



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, February 14, 2019 – 7:30 AM – 9:00 A.M.
Billings Library, 1st Floor -Community Room

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.

EDA Board Members Present: Cory Moore, Robin Rude, Ken Lutton, Jennifer Owen, Judi Powers, Dana Pulis, Fred Sterhan, George Warmer, Jennifer Smith, Greg McDonald, Shaun Brown (Ex-Officio), Greg Upham (Ex-Officio)

EDA Board Members Absent: John Brewer (Ex-Officio), Paul Neutgens, Don Jones (Ex-Officio), Matt Lurker (Ex-Officio), Katy Easton (Ex-Officio)

EDC Board Members Present: Mike Nelson, Eric Simonsen, Nicole Bengé, Scott Chesarek, David Ellis, Spencer Frederick, Andy Gott, Ann Kosempa, Mike Phillips, Aaron Ramage, Jon Stepanek, Bob Wilmouth, Mike Seppala, Dan Edelman, Mitch Goplen,

EDC Board Members Absent: Steve Loveless, Dave Ballard, Craig Bartholomew, Mac Fogelsong, Doug Hansen, Denis Pitman, Molly Schwend

Staff and Guests: Steve Arveschoug, Austin Trunkle, Becky Rogers, Dianne Lehm, Allison Corbyn, Dena Johnson, Melanie Schwarz, Lorene Hintz, Dustin Frost, Brandon Berger, Jim Tevlin, Jack Nickels, Marcell Bruski, Kevin Scharfe, Deanna Langman

Call to Order:

Mike Nelson, EDC Chair, called the meeting to order at 7:30 A.M. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Public Comment

Becky opened public comment by asking the Board what their preference between two dates regarding Board Planning in April.

As a Billings Public Library Board Member, George Warmer explained the name sake of the Royal Johnson Community Room and the work of several community members that made the new library a reality.

Cory Moore commend everyone who worked on the One Big Sky District Development Plan and congratulated them on the Plan being approved by City Council on Monday.

Agenda Changes:

None

Consent Agenda:

Approval of the January 2019 Board Meeting Minutes and the December 2018 EDA/EDC Financials

Motion: Cory Moore, to approve the January 2019 Board Meeting Minutes and the December 2018 EDA/EDC Financials as presented to the Board.

Second: Jon Stepanek

Discussion: None

Motion carried

Program Level Reports and Action Items

Big Sky Finance – Brandon

SBA 504 Loan Requests

Big Sky EDC is requesting approval to submit to the US Small Business Administration the following SBA 504 loan request. The Big Sky EDC Loan Committee has reviewed the request and recommends approval to the full EDC Board for submission to the SBA for final approval. The request meets all the underwriting and eligibility requirements of the EDC.

1. **Broadwater Self-Storage, Inc.** – Request is for the purchase of an existing self-storage facility for Broadwater Self-Storage, Inc. The facility is located at 2039 Broadwater Avenue, Billings, MT. Broadwater Self-Storage, Inc. is a newly created entity owned by Roger and Kendra Daniel to hold and operate the property.

There are projected to be two new jobs created as a result of this project. A Public Policy goal will be met as this will be a woman owned business. The total SBA debenture will be \$724,000 on a 25-year note comprising 35% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Western Security Bank.

Motion: Mike Phillips, to approve the Broadwater Self-Storage, Inc. loan request, as presented to the Board.

Second: Eric Simonsen

Discussion: None

Abstentions: Mike Seppala

Motion Carried

2. **A+ Electric Motor, Inc. / CL Rosebud Properties, LLC** – Request for an increase in the amount of the SBA debenture from \$553,000 to \$726,000. Original request approved at the November 8, 2018, Board meeting. This is a new construction project. Project/construction costs increased from original approval. Loan committee reviewed the additional costs and approved of the increase. Borrower demonstrates sufficient cash flow to service the additional debt. Project still under construction.

Original request – 11/08/2018. Request is for the purchase of land, new construction and equipment financing for A+ Electric Motor, Inc. A+ is an existing business currently renting a facility located on Central Avenue in Billings, MT. They will be relocating the business to 1439 Rosebud Lane in Lockwood on land previously purchased by the owners. This move will allow them additional space for current operations and future growth. A+ Electric Motor, Inc. repairs and rebuilds electric motors used in sewer lift stations, city water pumps, mining applications, central pivot irrigation systems and many other applications.

There are projected to be 10 new jobs created as a result of this project. The total SBA debenture will be \$553,000 on a 20-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real and personal property behind Western Security Bank.

Motion: Andy Gott, to approve the A+ Electric Motor, Inc loan request as presented to the Board.
Second: Jon Stepanek
Discussion: None
Abstentions: Mike Seppala
Motion carried

Future Facilities RFP Update – Becky

Becky then presented a Future Facilities Update. Becky reminded the Board of the recent emails noticing them that the Board Chairs and Board Members made the decision to walk away from the Paint Building purchase due to infrastructure issues and the cost estimate exceeding our budget. As discussed at our last Board Meeting, a new RFP was drafted and released on Friday, February 8, 2019. The next step is to continue with the new RFP. The submission deadline will be Monday March 4th. We were able to extend our EDA Grant application deadline to April 15th. The RFP timeline will be expedited to meet that deadline. The project budget is roughly \$2.5m and a mandatory proposal meeting will be held on February 19th. When asked if there has been any push-back with the accelerated timeline, Becky said not yet, but that may change after meeting with proposers on the 19th.

One Big Sky District – Development Plan Overview – Allison

Allison gave an update on the OBSD Project. As Cory had mentioned, the City Council approved the Development Plan on Monday night. Allison explained there is an amendment to the agreement with the Landmark Development group that was presented before City Council but needs further work before approving. Landmark is requesting to raise the reimbursement amount from the original agreement to cover additional investment they have made. In the original agreement, if Landmark participates in at least one of the catalyst projects, no recovery of their investment is required. If they aren't selected for any project, the City would have to reconcile how to reimburse Landmark's costs. It was asked if Landmark chooses not to do a project, are they still entitled to reimbursement? Steve and Allison said that will be worked out as the agreement is revised but Steve reiterated it is Landmark's intent to commence a project in Billings.

Mid-Year Progress Report and Q&A

Steve introduced how the team was going to present the mid-year progress reports. Attached to the Board Packet was a copy of the slides from the presentations. Each slide reported out on the progress met in the first half of the fiscal year. Each Director took a few minutes to speak about a success story that resulted from their work.

Admin – Becky and Jim

Becky and Jim kicked off the Admin side of the organization. Becky addressed staffing changes, progress with the Work, Thrive, Live initiative, and the Team Development and Staff Planning event we held last Thursday. Jim spoke to the impact of the Government Shutdown. On the EDA side, he said the things to highlight are watching the VBOC reimbursement from the SBA, vacancy savings from salaries and benefits for staff, and the potential positive impact of the Tax Protests. With respect to the EDC, he spoke about the progress for Big Sky Finance and Member Investor Revenues.

PTAC – Deanna

Deanna was next with PTAC. She highlighted two companies that she has worked with this year, Wildfire Hot Showers and Montana Infrared Services. Wildfire Hot Showers has a national agreement with the Forest Service and provides a measure of comfort at fire camps all across the country. To date, they have received nearly \$1.7M in federal awards. Montana Infrared Services are a newer client of the PTAC and provide services to monitor the integrity of a building's infrastructure components. They have received \$32,000 in federal awards.

VBOC – Dustin

Dustin then presented for VBOC. He addressed how the region reduction has impacted the VBOC's work. Dustin also spoke about the Boots2Business Trainings and how they had 70 graduates at 5 Air Force Bases. Further, VBOC has hosted 30 outreach visits during the current fiscal year.

BillingsWorks – Melanie

Melanie did BillingsWorks for Karen as she is out sick after having traveled to Austin, Texas. Their work in Texas revolved around a Tech-Sector Partnership. The other main focus for Karen is bridging the gap between education and workforce. Lew Anderson will be retiring and that means there will need to be a new Director of Career and Technical Education. Superintendent Upham wants to "shift the paradigm". Rather than having students just college ready, they will also be career ready. Finally, the Better off in Billings campaign will be testing the market in Minnesota to gauge the interest of young professionals and their willingness to relocate to Billings.

SBDC/BEAR/Rock31 – Lorene and Kevin

Lorene and Kevin jointly updated the state of the SBDC. Lorene mentioned the SBDC will be celebrating 30 years of service this year and highlighted the expertise and diversity on the SBDC team. With the addition of Kevin Scharfe, this makes the team even more well-rounded. Kevin presented for Rock31. The new program under the SBDC umbrella. Rock31's aim is to help entrepreneurs go from concept to commercialization. Kevin informed the Board that he had attended a Google Start-up Weekend in Colorado Springs this past weekend. Kevin mentioned Billings will be hosting a Start-Up Weekend at some point this year.

Big Sky Finance – Brandon

Brandon presented numbers for the Big Sky Finance Team. During the fiscal year, BSF has had 6 loan approvals for a total of \$347,000 with 28 jobs created. BSF has also had 5 loans approved for a total of \$6,192,000 with 36 jobs created. The 2019 goal is \$8.5M of funded loans. Brandon is confident that BSF will reach this mark.

Community Development – Patrick

Dianne gave the update for Community Development. The major projections they are undertaking at the moment are the Lockwood TEDD and the Space2Place Grants. With respect to the TEDD, 175 developable acres were added to the District at the request of Lockwood Land Owners. The Space2Place program is entering its second year and is open to groups, organizations, and individuals to develop and submit their ideas on how to transform the community into a more beautiful and welcoming space. The recipients of the grants will be announced at the Better Off in Billings event in April.

Recruitment – Allison

Allison demonstrated some wins for our community that came from the Recruitment Program. ROI solutions out of Utah have opened a call center this year and are very pleased with the workforce Billings has. They expect to grow to at least 100 employees. Also, the annual Economic Pulse report was released last month. Additionally, another direct flight was added from Billings to Denver. Finally, OBSD work continues and they're hopeful to be successful in the legislature with their proposed bill.

Member Investor Program – Melanie

Melanie was last to speak about the Member Investor Program. Melanie began by remarking on the impact Marcell has made on our team and the increased capacity she has been able to create. Melanie readdressed that the Member Investor revenue goals have increased substantially this year and reaching that mark will be her focus for the balance of the fiscal year.

Q&A – Board Members

Mike Phillips asked more about the new Finance Team Member and if there is any new information regarding the USDA Relocation. Brandon explained that Johnna was leaving Wells Fargo and has a great deal of banking experience. Allison said that the USDA has not released any new information, presumably because of the Government Shutdown.

Jon Stepanek asked Steve about the temperature of the Legislature after the passing of the OBSD Development Plan. Steve mentioned that Llew Jones sees this sort of mechanism as the future for economic development in the state of Montana.

Greg McDonald asked if the VBOC award agreement had been adjusted since the region was reduced. Dustin said it was reduced from \$360,000 to \$300,000.

Steve asked Ken to share his impression of the visit to Austin, TX. Ken mentioned that it helped to reaffirm what their identity is as the Tech Sector Partnership in Billings. Ken said the diversity of the contingent that went down to Texas made the visit even more fruitful.

Public Comment

Melanie mentioned that December 4th, 2019 is the 30th Anniversary of BSED.

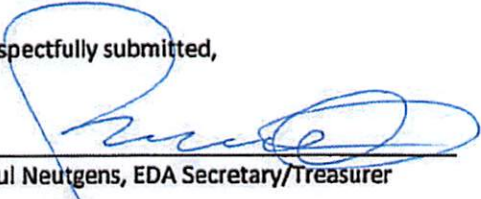
Mike entertained a motion to adjourn.

Motion: Jennifer Smith
Second: Cory Moore
Discussion: None
Motion Carried


Meeting adjourned: 9:06 A.M.

Next Meeting – March 14th, 2019

Respectfully submitted,



Paul Neutgens, EDA Secretary/Treasurer



Steve Loveless, EDC Secretary/Treasurer

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