

EDA/EDC Joint Board Meeting Minutes**Thursday, July 13, 2017 – 7:30 a.m. – Granite Tower, 1st Floor**

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: Sheri Nicholson, Jennifer Smith, Kevin Gustainis, Robin Rude, Mitch Goplen, Greg McDonald, Dana Pulis, Chuck Tooley, Robyn Driscoll (ex-officio), Mike Yakawich (ex-officio)

EDA Board Members Absent: Cory Moore, Paul Neutgens, Mark Qualman, Heidi Jensen (ex-officio), John Brewer (ex-officio), Terry Bouck (ex-officio)

EDC Board Members Present: Eric Simonsen, Mike Nelson, Steve Loveless, Kathy Boelter, Scott Chesarek, Ty Elkin, Mac Fogelson, Wayne Nelson, Aaron Ramage, Mike Seppala, Debbie Singer, Jon Stepanek, John Walsh

EDC Board Members Absent: David Trost, Duncan Peete, Craig Bartholomew, John Brewer, David Ellis, Doug Hansen, John Ostlund, James Smith

Staff and Guests: Steve Arveschoug, Dianne Lehm, Deanna Langman, Ben Rose, Patrick Klugman, Allison Corbyn, Katy Easton, Jim Tevlin, Bill Kennedy, Lew Anderson, Ron Larsen, Dave Wayne, Wayne Gardella, Jack Nickels, Chris Nelson, Chris Kukulski

Call to Order:

Sheri Nicholson, EDA Chair, called the meeting to order at 7:31 a.m. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements:

Steve introduced Wayne Gardella, State SBA Director. Wayne began the meeting by explaining the impact the federal budget will have on SBA nationwide. He also praised the work of the BSED team and warned that there will be budget cuts that may affect SBA staffing and funding available. Greg McDonald asked what their loan volume was. Wayne answered that it was in the neighborhood of \$110m-\$120m.

Steve then welcomed Lew Anderson, the new CTE Director for School District 2. Additionally, Steve recognized Christ Kukulski from Zoot Enterprises to the board.

Chancellor Ron Larsen spoke to the Board about progress being made at MSUB and how to strengthen the bridges between the school and the community. This will be made by creating community events that will bring the public to the MSUB campus. The RN to BSN program has 20 of 30 places filled so far. The Occupational Therapy program approved by the Board of Regents is beginning to make shape as well. Ron then reiterated the need for the Yellowstone Science and Allied Health Building. With that, Ron gave the floor to Bill Kennedy who helped to explain the need for this building. MSUB is the third largest university in the state and is located in the largest economic hub for many hundreds of miles. Bill Kennedy then asked Big Sky Economic Development for a \$100,000 donation. He also asked the Board to return to their individual companies and consider partnering with MSUB by donating what they can to this initiative. Bill remarked that the school would like to bolster its research laboratories to help foster the growth of our university.

Agenda Changes: There is an additional item in the minutes packet. When the minutes are approved today, you will also be approving the documentation of our electronic vote as part of the minutes of the record.

Business Finance has an internal control document that we'll be reviewing. Ben will be providing a list of things from Finance today.

An additional item under Steve's report he will be giving a follow up from our Board Planning Session and discuss about a proposal with Business Incubation.

Consent Agenda:

Approval of June 8, 2017 EDA/EDC Joint Board Meeting Minutes

Motion: Mike Nelson, to approve the June 2017 EDA/EDC Joint Board Meeting Minutes, presented to the Board.

Second: Robin Rude

Discussion: None

Motion carried

May 2017 EDA and EDC Financials

Motion: John Walsh, to approve the May 2017 EDA and EDC Financials, as presented to the Board.

Second: Jennifer Smith

Discussion: None

Motion carried

FY 2018 Budget – Follow-up – Jim/Steve

Jim gave an update on the FY 2018 budget and was pleased to announce that it was highly likely that BSED will be granted the whole Mill Levy. Jim updated on the Management Services Agreement. The Board then moved to approve the agreement.

Motion: Mike Seppala, to approve the Management Services Agreement, as presented to the Board.

Second: Scott Chesarek

Discussion: None

Motion carried

Regular Agenda:

Program Reports/Consideration

Business Recruitment and Outreach – Allison

"GE to Zoot" Project Update

Allison thanked the Board members who attended yesterday's closing of the Zoot/GE deal. While the deed has been turned over, there are still a few outstanding issues with the facility. GE will be paying property taxes through the remainder of 2017. The property taxes will be paid by us and GE will reimburse us. In addition to the issue of taxes, there are still some particulars to be worked out in regard to the \$600,000 provided to Zoot for retro fitting the space.

Update: American Flight – Billings to DFW

Allison gave us an update on the American Airlines flight to Dallas. It looks as though we will pay very little, if any, of the revenue guarantee to American Airlines this quarter. This is certainly good news as the flights are 80%-90% full.

Recruitment Strategic Plan for FY 2018

Allison reviewed her strategic priorities for the next year. She sees an opportunity to bring more value to our agricultural production by bringing additional ag-processing facilities to our area. She would like to enhance the technology ecosystem in Billings and meet workforce demands in that sector. She will focus on the Targeted Economic Development District to encourage businesses to expand there or recruit new business to that area.

Steve then took the opportunity to recognize Allison's hard work and the new title she has earned. Allison is now the Director of Recruitment and Outreach.

Business Finance – Brandon/Ben

Loan Policy Updates

In Brandon's absence, Ben presented Business Finance materials to the Board. The first item was the Loan Policy updates. This policy deals with the information collected from the borrower two years into the loan. Ben explained that two years into the loan, the borrower reports back on the actual jobs created or retained as a result of the loan. Ty Elkin asked if there is any ramification to the borrower if no new jobs have been created. Ben said there was not. The Board moved to approve.

Motion: Debbie Singer, to approve the updated Loan Policy, as presented to the Board.

Second: Mike Nelson

Discussion: None

Motion carried

Ben spoke of the change SBA is looking for in the Internal Control Policy. The only change to this policy is on page 4, the addition of the line that reads "2-Year job creation and/or retention verification".

Motion: Eric Simonsen, to approve the change in the Internal Control Policy, as presented to the full Board.

Second: Mike Seppala

Discussion: None

Motion carried

504 Loan Approvals – Ben discussed loan approval requests. The first request was for Sidewinders (SWIM LLC) in Bozeman. This is an update request.

Motion: Greg McDonald, to approve the request for Sidewinders in Bozeman as presented to the full Board.

Second: Jon Stepanek

Discussion: None

Motion carried

504 Loan request for Magic City Auto Reconditioning. They are expanding and this will be their second 504 Loan through us.

Motion: John Walsh, to approve request for Magic City Auto Reconditioning, as presented to the Board.

Second: Debbie Singer

Discussion: None

Motion carried

504 Loan request for an existing Days Inn of Lolo, Montana.

Motion: Mike Seppala, to approve the loan request for Days Inn Hotel as presented to the Board (Wayne Nelson to abstain).

Second: Mike Nelson

Discussion: None

Motion carried

Loan request for Taco Del Sol in Bozeman. This loan was tabled at the last meeting and is now to be reconsidered. More information has come light regarding a lawsuit in which the plaintiff is Taco Del Sol. There should be no adverse effect on the company's finances.

Motion: Kathy Boelter, to approve the loan for Taco Del Sol in Bozeman, as presented to the Board.

Second: Eric Simonsen

Discussion: None

Motion carried

Confirmation of Loan Approval/resolution

The SBA 504 Loans which were previously approved are as follows:

1. M2DT Holdings, LLC / Tour America RV Center, Inc. – 11/12/2015
2. Consumer Direct Grant Creek Campus, LLC / Consumer Direct Holdings, Inc. – 10/08/2015
3. Steepworld Holdings, LLC / Steepworld Climbing and Fitness, LLC – 03/09/2017
4. Landan, LLC / L&L Site Services, Inc. – 02/09/2017

Motion: Debbie Singer, to approve the new CDC Board Resolutions for previously approved SBA 504 loans, as presented to the Board.

Second: Mike Nelson

Discussion: None

Motion carried

Ben announced there is a new member being appointed to the loan committee and it is Brandon's recommendation that the Board approve this appointment. The new member is Dustin Barber of Opportunity Bank

Motion: Ty Elkin, to approve the new member being appointed to the loan committee, as presented to the Board.

Second: John Walsh

Discussion: None

Motion carried

Community Development – Dianne/Katy

Coal Country Coalition MOU for Regional Collaboration – Katy

Katy presented the Coal Country Coalition MOU for regional collaboration. Agreement between four partners that made up the CCC. It outlines the action steps that came out of our coal study. The agreement shows the commitment to move forward on those action steps. The Board is being asked to co-host the annual Power Summit. Action will be needed for the CCC MOU.

Motion: Jennifer Smith, to approve the Coal Country Coalition MOU, as presented to the Board.

Second: Jon Stepanek

Discussion: None

Motion carried

Procurement and Technical Assistance Center – Deanna

DLA Award for New Program Year

Deanna Langman updated the Board about PTAC. The PTAC program was granted a DLA award for the new program year. This is a long process and is a significant achievement each year.

Director's Report (Steve will address questions as needed)

MSU Billings Science Building Request/Next Steps

Steve first addressed the MSUB team in attendance and informed them that we will need a bit more time to consider the donation. There will be a recommendation in the next month after the Executive Committee reconvenes. The board discussed at length what we can do to better understand the state of the Science Building at MSUB and also the condition of the Residence Hall. Dave Wayne, Chairman of the MSUB Foundation Board, helped to frame the needs of the university.

Update: Future Facilities Taskforce

Steve listed the member of our Future Facilities Task Force. They will evaluate the values and objectives we're trying to address moving forward and how we accomplish them as efficiently as possible.

August Board Meeting(s) Plans

There will be no August Board meeting but Steve encouraged the Board to look at the calendar events for the second half of the year as we look to accomplish just as much as the first.

Steve added an additional to the agenda regarding the business incubation discussion that was started back at our Board planning session. We did some research on business incubation. We continue to do additional dialogue locally with others who have interest in this. That dialogue included Zoot Enterprises. Zoot comes to the community not just in expanding their business at our GE facility, but wanting to do things very creative in our community. Steve is asking the Board to authorize him and Dena Johnson to draft a partnership agreement with the set of objectives and goals with BSED & Zoot to contract for some consulting services to help us develop a model business plan for a potential business incubator in our community.

Motion: Wayne Nelson, to approve a preliminary draft agreement with Zoot as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

Public Comment:

Scott Chesarek mentioned that the search for a City Administrator is underway. He was unhappy that the Advisory Committee has been shut out of the process as a recruiter has now assumed this role in the search.

Dianne Lehm mentioned there is work being done to address the workforce housing issue in the Downtown area. The Board was sent an email with a link to a survey. She asked for their participation and to have their employees participate as well.

Meeting adjourned at 9:02 am

Motion: John Walsh, to adjourn EDA/EDC Joint Board Meeting

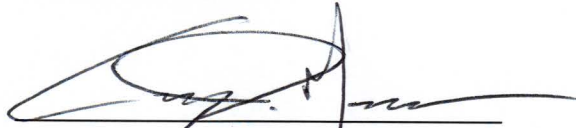
Second: Debbie Singer

Discussion: None

Motion carried

Next Meeting – September 14, 2017

Respectfully submitted,


Cory Moore, EDA Secretary/Treasurer
Mike Nelson, 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.



**EDA/EDC Board – Electronic Meeting
Friday, August 4, 2017**

Item No. 1—Approval to submit three Community Development grant applications seeking matching funds for the Coulson Park Master Plan:

- 1) Montana Coal Board for \$5,000-\$10,000
- 2) Big Sky Economic Development Trust Fund for \$25,000
- 3) Montana Department of Justice Natural Resource Damage Program (NRDP) Yellowstone River Oil Spill Recreation Project for \$30,000

Voted in Favor:

EDA

Sheri Nicholson
Jennifer Smith
Robin Rude
Mitch Goplen
Greg McDonald
Paul Neutgens
Dana Pulis
Chuck Tooley

EDC

David Trost
Eric Simonsen
Duncan Peete
Mike Nelson
Craig Bartholomew
Kathy Boelter
John Brewer
Scott Chesarek
David Ellis
Ty Elkin
Mac Fogelson
Doug Hansen
Wayne Nelson
John Ostlund
Aaron Ramage
Mike Seppala
Debbie Singer
Jon Stepanek
John Walsh

Item No. 2—Approval of the MOU between Zoot Enterprises and Big Sky Economic Development to contract consulting services to complete an incubation business plan and model.

* Mike Nelson and Eric Simonsen abstained from voting.

Voted in Favor:

EDA

Sheri Nicholson
Jennifer Smith
Robin Rude
Mitch Goplen
Greg McDonald
Paul Neutgens
Dana Pulis
Chuck Tooley

EDC

David Trost
Duncan Peete
Craig Bartholomew
Kathy Boelter
John Brewer
Scott Chesarek
David Ellis
Ty Elkin
Mac Fogelson
Doug Hansen
Wayne Nelson
John Ostlund
Aaron Ramage
Mike Seppala
Debbie Singer
Jon Stepanek
John Walsh



**EDA/EDC Board – Electronic Meeting
Friday, August 10, 2017**

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. Liftwell, L.L.C. (Better Body Fitness of Montana, Incorporated) –

Request is for the refinance of land and new construction of a commercial building for Better Body Fitness of Montana, Incorporated (BBF), located in Helena, MT. BBF was formed in 2000 and currently operates out of leased space. This new

building will allow them to expand and increase their warehouse and showroom space, and will have better visibility. BBF sells, installs and services high-end fitness equipment for home and commercial use. They currently serve the MT and Northern WY regions and have a second retail location in Missoula. There are projected to be two new jobs created resulting from this project. The project meets an SBA Public Policy goal for Rural Development. The total SBA debenture will be \$462,000 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 to First Interstate Bank – Helena, on the real property.

EDC Votes in Favor:

Craig Bartholomew
David Ellis
David Trost
Debbie Singer
Duncan Peete
Eric Simonsen
James Smith
John Ostlund
John Walsh

Jon Stepanek
Kathy Boelter
Mac Fogelson
Mike Nelson
Mike Seppala
Scott Chesarek
Steve Loveless
Ty Elkin
Wayne Nelson

2. Eighty-Nine, LLC (Montana Periodontics & Dental Implants, PLLC) –

Request is for the purchase of an existing building for Montana Periodontics & Dental Implants, PLLC. Montana Periodontics is located in Kalispell, MT and currently leases the space they are going to acquire with the funds. Dr. Cahoon is 100% owner of Montana Periodontics and began practicing in Kalispell in 2008. In 2013 he formed the PLLC. Montana Periodontics specializes in periodontics, gum surgery, bone and gum grafts, and dental implants. They primarily serve the Flathead and Northwest MT area along with southern British Columbia. There are projected to be two new jobs created resulting from this project. The project meets two SBA Public Policy goals of Rural Development and Veteran Owned Business. The total SBA debenture will be \$527,000 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 to Glacier Bank – Whitefish, on the real property. 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.

EDC Votes in Favor:

Craig Bartholomew
David Ellis
David Trost
Debbie Singer
Duncan Peete
Eric Simonsen
James Smith
John Ostlund
John Walsh

Jon Stepanek
Kathy Boelter
Mac Fogelson
Mike Nelson
Mike Seppala - abstained
Scott Chesarek
Steve Loveless
Ty Elkin
Wayne Nelson