

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
Wednesday, April 4, 2018 – 7:30 AM – 9:00 AM
Rosebud Room, 2nd 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.

Committee Members Present: **EDA** – Cory Moore, Jennifer Smith, Paul Neutgens, Robin Rude, Sheri Nicholson
 EDC – David Trost, Eric Simonsen, Mike Nelson, Mike Seppala, Steve Loveless

Staff and others Present: Steve Arveschoug, Becky Rogers, Austin Trunkle, Melanie Schwarz, Jim Tevlin,
 Dena Johnson, Evelyn Pyburn (Big Sky Business Journal)

Call to Order:
Eric Simonsen, EDC Chair, called the meeting to order at 7:31 am

Agenda Changes for Today's Meeting:
No agenda changes.

Public Comments:
No public comments.

Agenda:
Approval of EDA/EDC Executive Committee Minutes of March 2018

Motion: Jennifer Smith, to approve and forward to the Board of Directors, the March 2018 Executive Committee Minutes as presented to the Executive Committee.
Second: Sheri Nicholson
Discussion: None
Motion carried

Approval of February 2018 EDA/EDC Financials – Jim

Jim updated the Committee about the state of the financials for EDA and EDC. One area of concern for EDA was the projected tax protest figure was ballooning much faster than anticipated and will likely end up in excess of the \$45,000 figure for the year. On the EDC side, the SBA 504 origination fees will fall short of what was projected. This is due almost solely to having two very large loans fall through at the eleventh hour. Jim did mention that we inherited a strong portfolio from the Helena team which has helped increase our servicing fees. Additionally, we had vacancy savings from not hiring an additional loan officer. Although the EDC will see a reduced net operating income, it should still show numbers in the positive. Mike Seppala had asked if another CDC had taken on the loans that fell through, but Steve explained it was simply another bank. As the Finance team begins to take shape, there will be more opportunity for Brandon and the team to reintroduce the 504 Product to borrowers across the state.

Motion: Sheri Nicholson, to approve and forward to the Board of Directors, the February 2018 EDA and EDC Financials as presented to the Executive Committee.
Second: Mike Seppala
Discussion: None
Motion carried

Update: FY 2019 Budget Process/Schedule

A budget workshop will be held on April 24th for any Board Member interested in attending.

Steve began to introduce the topic of salary adjustments. There will be a three-board person salary review committee. Eric and Jen will be the first two on the committee and David Trost volunteered to participate as well. The committee will review with Steve and Becky proposed salary adjustments.

Executive Director's Report – Steve

Steve mentioned there will be an April 10th meeting with Talen Energy regarding the Corette Site. Apparently, the parcel is close to selling but this will be met with a cautious optimism.

Steve mentioned that BSED has received word from the SBA that we will be awarded the 2018 VBOC funding. The official notice of award has not yet been issued. We expect to receive the official cooperative agreement in the coming weeks. We received permission from the SBA to begin the process of hiring for a new VBOC Director. Brian Clemons is still the interim director and continues to do excellent work in the field. Concerning the gap between when the previous award ends and the new award begins, Steve reassured the Committee that he will not spend any BSED money without the explicit guarantee from the SBA that we will be refunded as we wait for the official award.

The MOU Steve wanted to share was still being worked on by our legal counsel and was unavailable to present to the Committee for review. We will plan to take the MOU before the Board on April 12th. Steve wanted to give the Committee an overview of the key components in the documents. In the MOU, there is a purpose statement, and primarily a development plan agreement with the Hammes Group. Our legal counsel will be providing a memorandum to help outline the procurement process and how the public funds will be spent.

Mike Seppala voiced concern over the plan to extend a line of credit to the Downtown Billings Partnership. Steve explained that this is not unprecedented for BSED, citing the investment in the East Billings Urban Renewal District. Steve went on to say that \$700,000 went into planning the EBURD and that there have been millions in investment since there was a defined, conceptualized plan for developers to follow. BSED will be repaid \$400,000 or the remaining balance at the three-year maturity date. Further, the Hammes group will have around \$1.3 million of their own money in this planning process which is a significant investment and indicates their commitment to the project.

There was additional conversation about the necessary environmental assessments on the Yesteryear Antiques building. There is concern that there will be a need to abate asbestos in the building, among other things, which is a very expensive process.

Steve also spoke to what the temperature of our congressional delegation was regarding Local Option Authority. Unfortunately, securing more economic development tools will be an uphill battle. It should be noted however that a strong showing of support will help to gain momentum for Local Option and other economic development tools that will help BSED and others affect meaningful change in their communities.

Steve updated the Committee on the results of the proposal sent last month to incentive a tech company to expand to Billings. We learned this week that the company chose to expand to Missoula instead of Billings. The reason cited was Billings doesn't have as much of the young tech talent coming out of its institutions of learning that the company could get in Missoula. Steve is reaching out to the company's leadership to learn more about where Billings could be more competitive. We are hoping to learn more from their assessment of us.

Program/Org. Director's Updates

Operations: Update: Future Facilities Taskforce – Becky

Becky updated on the Future Facilities Taskforce. They met last Friday and discussed the space programming analysis, a budget concept, and what funding strategies are at our disposal. BSED was recently counseled to use an RFP process to vet facilities. Once a decision is made in May regarding whether or not our new facility will have a dedicated space for entrepreneurship, the RFP will be sent out.

Board Planning Expectations and Revised Date (April 12th) – Becky

Board Planning will take place on April 12th, at the Health Science building at City College. It will begin with a 30min board meeting and then will become a planning session to outline our priorities for the next two years.

Special-Election results - Becky

The last update Becky had for the committee was the election of Mike Phillips to the EDC Board via a majority vote from our Member Investors. Mike comes to us from Opportunity Bank and we are excited to welcome him to the BSED team.

Community Development: Update: Coulson Park Master Plan

Dianne was absent, but Steve gave a brief update regarding Coulson Park and the progress being made on working with the Parks Board to help secure funding for the project.

Entrepreneurship Space/Model Update – Dena

Dena was excited to share that the entrepreneurship consultants have drafted a preliminary budget for what a potential entrepreneurship space could look like. While this has only been reviewed by Dena and Steve at this point, there will be a presentation on May 11th. Further, Dena announced that they will be moving forward with the Early Pitch competition in which small tech companies will vie for growth capital from Frontier Angels. Three finalists will be chosen and will then make their pitch at a statewide competition for this funding.

MSU-Billings Science Building Project: Fundraising Update – Melanie

Melanie gave a brief update on the MSUB Science Building fundraising effort. Fundraising is a little over halfway there and has strong potential to meet its goal with the Murdock Foundation money. She also mentioned that there will be a press conference tomorrow at the MSUB Alumni Office at 3:30pm. The event is to honor "Friends of MSUB" and there is one individual from our organization in particular who MSUB would like to recognize.

Meeting adjourned at 9:07 am

Next Executive Committee Meeting – April 30, 2018

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 Economic Development at 256-6871.