



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, December 13, 2018 – 7:15 AM – 9:15 A.M.
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: Jennifer Smith, Cory Moore, Fred Sterhan, Greg McDonald, Ken Lutton, Paul Neutgens, Robin Rude, Chuck Tooley, Dana Pulis, Sheri Nicholson, Greg Upham (ex-officio), Katy Easton (ex-officio)

EDA Board Members Absent: Mitch Goplen, Matt Lurker (ex-officio), Robyn Driscoll (ex-officio), Shaun Brown (ex-officio)

EDC Board Members Present: Aaron Ramage, Andy Gott, Craig Bartholomew, Debbie Singer, David Trost, Dennis Pitman, Duncan Peete, Eric Simonsen, Mike Nelson, Mike Phillips, Scott Chesarek, Wayne Nelson, Doug Hansen, Dan Edelman, Jon Stepanek, Molly Schwend, Steve Loveless, Ty Elkin

EDC Board Members Absent: Mac Fogelson, Mike Seppala, Bob Wilmouth, David Ellis

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, Evelyn Pyburn, Kevin Scharfe, Dave Ballard, Judi Powers, Spencer Frederick, Ann Kosempa, John Pollock, Jack Nickels, Matt Corcoran

Call to Order:
Eric called the meeting to order with the Pledge of Allegiance at 7:30AM

Public Comment/Recognitions/Special Announcements and Introductions:

Board Recognition – Steve

Steve began by reflecting on the year that has passed. We have out going Board Members on both EDC and EDA Boards and would like to recognize their time and dedication. The first was Sheri Nicholson. Sheri is the Immediate Past Chair. Next was Chuck Tooley on the EDA. Chuck spoke to the dedicated staff and overall mission being executed by BSED. Following, was Ty Elkin who had served on both the EDA and EDC Boards. Next, was Wayne Nelson. Wayne served on the EDC Board. Wayne spoke to how much he appreciated the opportunity to meet so many individuals through the Board. Duncan Peete was next. Duncan served for 10 years and was the EDC Chair 3 years ago. Duncan encouraged Board Members to join committees and increase involvement as much as they can. Next was Debbie Singer. Debbie is the longest serving Board Member in the history of BSED. Debbie served 15 years on both the EDA and EDC. Debbie spoke about the projects that have been achieved over the last decade and a half and the accomplishments have been many. Next, was David Trost. David is the Immediate Past Chair of the EDC. David thanked Debbie for her mentorship and example she has set for the Board. David also thanked Ty for his 10 years of service and his intense devotion to BSED's Mission. David mentioned how meaningful his service on the Board was and the pride he took in his role. Commissioner Robyn Driscoll was not present, but Steve

wanted to recognize her service as well. Finally, BSED recognized the outgoing EDA and EDC Board Members, Eric Simonsen and Jennifer Smith. Both spoke to what a whirlwind the past year was and thanked those who had mentored them along the way. Steve then closed by mentioning how he had grown-up professionally with many of these individuals and it has been a great honor to be molded and shaped by their leadership.

Rock31 Intro – Dena

Dena introduced our new Rock31 Program Manager, Kevin Scharfe. Kevin spoke to his excitement in joining this team.

KLJ Announcement – Matt Corcoran

Matt Corcoran with KLJ presented an award to BSED. KLJ's involvement with the Lockwood TEDD meant working very closely with BSED. Matt mentioned how willing and helpful our Community Development team was and that it was a pleasure working with them.

IEDC Award – Melanie

Melanie announced that IEDC has awarded BSED their silver award for the Better Off in Billings Event. This award is a testament to the hard work from Karen and everyone who helped with that event.

New Member Introductions – Steve

Steve proceeded to introduce the new Board Members present, Spencer Frederick, Ann Kosempa, Judi Powers, and Dave Ballard. They will begin their terms in January.

Agenda Changes:

Jim will review a handout that shows the reinvestment of EDC Dollars in addition to the presentation of the 2018 Audit.

Consent Agenda:

Approval of the November 2018 Board Meeting Minutes

Motion: Jennifer Smith, to approve the November 2018 Board Meeting Minutes

Second: Fred Sterhan

Discussion: None

Motion carried

Approval of the October 2018 EDA/EDC Financials

Motion: Cory Moore, to approve the October 2018 EDA/EDC Financials

Second: Fred Sterhan

Discussion: None

Motion carried

Program Level Reports and Action Items

2018 Audit – Jim

Jim presented both the EDA and EDC audit. Stefani Freese presented to the Executive Committee in great detail and Jim can answer questions more specifically as needed. The EDA received an "unmodified opinion." This is the highest level of assurance and no issues were found. Jim pointed out some of the large numbers going in and out on the Balance Sheet and those numbers are nearly all related to the sale of the GE Building and the Incentives passed through to Zoot Enterprises. 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. With regard to the Single Audit, PTAC was selected for review. PTAC had no issues or findings and that is a testament to Deanna's management of that program.

The EDC Audit was next. Jim reminded the Board that the SBA 504 program requires an SEC level of independence with the audit financial statements. To create that independence, Jim prepares the financial statements instead of Anderson Zurmuehlen. The EDC was given an unmodified, clean opinion. There was one significant deficiency reviewed with the Committee regarding the recording of a CTE pledge. A multi-year pledge wasn't fully recorded in the first year received so an adjusting entry was proposed.

Motion: Jennifer Smith, to accept the 2018 EDA/EDC audit
Second: Sheri Nicholson
Discussion: None
Motion carried

Jim also discussed a handout shared with the Board about the reinvestment of EDC dollars. The SBA 504 program requires the net income be reinvestment back into economic development activities. As part of the budgeting process, we share a handout of what that reinvestment looks like. That handout was overlooked and not shared this past June. As a confirmation of receipt, the Board was asked to vote to accept the reinvestment strategy.

Motion: Debbie Singer, to accept the reinvestment strategy
Second: Duncan Peete
Discussion: None
Motion carried

Nominating Committee Recommendations – Becky

Becky presented the recommendations for 2019 Officers. On the EDA Cory Moore is Chair, Robin Rude is Vice Chair, Paul Neutgens as Secretary/Treasurer, Jen Smith will be Immediate Past Chair, Ken Lutton is a Member at Large. On the EDC, Mike Nelson is Chair, Mike Seppala will be Vice Chair, Steve Loveless as Secretary/Treasurer, Eric Simonsen is Immediate Past Chair, and Molly Schwend is a Member at Large.

Motion: Sheri Nicholson, to approve the Officer recommendations of the Nominating Committee
Second: David Trost
Discussion: None
Motion carried

Future Facility/Communications/ Grant Update – Becky and Steve

We anticipate hearing about our preliminary application on December 20th. 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. We have spoken to NAI and they confirmed they are willing to negotiate an as-is sales price. In the meantime, due diligence on the Montana Paint Building has continued including a draft floorplan design. A workshop was held with staff to review the due diligence analysis of the three RFP finalists.

Greg McDonald asked about who holds the lease-hold on the land. Becky has been in contact with Montana Rail Link, who hold the land lease. The current lease is a 20-year-lease but Montana Rail Link told Becky they prefer a 15-year-lease. She was also told they reassess the lease price every three to five years.

Steve mentioned the attached letter received from Harrison Fagg formally requesting we reopen the RFP. Steve is drafting a letter in response. Steve discussed with the Board his response. Steve reviews that our current RFP already asked for purchase options and received purchase proposals. He shares the importance for BSED to stay within the budget limits. We are cautious in this process to not overcommit the organization's operational funds. He lets Harrison know we plan to stay the course with our current RFP. If it is determined no purchase options

meet our needs, we will consider a new RFP process at that time. Steve discussed with the Board that reopening an RFP would likely mean revisiting the budget as most opportunities we researched cost \$1.0-\$1.5 million more.

Scott Chesarek mentioned he has a building on rail-owned land and said he has a negative experience with renegotiated the lease. He was able to protest it but was still unhappy with the results. Scott requested another tour be scheduled for the Paint Building. Greg asked about how we intend to use the basement in the property and if there are any issues with parking. Eric said that there would not be staff offices in the lower level but that it would house the areas like the breakroom, storage, bathrooms, etc. A brief discussion was held about who had been contacted by the Faggs. A few Board Members indicated being contacted.

SBDC 2019 Service Contract – Dena

Dena then presented the 2019 SBDC service contract. The good news is that the funding will not be decreased but the bad news is that it will not be increased either. There were also some benchmark and goal changes to the contract. Rather than jobs created, the metric will now be jobs supported. With no questions regarding the contract. This is an EDA action only.

Motion: Sheri Nicholson, to approve the signing of the 2019 SBDC Service Contract

Second: Robin Rude

Discussion: None

Motion: Carried

Recruitment and Outreach Update – Allison

Allison presented her OBSD update. The strategy partners will be presenting to City Council this month and will show their plans for catalyst projects. They will also work to develop an economic development tool that would be carried in the 2019 Legislature. In January, we will look at the Development Plan and assess where we are and what further commitments we need to make. The strategy partners will encourage those who are willing to speak in favor of the project before the City Council Meeting. Chris Kukulski reiterated that the Council will not be asked to adopt the plan on the 17th. Chris also mentioned that the language that has been used in favor of an economic development tool, is not, at first blush, controversial or abrasive. Steve brought attention to the fact that the local legislators will be watching intently, and a confident presentation is very important.

Allison said that that there is a Big Sky Trust Fund ask from ROI Solutions from Utah. The application is due December 19th but ROI hasn't fully decided to apply or not. The application would be for 50 jobs. Allison is asking the Boards' approval to make that application contingent upon confirmation from ROI Solutions. This is an EDA action only.

Motion: Robin Rude, to approve the submission of a Big Sky Trust Fund application for ROI Solutions pending ROI's confirmation

Second: Ken Lutton

Discussion: None

Motion: Carried

Executive Director' Report – Steve

Steve presented his 2019 Legislative Priorities to the Board. There were a few amendments from the draft that involved helping three other ED organizations in our region. We will be supportive of clean-coal energy and carbon sequestration efforts. Steve also added supporting Funding for the Treasure State Endowment Program. We use this tool when writing grants on behalf of Yellowstone County. If adopted today, these will be our priorities headed in the 2019 Legislative Session.

Steve spoke a bit about the Legislative Breakfast we hosted yesterday and thanked the Board Members who had participated.

Motion: Chuck Tooley, to approve the 2019 Legislative Priorities, as presented to the Board.

Second: Fred Sterhan

Discussion: None

Motion carried

Board Round Table

Business Takeaways from 2018 – Board Members

Steve closed by asking the Board Members to go around the table and share any noteworthy news in their business or industry.

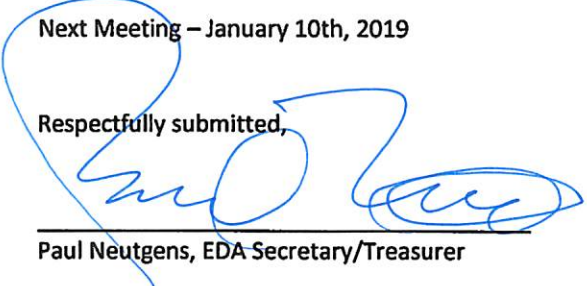
Public Comment:

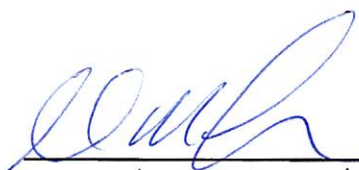
Steve thanked the Board for all of their time and dedication and wished them well as we close out the year.

Meeting adjourned: 9:15 A.M.

Next Meeting – January 10th, 2019

Respectfully submitted,


Paul Neutgens, EDA Secretary/Treasurer


Steve Loveless, 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.