



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

**EDA/EDC Joint Board Minutes**  
**Thursday, December 10<sup>th</sup>, 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:** Dana Pulis, Ken Lutton, George Warmer, Greg McDonald, Paul Neutgens, Riley Bennett, Robin Rude, Jennifer Smith, Jennifer Owen, Judi Powers, Don Jones (Ex-Officio), Greg Upham (Ex-Officio), Shaun Brown (Ex-Officio)

**EDA Board Members Absent:** Bryce Terpstra, John Brewer (Ex-Officio), Nick Altonaga (Ex-Officio), Katy Easton (Ex-Officio)

**EDC Board Members Present:** Aaron Ramage, Andy Gott, Ann Kosempa, Bob Wilmouth, 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:** Craig Bartholomew, Mitch Goplen, Mike Phillips, Steve Loveless

**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, Deanna Langman, Allison Corbyn, Dianne Lehm, Patrick Klugman, Kevin Scharfe, Kayla Vokral, Brian Clemons, Debbie Desjarlais, Jen Kobza, Nick Pancheau, Mike Marsh, Commissioner John Ostlund

**Call to Order:**

Mike Seppala, EDC Chair, called the meeting to order at 7:05 A.M. with the pledge of allegiance.

**Public Comment/Recognitions/Special Announcements and Introductions:**

**Public Comment**

Steve recognized David Ellis, Dan Edelman, and Doug Hansen for their service on the Board. Likewise, Steve wanted to recognize Robin Rude who chaired the EDA and will be ending her term this year as well. Steve and the Board lauded all of Robin's hard work over the last 12 months. Steve went on to also recognize Mike Seppala who chaired the EDC Board this year. Again, the staff and Board thanked Mike for his chairmanship. Both Mike and Robin thanked the staff and Board for their continued work on our economic development mission.

After recognizing the outgoing Board Members, Steve introduced the new Board Members. They are Debbie Desjarlais, Nick Pancheau, Jen Kobza, and Michael Marsh.

**Agenda Changes:**

None

## Consent Agenda

### Approval of November 12<sup>th</sup> Board Meeting Minutes

Motion: Judi Powers to approve the November Board Meeting Minutes, as presented to the Board.  
Second: Ann Kosempa  
Discussion: None  
Motion carried

### Approval of the October Financials

Motion: Ken Lutton to approve the October Financials, as presented to the Board.  
Second: Dave Ballard  
Discussion: None  
Motion carried

## Program Director Reports

### Big Sky Finance – Brandon

Before Brandon presented, Steve wanted to recognize Brandon's 15 years of service at Big Sky Economic Development. Brandon's work with our Big Sky Finance program has created very meaningful impact to the business community across the state.

Brandon went on to present his independent loan review which takes place every two years. John Valdez out of Texas conducted the review. Twenty loans were reviewed for compliance. Brandon noted two findings related to insurance and loans on deferment. BSF will adjust their policies to add a formal analysis of loans in deferment. The recommendations for improvement from Mr. Valdez were considering semiannual reviews of loans in deferment, changing risk rating procedures, revision of language in the management services agreement, and a periodic review of the internal controls policy.

Overall, Brandon is pleased with the results of the review, as was John Valdez. Brandon is asking the board to approve and accept the results of this independent loan review.

Motion: Eric Simonsen to accept the results of the Independent Loan Review, as presented to the Board.  
Second: Bob Wilmouth  
Discussion: None  
Motion carried

### SBA 504 Loan Request – Brandon

Brandon moved on to SBA 504 Loan request which requires no action. This loan has been approved by the BSF Loan Committee.

- I. Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan request. The Big Sky EDC Loan Committee has reviewed the request and recommends approval to the full EDC Board for submission to the SBA for final approval. The request meets all the underwriting and eligibility requirements of the EDC. This is being presented to the Board for informational purposes only. No Board action required.
1. **Timberview Properties LLC (Wrap Hive, LLC)** – Request is for the purchase of a commercial real estate property for the operations of Wrap Hive, LLC. Wrap Hive, LLC is an existing business located in Kalispell, MT and is relocating to a larger building as they continue to grow and expand. Wrap Hive was started in 2017 and is a one-stop shop specializing in vehicle wraps and other large format graphic needs. They provide services throughout Montana, Idaho and Washington.

The total SBA debenture will be \$501,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position on the real property behind Glacier Bank. There are projected to be four new jobs created because of this project. The project also meets a Public Policy goal for Rural Development.

#### SSBCI Loan Request - Brandon

Finally, Brandon presented an SSBCI Loan request.

Big Sky Finance requests approval of the use of \$150,000 from Big Sky's SSBCI funds to provide a participation note for Missoula Hydroponics and Brew Supplies, LLC. This note will be in participation with First Security Bank of Missoula. Borrower currently has two loans on the commercial real estate, which will be refinanced. One note is from First Security Bank (\$505,000 remaining balance) and MOFI (\$172,000 remaining balance).

Objective is to refinance the MOFI debt currently at 9% interest.

Total financing is estimated at \$677,000.

Financing will be based on a bifurcated note, structured as follows:

- First Security Bank portion:  
\$527,000 (20 years, 5.25%) = \$3,551 monthly est. payment
- Big Sky Finance portion:  
\$150,000 (20 years, 2.66%) = \$806.60 monthly est. pmt (2.15% to BSF, 0.5% servicing fee to FSB)

Big Sky Finance will share a first lien position with First Security Bank.

Total monthly savings to borrower: approximately \$1,200/month.

Proposed loan participation with First Security Bank. Our \$150,000 note will pay off most of MOFI's balance. First Security Bank will add the remaining portion to their note. Note will be bifurcated, meaning borrower will have one payment/one note and we will be in a shared 1<sup>st</sup> lien position with First Security Bank.

Borrower demonstrates positive cash flow coverage in 2017, 2019 and interim 2020 (1.22x, 1.42x, and 2.67x) when considering this new debt structure. 2018 cash flow coverage was just below breakeven (0.95x). Refinance will provide approximately \$1,200/month debt relief. Global cash flow – business and personal combined – is strong at over 1.3x in 2018 and 1.6x in 2019. Business has been in existence in Missoula since 2008. Existing debt to be refinanced was for the acquisition of the real property they currently occupy.

Project approved by both Big Sky Finance Loan Committee and Executive Committee. Project initially approved by Loan Committee for an SBA 504 project. However, due to an eligibility issue, the 504 was no longer viable. This proposal is in place of the 504 request.

Motion: Greg McDonald to approve the Missoula Hydroponics and Brew Supplies, LLC loan request, as presented to the Board.

Second: Ken Lutton

Abstained: Mike Seppala

Discussion: Discussion was held about the nature of the entity's clientele and sales. Scott Chesarek votes as opposed.

Motion carried

#### Operations Update – Becky

Becky was next with a nominating committee recommendation for the 2021 Officers. They are as follows:

**EDA:** Paul Neutgens (Chair), Ken Lutton (Vice Chair), Judi Powers (Secretary/Treasurer), Dana Pulis (Member at Large), and Riley Bennett (Member at Large)

**EDC:** Steve Loveless (Chair), Ann Kosempa (Vice Chair), Mac Fogelsong (Secretary/Treasurer), Mike Seppala (Immediate Past Chair), Kim Jakub (Member at Large)

Motion: Eric Simonsen to approve the 2021 Officers recommendations, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

#### Big Sky to SkyPoint – Becky

Next was a Big Sky to SkyPoint update. Becky presented a contract from Wishneff and Associates who provide brokering services to sell historic tax credits. Becky is asking the Board to approve the execution of this contract, contingent upon the review of our legal counsel and auditors. Becky noted that the fee structure is such that we will only pay for their services should we be successful in selling these tax credits. Becky noted that the project management team will discuss this further in their meeting later today. Also, we did conduct a Historic Tax Credit investment information meeting yesterday to answer questions from potential investors.

Motion: Riley Bennett to approve the execution of the contract with Wishneff and Associates, as presented to the Board.

Second: Paul Neutgens

Discussion: Above

Motion carried

#### Recruitment and Outreach – Allison and Austin

##### Big Sky Trust Fund – Allison

Allison began with a job creation grant application from the Burger Dive as they look to expand their operation. This new move will create ten jobs and allow them to increase their operating hours.

Motion: Ann Kosempa to approve the Burger Dive Job Creation Grant Application, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Next was a planning grant application from Dr. Julie Riel who has created a patented product to help with incontinence. They are asking for funding to complete analysis so that this product can be recognized by insurance companies as an incontinence treatment.

Motion: Ken Lutton to approve the Planning Grant Application for Genityte Incorporated, as presented to the Board.

Second: Riley Bennett

Discussion: None

Motion carried

##### Legislative Update – Austin and Allison

Austin and Allison updated the Board about broadband expansion efforts across the state as well as the potential for creating venture capital investment tax credits at the state level. Austin also noted that the legislative session will likely go ahead as a “hybrid session”. One of the proposed rules was that, with permission from their caucus leaders, legislators may attend remotely. The rules proposed during this committee meeting will be considered on December 16<sup>th</sup>.

#### **Board/Industry Roundtable – Board Members**

December is the meeting during which Board Members give an update on their industry, how their year went, and what they expect moving into 2021. The Board went around and each gave an update.

**Executive Director Wrap-up – Steve**

Steve closed by directing the Board’s attention to the Board Committees list and encourage them to sign up and get involved where they can.

Becky remarked on a couple of items on the 2021 Board Calendar and noted there will be more information coming during our January meeting.

Finally, Steve thanked the Board for their service this year. We are thankful for their partnership as we look forward to 2021.

**Public Comment**

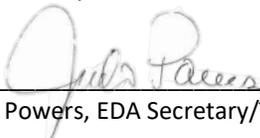
The Board and Staff thanked Mike and Robin for their roles as Board Chairs over the past year.

**Adjourn**

Mike adjourned the meeting at 9:18 A.M.

Next Meeting – January 14<sup>th</sup>, 2021

Respectfully submitted,

  
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Judi Powers, EDA Secretary/Treasurer

  
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Mac Fogelson, EDC Secretary/Treasurer

When approved, minutes and meeting materials will be filed electronically in the Big Sky EDA office.

*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.*