

Big Sky EDA/EDC Joint Executive Committee Meeting Minutes
Wednesday, August 7th, 2019 – 7:15 A.M. to 9:15 A.M.
Hart Albin Room, 2nd Floor – Northern Hotel

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 – Robin Rude, Ken Lutton, Paul Neutgens,
 EDC – Eric Simonsen, Mike Nelson, Steve Loveless, Mike Seppala, Molly
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Committee Members Absent: EDA - Cory Moore, Jennifer Smith

Staff and Others Present: Steve Arveschoug, Melanie Schwarz, Austin Trunkle, Patrick Klugman, Brandon
 Berger, Roz Dix, Karen Baumgart, Becky Rogers, Allison Corbyn

Call to Order:
Mike Nelson, EDC Chair, called the meeting to order at 7:30 A.M.

Agenda Changes for Today's Meeting:
Brandon will present a Revolving Loan Fund update after the financials update.

Public Comment:
Patrick spoke about the success of the three Coulson Park picnics that were conducted over the past 3 weeks. Patrick mentioned that there was strong turnout with representatives of the City, the County, and the public. Steve said it is important to engage our leadership at the right time with these sorts of projects and Patrick did a great job executing.

Becky gave a brief update on the EDA/EDC Nomination Committee. Cory Moore's seat will come up at the end of the year on the EDA. Steve Loveless' term will also be up, but he is eligible for a second term. EDA members are appointed by the County Commissioners and EDC members are confirmed via a vote by the Member Investors after being recommended by the Nomination Committee.

Agenda:

Approval of the July 3rd EDA/EDC Executive Committee Minutes

Motion: Paul Neutgens to approve the July 2019 Executive Committee Minutes as presented to the Executive Committee.
Second: Mike Seppala
Discussion: None
Motion: Carried

EDA/EDC Financials (FYI) – Becky

Becky, filling in for Jim, let the committee know that because of the audit fieldwork being held a month earlier due to Jim's transition, the FY2019 year-end financials will be presented at the September meeting. A draft is currently being reviewed and will be finalized and reviewed in depth at the September meeting.

Revolving Loan Fund Update

Brandon updated the Committee on the status of two Revolving Loan Fund loans. Both El Corral Mexican Restaurant and Magic City Doors are significantly delinquent on their payments and both will be written-off for FY2019. Brandon said collection attempts will continue to be made. The total write-off will be around \$116,500. Mike Seppala added a bit more perspective from his banking background with regard to how this process usually goes. Mike S. asked Brandon if we have a Loan Loss Reserve which Brandon said we do not, which is not atypical for small loan portfolios. Steve went on to say that Brandon will present a game plan to the Committee in September as we move forward. Further, Brandon will review our RLF policy should we encounter a similar situation in the future.

Program Updates

EDA Grant/ Facility Update/Controller Position Search – Becky

Becky gave an EDA Grant update next. The EDA has given our application a “merits further consideration” which means they would like to fund our project but had a few more questions we need to respond to. We are waiting to hear a determination concerning how much of the third floor of the building will be allowable for grant dollars. We provided additional information concerning how certain programs have a direct relationship with Rock31 and the success of its clients. Becky went on to explain different scenarios they are considering and how each would impact our project budget.

Becky continued, giving an update about the PCE Plume that stretches into downtown Billings. Our prospective building sits just within the plume. Becky is reaching out to the company that conducted the partial Phase I assessment to discuss possible next steps and will reach out to the owners with options to consider. The goal is to assess if there is a health risk at the facility and then add the mitigation efforts to the construction budget, if a health risk indeed exists.

Finally, Becky spoke about the Controller Position search process. Becky updated the Committee that we have received 7 applications and 5 will be given phone interviews this week. With any luck, face-to-face interviews will begin shortly after that. Becky has been training with Jim to document the standard operating procedures to help ease the transition over the next few weeks. We will have interim help beginning next week to help with day-to-day financial operations.

Dialogue with the Executive Director

Steve brought the Committee’s attention to a document in their packet that relates to budget sustainability and resource allocation. Steve gathered a group of directors a month or so ago to discuss how we will approach our resource allocation over the coming years. Steve assigned each director the role of one of their peers and made them think in terms of other programs rather than their own. One of the overarching themes was “why do we do what we do?”. Jim provided some very preliminary number projections for the next few years to help give the team some idea of what our sustainability looks like years down the line.

Working from a recent podcase, the team discussed four mistakes we must avoid: Continuing status quo, underfunding programs that bear fruit, overfunding programs that don’t bear the same fruit, and avoid being too risk averse.

They also discussed priorities we would like to achieve: Build up our people, smart allocation of resources, create margin to seize opportunities.

Steve then asked the Committee to answer a few questions that were posed to the group of directors.

1. Where do you see momentum in the organization?

Mike Seppala answered first and said that our efforts with regard to OBSD and 406 Impact Districts have spurred talk about downtown redevelopment. Mike also mentioned that the TEDD has as much or more potential than any other project on the horizon. Mike anticipates with a bit more investment to make the site shovel-ready, buyers will be more willing to locate in Lockwood.

Steve mentioned to Mike that he agrees about the momentum behind OBSD. Steve said he will be travelling across the state with Melanie and Allison in a few weeks to explain the benefit of the 406 Impact Districts. Additionally, Steve sees the TEDD as a very important priority and one we are actively working to advance.

Ken Lutton wanted Karen to know that she has been doing an excellent job with the BillingsWorks programs. Ken mentioned this community has never seen an effort like this be so successful.

Workforce will continue to be a need and the importance of constantly evolving our strategies to engage the workforce will always be a guiding principle.

2. If _____ is successful, it would be a game changer.

Paul and Ken said the Economic Development Tool we are pursuing would be a game changer. Were there more incentive for private investment, we could potentially see a significant uptick in development.

Molly thinks that advancing the Trades sector in Billings will stand to benefit us as the decommissioning of Units I and II in Colstrip continues over the next few years. Hundreds of jobs have been or will be lost due to the changes in our energy economy and finding a place for those skilled workers will position us well as time progresses.

3. Where is status quo allocation of resources not working?

Paul asked if the TEDD is still worth our investment.

Steve said there have been some hurdles concerning future annexation of TEDD property by the City that have slowed our progress. Once issues concerning the water and sewer agreement has been resolved, planning and implementation of infrastructure improvements can move forward.

Mike Seppala broached the subject of approaching some of the clients we serve and asking them to be Member Investors to contribute to the Economic Development of the community.

Melanie mentioned to Committee that they have created a new MI level for new entrepreneurs. The new tier would be half cash, half in kind donation of time i.e. offering themselves as a mentor.

Eric suggested we assess the status quo with our new facility as there can be cost benefits with how we configure our physical office space.

Leadership Development

Steve said it is very important to him to develop the next generation of leaders in our organization. Part of the Succession Plan has a section about the leadership development of the team. A current practice is appointing acting directors in Steve's absence. This gives valuable experience to the team and will be a practice moving

forward. Steve is also developing a leadership curriculum to deepen the leadership development of the team as a whole.

Steve also shared some challenges our organization faces. With respect to talent attraction and retention, Steve said we remain committed to the Work, Thrive, Live concept and have adopted a flexible schedule policy for our staff. Steve also mentioned that staying competitive with salaries are a financial pressure point and something to pay attention to as well.

Steve then turned the time over to the Committee to discuss topics of their choice. Mike Nelson asked Allison how the recruitment pipeline looks. Allison is working with a lead development firm that has been helping find businesses with a focus on back-office operations and distribution centers. The intent would be that distribution centers would likely find their home in the TEDD.

Steve Loveless asked Steve to share what the staff had to say about Momentum, Game Changers and Resource Allocation in our budget conversations. Steve shared a page in the packet that showed the items the directors identified as such.

Eric Simonsen asked more about the Opportunity Zones. Steve spoke about some work he has done with MEDA to utilize Opportunity Zones in rural communities. The thought is they could have a match-making event to better utilize these tools. Allison also mentioned that we had a speaker come in last month to better explain how OZs could be used.

Steve let the Committee know he will be having a medical procedure on September 10th and will be out of commission for the September Board Meeting. He will appoint an acting director in his place.

Executive Session: None

Public Comment: None

Mike Nelson adjourned 9:11am

Next Meeting -- September 4th