



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, September 10th, 2020 – 7:00 A.M. – 9:00 A.M.
The Northern Hotel and Zoom Teleconference

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, George Warmer, Paul Neutgens, Ken Lutton, Riley Bennett, Robin Rude, Nick Altonaga (Ex-Officio), Katy Easton (Ex-Officio),

EDA Board Members Absent: Greg McDonald, Jennifer Smith, Jennifer Owen, Judi Powers, Don Jones (Ex-Officio), Greg Upham (Ex-Officio), John Brewer (Ex-Officio), Shaun Brown (Ex-Officio)

EDC Board Members Present: Andy Gott, Ann Kosempa, Bob Wilmouth, Dave Ballard, Denis Pitman, Eric Simonsen, Jon Stepanek, Kim Jakub, Mike Nelson, Mike Seppala, Mike Phillips, Nicole Bengé

EDC Board Members Absent: Aaron Ramage, Craig Bartholomew, David Ellis, Mac Fogelsong, Mitch Goplen, Scott Chesarek, Spencer Frederick

Staff and Guests: Steve Arveschoug, Brandon Berger, Shanna Zier, Dustin Frost, Becky Rogers, Austin Trunkle, Dena Johnson, Lorene Hintz, Marcell Bruski, Jo Ann Jones, Thom MacLean, Melanie Schwarz, Sherry O'Donnell, Deanna Langman, Allison Corbyn, Dianne Lehm, Brent Donnelly, Martin DeWitt, Mike Waters, Molly bell, Tory Kolkhorst, Jeff Kanning, John Ostlund

Call to Order:

Mike Seppala, EDC Chair, called the meeting to order at 7:03 A.M. with the pledge of allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Public Comment

Brent Donnelly with the SBA presented awards to Big Sky Finance and Mike Nelson. Big Sky Finance was awarded the SBA 504 Montana CDC of the Year award, having closed 14 loans over the fiscal year.

The next award was the SBA Montana Small Business Champion of the Year. That was awarded to Mike Nelson for his tireless work building the business community of Billings.

Congressional representatives for Senator Tester, Senator Daines, and Congressman Gianforte offered comments of support and congratulations to Big Sky Finance and Mike Nelson.

Steve introduced Jeff Kanning to add a public comment related to the proposed Founders District TIF. Jeff and partners presented a blight study to the City Council as they considered dedicating this area a TIF District. Ultimately, the Council voted to table the discussions. Jeff and his partners will continue their work to bring a stronger proposal to the Council in the future.

Next Deanna presented the PTAC informational video. The video succinctly explains how contracting with Government works and how businesses can approach this business opportunity.

Agenda Changes:

None

Consent Agenda

Approval of July Board Meeting Minutes and Electronic Meeting Minutes July 6th August 6th, and August 31st

Motion: Eric Simonsen to approve the July Board Meeting Minutes and the Electronic Meeting Minutes, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

Approval of the June and July Financials

Motion: Mike Nelson to approve the June and July EDA/EDC Financials, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Adaptability Grant

Shanna explained the adaptability grant that has been made available through the Montana Coronavirus Relief Fund. We have received \$6,000 to date and will submit additional expenses up to the \$10,000 maximum

Motion: Mike Nelson to approve the Adaptability Grant Application, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

Executive Directors' Report – Steve

Ad Hoc Legislative Committee Report – Working Draft Legislative Priorities

Steve presented the draft BSED Legislative Priorities to the Board. Steve highlighted the seven priorities we have identified internally with our Ad Hoc Legislative Committee which will be shared with the Commissioners later this month to understand their priorities as well.

MEDA Next Generation Project Update

Last week, MEDA voted unanimously to accept the findings of the Next Generation Report and work continues within that body to narrow their priorities coming out of the work.

Public Safety Mill Levy

Steve wrote a letter of support for the public safety Mill Levy which was published in the Gazette on the 6th.

Steve also wanted to recognize Dena Johnson, our Regional SBDC Director who will be taking a position with PayneWest Insurance. Dena thanked the team and Board for their partnership over the last seven years.

Board Dialogue – Board Engagement Summary Review – Steve

Steve has been meeting one-on-one with the Board over the past month and wanted to open the floor to comments and discussion regarding some of the input he has received. Steve spoke about Board engagement, the construction of the agenda, the size of the Board, and information purveyed at the meetings and in the packets.

Mike Nelson encouraged the Board to add their differing opinions and diverse thoughts. Dana continued by adding that we should place the more robust conversation items towards the top of the agenda. Dana also offered an idea that we use a written program report one month and have in-person updates the next. Bob added that there is some onus on the Board as well to engage themselves and to bring their value with them.

Program Level Reports and Action Items

Big Sky Finance 504 Loan Approvals – Brandon

SBA 504 Loan Requests

- 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. **Muffler Alley and Brake Shop (Weaver Enterprises LLC)** – Request is for the purchase of an existing building for the operations of Muffler Alley and Brake Shop in Columbia Falls, MT. Purchase is only for the existing land and building. This is an existing business and the purchase is for a property adjacent to their primary shop which will allow for expansion needs in order to improve efficiencies and increased storage and parking. Muffler Alley is owned 100% by Glenn Weaver and has been since 2011. Services include mufflers, exhaust systems, brakes and general car maintenance.

The total SBA debenture will be \$118,000 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 Glacier Bank Kalispell. There are projected to be no new jobs created as a result of this project. The project does meet a Public Policy goal for Rural Development and is located in a HubZone.

Motion: Eric Simonsen to approve the Muffler Alley and Brake Shop (Weaver Enterprises LLC) loan request, as presented to the Board.

Second: Dave Ballard

Discussion: None

Abstentions: Mike Seppala

Motion carried

2. **Missoula Hydroponics and Brew Supplies (Luedecke Holdings LLC)** – Request is for the refinance of existing debt originally utilized for the purchase of the commercial real estate housing Missoula Hydroponics and Brew Supplies, located in Missoula, MT. Debt to be refinanced is held by First Security Bank Missoula and MOFI. The refinance will provide improved terms for their long-term financing resulting in improved cash flow. Missoula Hydroponics is owned 100% by Steve Luedecke. Steve started the business in 2008. Missoula Hydroponics is Montana's largest home for indoor/outdoor gardening supplies and home brew equipment.

The total SBA debenture will be \$315,000 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 Security Bank Missoula (Glacier Bank). 1.5 jobs are expected to be created as a result of this refinance. A Public Policy goal for revitalization will be met as the project is located in a HubZone.

Motion: Mike Nelson to approve the Missoula Hydroponics and Brew Supplies (Luedecke Holdings LLC) loan request, as presented to the Board.

Second: Eric Simonsen

Discussion: None

Abstentions: Mike Seppala

Motion carried

3. **Floral Cottage Inc** – Request is for the purchase of land and new construction for Floral Cottage Inc located in Helena, MT. This is an existing business currently leasing space and the move will provide the business with a better location. Pamela Lee is 100% owner of the Floral Cottage. She began working for the business in 1999 and purchased it in 2001. This is a traditional floral shop selling flowers, plants and those items directly connected.

The total SBA debenture will be \$130,000 on a 25-year note comprising 30% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Stockman Bank of Montana (Helena). No new jobs are expected to be created as a result of this project. A Public Policy goals for Rural Development, Woman Owned business and Veteran Owned business will be met.

Motion: Mike Phillips to approve the Floral Cottage Inc. loan request, as presented to the Board.

Second: Mike Nelson

Discussion: None

Abstentions: Spencer Frederick not present

Motion carried

4. **Lake Helena Storage LLC** – Request is for the purchase of land and new construction of a self-storage facility for Lake Helena Storage LLC. The project will be located in Helena, MT, near Lake Helena. This is a new business owned by Goode Industries LLC. Goode Industries is owned 50% by Deidre Smith and 50% by Shervin Samari. Deidre Smith lives in Helena and is an acupuncturist as her primary employment. Shervin Samari resides in California and is an advertising/digital marketing executive. A manager will be hired to assist with day to day operations, along with oversight from the owners. There will be 116 non-climate controlled units to begin with and an additional 120 outside parking spaces.

The total SBA debenture will be \$702,000 on a 25-year note comprising 35% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position on the real property behind Bank Five Nine out of Wisconsin. One new job is expected to be created as a result of this project. The project does meet a Public Policy goal for Rural Development as it is located in Helena.

Motion: Eric Simonsen to approve the Lake Helena Storage LLC loan request, as presented to the Board.

Second: Mike Nelson

Discussion: A question was asked about how the borrow became involved in the self-storage business.

Abstentions: None

Motion carried

Stabilization Loan Update – Brandon

Brandon updated about the nature of this small loan program. Activity has slowed for these funds due to less demand over the summer months. There is \$98,000 remaining in this fund.

An application has been submitted to the Federal EDA for a Revolving Loan Fund Grant which is awaiting formal review. BSED is asking for a \$2 million dollar grant with 10% match provided out of the SSBCI funds. This program is very competitive and BSED may reduce their ask to \$1 Million which would bump our match value to 20%, making it more competitive.

Brandon closed by thanking Dena for her partnership over the years.

Business Outreach and Recruitment - Big Sky Trust Fund Applications – Allison

Allison gave a brief overview of the program, which provides up to \$5,000 to businesses per net new job created.

MTP Industries

Job Creation: 15

MTP Industries is a custom paper product manufacturer that plans to create 15 jobs over the next year. While the company is a start-up, the CEO has a vast amount of experience in the field and has proven the product demand in his prior role with a larger manufacturer. Currently located in the mid-west, the CEO and his partner are looking to relocate to an area with a stronger quality of life and where they can become part of a community. The business model for the custom paper products will be both business to business and business to customer and all sales will be through ecommerce. The 15 jobs that will be created over the next year will include individuals trained to run printing machinery/paper product machinery, a graphic art manager, assembly line workers, materials handlers, a production manager, and ecommerce/marketing professionals. The forecasted positions will qualify for at least a partial BSTF grant, with the majority qualifying for the full \$5,000 per net new job. (\$14.70 per hour is the minimum and qualifies a company for \$3,500 – the full \$5,000 award is reached when the wages plus benefits total \$20.88.

Motion: Riley Bennett to approve the MTP Industries BSTF Application, as presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

Belle Chemical

Job Creation: 20

Belle Chemical LLC got its start just over five years ago, when a newlywed couple with a baby on the way, sought out to deliver more economical oilfield chemicals to the new bride's father for his small eastern Montana oil production business. The plan was to save the local, small producers in a time of falling oil prices before they were forced to shut-in production. It worked. Chemicals were one of their largest expenses at the time. Lower prices allowed these small companies to maintain production on their highest generating wells, enabling them to stay afloat.

After about a year, we took our small oilfield chemical company to another level; the consumer level. As it turns out, many of our environmentally friendly and biodegradable products such as vinegar and sodium hydroxide are also used to make soap and other household cleaning products, only in much smaller quantities. These cleaning products have become our top selling items, but we also offer high quality dietary supplements and vitamins, as well as key ingredients used in popular do-it-yourself beauty products such as activated charcoal and bentonite clay. Through online platforms such as Amazon.com, Walmart.com, eBay, and our own website, we have a worldwide customer base and an opportunity to market to other manufacturing businesses who use our products in their production. Just this year we joined the 'Top 10,000' sellers on Amazon, meaning we rank in the top 0.5%. With our high customer satisfaction ratings, low prices, and outstanding shipping status, Amazon trusted us to be the first authorized seller of medical-grade isopropyl alcohol on their website during this pandemic, when they had to strictly supervise the sales of essential items to put an end to price gouging.

Over the last five years, we have tripled our revenue every year. Our rapid expansion has been exciting but has left us with challenges. Currently operating in only 4,200 square feet, we have limited space for storage and production, making it difficult to maintain a steady supply of inventory for each product. We are forced to choose which products we can order because in an effort to keep our costs down, we must purchase inventory in bulk. We are also in need of a larger, qualified staff. Recently we were forced to rent several storage facilities for necessary packaging and equipment. A larger facility that offers both storage space and room for a production floor makes the most sense. Our offer to purchase the building at 501 N. 22nd Street in downtown Billings was accepted, pending quotes for reasonable repairs. Belle Chemical will be moving into a much-needed larger production facility of 12,000 square feet. This new facility will allow for ample product storage, as well as the space needed for more equipment. Because we have liquids, powders and granular products, we require an array of machinery and equipment. This new space also provides us with a second production assembly line, requiring up to 20 more full-time employees within our workforce. More space and manpower gives Belle Chemical the opportunity to run multiple products simultaneously, safely and efficiently. New employees will require training such as forklift operating, energy control, hazard communication, equipment guarding, spill prevention control and countermeasures, power line avoidance, caustics and acids and ergonomics training, to name a few.

As we near the end of our third quarter, we are forecasting that this year will follow the trajectory of growth we have seen in the past five. While we still provide oilfield chemicals to our local oil producers, 95% of our revenue comes from consumer products sold throughout the United States, Canada and a limited product line in the European Union. To continue our aggressive growth strategy, we are currently evaluating markets in Singapore, United Arab Emirates and expanding our product line in the European Union. In order to become more efficient operating our current product line and expanding the products offered, growing our facility and workforce is the next logical step for our business.

Motion: Ken Lutton to approve the Belle Chemical BSTF Application, as presented to the Board.

Second: Riley Bennett

Discussion: None

Motion carried

Wyo-Ben

Job Creation: Approximately 35 Jobs

Wyo-Ben was founded in 1951 and remains a privately held company headquartered in Billings, Montana, USA. Their three bentonite processing facilities are located in the Big Horn Basin region of North Central Wyoming and South-Central Montana. Wyo-Ben employees are focused on quality and continually look for new and innovative solutions to customers' needs in the global market. In the past Wyo-Ben has provided cat litter producers with the bentonite for their products but they have decided to make the move into manufacturing cat litter here in Billings. The manufacturing facility is currently under construction off of Hesper road. They hope to be operational in October.

Motion: Paul Neutgens to approve the Wyo-Ben BSTF Application, as presented to the Board.

Second: Dana Pulis

Discussion: None

Motion carried

Nominating Committee Update – Becky

Becky explained how the Nominating Committee is structured and the process they go through to arrive at their recommendations. Becky listed the criteria that was used while considering candidates. There are six EDC seats available but four of those seats are eligible for a second term, leaving two seats open. The two individuals selected for the ballot are Nick Pancheau with Collaborative Design and Jen Kobza with TKI Industries.

Mike Seppala, Paul, and Ken offered their thoughts about the applicants and the composition of the Board in its totality. Discussion continued regarding Board attendance.

Motion: Dave Ballard to approve the 2020 EDC Board Nomination Ballot, as presented to the Board.

Second: Ann Kosempa

Discussion: Above

Motion carried

Beartooth RC&D MOU – Becky

Becky continued explaining the MOU we hold with Beartooth RC&D. This is a yearly agreement held with that entity and the financial considerations were included in the budget.

Motion: Riley Bennet to approve the execution of the Beartooth RC&D MOU, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

Big Sky to Skypoint – Becky

Finally, Becky updated the Board on the status of the Big Sky to Sky Point project. Becky thanked the Board for their participation on the electronic vote held on August 31st. We held our first visioning session with Cushing Terrell last week and Becky will be spending all day tomorrow at the new building working with their team. Becky also added that BSED will be looking to pursue Historic Tax Credits as they relate to this project. Becky spoke about the Cushing Terrell team and how they have been wonderful partners throughout the project.

Community Development – Thom

Thom gave an update about the Recovery Plan which will undergo a final review sometime next week. A roll-out event for the final plan is slated to take place early next month at the Pub Station.

Thom spoke about the status of the TEDD and the issues related to the agreement between the City and the Lockwood Water and Sewer District.

Member Investor Program Update – Melanie

Melanie mentioned that work continues to find new Member Investors as a few had to bow out this year due to the pandemic.

This year, the annual meeting will be a video debut at the Babcock Theater with the Board and BSED staff attending in-person. We will also be asking our partners and board members to host a watch party at their respective organizations.

Public Comment

Steve announced that the BUILD Grant submission made by both the City and County for the Inner Belt Loop and Skyline Trail has been approved and awarded to our community.

Katy mentioned the DBP will be taking an ask to the City Council to pay-off the line of credit that was extended to them by BSED. The proposal would allow the DBP to retain ownership of the Yesteryears Antique Building.

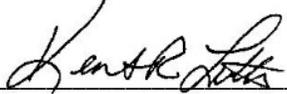
Mike thanked Dena again for her service at BSED and wished her all the best.

Adjourn

Mike adjourned the meeting at 8:56 A.M. with a motion from Ken Lutton, seconded by Dave Ballard.

Next Meeting – October 8th, 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.

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