

## EDA/EDC Joint Board Meeting Minutes

Thursday, June 8, 2017 – 7:30 a.m. – Granite Tower, 1<sup>st</sup> Floor

**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:** Sheri Nicholson, Jennifer Smith, Cory Moore, Robin Rude, Greg McDonald, Paul Neutgens, Chuck Tooley, Robyn Driscoll (ex-officio), Terry Bouck (ex-officio), Mike Yakawich (ex-officio)

**EDA Board Members Absent:** Kevin Gustainis, Mitch Goplen, Dana Pulis, Mark Qualman, Heidi Jensen (ex-officio), John Brewer (ex-officio)

**EDC Board Members Present:** David Trost, Duncan Peete, Mike Nelson, Craig Bartholomew, Kathy Boelter, David Ellis, Ty Elkin, Mac Fogelsong, Wayne Nelson, John Ostlund, Aaron Ramage, Jon Stepanek, John Walsh

**EDC Board Members Absent:** Eric Simonsen, Steve Loveless, John Brewer, Scott Chesarek, Doug Hansen, Mike Seppala, Debbie Singer, James Smith

**Staff and Guests:** Steve Arveschoug, Jim Tevlin, Brandon Berger, Patrick Klugman, Dena Johnson, Lorene Hintz, Deanna Langman, Dianne Lehm, Becky Rogers, Leif Welhaven, Liz Ching, Kevin Heaney

### Call to Order:

David Trost, EDC Chair, called the meeting to order at 7:30 a.m. with the Pledge of Allegiance.

### Public Comment/Recognitions/Special Announcements:

**Public Comment:** Steve introduced Becky to the team and spoke to the excitement surrounding her hiring. An invitation was made to the board to attend the Annual March Against Violence and Drugs event.

**Agenda Changes:** Brandon's Business Finance Loan Approvals and follow-up items have been moved to the top of the Agenda.

### Business Finance - Brandon

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.

First loan request is for Excel Orthopedic Physical Therapy in Bozeman, for the purchase of land and new construction of a commercial building to house Excel Orthopedic Physical Therapy.

Motion: Duncan Peete, to approve the 504 Loan for Excel Orthopedic Physical Therapy, as presented to the Board.

Second: John Ostlund

Discussion: None

Motion carried

Second loan request is for Burton Enterprises in Gardiner. This request is for the acquisition of land, new construction and FF&E financing.

Motion: John Ostlund, to approve the 504 Loan for Burton Enterprises, as presented to the Board.

Second: John Walsh

Discussion: None

Motion carried

The third loan request is for Zero Indoor Shooting in the Four Corners area of Gallatin County. The Purpose of this request is for the purchase of land, new construction and equipment financing.

Motion: Craig Bartholomew, to approve the 504 Loan for Zero Indoor Shooting in the Four Corners area of Gallatin County, as presented to the Board.

Second: Greg McDonald

Discussion: None

Motion carried

Brandon then presented the following loans that have previously been approved by the Board of Directors of Montana Community Finance Corporation (MCFC) along with its Loan Committee. These loans are in process of being closed and funded and need to have a Board Resolution for Big Sky Economic Development Corporation due to the fact MCFC has been dissolved. Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan requests.

The first loan is for MCMW LLC. This loan was for purchase and remodel of Taco del sol in Bozeman. Brandon briefed the Board about a pending litigation the borrower has with a prior landlord.

Motion: John Walsh, to approve loan for MCMW LLC, to submit to the SBA, as presented to the Board.

Second: Duncan Peete

Discussion: The Board requested further information about the lawsuit and its effect on the company's financial status.

Motion: Ty Elkin, to table the discussion until Brandon could return with more information.

Second: Mike Nelson

Brandon provided additional information at the end of the meeting but not formal action taken. Matter will be reconsidered at subsequent meeting.

The Second Loan is Montessori Children's House, LLC, in Bozeman. This loan was for the purchase of the building they were renting with some remodel for their Montessori preschool.

Motion: Duncan Peete, to approve the loan for Montessori Children's House, LLC, in Bozeman, as presented to the Board.

Second: John Ostlund

Discussion: None

Motion carried

The Third Loan is for Bliss Beauty Bar, LLC. This loan was for the purchase of building for a beauty salon. Wayne Nelson abstained from this vote.

Motion: Duncan Peete, to approve this loan request for Bliss Beauty Bar, LLC, contingent on legal review of our quorum, as presented to the Board.

Second: Jon Stepanek

Discussion: None

Motion carried. Vote cannot stand because of a lack of a qualified quorum. Vote deferred to an electronic vote.

Brandon then presented a resolution adopting the agreement between the EDA and EDC. The resolution was completed and signed by our Secretary and Board chair.

Motion: Sheri Nicholson, to approve a resolution adopting the agreement between the EDA and EDC, as presented to the Board.

Second: Craig Bartholomew

Discussion: None

Motion carried

Brandon talked about the signing of the 504 loan documents. Brandon Berger and Sherry O'Donnell are appointed as Vice Executive Directors of the Corporation. Ben Rose and Jo Ann Jones as Assistant Secretaries.

Motion: John Walsh, to approve to appoint the positions for Assistant Secretaries and of the Vice Executive Directors as presented to the Board.

Second: John Ostlund

Discussion: None

Motion carried

#### **Consent Agenda:**

Motion: Craig Bartholomew, to approve the Consent Agenda, as presented to the Board.

Second: Jennifer Smith

Discussion: None

Motion carried

#### **FY 2018 Budget Hearing – Jim/Steve**

Steve mentioned the budget provides us resources to execute our mission and also spoke to the accomplishments of the organization from our current fiscal year. He spoke of each of our programs and the work they do that impacts our community and the entire state.

Jim discussed both EDA and EDC budgets. He focused on key areas of the budget and spoke about how the budget was conceived and how the requests were made. The biggest difference this year is to ask for the mil levy in its entirety. This would grant us an additional \$94,000. Historically, we have not received the full mil levy. If we were to receive less than that, we would need to make program cuts. The Executive Committee agreed that we would like to keep staff raises in the budget and to implement the raises on July 1<sup>st</sup>, irrespective of whether the whole levy was granted. The core raise for each staff member would be 2.5% but could be higher depending on expanded responsibilities. Additionally, there is an increased need for administrative assistance as we continue to grow.

Motion: Jennifer Smith, to approve the Preliminary Budget as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

#### **Regular Agenda**

##### **Program Reports/Consideration**

Allison presented a packet of the appraisal summary for the Zoot Enterprises Transaction. She discussed the key points of that transaction. Mike Nelson and Jennifer Smith excused themselves. Allison first explained how the appraisal was conducted and the sales price of \$8 Million falls within the recommended sales price.

This is an EDA action only.

Motion: Sheri Nicholson, to accept the appraisal value mentioned in the appraisal summary.

Second: Greg McDonald

Discussion: None

Motion carried

Allison spoke of the lease agreement and of the purchase agreement between Big Sky Economic Development and GE. There are a couple issues with the property. One of which is the SID, a tax that is likely to be assessed this fall. We've agreed to split the SID costs of the improvement of the Conrad road issue. Also, Big Sky Economic Development has been working with Sanderson Stewart to remedy a drainage issue on the property and this expense will be a credit on the final purchase price. The Federal EDA has agreed to an easement on the property. They provided us grant dollars to build a parking lot when we originally built the building. We worked with them, thank you to Kevin Heaney, to find a solution where they will release the mortgage that they have on the site as long as we have an easement on the parking lot. Allison explained that GE has the building until the end of the calendar year but will make reasonable allowances for Zoot to settle in prior to January 2018.

An EDA action only.

Motion: Sheri Nicholson, to approve the Purchase Agreement as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Allison discussed the Incentive Agreement regarding Zoot. To ensure that job creation is the priority, incentive money will be attached to a repayment clause if Zoot leaves earlier. First year would be 75% of the \$737,000, second year would be 50% and so on.

Motion: Sheri Nicholson, to approve the Incentive Agreement.

Second: Craig Bartholomew

Discussion: None

Motion carried

Allison mentioned the Certificate of Adoption of Resolution represents each of the items covered today. It would entitle the Executive Director and Executive Committee to execute the final paperwork. This document is the final confirmation by the board of the transaction.

Motion: John Ostlund, to approve the Certificate of Adoption of Resolution as presented to the Board.

Second: Sheri Nicholson

Discussion: None

Motion carried

#### Community Development

Patrick Klugman announced Big Sky Economic Development was awarded a Brownfields grant in the amount of \$330,000 by the EPA. This is a very important achievement and provides Big Sky Economic Development a vital tool in evaluating parcels of land in the EBURD and throughout the city.

#### Director's Report

Steve thanked everyone who participated in his performance evaluation. There will be a small celebration regarding the Zoot closing and more information will be made available as plans are confirmed. Aaron Ramage asked where we are in regard to the CTE Director position. Steve mentioned the interview process will begin tomorrow June 9th. Terry added that there were 18 candidates which has been whittled down to 4. Sheri asked about the American Airlines flight to Dallas and how it is doing in its infancy. David put Steve on the spot to tell us about his summer vacation plans.

Brandon followed up about the lawsuit regarding the loan in Bozeman. Taco del Sol filed the lawsuit and is looking to recoup the loss they suffered while relocating. The loan will remain tabled until July.

#### Public Comment

Chuck Tooley made a question about Robert's Rules and the motion to table the MCMW LLC, Taco Del Sol loan approval. The motion will be reconsidered at the next meeting.

Liz Ching mentioned the Governor's Innovation Symposium on July 12<sup>th</sup>.

**Meeting adjourned at 9:05 am**

Next Meeting – July 13, 2017

Respectfully submitted,

David Trost, EDC Chair

Steve Arveschoug, Executive Director, Big Sky EDA-EDC

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

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