



EDA/EDC Joint Board Minutes
Thursday, May 10, 2018 – 7:00 AM – 9:00 AM
Northern Hotel, 2nd Floor, North Ballroom
(breakfast included – Hosted by Mike Nelson)

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: Cory Moore, Dana Pulis, Greg McDonald, Jennifer Smith, Ken Lutton, Paul Neutgens, Robin Rude, Sheri Nicholson, John Brewer (ex-officio), Robyn Driscoll (ex-officio), Shaun Brown (ex-officio), Terry Bouck (ex-officio)

EDA Board Members Absent: Chuck Tooley, Fred Sterhan, Mitch Goplen

EDC Board Members Present: Aaron Ramage, Andy Gott, Craig Bartholomew, David Ellis, David Trost, Debbie Singer, Duncan Peete, Eric Simonsen, John Ostlund, Jon Stepanek, Mac Fogelson, Mike Nelson, Mike Phillips, Mike Seppala, Molly Schwend, Scott Chesarek, Ty Elkin, Wayne Nelson

EDC Board Members Absent: Bob Wilmouth, Doug Hansen, Steve Loveless

Staff and Guests: Steve Arveschoug, Becky Rogers, Austin Trunkle, Melanie Schwarz, Dianne Lehm, Jim Tevlin, Brandon Berger, Karen Baumgart, Chris Kukulski, Jack Nickels, Colin Nygaard, Chris Dimock, Evelyn Pyburn, Rick Devore

Call to Order:

Jennifer Smith, EDA Chair, called the meeting to order at 7:10 AM with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements

None

Changes to Today's Agenda: None

Consent Agenda:

Approval of the April 12, 2018 Board Meeting Minutes & the March 2018 EDA/EDC Financials

Motion: Mike Nelson, to approve the April 2018 Board Meeting Minutes & the March 2018 EDA/EDC Financials, as presented to the Board.

Second: Sheri Nicholson

Discussion: None

Motion carried

Program-Level Action Items (as Needed)

Big Sky Finance Loan Approvals – 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.

Marketplace 3301 LLC – Request is for the purchase of an existing commercial real estate property for Marketplace 3301 LLC, located at 3301 1st Avenue N., Billings, MT. Marketplace 3301 has been leasing this space since 2010, and now have the opportunity to purchase the property. Marketplace 3301 is one of the largest antique malls in Montana. They have over 100 vendors inside the building who display and sell their products. Brice and Shelly Turk are the owners.

There are projected to be four new jobs created as a result of this project over the next two years. The project meets a Public Policy goal for a Woman Owned business. The total SBA debenture will be \$342,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Western Security Bank.

Abstained: Mike Seppala

Motion: Wayne Nelson, to approve Marketplace 3301 LLC loan request, as presented to the Board

Second: Paul Neutgens

Discussion: None

Motion carried

Kelshir King Inc./SPENCER JO, LLC (Mountain Hot Tub) – Request is for the purchase of land and construction of a new building for Mountain Hot Tub, located in Bozeman, MT. This new building will consist of 10,000 s.f. of warehouse space and 5,000 s.f. of showroom and office space for the operations of Mountain Hot Tub. This will be a relocation and consolidation of five warehouses in the area. All inventory and services in the Bozeman area will be under this one roof. The new facility will be located off Huffine Lane and Gooch Hill Road on the west edge of Bozeman towards Four Corners. Mountain Hot Tub sells hot tubs, swim spas, saunas and accessories with showrooms in Bozeman, Butte and Helena.

There are projected to be a minimum of 4 new jobs created as a result of this project over the next two years. The project meets an SBA Public Policy goal for a Veteran Owned business as well as Rural Development. The total SBA debenture will be \$2,170,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position behind Big Sky Western Bank located in Bozeman.

Abstained: Mike Seppala

Motion: Craig Bartholomew, to approve Kelshir King Inc./Spencer Jo, LLC (Mountain Hot Tub) loan request, as presented to the Board.

Second: Debbie Singer

Discussion: None

Motion carried

Draft Outline of Strategic Plan/Priorities – Becky

Becky reviewed the draft outline of Strategic Plan/Priorities. Given the feedback from the Board poll, staff input and the stakeholder survey, Steve drafted a Strategic Plan Outline for FY 2019-FY 2020. Outside of the execution of our core mission, three priorities emerged. One, workforce development was rated as a tremendous priority. We would give a renewed vision for the CTE partnership, Better Off in Billings campaign and strengthen our higher education impact in target sectors. Second was strategic placemaking with a continued focus on our current projects like Coulson Park Master Plan, the Trailhead Hospitality Corridor and the Lockwood TEDD. Emerging opportunities include the One Big Sky District Development Planning, Space2Place micro placemaking projects and entryway beautification. The third is creating Economic Diversity and Innovation. The Business-UP entrepreneurship support model would drive this strategic focus. As for organizational opportunities, we would execute our growth plan for Big Sky Finance, grow our Member Investor program, enact our Work, Thrive, Live initiative, find a future facility for BSED and Business-UP and continue efforts to build awareness of our programs. This is shared for informational purposes today but will be considered in conjunction with our budget in June.

Controller – Review of Proposed BY 2019 Budgets – Jim

Jim presented a preliminary budget for FY 2019. We will set the final budget in September when we will know the full value of the Mill Levy. For FY 2019, the preliminary budget projects that the Mill will increase by about \$31,000. This increase will be negated in near entirety as the projected tax protests will also increase. This budget takes into consideration a few staffing changes. The Big Sky Finance team will look to hire a full-time loan processor position to backfill an open loan officer position. Additionally, Mary Lou will transition to a part-time roll with some of her responsibilities being spread to other individuals within the Admin team. With respect to salaries, a 2.5% increase is budgeted for staff wages. This increase will be given to most individuals with a few receiving additional compensation due to expanded roles within the organization. The Board asked what our intent is with the interest income gained on the CD's that hold the GE proceeds. That interest income will be reinvested in the Opportunity Fund. A member of the Public asked that if we were to have shortcomings in the budget, would the operating reserves be easily accessible. The answer is yes but we would prefer not to use reserves for operational expenses. Steve wanted to mention that we were informed last week that additional federal dollars are available for our PTAC Program. This extra money could open the door to an additional PTAC team member in the future.

SBDC – Proposed Business Model for Entrepreneurship Space/Program – Steve/Dena

Steve presented information on the proposed Business-UP (“Biz-UP”) Entrepreneurship Space in Dena’s absence. Steve gave an overview of the process we’ve gone through over the past two years to research and learn about the gaps existing in our current entrepreneur ecosystem. The reason we’ve dedicated our resources to this important project is because we believe Biz-UP will promote economic diversity while supporting our entrepreneurs and, in turn, bolstering our local economy. We also see this as a way to elevate our Business Growth Services. Our partners on this initiative include Zoot, MSUB, RMC, and Elation.

Steve reviewed the program for Biz-UP. The program provides physical and virtual business incubation services and co-working space, which will provide the entrepreneur with the resources needed to network and optimize their business. Steve shared the elements of the programming, “Meet Up, Mentor Up and Biz-UP.” Steve also reviewed a proforma that shows estimated utilization rates for each part of the program, the seed money needed to get the program started, as well as a profit and loss statement and cash flow statement for the first five years of the program. The program will need \$150,000 in seed money. BSED would like to raise the seed money for doing a 2 to 1 match using Opportunity Fund dollars. BSED would ask the community to raise \$50,000 and contribute \$100,000. Steve noted that no money from BSED will be spent until the community match threshold is met. Board Members raised questions concerning the continued need for Member Investor Dollars in the financial forecasts. Discussion was held about the possibility of Biz-Up graduates being able to give back to the program after graduation.

Speaking in support, Chris Dimock, Founder of Elation, reiterated why this is important to our community. Tech entrepreneurship, in particular, magnifies additional investments through high paying jobs, infrastructure contributions, and purchase of operating equipment. Expanding on Chris’s sentiments, Chris Kukulski, from Zoot Enterprises, wanted to reaffirm Zoot’s commitment to this project. He stated that they are of the opinion that companies who are grown here are more likely to stay here compared to those who have been recruited to our community.

Motion: David Trost, to approve moving forward with Biz-UP, as presented to the Board.

Second: Dana Pulis

Discussion: None

Motion carried

EDC Special Election Recommendation (MSUB Chancellor) – Becky

Becky gave an update from the Nominating Committee concerning a request to hold a special election to fill the open seat created by Dr. Larsen's departure from Billings. It is the Nominating Committee's recommendation that Dr. Dan Edelman, the new Chancellor of MSUB, be the only candidate nominated for approval by a majority vote of the Member Investors Companies. This nomination would be pending a confirmation from Dr. Edelman, who has held preliminary conversations about serving on the Board.

Motion: Ken Lutton, to approve the committee's recommendation that Dan Edelman be the only candidate to be nominated as the new Chancellor of MSUB, as presented to the Board.

Second: Debbie Singer

Discussion: None

Motion carried

Future Facilities Taskforce Update – Becky

Becky gave an update for the Future Facilities Taskforce. A drafted RFP is being worked on and will now include the space needs for housing the Biz-UP program. The next steps are for the Taskforce to review the RFP and then hopefully release it near the end of the month. The Taskforce will bring to the Board a recommended facility for consideration later this summer.

VBOC Notice of Award Execution – Steve

Steve told the Board that we have formally received the Notice of award for the VBOC in the amount of \$300,000. He is asking the Board to authorize him to execute the paperwork to finalize the acceptance of the award.

Motion: Robin Rude, to approve to authorize Steve to execute the paperwork to finalize the acceptance of the award, as presented to the Board.

Second: Sheri Nicholson

Discussion: None

Motion carried

Member Investor Program Recap and Strategy for 2019 - Melanie

Melanie was then up to detail her Member Investor strategy for FY 2019. Some of the new priorities include:

- Member Investor breakfasts/lunches go on the road
- Next phase in engaging our Member Investors in BSED social media
 - Success stories (blog, social, Take3)
 - Increased coverage of MI company events
- Full implementation on MI Management system (7/1/18)
- Continue to grow each MI with 3-5 key contacts
- Build Membership committee to 10 (combination of Board/MI)
- Member Investor marketing piece for Committee, Board and Staff to use when talking to colleagues or businesses about BSED, Time for Growth due to increased programmatic needs

Having been considered for a couple of years now, Melanie will raise the Gold Level Membership from \$1,000 to \$1,500. Eric Simonsen mentioned that perhaps we should consider a more modest up-tick in the membership and therefore not risk individuals balking at a renewal. Steve reminded the Board that Melanie must tread lightly when asking for contributions for a couple of reasons. One is to be mindful that we aren't drawing from the same well too often and exhausting resources. Secondly, it's important to remain sensitive that one of our closest partners is the Chamber of Commerce whose revenue is generated primarily from membership dues.

BillingsWorks Update – 2018 State of the Workforce Report – Findings and Strategies – Karen

Karen gave us a look at what to expect with the 2018 State of the Workforce report. Rather than pouring over the whole report, Karen shared some of the more meaningful data points that came out of the survey. For example, the overall confidence in the workforce remains around 44%. Meanwhile, the confidence in an employer's own workforce comes in around 77%. They conclude that means employers are confident in their current workforce but

less confident in the upcoming workforce. In response, BillingsWorks will increase efforts to connect upcoming workforce with our employers and try to get them to participate in experiential learning. Another metric that was evaluated this year was the gulf that emerges as retirees phase out and students graduate into the workforce. With about 4,200 retirements and 700 new job openings projected, this leaves the workforce 2,500 jobs adrift. Which leaves us to conclude it is good to row our own workforce and a need for Geo-Targeting efforts as part of the Better Off in Billings Campaign.

Parks Development Fund/Coulson Park Master Plan Update – Rick DeVore, Parks Board Chairman
Having visited our Board in October of 2017, Rick DeVore, Chair of the Parks Board, returned to give us an update. The Parks Board has, potentially, three funding mechanisms at their disposal. They will need all three in conjunction to carry out what they've envisioned for our community. Those mechanisms are Cash-in-lieu, Parks District 1 zones, and City Reserves. They will be asking the city to increase their PD1 zones from \$2 million to \$3 million to help cover the cost of routine maintenance. Additionally, they will ask for a \$1 million contribution from the City's reserve funds. The Parks Board makes this request full-well knowing that there will be many other agencies looking to secure funding via this avenue. They believe their amount requested is appropriate. Finally, if they are successful in securing these funds, a consideration will be made to put money towards a Coulson Park Master plan which is shy just \$10,000 of its goal.

Executive Directors' Report

As time was wearing thin, Steve gave an abbreviated Executive Director's Report. Most notably, the agenda reflected that there would be an OBSED Development Plan Agreement. This was not the case as certain details are still being fleshed-out by the Strategy Partners. This final document will be made available to our Board electronically and they will vote on the piece electronically as well. Steve forwarded reviewing his draft "Executive Director Focus for 2019" to next month. We will have another early Board Meeting next month as there will be a significantly full agenda. Steve will be leaving town tomorrow and will be out until the 21st. In his stead, Brandon has been appointed as Acting Executive Director.

Public Comment:

Melanie mentioned it is Economic Development Week and we are one of approximately 50 internationally accredited economic development authorities. IEDC is the accrediting institution.

Meeting adjourned: 9:18 am.

Next Meeting – June 14, 2018
Respectfully submitted,



Robin Rude, EDA Secretary/Treasurer



Mike Seppala, EDC Secretary/Treasurer

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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.