

EDA/EDC Joint Board Minutes
Thursday, March 8, 2018 – 7:30 AM – 9:00 AM
Yellowstone Room, 1st 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.

EDA Board Members Present: Chuck Tooley, Cory Moore, Dana Pulis, Greg McDonald, Jennifer Smith, Ken Lutton, Paul Neutgens, Robin Rude, Sheri Nicholson, John Brewer, (ex-officio), Robyn Driscoll (ex-officio), Shaun Brown (ex-officio),

EDA Board Members Absent: Fred Sterhan, Mitch Goplen, Terry Bouck (ex-officio)

EDC Board Members Present: Aaron Ramage, Andy Gott, Bob Wilmouth, Craig Bartholomew, David Ellis, David Trost, Debbie Singer, Duncan Peete, Eric Simonsen, John Ostlund, Mac Fogelson, Mike Nelson, Ty Elkin, Wayne Nelson

EDC Board Members Absent: Doug Hansen, Jon Stepanek, Mike Seppala, Molly Schwend, Ron Larsen, Scott Chesarek, Steve Loveless

Staff and Guests: Becky Rogers, Austin Trunkle, Deanna Langman, Brandon Berger, Karen Baumgart, Jim Tevlin, Dianne Lehm, Dena Johnson, Pat LaPointe, Colby Tanner, Justin Pearson, Bill Kennedy (MSUB rep), Robbie Carpenter (MSUB rep)

Call to Order:

Jennifer Smith, EDA Chair, called the meeting to order at 7:27 a.m. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements:

Jennifer introduced our guests, Colby Tanner and Justin Pearson of BNSF. We also introduced Pat LaPointe of Frontier Angels and Robbie Carpenter, Bill Kennedy, David Warne, Kristi Oaks, on behalf of MSUB Foundation.

The first order of business was a presentation by Pat LaPointe of Frontier Angels. Frontier Angels is a state-wide organization with more than 60 members. Their mission is to accelerate the tech ecosystem in Montana by creating high paying, high skilled jobs. As "angel investors" they connect with businesses that are in the early stages of growth when initial finances are exhausted and securing additional capital is difficult. They provide funding and mentorship to grow and expand the businesses. Frontier Angels focuses on businesses with a strong technology leverages in their business model. Montana is one of very few states in the country that does not incentivize early stage investment in tech related businesses. Frontier Angels hopes to more successfully lobby the Montana Legislature to make this change. Pat speculates that there is likely \$50 million available to invest in young tech companies and only around \$4 million is invested currently. The issue is not a lack of funds available, but that there are not enough startups to invest in. On May 3, 2018, Frontier Angels is hosting an Early Stage Montana Showcase. It's a pitch competition for businesses in early stage development. The winner gets \$50,000 in equity capital but all regional winners get one week in a hyper accelerator program. Pat is asking for our support to get the word out to businesses who fit the criteria for the competition and to help connect him with volunteers to help judge and screen applicants. More information is available at www.earlystagemt.org.

Next up were our guests from BNSF, Justin Pearson and Colby Tanner. As the VP of Economic Development for BNSF, Colby's job is to get companies on their railroads and BNSF engaged in communities. BNSF moves more than ¼ of all freight through North America, operates 8,000 locomotives, and employs more than 42,000 individuals. More locally, BNSF employs 2,200 Montanans, owns 2,600 miles of track and has invested approximately \$850M over the past five years in our state. BNSF will expect to spend \$3.3B in 2018 just to maintain their nationwide infrastructure network. Colby spent time in Billings yesterday working with the Community Development team and meeting with business owners about the potential to participate in a program that would cover the cost to certify the TEDD site.

Changes to Today's Agenda:

A public comment will be added to the Community Development's request, a discussion about a funding concept was added to the One Big Center update, and under Program Reports, a discussion about Recruitment was added.

Consent Agenda:

Approval of the February, 2018 Board Meeting Minutes & the January 2018 EDA/EDC Financials

Approval of February Minutes pending the change of Debbie Singer from absent to present.

Motion: Mike Nelson, to approve the February 2018 Board Meeting Minutes & the EDA/EDC Financials, as presented to the Board.

Second: Wayne Nelson

Discussion: None

Motion carried

Nominating Committee Recommendation – Mike Nelson/Becky

EDC Nomination of Mike Philips from Opportunity Bank to assume the seat resigned by Kathy Boelter.

Motion: Mike Nelson, to approve the EDC Nomination and send to the Member Investors for an election, as presented to the Board.

Second: Eric Simonsen

Discussion: None

Motion carried

Regular Agenda:

Program Reports/Consideration

Operations – Becky

Becky gave a brief update on the Future Facility Taskforce. A focus group was held with community members representing different industries last week. Their input was extremely valuable as we were given a clearer picture of what the community expectations will be when we relocate. More information will be provided at Board Planning in April.

Business Finance– Brandon

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

1. Laurel Hardware, Inc. – Request is for the purchase of an existing commercial real estate property for Laurel Hardware, Inc. (Cinch Holding LLC). This is the current location of the ACE Hardware store located in Laurel, MT. Laurel Hardware Inc. is owned by Skip King and Jeffery Averill. They purchased this business in 2011 and have been leasing the property since. This is the fourth SBA 504 loan Big Sky EDC has participated on with Skip King and his King's ACE Hardware stores throughout Yellowstone County.

There are projected to be two new jobs created because of this project in the next two years. The project meets an SBA Public Policy Goal for Rural Development. The total SBA debenture will be \$826,000 on a 20-year note comprising 40.00% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind First Interstate Bank.

The loan was approved by Big Sky EDC's Loan Committee on December 18, 2017. The loan was closed with the borrower on February 27, 2018 and is projected to fund on April 11, 2018.

Abstained: Andy Gott

Motion: Debbie Singer, to approve the request for the purchase of an existing commercial real estate property for Laurel Hardware, Inc., as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

Community Development – Dianne

Dianne gave an update regarding the application to the Coal Board for the MSUB Yellowstone Science and Allied Health Building. She spoke about the final steps we need to take with the Coal Board to complete the application process. This final step is a resolution to approve the results of an environmental assessment. The assessment determines the impact to the local ecosystem by the renovation and construction at MSUB and concluded no further action was needed to be taken. Dianne reviewed the finding of the environmental assessment and explained the resolution. She reported the environmental assessment, checklist and supporting documents have been available for public comment and review on both MSUB's website as well as BSED's website, and at the both offices. Legal notices were published, and no comments were received via email, mail, phone or in person at Big Sky Economic Development or by MSUB. One change made to the resolution was to make Jennifer the signer instead of Eric. A public comment was held specifically for the environmental assessment. There was no response to the public comment.

Motion: Cory Moore, to accept the conclusion of the environmental review, as presented to the Board.

Second: Sheri Nicholson

Discussion: None

Motion carried

PTAC – Deanna

Deanna highlighted the PTAC Matchmaking Event in February. Each year the event continues to grow and more entities are represented. This year, PTAC outgrew their previous venue and hosted the event at the much larger FIB Operations Center. It was a great success. Deanna also gave the update that the PTAC will be applying for funding to renew another Program Year. Deanna is working on the budget currently which includes six sub recipients. No vote was needed as indicated on the agenda.

Billings Works – Karen

Karen gave a brief update on the State of the Workforce Report Survey. The survey is still open, and the input of our community is extremely important to the results. An interesting trend that has appeared is that the overall confidence in the workforce is around 50% while confidence in an individual's own workforce is closer to 90%. What this may illustrate is that companies and individuals are unsure of the next wave of workers which in-turn makes internships, mentorships, programs, apprenticeships so vital. Karen also mentioned that a handful of community members as well as herself and Melanie will be traveling to Las Vegas to tour a few high schools that emphasizes the integration of Career and Technical Education.

One Big Sky Center Update – Allison

Steve gave an update on the OBSC project. Given the economic development impact of the project, we are taking a stronger role. As a reminder, the project has changed from a single tower project to a comprehensive development strategy to the downtown core. As it stands, approximately \$530,000 of the \$675,000 funds the community needs to raise locally for the Phase II assessment have been raised. The City was asked for \$100,000 on

Monday night. Included in this total is \$400,000 pledged by the Downtown Billings Partnership from the future disposition of the Yesteryear Antique building. The challenge the DBP is facing is that although it has considerable value in the building, cash is needed for the Phase II work under the OBSC project. Yesterday with the Executive Committee, Steve discussed a few different concepts for lending the money to the DBP with the intention to be repaid. The DBP has a 5-year financial projection that shows TIF dollars will be available in the future and would be able to meet a debt obligation. A thoughtful discussion was held by the Committee and a degree of caution will be exercised with how we commit ourselves. Dena included that there is a call with the Hammes Group this coming Monday and they will need to hear from us that we are willing to make a more concrete commitment to this project as a key community partner. A vote on the MOU, which outlines the responsibilities between the local strategy partners, was postponed and will be reconsidered when Steve returns with more information concerning the funding concept. Steve will sit down with the City and the DBP to flesh out a few ideas and come back to the Board with a recommendation.

Steve then discussed the recruitment of an Israeli tech company looking to expand into Montana. The company is looking at two communities, Missoula and Billings. With the Executive Committee's approval, Steve sent a letter to the company in the care of the Governor's Office of Economic Development yesterday. The letter included a preliminary proposal that is subject to mutual consideration and Board approval, should the company respond favorably. In the letter, we tried to give compelling reasons to consider our community and included a list of possible lease options, including a potential turn-key opportunity. We offered incentives towards infrastructure enhancements or lease buy down as well as matching the State's workforce training dollars for new jobs created. A question was asked about how many new jobs would be created. The company anticipates it would bring 20-30 jobs immediately and up to 100 jobs in the next three years. The Executive committee vetted the opportunity, in detail so Steve wanted to ensure the Board was informed.

Veterans Business Outreach Center – Brian

Brian Clemons gave a VBOC update as the Acting VBOC Director. Brian mentioned how important it is to inform our veterans of the opportunities and programs available to them as they strike out on their own to become entrepreneurs.

Executive Directors' Report

Update: VBOC Program Application

Dena updated the Board on the VBOC application and that she has been informed that the SBA intends to award us the VBOC grant but that decision will not be made official until April 1st. The term is five years and our region will be Montana, Wyoming, and Utah.

Sabbatical/Professional Development Update

Steve wanted to thank the Board for giving him the opportunity to take his sabbatical. Steve attended the Center for Creative Leadership in Greensboro, NC. The program provided very rich information and a chance to reflect on his future as Executive Director. One of Steve's biggest take-aways was to narrow his scope to just a few strategic priorities and let his team pick up the rest of the projects. Another significant take-away was the need for a healthier work/life balance. Steve will be working on a more detailed outline of his time away that he will present at Board Planning. Steve closed by commending the outstanding work Dena did as Acting Executive Director.

Public Comment:

Chuck Tooley mentioned that there will be an all-day conference on April 6th, about the future of Montana coal at the Northern Hotel in downtown Billings. Details are available at www.wheelercenter.org.

Adjourn:

Motion: Mike Nelson, to adjourn the Joint Board Meeting.

Second: Eric Simonsen

Discussion: None

Motion carried

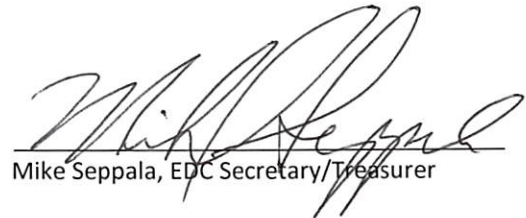
Meeting adjourned: 9:22 a.m.

Next Meeting – April 12, 2018

Respectfully submitted,



Robin Rude, EDA Secretary/Treasurer



Mike Seppala, EDC Secretary/Treasurer

When approved, minutes and meeting materials will be filed electronically in the Big Sky EDA office.

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 ED at 256-6871.