fishtail General Store: We worked with the business on developing a Big Sky Trust Fund proposal to assist the business in developing engineering plans for a new building that will help them expand their line of prepared food products. The proposal has been funded and we are waiting for the business to find a suitable location to build the facility, as their first choice fell through.

Colt James Signature Beef: Colter DeVries is working on developing a pasture to plate beef business that would market beef he produces to a niche market. We are working with this business consistently and he will be processing his first animal to conduct taste testing in the near future.

Warren Wind Project: We have had several calls and meetings with the local contact for the Warren Wind Project Dave Husar. They needed assistance working through the county application paperwork for county, which has now been submitted and after discussing with the county planner it looks like everything was in order so far.

Big Horn Wind Project/ NS2 Energy North America: We recently have discussed a potential wind project in Big Horn County and will be having a meeting with the project investors on May 27th. The company is NS2 Energy North America and they are planning a 42MW wind project along with a 22.5MW natural gas electric plant. We have developed a lease agreement with the business to utilize our wind tower to generate better wind data on their location. They are reviewing the proposal.

Economic Development report: (Luke Walawander)

BillingsWorks Workforce Council: The RFP selection committee recently selected an Indianapolis-based consulting firm to perform services. The BillingsWorks Workforce Council has developed a business plan with strategic goals, and will be instructing the consultant to translate those strategic goals into actionable items. In doing so, the Council will better be able to identify and enhance existing training resources, workforce demands, talent recruitment efforts, gaps in skill development, and the data to support future planning and on-going work of the Council. In June 2014, Beartooth RC&D assisted the Council in receiving a \$26,250 Big Sky Trust Fund planning grant to support the development of the Workforce Council's Master Plan document.

Museum of the Yellowstone: A Big Sky Trust Fund planning grant application is anticipated for submittal in fall 2014. Discussions are currently being held with the University of Montana's Bureau of Business and Economic Research to contract their services. The Yellowstone County Museum's Board of Directors would like a feasibility study conducted so that they are equipped with enough information on how best to move forward with the museum's proposed expansion.

Laurel TIF District Master Plan: The consultant, Sanderson and Stewart, has begun their work on the Laurel Urban Renewal Agency's TIF district master plan. The project is over 50% complete and should be completed by the end of October 2014.

Red Lodge's Old Roosevelt School: In June 2014, Beartooth RC&D received a \$15,750 Big Sky Trust Fund planning grant to conduct a feasibility study for Red Lodge's Old Roosevelt School. An RFP has been completed and should be released in September 2014. The Red Lodge Area Community Foundation requested Beartooth RC&D's assistance in submitting a planning grant application to the Big Sky Trust Fund. Consultant work would include evaluating site development options, costs, and public support.

Crow Rest Area Project: An MOU between the Crow Tribe and MDT has been signed. A project kick-off ceremony was scheduled to take place on September 18, however, was unfortunately cancelled due to an event in the community. With the completed MOU, the Montana DOT will now be able to move forward with phase 1b, which includes site selection process and moving to the conceptual layout work, permitting and work on the easement with the Tribe and the BIA.

Home Science Tools: HST recently received a \$21,131.25 Big Sky Trust Fund planning grant. This Billings business was referral by Chad Moore at Big Sky EDA. Their current facility cannot withstand the company's continued growth, and as a result, are planning for its expansion. The planning grant will help defray costs associated with the design study. HST offers parents, teachers, and kids hands-on home science tools including pre-packaged kits, microscopes, and chemistry supplies.

Many Arrows CDC: Aluutaalaahu Community Development Corporation (Many Arrows) is a newly formed tribal non-profit on the Crow Reservation that is dedicated to advancing the quality of life for the people of Arrow Creek District and the Town of Pryor. Many Arrows CDC has requested assistance in applying for a Big Sky Trust Fund planning grant in order to create a Master Planning document for the development of their newly formed organization. An application is anticipated for submission in fall 2014. Additionally, an MOU between Beartooth RC&D and Many Arrows was signed on September 9, which formalized the relationship between both parties to work on projects of mutual interest.

Billings Chamber of Commerce: The Billings Chamber recently received a \$26,250 Big Sky Trust Fund planning grant to defray costs associated with the completion of a feasibility study relative to their proposed convention center project.

Trailhead Commerce Park: Weave Management Group recently received a \$21,100.80 Big Sky Trust Fund planning grant to assist them with the completion of an Economic Impact Study. The study will evaluate the potential impacts that a completed industrial park at the Lockwood site will have on the Yellowstone County community.

GTUIT: GTUIT recently received a \$26,250 Big Sky Trust Fund planning grant. This Billings company operates mobile natural gas capture systems in the Baaken region. They have developed a unique technology that can capture gas that is flared in the oil field and convert it to natural gas liquids. GTUIT was recently contacted by the Minister of Oil in Egypt to transfer their technology for use in their oil fields. In order to do so, they need to develop a certified training protocol and maintain that certification over time. In addition, they need to develop export documentation, including owner/service manuals and safety manuals in English and other languages. They estimate the total cost

for development of the training/certification protocol to be \$200,000. The Big Sky Trust Fund planning grant will help defray these costs.

Tax Increment Finance District Workshop: Beartooth RC&D was approached by Community Development Services of Montana and MEDA to host a workshop on Tax Increment Finance Districts. This was an opportunity for Beartooth RC&D to deliver high level education to the region, at no expense to our organization and with little time expended. Project sponsors include the Montana Department of Commerce, Governor's Office of Economic Development, Montana Association of Planners, American Planning Association Western Central Chapter, and MEDA. The workshop took place on 8/7/14 in Joliet at the Community Center.

Big Timber Resource Team Assessment: The assessment will take place on October 7-8. \$2,600 has been raised for the event. American Federal Savings Bank, American Bank, Citizen's Bank of Big Timber, Triangle Communications, and several others have contributed to the project. The assessment is a planning process that brings a team of resource providers and economic development specialists from across the state to Big Timber to tour the community and listen to its residents and turn what they learn into an action plan.

Montana Main Street Project: Beartooth RC&D will be participating in a third Main Street event on September 23rd, which is an Urban Indian Business Roundtable in Billings. Beartooth has also participated at the Crow Reservation meeting as well as the Billings Regional meeting. Each meeting has the potential for follow-up work for our organization. The goal of the project was and is to create a dynamic private-public partnership to build and implement a business plan for Montana by Montanans.

Economic Development Advisory Council: The Economic Development Director was appointed to the Montana Department of Commerce Economic Development Advisory Council. The main purpose of the Council is to advise the Governor and Department of Commerce on significant matters concerning economic development in Montana.

Revolving Loan Fund: (Jillann Knutson)

I have been working a lot of loan collection lately and finally getting some good results from loans that were either not paying or paying slowly. Recently paid in full: J&K Foods (Fromberg), Cattle Development Center (Custer), Link Communications-small (Billings), Fireline LOC (Columbus), Crazy Bean Coffee (Big Timber).

I am also focusing on promoting to new areas that are not aware of the Beartooth RLF. I recently did a presentation for the Red Lodge Chamber of Commerce, and I am lined up to speak in the near future with both the Billings Group of Commercial Real Estate Agents and the Stillwater County Biz to Biz Group. I am hoping to be able to present at a future First Interstate Bank loan committee meeting, although a date has not been confirmed yet. The Montana Bankers's Association has sent my marketing material out to all of their members and I have had 2 inquires off that so far. I am promoting to banks in Billings and so far have reached out to 4 banks we have never dealt with and I have a day scheduled each week for promotion.

EDA and USDA recently did site visits/audits. Janet with EDA (Denver office) was here and did some training with me and some updating on new regulations. I am going to be rewriting the RLF plan

for them once I get the letter from her describing what is out of date and needs updated. Gloria with USDA/IRP (Billings office) came out and we did 2 loan site visits (Fireline and Farmer's Union). She was thoroughly impressed with both businesses. She will be following up with some action items I need to complete as well. Both visits went very well and the training was valuable.

Both of my summer construction projects are complete (Wildflower Gardens and Sweet Grass Tire). I have been to both sites to take completion pictures for the file. The "barn" at the Wildflower Gardens is amazing, and they have already booked some winter events, which was the goal of building the event center. We attended the customer appreciation event at Sweet Grass Tire and we were amazed by the turnout. They sold more tires that day than they have in the open house the past 7 years (still waiting on a number).

First-Time Homebuyer Education/Counseling: (Valentine Smith)

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Fuels/Forestry Program: (Dick Rath/Earl Atwood)

Fuel mitigation projects have been progressing in the summer months, with several having been recently completed.

A new Hazardous Fuels grant from DNRC was awarded to Beartooth to address ongoing work on Red Lodge Mountain. The grant amount is \$99,000, which will be matched by Red Lodge Mountain and expended over the next three summers, weather and other conditions permitting.

We submitted a Western States grant for 2015, and are awaiting news on whether that one will be awarded.

Next Beartooth Meeting will be held on November 13, 2014 in Big Timber, Montana. This will be an afternoon meeting.

Meeting was adjourned at 7:30 p.m.