



BIG SKY ECONOMIC DEVELOPMENT

EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes

Thursday, January 9th, 2020 – 7:30 AM – 9:00 A.M.

Big Sky Economic Development – Yellowstone Conference Room
Granite Tower 222 N. 32nd Street, Billings, MT

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: Bryce Terpstra, George Warmer, Greg McDonald, Jennifer Smith, Jennifer Owen, Judi Powers, Ken Lutton, Paul Neutgens, Riley Bennett, Robin Rude Greg Upham(Ex-Officio), Nick Altonaga (Ex-Officio)

EDA Board Members Absent: Dana Pulis, Don Jones (Ex-Officio), John Brewer (Ex-Officio), Katy Easton (Ex-Officio), Shaun Brown (Ex-Officio)

EDC Board Members Present: Aaron Ramage, Andy Gott, Ann Kosempa, Craig Bartholomew, Dan Edelman, Dave Ballard, David Ellis, Denis Pitman, Eric Simonsen, Jon Stepanek, Kim Jakub, Mac Fogelsong, Mike Nelson, Mike Phillips, Mike Seppala, Nicole Bengé, Scott Chesarek, Spencer Frederick

EDC Board Members Absent: Bob Wilmouth, Doug Hansen, Mitch Goplen, Steve Loveless

Staff and Guests: Lorene Hintz, Steve Arveschoug, Dianne Lehm, Becky Rogers, Austin Trunkle, Brandon Berger, Thom MacLean, Shanna Zier, Johnna Jablonski, Dustin Frost, Deanna Langman, Evelyn Pyburn

Call to Order:

Mike Seppala, 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

Mike welcomed everyone and began with the introductions of each person at the meeting.

Next, Marcell provided a handout to the Board that includes all the different avenues on social media that they can stay connected with us.

Agenda Changes:

Steve will add a BUILD Grant update to his report.

Consent Agenda

December 2019 Board Minutes

Motion: Ken Lutton, to approve the December 12th, 2019 Board Minutes, as presented to the Board.

Second: Judi Powers

Discussion: None

Motion carried

November 2019 EDA/EDC Financials

On the EDA, Shanna pointed out that our current assets have increased due to having received the Yellowstone County tax funds. The Accounts Receivables were high due to our VBOC, SBDC, and PTAC receivables during the controller transition but have since received payment and balanced out. She also reconciled the Due To/Due From accounts and made an adjustment to clear out an old balance. That number now reflects only the current amount due to the EDA from the EDC. Shanna is still working to reconcile the Opportunity Fund accounts and will have an update for us soon.

On the EDC, Shanna referenced a question asked at the last meeting about a decrease in the First Interstate Bank balance. The decrease variance is largely attributable to an EDA reimbursement for May and June expenses in 2019, which was quite large. Shanna then continues to tell the Board that Member Investor dues were recently invoiced so the revenue should increase for the next set of financials. Shanna worked with Brandon and ended up reclassing some of the 504 Revenues there were recorded incorrectly as loan servicing revenue instead of loan origination revenue. That adjustment put numbers more in line with the budget and now are in balance.

Motion: Mike Phillips to approve the November 2019 EDA/EDC Financials, as presented to the Board.
Second: Ken Lutton
Discussion: Above
Motion carried

Program Level Reports and Action Items

Big Sky Finance Mid-Year Portfolio Review- Brandon

Mid-year portfolio review – Brandon began by introducing Sherry O'Donnell from our Helena office. Brandon informed the EDC Board that they will be signing off on the loans and the portfolio.

Brandon mentioned that all loans in the portfolio are current. When looking at the year-over-year, Brandon demonstrated the consistency of the BSF program through loan approvals, loan fundings, jobs created, and prepaid loan amounts.

Brandon attributes the volume of prepaid loans to the interest environment and overall economy.

Loan concentration is something that is watched closely by the SBA. Accommodation (Hotels) is our highest at 22.14%. Anything at 20% is considered at medium risk.

Brandon mentioned there are three loans on a six month deferment plan and one in liquidation status.

Loans Brandon is keeping an eye on are ones that are for sale. Brandon went on to explain what a technical default entails and how a borrower can release themselves from that default.

Lender Portal Information –

- Lender Purchase Rating = 1 (best you can achieve)
- Smart SCORE = 18 (scale of 12-60, 12 being best)
- Moderate risk items include
 - 5-Year default rate (lower than peers)
 - High risk origination rate (slightly higher than peers)
 - Top industry concentration rate (slightly higher than peers)
- High Risk items – None

It was noted that the smart score doesn't affect our ability to lend or monies available to lend.

Operations – Becky

Becky gave the Board an update on the facility/grant project. She presented a revised project timeline to the Board and mentioned it's likely to be revised again once an architect is hired. We will know more about timelines as soon as we have our "kick-off call" with the Federal EDA, which is scheduled for next week. A Phase I assessment was conducted on the facility which recommended a Phase II environmental assessment to test for air contaminants. The tests came back saying contaminants related to the dry-cleaning plume that runs through downtown were under screening levels and not a concern. Four other contaminants were identified that are common in households in Montana. The recommended response is to place a sealable cap over the sump and seal any cracks in concrete or walls in the basement. Those items will be addressed in the renovation moving forward.

A safety inspection was also conducted. Only a few things were mentioned in the report and all are already being addressed with the renovation. The inspector said, "You're getting one heck of a building."

We are still on target for a closing date of February 28th.

The EDA approved us to allow the Billings Symphony to remain a tenant in the building until their facility is ready to occupy in mid-June of 2020. Becky will work with the symphony to work out the details.

2020 Stakeholder Survey

Every two years, we send a stakeholder survey out to the community in advance of our Board Planning Meeting during which we set strategic priorities. We use the feedback from that survey to help guide our discussion about what our strategic priorities ought to be made. Board Planning will take place on March 12th. The survey will go out next week and remain open until January 31st.

2020 Calendar Review

Next, Becky brought the Board's attention to the calendar placed at their table. We've filled in all of the important dates for our Board and included FYI-type items as well.

Housekeeping for Board Members

Becky and Steve explained the Conflict of Interest Policy and the onus that falls on the Board Members. Steve gave a few examples and answered questions from the Board.

A few clipboards were passed around, one for the EDC Board Certification, one for the Conflict of Interest Policy, and finally, the Board Directory.

Steve explained the various committees of BSED and encouraged everyone to participate where they can.

SBDC Contract Amendment – Dena

Dena provided some background for the Small Business Development Center and the mission of the program. The SBDC is a program of the Small Business Administration that works with the Montana Department of Commerce to deliver the program.

Sub-recipients typically sign a 7-year contract with annual addendums to goals and funding levels.

Dena told the success story of Jillan Hall-Johnson, owner of the Sassy Biscuit restaurant. Jillan is a military spouse who worked through the SBDC to open her restaurant which has become one of the most popular restaurants in Billings. Dena went on to explain the structure of our local SBDC and our track record of exceeding the goals set for the program. Dena is asking the Board's approval to have Steve execute the agreement with the Montana Department of Commerce.

Steve took this opportunity to remind the Board of the decision they made to support BSED taking the suite of services to the next level.

Motion: Judi Powers, to approve the execution of the SBDC Contract Amendments paperwork, as presented to the Board.

Second: Jennifer Smith

Discussion: None

Motion: Carried

Member Investor 2020 Strategy Review – Melanie

Melanie reviewed our Member Investor Program structure and explained the shortfalls that need filled. With that said, Melanie said that if we were to add 30 new investors, we would achieve our revenue goal. Melanie attached a prospect list to her handout and asked that Board Members help bridge the gap by making inroads with companies they are familiar with.

Growing this program will grow the organization as a whole as the additional funding organization wide.

Lastly, Melanie let the Board know that details are to follow regarding the healthcare forum.

TEDD Update – Thom

Thom gave a brief background on the Targeted Economic Development District in Lockwood and continued to update about the Lockwood Water and Sewer issue. LWSD is attempting to expand their boundary but is hesitant to agree to annexation by the City, their condition for expansion. The City of Billings has an agreement with the LWSD to treat their waste water but would like to annex the properties should the boundaries extend. Thom answered questions related to the boundary and also Coulson Park.

Executive Director's Report – Steve

2020 Board Planning

Steve plugged for 1 Million Cups, a weekly meeting of entrepreneurs and business owners to connect and network. Attendees offer their support of these business owners.

Steve also mentioned that there is lender appreciation breakfast tomorrow at the Northern at 7:30am.

Again, our Board Planning day is March 12th. Steve is asking that the Board set aside most of their day to help BSED reflect on our work and to plan the next two years of strategic priorities.

MEDA Next Generation of Community and Economic Development Tools Analysis

MEDA is in the process of conducting their discovery work with TIP Strategies as they look evaluate the status quo and potential future of economic and community development tools in Montana. An initial kickoff meeting took place in Helena in December and their next tour will begin in Eastern Montana beginning January 21st. More trips will follow with a final report sometime in May.

February Board Meeting 2020

Steve reminded the Board that our February meeting is our mid-year programmatic progress report.

BUILD Grant Update

Ongoing dialogue surrounding the BUILD Grant is taking place with many partners around the community taking part. Commissioner Pitman spoke of the need to find a project that can inspire collective buy-in and how to make our future applications even more competitive.

Public Comment

Jack Nickels announced Yellowstone Valley Gives has kicked off for the 5th year running and encouraged Board Members to participate.

Adjourn

Mike Seppala Adjourned the meeting at 9:00 AM

Next Meeting – February 13th

Respectfully submitted,



Ken Lutton, EDA Secretary/Treasurer



Ann Kosempa, 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.