

EDA/EDC Joint Board Minutes
Thursday, December 14, 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, Jennifer Smith, Cory Moore, Kevin Gustainis, Robin Rude, Greg McDonald, Paul Neutgens, Chuck Tooley, Mayor Mace (ex-officio), John Brewer (ex-officio), Terry Bouck (ex-officio)

EDA Board Members Absent: Mitch Goplen, Dana Pulis, Robyn Driscoll (ex-officio), Mike Yakawich (ex-officio)

EDC Board Members Present: David Trost, Eric Simonsen, Duncan Peete, Mike Nelson, Steve Loveless, Craig Bartholomew, John Brewer, Scott Chesarek, Ty Elkin, Mac Fogelson, Doug Hansen, Wayne Nelson, John Ostlund, Aaron Ramage, Mike Seppala, Debbie Singer, James Smith, Jon Stepanek, John Walsh

EDC Board Members Absent: Kathy Boelter, David Ellis

Staff and Guests: Steve Arveschoug, Becky Rogers, Austin Trunkle, Jim Tevlin, Melanie Schwarz, Dianne Lehm, Brandon Berger, Deanna Langman, Rachel Court, Dena Johnson, Lorene Hintz, Greg Krueger, Liz Ching, Ken Lutton, Evelyn Pyburn, Andy Gott, Jack Neckels, Molly Schwend, Fred Sterhan, Dr. Ron Larsen, Dr. Bob Wilmouth, Leif Welhaven, Lisa Harmon, Mayor Tom Hanel

Call to Order:

David Trost, EDC Chair, informally began the meeting at 7:20 a.m.

Steve and David began by introducing our new Board Members, Ken Lutton, Andy Gott, Molly Schwend, Fred Sterhan, Dr. Ron Larsen, and Dr. Bob Wilmouth. Additionally, Mark Mace, Mayor of Laurel, is here joining us today as our new ex-officio.

Steve asked Lisa Harmon and Greg Krueger, to join him up at the podium as we joined in recognizing their accomplishments with Downtown Billings Alliance. Lisa and Greg are responsible for over 350 redevelopment projects in our downtown community. They will be solely missed.

Steve then recognized our outgoing Board Members, Kevin Gustainis, James Smith, John Walsh, and John Brewer. Each Board Member said a few words about their time on the Board and what it has meant to them personally.

As our Mayor has termed-out, Steve recognized Mayor Tom Hanel for all his work these past 8 years. Mayor Hanel spoke very kindly of BSED and the work the staff and Board do for our community.

We then recognized our outgoing Board Chairs, David Trost and Sheri Nicholson. Both Sheri and David have been fantastic champions of economic development and we are pleased to be able to keep them as Immediate Past-Chairs.

Call to Order:

David Trost, EDC Chair, officially called the meeting to order at 7:40 a.m. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements:

Eric Simonsen announced that on January 1st, he will open 'Eric Simonsen Architects'. He has been an architect for over two decades and is excited to open his own business.

Changes to Today's Agenda:

There were no changes to the agenda.

Consent Agenda:

Approval of the December 2017 Board Meeting Minutes and approval of the November 2017 EDA and EDC Financials

Motion: Mike Nelson to approve the November 2017 Board Meeting Minutes and approval of the November 2017 EDA and EDC Financials, as presented to the Board.

Second: Sheri Nicholson

Discussion: None

Motion carried

Presentation of FY 2017 Audit – Jim

EDC Audit FY 2016

Jim addressed the Board regarding last year's EDC audit. Our auditing firm, Anderson Zurmuehlen, had to recall their audit due to "impaired independence" as determined by the SBA. The resolution was to have a new CPA firm conduct a "re-audit" of the 2016 EDC Financial Statements. This required action from our Board to accept.

Motion: John Ostlund, to accept the EDC audit FY 2016, as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

EDA Audit FY 2017

Jim presented the FY 2017 EDA Audit. The EDA received a "clean" audit opinion. The single audit of the PTAC program reported a significant deficiency that was not considered material. The "finding" related to a one-time billing and reimbursement issue with the PTAC program. The issue was self-discovered and fixed before the fiscal year ended. Jim and Deanna have discussed solutions to prevent errors in the future.

Motion: Cory Moore, to approve the EDA audit FY 2017, as presented to the Board.

Second: Sheri Nicholson

Discussion: None

Motion carried

EDC Audit FY 2017

Jim presented on the FY 2017 EDC Audit. The EDC was given a "clean" audit opinion with no findings.

Motion: Mike Nelson, to approve the EDC audit FY 2017, as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

**Nominating Committee Recommendation – Eric Simonsen/Becky
Officers/Executive Committee for 2018**

Eric and Becky presented the Nominating Committee's recommendations for officers in 2018.

EDA Officers and Executive Committee

Jennifer Smith - Chair
Cory Moore – Vice Chair
Robin Rude – Secretary/Treasurer
Sheri Nicholson – Immediate Past Chair
Paul Neutgens – Member at Large

EDC Officers and Executive Committee

Eric Simonsen – Chair
Mike Nelson – Vice Chair
Mike Seppala – Secretary/Treasurer
David Trost – Immediate Past Chair
Steve Loveless – Member at Large

To be noted, David's status as Immediate Past Chair was approved via a special vote of our Member Investors.

Motion: Sheri Nicholson, to approve the Nominating Committee Recommendations for officers in 2018, as presented to the Board.

Second: Debbie Singer

Discussion: None

Motion carried

Regular Agenda:

Program Reports/Consideration

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.

1. **Mountain Plains Equity Group, Inc.** – Request is for the purchase of an existing commercial real estate property along with minor renovations for the relocation of Mountain Plains Equity Group, Inc. (MPEG), located in Billings, MT. MPEG is a Billings based company started in 2003 and is owned 100% by Dan Sterhan. MPEG's primary role and business is working as a low-income tax credit syndicator, serving as a capital resource to help promote and finance low-income housing tax credit projects. MPEG had outgrown their existing location and have purchased this property to meet their long-term growth needs. There are projected to be six new jobs created because of this project in the next two years. The total SBA debenture will be \$390,000 on a 20-year note comprising 37.26% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind First Interstate Bank.

Motion: John Ostlund, to approve the loan request for the purchase of an existing commercial real estate property along with minor renovations for the relocation of Mountain Plains Equity Group, Inc., as presented to the Board.

Second: Mike Seppala

Discussion: David asked Fred Sterhan how the new tax bill would affect Mountain Plains' business model.

Motion carried

No abstentions

2. **Kingfisher Lodge, LLC** – Request is for the purchase of an existing fishing lodge located in Fort Smith, MT. The project financing will only consist of the real property associated with the operation. Borrower is purchasing the property and currently resides in Sheridan, WY. The lodge has been in existence since 1981 serving fly fishermen to the famous Big Horn River. The property consists primarily of the lodge with eight guest rooms, a main lodge for dining and a restored farm house to accommodate four more guests. There is also a residence on the property for the owners. There are projected to be two new jobs created because of this project. The total SBA debenture will be \$309,000 on a 20-year note comprising 30% of the total project costs. Big Sky EDC and the SBA will be in 2nd lien position on the real property behind Security State Bank of Sheridan, WY. There will be a Public Policy goal met for rural development.

Motion: Eric Simonsen, to approve the loan request for the purchase of the existing fishing lodge located in Fort Smith, MT, as presented to the Board.
Second: Wayne Nelson
Discussion: None
Motion carried
No abstentions

Small Business Development Center (SBDC) – Dena

Dena asked the Board to approve Steve signing the annual SBDC contract amendment. The amendment makes no change to goals but it does include a federal funding increase of \$6,290.49 to the 7-year contract we have hosting the SBDC for the SBA. The contract began on January 1, 2014. She included a handout to help illustrate the excellent services they provide and the hard work they do for our community.

Motion: Sheri Nicholson, to approve Steve signing the annual SBDC contract amendment, as presented to the Board.
Second: Chuck Tooley
Discussion: None
Motion carried

Community Development – Patrick

Dianne presented on Patrick's behalf to announce the RFP Selection regarding the EPA Brownfields Assessment Grant. We received 4 proposals and the Selection Committee selected New Fields to complete the assessment. Dianne is asking the EDA Board to approve the Selection Committee's decision.

Motion: Sheri Nicholson, to approve the Selection Committee's decision regarding the EPA Brownfields Assessment Grant, as presented to the Board.
Second: Mike Nelson
Discussion: None
Motion carried

Operations – Becky

Becky presented a Future Facilities Taskforce update for the Board. She shared the progress made so far on identifying our organizational values and themes from the staff assessment. The taskforce still needs to conduct an external assessment. She also covered the steps still to take to bring a recommendation to the Board in May.

Executive Directors' Report

One Big Sky Center Next Steps – "comprehensive economic development strategy"

Steve asked Allison to give an update on the One Big Sky Center progress. The City Council approved an extension to the original MOU and The Hammes Group has re-proposed that this project have two large anchor points rather than one large sky-scraper. Moving forward, we need to define the role that BSED should play in this project. Lisa Harmon added that she expects more partners to be coming to the table to advance this vision. It should be noted that there was further input from several other individuals, each helping to clarify what the next steps are for their respective organizations. As soon as the Hammes Group releases their preliminary term sheet, we will notify the Board.

Succession Plan Review/Consideration

Steve reviewed the final draft of the Succession Plan. In the initial plan, there was a one-year notice for retirement. This has been revised to six months. Additionally, a Communication Plan that Melanie created has been attached to the overall Succession Plan.

Motion: John Ostlund, to approve adopting the Succession Plan, as presented to the Board.
Second: Duncan Peete
Discussion: None
Motion carried

VBOC Program Renewal – Preliminary Recommendation

Steve discussed consideration for reapplying to host the VBOC for the SBA. The program is completely federally funded, and the new contract would be a 5-year term rather than a 3-year term. Steve reviewed a handout showing an evaluation of the VBOC program and its fit within the mission of BSED. Steve's recommendation at this point is to submit a proposal to the SBA to again host the VBOC with the following considerations: 1) we can shrink the size of the region; 2) we have a sustainable staffing plan in place; and 3) we will re-evaluate the reporting structure for the program at the first anniversary of the new program year. The Executive Committee recommended giving Steve the authority to make a go or no-go decision based on his analysis of the above criteria.

Motion: Chuck Tooley, to approve the Executive Committee's recommendation to reapply to host the VBOC program, based on the Executive Director's analysis, as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

Professional Development Plan/Sabbatical

Steve mentioned he will be taking a leave in February, which will run into March. As part of the Sabbatical, he will also be attending a leadership course in late February.

Steve informed the Board that he, Allison, and John Brewer have concluded their visits with the major airline providers across the country. Steve and John met with American Airlines yesterday and reported they were very pleased with the direct flight from Billings to Dallas. This is wonderful news for our community as AA looks to continue investing their resources in our area. Allison also added that United is considering adding a seasonal direct flight to San Francisco. Allison asked if any of our Board Members have business ties to San Francisco, that they write letters of support to United.

Public Comment:

Melanie mentioned to the Board that there is a Breakfast next Tuesday at the Northern that will revolve around how the new tax bill affects small businesses.

Melanie also mentioned there is an opportunity to have coffee with Senator Tester at MoAv coffee tomorrow morning.

Meeting adjourned: 8:59 a.m.

Next Meeting – January 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.

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