

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
January 6th, 2021 – 7:30 A.M. to 9:15 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.

Committee Members Present: **EDA** – Paul Neutgens, Ken Lutton, Judi Powers, Riley Bennett, Dana Pulis
 EDC – Steve Loveless, Ann Kosempa, Mac Fogelsong, Kim Jakub, Mike Seppala

Committee Members Absent: **EDA** – None
 EDC – None

Staff and Others Present: Steve Arveschoug, Becky Rogers, Lorene Hintz, Melanie Schwarz, Austin Trunkle, Shanna Zier, Brandon Berger, Dianne Lehm, Thom MacLean, Allison Corbyn, Jo Ann Jones, Patrick Klugman, Deanna Langman, Johnna Jablonski, Tereza Brownell, Kayla Vokral, Haley Vannatta, Evelyn Pyburn

Call to Order:
Paul Neutgens, EDA Chair, called the meeting to order at 7:30 A.M.

Agenda Changes for Today's Meeting:
Item IV – SBDC Contract renewal will move to the top of program directors' updates.
Under Executive Director's Report, Downtown Redevelopment will not require action.

Public Comment/Introductions
Becky made a brief comment to our new members about who is on the call.

Agenda:
Approval of the December 2nd and December 16th, 2020 EDA/EDC Executive Committee Minutes

Motion: Ken Lutton to approve, the December 2nd Executive Committee Minutes, as presented to the Executive Committee.
Second: Mike Seppala
Discussion: None
Motion: Carried

Motion: Ken Lutton to approve, the December 16th Special Executive Committee Minutes, as presented to the Executive Committee.
Second: Mac Fogelsong
Discussion: None
Motion: Carried

Approval of November EDA/EDC Financials – Shanna

Shanna started with the EDA balance sheet and current assets had increased slightly. The fluctuation in current assets is attributed to a combination of the increase in Yellowstone County Funds from the collection of November property taxes and reclassification of Opportunity Fund CDs between current and noncurrent. The tax levy receivable decreased significantly with the collection of 2020 property taxes in November. Accounts payable increased slightly. The majority of the increase is attributed to the November invoices for PTAC sub-recipients.

On the Statement of Operations, the revenue is over budget through the first five months of the fiscal year. There are a few factors attributing to this variance in revenue. When we budgeted for FY21, we took a conservative approach to revenue and budgeted for 3% in property tax protests.

On the EDC, current assets decreased slightly at the end of October. This is attributed to operating expenses. Accounts receivable increased in November with invoicing related to the Healthcare Appreciation event. On the statement of revenues and expenses, 504 servicing revenue is a bit above budget and origination fees are a bit below. Shanna also added a new account to the Statement of Revenue and Expenses to better track the State of Montana Coronavirus Relief Funds. Most expenses remain close to or below budget

Motion: Mike Seppala to approve and forward to the Board, the November 2020 EDA/EDC Financials, as presented to the Executive Committee.

Second: Judi Powers

Discussion: None

Motion: Carried

Executive Director's Report – Steve

Downtown Improvements

Steve will be working with the DBA to look at priority projects in our downtown to determine where we would like to partner with them.

Chain link Project Update

Steve updated the Committee about the project that was brought forward at the Special meeting in December. The project ended up locating on the West End rather than Downtown. While we had hoped for Downtown, their commitment to our community is very exciting. One of the issues with locating Downtown is the lack of shovel ready sites for new projects and private investment. Steve wants to refocus our efforts and strategize about how we can position ourselves for redevelopment opportunities. Mike Seppala remains a bit hesitant to become landowners without a project squarely in sight. Allison discussed where the gaps are with the private sector addressing these needs and how we can help fill those gaps. Ken asked that the Executive Committee be brought in on NDAs so that they are given enough information to make a decision of this magnitude. Ken agreed with Mike Seppala about owning real estate and speculating about its future usefulness. Steve continued by speaking about the TEDD and how the private sector approach to that area has been slowed by issues related to agreements between public entities. Allison added that we engage with the majority of developers in this community and the barriers to investment in our Downtown is a challenge shared by each of them. Discussion continued about how to overcome the hurdle of NDAs and keeping our Board and Executive Committee informed.

2021 Priorities and Board Planning Update

Steve mentioned that we adopted a 1-year strategic plan but would like to reengage the Board about those priorities in February. Then, in March, we will use that Board Meeting as a Board Planning session. Steve will work in conjunction with Paul and Steve L. to determine what our desired outcomes would be. Steve A. also noted that that is the week of spring break for Billings students and asked if there are any challenges for the Committee. Each agreed that that date works well.

Program Directors/Leaders' Updates

SBDC Contract Renewal – Lorene

Lorene noted that this is a yearly contract renewal and will support the positions of Kayla, Lorene, and Kevin. The scope of work remains the same with our SBDC serving a nine-county region. The goals are to serve 222 clients, support 476 jobs, counsel 1800 client hours, assist 15 new business starts, support \$6m in capital infusion, counsel 62 long-term clients, and submit three success stories.

Motion: Dana Pulis to approve and forward to the Board, the SBDC Contract Renewal, as presented to the Executive Committee.
Second: Steve Loveless
Discussion: None
Motion: Carried

BSED's IRT COVID-19 Response Update

Stabilization Loan Program/EDA RLF Grant Update – Brandon

Brandon noted that \$110,000 remains outstanding in the stabilization loan fund.

There is no update from the Federal EDA for the revolving loan fund. Brandon and Dianne are still waiting to hear back.

Brandon continued by letting the Committee know that we have filled the Loan Office position that was vacated by Sherry O'Donnell. Aaron Pratt will be joining our team in Helena and was previously employed by the Governor's Office of Economic Development. Aaron will begin on February 1st and will primarily focus on loan closings.

Economic Response and Recovery Plan Next Steps – Thom/Steve

The community progress report took place on December 10th and meetings will resume this Thursday after the holiday break. Thom spoke about the new legislation that was passed in DC and its applicability to our small business community. There will also be discussion about what changes we may see with the installment of our new Governor, Greg Gianforte. Melanie added that she has been working with the City and County about the vaccine roll-out in our community. John Felton's press conference tomorrow will likely indicate if there will be changes to the health directives in Yellowstone County.

Board Committees 2021 – Austin

Austin listed the openings for each of BSED's internal governance committees and asked the Committee members to consider volunteering their time in an area of their interest.

Conflict of Interest Policy

As a new Board year has begun, Becky noted that each Board Member will need to sign our conflict of interest policy. Our legal counsel, Kevin Heaney, will review the policy in detail at our January Board Meeting.

Operations: Big Sky to Sky Point Project – Becky

Becky said there is still some work to do regarding the Historic Tax Credits. Becky then continued to show the preliminary budgets for construction and furnishings. Becky reviewed the budget line items with the Committee and noted that there is likely to be a budget shortfall based on the current projections. Construction bids may help to address that shortfall. Becky also noted that this is one of the reasons we are pursuing Historic Tax credits which could net anywhere between \$300,000-\$500,000. Becky said we have also identified deductive alternates to address a shortfall. Becky also noted that there are opportunities to pursue small grants and underwriting opportunities.

With respect to the Historic Tax Credits, we have not yet signed the contract with Wishneff and Associates. Reviews with legal counsel and our auditors will help us make a final determination as to whether we pursue these credits and enter into the contract. Becky turned it over to Shanna to explain how the tax credit partnership would work. The tax credit numbers referenced above are net numbers after expenses have been considered. Riley then asked how this plan affects our timeline for the project. Ann asked if there are investors in waiting to purchase these credits. Steve noted that we have compiled a list of investors we think may be interested in entering into a

deal. Ann also noted that we need to very seriously consider the budget since it is likely for unexpected costs to still occur during construction.

Recruitment, Business Outreach, Economic Development Policy – Allison/Austin/Steve

Allison noted that the project we spoke about earlier in the meeting has been the most time intensive effort as of late but that there are other manufacturing projects in the hopper. Allison and Austin have been reaching out to Board Members to get a sense of how business is playing out.

In the interest of time, Allison continued on to discuss the proposed Venture Capital Investment Tax Credit legislation. We see this issue as very important in this session as it aligns well with the goals of the new Governor's Administration. To that end, we would like to engage with our previous lobbying team, the Taylor Luther Group. Mark Taylor and Jessie Luther would work with BSED as we work to encourage policy related to VC Tax Credits and Broadband infrastructure buildout and expansion. Allison noted that we will partner with other organizations to engage with Mark and Jessie.

Executive Session: None

Public Comment:

Steve Loveless thanked the Committee for the robust conversation today.

Adjourn:

With a motion from Judi Powers and a second from Ken Lutton, Paul adjourned the meeting at 9:19am.

Next Meeting – February 3rd, 2020