



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

**EDA/EDC Joint Board Minutes**  
**Thursday, September 13, 2018 – 8:00 AM – 9:30 AM**  
**Yellowstone Room, 1<sup>st</sup> Floor - Granite Tower**

**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.

**EDA Board Members Present:** Chuck Tooley, Cory Moore, Dana Pulis, Fred Sterhan, Greg McDonald, Ken Lutton, Paul Neutgens, Robin Rude, Sheri Nicholson, Greg Upham (ex-officio), Matt Lurker (ex-officio), Robyn Driscoll (ex-officio)

**EDA Board Members Absent:** Jennifer Smith, Mitch Goplen, John Brewer (ex-officio), Shaun Brown (ex-officio)

**EDC Board Members Present:** Aaron Ramage, Andy Gott, Bob Wilmouth, Craig Bartholomew, Debbie Singer, Dennis Pitman, Eric Simonsen, Mac Fogelsong, Mike Nelson, Ty Elkin, Wayne Nelson, David Ellis

**EDC Board Members Absent:** Dan Edelman, David Trost, Doug Hansen, Duncan Peete, Jon Stepanek, Mike Phillips, Mike Seppala, Molly Schwend, Scott Chesarek, Steve Loveless

**Staff and Guests:** Steve Arveschoug, Austin Trunkle, Becky Rogers, Dustin Frost, Ben Rose, Brandon Berger, Dianne Lehm, Rosalind Dix, Deanna Langman, Melanie Schwarz, Dena Johnson, Haley Vannatta, Chris Kukulski, John Ostlund, Harrison Fagg, Russ Fagg, Kim Olsen, Katy Easton

**Call to Order:**

Eric Simonsen, EDC Chair, called the meeting to order at 8:03 a.m. with the Pledge of Allegiance.

**Public Comment/Recognitions/Special Announcements:**

Eric began by asking the Board to acknowledge the passing of both Bruce MacIntyre and Dr. Nick Wolters with a moment of silence. Both gentlemen were instrumental in the success of Billings over the course of several decades.

Eric then proceeded to introduce Dustin Frost, BSED's new VBOC Director, and new Board Members, Greg Upham and Matt Lurker. Greg is the new Superintendent of School District 2 and Matt is the new city administrator for the City of Laurel.

Katy Easton, CEO of the Downtown Billings Alliance, gave a Downtown public safety update. Multiple business owners have expressed great concern regarding the issue of transients deterring business in the Downtown Corridor. Katy explained that the county jail has no beds available and this, in-turn, allows these issues to fester. One of the outreach efforts that has been successful is the implementation of a licensed addiction counselor, Josiah Hugs. Hugs accompanies Downtown police officers in an effort to help individuals that suffer from some form of addiction. Katy also mentioned that there are monthly community innovation meetings at the public library in the community room. These meetings act as a space for community members to dialogue and brainstorm ideas that can be implemented to mitigate the transient issue. Wayne Nelson asked Katy if there are any efforts

being made to calm traffic on N 27<sup>th</sup> Street and make pedestrian safety a priority. Katy and Steve both explained that Bruce McCandless and Wyeth Friday have been brought in on this continuing dialogue.

New Board Member Matt Lurker is the new City Administrator of Laurel and gave a quick introduction. Matt's goal is to help Laurel become a thriving bedroom-community in much the same way Belgrade and Fort Collins have to Bozeman and Denver, respectively.

**Agenda Changes: None**

**Consent Agenda:**

**Approval of the July 2018 Board Meeting Minutes and the July 2018 EDA and EDC financials**

Motion: Duncan Peete, to approve the July 2018 Board Meeting Minutes and the July 2018 EDA and EDC Financials, as presented to the Board.

Second: Sheri Nicholson

Discussion: None

Motion carried

**Review Proposed Revised FY 2019 Budget**

Jim presented the revised FY2019 Budgets. There was virtually no change in the EDC budget. There were three primary drivers that resulted in changes to the EDA budget. 1) The PTAC reimbursement rate was decreased by about \$70,000. The original rate received from the FEDS changed which caused the decrease. 2) The employer contributions to salary and wages decreased as a result of a full-time position in Recruitment changing to a part-time position. 3) The estimated Tax Protest Rate was reduced to 2.4%. Those decreases will very closely offset the decrease in PTAC reimbursement rate. The changes roughly equate a \$2,500 difference from the original budget.

Motion: Debbie Singer, to approve the Proposed Revised FY 2019 Budget, as presented to the Board.

Second: Fred Sterhan

Discussion: None

Motion carried

**Program-Level Reports and Action Items**

**PTAC – 20 Years of Success for Montana Businesses - Deanna**

Deanna spoke to the success of the PTAC (Procurement and Technical Assistance Center) as it celebrates its 20<sup>th</sup> anniversary. The PTAC program helps businesses obtain government contracts. Deanna reviewed the economic impact of the PTAC over the past 20 years. DLA (Defense Logistics Agency) recently did a ROI for PTAC centers across the country and the Montana PTAC landed in the top five. Deanna also took this opportunity to formally introduce and praise the work of PTAC advisor Rosalind Dix. Deanna closed by thanking the Board for their support and commitment.

**Big Sky Finance – Brandon**

**504/RLF Loan Approvals**

Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan requests. The Big Sky EDC Loan Committee has reviewed the requests and recommends approval to the full EDC Board for submission to the SBA for final approval. The requests meet all the underwriting and eligibility requirements of the EDC.

1. **Snyder Motors Inc. / Z Enterprises LLC** – Request is for the purchase of land and new construction for Snyder Motors Inc. located in Bozeman, MT. This will be a relocation from a previously leased building in the same Bozeman/Belgrade area. The new project will be located on Jackrabbit Lane just north of Four corners. Previous location was further north off Jackrabbit Lane. Snyder Motors has been in operation since 2011 and is owned 100% by Zach Snyder. It is a pre-owned, late model dealer and also

provides maintenance and repairs and detailing services. They have a second location in Bozeman on 7<sup>th</sup> Avenue. They have been one of the top used car dealers in the Bozeman/Belgrade area.

There are projected to be three new jobs created resulting from this project. A Public Policy goal of Rural Development will be met. The total SBA debenture will be \$741,000 on a 20-yr note comprising 40% of the total project costs. Big Sky EDC will be in a 2<sup>nd</sup> lien position on the real property behind Opportunity Bank (Bozeman).

Motion: Wayne Nelson, to approve the Snyder Motors Inc. / Z Enterprises LLC loan request, as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

2. **Jason Tanguay, DDS, LLC / Interproximal Spaces LLC** – Request is for the purchase of a newly constructed commercial condominium, tenant improvements and new equipment for Jason Tanguay, DDS, LLC, located in Bozeman, MT. The property will be located in the Cannery District at 105 E. Oak Street. This is an existing dental practice that is expanding and relocating from downtown Bozeman to this new location. Big Sky Finance provided SBA 504 financing on their current location, therefore this will be their second SBA 504 note for the business. The existing 504 loan will be paid off prior to their move to the new location.

There are projected to be two new jobs created resulting from this project. A Public Policy goal for Rural Development along with a Community Development goal for being in a HubZone will be achieved. The total SBA debenture will be \$732,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC will be in a 2<sup>nd</sup> lien position behind First Security Bank (Bozeman) on both the real and personal property acquired.

Motion: Wayne Nelson, to approve the Jason Tanguay, DDS, LLC / Interproximal Spaces LLC loan request, as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

3. **The Mountain Project, LLC / Wolfe Family LLC** – Request is for the purchase of an existing building to house the operations of The Mountain Project, LLC. The Mountain Project is a newly established CrossFit gym located in Bozeman, MT. The building is located near the Cannery District in Bozeman, just north on the other side of the interstate. The business opened in this location in the fall of 2016. Mike Wolfe is 100% owner of the business, and 50/50 owner of the real estate with his wife. Mr. Wolfe is a professional ultra-marathoner and trainer. He is active in the day to day operations of the gym. The gym provides sport specific training as well as general CrossFit training.

There are projected to be two new jobs created resulting from this project. A Public Policy goal for Rural Development will be achieved. The total SBA debenture will be \$221,000 on a 20-year note comprising 35% of the total project costs. Big Sky EDC will be in a 2<sup>nd</sup> lien position on the real property behind Bank of Montana.

Motion: Andy Gott, to approve The Mountain Project, LLC / Wolfe Family LLC loan request, as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

**Beartooth RC&D MOU – Steve**

Steve brought the MOU with Beartooth RC&D before the Board. We partner with Beartooth to serve our rural counterparts. This year, our contribution will be around \$11,000 which was within what the budget had projected. Steve asked the Board to grant him the authority to execute the MOU.

Motion: Mike Nelson, to approve to grant Steve Arveschoug the authority to execute the MOU.

Second: Ken Lutton

Discussion: None

Motion carried

**Nominating Committee Recommendations – Becky**

**EDC Board Nominees/Call for an Election**

Becky provided the Board with a Nominating Committee update. There will be three seats on the EDA and six seats on the EDC that will come open as the year closes out. During the candidate search process, we asked our Member Investors to provide a recommendation list for the EDC. This year's ballot will be divided into two votes. The first vote is a slate ballot for incumbent and essential industry representation. The three names on that ballot are: Eric Simonsen, Mitch Goplen and Spencer Frederick. The second vote be an open ballot of six names for the three remaining seats. The nominees for that list include: Ann Kosempa, Dave Ballard, George Warmer, John Bourke, Nicole Bengé, and Tom Schlotterback. The nominees not selected for the Board with this election will remain on an active candidate list for future openings.

This is an EDC action only.

Motion: Debbie Singer, for the Board to approve the ballot sent out to the Member Investor list, as presented to the Board.

Second: Wayne Nelson

Discussion: None

Motion carried

**EDA Board Ex-officio Position – Downtown Alliance, CEO**

The Nominating Committee also asked the Board to approve recommending to the County Commissioners an additional ex-officio seat for the Downtown Billings Alliance CEO.

Motion: Sheri Nicholson, for the Board to approve recommending to the County Commissioners an additional ex-officio seat for the Downtown Billings Alliance CEO, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

**Future Facilities Taskforce Recommendation – 3 Finalists – Becky**

Note: Mike Nelson excused himself as he has a conflict of interest regarding one of the proposal finalists. With the Future Facilities update, Steve began by thanking Becky for her steadfast work and attention to details throughout this process. Steve drew attention to the BSED mission statement and reflected on how our work has necessitated the consideration of a new or expanded facility. Steve passed out the Big Sky Business Journal which showcases an entrepreneurial meetup. The faces in most of the pictures are of young professionals and aspiring business owners. Steve used this example to remind our Board of who we will be serving in the very near future and to bear their expectations in mind. As we wrote our RFP, we consulted with legal counsel to ensure the process was within the legal bounds of a Tradeport Authority as prescribed by the County Commissioners in 1989. Additionally, BSED provided updates to our County Commissioners to keep them abreast of the information coming out of the process. Becky explained the methodology behind the needs analysis and needs assessment. Becky interviewed like-partners across the region to see how they arrived at their current space. Also, BSED conducted focus groups with staff members, community members, and Board members. Becky paused to thank our current landlords, Harrison and Russell Fagg, and mentioned how gracious they've been for the past 16 years. With respect to space-

programming, it is estimated we will need between 14,000 and 16,000 square feet. The large increase will come from the Entrepreneurship program that BSED will be taking on as well as an increased training room/board meeting room. The RFP process resulted in having received 12 proposals. Nine were for lease and three were for purchase. Becky displayed and handed-out the total scores for the 12 proposals. After scoring, there were seven proposals that the Future Facility Taskforce (FFT) visited. Upon having conducted site visits and re-scoring the proposals, the FFT arrived at three finalists. The finalists, in no particular order, are Granite Tower, Hart Albin Proposal A, and Montana Paint Building. One of the next steps is to take the staff and any interested Board members on site visits to the finalists. After the visits and due diligence efforts have concluded, the FFT will reconvene for a final time to review the findings. Becky asked for the Board's guidance concerning tenant improvement costs and shared the Executive Committee's recommendations. Wayne Nelson liked the idea of the cost being built into the lease. No further discussion was held on tenant improvements. Becky discussed how the continued due diligence would be conducted. It will involve more cost analysis and further analysis on the location and accommodation of space needs. She asked for further guidance in the due diligence process.

Motion: Cory Moore, to approve the Future Facility Taskforce's recommendation to take the three finalists through a continued due diligence process, as presented to the Board.

Second: Wayne Nelson

Discussion: None

Motion carried

**Billings Works – Pledge to Career Center for CTE OR Simulation** – Melanie/Karen

Melanie stood in for Karen to ask the Board to reconsider where the dollars for the donation to the simulated operating room will come from. The initial approval came from the surplus dollars earmarked for improvements to Conrad Road. Those improvements have yet to be settled and the money is still not able to be released. In light of this delay, Melanie is asking the Board to approve using \$10,000 from our operating income from FY 18.

Motion: Jon Stepanek, to approve using \$10,000 from our operating income from FY 18 request as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Melanie also reminded the Board that our Annual Meeting will be on October 18<sup>th</sup> and hopes for 95% attendance among our Board Members.

**Executive Directors' Report - Steve**

**Ad Hoc Legislative Committee Recommendations**

**Initiative 185 – Medicaid Expansion Funding**

Steve spoke to our Board about Initiative 185 which will be on the ballot in November. Steve is asking the Board to take a position on the initiative. Both the Ad Hoc Legislative Committee and the Executive Committee have voted to back a "yes" vote for the initiative. Steve mentioned the Montana Chamber of Commerce has not taken a position on the initiative. Steve mentioned that according to the By-Laws, the EDA must pass the vote by a 3/5 majority. The EDC may simply act as a majority. Denis Pitman abstained from the vote citing his position as a County Commissioner. Cory made a motion for the EDA to support Initiative 185 and Chuck seconded. The motion passed 8 to 1. On the EDC side. Mike Nelson spoke in opposition of I-185. He made the point that this could lead down a tricky path when you tax a good and earmark those dollars for a specific industry or cause. Cory countered by reminding the Board of the toll tobacco users take on the medical industry. Mike agreed that the aim of the initiative is commendable, but he argued that it would be more appropriate for those funds to end up in a general fund. Dana Pulis agreed with Mike and said that if the negative health impact of tobacco is the driving force behind the initiative, then refined sugar should be taxed as well citing the obesity and diabetes epidemic the country is in the throws of at this time. With these concerns in mind, Steve proposed that he could draft a Policy Statement that is in favor of the aim of I-185 but also acknowledges that this isn't the best way to resolve funding for Medicaid

Expansion. Bob Wilmouth requested to hear more from the Healthcare industry concerning this. Steve will invite a few members of the Healthcare industry to address the Board in October.

Dana then asked if she could reconsider her vote. Steve explained that after the EDC vote takes place, a member of the prevailing side of the EDA vote may make a motion for reconsideration.

Duncan then amended his motion to a vote in favor of supporting I-185 with the Policy Statement from Steve included.

Motion: Duncan Peete, to approve to a vote in favor of supporting I-185 with the Policy Statement from Steve included, as presented to the Board.

Second: Mike Nelson

Discussion: None

Motion carried

Dana then made a motion to reconsider the EDA vote. Cory seconded and the motion for reconsideration was on the floor. (Both Dana and Cory were affirmative votes with the original motion). The vote for reconsideration deadlocked at 4 in favor and 4 opposed. The motion for reconsideration fails.

#### **Montana Infrastructure Coalition Membership**

Steve asked the Board to approve the renewal of our current membership in the Montana Infrastructure Coalition.

Motion: Robin Rude, to approve the renewal of the membership, as presented to the Board.

Second: Craig Bartholomew

Discussion: None

Motion carried

#### **American Airlines Revenue Guarantees – Disposition of Funds**

Steve asked the Board to approve the recommendation from the Executive Committee to leave our surplus dollars (~\$6,800) in the American Airlines Revenue Guarantee account for purposes of airliner service promotion.

Motion: Ken Lutton, to approve the recommendation from the Executive Committee, as presented to the Board.

Second: Dana Pulis

Discussion: None

Motion carried

#### **Tax Protest Dollars Earmarked for Future Facilities**

Steve recommends that the dollars (\$143,000) we received from the resolution of tax protests be put towards potential costs incurred with respect to finding a future facility or furnishing our current space. Any remainder would be put into the Opportunity Fund.

Motion: Ken Lutton, to approve that the dollars we received from the resolution of tax protests be put towards potential costs incurred with respect to find a future facility or furnishing our current space, as presented to the Board.

Second: Chuck Tooley

Discussion: None

Motion carried

**One Big Sky District**

Allison mentioned there were positive meetings earlier this week with Bob Dunn and the Landmark Development Group. They are looking at an October 2<sup>nd</sup> Stakeholders Meeting with the details to come. At this meeting, there will be an update on the work they've completed thus far.

**Public Comment: None**

**Meeting adjourned: 10:05 am**

Next Meeting – October 11, 2018

Respectfully submitted,



Robin Rude, EDA Secretary/Treasurer



Mike Seppala, EDC Secretary/Treasurer

When approved, minutes and meeting materials will be filed electronically in the Big Sky EDA office.

*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 ED at 256-6871.*