

EDA/EDC Joint Board Minutes
Thursday, November 12th, 2020 – 7:00 A.M. – 9:00 A.M.
Zoom Teleconference

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: Bryce Terpstra, Dana Pulis, Ken Lutton, Riley Bennett, Robin Rude, Jennifer Smith, Jennifer Owen, Judi Powers, John Brewer (Ex-Officio), Nick Altonaga (Ex-Officio), Katy Easton (Ex-Officio)

EDA Board Members Absent: George Warmer, Greg McDonald, Paul Neutgens, Don Jones (Ex-Officio), Greg Upham (Ex-Officio), Shaun Brown (Ex-Officio)

EDC Board Members Present: Aaron Ramage, Andy Gott, Ann Kosempa, Bob Wilmouth, Craig Bartholomew, Dave Ballard, Denis Pitman, Eric Simonsen, Jon Stepanek, Kim Jakub, Mac Fogelsong, Mike Nelson, Mike Seppala, Mike Phillips, Nicole Bengé, Scott Chesarek, Spencer Frederick, Steve Loveless

EDC Board Members Absent: Mitch Goplen

Staff and Guests: Steve Arveschoug, Brandon Berger, Shanna Zier, Dustin Frost, Becky Rogers, Austin Trunkle, Lorene Hintz, Marcell Bruski, Jo Ann Jones, Thom MacLean, Melanie Schwarz, Sherry O'Donnell, Deanna Langman, Allison Corbyn, Dianne Lehm, Patrick Klugman, Kevin Scharfe, Kayla Vokral, Brian Clemons, Stefani Freese, Jordan Wilson, Dr. Stefani Hicswa

Call to Order:

Robin Rude, EDA Chair, called the meeting to order at 7:02 A.M. with the pledge of allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Public Comment

Melanie gave an update about Healthcare Appreciation Day. Melanie mentioned that the goal was to raise enough money to give every healthcare worker in Billings a \$10 gift card. Melanie is pleased to report that we have hit that goal. Tomorrow, we will be going to healthcare centers in Billings to drop off those gift cards and thank those workers.

Steve then asked the Board to welcome Dr. Stefani Hicswa, the incoming Chancellor at MSUB. Stefani is currently the President of Northwest University in Powell, WY. Stefani has background in community and economic development and is excited to engage with us. Stefani will begin in January.

Agenda Changes:

A revised agenda was sent the Monday prior to this meeting

Consent Agenda

Approval of October 8th Board Meeting Minutes and Approval of the September Financials

Motion: Judi Powers to approve the October Board Meeting Minutes and September Financials, as presented to the Board.

Second: Ann Kosempa

Discussion: None

Motion carried

FY 2020 Audit Review – Stefeni Freese

Stefeni Freese of Anderson ZurMuehlen (AZ) joined us to present the audit. Stefeni began by reviewing the EDA and indicated that there were no new accounting policies adopted or changed during 2020. Stefeni was happy to report that there were no transactions that failed to meet standards. She was also pleased to report that the auditors did not encounter any difficulties in conducting the audit. She went on to mention there was a very minor correction to adjusting for pension liabilities and one reclassification of an account. Stefeni indicated that the auditors issued a clean, unmodified opinion and stated that the financial statements present fairly. The subsequent events footnote of the audit details events subsequent to June 30, 2020. This footnote includes reference to receiving \$200,000 in coronavirus relief funds, payoff of the DBA line of credit off, and renewal of lease agreement.

In accordance with Government Auditing Standards, BSEDA is required to undergo a single audit as BSEDA receives over \$750,000 in federal funds during the year. AZ tested the Federal EDA Grant as this is the most significant federal grant received during the fiscal year. AZ issued an unmodified opinion and indicated that they did not identify any deficiencies in internal control over compliance. There were no audit findings to review.

Stefeni then reviewed the EDC financials. For the EDC, there were new accounting practices related to revenue recognition that needed to be implemented. The Financial Accounting Standards Board did allow for a one year delay for implementation, but these changes were implemented during the fiscal year and AZ completed the audit in accordance with these changes. Stefeni mentioned that these changes did not have a significant effect on how we recognize revenue. AZ issued a clean opinion and concluded that the financial statements present fairly. Stefeni also noted that the EDC is in a strong cash position with a high current ratio.

The staff and Board went on to commend Shanna and her excellent work. Mike Phillips asked a question related to pensions and how it's funded. Stefeni noted that is funded based on payroll contributions on a percentage basis. Mike asked another question related to the state small business credit initiative.

Craig asked about the EDC's cash flow and how we are trending.

Motion: Mike Nelson to accept the results of the FY 2020 Audit, as presented to the Board.

Second: Mike Seppala

Discussion: Above

Motion carried

Certificate of Deposit Signing Authority

Shanna noted that we will be investing some of the cash received from the DBA loan repayment into Certificates of Deposits. The bank has asked that we have Board approval for Becky and Steve to become signers on the new CD accounts.

Motion: Dave Ballard to grant authority to Becky and Steve as signers on the new CD Accounts, as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

Executive Directors' Report – Steve

Staffing Assignments and Reorganization Update – Steve

Steve began with reviewing some reorganization that has taken place across the organization. Kevin Scharfe is the Director of Entrepreneurship and oversees Rock31 and SBDC. Lorene now oversees the Regional SBDC and Kayla has now assumed the position of Small Business Advisor.

Additionally, Marcell has been elevated to Marketing Manager for the entirety of BSED and its programs.

Allison now reports directly to Steve and oversees Austin who has been moved to be a Business Outreach and Economic Development Policy Project Manager.

Kayla and Austin are wearing two hats at the moment, both are working in their new position and in the operations team during a transition period.

Rosalind Dix in our PTAC has been given the title of Senior PTAC advisor. Roz's extraordinary knowledge base and dedication to advising made this an easy decision.

We are still working to fill the BillingsWorks position and the opening at the front of the office.

Steve also mentioned how he has restructured the direct reports' responsibilities.

Salary Adjustments – Steve

Steve noted that we intend to adjust salaries for the second half of the fiscal year. Those who have had significant responsibility changes will have their pay adjusted accordingly. The balance of the team will see a moderate merit increase as well. The total expenditure for these adjustments falls within our budget projections. The board went on to discuss some of the particulars about the salary adjustments.

Motion: Ken Lutton to confirm the approval of the salary adjustments schedule, as presented to the Board.

Second: Judi Powers

Discussion: Above

Motion carried

December Board Meeting – Steve

The December Board meeting will be a Board Member roundtable where each member gives insight into their industry, the past year, and the year ahead. Steve also mentioned that everyone will receive a gift card to Bernie's to grab breakfast, courtesy of Mike Seppala and Western Security Bank.

Board Dialogue

BSED Statement of Practice – Diversity and Inclusion – Judi Powers

Judi gave a brief overview of the work the committee conducted to discern what economic development nexus a WDO Statement has. And while the committee found that the results were inconclusive, the statement that has been drafted will be used to guide our internal procedures.

Organizational Marketing – Annual Meeting Recap and Input – Marcell

Marcell asked the Board for their thoughts on the annual meeting. Ken and Spencer commended Marcell for the content and its execution. Riley wondered if there was a way to keep each business's virtual tile on the screen or on a banner across the border.

Program Directors Reports

TEDD Update – Thom

Thom mentioned things are starting to move in the TEDD. Work is still ongoing to strike a deal between the City of Billings, the Lockwood Water and Sewer District and the property owners therein.

Coulson Park – Patrick

Patrick gave some background about the Coulson Park project, the partners who have been involved, and the support from elected officials. Patrick went through a slideshow and explained the potential projects that have been developed through the Masterplan. Some of those ideas include a dog park, new boat launches, an amphitheater, a pond, bike trails and BMX park, as well as multiple shelters and green spaces. Finally, Patrick explained what needs to happen to keep this project moving forward.

Big Sky Finance – Brandon

Brandon started with their semi-annual portfolio review. This review only captures our SBA 504 Loan portfolio. All loans are current and there are 177 in the portfolio. Brandon mentioned the portfolio concentration and noted that the accommodations industry is our highest volume sector. The restaurant concentration is 7% and Brandon wanted to make mention of that given the current economic climate. Next, Brandon review stressed loans and which are on deferment and which are catching up now that the SBA subsidy payments have stopped. Brandon thinks there will be additional deferment requests over the next few months. These are generally structured in a way that the borrower pays their fees but principal and interest payments are deferred.

BSF also presented Lender Portal Information. Our Lender Purchase Rating is a 1, which is the highest rating. The SMART score increased slightly and moderate risk items are the 12-month default rate, 5-year default rate, stressed rate, and industry concentration. Apart from industry concentration, BSF out-paces their peers in all categories.

Staffing Needs Update

Brandon noted that Sherry in our Helena Office has taken a position with a CDC from Colorado. BSF will now need to hire a new loan officer/closer. The job has been posted in both the Billings and Helena markets. We are open to hiring that new person in either location. Becky mentioned there has been one applicant so far but lots of interest in that position.

Finally, Brandon made an update to the Management Services Agreement regarding the confidentiality clause. This change was required by the SBA. The change has been approved by the SBA and legal counsel.

Motion: Spencer Frederick to approve the Changes to the Management Services Agreement, as presented to the Board.

Second: Mike Phillips

Discussion: None

Motion carried

Nominating Committee Update – Becky

Becky presented the Nominating Committee's recommendation to the County Commissioners to appoint a new EDA Board member. They recommend Debbie Desjarlais. Debbie owns Debbie Desjarlais Design and Keya, LLC.

Motion: Judi Powers to approve the Nominating Committee's recommendation, as presented to the Board.

Second: Riley Bennett

Discussion: None

Motion carried

Big Sky to Sky Point – Becky

Becky noted that the team is working on submitting the first part of the historic tax credits application with the help of Randy Hafer. Becky also mentioned that Cushing Terrell will be holding a design finishes meeting with the BSED Staff next week.

COVID Response Update

Economic Response and Recovery Plan and Next Steps – Thom

Thom mentioned the work that the ERR team is working on and the upcoming Healthcare Appreciation Day. There will also be a community update in December that notes the economic recovery efforts that are occurring and what the fallout has been so far this year. Allison will be giving some economic impact data as well to give context to the decision making. Steve continued by letting the Board know that there will be Public Service Announcements hitting the airwaves in the coming days and weeks.

EDA RLF Grant Update – Brandon, Dianne, Steve

No updates at this time. The EDA has postponed some announcements due to yearend clerical work and there is a backlog on those decisions.

Legislative Priorities Update/Partner Priorities Review – Allison and Austin

Austin updated the Board about the legislative work that Allison, Steve and Austin are undertaking. Part of the work has centered on putting the Legislative Priorities in chart form. The idea behind this was to give each priority a bit more context and history as we look forward to the next session in January. Austin and Allison are still working to pull together the priorities of partner organizations across the state. Steve and Austin have been meeting with legislators to share our priorities and to get a sense of what the session will look like come January. As of yet, the format has not been determined with respect to how legislators will gather and how individuals will testify whether in person or remotely.

Public Comment

None

Adjourn

Robin adjourned the meeting at 8:57 A.M.

Next Meeting – December 10th, 2020

Respectfully submitted,



Ken Lutton, EDA Secretary/Treasurer



Ann Kosempa, 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.