

EDA/EDC Joint Board Meeting Minutes

Thursday, March 9, 2017 – 7:30 a.m. – Granite Tower, 1st Floor

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: Sherl Nicholson, Jennifer Smith, Cory Moore, Kevin Gustainis, Robin Rude, Mitch Goplen, Greg McDonald, Paul Neutgens, Chuck Tooley, Heidi Jensen (ex-officio), Robyn Driscoll (ex-officio), Mike Yakawich (ex-officio)

EDA Board Members Absent: Dana Pulis, Mark Qualman, John Brewer (ex-officio), Terry Bouck (ex-officio)

EDC Board Members Present: David Trost, Eric Simonsen, Duncan Peete, Mike Nelson, Steve Loveless, Scott Chesarek, David Ellis, Mac Fogelsong, John Ostlund, Aaron Ramage, James Smith, Jon Stepanek, John Walsh

EDC Board Members Absent: Craig Bartholomew, Kathy Boelter, John Brewer, Ty Elkin, Doug Hansen, Wayne Nelson, Mike Seppala, Debbie Singer

Staff and Guests: Steve Arveschoug, Brandon Berger, Jim Tevlin, Melanie Schwarz, Katy Easton, Patrick Klugman, Karen Baumgart, Dianne Lehm, Dena Johnson, Deanna Langman, Liz Ching

Call to Order:

David Trost, EDC Chair, called the meeting to order at 7:30 a.m. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements:

Public Comment: Steve recognized everyone for being here today in spite of the snow.

Agenda Changes: Number four on the agenda, Executive Director's Report, will be moved up between the Loan Program and the Progress Report for the interest of time.

Number one on the Agenda Changes, will be between The Loan Program Considerations and the Executive Director's Report.

Consent Agenda:

Approval of January 2017 EDA/EDC Joint Board Meeting Minutes and the December 2016 EDA/EDC Financials
Motion: Jennifer Smith, to approve the January 2017 EDA/EDC Joint Board Meeting Minutes and the December EDA/EDC Financials as presented to the Board.

Second: John Ostlund

Discussion: None

Motion carried

Regular Agenda:

Loan Program Considerations – Brandon Berger

Loan Approvals

Brandon spoke of a 504 Loan Request for Children's Development Center of Bozeman, LLC. This is an update that was originally approved March 10, 2016, for \$323,000. The Loan Request is for an increase from \$323,000 up to \$356,000. The project was for new construction. The project is now completed.

EDC motion only.

Motion: John Ostlund, to approve the request for an increase in the venture from \$323,000 to \$356,000.

Discussion: None

Motion carried

A RLF Request for Kinetic Agency was made for the purchase of new equipment. Kinetic has recently remodeled their office space and is needing to upgrade their computer system and server. The request is for up to \$30,000. The Kinetic Agency, a marketing firm, has been in operation since 2007. Last year they hired ten new employees as their business has grown.

EDC motion only.

Motion: Steve Loveless, to approve the request for Kinetic Agency of \$30,000 from the EDC Board as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

Portfolio Review

Brandon overviewed the Loan Portfolio. He highlighted some items regarding the 504 Loan Portfolio. All loans are current and paid as agreed.

Independent Loan Review

SBA requires us to have Independent Loan Review done on loan files. Not only is SBA auditing the files, now the Loan Program also need an Independent Loan Review. The Advisors Group is contracted as the Independent Loan Review.

Motion: Eric Simonsen, to accept the Loan Review as presented to the Board.

Second: John Walsh

Discussion: None

Motion carried

EDC Board Member Certification

Brandon spoke about the annual certification that SBA requires for the EDC Board Members to sign. The form is a certification that have all the requirements also listed in the bylaws. Basically, it's letting the Board know what their goals and responsibilities are.

EDC Bylaws Proposed Revisions (review only)

Brandon provided a copy of the bylaws with some changes as a result of the merger. He detailed the items that are proposed changes to the bylaws. The changes had to do with membership and particular information about the Executive Director. In order to be a member of the Loan Committee you have to be part of the membership. Two classes of memberships were set up. We have our primary membership here in Billings, Yellowstone County, that serves the overall agency. For businesses outside of Billings, it's a little different as they're serving a unique purpose primarily serving on the statewide loan committee. Two separate sets of membership across the state were set up in order to be able to utilize loan committee members from other locations.

In Section 3.1 of the bylaws, Classes of Members

There shall be two (2) classes of Membership in the Corporation:

- A. Class A Members: Class A Members will only have the right to vote for the election of Directors to the Board of Directors as specifically authorized by these ByLaws. Class A Members will pay dues. The rate of the dues and the time for remittance of such dues shall be determined by the Board of Directors from time to time. All Class A Members will be notified of such determinations. Dues, once paid, shall not be refunded unless requested in writing by the Class A Member and approved by the Board of Directors.
- B. Class B Members: Class B Members shall not have any voting rights and shall not pay any dues.

In Section 4.4 of the bylaws, Terms of Directors

'B' is added as: Any former Director of Big Sky Economic Development Authority ("BSEDA") may be elected to a single, three (3) year term as a Director of the Corporation if elected to the Corporation's Board of Directors immediately following the end of such person's term on the Board of Directors of BSEDA. If such person, however, has had a t least a one (1) year absence from the Board of Directors of BSEDA prior to election to the Corporation's Board of Directors, then such person may serve an initial term of five (5) years and, if re-elected to the Corporation's Board of Directors, a second term of three (3) years as a Director of the Corporation.

In Section 6.8 of the bylaws, Executive Director

Wording was changed due to the fact of the merger.

Deanna mentioned this is the time of year for PTAC to apply for funding from DLA for the PTAC Program, just as they do every year. The application to DLA is due on April 2nd for another round of funding. The only difference with the base year is it goes back out to competition. When it's a base year, the opportunity is posted out on grants.gov. Other organizations could compete for the state PTAC. Our PTAC would like to get the stamp of approval on applying for the OTAC State Program again.

Motion: Sheri Nicholson, to approve to submit application for PTAC funding, as presented to the Board.

Second: Chuck Tooley

Discussion: None

Motion carried

Executive Director's Report/Consideration – Steve Arveschoug

Steve mentioned that the April Board meeting will be the April planning session. It will be held on April 13th at 7:30 am – 12:30 pm, with lunch included. There will be more information on the agenda planning session as well as the location.

Steve wanted to get the Board's decision on our GE Lease Settlement. He provided an abbreviated portion of the Board packet that he reviewed at the Special Board Meeting a week ago. Nothing has really changed from that packet. Our total settlement from GE will be slightly in excess of 3.8 million. That covers lease obligations, and our debt obligations through January 2021.

We have a consent agreement that we have developed with our lenders as outlined in the memo provided to the board. Steve went through the memo in detail with the Board. The memo outlines how dollars are segregated to meet the purposes of the settlement funds.

EDA motion only.

Motion: Mitch Goplen, to authorize staff and our Board Chairs, as appropriate, to execute our settlement agreement with GE which would include a lease termination agreement and a letter of consent with our lenders, as presented to the Board.

Second: Cory Moore

Discussion: None

Motion carried

2017 Program Progress Reports –

Community Development – Dianne Lehm

Dianne covered the first half of the fiscal year for Community Development. During the first half of the year, Community Development completed the strategic plan and the Comprehension Development Plan needed to officially create the Lockwood Targeted Economic Development District. The TEDD was officially put into place on December 27th. Community Development will start working with the Board of County Commissioners on Infrastructure and work with MDT on the By-Pass. She also updated the Board with the ongoing projects and presented a power point of some of their projects.

Member Investor Program – Melanie Schwarz

Melanie overviewed the Member Investor Program. Currently the budget generates \$234,000 in revenue and that includes Member Investor dues as well as additional income that we get for events and other things. This year there are six Member Investors that gave us \$10,000 each. This allows us to do more with our events and to improve them each time. We're also doing the "Take 3" newsletter which everyone should be getting on Wednesday.

Melanie requested that Karen Baumgart speak on how her first week with Big Sky Economic Development went as the new BillingsWorks Director.

Public Comment:

Eric Simonsen introduced his guest, Cody, who is interning with A & E.

Scott Chesarek mentioned their annual meeting, to which everyone is invited, and is being held on April 19th from 11:30 am – 1:00 pm, with lunch provided, in the public conference room at FIB Operations Center.

Steve Arveschoug thanked Melanie and Karen, and others who were a part of the CTE Partnership with School District 2. The Advisory Council will be starting a process of doing a search for Billings First Director of Career Technical Education.

Meeting adjourned at 9:05 am

Next Meeting – April 13, 2017
Respectfully submitted,

David Trost, EDC Chair

Steve Arveschoug, Executive Director, Big Sky EDA-EDC

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.