



EDA · EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, October 8th, 2020 – 7:00 A.M. – 9:00 A.M.
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, Ken Lutton, Riley Bennett, Robin Rude, Jennifer Smith, Jennifer Owen, Judi Powers, Don Jones (Ex-Officio), Greg Upham (Ex-Officio), John Brewer (Ex-Officio), Shaun Brown (Ex-Officio) Nick Altonaga (Ex-Officio), Katy Easton (Ex-Officio),

EDA Board Members Absent: Greg McDonald, Paul Neutgens,

EDC Board Members Present: Aaron Ramage, Andy Gott, Ann Kosempa, Bob Wilmouth, Craig Bartholomew, Denis Pitman, Eric Simonsen, Jon Stepanek, Kim Jakub, Mac Fogelsong, Mitch Goplen, Mike Nelson, Mike Seppala, Mike Phillips, Nicole Benge, Scott Chesarek, Spencer Frederick

EDC Board Members Absent: Dave Ballard, Steve Loveless

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

Call to Order:

Robin Rude, EDA Chair, called the meeting to order at 7:01 A.M. with the pledge of allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Public Comment

Marcell began with an annual meeting update. Due to the uptick in cases, we have decided to host our meeting on a virtual platform. Our video will not debut as planned at the Babcock. Marcell told the Board to stay tuned for more details.

Steve added by sharing his thoughts about the rising cases and a renewed push towards social distancing and remote work. John Brewer offered his support of meeting virtually in an effort to reduce cases and keep our small businesses open.

Agenda Changes:

None

Consent Agenda

Approval of September 10th Board Meeting Minutes and Approval of the August Financials

Motion: Andy Gott to approve the September Board Meeting Minutes and August Financials, as presented to the Board.

Second: Judi Powers

Discussion: None

Motion carried

Executive Directors' Report – Steve

Ad Hoc Legislative Committee Report –Legislative Priorities

Steve began by addressing the Ad Hoc Legislative Committee recommendations. Steve walked through the document which is broken out into sections titled: items for immediate considerations, items for current and future consideration, and other items to watch.

We anticipate this session to be very different than a regular year with the pandemic still looming over the country. Steve listed what items we will be advocating for as they relate to economic recovery and future growth. Steve also addressed Medicaid funding and the vital role that plays in our community. Another item was supporting MSUB with infrastructure improvements and their leadership transition. Steve also mentioned the need to protect TIF laws which are vital tools for downtown redevelopment and our Lockwood TEDD project.

Steve then moved into the section about current and future considerations. One of the items that includes is supporting the reorganization of state economic development strategies. Other items include a statewide talent and recruitment strategy, supporting efforts that encourage venture capital investment, and identifying unique, dedicated revenue sources for economic development tools.

Finally, the other item to watch is to exempt military pension benefits from Montana income tax.

Steve asked the Board to concur with the Executive Committee to adopt these priorities.

Motion: Mike Phillips to approve the 2020-21 Legislative Priorities as preliminary subject to review of MEDA and other partner legislative priorities, as presented to the Board.

Second: Ann Kosempa

Discussion: None

Motion carried

MEDA Next Generation Project

Steve then went on to remind the Board of the work MEDA and the Montana Chamber of Commerce undertook with the Next Generation of Community and Economic Development Tools Analysis. The MEDA Board has adopted the final report and will use the findings as a platform for future discussions related to new tools, concepts, and strategies. Steve asked the Board to endorse the plan.

Motion: Mike Seppala to endorse the MEDA Next Gen Plan, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

I-190 and CI-118 Legalizing Marijuana in Montana

Steve then brought to the Board the consideration of taking a position regarding the legalization of recreational marijuana. Mike Seppala believes the Board ought to come out in opposition to this proposed legislation. Ken and Riley added their thoughts and agreed with Mike's statement. Robin then asked how we would move forward with

that position. Steve proposed that we issue a statement on the issue and put it forth to the Board over the coming days. Steve will email out a statement next week.

Staffing Update

Steve concluded his report by addressing some organizational restructuring after Dena's departure. Kevin has been promoted to Director of Entrepreneurship and Lorene was promoted to Regional Director of the SBDC.

Board Dialogue – Board Engagement Summary Review – Steve

Steve mentioned to the Board that there will be a letter coming from Mike and Robin encouraging the Board's continued commitment and support.

Program Level Reports and Action Items

Member Investor Update

Melanie gave a Member Investor Program update. We are currently at 134 Member Investors. We did lose some membership during the pandemic this year but Melanie is actively engaging those folks to try and get them back on board. Melanie thanked the Membership Committee for their continued work and support. Melanie is hopeful to bring on as many as 40 MIs during the calendar year. Melanie also spoke about diversity and industry representation among the Member Investors. Dana added some thoughts and suggested that we might focus on rallying around local businesses.

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 request. The Big Sky EDC Loan Committee has reviewed the request and recommends approval to the full EDC Board for submission to the SBA for final approval. The request meets all the underwriting and eligibility requirements of the EDC.
 1. **Joey and Amanda Boheman (Kids World Child Enrichment Center)** – Request is for the purchase of the commercial real estate associated with Kids World Child Enrichment Center located in Lockwood, MT. This is an existing day care facility being purchased by Amanda and Joey Boheman. The day care has been operating in Lockwood since 1997. The current owner is selling the business. Big Sky Finance has an SBA 504 loan on the property for the current owner. This loan will be paid off with the sale proceeds and we will have a new SBA 504 loan for the new owners.

The total SBA debenture will be \$154,000 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 Stockman Bank of Montana. There is projected to be one new job created and five retained because of this project.

Mike P and Andy asked questions about rates and previously approved loan.

Motion: Mike Phillips to approve the Kids World Child Enrichment Center loan request, as presented to the Board.

Second: Mike Seppala

Discussion: None

Abstentions: Spencer Frederick

Motion carried

504 Loan Program Update – Brandon

Brandon then proposed an amendment to the approval process for SBA 504 Loans. Per the by-laws, Big Sky Finance's Loan Committee is able to approve loans under \$1m without formal Board approval. Brandon will still bring these loans before the Board but his proposal will help to streamline the process.

Andy mentioned that he is in favor of the proposal and the Loan Committee's track record has been good evidence to approve this amendment. Mike Phillips and Ken Lutton continued with questions about what is required of the Board per the SBA's by-laws.

Motion: Spencer Frederick to approve the amendment request, as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

Brandon added to his update by informing the Board that they are in the midst of their independent loan review. He also noted that October was the first month that borrowers were no longer receiving a subsidy from the SBA. Brandon and his team are watching this closely and so far, there have been no issues and payments have all been made as agreed.

Finally, Brandon noted that they are awaiting the EDA's final decision on the RLF application and they are hopeful to hear back within the next week or two.

Nominating Committee Update – Becky

Becky was up next with a Nominating Committee Update. In the midst of the Ballot vote, David Ellis informed us that he will no longer be employed by a Member Investor company which creates a vacancy for his seat. The Committee met again and recommends the Board hold a special election with Michael Marsh as the candidate. Michael was selected for his entrepreneurship industry representation.

Becky also mentioned that we will be adjusting our nomination practices in the future to forward mid-year board openings to the yearly cycle unless there is a compelling reason to fill a seat immediately.

Motion: Ann Kosempa to approve holding a special EDC election with Michael Marsh as the candidate.

Second: Craig Bartholomew

Discussion: None

Motion carried

Big Sky to Sky Point – Becky

Becky continued with a Big Sky to Sky Point update. Becky started by thanking the project management team that have helped with all of the systems reviews and visioning sessions conducted by Cushing Terrell. Becky noted that we will soon be submitting the first application for Historic Tax credits. We are learning more about additional rebates available towards the project and Cushing Terrell is helping to plan for those.

Becky also recapped the meeting we hosted with individuals from the Federal EDA in Washington DC. Those representatives toured the building and held conversations with entrepreneurs who will utilize the future Rock31 space.

Becky shared a schematic design concept with the Board. The presentation recapped the visioning sessions that were held with Cushing Terrell, the BSED team, and entrepreneurs. The presentation covered the preliminary color palate, a workspace summary, and preliminary floor plans. Mike Phillips thanked everyone and involved for their work and asked Becky how the budget looks. Becky is parsing through the materials and will have a better idea of how the budget looks next month.

Rock31 Update and Opportunity Fund Adjustment– Kevin

Up next was Kevin with a Rock31 update. In addition to doing all they can to help business owners get connected with lenders, Rock31 also works to get startups connect with non-traditional financing like angel investors. Kevin asked the Board to please share if anyone knows individuals who may be interested in being an angel investor.

Kevin also noted that the State informed us that we have dollars available to put on high-level trainings to help businesses navigate the issues of the pandemic.

Lorene added to Kevin's update and there have been conversations with Gallup about providing trainings as well.

Lorene also noted there has been a significant uptick in people pursuing startups.

Steve mentioned that when Rock31 was started, the Board voted to provide \$150,000 of seed money over three years to get that program off the ground. There is still a significant amount of funding that hasn't been spent and the Opportunity Fund Committee has recommended that that three-year window be eliminated but that those funds remain available.

COVID Response Update

New COVID-19 Grant Applications

Melanie spoke about the grant opportunity that we have been able to pursue due to our non-profit status on the EDC. Melanie sees a need to use the dollars for a talent attraction campaign focusing on attracting healthcare workers. The other priority area for those dollars is a "look local" campaign to promote small, local businesses. Those dollars must be spent by the end of the year.

Beartooth RC&D Grant Award Scope of Work Review

Dianne began by updating the Board about the Beartooth RC&D grant that we have been awarded. BSED will provide business support and training modules and research for a five-county region with those dollars.

Economic Response and Recovery Plan and Next Steps

Thom gave an Economic Recovery Plan update. The plan has been finalized and completed and the rollout event took place virtually this week. The Economic Response and Recovery team will meet later today to discuss next steps and a future date for community rollout.

Space2Place Update – Dianne

Dianne was up again with a Space2Place Grant update. Dianne recapped last year's recipients and showed some pictures of the projects that are either in process or that have been completed. Melanie also added that the Community Development team won two MEDA awards for their Space2Place program and Coulson Park projects.

TEDD Update – Thom

Thom continued with a TEDD update and discussions with the City are ongoing between the parties involved as it relates to waste water treatment. Thom is hopeful an agreement can be reached over the next couple of months. Steve commended Thom's work on both the recovery team and TEDD project.

Coulson Park update was deferred to November

Public Comment

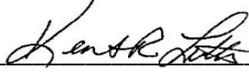
None

Adjourn

Mike adjourned the meeting at 8:57 A.M. with a motion from Ken Lutton, seconded by Judi Powers.

Next Meeting – November 12th, 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.