



EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, October 12, 2017 – 7:30 AM – 9:00 AM
Yellowstone Room, 1st 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: Sheri Nicholson, Cory Moore, Robin Rude, Greg McDonald, Paul Neutgens, Robyn Driscoll (ex-Officio)

EDA Board Members Absent: Jennifer Smith, Kevin Gustainis, Mitch Goplen, Dana Pulis, Chuck Tooley, Heidi Jensen (ex-officio), John Brewer (ex-officio), Terry Bouck (ex-officio), Mike Yakawich (ex-officio)

EDC Board Members Present: David Trost, Eric Simonsen, Duncan Peete, Mike Nelson, Steve Loveless, Craig Bartholomew, Scott Chesarek, David Ellis, Ty Elkin, Mac Fogelsong, Aaron Ramage, Mike Seppala, Debbie Singer, Jon Stepanek, John Walsh

EDC Board Members Absent: Kathy Boelter, John Brewer, Doug Hansen, Wayne Nelson, John Ostlund, James Smith

Staff and Guests: Steve Arveschoug, Jim Tevlin, Dena Johnson, Lorene Hintz, Brandon Berger, Melanie Schwarz, Karen Baumgart, Becky Rogers, Austin Trunkle, Dianne Lehm Thom MacLean, Jack Nickels, Scott Twito, Rick Devore, Bret Carpenter, Mike Dowdy, Chris Coders, Dave Byerly

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:

Dianne introduced our newest team member, Thom MacLean. Steve then invited our guests from Lewistown to introduce themselves. The contingency from Lewistown included their Economic Development organization and key members of their community.

Rick DeVore, Chair of the Parks Board, gave a presentation to our Board regarding the state of our parks. The point of the presentation was to outline a plan of how we can better maintain and develop these spaces. The Parks and Recreation Board will soon go before the City Council to ask for additional funding. Rick invited anyone to show support by attending the November 6th work session with the City Council. Steve recommended spending some time with Rick and diving deeper into the details of the plan as he would like to see Coulson Park as part of the plan. Steve will return with a recommendation to the Board of our stance.

Scott Twito, County Attorney, addressed the Board with respect to the proposed public safety mill levy. In the last 18 months, the case load at the County Attorney's office has increased tremendously. An increase in drug use and drug related crime has directly impacted our criminal justice system and has overloaded our courts. It has been 17 years since the County Attorney's Office has asked for a mill levy and its approval would have a significant impact

on the day to day operations of their office. He is hoping for support in passing the mill levy. Scott Chesarek made a comment that the voters in our county stuck down a public safety mill levy for first responders last year and they may not fully understand these two are unrelated.

Agenda Changes:

Steve will include in his Director's Report a discussion regarding the consideration of dissolving the Montana Business Incubator.

Consent Agenda:

Approval of the September Board Meeting Minutes and the August 2017 EDA and EDC Financials

Motion: Sheri Nicholson, to approve the September Board Meeting Minutes and the August 2017 EDA and EDC Financials, as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

Regular Agenda:

Business Finance – Brandon

Brandon is requesting approval for the following SBA 504 loan requests:

1. Montessori Children's House, LLC – Update to request originally approved at the June 8, 2017 Board meeting. Request is for an increase in the SBA debenture from \$340,000 to \$349,000. The increase in the debenture amount is due to project costs increase from the time of the original application. Renovations are now complete on the project and costs have been finalized. First Security Bank of Bozeman is the participating lender.

Original Presentation: Montessori Children's House, LLC – This was for the purchase of the building they were renting with some remodel for their Montessori preschool. They expect to be done with the remodel this month (June). SBA debenture amount projected to be \$340,000. First Security Bank of Bozeman is the participating lender.

Motion: Mike Nelson, to approve for an increase in the SBA debenture from \$340,000 to \$349,000, as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

2. Gateway Hospitality, LLC – Request is for the acquisition of the Super 8 Hotel property located in Miles City, MT. Purchase includes both the real property and personal property (FFE&E) associated with the hotel. This is a 60-room, limited service hotel. The new owners, Niaz and Zarina Khan, currently own and operate the Western Motel in Hardin, MT. They will relocate to Miles City and manage both properties from there.

There are projected to be three new jobs created resulting from this purchase. The total SBA debenture will be \$528,000 on a 20-year note comprising 35% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real and personal property behind Stockman Bank – Billings. Two SBA Public Policy goals are achieved – Rural Development and Minority Owned Business.

Motion: Duncan Peete, to approve the acquisition of the Super 8 Hotel property and personal property associated with the hotel located in Miles City, MT, as presented to the Board.

Second: Mike Nelson

Discussion: None

Motion carried

Aaron Ramage asked if we are approaching our portfolio limit on motels and lodging. Brandon said the cap is 30% of the total portfolio and we are currently at about 25%.

Small Business Development Center (SBDC) – Dena

Dena gave a brief update about how the Incubation partnership is faring with Zoot as we move forward with the Business Incubation plan. Carol Lauffer and Chuck Wolfe, our consulting partners, will be in town next week to conduct interviews with a host of educators, business professionals, and leaders in order to better understand the needs of our community. Carol is participating as a panelist at our Annual Meeting.

Business Recruitment and Outreach – Allison

In Allison's stead, Steve let the Board know there is a minor structural issue with the GE building, but they anticipate a resolution will soon be made. Per the Buy/Sell Agreement with Zoot, we had set aside \$100,000 to address this matter. Steve expects BSED to be on the hook for around \$20,000 to help off-set the cost of repairs. The manufacturer of the stone in question, Swiss Pearl, is in the process of turning over the warrantee on their product from BSED to Zoot Enterprises. Steve also wanted to thank Mitch Goplen for all of his work on getting this issue resolved.

Annual Meeting Update – Melanie

Melanie gave the Board an update about our Annual Meeting coming up next week. There will be a Pre-Event round table to discuss our organizational wins and what is next for BSED. FinTech will be the emphasis this year and rather than a keynote speaker, we will have a panel comprised of experts in this field. Our very own Jon Stepanek will be the facilitator of the panel discussion. Melanie also invited our Board members to a post-event polling where they will have the opportunity to have their voices heard about incubation.

Operations – Becky

Becky discussed the status of our Future Facilities Assessment. Eric Simonsen presented many options to the staff at a lunch a few weeks ago and the process is still ongoing. The taskforce is on target to present preliminary findings to the Board in December. The other update was to notify the Board that the EDC nominations have been votes on and approved. The nominees will be announced at the Annual Meeting.

Executive Director's Report – Steve

Steve addressed the Board about the MSUB/RMC Science Building Matching Challenge. Steve asked that the Board members consider bringing their organization in on this opportunity to strengthen and enrich our community through support of higher education.

Steve has been working to develop a Succession Plan for a couple of years now and would like to give the Board a brief outline of the document he has drafted. Steve wants the plan to give guidance and set expectations for our Board and staff when a transition is underway. We want to build our leadership capacity in the organization and this document is vital to that vision. We must also build an Interim Leadership Structure to ensure there are no gaps if there is an absence in leadership. The second major piece of the document focuses on Succession for the Director of our programs. It is vitally important to retain and build up our talent. Thirdly, guidance of our Board of Directors will be a point of emphasis and there are three parts Steve would like to address specifically. These parts include 'Defining Core Competencies of an Executive Director', 'Evaluating the Executive Director job description every 2-3 years', and 'Defining the Executive Director search parameters'. The search is suggested to be regional and a committee may be formed. Another parameter is that equal consideration be given to internal staff members if they are to apply. There will also be a portion of the document dedicated to transitions in leadership (with respect to retirement) and what would constitute appropriate notice. The Board asked if there is a detailed process of how power would be transferred to an Interim Director. Steve replied that that piece would be left up to the Board. They would appoint the Interim Director as they have the authority to hire and fire the Executive Director. A Board member suggested Steve to consider balancing the document with more detail in the area of

Executive Director Succession rather than Staff Succession. Steve responded that a good portion of the plan does speak directly to Executor Director, but Steve expressed the need to also focus on the internal leadership development as a part of the succession plan.

Steve gave a brief history of how the Montana Business Incubator was initially conceived, how incubators functioned 15 years ago (which is much different than incubators today), how funding was wanted and how the MBI ultimately went dormant. At the insistence of the IRS and Secretary of State, our hand is being forced to either do something active with the MBI or dissolve it and move on. Steve said it is time to move forward and dissolve the old structure. Steve is asking the Board to grant him authority to act with MSUB to dissolve the MBI. A Board member mentioned that there may be an organization that could assume the status of the 501c3 as this designation is difficult to come by. This vote is for the EDA Board only.

Motion: Sheri Nicholson, to authorize Steve to act with MSUB to dissolve the MBI, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Public Comment:

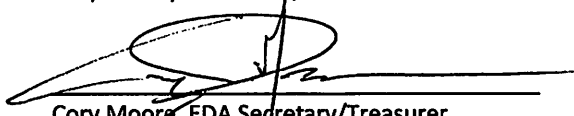
Debbie Singer provided a handout detailing NorthWestern Energy's offering and the state of their organization.

David mentioned that St. John's is working to temporarily relocate up to one dozen Puerto Rican families that have been devastated by this year's hurricane season. There is a need for host families, translators, drivers and many other volunteers. These individuals are guaranteed employment at St. John's for up to a year. David anticipates it will cost about \$5,000 per family to initially relocate and then return home. David also wanted to open the floor to the Lewistown contingency and see what their thoughts were on our meeting. Community engagement is one of the areas of their own emphasis and they see that in our community as well. Economic Development is difficult in their immediate area as they lack the amenities we enjoy. They think keys to growth are to broaden their scope of ideas and work to increase housing.

Meeting adjourned: 8:51

Next Meeting – November 9, 2017

Respectfully submitted,



Cory Moore, EDA Secretary/Treasurer



Mike Nelson, 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.