

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
Wednesday, November 7, 2018 – 7:30 A.M. to 9:15 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 – Cory Moore, Jennifer Smith, Paul Neutgens, Robin Rude, Sheri Nicholson
EDC – David Trost, Eric Simonsen, Mike Nelson, Steve Loveless, Mike Seppala

Staff and others Present: Steve Arveschoug, Austin Trunkle, Becky Rogers, Dianne Lehm, Allison Corbyn,
Jim Tevlin

Call to Order:
Eric Simonsen, EDC Chair, called the meeting to order at 7:31 A.M.

Agenda Changes for Today's Meeting:
Changes to the agenda include moving Allison's updates to the top of the Executive Director's Report and moving all action items to the forefront of the agenda to accommodate parties who needed to leave early.

Public Comments:
None

Agenda:
Approval of EDA/EDC Executive Committee Minutes

Motion: Jennifer Smith, to approve and forward to the Board of Directors, the October 2018 Executive Committee Minutes as presented to the Executive Committee.

Second: Paul Neutgens

Discussion: None

Motion carried

Approval of EDA/EDC Financials – Jim

Jim presented the September Financials. For the EDA, Jim mentioned there are some vacancy savings for staffing that was budgeted for a full year but vacant until hired. Those vacancies include the Rock31 Manager and the Business Outreach Project Manager. On the EDC side, we saw the first draw on an account set aside for the OBSD work. Jim sent a check for an amount totaling ~\$170,000.

Motion: Mike Seppala, to approve and forward to the full Board, the September 2018 EDA/EDC Financials as presented to the Executive Committee.

Second: Cory Moore

Discussion: None

Motion carried

FY 2018 Audit Update

With regard to the FY 2018 Audit, Steve mentioned that there were no findings to discuss thus far and though the audit is not final, we expect a clean audit closeout. Eric asked if an annual audit is mandated for the organization. Steve said that due to receiving tax payer money and federal dollars, an audit is required annually for both the EDA and EDC.

Executive Director's Report

One Big Sky District Update – Allison/Steve

The Landmark group will be back in Billings this month to flesh out more details regarding the catalyst projects associated with OBSD. The fiscal and economic analysis should be completed any day now and will be an important piece in deciding how to formulate a plan to ask our legislature for more robust economic development tools. Steve met with Roger Webb on why the OBSD project is vital to our community. He agreed that this is a significant project but said any hesitation of his lies in the details of how the funding mechanisms will be guaranteed. Allison mentioned that the marketing pieces will begin to ramp up after Landmark hired Kinetic Marketing to assist with that component. The next public meeting the Landmark Group will attend is the December 17th, City Council Meeting.

Recruitment Update - Allison

The other update Allison gave was the relocation of a contact center based out of Utah. The company has several contracts where they walk customers through their issue and attempt to remedy any problem. They expect to employ 50 individuals initially with room to grow. They will be signing a lease any day now, according to Allison. Cory asked how they will be able to hit their employment goals with a low starting wage. Allison said she's been working with Karen to activate a diverse labor pool and with the company's incentive-based work programs. They have confidence in achieving their vision. Cory asked why they choose Billings. Allison said they haven't had an in-depth conversation with regard to how they made their decision but the labor pool in the Billings market was more appealing than that of metro areas. Steve made a note that there was no financial commitment on the side of BSED thus far in recruiting this company.

Draft 2019 BSED Legislative Priorities - Steve

Steve presented the draft Legislative Priorities which has been formulated with the Ad Hoc Legislative Committee and presented to our County Commissioners. The areas of focus include 2019 Economic Development Tools, a Private/Public Partnership Mechanism, Medicaid Expansion, Infrastructure investment, Tax Increment Financing, Workforce Development and Career and Technical Education, and Regional Economic Development with our Rural Partners. The Montana Chamber of Commerce has published a Tax Policy Study that details the burden of property tax and how it is a higher burden on business than a local option tax would. One example of The Regional Economic Development item is the rebuilding of the Colstrip community which has been acutely affected by the closure of coal mining opportunities. Steve asked that if the Committee is so inclined, that they forward the draft to the full Board.

Motion: David Trost, to recommend forwarding Draft 2019 Legislative Priorities to the full Board, as presented to the Executive Committee.

Second: Jennifer Smith

Discussion: None

Motion carried

Program Director's Updates

Future Facilities Update – Becky/Jennifer

Becky provided a Future Facilities update. The due diligence work has been completed but there is a new opportunity that has emerged in the past few weeks that we feel strongly needs to be factored into the due diligence. The opportunity is a Federal EDA Cooperative Agreement. This grant is aimed at bolstering Entrepreneurial supported programs such as Rock31, SBDC, VBOC and PTAC. As the Governor re-designated opportunity zones, we found ourselves in a qualifying area. It requires a dollar for dollar match and could be worth up to \$1M. However, the grant can only be applied to a building purchase and ownership, not leasing a space. Becky has asked the Committee to forward to the Board, the request to authorize BSED to pause the RFP process to submit a preliminary application. Becky shared a handout that listed potential funding sources. Becky asked Steve to explain why we have landed on a potential figure of \$500,000 from the Opportunity Fund. Steve said he came to this number after alternative funding sources were identified and that it demonstrates fiscal stewardship and an organizational outlook with a longer term. Becky also said we intend to take out a \$500,000 loan from the State Small Business Credit Initiative which is, in essence, a loan to ourselves. David asked if perhaps the grant can be structured to repay the Opportunity Fund if the programs the Grant funds perform well. David also asked what

the time frame is and if there is competition for the funds. There is a ten-state region vying for \$15-20 million and there is no designated time frame.

Motion: David Trost, to recommend granting BSED the authority to pause the RFP Process to the full Board, as presented to the Executive Committee.

Second: Paul Neutgens

Abstentions: Mike Nelson

Discussion: None

Motion carried

Nominating Committee Update – Becky/Mike Nelson

Becky then updated on the Nominating Committee results for the EDA Board positions. Five applications were received for three openings. Those selected to serve on the EDA Board are: Jennifer Owen, Judi Powers, and George Warmer. Tom Schlotterback and Mark Neale were the two other applicants and will be added to an active candidate pool.

Motion: Jennifer Smith, to forward the Nominating Committees selections to the full Board, as presented to the Executive Committee.

Second: Cory Moore

Discussion: None

Motion carried

TEDD Reimbursement Agreement - Dianne

Dianne was up next to discuss the TEDD Reimbursement Agreement. The Lockwood/TEDD Advisory Committee has asked if our Board would consider extending the repayment schedule. They have asked to make to payments of \$10,225, twice a year over a four-year period. The ask is meant to free-up dollars to apply for infrastructure grants to keep the Lockwood TEDD moving forward. The repayment, as it stands, is no less than 50% of the increment generated. That figure is roughly \$40,000 due in May of 2019. Steve also spoke to the fact that the Commissioners are already looking to expand the footprint of the TEDD and that has upset the School District in Lockwood. Steve said this extension would be a good first step in curbing some of their concerns.

Motion: David Trost, to forward the Approval of the Reimbursement Plan to the full Board, as presented to the Executive Committee.

Second: Mike Nelson

Discussion: None

Motion carried

Conflict of Interest – Follow-Up - Steve

Steve briefly touched on the conflict of interest policy and has invited Kevin Heaney to speak to the Board tomorrow morning. Eric asked how Board Members should make the determination of abstaining from a vote. This is especially important as we continue our involvement with OBSD and the “insider” knowledge that is part and parcel of being on the BSED Board. Steve reiterated that all information that is received via BSED Board Membership, is public knowledge. Steve also mentioned that the Board will not be privy to proprietary or confidential information concerning the OBSD project. Information brought to Board will be the same information openly shared with the public. Additionally, it is incumbent upon the Board Member to identify potential conflicts even if it may seem trivial.

Steve discussed that there was good conversation with the County Commissioners when explaining to them the grant opportunity before us. Steve also mentioned that there will be a modified agenda in December as we recognize our outgoing Board members.

Changing Board Meeting Times - Steve

Steve asked that we extend the Board Meetings to last two hours starting in 2019. There was discussion to begin the meetings at 7AM to accommodate Steve’s ask for an extension. There was also discussion of trimming the agenda to be more efficient and to allow extended dialogue among the Board. David said, at times, that the Executive Committee feels identical to the Board Meetings. Steve said that is good information and we will look at

if there is another agenda structure we can utilize. It was determined a poll will be taken at the Board Meeting to identify the best option moving forward.

Executive Session (as needed)

There was no need for an Executive Session

Public Comment

None

Adjourn

Eric entertained a motion to adjourn the meeting.

Motion: Jennifer Smith, to adjourn the Executive Committee Meeting

Second: Paul Neutgens

Discussion: None

Motion carried

Meeting adjourned at 9:03AM

Next Executive Committee Meeting – December 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.