



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

**EDA/EDC Joint Board Minutes**  
**Thursday, November 8, 2018 – 7:30 AM – 9:15 A.M.**  
**Yellowstone Room, 1<sup>st</sup> 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:** Jennifer Smith, Cory Moore, Fred Sterhan, Greg McDonald, Ken Lutton, Paul Neutgens, Robin Rude, Chuck Tooley, Greg Upham (ex-officio), Katy Easton (ex-officio), Robyn Driscoll (ex-officio) Shaun Brown (ex-officio)

**EDA Board Members Absent:** Dana Pulis, Sheri Nicholson, Mitch Goplen

**EDC Board Members Present:** Aaron Ramage, Andy Gott, Bob Wilmouth, Craig Bartholomew, Debbie Singer, David Trost, David Ellis, Dennis Pitman, Duncan Peete, Eric Simonsen, Mike Nelson, Mike Phillips, Scott Chesarek, Wayne Nelson

**EDC Board Members Absent:** Doug Hansen, Dan Edelman, Jon Stepanek, Mac Fogelsong, Mike Seppala, Molly Schwend, Steve Loveless, Ty Elkin

**Staff and Guests:** Steve Arveschoug, Austin Trunkle, Becky Rogers, Dianne Lehm, Karen Baumgart, Allison Corbyn, Dena Johnson, Lorene Hintz, Marcell Bruski, Dustin Frost, Brandon Berger, Jim Tevlin, Jack Nickels, Chris Kukulski, Perry Rockvam, Russ Fagg, Harrison Fagg, Jennifer Owens

**Call to Order:**

Jennifer Smith, EDA Chair, called the meeting to order at 7:30 A.M. with the Pledge of Allegiance.

**Public Comment/Recognitions/Special Announcements and Introductions:**

Aaron Ramage introduced the Board to Perry Rockvam, who is the new Director of Sales for LR-x Technology at Diamond B.

Steve introduced Katy Easton, CEO of the Downtown Billings Alliance, as a new Ex-Officio Board Member. Next, Jack Nickels presented a slide show for the Billings Cultural Partners. Founded in 1997, the BCP aim to promote awareness of the arts, science, and cultural components that enrich the Billings Community. Jack spoke to the economic impact that the arts contribute to our community.

**Agenda Changes:**

None

**Consent Agenda:**

**Approval of the October 2018 Board Meeting Minutes and the September 2018 EDA/EDC Financials**

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

Second: Wayne Nelson

Discussion: None  
Motion carried

**Program Level Reports and Action Items**

**Big Sky Finance – Brandon**

**504/RLF Loan Approvals**

Big Sky EDC is requesting 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. **A+ Electric Motor, Inc. / CL Rosebud Properties, LLC** – 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 2<sup>nd</sup> lien position on the real and personal property behind Western Security Bank.

Motion: Duncan Peete, to approve the A+ Electric Motor, Inc. / CL Rosebud Properties, LLC loan request, as presented to the Board.

Second: David Trost

Discussion: None

Motion carried

2. **Alpha-Omega Disaster Restoration, Inc.** – Request is for the purchase of an existing building for Alpha-Omega Disaster Restoration, Inc. Alpha-Omega is currently operating out of two locations in Laurel and will be relocating their operations to this new property located at 7069 Neihenke Avenue in Billings. This new building will provide them with more space for their entire operations, including indoor shop space and outdoor storage yard for their vehicles. Alpha-Omega is one of the leading water, fire, and mold restoration companies in Billings. They serve Yellowstone, Carbon, Stillwater and Big Horn counties. Alpha-Omega was started by Julie and Willy Johnson in 2006.

There are projected to be five new jobs created as a result of this project. The total SBA debenture will be \$483,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC and the SBA will be in a 2<sup>nd</sup> lien position on the real property behind Altana Federal Credit Union.

Motion: Debbie Singer, to approve the Alpha-Omega Disaster Restoration, Inc. loan request as presented to the Board.

Second: Duncan Peete

Discussion: None

Motion carried

3. **J/fit.com, LTD** – Request is for the purchase of land and new construction for the operations of J/fit.com, LTD. The project is to be located between Kalispell and Columbia Falls, just north of the airport. Project will consist of a 13,500 warehouse with office space. J/fit will be relocating their existing warehouse from Vancouver, WA. J/fit is an existing, wholesale distribution company, started in 1999, offering their own branded fitness, sports and outdoor equipment. A majority of their product is sold through Amazon.com and Walmart. They are primarily involved in electronic retailing, or e-tailing.

There are projected to be four new jobs created resulting from this project. The total SBA debenture will be \$690,000 on a 25-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 property behind First Interstate Bank.

**Abstentions: Andy Gott**

**Motion: Wayne Nelson, to approve the J/fit.com, LTD. loan request as presented to the Board.**

**Second: Duncan Peete**

**Discussion: None**

**Motion carried**

#### **Nominating Committee Update – Becky**

Becky gave an EDA Nominating Committee update. The seats open in 2019 are those of Sheri Nicholson, Mitch Goplen, Chuck Tooley. We had five applications for three open seats. The selected candidates were Jennifer Owens, Judi Powers, and George Warmer. The two other applicants were Tom Schlotterback and Mark Neale. They will be kept on an active candidate list for future Board openings. Becky then explained the next actions of the Committee will be to consider officers for the 2019 Board year.

**Motion: Robin Rude, to approve the selections of the new EDA Board Members by the Nominating Committee as presented to the Board.**

**Second: Cory Moore**

**Discussion: None**

**Motion carried**

#### **Future Facility Update – Becky**

With regard to the Future Facility effort, there has been a significant development in the form of an Federal EDA Cooperative Agreement. We learned from Kirk Keysor, the EDA representative for Montana and Wyoming, that because we reside in the newly created Opportunity Zone, we are eligible and in a competitive position to apply for EDA grant funds. This grant is aimed at bolstering Entrepreneurial supported programs such as Rock31, SBDC, VBOC and PTAC and can be to help pay for infrastructure such as a building purchase, improvements, fibers, FF&E, etc. However, the grant is only available to applicants that will be owning their property. The opportunity is significant enough that we are asking to include it to be factored into the due diligence conducted. Additionally, the grant requires a dollar-for dollar match. Becky shared a handout that identified potential funding sources for the BSED match. There is \$500,000 from the Opportunity Fund, and \$500,000 from an SSBCI Loan. There is \$147,000 of tax protest dollars earmarked for transition costs, and an additional \$20,000 for miscellaneous expenses. Becky is asking the Board for the authority to pause the RFP Process to submit a preliminary application for the grant. Dena explained that since we are in a designated Opportunity Zone, we qualify to make our application. Greg asked who can apply for this grant. There is a ten-state region with a pool of dollars totaling \$15-20M. The applicant must be involved with job creation. Dianne explained that the Opportunity Zones are a new iteration of what used to be Promise Zones. Steve mentioned that we have utilized EDA grants to bolster community owned assets such as BSED in the past. Dianne explained there are 23 Opportunity Zones in Montana and the only Zone in Yellowstone County encompasses the Downtown Billings TIF District. Board Chair, Jennifer Smith opened the discussion for Public Comment.

#### **Public Comment**

Chris Kukulski of Zoot Enterprises asked if there is any reconsideration of purchase options that were submitted previously in the RFP Process. Chris suggested that it may be wise to re-open the RFP process to purchases only. Becky gave background to the review process and identified that the building Chris spoke of, Montana Bank Building, was one of the seven proposals selected for a site visit. She explained that the extensive remodel costs of the structure pushed it past the budget range so it wasn't selected as one of the finalists. She also addressed the suggestion of re-opening the RFP. In consultation with our legal counsel, we have been advised to see the initial process through whether a selection from the current pool is made or the RFP is closed and a new one started.

Steve also mentioned that just because grant dollars may become available, that does not mean we will inflate our budget. In fact, Steve sees this as an opportunity to reduce our out of pocket cost. There was no other public comment.

Cory asked if there is a time period that the grant must be spent during. Dianne explained that usually these grants are spent within a three-year term. Mike Phillips asked if the fact that the EDA would put a lien on the property gives the Board pause. Dena explained that the reason the EDA does this is to ensure the building remains used for job creation and not private enterprise.

**Abstentions: Mike Nelson**

**Motion: David Trost, to approve the recommendation of the Future Facility Taskforce to pause the RFP Process and submit the preliminary application to the EDA as presented to the Board.**

**Second: Scott Chesarek**

**Discussion: Included above**

**Motion carried**

#### **Recruitment and Outreach Update – Allison**

Allison updated the Board on the USDA Request for Relocation. There were 136 letters of intent. Three of those came from Montana, one from Missoula, one from Bozeman, and one from Billings.

Allison is working with Kinetic to create a 3-minute video to help give the community a visual representation of what the OBSD project could mean to our community. Allison said the Friday Coffee Conversations are still ongoing and take place throughout Billings, each week, at 7:30AM. Jack Nickels asked what the tenor of the conversation has been. Cory mentioned there are folks who are still asking if it will be a 30-story building, how it will be paid for, and if we have the workforce available.

Lastly, Allison announced a call center based out of Utah that is looking to open a new office. The firm chose Billings and expects to hire 50 individuals initially with hopes to expand to 150. They are currently reviewing lease options in town and hope to sign by the end of November. The call center offers high-level customer service to client such as Samsung, Men's Wearhouse, and Visa. The firm mentioned they are pleased with the available workforce and the overall community feel.

#### **Rock31 Update – Dena**

Dena gave an update regarding Rock31. Dena shared some marketing materials that give an overview of how the Rock31 hybrid model will work. The main tenants of the space are to "Connect, Build, Grow" local businesses with working capital and mentorship resources. There are 15 founding partners involved in our work to whom we are very grateful. The next meet-up will be on December 3<sup>rd</sup> at SteepWorld. As soon as the new facility begins to take shape, Dena will be able to give more details regarding the physical space. Greg asked how soon we expect to see success out of Rock31. Dena said a more comprehensive success matrix will be conceived soon to create specific benchmarks. She also mentioned the approach is meant to be like a marathon rather than a sprint.

#### **TEDD Reimbursement Agreement – Dianne**

Dianne was up next to explain an amendment to the TEDD Reimbursement Agreement. When the TEDD was created, there was an agreement to pay back the Opportunity Fund when it accrues increment. This is the first year that the TEDD has had increment. The agreement was that no less than 50% of the funds available be paid back. The Advisory Committee of the TEDD has requested that repayment be spread out over four-years to free-up dollars to apply for grants to keep the TEDD moving forward. The amendment is to revise the repayment schedule to a four-year schedule.

**Motion: Ken Lutton, to approve the Amended Reimbursement Agreement, as presented to the Board.**

**Second: Duncan Peete**

**Discussion: None**

**Motion carried**

**Executive Director' Report – Steve**

Steve opened by polling the Board about whether or not they'd like to extend Board Meetings to two-hours. The options were to begin at 7AM and end at 9AM, begin at 7:30AM and end at 9:30AM, or to remain at the current time of 7:30AM to 9AM, with adjusted times as needed. Adjusting to a 7AM-9AM Board Meeting garnered the majority of votes. Steve said the December Board meeting will begin a bit early so the Board can enjoy a light breakfast and recognize outgoing Board Members. It was determined that we will adjust Board meetings to a 7AM-9AM on an as needed basis.

Steve reviewed the 2019 Legislative Priorities Draft which was crafted with the Ad Hoc Legislative Committee. There is a suite of economic development tools that will sunset in 2020 and there will be a push to extend that sunset 8 to 10 years. Steve is currently serving as the President of MEDA and will be using this position to align our priorities with other economic developers throughout the state. The second priority is a legislative tool for the OBSD. The tool would be a private/public funding mechanism. Third is Medicaid expansion. With I-185 failing to pass, this conversation will need to be adjusted. Fourth is to partner with the Montana Infrastructure Coalition to support Infrastructure Investment. Fifth is TIF dollars for purposes of Infrastructure Improvement and why the tool is important to keep intact. Sixth is workforce development and an increase in funding for Career and Technical Education. Finally, item seven is to work with our rural partners to fund community development. There will be other items considered as the details of certain efforts are fleshed out. Steve will continue to polish this document before the December Board meeting. Eric asked if perhaps we should narrow our focus to press a select few issues forward rather than many. Steve replied that the primary ask will be for the OBSD funding mechanism but that we need to remain onboard with the other issues as well. Greg asked if there is a lobbyist we employ to further our interests. Steve said we will likely not hire a lobbyist but that it will be collective effort among the strategy partners.

**Motion: Fred Sterhan, to approve the 2019 Legislative Priorities, as presented to the Board.**

**Second: Chuck Tooley**

**Discussion: Included above**

**Motion carried**

**Other Reports**

**Conflict of Interest Guidance – Kevin Heaney**

Kevin Heaney of Crowley Fleck then presented to the Board with regard to the conflict of interest policy. Kevin explained the various corporation models and how those affect conflicts of interest. BSED is a Montana non-profit Corporation. There are also public corporations as well which would include Tradeport Authorities. The EDA side is a bit of a hybrid corporation. The rules of this corporation are its Bylaws. There are three fiduciary duties. They are the duties of care, duty of loyalty, and the duty of obedience. Conflict of interest falls under the Duty of Loyalty. Suffice it to say that you must act in the best interest of the organization and put personal or professional interests aside. Not adhering to this duty may jeopardize the organization's tax-exempt status. If there is any question regarding whether you have a conflict or not, Kevin and Steve are both a good resource to consult. Steve mentioned he will include the Conflict of Interest Policy in the January packet. Kevin said that using the Mission Statement and the Organization's purpose as a guiding principle will likely remedy 99% of conflict questions.

**Public Comment:**

Tomorrow night a 6pm at Mission Ridge there will be an Art for the Ages event.

VBOC is hosting a Veterans Business Event at Canyon Creek Brewing tonight and the Board is encouraged to attend from 4-6PM.

On Wednesday the 14<sup>th</sup>, the Northern Hotel will Host a Public Safety Meeting from 10AM-12PM. With several community leaders speaking to the attendees.

Jennifer gave kudos to Melanie and the team for a great Annual Meeting last month.

**Meeting adjourned: 9:08 A.M.**

Next Meeting – December 13<sup>th</sup>, 2018

Respectfully submitted,

  
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Robin Rude, EDA Secretary/Treasurer

  
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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.*