

**EDA/EDC Joint Board Minutes
Thursday, April 12, 2018 – 7:30 AM – 8:30 AM
City College Health Science Building – HSCT 119**

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, Fred Sterhan, Jennifer Smith, Ken Lutton, Mitch Goplen, Paul Neutgens, Robin Rude, Sheri Nicholson, John Brewer (ex-officio), Robyn Driscoll (ex-officio), Shaun Brown (ex-officio)

EDA Board Members Absent: Dana Pulis, Greg McDonald, Robin Rude, Terry Bouck (ex-officio)

EDC Board Members Present: Aaron Ramage, Andy Gott, Bob Wilmouth, David Trost, Debbie Singer, Duncan Peete, Eric Simonsen, Jon Stepanek, Mac Fogelson, Mike Nelson, Mike Phillips, Mike Seppala, Molly Schwend, Steve Loveless

EDC Board Members Absent: Craig Bartholomew, David Ellis, Doug Hansen, John Ostlund, Ron Larsen, Scott Chesarek, Ty Elkin, Wayne Nelson

Staff and Guests: Steve Arveschoug, Becky Rogers, Jim Tevlin, Austin Trunkle, Brandon Berger, Ben Rose, Dianne Lehm, Patrick Klugman, Thom McClean, Lorene Hintz, Dena Johnson, Deanna Langman, Rosalind Dix, Melanie Schwarz, Karen Baumgart, Allison Corbyn, Katy Easton, Maisie Sulser, Wyeth Friday, Toni Schneider, Brian Brown

Call to Order:

Jennifer Smith, EDA Chair, called the meeting to order at 7:30 am with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements:

The first order of business was to introduce the new EDC Board member, Mike Phillips. Mike comes to us from Opportunity Bank and brings a wealth of lending knowledge, particularly in the ag community.

Brian Brown of First Interstate Bank spoke on behalf of his company and the Billings Chamber of Commerce Board, thanking BSED for our efforts with the One Big Sky District and the leadership we are providing.

Next, Maisie Sulser and Katy Easton offered their expertise if anyone has questions regarding the \$400,000 line of credit agreement stipulated in the MOU.

Toni Schneider of CTA echoed the sentiments that Brian expressed, thanking us for the effort of our team.

Changes to Today's Agenda: None

Consent Agenda:

Approval of the March 2018 Board Meeting Minutes & the February 2018 EDA/EDC Financials

Motion: Sheri Nicholson, to approve the March 2018 Board Meeting Minutes & the EDA/EDC Financials, as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

Program-Level Action Items (as Needed)

Big Sky Finance – Brandon

504/RLF Loan Approvals

Next on the agenda was a revolving loan fund request. Big Sky EDC Finance Department is requesting approval for the following Revolving Loan Fund request. The Big Sky EDC Loan Committee has reviewed the request and recommends approval to the full EDC Board. The request meets all the underwriting and eligibility requirements of the EDC.

Bootleg Distillery, Inc. (Trailhead Spirits) – Request is for \$100,000 for assistance with financing of tenant improvements and relocation costs for Trailhead Spirits. Trailhead Spirits is looking to relocate from their existing leased space in the Depot (downtown Billings) to the west end near South 27th and Gabel Road. The new location will provide the business with additional space needed to increase production and capacity.

Trailhead Spirits is a local craft distillery owned by Casey and Steffanie McGowan (95% owners). They have been in business in Billings since 2013, at their location in the Depot. They will continue to have the testing room area in their new location, which is an important part of their operation. The new location will be highly visible and located in a high traffic area. The other important aspect of the move is the new location will provide them with the additional space they need in order to grow the operations by distilling and distributing more spirits. Their current location does not provide them any room for growth.

Big Sky EDC will utilize \$100,000 from the Revolving Loan Fund. The note will have a term of five years, amortized over 10. The rate will be fixed at 6.5%. Big Sky EDC will file a UCC on all business assets and be in a 2nd lien position to Stockman Bank (current lender).

Motion: Mike Seppala, to approve the Bootleg Distillery, Inc. Revolving Loan Fund request, as presented to the Board.

Second: Debbie Singer

Discussion: None

Motion carried

Recommendation for Loan Committee

Brandon's second request was to add Mac Fogelson to the Big Sky Finance Loan Committee. Mac Fogelson has volunteered to serve on the Big Sky EDC Loan Committee. Mac is Vice President and Chief Operating Officer at Sanderson Stewart. He currently serves on the Board of Big Sky EDC. Brandon feels it is important to have representation from the Board on the committee. Mac will be a valued member and bring a new perspective to the Loan Committee.

It is Brandon's recommendation as Finance Director of Big Sky EDC for Mac Fogelson to serve on the Corporation's Loan Committee.

Motion: Duncan Peete, to approve the request to add Mac Fogelson to the Big Sky Finance Loan Committee, as presented to the Board.

Second: Mike Nelson

Discussion: None

Motion carried

One Big Sky District MOU Consideration – Allison/Steve

Steve and Allison walked the Board through some background information to help educate them on what is dictated in the MOU. As a reminder, our Strategy Partners are the City of Billings, the Chamber of Commerce, the Downtown Billings Partnership and the TBID Board. Steve highlighted some of the more important points throughout the document. One such highlight was that the strategy partners will not be paying the Hammes Group directly, rather, they will be paying the vendors. Provision five of the MOU outlines the line of credit we are offering the DBP. Provision six dictates how the MOU may be terminated.

Sheri Nicholson had a question about how we will be repaid if the Yesteryear property fails to sell by the third year which is when BSED is due to be paid in full. Katy Easton explained that the debt the DBP would be in would take priority to other obligations as BSED would be considered a debt service. There was extensive conversation regarding the many different avenues of repayment.

Motion: David Trost, to approve the MOU, as presented to the Board.

Second: Mike Nelson

Discussion: None

Motion carried.

Stakeholder Survey Review – Becky

Becky presented a quick recap of the 2018 Stakeholder's Survey. This year, BSED opened the survey to the taxpayer base through social media links which increased the number of taxpayer respondents compared to previous years. Becky gave brief overviews of how each program rated as well as takeaways from the comments received. Councilman Shaun Brown asked what our goals are regarding awareness, satisfaction with programs etc. Steve agreed that it would be a useful exercise to establish a target number with our strategic goals.

Executive Directors' Report

Time being of the essence, Steve abbreviated his Executive Director's report. One of the updates he gave was about the telecommunications company choosing Missoula over Billings. Steve is working with the Governor's Office of Economic Development and the telecommunications company to gain some insight into how they arrived at their conclusion.

Public Comment:

John Brewer gave an Air Service update. American Airlines billed our community for \$419,000 in revenue guarantees. Half of the cost will be absorbed by a federal grant aimed at bolstering air service in small communities. It should also be noted that the winter quarter is the slowest for travel in our region. John Brewer expressed that he expects the spring quarter to be much stronger. Further, the meeting they had with American Airlines in November was very positive and American Airlines would like to run two direct flights per day from Billings to Dallas Fort Worth.

Meeting adjourned: 8:30 am.

Next Meeting – May 10, 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.

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