

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
Wednesday, September 5, 2018 – 7:30 A.M. to 9:15 A.M.
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, Austin Trunkle, Becky Rogers, Melanie Schwarz, Jim Tevlin,
Dianne Lehm, Evelyn Pyburn (Big Sky Business Journal)

Call to Order:

Jennifer Smith, EDA Chair, called the meeting to order at 7:30 A.M.

Agenda Changes for Today's Meeting:

There are a couple of modifications to the agenda. Due to a time conflict with the Board of Regents on September 13th, there will be a discussion concerning the Board Meeting start time. Additionally, there will be a discussion with Melanie as we discuss where the funds for our donation to the Simulated Operating room will come from.

Public Comments:

None

Agenda:

Approval of EDA/EDC Executive Committee Minutes of August 2018

Motion: Sheri Nicholson, to approve and forward to the Board of Directors, the Executive Committee Minutes as presented to the Executive Committee.

Second: Eric Simonsen

Discussion: None

Motion carried

July 2018 EDA/EDC Financials - Jim

Jim discussed the July financials. The Committee likes the new format for the financials, which uses popout boxes and footnotes to explain items of discussion instead of a narrative. On the EDA side, we received the recovery of protested taxes. About 90 cents on the dollar was recovered. A recommendation for how to handle the receipt of those dollars will be handled later in the meeting.

Motion: Cory Moore, to approve the financials and forward to the Board of Directors, as presented to the Executive Committee.

Second: Steve Loveless

Discussion: None

Motion carried

Review Proposed Revised FY 2019 Budget and Projections - Jim

Jim then presented revised FY2019 Budgets. There was virtually no change in the EDC budget. There were three primary drivers that resulted in changes to the EDA budget. 1) The PTAC reimbursement rate was decreased by about \$70,000. The original rate received from the Feds changed which caused the decrease. 2) The employer contributions to salary and wages decreased as a result of a full-time position Recruitment changing to a part-time

position. 3) The estimated Tax Protest Rate was reduced to 2.4%. Those decreases will very closely offset the decreased in PTAC reimbursement rate. David and Steve Loveless asked if there will be any issue with losing an FTE in the recruitment and outreach department. Steve Arveschoug mentioned that this will be a work in progress as BSED is hiring a new employee to backfill any void that will be left with the Recruitment position going to part time. We also restricted Recruitment to fall under Melanie's supervision to ensure the Recruitment effort can continue moving forward to accomplish its full scope of work.

Motion: Eric Simonsen, to approve and forward to the full Board, the revised FY2019 Budget, as presented to the Executive Committee.

Second: Sheri Nicholson

Discussion: None

Motion carried

Jim also shared revised projections for the next five years' budgets. The projections are being shared as helpful information, but no action is needed from the Committee.

Tax Protest Dollars Update/Recommendation – Jim/Steve

Steve rounded-out budget discussion by speaking about the Tax Protest Dollars that will be received by BSED. These are one-time dollars. Steve's recommendation is that we roll those dollars into a fund for our potential facility move. If there is a balance left over, those funds would then be deposited in the Opportunity Fund.

Motion: David Trost, to approve and forward to the full Board, Steve's recommendation, as presented to the Executive Committee.

Second: Sheri Nicholson

Discussion: None

Motion carried

Executive Director's Report

Steve thanked the Committee for 100% turn-out and acknowledged that they all have rather busy schedules and appreciated their attendance.

Steve spoke about the Entrepreneurship Meet-Up and how the demographic we see in the photos from that even should inform how we move forward to serve them.

One Big Sky District Update – Allison/Steve

Allison and Steve visited Wisconsin in August to meet with our strategy partners as the planning for the One Big Sky District continues. The Monday following their return included a community debrief at the library which was very well attended. Further, the first OBSED Friday Coffee Discussions kicked off at MoAv this past week. This next Friday's (September 7th) meetup will be at Black Dog Coffee. There is also line of sight to have the OBSED Vision Statement done by the end of this week. Eric asked if there are additional outlets for information we can point our community members to. The OBSED Facebook page is an excellent resource and an OBSD website will likely go live next week. Both Allison and Kelly McCandless of the Chamber have partnered with CTA to bring that to fruition.

Recommendation from the Ad Hoc Legislative Committee

Support for Initiative 185 – funding for Medicaid

The first meeting of the Ad Hoc Legislative Committee has taken place and two important items came out of the discussions. The first is Initiative 185. This Initiative would place an additional tax on tobacco products in an effort to help fund Medicaid Expansion. This expansion sunsets in the upcoming session. The Legislative Committee feels there are Economic Development reasons why Medicaid Expansion is a good thing. Under BSED By-Laws, if the Board chooses to take a position on Initiative 185, it would require a 3/5 affirmative vote. The Board in 2015 chose to support Medicaid Expansion. There is some discussion that if this Initiative were to pass, there would be a legal challenge in the Montana Supreme Court as it could be seen as appropriating those funds unlawfully. Steve Loveless spoke in favor of the initiative and offered his perspective as to why a "for" position would be prudent.

Motion: Eric Simonsen, to approve and forward to the full Board, to recommend a stance to support Initiative 185, as presented to the Executive Committee.

Second: Cory Moore

Discussion: None

Motion carried

MT Infrastructure Coalition Associate Membership

The second item to come out of the Legislative Committee discussions was our membership status on the Montana Infrastructure Coalition. The Committee's recommendation is that we renew our Associate Membership with the Coalition.

Motion: Mike Seppala, to approve and forward to the Board of Directors, to maintain BSED's membership with the Montana Infrastructure Coalition, as presented to the Executive Committee.

Second: Mike Nelson

Discussion: None

Motion carried

American Airlines Revenue Guarantee \$s--Recommendation

On to the American Airlines Revenue Guarantees. There is \$6,887.28 remaining from our initial contribution to the revenue guarantees and BSED must now decide what to do with the funds. Steve recommends that the funds be left in the account for future air service recruitment efforts as a show of support for increasing air service to Billings.

Motion: Mike Seppala, to approve and forward to the full Board, to accept Steve's recommendation, as presented to the Executive Committee.

Second: Paul Neutgens

Discussion: None

Motion carried

Beartooth RC&D MOU

There is an MOU in place with Beartooth RC&D to contribute \$11,000 to their organization. Beartooth helps BSED with grant writing as well as offering their expertise when we call on them. Steve is asking the Executive Committee to grant him the authority to execute the MOU.

Motion: David Trost, to approve and forward to the full Board, to grant Steve the authority to execute the MOU, as presented to the Executive Committee.

Second: Eric Simonsen

Discussion: None

Motion carried

Due to a time conflict with the Board of Regents on September 13th, Steve is proposing starting our Board Meeting at 8 A.M. rather than 7:30 A.M. However, after discussion, there may be a need to poll the whole Board to see if they're able to attend at a later time.

VBOC Hiring Status

Becky announced that the SBA has confirmed the hiring of Dustin Frost as our new VBOC Director. Dustin's first day is September 10th.

Program/Org. Directors Updates

Operations

Future Facilities Taskforce RFP Finalists and Next Steps – Becky/Jennifer

It should be reflected that Mike Nelson left the room and abstained from the vote as he had identified a conflict of interest with one of the proposals received as part of the RFP. The Future Facilities Taskforce update was then given. Becky reiterated to the Committee why BSED is moving forward with this process. BSED is reaching its physical capacity in their current space and is unable to add more programs or staff within the current square footage. As a result, we created the Taskforce and conducted analysis to learn what was needed moving forward. The next step was to release an RFP for facilities that match the criteria needed. Twelve proposals were received

as a result of the RFP. The Future Facility Taskforce scored the proposals and then selected seven for site visits. After conducting site visits, the Taskforce selected three finalists. They are Granite Tower, Hart Albin – Proposal A, and The Montana Paint Building. Moving forward, it is the Taskforce’s recommendation to continue due diligence with the three finalists and bring a finalist to the Committee and Board in October. As part of the due diligence, BSED staff will be invited to tour each finalist and additional analysis will be done on cost, location and how the proposals accommodate space needs. Becky then asked what the Committee’s recommendation was with regard to tenant improvement costs. The Committee was asked if they have preference whether tenant improvements were funded up front or if they were funded as part of the lease rate. David would like the costs of improvement rolled into the lease rate as it protects the organization should the term of the lease not be seen through. He noted that’s what the organization has done in the past.

Motion: Sheri Nicholson, to approve and forward to the full Board, of the recommendations of the Future Facilities Taskforce, as presented to the Executive Committee.

Second: Mike Seppala

Discussion: None

Motion carried

Nominating Committee Update – Becky/Mike

Next was a Nominating Committee update from Becky. There will be six seats available to be filled on the EDC side as the calendar year turns over. Becky discussed the nominees for the six seats and the structure of the ballot. One nominee, Mary Dyer, has removed her name from consideration so that change was noted. The nominating Committee also recommends approaching the County Commissioners to add an EDA Ex-Officio seat for the CEO of the Downtown Billings Alliance.

Motion: Cory Moore, to approve and forward to the full Board, of the recommendations of the Nominating Committee, as presented to the Executive Committee.

Second: Paul Neutgens

Discussion: None

Motion carried

Marketing and Member Investors – Melanie

Organizational Sponsorship Dollars Update

Melanie mentioned that the pledge funds BSED earmarked for the CTE Operating Room is tied up with the Conrad Road redevelopment. We had anticipated those funds would have been released by now. In the interim we will pull up to \$10,000 from the EDC which had an operating income of \$150,000.

E-Space Founding Partners Update

Melanie mentioned that we are up to \$44,000 of our \$50,000 goal for the initial E-Space funding.

Annual Meeting Update (Goal: 95% Board Attendance)

Melanie also spoke about the Annual Meeting on October 18th. She is requesting that BSED have a Board attendance rate of about 95%. There will be a luncheon at MSUB and a 2nd entrepreneur even that follows late that evening at the Depot.

Finally, the USDA is looking to relocate some of their D.C. offices and Billings is working to get on the short list of potential new locations. There will be approximately 600 jobs moving so it is very important we work to put in a competitive proposal.

TEDD Expansion Update - Dianne

Dianne updated the Committee that there are several new property owners that would like to be included in the Lockwood TEDD. Some of these parcels are outside of the current zoning boundaries. The Lockwood School Board wrote a letter in opposition to expanding the TEDD, a letter to which we have responded. In addition, we have also offered to answer questions at a Lockwood School Board Meeting. One of the primary concerns the School Board has is how the TEDD expansion would affect the Lockwood taxpayers. Last year there was a -\$78,000 in increment last year but this year there will be positive increment in that account. Dianne said this is property owner driven process.

Public Comment: None
Meeting adjourned at 9:36 A.M.

Next Executive Committee Meeting – October 3, 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.