



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, December 12th, 2019 – 7:15 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: Cory Moore, Jennifer Owen, Judi Powers, Ken Lutton, Paul Neutgens, Robin Rude, Greg Upham(Ex-Officio), Shaun Brown(Ex-Officio), John Brewer (Ex-Officio)

EDA Board Members Absent: Fred Sterhan, Dana Pulis, George Warmer, Greg McDonald, Jennifer Smith, Don Jones (Ex-Officio), Katy Easton (Ex-Officio),

EDC Board Members Present: Ann Kosempa, Craig Bartholomew, Dave Ballard, Denis Pitman, Doug Hansen, Eric Simonsen, Jon Stepanek, Mike Phillips, Mike Nelson, Mike Seppala, Nicole Benge, Scott Chesarek, Spencer Frederick, Steve Loveless

EDC Board Members Absent: Aaron Ramage, Andy Gott, Bob Wilmouth, Dan Edelman, David Ellis, Nac Fogelsong, Mitch Goplen, Molly Schwend

Staff and Guests: Lorene Hintz, Becky Rogers, Austin Trunkle, Brandon Berger, Thom MacLean, Commissioner Ostlund, Shanna Zier, Karen Baumgart, Johnna Jablonski, Dustin Frost, Brian Clemons, Allison Corbyn, Deanna Langman, Nick Altonaga, Riley Bennett, Kim Jakub, Bryce Terpstra

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

Mike welcomed everyone and began with the introductions of our incoming Board Members, Nick Altonaga – City of Laurel (EDA Ex-Officio), Bryce Terpstra – Jones Construction (EDA), Riley Bennett – Dick Anderson Construction (EDA), and Kim Jakub – Exxon Mobil (EDC). Each new member went on to give a bit more about themselves. We are excited to engage with each of them.

Next, Steve recognized our outgoing Chairs, Mike Nelson and Cory Moore.

First was Cory. Steve thanked Cory for his dedication and gift of his time to our Mission. Cory took his role as chair seriously but was still able to bring wonderful levity to our meetings.

Steve then went on to recognize Mike. Steve again thanked Mike for his time and commitment to our strategic priorities, Board, and mission.

Agenda Changes:

There will be additional applicants for the Big Sky Trust Fund Grants as presented by Allison and Lorene.

Consent Agenda

Motion: Mike Seppala, to approve the November 14, 2019 Board Minutes, as presented to the Board.
Second: Judi Powers
Discussion: None
Motion carried

September and October 2019 EDA/EDC Financials

On the EDA Balance Sheet, our AR are a bit higher than normal which is due to the change in Controller leadership. Also, the tax funds will be recognized in December. On the statement of operations, both Opportunity Fund and CD Interest dollars are below budget and Shanna will work to reconcile before the year end.

On the EDC Balance Sheet, Shanna is working to reconcile current and non-current assets related to Big Sky Finance. Annual Meeting expenses are beginning to be recognized. Shanna also re-classed line items related to our Big Sky Finance Program.

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

Program Level Reports and Action Items

Big Sky EDC Revolving Loan Fund Request - Brandon

I. Big Sky EDC Finance Department is requesting approval for the following Revolving Loan Fund requests. The Big Sky EDC Loan Committee has reviewed the requests and recommends approval to the full EDC Board. The requests meet all the underwriting and eligibility requirements of the EDC.

1. **Pinnacle Remodeling LLC** – Request is for \$100,000 for the financing of leasehold improvements located at 4007 Avenue B, Suite 2, Billings, for Pinnacle Remodeling. This is the location of the new building that also houses Topz Sandwich Co. Pinnacle Remodeling is owned 100% by Jeremy Van Wagoner. He started the business 17 years ago and specializes in cabinetry, kitchen and bath remodel and tile installation. This new space will allow him to have a storefront in order to set up displays, a place for he and his designer to sit down with clients in a professional setting, and general office space for his staff. Prior to this, he had primarily been working out of his home. The space will provide a marketing opportunity and credibility of having the professional appearance which will lead to more clients.

Big Sky Finance Loan Committee unanimously approved the request 5-0 for presentation to the full Board. Recommended terms: 5-year term / 10-amortization, 6.5% interest. Big Sky EDC will be in a 2nd lien position on all business assets. Guarantees of Jeremy Van Wagoner as well as affiliate entity. UCC fixture filing on the leasehold improvements will be filed with Yellowstone County and UCC filing with the state. 2nd lien to be filed on his commercial shop as abundance of caution. Mike Seppala, Ken Lutton, Spencer Frederick abstain.

Motion: Cory Moore, to approve the Pinnacle Remodeling LLC Revolving Loan Request, as presented to the Board.
Second: Craig Bartholomew
Abstentions: Spencer Frederick , Mike Seppala, Ken Lutton
Discussion: Above
Motion carried

Operations – Becky

The Nominating Committee recommendation for the 2020 Officers is as follows:

EDA

Robin Rude, Chair
Paul Neutgens, Vice Chair
Ken Lutton, Secretary/Treasurer
Judi Powers, Member at Large
Greg McDonald, Member at Large

EDC

Mike Seppala, Chair
Steve Loveless, Vice Chair
Ann Kosempa, Secretary/Treasurer
Mike Nelson, Immediate Past Chair
Mac Fogelsong, Member at Large

Motion: Cory Moore, to approve the recommendation of the 2020 EDA Officers as presented to the Board.

Second: Jen Owen

Discussion: None

Motion: Carried

Motion: Craig Bartholomew, to approve the recommendation of the 2020 EDC Officers as presented to the Board.

Second: Jon Stepanek

Discussion: None

Motion: Carried

EDA Grant Contract Approval

Before Becky went into the EDA Grant Contract, she gave the Board Members a brief overview of how we got to this point. Becky is working on a more precise timeline to give to the Board and Melanie is working a media event to celebrate having received the grant. It was asked how we will match the EDA funds. We have committed up to \$1.5M of Opportunity Fund dollars and \$500,000 from Big Sky EDA.

Motion: Judi Powers, to approve the execution of the final paperwork related to the receipt of the Federal EDA Grant, as presented to the Board.

Second: Dave Ballard

Abstention: Mike Nelson

Discussion: None

Motion: Carried

Bozeman PTAC Update – Deanna

BSED houses the State Lead PTAC. When we sign the contract with the Defense Logistics Agency, we agree to facilitate the delivery of the program in every county in Montana. Over the years, we usually have the same sub recipients but with Montana State University terminating their support of the program, a new host was needed in the Bozeman area. After months of work by Deanna, both Gallatin County and the City of Bozeman agreed to contribute the local match to BSED to finish out this performance year. Steve had asked the Executive Committee to move in favor of keeping Phillip as a temporary employee through the end of the PTAC performance year. Steve mentioned that our out of pocket expense thus far has been about \$4,000. Eric asked if there is a way to contract with sub-recipients to avoid this situation in the future. Deanna went on to explain that the sub-recipient agreement is an annual agreement and how that process works. Steve commended the work of Deanna as she took this issue head-on and found a solution. Scott asked why clients aren't billed for the service. Deanna explained how the terms of the agreement dictate the funding mechanisms.

Motion: Ken Lutton, to approve BSED receiving funds from Gallatin County and the City of Bozeman to complete the balance of the PTAC performance year, as presented to the Board.

Second: Paul Neutgens

Discussion: Above
Motion: Carried

Big Sky Trust Fund Applications – Allison and Lorene

Allison began by explaining how BSED helps administer the BSTF program.

Meadow Lark

Founded in 1983, Meadow Lark Transport is a logistics company that does freight brokerage, trucking company business support, and hauling with both company drivers and owner operators. Located on 2913 Millenium Circle, Meadow Lark has seen significant growth over the past year, a trend they expect to continue.

They are applying to BSTF for the creation of 80 jobs; truck drivers, customer service, and brokerage employees. Their total grant application is for \$400,000.

The company will also be applying for workforce training dollars as they invest heavily in their staff for both onboarding and continuing education.

Motion: Robin Rude, to approve the Meadow Lark Transportation Application, as presented to the Board.
Second: Ken Lutton
Discussion: None
Motion: Carried

WebBuy

Complete LLC dba WebBuy is a Billings-born company that provides an on-line tool the can fully execute the car buying transaction – from selection, pricing, finance, taxes, etc. for in-state and out-of- state sales. It fully connects consumers, lenders, and dealerships with just one app The start-up company is located in Yellowstone county, founded in 2014 by co-founders Steve Zabawa and Tom Murray. They currently operate out of Suite 1 of RimRock Auto located at 4120 King Ave West, Unit 1 in Billings MT. The Billings location in Montana will continue to support the economy in Yellowstone County and the State. The company will continue to bring money from outside Montana’s borders to circulate within Montana and Yellowstone County for continued economic impact on our region.

WebBuy’s services support many small auto dealerships in Montana. Their services allow business owners to sell product to customers all over the United States 24/7 and allows for long term sustainability in Montana’s economy.

WebBuy is the world’s first fully integrated car buying web application. It is car buying for the 21st Century. WebBuy puts the entire SHOP–CUSTOMIZE–FINANCE–BUY process together in one self-serve application

This is WebBuy’s second BSTF application. They plan to create 17 jobs as developers, support specialist, sales associates, and installation specialists. Their total grant application is for \$85,000. They currently have 24 employees.

Board members asked about the functionality of WebBuy and if they had achieved the job creation goals from last year.

Motion: Ken Lutton Rude, to approve the WebBuy Application, as presented to the Board.
Second: Judi Powers
Discussion: Above
Motion: Carried

Alpine Air

Alpine Air Express, Inc, a Montana corporation, is engaged in the air-freight business through its wholly owned subsidiary, Alpine Aviation, Inc, a Utah corporation also doing business as Alpine Air.

Alpine holds an FAR Part 135 air carrier certificate, which it has maintained since 1979 as a non-scheduled, on demand air-cargo operator with forty years as a profitable business, Alpine has an excellent reputation with the FAA, its clients and employees. Alpine has achieved a 99+% on-time performance standard in meeting its customers' required flight schedules. Alpine currently has multiple contracts with the United States Postal Service and with United Parcel Service. The Company's routes include service throughout the western United States. The Company transports mail packages and other time-sensitive cargo as one of the largest regional air-cargo providers in the U.S.

Alpine Air Express is one of America's largest all cargo regional on demand contract airlines. We are focused on high growth secondary markets in the Western United States. In the last 40 years, we have become competitively well positioned with proprietary programs and services, which allow us to compete for business where others cannot. Due to our rapid growth, over the past 4 years, we have tripled our business with UPS.

Alpine is applying for the creation of 30 jobs. Positions include pilots, mechanics, and support staff. The grant would be for \$150,000

Motion: Paul Neutgens to approve the Alpine Air Application, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion: Carried

Big Sky Trust Fund Planning Grant

Meadowlark Brewing

Meadowlark's creation came about like any other American dream, it was just that, a dream. Our founder, Travis, an avid craft beer "researcher", moved home to Sidney, Montana in 2010 to help with the other family business Sidney Red-E-Mix, which is when the real encouragement from his parents came into play. Sidney, a small town in Eastern Montana was ready for some locally made beer. As with the rest of the country, the people of Sidney, were becoming more aware of and thirsty for craft beer. Travis and family saw this new "thirst" very in line with their new goals and dreams, and so the journey began.

Meadowlark has now outgrown its brewing space and is looking for better distribution and more space in Billings. They have 20,000 square foot building planned out on Zoo Drive. This planning grant will help them with the planning a feasibility around the layout of the facility.

Motion: Cory Moore to approve the Alpine Air Application, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion: Carried

Executive Director's Report – Steve

Steve noted that we will have a public safety update from City Administrator Chris Kukulski at some point early next year.

MEDA Next Generation of Community and Economic Development Tools Analysis

Steve updated the Board on the state of the MEDA RFP fundraising. MEDA has met their fundraising goal and has contracted with TIP Strategies to take on this important initiative.

Board Roundtable Dialogue – "My World in Sixty Seconds"

Steve asked the Board to share insight to their past year and areas they hope to focus on in 2020

Jen Owen – Began her career as a consultant this year. She also helped found a Heights business group and was elected chair of the Heights Taskforce. She is also hopeful to open her law practice this coming spring.

Doug Hansen – MDU continues to grow steadily in Montana and Wyoming.

Paul Neutgens – Paul has begun working for CECO Metal Buildings Systems and is eager to begin this new journey.

Nicole Bengé – NWE is asking to buy Puget Sound Energy’s portion of electricity from Colstrip 4.

Spencer Frederick – Stockman Bank had a good year and they expect the Billings economy to remain strong in 2020.

Scott Chesarek – J and S properties are busy. Truckers are proving hard to find.

Cory Moore - Tri-Jack had a good year. Most of their work is occurring in neighboring states and western MT.

Eric Simonsen – Has several projects keeping him busy. The industry however needs workforce

Steve Loveless – St. Vincent’s Healthcare had a very strong year. ST. V’s has been award a 5-Star designation two year in a row

Ken Lutton – Combining with Office Solutions has been solid. Hired 4 folks in the last month. Expecting large growth in 2020.

Craig Bartholomew – Culture focus, restructured org., compensation and training, operations overhaul.

Jon Stepanek – KTVQ had a transformative year and was bought by The EW Scripps Company. Important election cycles will be good for advertising revenue.

Mike Phillips – Opportunity Bank built a new bank on N 27th Street. The hit \$1B in assests and built new banks in Bozeman and Missoula.

Greg Upham – SD2 has had a very busy year. Greg is very pleased with the Career Pathways for students.

Dave Ballard – BP is in their 27th year. They are in the balance with whether to drill or not. Credit is a bit hard to come by and funds need to come from cash flow.

Judi Powers - Advanced Care Hospital is beginning their 13th year. Recruitment and retention is a challenge as always but nursing turnover has reduced significantly. 2020 looks to be a year where they expand their services.

Robin Rude – Department of Revenue has delivered property values and have already begun to go again.

Ann Kosempa – Pub Station saw lots of growth. Alleyways, CEPTED, continued growth and partnerships on the horizon. Created three new jobs. Looking to build a new office.

Dr. Labach – College of Business is working to identify data science programing and will look to external partners to help shape the program. Happy to have industry support. Initial analysis for Advanced MBA. Internship partners.

Mike Seppala – Loan growth and profits on track. Billings is a consistent market. Looking to backfill some retirements that loom. Mike is excited to Chair next year with Robin.

John Brewer – 1200 members tell them workforce and public safety are the communities biggest issues. Chamber add 4 staff members in the next 6 months. Tony Hawk will be at the Metra for their annual breakfast. Air service, Mustangs, “aspirational city” visit are all on the docket for 2020

Shaun Brown – City of Billings will finish the Westend Reservoir. Public safety levy. Parks and capital improvement plan. How to rally support for these projects and those in the future.

Nick Altonaga – City of Laurel TIF district has approved a quarter million in grants. Looking to update zoning and subdivision codes. Large annexation this year of commercial and residential land.

Kim Jakub – Exxon hit 70 years in Billings. They opened a brand new office building and hired 50 new people.

Riley Bennett – Great year for DAC, Opportunity Bank, Northwest Pipe, Denny Menholt, Exxon Office, Columbus School Project, Wind Farm in California are some project highlights. 2020 in Billings looks slower and they may send more folks to Bozeman and Missoula.

Bryce Terpstra – Jones had a good year. Workforce challenge, election year changing markets. Construction costs outpace lease rates.

Denis Pitman – Chair of the County Commissioners, USS Billings was put into service, Mental Health continues to be a top priority, Jail Tours to help folks realize what we are working with, TEDD Work, Project ReCode, Code Red are other initiatives that round-out the year.

Mike Nelson – Northern is about to finish its best year ever, and Mike is grateful to have been able to chair last year. Revenue continues to go to employees and talent attraction. Workforce remains a challenge. Tariffs will impact the Northern’s foreign guests.

Steve – 2020 is a strategic planning year with the Board. Lookout for the Stakeholders Survey that will help us move in the right direction. Committed to working for our Board.

Public Comment

Dustin announced that Brian Clemons will be moving to Billings in June. We’re excited to have Brian in our neck of the woods on a full time basis.

Adjourn

Mike Nelson Adjourned the meeting at 9:17 AM

Next Meeting – January 9th

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.