



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, September 14, 2017 – 7:30 AM – 9:00 AM
Yellowstone Room, 1st Floor - Granite Tower

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

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

EDC Board Members Present: Eric Simonsen, Duncan Peete, Mike Nelson, Kathy Boelter, Ty Elkin, Mac Fogelson, Doug Hansen, John Ostlund, Aaron Ramage, Mike Seppala, Debbie Singer, James Smith, Jon Stepanek, John Walsh, Wayne Nelson (phone)

EDC Board Members Absent: David Trost, Steve Loveless, Craig Bartholomew, John Brewer, Scott Chesarek, David Ellis

Staff and Guests: Steve Arveschoug, Dianne Lehm, Melanie Schwarz, Deanna Langman, Jim Tevlin, Lorene Hintz, Brandon Berger, Karen Baumgart, Allison Corbyn, Becky Rogers, Austin Trunkle, Dena Johnson, Taylor Brown, Jack Nickels, Courtney Kibblewhite, Leif Welhaven

Call to Order:

Sheri Nicholson, EDA Chair, called the meeting to order at 7:33 a.m. with the Pledge of Allegiance.

Agenda Changes:

Loan approvals will need to be made as soon as Wayne Nelson is able to be on the phone. Another change regards to the approval of the minutes for July 13, 2017 to be taken out of the consent agenda and be added as the first item under the regular agenda. Also, there will be an additional item in the regular agenda for Community Development that Dianne will speak about regarding Contract for Big Sky Trust Fund Sports Feasibility Assessment that is in process in partnership with RC&D.

Public Comment/Recognitions/Special Announcements:

Steve introduced Taylor Brown and his daughter, Courtney Kibblewhite, of Northern Broadcasting. Taylor and Courtney are here to give the Board an update on the state of Montana's largest industry, Agriculture. Taylor spoke on how the communities in our state have been affected by the record drought afflicting central and eastern Montana. On the flip-side, crops such as hay, malt barley, and sugar beets have seen very good harvests due to exceptional snowpack. The cattle industry has suffered due to low beef prices and unusually high costs associated with raising cattle stemming from the drought. Taylor did mention, however, that the Charles M. Russel reserve was opened this year to grazing.

Taylor then introduced his daughter, Courtney, who is the Vice President of Northern Broadcasting. Courtney works closely with the Billings Chamber and is the Chair of their Agriculture Committee. Further, Courtney helps to shape policies in our local governments that affect our farmers and rancher. By keeping in mind how Ag influences our economy, we can preserve part of our identity that is still one of the largest drivers of our statewide economy.

Business Finance – Brandon

Loan Approvals

The first request is an SBA 504 request. This is for Stone Works Landscaping LLC. Stone Works that was founded in 2002 and services a 50-mile radius around Billings. They continue to grow and expand and expect to create five new jobs. The total SBA debenture will be up to \$325,000 on a 20-year note comprising 40% of the total project costs.

This is a EDC Board vote only.

Abstained: Mike Seppala

Motion: Jon Stepanek, to approve the loan for Stone Works Landscaping as presented to the Board.

Second: Mike Nelson

Discussion: None

Motion carried

SSBCI Loan Policy/Approval Update

Brandon spoke of the SSBCI Loan Policy/Approval Update. This request is for approval from the Board of Directors to extend the interim policy through 12/31/2017, or until a revised, permanent lending policy is in place and to lower the maximum loanable amount to \$100,000. Approval of the extended policy will allow the Business Finance Team to utilize the SSBCI funds for this and other requests. We feel this is a viable use of the funds. Big Sky Economic Development Executive Committee has approved of the request to extend the policy.

Motion: Debbie Singer, to approve the extended policy that allows the Business Finance team to utilize the SSBCI funds for this and other requests as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

Brandon has a MT SSBCI loan request for Tangaro Lofgren CPAs, PLLC, a newly established CPA firm located in Bozeman, MT. The request is to use SSBCI funds in the amount of \$100,000 for the purchase of a commercial real estate building (lead lender will provide approximately \$400,000). We would provide a ten-year note amortized over twenty years. The business will be a new CPA practice. Both partners have extensive experience. This loan will be presented to the Board separately, contingent upon the approval of this extension.

Motion: Mike Seppala, to approve the Tangaro Lofgren loan request to use SSBCI funds SSBCI funds in the amount of \$100,000 for the purchase of a commercial real estate building as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

Consent Agenda:

Approval of the June and July Financials

Motion: Jennifer Smith, to approve the June and July Financials as presented to the Board.

Second: Greg McDonald

Discussion: None

Motion carried

Financial/Budget Matters – Jim/Steve

Final/Amended FY 2018 EDA/EDC Budget Approval

Jim provided a budget comparison for the Board between years FY17 and FY8. Jim also mentioned that the commissioners approved the full Mill Levy for BSED.

Motion: Robin Rude, to approve The June and July EDA/EDC Financials as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

Recommendation for Building the Opportunity Fund and Disposition of Funds from GE Building Sale

Steve wanted to speak to the Board regarding the funds received from the sale of the GE Building (approximately \$5.5M). Steve would like to use portions of the fund to bolster our operating fund and rainy-day fund. He would like to set aside \$150,000 to operating reserves, \$250,000 to establish a rainy-day fund (emergency reserves) to cover unexpected costs and \$5.1M in the opportunity fund, as well as the interest it will earn.

On the EDC side, we have unencumbered funds from the SSBCI lending activity. Steve would like to add \$50,000 to the operating reserves and \$100,000 to establish a rainy-day fund (emergency reserves). The balance of the funds (approximately \$952,000) plus an unrealized balance of \$1.2M will be used for future lending/incentive program as determined by the EDC Board. Greg McDonald asked why the figures are so conservative and if there was discussion to increase the amounts. The executive committee had a discussion as well and determined this was a good way to move forward.

Motion: Cory Moore, to approve the recommendation for Building the Opportunity Fund and Disposition of Funds from the GE Building sale as presented to the Board.

Second: Jon Stepanek

Discussion: None

Motion carried

Investment Guidance/Strategy

Jim updated the Board with investment options regarding the funds received from the sale of the GE Building. We can put the money into a bank account, unified investment program from MBOI, or into a CD or Note. Steve mentioned that our Member Investor Banks have offered to manage some of the funds. Steve and Jim will return to the Board with a recommendation on how to proceed.

Nominating Committee Recommendation (EDC Board Openings) – Eric Simonsen

Eric Simonsen spoke to the Board regarding the Nominating Committee Recommendations. Those recommended are:

Andy Gott, First Interstate Bank

Bob Wilmouth, Rocky Mountain College

Ron Larsen, MSU-B

Molly Schwent, Cloud Peak Energy

Motion: Debbie Singer, to approve these nominations, as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

Opportunity Fund Project(s) Recommendation (RMC/MSUB Projects) – Ty Elkin/Steve

Steve spoke to the Board about the proposed donations to the Science Building projects at both RMC and MSUB. Steve’s handout outlines compelling reasons as to why these strategic investments are vital. Universities and Colleges are important economic drivers and some of the best workforce development tools in our communities. The proposals have undergone several iterations and have been discussed at length by the Executive Committee during multiple meetings. Kathy Boelter raised concern that a precedent may be set if we are to make these contributions and if we were comfortable setting that precedent. Doug Hansen and Mike Nelson responded by saying that this is a direct invest in our community and that there is a need BSED can fill by making these contributions. Cory Moore mentioned that if we want to keep up with MSU and UM, we need to help MSUB make improvements to draw students and professors. Further, Doug Hansen thinks that if we decline to contribute to MSUB, the momentum for their fund raising will take a significant hit. Sheri then thanked everyone for their thoughtful consideration and reassured Board Members that these same points are discussed in the Executive Committee meeting.

Abstained: Due to conflicts of interest, Chuck Tooley, James smith, Greg McDonald, Mike Nelson, and John Walsh.

Motion: Cory Moore, approves the recommendation of the use of Opportunity Fund dollars to support the development of the Science Building project at RMC and MSUB, as presented to the Board.

Second: Jon Stepanek

Discussion: There was additional discussion regarding terms of both the loan possibility and the contributions. Eric Simonsen offered an amendment of extending the break-ground date to December 31, 2018. That amendment was accepted by the maker and the second of the motion.

Motion carried

Regular Agenda:

Approval of July 13, 2017 Board Meeting Minutes

Becky updated the Board with the changes we made to the minutes prior to them being approved. Changes were made to clarify the motion made by Debbie Singer, to reflect Wayne Nelson abstaining from the Days Inn loan request, and to add the name of Dustin Barber as a new member of the Loan Committee.

Motion: John Walsh, to approve the July 13, 2017 Board Meeting Minutes as amended, as presented to the Board.

Second: Cory Moore

Discussion: None

Motion carried

Program Reports/Consideration

Business Recruitment and Outreach – Allison

Allison briefed the Board on what the Recruitment and Outreach strategies are for the next year. One of the strategies is increasing Ag processing. As Taylor Brown mentioned earlier, Montana has grown to number one in the country for pulse crops and the ability to process these crops would offer a significant economic boost to our community. Second is the Financial Technology sector. With the addition of Zoot to Billings, we may look to other companies to relocate or expand to Billings. And third is the TEDD. This area is extremely important to drawing in prospective companies and having dedicated infrastructure will help to make this more appealing.

Regarding outreach, Allison would like to visit two economic development organizations this year. A few special projects include, Air Service, GE-Zoot Transition, Economic Pulse, Downtown Retail Support, and Talent Attraction. Finally, Allison mentioned the key relationships she holds are with site selectors, commercial realtors, and recruitment committees.

Community Development – Dianne

Dianne then gave an update on the projects related to Community Development. One of the highlights is that we are hosting the power Summit here in Billings on Tuesday, September 26th at the DoubleTree from 3 pm – 5 pm. Registration for the event is available on our website. Additionally, The Sports Facility Feasibility Study RFP has been completed and a contractor has been chosen to conduct the study. With the approval of the EDA Board, Big Sky Economic Development will enter into a professional services contract with Victus Advisors. Jon Stepanek asked what the time frame for the study looks like. Dianne anticipates the study wrapping up in Spring of 2018.

Motion: Jennifer Smith, to approve the professional services contract with Victus Advisors, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Small Business Development Center (SBDC) – Dena/Lorene

Lorene brought up a request for a Big Sky Trust Fund Workforce Training Grant. The grant application is for Complete LLC dba WebBuy, a Basic Sector Business that will provide significant positive economic impact to the community, region and state. The company meets the eligibility requirements for the Big Sky Economic Development Trust Fund Job Creation Grant by selling more than 50% of their product outside the state of Montana. In the next 24 months they plan on creating forty new jobs who meet the BSTF wage requirements.

WebBuy was founded in 2014 by Co-Founders Steve Zabawa and Tom Murray; their software provides an on-line tool that can fully execute a car buying transaction. Their services allow customers access to purchase a vehicle 24/7 on-line from many dealerships around the country. They work with several local technical companies who provide web development and transmitting of information.

It is requested that the Big Sky Economic Authority Board approve the submittal of the BSTF application for \$200,000 on behalf of Complete LLC dba WebBuy. The grant funds will be used to help offset equipment, consulting, and web development costs at their facility located in Billings.

Ty Elkin asked if when we're having these discussions with companies about these type of incentives, are we also discussing other forms of financing? Allison responded that our conversations are a 'job creation' discussion, not an 'access to capital conversation'. It was clarified that the incentives we help people apply for are state programs, Not Big Sky Economic Development programs. It was mentioned we are a facilitator in the application and in the grant management process.

Motion: Jennifer Smith, to approve the submittal of the Big Sky Trust Fund application in the amount of \$200,000, as presented to the Board.

Second: Cory Moore

Discussion: None

Motion carried

We also advised Complete LLC dba WebBuy of filling out an application for the Workforce Training Grant Program for the Department of Commerce. Big Sky Economic Development receives no financial benefit from this application but helps companies with the application process from an advisory standpoint.

Motion: Cory Moore to approve for submittal of the Workforce Training Grant Program for the Department of commerce, as presented to the Board.

Second: Jennifer Smith

Discussion: None

Motion carried

Business Incubation Business-Model Development MOU – Update - Dena

Dena updated the Board on the MOU that was signed with Zoot to develop a business incubator. A consultant has been chosen and that individual will be visiting during the week of our Annual Meeting.

BillingsWorks Update – Karen

Karen let the Board know the next WorkForce Council Meeting is on Friday, September 15th at 7:30 am. She also mentioned there will be a Workforce Training Event next week.

Annual Meeting Update – Melanie

Melanie updated about our Annual Meeting and Annual Report. She also provided a handout which has events and dates where Board attendance would be appreciated.

Future Facilities Taskforce Update – Becky

Becky gave an update to the Board about where we stand with our search for future facilities. As our lease begins to come to an end (less than 2 years), Big Sky Economic Development needs to start the search for a new facility. The future Facilities Taskforce is looking to complete an internal needs assessment in November and will report initial findings back to the Board.

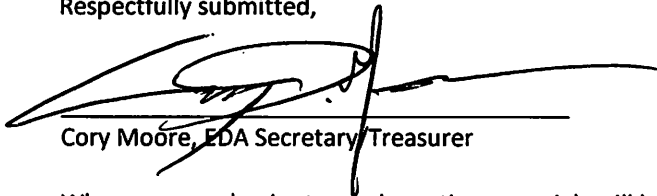
Directors’ Report – Steve will address questions as needed

Due to time constraints, Steve very quickly opened his time to questions regarding his Executive Report. As there were no questions, the meeting was adjourned.

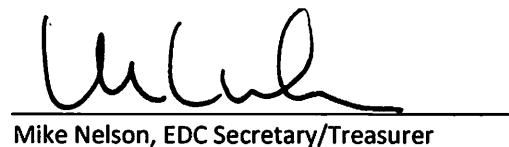
Meeting adjourned: 9:32

Next Meeting – October 12, 2017

Respectfully submitted,



Cory Moore, EDA Secretary/Treasurer



Mike Nelson, EDC Secretary/Treasurer

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