

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
Wednesday, December 5, 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,

Committee Members Absent: **EDA** – Mike Seppala

Staff and others Present: Steve Arveschoug, Austin Trunkle, Becky Rogers, Dena Johnson, Jim Tevlin
 Evelyn Pyburn, Stefeni Freese

Call to Order:
Jennifer Smith, EDA Chair, called the meeting to order at 7:30 A.M.

Agenda Changes for Today's Meeting:
Changes to the agenda include Dianne's report being postponed as she is out of town and Steve updating Melanie's report.

Public Comment:
None

Agenda:
Approval of EDA/EDC Executive Committee Minutes

Motion: Paul Neutgens to approve and forward to the Board of Directors, the November 2018 Executive Committee Minutes as presented to the Executive Committee.

Second: Sheri Nicholson

Discussion: None

Motion: Carried

FY 2018 Audit Presentation – Stefeni Freese

Stefeni Freese, from Anderson Zurmuehlen, presented the audit to the Committee. She was pleased to inform the Committee that EDA was given a clean opinion on compliance and the PTAC's single audit. The organization as a whole had no significant deficiencies or material weaknesses. A couple items of note are the current asset to liability ratio was 2.4, which is a strong ratio. The current operating loss was \$1.3M but was primarily due to an incentive paid to Zoot Enterprises. However, the lease cancellation lead to an overall gain of \$3.8M. On page 41, there is a Subsequent Event narrative written by Jim regarding our involvement with the OBSD. Steve commented on how important it is to use our tax dollars prudently as the federal and state funds we receive are crucial to our mission and several of our programs. Steve's other comment was about the incentive to Zoot. We were only able to offer an incentive to Zoot because of the settlement with GE. Steve just wanted to clarify that we held an operating loss as a result of an incentive used for recruitment and job cr

The EDC Audit was next. The EDC was given an unmodified, clean opinion. There was one significant deficiency Stefani reviewed with the Committee regarding the recording of a CTE pledge. A multi-year pledge wasn't fully recorded in the first year received. To correct this deficiency, AZ recommends the Controller be given a copy of all MOU agreements to ensure the proper recording of receivables. Stefani also review with the Committee changes for next year's accounting standards for non-profits. She also reviewed that the year-over-year revenue was up \$400,000. In the future, if these funds are meant to be allocated, it would be wise to start writing disclosures. Along with the positive change in net assets, there is a similar change in the cash flow statement with a \$500,000 increase.

Motion: David Trost motions to approve and forward to the Full Board, the results of the FY2018 Audit as presented to the Executive Committee.

Second: Eric Simonsen

Discussion: None

Motion: Carried

Approval of EDA/EDC Financials – Jim

Jim presented the financials for October. For the EDA, Jim also made a note that the VBOC will likely be underspent. That will affect the funds we receive to offset the programmatic costs. Jim isn't certain of a number but is thinking it will be around \$20,000. On the EDC Balance Sheet, Jim pointed out the pledges for the ongoing CTE contributions that we are receiving. Jim also noted that there will be some vacancy savings from openings on the Big Sky Finance team. Steve mentioned that the Finance team will hire their open loan specialist position first and then a loan officer later.

Motion: Cory Moore to approve and forward to the full Board, the October 2018 EDA/EDC Financials as presented to the Executive Committee.

Second: Steve Loveless

Discussion: None

Motion: Carried

Executive Director's Report

Final BSED 2019 Legislative Priorities – Steve

Steve began by speaking about his final draft of the 2019 Legislative Priorities. Each legislative session, the legislature looks at dollars that go to the Coal Board which are in-turn given as grants to communities who have been affected by issues surrounding coal production. Steve anticipates strongly backing the allocation to these communities. With respect to the Coal Country Coalition, there will be work to incentive research for clean coal technology, carbon capture, etc. Steve would like to protect the Big Sky Trust Fund which harbors some economic development tools. Steve mentioned that BSED spoke before the County Commissioners to inform them of our legislative priorities. Steve Loveless asked if there were any adverse reactions to our priorities. Steve said that the priorities were well-received, and the Commissioners thanked BSED.

Motion: Mike Nelson, to approve and forward to the full Board, the 2019 Legislative Priorities as presented to the Executive Committee.

Second: Steve Loveless

Discussion: None

Motion carried

Nominating Committee Update – Becky

Becky then gave an update for the 2019 Officers. On the EDA side, Board Chair will be Cory Moore, Vice Chair will be Robin Rude, Treasurer/Secretary will be Paul Neutgens, Immediate Past Chair is Jennifer Smith, and Member at

Large will be Ken Lutton. On the EDC, Mike Nelson will be the Chair, Mike Seppala will be Vice Chair, Steve Loveless will be Treasurer/Secretary, Immediate Past President will be Eric Simonsen, and Molly Schwend will be the Member at Large.

Motion: Sheri Nicholson motioned to forward the recommendations for 2019 to the Full Board, as presented to the Executive Committee.

Second: Cory Moore

Discussion: none

Motion: Carried

Program/Organizational Directors Updates

Operations/ Future Facility – Becky

Becky then transitioned into a Future Facility update. It was recently learned that the preliminary EDA grant application will be reviewed on December 20th and will receive verbal confirmation that day of whether we will be eligible to submit for the full grant application or not. It was also recently learned that a build-to-suit purchase would not be eligible for EDA grant consideration. A building would need to be purchased as-is and then put out to RFP for the build-out. As a clarification, Becky reminded the Committee that BSED would need to have a facility selected in order to submit a full EDA grant application. In the meantime, due diligence on the Montana Paint Building has continued including a draft floorplan design. A workshop for staff will be held next week to review the due diligence analysis of the three RFP finalists.

Secondly, Becky discussed a letter received from Harrison Fagg that requested BSED open a new RFP to allow other facility purchase proposals. Because the organization is in the middle of an RFP process, Steve felt it important to review the letter and return a formal response. Steve reviewed with the Committee that the current RFP asked for both lease and purchase options and confirmed BSED received three purchase proposals. After brief discussion, the Committee encouraged Steve to respond to the letter that the organization plans to stay the course and finish out the current RFP.

OBSD Update - Steve

Steve stood in for Melanie and gave an OBSD update. Much of the work done recently is centered around the design phase as well as work being done to sharpen the private-public funding mechanism to bring before the legislature. Steve informed the committee that there will be likely be an outline that dictates who will begin paying for certain costs as we move into the next phases of the project. The final draft development plan will be presented to City Council on December 17th.

SBDC Annual Contract/Rock31 Update – Dena

Dena updated on the SBDC Annual Contract Amendments. Every year, the SBDC renegotiates funding and the SBA reassess goals. The SBDC here will not be losing any funding but will not gain any either. The capital infusion goals have decreased and is related to the fact that they have reassessed their overall funding allocation in addition to what external factors would affect people searching for loans. The new metric will be for jobs “supported” rather than “jobs created”. Dena is asking the Committee to forward the approval of this document to the full Board.

Motion: Sheri Nicholson motions to approve and forward the amendments of the contract to the Full Board, as presented to the Executive Committee.

Second: Paul Neutgens

Discussion: None

Motion: Carried

Dena continued and gave a brief Rock31 update. She told the committee that Kevin Scharfe has been hired as the new Rock31 program manager. He spent 9 years as a graphic design teacher and the last few years with Elation. Kevin has also developed and licensed his own product to a large distributor and is aware of how the entrepreneurial process goes. He will start with BSED at the first of the year.

Steve mentioned that our Board meeting next Thursday will begin at 7:15 for Breakfast and the Agenda will begin at 7:30, as usual.

Executive Session: None

Public Comment: Sheri made a public comment about her appreciation for our Board and spoke to how thankful she was for this opportunity.

Adjourned: at 9:05AM.