MISSOULA, IT’S TIME TO START THINKING BIGGER.
Missoula Economic Partnership 2017 Annual Report 3

LETTER FROM THE BOARD CHAIR
Scott Burke, President and CEO | First Security Bank of Missoula

In the past year, the Missoula Economic Partnership has begun to address housing and workforce issues. Missoula and Missoula County recently announced decreases in property taxes due to an expanding tax base—evidence of the flurry of economic-development activity happening in our community. When the Missoula Economic Partnership was formed in 2011, we faced a different set of issues that required immediate short-term action. We were operating in triage mode, identifying the most immediate areas of attention and addressing those accordingly.

NOW THAT MISSOULA’S ECONOMY IS GROWING IN A HEALTHY, SUSTAINABLE MANNER, IT’S TIME TO LOOK AT THE BIG PICTURE: WHAT LONG-TERM STRATEGIES DO WE NEED TO IMPLEMENT IN ORDER TO FULFILL OUR MISSION AND ACHIEVE OUR VISION?

Over the past year, the Missoula Economic Partnership has:

- Assumed the activities of the BitterRoot Economic Development District, including the administration of Big Sky Trust Fund (BSTF)
- Organized or actively participated in over 100 community events and strategic partnerships
- Embarked upon a State of the Workforce study in partnership with Missoula County
- Secured a lead-generation firm to assist with business attraction efforts
- Continued to lead the Air Service Task Force

We’re proud of what we’ve accomplished this year and eager to build on that work as we look toward the future. To all of our investors, strategic partners and the community at large, won’t you please contribute to the conversation and help us think bigger?
PARTNERSHIP IN ACTION

Helping existing businesses survive and grow is a vital economic development strategy. MEP’s Business Retention and Expansion (BRE) efforts are designed to help local businesses thrive and expand in Missoula County. While the attraction of new businesses and new-business startups is an important component of any economic development plan, most new jobs are created by existing businesses rather than by businesses new to the community.

MEP assists growing businesses by connecting them with resources that aid with their expansion, like the Big Sky Trust Fund job creation grant program.

From its beginnings in a small office on Main Street, Advanced Technology Group (ATG)’s Missoula location has grown rapidly over the past six years, now with more than 100 employees. A study by the University of Montana Bureau of Business and Economic Research found that ATG has a yearly economic impact of at least $18.4 million on Missoula’s local economy.

“TALK TO OTHER LOCAL SUCCESSFUL BUSINESSES. BUILD A STRONG NETWORK WITH THE UNIVERSITY. BUILD A STRONG NETWORK WITH MEP, LOCAL GOVERNMENT AND OTHER ORGANIZATIONS.”

-TOM STERGIOS, SENIOR VICE PRESIDENT, STRATEGY AND CORPORATE DEVELOPMENT, ATG

ATG HAS A YEARLY ECONOMIC IMPACT OF AT LEAST $18.4 MILLION ON MISSOULA’S LOCAL ECONOMY.
A recent survey of more than 100 Missoula businesses found that 60% were planning to hire new employees next year.

ATG’s Community Impact

MEP and Missoula County recently assisted with ATG’s fourth application to the Big Sky Trust Fund job creation grant program, which assists Montana businesses with expansion costs for creating high-paying jobs. ATG has also received training grants through the Montana Department of Commerce’s Primary Sector Workforce Training Grant program.

ATG has used Big Sky Trust Fund grants to assist with equipment purchases and to pay rent for their ever-expanding office space downtown. “We have more equipment and more space than we would have without the grants,” Stergios said. “We were able to send our people to trainings in San Francisco right away. Those grants allowed us to be more professional at an earlier stage.”

“THIS IS THE BIGGEST SUCCESS OF MY CAREER SO FAR. I WANTED TO GET DOZENS OF JOBS, IMPACT THE COMMUNITY, UPLIFT UM AND DOWNTOWN. IT FEELS REALLY GOOD. FOR ATG, I SEE NOTHING BUT BLUE SKIES AHEAD.”

-TOM STERGIOS
BUSINESS RETENTION AND EXPANSION (BRE) VISITS: 27

<table>
<thead>
<tr>
<th>Industry</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>10</td>
</tr>
<tr>
<td>Educational Services</td>
<td>1</td>
</tr>
<tr>
<td>Information Technology</td>
<td>3</td>
</tr>
<tr>
<td>Creative Industries/Media</td>
<td>2</td>
</tr>
<tr>
<td>Biotech/Life Sciences</td>
<td>3</td>
</tr>
<tr>
<td>Professional/Scientific/Technical Services</td>
<td>3</td>
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<td>Arts/Entertainment/Recreation</td>
<td>1</td>
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<tr>
<td>Transportation/Warehousing/Distribution</td>
<td>1</td>
</tr>
<tr>
<td>Business Support Services/Back-Office Services</td>
<td>1</td>
</tr>
<tr>
<td>Other</td>
<td>1</td>
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</tbody>
</table>

Largest-Employing Firm: 140
Smallest-Employing Firm: 1
Earliest Year Established: 1945
Most Recent Year Established: 2016
Number of businesses that expect an increase in employees in the next year: 22
ENTREPRENEURSHIP

MEP supports the entrepreneurial ecosystem in Missoula by strategically partnering with other organizations. MEP staff are closely involved in entrepreneurial support activities including:

- Working in collaboration with the Montana High Tech Business Alliance, MonTEC, and the University of Montana’s Blackstone LaunchPad, the foundation released a report: “A New Frontier: Entrepreneurship Ecosystems in Bozeman and Missoula, Montana.”

“At the bottom line, Montanans knew each other well and felt comfortable giving referrals, and those connections were built out of open relationships with small degrees of separation,” the Kauffman report concluded.

The Missoula Economic Partnership works to foster these kinds of relationships, and we’re proud to see our startup community thrive.

For the fourth year running, the Kauffman Foundation’s National Report ranked Montana as the No. 1 state for entrepreneurial activity.
The Missoula Economic Partnership (MEP) recognizes that business attraction efforts don’t happen overnight. While attracting new businesses to the Missoula area is an important part of our strategic plan, we must also lay the groundwork necessary to make Missoula an attractive place for businesses to relocate or expand. Strategic initiatives such as the Workforce Strategy, Air Service Task Force, and Housing Study are some of the efforts we are making to enhance Missoula’s business climate and set the stage for new business attraction.

“Words cannot adequately express my appreciation for the stellar reception you offered me and my company this past week. Humbly...thank you. Together, you certainly advanced the image of Montana and moved Missoula into a solid-contender position as a home for our headquarters and primary manufacturing operations.”

–Prospective Relocating Manufacturing Business Owner
BUSINESS ATTRACTION EFFORTS

14
NUMBER OF BUSINESSES ENGAGED IN ATTRACTION EFFORTS

6
NUMBER OF SITE VISITS

32
MUNICIPAL GOVERNMENT

36
STRATEGIC PARTNERS

70
PRIVATE BUSINESSES

NUMBER OF PEOPLE CONNECTED DURING SITE VISITS FROM PROSPECTIVE BUSINESSES
WORKFORCE STUDY

With unemployment rates at historic lows, keeping a supply of skilled workers who match the needs of Missoula employers is challenging. Missoula’s State of the Workforce Study, funded by Missoula County, MEP investors, and a grant from the Montana Department of Commerce, strives to develop tools to enhance our community’s talent pool. The study benchmarks Missoula against comparable communities in Montana and other western states. Here are some preliminary results of the study:

<table>
<thead>
<tr>
<th>CITY</th>
<th>UNEMPLOYMENT RATE</th>
<th>LABOR FORCE PARTICIPATION RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>MISSOULA, MT</td>
<td>3.4%</td>
<td>70.0%</td>
</tr>
<tr>
<td>BOZEMAN, MT</td>
<td>2.7%</td>
<td>72.1%</td>
</tr>
<tr>
<td>BILLINGS, MT</td>
<td>3.4%</td>
<td>67.4%</td>
</tr>
<tr>
<td>BOULDER, CO</td>
<td>2.5%</td>
<td>69.8%</td>
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<tr>
<td>FLAGSTAFF, AZ</td>
<td>5.8%</td>
<td>64.7%</td>
</tr>
<tr>
<td>GRAND FORKS, ND</td>
<td>3.0%</td>
<td>70.3%</td>
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### Median Household Income

<table>
<thead>
<tr>
<th>City</th>
<th>Income</th>
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</thead>
<tbody>
<tr>
<td>Missoula, MT</td>
<td>$46,164</td>
</tr>
<tr>
<td>Bozeman, MT</td>
<td>$55,553</td>
</tr>
<tr>
<td>Billings, MT</td>
<td>$52,431</td>
</tr>
<tr>
<td>Boulder, CO</td>
<td>$70,961</td>
</tr>
<tr>
<td>Flagstaff, AZ</td>
<td>$50,234</td>
</tr>
<tr>
<td>Grand Forks, ND</td>
<td>$50,336</td>
</tr>
<tr>
<td>Montana</td>
<td>$53,889</td>
</tr>
</tbody>
</table>
GREATEST BARRIERS TO WORKFORCE ATTRACTION

1ST
PAY 57%
HOUSING 19%
JOB OPPORTUNITIES 10%
BENEFITS 4%
CHILD CARE 1%
TRANSPORTATION AND INFRASTRUCTURE 0%

2ND
PAY 24%
HOUSING 21%
JOB OPPORTUNITIES 17%
BENEFITS 23%
CHILD CARE 3%
TRANSPORTATION AND INFRASTRUCTURE 5%

3RD
PAY 9%
HOUSING 25%
JOB OPPORTUNITIES 22%
BENEFITS 15%
CHILD CARE 9%
TRANSPORTATION AND INFRASTRUCTURE 8%

CONFIDENCE IN THE OVERALL QUALITY OF THE WORKFORCE

- NO OPINION: 16%
- STRONGLY CONFIDENT: 7%
- CONFIDENT: 43%
- UNCONFIDENT: 33%
QUALITY OF LOCAL EDUCATION AND TRAINING PROGRAMS

- Missoula College at the University of Montana:
  - Very Poor: 14%
  - Poor: 33%
  - Good: 44%
  - Excellent: 8%

- University of Montana:
  - Very Poor: 11%
  - Poor: 22%
  - Good: 50%
  - Excellent: 17%

- Area High Schools:
  - Very Poor: 23%
  - Poor: 30%
  - Good: 47%
  - Excellent: 0%

NUMBER OF QUALIFIED JOB APPLICANTS (COMPARSED TO 2016)

- Professional Positions:
  - Increased: 10%
  - Decreased: 41%
  - Remained the Same: 32%
  - Not Applicable: 17%

- Technical Positions:
  - Increased: 8%
  - Decreased: 31%
  - Remained the Same: 27%
  - Not Applicable: 39%

- Skilled Trade Positions:
  - Increased: 22%
  - Decreased: 33%
  - Remained the Same: 40%
  - Not Applicable: 14%

- Entry Level/Support Positions:
  - Increased: 30%
  - Decreased: 33%
  - Remained the Same: 47%
  - Not Applicable: 17%

IMPROVEMENT IN EMPLOYEE RETENTION (COMPARSED TO 2016)

- Professional Positions:
  - Yes: 32%
  - No: 16%
  - No Change: 20%
  - Not Applicable: 12%

- Technical Positions:
  - Yes: 15%
  - No: 17%
  - No Change: 24%
  - Not Applicable: 38%

- Skilled Trade Positions:
  - Yes: 40%
  - No: 27%
  - No Change: 29%
  - Not Applicable: 37%

- Entry Level/Support Positions:
  - Yes: 33%
  - No: 33%
  - No Change: 29%
  - Not Applicable: 8%
THANK YOU TO OUR INVESTORS

A&E Architects  
Access Property Management  
Aegis Engineering  
Allegiance Benefit Plan Management  
AlphaGraphics  
ALPS Corporation  
Anderson ZurMuehlen & Co  
Annelise Hedahl, Realtor  
Artichoke Consulting  
Associated Employers  
B2B CFO  
Bank of Montana  
Beaudette Consulting Engineers, Inc.  
Berkshire Hathaway Home Services  
Big Sky Commerce  
Bjornson Law Offices  
Blackfoot  
Bonner Property Development  
Bravo Catering  
Browning, Kaleczyc, Berry & Hoven  
Capital Family Mortgage  
Caras Nursery  
Cederberg Law Offices, PC  
Charter Communications  
City of Missoula  
CM Manufacturing, Inc.  
Community Medical Center  
Crowley Fleck, PLLP  
CTA Architects Engineers  
Dale Woolhiser  
Datsopoulos, MacDonald & Lind  
Diversified Plastics  
Dorsey & Whitney  
DoubleTree Hotel Missoula Edgewater  
Eclipse Engineering  
Edgell Building & Development  
Farmer’s State Bank  
Farran Realty Partners  
Fence Line Consulting  
First Interstate Bank  
First Security Bank  
Five On Black

Five Valleys Land Trust  
Forest Business Network  
Francis Gjefle  
Grizzly Sports Properties  
Grizzly Wine and Spirits, LLC  
HC Company  
HDR Engineering  
Hi-Noon Petroleum  
Holiday Inn Downtown at the Park  
Jackson Contractor Group, Inc.  
Jedediah’s at the Airport  
JCCS
Thank you for your leadership in Missoula’s economic development efforts. You enable us to do the work we do, and we appreciate your partnership.