



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, May 14th, 2020 – 7:30 A.M. – 9:00 A.M.
Zoom Teleconference Call

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, Dana Pulis, Greg McDonald, Jennifer Smith, Jennifer Owen, Judi Powers, Ken Lutton, Paul Neutgens, Riley Bennett, Robin Rude, George Warmer, Shaun Brown (Ex-Officio), Nick Altonaga (Ex-Officio), John Brewer (Ex-Officio), Katy Easton (Ex-Officio),

EDA Board Members Absent: Don Jones (Ex-Officio), Greg Upham (Ex-Officio),

EDC Board Members Present: Aaron Ramage, Andy Gott, Ann Kosempa, Bob Wilmouth, Craig Bartholomew, Dave Ballard, David Ellis, Denis Pitman, Eric Simonsen, Jon Stepanek, Mac Fogelson, Mike Nelson, Mike Phillips, Mike Seppala, Nicole Bengel, Spencer Frederick, Scott Chesarek, Steve Loveless

EDC Board Members Absent: Dan Edelman, Doug Hansen, Kim Jakub, Mitch Goplen,

Staff and Guests: Steve Arveschoug, Brandon Berger, Shanna Zier, Dustin Frost, Becky Rogers, Austin Trunkle, Dena Johnson, Lorene Hintz, Karen Miller, Dianne Lehm, Marcell Bruski, Patrick Klugman, Jo Ann Jones, Thom MacLean, Melanie Schwarz, Sherry O'Donnell, Allison Corbyn

Call to Order:

Mike Seppala, EDC Chair, called the meeting to order at 7:34 A.M. with the pledge of allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Public Comment

Becky spoke about protocols for the online meeting.

Agenda Changes:

State of the Workforce will begin after Shanna presents the preliminary budget, Covid-19 Response Update will be deferred to next month as well as the MI report. RLF loan request will not see action, No MEDA Next Generation Project update. Economic Impact Update will move to next month as well.

Consent Agenda

April Board and Budget Workshop Minutes

Motion: Mike Nelson to approve the April Board Meeting Minutes, as presented to the Board.
Second: Eric Simonsen
Discussion: None
Motion carried

Budget Workshop Minutes

Motion: Ken Lutton to approve the Budget Workshop Minutes, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Approval of the March EDA/EDC Financials

Motion: Spencer Frederick to approve the March 2020 Financials, as presented to the Board.

Second: Jennifer Smith

Discussion: None

Motion carried

Program Level Reports and Action Items

Proposed FY 2021 Budget Review – Shanna

Shanna shared the values that guide the draft budget, and the key assumptions, including a full mill levy with a minimal increase. On the EDA, she noted the expense assumptions which include vacancy savings, carrying costs of the building, and an overall conservative budget approach.

Shanna then reviewed the EDC assumptions, MI Revenue, Loan origination and servicing revenue, conservative budget for events, marketing, and recruitment as well as the cost sharing between EDA and EDC.

Shanna highlighted program operating revenue and expense comparisons between FY 20 and FY 21

Included were the FY20 budgets, the FY20 Projections, and the FY21 Budget for our operating revenue and our operating expense on both the EDA and EDC.

On the EDC, Shanna highlighted revenue items that were decreased due to COVID-19. Shanna is hopeful that we will be able to make midyear budget adjustments in December once some normalcy resumes.

Shanna also shared the budget categories for both Revenues and Expenses.

Mike Phillips asked about an increase in professional services fees. Shanna replied that the increase is due to the Brownfields Grant Program.

BillingsWorks – State of the Workforce

Karen presented the SOTW Report and spoke about the impacts of COVID-19. She continued with projected exits in our market, compared to our low population growth. In the past three years, projected job growth has diminished due to low in-migration.

Karen then went through the survey results and the representation of industry sectors who participated. The employer feedback also showed that the satisfaction of available workforce and preparation of high school graduates remained low. Entry and mid-level positions showed difficulty being filled with senior level being considerably easier.

A question related to the utilization of Department of Labor and Industry programs showed more than 50% had never used those programs.

The biggest hurdle to expanding business was the lack of trained and available workforce.

Next, Karen moved into the COVID-19 impacts in Yellowstone County. 90% of business reported extreme or somewhat negative impact. 42% of respondents had to furlough or lay off employees.

Unemployment Insurance claims spike dramatically in March but have since started to reduce. Yellowstone County saw a 653% increase in claims compared to the same time last year.

Karen went on to share what industries are hiring and what certifications and “hard-skills” were required for these position.

CRF Non-Profit Grant Application – Shanna

Shanna explained our application for \$10,000 in the form of a relief grant from the State of Montana to sustain our business operations.

Motion: Judi Powers to approve the submittal of the CRF Non-Profit Grant Application, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

SBDC Recovery Specialist/SBDC Contract – Dena

Dena explained that the CARES Act allocated money to the Montana SBDC to increase capacity. Dena and her team provided a narrative to the Lead Center in Helena and were awarded funds for a temporary advisor position for the next 18 months. These funds do not require match from BSED. Dena is asking the Board to authorize Steve to execute the contract when it is finalized.

Motion: Greg McDonald to approve the Execution of the SBDC Temporary Position Contract by Steve Arveschoug, as presented to the Board.

Second: Craig Bartholomew

Discussion: Above

Motion carried

Big Sky Finance

I. 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. **Daniels Gourmet Meats LLC (Daniels Properties, LLC)**– Request is for the purchase of an existing building for the operations of Daniels Gourmet Meats LLC, located in Bozeman, MT. Purchase is only for the existing land and building. The property is located at 520 W. Griffin Dr. Daniels Gourmet Meats currently leases a portion of this building. The purchase will allow them to expand their operations. Daniels Gourmet meats is owned 100% by Austin Daniels and was started in February 2017. It is a locally owned and operated artisan meat market featuring local beef, pork, poultry and lamb. They specialize in small batch artesian style products and charcuterie, along with doing game processing year-round. They offer retail and wholesale services.

The total SBA debenture will be \$459,000 on a 20-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 Montana Bank out of Bozeman. There are projected to be six new jobs created as a result of this project. They project also meets a Public Policy goal for Rural Development.

Motion: Mike Phillips to approve the Daniels Properties, LLC Loan Request, as presented to the Board.

Second: Dave Ballard

Abstentions; None
Discussion: None
Motion carried

2. **Fun and Fancy Free Learning Center, LLC (Wall Wilbert, LLP)** – Request is for the purchase of land, new construction and equipment/FF&E for the Fun and Fancy Free Learning Center located in Polson, MT. This is an existing daycare facility in Polson which serves this rural community as well as the reservation population. The business currently operates out of three separate buildings located throughout Polson. This new building will allow them to have all operations under one roof as well as take on more clients. They consistently have a sizable wait list. Lisa Wall-Wilbert and Alex Wilbert are 50/50 owners of the operating company and have been operating the daycare since 1998.

The total SBA debenture will be \$770,000 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 and personal property behind Glacier Bank in Polson. Ten new jobs are expected to be created as a result of this expansion. A Public Policy goal for Rural Development will be achieved.

Motion: Spencer Frederick to approve the Wall Wilbert, LLP Loan Request, as presented to the Board.
Second: Mike Phillips
Abstentions; Mike Seppala
Discussion: None
Motion carried

RLF Loan Request

Latitude Hospitalities LLC is applying for a loan through the RLF to purchase Sam & Louie's. Sam & Louie's is a franchise restaurant operation. The transfer of the franchise has been approved. The restaurant will remain in the same location as it has been, and the menu will be similar. The transfer of the beer and wine license is in process. Big Sky will not advance any funds for this license until the temporary authority has been granted by the Dept. of Revenue. BSF is working closely with legal to assure they handle this license correctly.

Brandon believes the Loan Committee will wait to approve the loan on upon final approval for the beer and wine license. Scott Chesarek agreed after asking about a similar contingency.

Business Stabilization Loan

The program has 11 loans approved to date and \$152,000 committed thus far. Brandon thinks they may open the program to additional businesses to commit the remaining funds. Brandon thinks PPP and EIDL loans have helped business owners steady their ships.

Big Sky to Sky Point Update

Becky mentioned that the mandatory RFQ meeting took place yesterday. Nine firms took place and all are locally based. The proposals are due on May 26th and contraction will take place thereafter with the selected firm.

AARP Community Challenge Grant Application

Thom is seeking the Board's permission for BSED to apply for an AARP Community Challenge grant to create a pocket park with seating and public art. This project would be located on the south side of First Congregational Church on the corner of N 27th St and 3rd Ave N. The project is a collaboration between First Congregational Church, artist Sherri Cornett, and several community partners. The grant request will be for \$15,000.

Motion: Robin Rude to approve Thom's application for the community challenge grant, on behalf of First Congregational Church, as presented to the Board.
Second: Mike Nelson
Discussion: None

Motion carried

Executive Directors' Report - Steve

Unified Command – Economic Response and Recovery Team Update

John Brewer and Lily Corning are chairing the strategic restart committee and their work has been very impactful. The aim of the team at large is to safely and strategically reopen businesses in Yellowstone County. The recovery work is in full swing and positioning Yellowstone County for new opportunities has become a focus. Finally, our responsibility as an economic hub must extend to the rural communities in our region.

Katy Easton with the DBA went on to update the Board about what efforts are being made in the downtown core. Katy said the event season will certainly look different but they are hopeful of the opportunities that may come up.

Mike Seppala gave an update from the lending world and how it has changed banking in the recent months.

George Warmer and Katy noted that there will be hand washing stations installed downtown to promote public health and safety.

Steve also had Dena update the Board about a webinar that is being hosted by the Great Falls SBDC. The webinar is about protecting your business from legal liability as they reopen. Much of the emphasis will revolve around following public health mandates and safety protocols.

FY 2021 Strategic Priorities

Steve provided the Board draft Strategic Priorities for FY 2021. The four themes are:

1. The Implementation of an Economic Recovery Plan
2. Building a Shared Economic and Community Development Mission
3. Positioning the Community to Seize Opportunities for Growth
4. Partnering and Leading at the State Level

Each theme had additional bullets that explained further how these strategies will meet the needs of Yellowstone and surrounding counties.

Steve also shared the organizational opportunities for the Big Sky Economic Development Team.

Dana added that there is a strong thought that rural communities may see a revitalization when the COVID-19 epidemic begins to wane. Steve agreed and mentioned that there are strategies to be examined that are related to this potential migration.

Public Comment

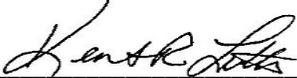
None

Adjourn

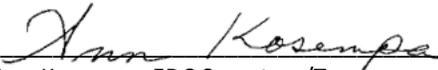
Mike Seppala Adjourned the meeting with a motion from Ken Lutton and a second from Spencer Frederick at 9:01 A.M.

Next Meeting – June 11th, 2020

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.