

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
Monday, April 30, 2018 – 3:00 PM – 5:00 PM
Rosebud Room, 2nd 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.

Committee Members Present: **EDA** – Jennifer Smith, Paul Neutgens, Robin Rude, Sheri Nicholson
 EDC – David Trost, Eric Simonsen, Mike Nelson, Mike Seppala

Staff and others Present: Steve Arveschoug, Dianne Lehm, Becky Rogers, Jim Tevlin, Melanie Schwarz,
 Dena Johnson

Call to Order:
Eric Simonsen, EDC Chair, called the meeting to order at 3:02 pm

Agenda Changes for Today's Meeting:
There were no changes to the agenda

Public Comments:
None

Agenda:
Approval of EDA/EDC Executive Committee Minutes of September 6, 2017

Motion: Jennifer Smith, to approve and forward to the Board of Directors, the April 4, Executive Committee Minutes as presented to the Executive Committee.
Second: Robin Rude
Discussion: None
Motion carried

Approval of EDA/EDC Financials – Jim

In reference to the March financials, Jim reminded the Committee that Member Investor revenues usually come in during the 3rd and 4th quarter. According to his current projections, we should end the fiscal year well for the EDA. Concerning the Loan Origination Fees revenue on the EDC, the fees will most likely end at \$100,000, maybe less. The Committee asked about timelines for resolving Tax Protests. Jim touched base with Kevan Bryan from the County. He has no timeline for when those get settled. It's likely we won't see any settled before the end of the Fiscal Year.

Motion: Robin Rude, to approve and forward to the Board of Directors, the March 2018 EDA and EDC Financials as presented to the Executive Committee.
Second: Mike Seppala
Discussion: None
Motion carried

Jim presented a preliminary budget. In June Jim will bring a budget to the Board with a narrative. Jim pointed out a few highlights:

EDA

Staffing – The preliminary budget reflects adding one Full Time Employee to support the Marketing and Member Investor, BillingsWorks, and Recruitment programs. It would be our proposal to modify the operating agreement between EDA and EDC to reimburse 50% of the new FTE. Another notable change in staffing from last year is we replaced the vacant loan officer position with a loan processor.

Salaries – The preliminary budget reflects roughly a 2.5% increase in salaries. Some circumstances may reflect additional consideration.

Mill Levy – The preliminary budget assumes we will receive a full Mill Levy. We are hopeful that will be the case since we received a full Mill Levy last year. The revenue from the Mill Levy is projected to increase about \$31,000, but Tax Protests are budgeted at about \$70,000, which offsets the revenue increase.

EDC

504 Origination Fee Revenue – The fees projected are based on a \$8.5 million loan volume, which is lower than our target last year when we had line of sight to two large fundings. Those fundings fell through at the last hour so we adjusted the number accordingly for this year's target.

Member Investor Revenue – The budget reflects a focus on growing the Member Investor program. Melanie will speak more on that later.

Program Costs – We moved some of the program dollars from Recruitment and BillingsWorks from the EDA to the EDC. The driver behind this move was the Mill Levy revenue constraints.

Steve mentioned that in the past we kept staff costs on the EDA and then shared program costs between the two entities. At some point that may shift to more program costs on the EDC as a result of no net new revenue from the Mill Levy.

A discussion followed about possible scenarios for presenting the budget information, ways to separate which program costs land on EDA and which on EDC as well as future possible scenarios for organizational structure. A discussion was also held concerning options for using the Tax Protests proceeds when they return. Steve said we could look at using that money as one-time expenditures that are not operational in nature.

Jim will present the final budget in June.

Executive Director's Report – Steve

Update: One Big Sky District Planning Project Next Steps

The goal is to have the draft done and sent off to the city by the end of the week. We had a strategy partners meeting on Friday as well as a conference call with Bob Dunn. We need to redraft some of the sections. We will present the draft to the Board on Thursday then on to City Council on May 14th. We have secured nearly all of \$675,000. We are waiting to hear back from St. Vincent Healthcare. Hopefully we will have that secured by the time we go in front of the Board on May 10th.

VBOC Cooperative Agreement Consideration

Steve reviewed the Cooperative Agreement for the VBOC award. He pointed out that it generates about \$77,000 in indirect cost and this money is used to help balance our budget. We are doing a good job of leveraging those taxpayer dollars.

Motion: Sherry Nicholson, to approve and forward to the Board of Directors, to execute the Cooperative Agreement for the VBOC Award as presented to the Executive Committee.

Second: Mike Seppala

Discussion: None

Motion carried

Draft "Executive Director Focus for 2019"

Based on feedback received at staff planning and Board planning, Steve created a draft document depicting the priorities he will focus his time and attention on and what items he will delegate to the team. The list shows where Steve will take a lead in programs and where he will take a supporting position. It also includes a decision matrix that gives staff direction for when to pull Steve in for a decision. New to the list is Steve serving as Board Chair for MEDA. Last week Steve was elected as Board Chair and will take on a significant role for the next Legislative session to protect Economic Development tools for the State.

May/June Board Meetings

We will need extra time for the May and June Board meetings because of the scope of decisions we will be making. The May meeting will be held from 7:00 am – 9:00 am at the Northern and will include a breakfast, courtesy of Mike Nelson. The meetings will be held on May 10th and June 14th.

Motion: Sherry Nicholson, to approve the May/June Board meetings proposed time change to 7:00 am - 9:00 am to be held at the Northern, as presented to the Executive Committee.

Second: Jennifer Smith

Discussion: None

Motion carried

Program/Org. Director's Updates

Proposed Business Model for Entrepreneurship Space/Program – Dena

Earlier today, Dena had a meeting with the founding/funding partners to discuss what the Entrepreneur Space program will look like. We have created the name, "Business-UP." It is an education program focused on innovation, commercialization and profitability. The program provides physical and virtual business incubation services and co-working space, which will provide the entrepreneur with the resources needed to network and optimize their business. She then walked through specific elements of the program and how it will help entrepreneurs to innovate and grow.

Dena also reviewed a pro forma where she took the business model information the consultants provided and then reduced some of their targets to ensure we have a conservative approach to our revenue projections. Seed money is needed to get the program up and running. The projected total is \$150,000. We would not move forward with hiring the new manager for this program until we have the \$150,000 seed money secured. We would raise these funds as a matching grant and would expect our founding/funding partners to contribute. Steve mentioned that in the past, it has been our practice to contribute funding for new programs. He envisioned we would contribute similarly to the Business-UP program using Opportunity Fund dollars.

The framework and draft of the business plan will continue to development. Dena feels confident we can achieve these goals.

Motion: Paul Neutgens, to approve and forward to the Board of Directors to consider the Business-UP program as presented to the Executive Committee.

Second: Mike Seppala

Discussion: None

Motion carried

Operations: Update – Future Facilities Taskforce – Becky

Becky gave a Future Facilities Taskforce update. Work is being done on creating the rough draft of the RFP. After the decision about the Business-UP program is made, she will be ready to meet with the Taskforce and review the draft with them. From there, we will be ready to launch the RFP.

EDC Special-Election Requirement (MSUB Chancellor) – Becky

While in front of the Committee, Becky also addressed the Special-Election request. The EDC Nominating Committee was polled on April 25, 2018 and is referring an issue to the Executive Committee requesting they recommend to the Board to hold a special election to fill the vacant EDC position created by Dr. Ron Larsen leaving Montana State University – Billings. The Committee recommends that Dr. Dan Edelman, the new chancellor for MSU-B, be the only candidate nominated for approval by a majority vote of the Member Investor Companies. Steve spoke with Dr. Edelman briefly a few days ago but the conversation was short since Dr. Edelman was in the middle of moving into his house. The approval for a Special-Election would be pending a confirmation from Dr. Edelman.

Motion: Mike Seppala, to approve and forward to the Board of Directors the Special-Election request as presented to the Executive Committee.

Second: Sherry Nicholson

Discussion:

Motion carried

Strategic Plan Update/Strategic Priorities Draft – Becky/Dianne/Steve

Given the feedback from the Board poll, staff input and the stakeholder survey, Steve drafted a Strategic Plan Outline for FY 2019 – FY 2020. Outside of the execution of our core mission, three priorities emerged. One, workforce development was rated as a tremendous priority. We would give a renewed vision for the CTE partnership, Better Off in Billings campaign and strengthen our higher education impact in target sectors. Second was strategic placemaking with a continued focus on our current projects like Coulson Park Master Plan, the Trailhead Hospitality Corridor and the Lockwood TEDD. Emerging opportunities include the One Big Sky District Development Planning, Space2Place micro placemaking projects and entryway beautification. The third is creating Economic Diversity and Innovation. The Business-UP entrepreneurship support model would drive this strategic focus. As for organizational opportunities, we would execute our growth plan for Big Sky Finance, grow our Member Investor program, enact our Work, Thrive, Live initiative, find a future facility for BSED and Business-UP and continue efforts to build awareness of our programs. This is shared for informational purposes today but we will consider the strategic plan in conjunction with our budget in June.

One thing Steve pointed out was he is contemplating putting Outreach under the Member Investor program and allow Allison, as a one-person team, to take a focused look at the Recruitment program.

Member Investor Program – Update and Strategy of FY 2019 – Melanie

Melanie presented a concept for growing the Member Investor Program. She stated that adding another set of hands in her department makes the ability to grow the program more feasible. With her growth concept, instead of focusing on a target for a number of new Member Investors, Melanie will focus on raising a targeted dollar amount. We are currently at 150 Member Investors and the target for new dollars in the program is \$60,000.

Steve will be gone May 11th – May 18th

Public Comments:

None

Meeting adjourned at 5:10 pm

Next Executive Committee Meeting – June 6, 2018

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 Economic Development at 256-6871.