

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
December 2nd, 2020 – 7:30 A.M. to 9:15 A.M.
Zoom Teleconference Call

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** – Robin Rude, Ken Lutton, Judi Powers, Paul Neutgens, Greg McDonald
 EDC – Ann Kosempa, Steve Loveless, Mike Nelson, Mike Seppala

Committee Members Absent: **EDA** – None
 EDC – Mac Fogelsong

Staff and Others Present: Steve Arveschoug, Becky Rogers, Lorene Hintz, Melanie Schwarz, Austin Trunkle, Shanna Zier, Brandon Berger, Dianne Lehm, Thom MacLean, Allison Corbyn, Jo Ann Jones, Patrick Klugman, Deanna Langman

Call to Order:
Robin Rude, EDA Chair, called the meeting to order at 7:30 A.M.

Agenda Changes for Today's Meeting:
Allison's report will be moved up the agenda and will follow the financials report from Shanna.

Public Comment/Introductions
None

Agenda:
Approval of the November 4th, 2020 EDA/EDC Executive Committee Minutes

Motion: Mike Seppala to approve, the November Executive Committee Minutes, as presented to the Executive Committee.
Second: Ann Kosempa
Discussion: None
Motion: Carried

Approval of October EDA/EDC Financials – Shanna

Shanna started with the EDA balance sheet and explained that the bulk of the fluctuation is due to the repayment of the DBP line of credit. Receivables are coming in consistently from the SBDC, VBOC, and PTAC programs which is helping with cash-flow. Accrued expenses will continue to decrease as Space2Place projects are funded. Deferred revenues include the Beartooth RC&D grant and monies from the Bozeman area to support the PTAC.

Revenues reflect the Beartooth RC&D grant as well as tax protests. Professional fees remain well below budget but that will change as we receive invoices for the work on the Montana National Bank building.

On the EDC, current assets increased largely due to the State Coronavirus Relief Grant we received. Member Investor invoices have gone out and are beginning to be returned for FY 21. Accrued expenses are largely attributed to legal fees for the 504 Loan Program.

On the statement of operations, 504 servicing revenue is a bit above budget and origination fees are bit below. Shanna also added an additional account to track Coulson Park contributions. Through October, event and

professional fees remain largely in line with budget. The EDC has recognized revenues a bit above projections which is due to the Coronavirus relief grant and MI revenues.

Motion: Mike Seppala to approve and forward to the Board, the October 2020 EDA/EDC Financials, as presented to the Executive Committee.

Second: Ann Kosempa

Discussion: None

Motion: Carried

Recruitment Projects Update – Allison

Allison updated on business outreach efforts and mentioned that we are putting those interactions in our tracking software. Allison is hopeful to increase our outreach efforts over the next couple of months as the new outreach team continues to grow in their roles.

Allison talked about some recruitment leads and contacts she has had in the past few months. There is an exciting project moving forward in the medical corridor who is looking to pick a location in Billings within the next month. Allison is also working with a manufacturing company out of Missoula that is looking to expand in our market. Finally, Allison is talking with a company out of San Diego that has interest in expanding into Montana.

Allison finished by updating on the status of the broadband effort we are undertaking in partnership with MEDA. Broadband is an acute need in both urban and rural markets. There should be some draft legislation in the works as we continue toward the legislative session in January. Steve Loveless noted that there would likely be support from hospital systems for more robust broadband service. Ken asked if potential leads ask about broadband service. Allison said that they often ask if there is fiber to the site. The call center who recently located here had to add additional fiber capacity to meet their needs. Austin, Allison, and Steve went on to explain what the session may look like and what factors will influence its course.

Allison went on to explain what kind of needs the recruitment leads will have as they look to locate in our area and most of those revolve around infrastructure. Steve mentioned that we will need to leverage available resources to help fill those gaps and that includes consideration of our Opportunity Fund dollars.

Executive Director's Report – Steve

Steve sent the Committee our Strategic Priorities summary to stimulate some thinking about what the Committee may want to ask Steve. Mike Nelson asked Steve how his year has been and what priority remains dear to him. Steve spoke about the how we can support our community through the pandemic. Steve says the team is doing everything they can to influence leadership in both Helena and DC. Recovery and support of our business community will remain an acute need for the foreseeable future.

Mike Seppala asked about the morale of the team in the midst of the pandemic and how our work has been affected. Steve believes that program execution has remained on point and some programs are doing more work with businesses than ever before. Steve thinks the organization has been caring and accommodating to the staff. Becky went on to say she's been impressed with how the staff has adjusted to the pandemic but that there have certainly been highs and lows.

Steve asked the Committee to consider our meeting structures and communications. Mike Seppala noted that he thinks communication has been strong and understands when information might come after the packets have been sent out.

Steve talked about public safety and asked the Committee what they think our role would be in that effort. Ken thought our support of the last public safety mill levy was appropriate. Steve sent a letter of support for the levy

and we also allowed for Councilman Brown speak in support of the effort as well. Steve Loveless asked if BSED can remain a stimulator of that conversation across the community. Steve A thinks it would be fruitful to have the Chief of Police and Sherriff explain the reality of public safety to keep our information up to date. Robin also mentioned that folks outside the city limits benefit from the levy without having to pay in for that benefit.

Additionally, Steve wanted the Board to reflect on some of the work we have done in the past to encourage recruitment with the resources we have. Steve wants the Committee to think with that same mindset for a couple of projects in the works. Steve said it may be time for us to act more aggressively in that respect.

Steve closed by referring to the line of credit that was repaid with interest by the Downtown Billings Partnership. Steve would like to consider the idea of reinvesting the interest proceeds in downtown projects such as the refurbishment of SkyPoint. Mike, Greg, Judi and Paul were supportive of the idea. So too were Robin and Ken but they asked if there is a more pressing project that may need our support. Steve said he will spend more time with Katy to discuss what the possibilities are.

Program Directors/Leaders' Updates - BSED's IRT COVID-19 Response Update

Stabilization Loan Program/EDA RLF Grant Update – Brandon

Brandon spoke about the remaining balance in the Stabilization Loan Fund and what the need will be for those dollars. A lot of that will depend upon what comes down from the federal level.

With respect to the RLF Grant, Brandon noted that the team is optimistic about the response to our grant application and is hopeful the grant can be awarded at the \$2 million dollar level with a 10% match on our end.

Economic Response and Recovery Plan Next Steps – Thom/Steve

Since the last Board Meeting, we had our healthcare appreciation day and distributed \$87,034 worth of gift cards to our healthcare workers. Thom noted that there is a community update session coming up on the 10th that will include a panel of healthcare workers and next steps from healthcare leaders, including John Felton. An introduction letter was sent to Governor-Elect Gianforte by Steve on behalf of the recovery team. Gianforte has put together Coronavirus taskforce that includes Steve Wahrlich and Dr. Heidi Duncan from Billings. Both of those individuals have been invited to take part in recovery team meetings. Steve L and Judi commended the team's work on that effort.

Nominating Committee EDA Board Appointment Update – Becky

Becky began with a Nominating Committee recommendation for the officers for 2021. Since Robin is terming out and will not be able to serve as Past Chair on the EDA, we are adding two members at large, Riley Bennett and Dana Pulis. On the EDC, Kim Jakub will serve as member at large. The Officers 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: Steve Loveless to approve and forward to the Board, 2021 Officer Recommendations, as presented to the Executive Committee.

Second: Greg McDonald

Discussion: None

Motion: Carried

Operations: Big Sky to Sky Point Project – Becky

Next, Becky presented a contract from Wishneff and Associates. WA is a brokering service that helps sell the historic tax credits from projects like ours. Becky asked that whoever invests is based out of Montana. Becky said WA has worked on similar projects like our building renovation in the state of Montana. Another attractive component of their proposal is a “success-based” fee. We will not have to pay for their services should we not be successful in receiving historic tax credits. With respect to new markets tax credits, WA has recommended we look into those but again, we would not be liable to pay for that services should we chose not to pursue them. Steve A is a bit hesitant to pursue that avenue as it is complex and time consuming.

Becky closed by talking about some invitations we’ve sent to Member Investors about the opportunity to become investors in those Historic Tax Credits. Becky noted this came at the recommendation of Randy Hafer.

Motion: Ken Lutton to approve and forward to the Board, the execution of the contract engaging Wishneff and Associates, as presented to the Executive Committee.

Second: Paul Neutgens

Discussion: None

Motion: Carried

Becky’s last update was related to the status of the project. There are three meetings next week to confirm the budgets for construction. Cushing Terrell is helping us to expedite our timeline as we look to put construction out to bid in February.

Big Sky Finance Staffing Update – Brandon

Brandon gave an update on the status of filling the Loan Officer position. There have been a few applications rolling in and Brandon and Becky will begin conducting interviews this week. Should the initial candidates look like a good fit, Brandon would like to have that position filled by January.

SSBCI Loan Recommendation – Brandon

Brandon presented a request to use our SSBCI dollars to help a borrower refinance his outstanding loans. We will partner with First Security Bank of Missoula and share a first lien position. Brandon mentioned that this is how we have used the SSBCI dollars in the past. Brandon noted that this original request was an SBA 504 project. It was initially approved by our Board and SBA but upon SBA’s second review, it was declined. The company provides lights, soil and other materials to medical marijuana firms and the proceeds from those sales disqualify them from the 504 program. Brandon took this back to his loan committee and they recommended approval based on this new structure. Ann asked that should this be approved, will our standing with the SBA be affected. Brandon does not think this will affect our standing. Steve went on to say that Shanna had spoken to our auditors to see if we will remain in good standing with all of our federal partners. Steve thinks we have done our homework on this recommendation. Steve Loveless would like us to be careful to not set a precedent we will be held to in the future surrounding this sector. Steve A does think that there is a difference between financing a company who provides equipment versus growing and selling marijuana products. Steve went on to explain that Mike Seppala mentioned having a degree of separation from marijuana producers makes financing a bit easier.

Motion: Ken Lutton to approve and forward to the Board, the SSBCI Loan Recommendation, as presented to the Executive Committee.

Second: Paul Neutgens

Discussion: Mike Nelson and Steve Loveless vote against the motion

Abstentions: Mike Seppala

Motion: Carried

Big Sky Trust Fund Grant Applications – Lorene

Lorene presented a job creation grant application for The Burger Dive located in downtown Billings. Through the pandemic, they have changed their business model and hours of operation to remain profitable. They are now looking to expand their operation by moving to a location on Minnesota Avenue. This move will expand their capacity by 2.5 times. They expect to create 10 jobs via this expansion.

Motion: Ann Kosempa to approve and forward to the Board, The Burger Dive’s BSTF Grant Application, as presented to the Executive Committee.

Second: Mike Nelson

Discussion: None

Motion: Carried

Planning Grant

Genityte Incorporated, located in Billings, MT, is requesting approval from the Big Sky Economic Development (BSEDA) Corporation Board of Directors to apply for a Big Sky Trust Fund Planning Grant. Dr. Julie Reil is the founder and director of Shiloh Medical Clinic, and Genityte Incorporated. Dr. Reil is a University of Washington trained MD with 20 plus years of experience in Family Medicine, Obstetrics, and Laser Medicine. She is also an internationally recognized physician and women’s health advocate.

The planning grant will pay for an external and independent feasibility study focusing on the implementation and validation of Patient Reported Outcomes (PROs) of Stress Urinary Incontinence (SUI) in women. Urinary incontinence impacts millions of women all over the world. In the United States alone, the age-standardized prevalence of urinary incontinence among women is 51.1%. The total budget for the study is approximately \$27,000.

Ann, Steve L, and Ken went on to discuss how this applies to business expansion and how it relates to insurance and Medicaid.

Motion: Ken Lutton to approve and forward to the Board, Genityte Inc.’s BSTF Planning Grant Application, as presented to the Executive Committee.

Second: Ann Kosempa

Discussion: None

Motion: Carried

Legislative Update - Austin

Austin lead by mentioning the meetings Steve and Austin have held with area legislators to get their sense of how the session will go and where we can align our priorities with the local delegation. Austin also updated the Committee about broadband expansion efforts across the state as well as the potential for creating venture capital investment tax credits at the state level. Each of those two items remain a strong priority moving into January. Austin also noted that the legislative session rules will be proposed next week. The rules proposed during this committee meeting will be considered on December 16th.

Executive Session: None

Public Comment:

The Committee thanked Robin for all of her work this year with the Board. Ann asked a couple more questions regarding the idea of putting money towards a downtown project.

Paul asked about the proposed southern passenger rail service concept. Dianne and her team have kept good tabs on the project and are monitoring the information coming in. We will also pay mind to how our County Commissioners feel about the issue as well.

Adjourn:

Robin adjourned the meeting at 9:33am

Next Meeting – January 6th, 2020