

the goal would be to incur no debt obligation. In order to full leverage the grant opportunity and buy a facility debt free, it would require up to \$2,000,000 in an Opportunity Fund contribution and \$500,000 from the EDC. With regard to the EDC contribution, we would structure those dollars as a grant rather than a loan as previously planned. Becky asked if the Executive Committee to discuss their comfort level with the budget concept as presented. Mike Seppala asked if there will be any fallout with how we use our Opportunity Fund dollars. Steve reminded the committee that the request of Opportunity Fund dollars falls within the criteria for its use. He also mentioned that he doesn't want to speculate how individuals may react but addressed some of the potential concerns and how we might respond. Steve went on to say that we will keep the County Commissioners updated at every turn in this process. Becky and Jim again spoke to occupancy costs and how either facility would provide better cost/sf. Steve Loveless gave his thoughts on the future facility process and commended the work but mentioned we need to make a decision and then continue to focus on our Mission and serving Yellowstone County. Steve Arveschoug went on to discuss how either potential project would be a redeveloping of a building that is historic and underused in our downtown. Becky built on that comment by bringing attention to the fact that we have had consistent feedback from stakeholders that BSED needs to build better awareness and prominence. Becky believes a stand-alone building that we can brand and own ourselves would help to achieve that goal. Eric commented that the analysis of Gene and Mitch was extremely thorough, and we should feel confident in their work but would like to have perhaps seen a greater contingency margin. Cory gave some perspective about working on a building as old as the two properties we are considering and how we need to be very certain of our cost estimates. Steve Arveschoug shared his opinion on how the face of the community is beginning to change. Steve believes we are and will continue to serve a different clientele that has a different expectation of BSED. Steve believes that this potential move would aid our efforts among all demographics. It was then decided that the whole Board should be invited to a Future Facility Workshop next Tuesday to review the analysis in depth.

Becky continued with her updates and mentioned that she put out a survey for Steve's performance review via email for Board Members and Staff.

Finally, Becky asked for feedback from the Board Planning Event from last month. The comments were all positive and appreciative. Becky went on to say that there will be a Board and Staff Planning outcomes update at the Board meeting next week.

Approval of EDA/EDC Financials – Jim

Jim mentioned there is three months left in the fiscal year and there is nothing of significance to discuss. Eric asked about the money we have sitting in CDs. Jim mentioned that some CDs will be due for renewal soon. Mike Seppala cautioned that the rates may fall this year if the Fed drops rates. That would make it important to lock-in rates we are comfortable with. Jim will provide a schedule of the CDs to the Board Members. Steve asked a question about the Member Investor Revenues and where he thinks that final number will land. Melanie mentioned that will be covered in her update later.

Motion: Cory Moore to approve and forward to the full Board, the March 2019 EDA/EDC Financials as presented to the Executive Committee.

Second: Mike Seppala

Discussion: None

Motion: Carried

Review of FY 2020 Budget – Jim

Jim passed out a budget narrative and a summary budget to the Committee to help frame the conversation. One of the biggest items Jim wanted to bring attention to is the auditors' request to not make individual line items for Workforce Development, Recruitment, and Rock31. Those will be broken out into separate expense categories. Jim also wanted to shed light on one of his biggest assumptions, a full Mill Levy from the County Commissioners. With

respect to balancing the budget, there would be a proposed change in the Management Services Agreement that would have the EDC reimburse the EDA for 25% of the controller's salary. Currently, the EDA bears the full burden of the controller's pay. Steve said it is important to not over extend EDC dollars with overhead costs. Jim also spoke about the funds earmarked for Rock31 for FY 2019 and FY 2020. Dena will have roughly \$37,000 out of the \$100,000 initial seed money available to carry over to FY 2020. Rock31 will be allotted \$50,000 in 2020 which would bring that total to \$87,000 in the coming fiscal year. PTAC will receive additional funding but with that, there will be additional expenses as well. We are the Lead Center for the Montana PTAC making us ultimately responsible for the entirety of the state.

Some expense highlights Jim wanted to bring attention to are the \$24,000 set aside for salary increases and \$16,000 for merit increases and promotions. Jim wanted to bring attention to the projected increase in the Mill Levy and what the protested taxes could potentially be. Robin thinks that protested taxes will likely rise due to this year being an appraisal year. Another key item related to staffing are the retirements of Kathy and Mary Lou. Going forward, we will fill only one of those vacancies while existing staff will absorb any other duties that may be delegated. Additionally, Brandon does not intend on filling the Loan Officer vacancy in FY 2020. Finally, there will be the modification of the Outreach Manager position to take on organizational marketing as well. This move was made to give Melanie more latitude to focus on the Member Investor Program.

On the EDC, Jim listed the revenue line items and then gave a few more numbers related to EDC program budgets.

Finally, Jim provided three-year projections and spoke about the items that call for attention. He again addressed the significance of the Mill Levy and its growth in comparison to other expenses. He highlighted how the seed money for Rock31 will be exhausted and the program costs will be assumed by BSED. Jim also factored in occupancy costs that would reflect BSED in a different facility. Between increased overhead costs and a Mill Levy that doesn't mirror our increases, BSED may need to pursue alternative funding sources in the future. Steve went on to say that he believes we need to make a three-year game plan on how we can offset program costs and position ourselves well for the future.

Program and Organizational Directors Updates

Member Investor Program, Economic Development Week and Annual Meeting Update – Melanie

Melanie was next with a Member Investor Program update. Melanie explained how she intends on arriving at the \$370,000 Member Investor revenue mark. Melanie said she is about a month back from where she would like to be due to OBSD work earlier in the year. Melanie anticipates announcing her Member Investor Round-up in the coming weeks. Melanie also wanted to bring attention to the trade dollars we receive from community members. That number is roughly \$50,000 and is not reflected in the \$370,000 figure. For context, the PTAC Match Making Event will not have to pay for their space due to trade with our community partners. Melanie also spoke to how she believes she could encourage certain Member Investors to a higher contribution level.

Melanie's other update was about Economic Development week. May 6th – 10th is Economic Development Week and a proclamation was made by the County Commissioners to make it official in our County. Melanie said there will be several outreach efforts made throughout the week to increase awareness of our programs. Melanie also gave a quick update about who may potentially be our Keynote Speaker for our Annual Meeting.

Community Development: Lockwood TEDD Update – Dianne

Dianne presented a Lockwood TEDD update. We have a contract in place with KLJ to do a deeper dive on the scope of work for infrastructure needs. On April 8th, Melanie and Allison presented a recruitment and marketing strategy update to the County Commissioners. Property owner interviews are already underway with the intent of assessing their plans for their property. The Lockwood TEDD Advisory Board met on Monday to go through the infrastructure masterplan. Dianne also spoke about the agreement between the City and Lockwood Water and

Sewer and the boundary issue that is at hand. Again, this issue has no bearing on capacity. We will also be looking to have a meeting with the City Council and City Staff members to review the infrastructure plan.

Executive Director's Report

Legislative Priorities Update – Steve

Steve mentioned that he will have an updated handout for the Board next week. The handout will cover the outcomes of our legislative priorities and how they will affect the work we do in our community. House Bill 52 was passed and a signing ceremony with the governor will take place sometime next week. House Bill 52 extended the sunset date of a suite of existing economic development tools for our state. Steve said that there is still important work to do on how we can create economic development tools of the future.

One Big Sky District Update – Steve

Steve said that most of his meetings have been individual discussions with civic leaders and City Council Members about how the process evolved and what the next steps will be as we look towards the future.

Executive Session: None

Public Comment:

Melanie commended the hard work of Kevin Scharfe who successfully lobbied the Montana Code School to start a branch in Billings. We have already received applications less than a week into the announcement of its arrival.

Adjourned: Cory, filling in for Mike Nelson, adjourned the meeting at 9:15 AM.

Next Meeting – June 5th