



# BIG SKY ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

## **EDA/EDC Joint Board Minutes** **Thursday, April 11<sup>th</sup>, 2019 – 7:15 AM – 8:30 A.M.** **Hilton Garden Inn, Salons A&B**

*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, Robin Rude, Ken Lutton, Fred Sterhan, George Warmer, Jennifer Owen, Paul Neutgens, Dana Pulis, Greg McDonald, Jennifer Smith, Judi Powers, John Brewer (Ex- Officio) Don Jones (Ex-Officio), Shaun Brown (Ex-Officio), Katy Easton (Ex-Officio)

**EDA Board Members Absent:** Greg Upham (Ex-Officio)

**EDC Board Members Present:** Aaron Ramage, Andy Gott, Ann Kosempa, Bob Wilmouth, Dave Ballard, David Ellis, Denis Pitman, Mac Fogelsong, Mike Nelson, Mike Phillips, Mike Seppala, Steve Loveless

**EDC Board Members Absent:** Craig Bartholomew, Dan Edelman, Doug Hansen, Eric Simonsen, Jon Stepanek, Mitch Goplen, Molly Schwend, Nicole Bengé, Scott Chesarek, Spencer Frederick

**Staff and Guests:** Steve Arveschoug, Austin Trunkle, Becky Rogers, Dianne Lehm, Allison Corbyn, Dena Johnson, Melanie Schwarz, Lorene Hintz, Dustin Frost, Brandon Berger, Jim Tevlin, Johnna Jablonski, Kevin Scharfe, Karen Baumgart, Deanna Langman, Thom MacLean, Todd Buchanan, Pam Ellis, Evelyn Pyburn

### **Call to Order:**

Mike Nelson, EDC Chair, called the meeting to order at 7:30 A.M. with the Pledge of Allegiance.

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

#### Public Comment

Todd Buchanan presented the SD2 High School Mill Levy. Todd gave some background to the Board on why our superintendent and other community members see a need to pass this Mill Levy. This levy will help to drive job preparedness among high school students. Last Tuesday, the district hosted the first mandatory job fair for high school seniors at Metra Park. Within the week, employers who had attended have reported they have filled multiple jobs. This job fair was an idea from Greg Upham as he continues to push for career readiness among our young people. The last high school levy that passed was in 2007. This Levy is aimed at high schools specifically. One of the criteria that colleges look at heavily is Advanced Placement courses. We currently do not offer AP Chemistry in the district and offering this option to students has the potential to broaden their horizons. The levy would raise \$970,000 a year to update materials and licenses and also to bring in career guidance counselors. The counselors' sole job would be to connect students with pathways to a fulfilling career. Todd asked that the Board take a position of support on SD High School Levy.

### **Agenda Changes:**

A discussion regarding the SD2 High School Mill Levy was added to the Program-Level Action Items.

**Consent Agenda:**

Approval of the March 2019 Board Meeting Minutes

Motion: Ken Lutton, to approve the March 2019 Board Meeting Minutes as presented to the Board.  
Second: Jennifer Smith  
Discussion: None  
Motion carried

Approval of the February 2019 EDA/EDC Financials

Motion: Jennifer Smith, to approve the February 2019 EDA/EDC Financials as presented to the Board.  
Second: Ken Lutton  
Discussion: None  
Motion carried

**Program Level Reports and Action Items**

SD2 High School Mill Levy – Steve/Karen

Steve read a memo to the Board that was drafted internally and illustrated our organizational support for the Levy. Our request is that the Board takes a position of support on the Levy and that we may post our support to our website. It should be noted that we may not actively campaign for the Levy using BSED resources. It was asked what the average home could expect to pay on their property taxes if this Levy passes. The increase would be \$5.02 per \$100,000. It was also asked where the marketing campaign stands. One Board Member mentioned it feels as though the push for support just began. One of the issues that contributes to the effort just beginning now, is how the funds are appropriated at the state level. Once those numbers are confirmed, then a push for a Levy can begin. Dana and Mike Nelson attested to the condition of the textbooks.

*Note: Per the Big Sky Economic Development By-Laws, the EDA must achieve a 3/5 majority to take a position on a measure such as the Levy. The EDC may simply act as a majority.*

EDA Board: Position of Support for SD2 Mill Levy

Motion: Cory Moore, to approve the EDA's Position of Support for the SD2 High School Mill Levy as presented to the Board.  
Second: Dana Pulis  
Discussion: Above  
Motion carried unanimously, 11 in favor, zero against.

EDC Board: Position of Support for SD2 Mill Levy

Motion: Dave Ballard, to approve the EDC's Position of Support for the SD2 High School Mill Levy as presented to the Board.  
Second: Mac Fogelsong  
Discussion: None  
Abstentions: County Commissioner Denis Pitman  
Motion carried unanimously, 11 in favor, zero against, one abstention.

*Note: The original vote took place with 11 EDC members present, fulfilling the necessary quorum. However, with the abstention of Commissioner Pitman, only 10 votes were counted. The invalid vote was recognized and a 12<sup>th</sup> EDC Board Member had just arrived (Dr. Bob Wilmouth). The vote was held once more with the same Board Members making the motion and the second, and the result of the vote was again unanimous.*

FY 2020 Budget Update – Becky

Becky gave a quick update on the timeline of the Budget process. The Budget Workshop is scheduled for April 18<sup>th</sup> at 3:30pm. A draft budget will be presented to the Executive Committee and Board in May. The preliminary budget will be presented in June. The Mill Levy isn't set by the County Commissioners until August so the final budget will be adopted in September.

**SBA 504 Loan Requests**

- I. 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.
  
1. **Jump Time Montana LLC (Bearded Dogs LLC)** – Request is for the purchase of land and new construction for Jump Time Montana LLC. This project is a new indoor trampoline park to be located in Bozeman, MT, in the Four Corners area. The project consists only of the financing for the real property. The equipment will be financed separately by the primary lender, First Security Bank of Bozeman. Jump Time Montana will be the third trampoline park owned and operated by these borrowers. The other facilities are located in Boise, Twin Falls, and Meridian, Idaho. Chad Babcock and Eric Anderson own the facility and business (50/50). Chad started and has successfully operated the other facilities, beginning in 2010. This is the first and only indoor trampoline park in the Gallatin Valley.

There are projected to be 13 new jobs created as a result of this project. A Public Policy goal for Rural Development will be achieved. The total SBA debenture is projected to be \$994,000 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 First Security Bank of Bozeman.

Motion: Andy Gott, to approve the Jump Time Montana LLC loan request as presented to the Board.

Second: Aaron Ramage

Discussion: None

Abstentions: Mike Seppala

Motion carried

2. **Glacier Stone Fabrication, Inc. (SVM Holdings, LLC)** – Request is for the purchase of an existing building for the operations of Glacier Stone Fabrication, Inc., located on Highway 2 in Kalispell, MT. The facility being purchased is the building that Glacier Stone Fabrication currently leases. Glacier Stone Fabrication is owned 100% by Sergey Morozov. Sergey started the business in 2015. They provide solid surface manufacturing for new and remodeled homes and businesses, primarily fabricating quartz, granite and marble countertops. By purchasing the property, the new monthly occupancy expense will be less than what is currently paid in rent.

There is currently projected to be one new job created as a result of this project. A Public Policy goal for Rural Development will be achieved. The total SBA debenture is projected to be \$191,000 on a 20-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 of Kalispell.

Motion: Steve Loveless, to approve the Glacier Stone Fabrication, Inc loan request as presented to the Board.

Second: Dave Ballard

Discussion: None

Abstentions: Mike Seppala

Motion carried

**Future Facilities Taskforce Update – Becky**

Becky gave a Future Facilities update. Becky mentioned to the Board that she worked with a team of industry experts to build a cost estimate for both the Fratt Building and the Montana National Bank Building. Becky, Jim, and Steve will sit down next week to work through the results of that analysis. Becky has been in contact with our

EDA representative who is helping shepherd us through the grant process. Our deadline has been extended for the grant and we will work to select a facility before the month is out. Councilman Brown asked about the office-space climate in town and if our struggles to find a new space were echoed by the private sector. While our process is more prescribed and slower moving, the trouble of locating downtown can lie in the fit-out costs of bringing a building up to code. At that point, the cost is very similar to new construction. Greg asked if we do not purchase a building, if leasing a space is again an option. Becky replied that would be part of the discussion if we were to not select a facility. She reminded the Board that the first RFP asked for lease options so we have a good idea of the options out there for leasing space.

#### One Big Sky District/406 Impact Districts Update – Allison

Allison spoke to the Board about a “post-mortem” debrief with our community members and Board. Steve mentioned that he has spoken with Lisa Clarke at Destination Medical Center in Rochester, MN. Steve discussed with her some legislative strategies they used and if she would perhaps be interested in coming to our community to speak about the comprehensive successes they have achieved in Minnesota. The next potential step would to then send a contingent of our community leaders to Rochester to see their successes firsthand.

#### TEDD Update – Thom

Thom presented an update on the Lockwood TEDD. The County has entered an agreement with KLJ to begin a short-term infrastructure plan. The information that this process will yield will dovetail with Allison’s work to recruit business to the TEDD. Lockwood Water and Sewer has an existing agreement with the City of Billings to treat waste water from Lockwood, but the boundary does not encompass the TEDD. There are currently discussions to extend the boundary. It is important to note that it is not an ask for additional capacity. Councilman Brown gave some context to the issue from the City’s side.

#### **Executive Director’s Report**

Steve briefly touched on the Executive Director’s Report and brought the Board’s attention to the HB52 update. The original ask of the Legislature was to extend the sunset date for a suite of economic development programs an additional 10-years. The bill passed the House, but the caveat is that the sunset is now 2-years. This week, the bill went to the Senate and was given an 8-year sunset rather than 2. However, the dollars for Research and Commercialization were zeroed out. The \$600,000 that were then available were appropriated to Agricultural programs. There was conversation amongst the Board regarding legislative processes and how dollars are appropriated and generated.

#### **Public Comment**

Melanie announced that we have three winners for the SBA awards that will be in Great Falls on May 2<sup>nd</sup>. April 25<sup>th</sup> will be the Better Off in Billings event at the Pub Station. Economic Development Week will begin on June 6<sup>th</sup> and we will be holding events all week long.

Mike Nelson recognized Karen Baumgart for being awarded the Chamber of Commerce’s Emerging Leader Award.

Mike entertained a motion to adjourn. Aaron motioned and the meeting was adjourned at 8:44am.

**Meeting adjourned: 8:44 A.M.**

Next Meeting – May 9<sup>th</sup>, 2019

Respectfully submitted,

  
Paul Neutgens, EDA Secretary/Treasurer

  
Steve Loveless, 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.*