

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
Wednesday, August 1, 2018 – 7:15 A.M. to 9:00 A.M.
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, Steve Loveless

Staff and others Present: Steve Arveschoug, Austin Trunkle, Becky Rogers, Melanie Schwarz, Jim Tevlin, Dianne Lehm,
 Allison Corbyn, Dena Johnson, Evelyn Pyburn (Big Sky Business Journal)

Call to Order:
Eric Simonsen, EDC Chair, called the meeting to order at 7:30 A.M.

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 July 2018

Motion: Mike Seppala, to approve and forward to the Board of Directors, the Executive Committee Minutes as presented to the Executive Committee.

Second: Sheri Nicholson

Discussion: None

Motion carried

June 2018 EDA/EDC Financials - Jim

Jim presented the EDA and EDC Financials. The financials reflect the end of fiscal year 2018. Jim reviewed the unexpected items relating to that budget, such as an increase in tax protest and its impact on the budget. In the next fiscal year, Jim and Becky have identified areas to put in place better cost control such as miscellaneous expenses and sponsored lunches/meetings. Regarding the EDC budget, Jim mentioned the EDC has a comfortable net income figure. Jim once again mentioned that there were two significant loans that didn't materialize in FY18 and thus led to a smaller servicing revenue total. David suggested that BSED sets a percentage target to increase the operating margin. Eric mentioned the CHS settlement and asked what that means going forward. Jim doesn't have enough information to determine when we will see the windfall from the tax protests. Robin explained that part of the agreement CHS reached with the County restricts them from protesting their 2018 taxes and prohibits them from challenging the Department of Revenue's methodology.

Motion: Sheri Nicholson, to approve and forward to the Board of Directors, to adopt the financials as presented to the Executive Committee.

Second: Jennifer Smith

Discussion: None

Motion carried

Updates

Future Facilities RFP Responses - Becky

Becky mentioned the Future Facilities Taskforce will see the window for proposals close tomorrow, August 2nd. We anticipate at least six proposals. An important addendum was added to the RFP and \$100,000 was added to the yearly lease budget figure. The final figure then is \$250,000. Several meetings are slated for August during which the FFT will make their considerations and

hopefully forward a decision to the Board in September. Steve thanked Becky for her steadfast work and attention to detail as she's shepherded the process forward. Steve wanted to also mention that we have used the County's legal counsel, Dan Schwarz, to guide our decision-making process and making certain we are within our rights as a Trade-port Authority.

Staffing Changes (Interim Approach for Recruitment Staffing) – Steve

We are taking an interim staffing approach to backfilling gaps in Recruitment and Outreach. For the interim period, Recruitment and Outreach will be moved under Melanie's supervision. We also restructured the job description of a communications specialist that we planned to hire and elevated it to a Business Outreach Project Manager. This project manager will help fill in the gaps in Recruitment and will also be assisting Melanie and Karen with their programmatic needs. Sheri commended Steve for being open to this change in the organizational structure. Steve said there is a lot on Melanie's plate now and she needs another employee to help achieve the program goals.

Hot Topics for Executive Director Dialogue

BSED Financial Projections – Jim and Steve

Steve asked Jim to explain the FY19 budget projections. The projections assume no large increases in revenue, a full mill levy and no changes in federal funding. Jim mentioned the Entrepreneur Space program was projected to only break-even. The programmatic expenses can be adjusted but Jim preferred to make conservative estimates until he felt the need to shift the numbers. As for EDA risk areas to consider, Jim identified the PTAC reimbursement rate, receiving a full mill levy and the VBOC award being subject to renewal each year. The Defense Logistics Agency has changed the reimbursement rate for the PTAC and that means the federal funding level for the program is susceptible to change. And the VBOC award is committed to a 5-year period but is subject to renewal so it carries an element of risk.

With respect to the EDC, potential risk is within the 504 Loan Program and bank participation and interest rates. The two loans that fell through last year are a good illustration of the risks of the Finance program. The entrepreneurship Space will require the entire organization to lean-in to make the program a success. When you combine EDA and EDC, the organization is in a stable position projecting forward. David asked why the projections for the E-Space were used to sell the Board on the program but not forecasted in the five-year budget projections. Jim mentioned that they used some of the projections to inform the budget forecast but took a conservative approach. Mike and David want to see a more transparent projection that reflects the growth and its associated expenses moving forward. Steve acquiesced to the Committee and said Jim, Becky, and Steve will sit down and re-hash how the budget has been determined.

Board Engagement – 2019 Turnover and 2018 Attendance

The organization keeps a record of Board Member attendance. Our bylaws allow for the organization to replace a Board Member if they have missed three consecutive Board Meetings. Steve made a point to mention how much he appreciates the Boards' dedication to our organization and the selfless giving of their time and expertise. However, there is a reasonable expectation that there is consistent attendance to our meetings. Steve anticipates there will be at least 9 board members turning over this year. As we move into the nominating process, we need to give thoughtful consideration to what expertise we are losing and what expertise we would like to replace or enhance. The nominating committee will meet on August 15th for initial discussions. Eric asked for the materials to show the tenure of the Board Members who look to be on the way out.

MEDA/2019 Legislative Session Expectations

Steve spoke to how the 2019 legislative session is already giving him much to think about. Since the year 2000, the State still contributes the same amount of funding to the SBDC. With a sunset in 2019, it is important we lobby to extend the sunset as well as ask that the funding levels be increased. It will be important to set the stage for a bigger ask of our legislature down the road with respect to giving the state more economic development tools to empower our communities.

One Big Sky District "Big Project"

Steve helped segue into a discussion about OBSD and volunteered Allison to give an update. The Hammes group was here earlier this week and gave BSED a bit more direction and homework to help advance the planning phase and hit target dates. As mentioned previously, there will be a big push to link the downtown with the medical corridor. David had asked if the City Council had shifted at all from the 6-5 position they've been in. While Steve doesn't think anyone has defected, there have been some of the "no votes" attending the OBSD meetings, which is certainly encouraging. Steve spoke to a possible greater community education effort as there is still a fair amount of misinformation floating around.

Questions and Answers with the Executive Director

Mike Seppala asked, "What role, if any, should BSED play in resolving the crisis of transients in our downtown core?" Mike Seppala and Mike Nelson both mentioned the One Big Sky District could be hampered somewhat by the fact that there is aggressive panhandling and violence downtown. The issue is wide reaching and effected acutely by mental health issues and drug abuse. Steve

will invite Katy Easton to our September Board Meeting to give an update on how the DBA combats the issues associated with transient individuals in our city.

Eric asked, "Are there other potential projects, besides the 2 catalyst projections, that BSED can focus on until those happen?" Dianne and Steve both listed several objectives BSED is involved in trying to accomplish, some of the most notable projects are the Lockwood TEDD and Coulson Park. There also appears to be a concerted effort to try and bring in a new grocery store since the Downtown co-op closed their doors.

Steve Loveless wanted to make sure the Executive Committee has line of sight to back the continued Medicaid expansion funding in the 2019 legislative session. This is critical to both St. Vincent Healthcare and Billings Clinic and thereby our local economy. Steve Arveschoug indicated this will be a topic for the upcoming BSED Ad Hoc Legislative Committee.

Consideration of Executive Session: Review Executive Director Performance Evaluation

Eric mentioned that Steve's performance review has been completed and an executive session was then initiated.

Motion: Mike Nelson, to approve and forward to the Board of Directors, for an executive session to be initiated as presented to the Executive Committee.

Second: Jennifer Smith

Discussion: None

Motion carried

Executive Session began at 9:08 A.M.

The meeting was called back to order at 9:18 A.M.

Action to Consider Following Executive Session

The Executive Committee reported out that the compensation committee made a recommendation for a one-time, 2.5% merit increase for Steve.

Motion: Mike Seppala, to approve to accept the recommended decision of the compensation committee for a 2.5% one-time merit increase as presented to the Executive Committee.

Second: Sheri Nicholson

Discussion: None

Motion carried

Public Comment: None

Meeting adjourned at 9:20 am

Motion: Jennifer Smith, to approve to adjourn the Executive Committee Meeting.

Second: Robin Rude

Discussion: None

Motion carried

Next Executive Committee Meeting – September 5, 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.