



EDA • EDC CREATING MONTANA BUSINESS OPPORTUNITIES

EDA/EDC Joint Board Minutes
Thursday, November 14th, 2019 – 7:30 AM – 9:00 A.M.
Big Sky Economic Development – Yellowstone Conference Room
Granite Tower 222 N. 32nd Street, Billings, MT

***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: Cory Moore, Dana Pulis, George Warmer, Greg McDonald, Jennifer Smith, Jennifer Owen, Ken Lutton, Paul Neutgens, Robin Rude, Done Jones (Ex-Officio), John Brewer (Ex-Officio)

EDA Board Members Absent: Fred Sterhan, Judi Powers, Greg Upham (Ex-Officio), Katy Easton (Ex-Officio), Shaun Brown (Ex-Officio)

EDC Board Members Present: Aaron Ramage, Ann Kosempa, Denis Pitman, Doug Hansen, Eric Simonsen, Mac Fogelsong, Mike Phillips, Mike Nelson, Mike Seppala, Scott Chesarek, Spencer Frederick,

EDC Board Members Absent: Bob Wilmouth, Craig Bartholomew, Dan Edelman, Dave Ballard, David Ellis, Jon Stepanek, Mitch Goplen, Molly Schwend, Nicole Benge, Steve Loveless

Staff and Guests: Lorene Hintz, Melanie Schwarz, Becky Rogers, Austin Trunkle, Brandon Berger, Jack Nickels, Dianne Lehm, Thom MacLean, Dena Johnson, Commissioner Ostlund, Shanna Zier, Marcell Bruski, Karen Baumgart, Stefani Freese

Call to Order:

Cory Moore, EDA Chair, called the meeting to order at 7:32 A.M. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Public Comment

John Brewer brought the Board's attention to the license plate that benefits both the EDA and the Billings Chamber. That plate needs to have 400 users or it will be pulled from the list of available plates. Currently, we need 40 more plates by the end of the year to reach that mark. John is encouraging the Board to spread the word.

Mel announced that our breakfast on December 4th will be rescheduled to the spring of 2020.

Agenda Changes:

1. There will be no recruitment update today as Allison is in Chicago meeting with site selectors.
2. Attachment I was an accidental carry-over from the last agenda and will not be addressed.

Consent Agenda

Motion: Jennifer Smith, to approve the October 10, 2019 Board Minutes, as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

July and August 2019 EDA/EDC Financials

Shanna presented the financials which included the July and August financials. Shanna highlighted a few items on the July financials that have been adjusted from the preliminary financials. Shanna then presented the August financials. She adjusted the format of the financial statements and included narratives about items of note. On the EDA, she highlighted a few adjustments she's considering moving forward including recognizing appropriate pre-paid expenses, like insurance, within every month instead of one lump sum in the month it was paid. She is also looking to reconcile the interest accrued on CDs on a quarterly basis instead of yearly.

On the EDC, Shanna finetuned some of the expense categories so they mirror other financial statements. She highlighted a change with the balance sheet. It has historically only shown unrestricted items but the new format will now also include restricted dollars. The financials now reflect the CTE contributions which we collect and then pass-through to the school district.

Greg McDonald asked about our line of credit to the DBA. The Board was reminded the DBA has up to three years to pay back the \$400,000 loaned to them.

Cory asked for separate EDA and EDC motions for both July and August Financials.

Motion: Ken Lutton to approve the July 2019 EDA Financials, as presented to the Board.

Second: Robin Rude

Discussion: Above

Motion carried

Motion: Mike Seppala to approve the July 2019 EDC Financials, as presented to the Board.

Second: Mike Nelson

Discussion: Above

Motion carried

Motion: Ken Lutton to approve the August 2019 EDA Financials, as presented to the Board.

Second: George Warmer

Discussion: Above

Motion carried

Motion: Eric Simonsen to approve the August 2019 EDC Financials, as presented to the Board.

Second: Mike Seppala

Discussion: Above

Motion carried

FY 2019 EDA and EDC Audits – Stefani Freese, Anderson Zurmeuhlen

Stefani Freese presented our FY 2019 Audit. Stefani announced that the EDA received a clean, unmodified opinion. That is to say, the financial statements as presented are, in their opinion, fair and accurate. Our internal control are in good shape and show no material weaknesses. The Audit also tests our compliance with federal regulations related to grant awards and reported that no non-compliance instances were found. AZ only proposed one adjustment relating to the state pension liability, which report had been prepared incorrectly on the State level and had to be reissued.

The EDC also received a clean, unmodified opinion of the financial statements. AZ does not report on internal controls for the EDC but is required to report significant deficiencies or material weaknesses. AZ did propose one adjustment that, due to materiality, was considered a significant deficiency. The adjustment was regarding a check that was written the end of June for a loan that didn't fund until July. The adjustment reversed the note receivable.

Motion: Ken Lutton to accept the FY 2019 EDA Results, as presented to the Board.

Second: Paul Neutgens

Discussion: None

Motion carried

Motion: Scott Chesarek to accept the FY 2019 EDC Audit Results, as presented to the Board.

Second: Mike Seppala

Discussion: None

Motion carried

Program Level Reports and Action Items

Big Sky Finance – Brandon

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. **Montana Center for Somatic Psychotherapy PLLC** – Request is for an increase in the amount of the SBA debenture from \$135,000 to \$142,000. This loan was originally approved by the Board at the March 14, 2019 board meeting. The increase is due to extra remodel costs to the building from what was originally budgeted. The loan has been approved by SBA and is in the final closing process. No other changes to the loan as approved. Borrower demonstrates the ability to cover the additional debt service as a result of the increased project costs.
2. **Original Request – 03/14/2019:** Request is for the purchase and renovations of an existing duplex for the operations of MT Center for Somatic Psychotherapy PLLC, located in Missoula, MT. This will be a relocation for this business from their currently leased space. The duplex is an up/down duplex and the borrower will occupy just over 64% of the building consisting of the main floor as well as the half story second floor. The basement is a one-bedroom apartment which will be sublet. Renovation costs are needed in order to convert the duplex from residential space to professional office space for this borrower.

MT Center for Somatic Psychotherapy PLLC is owned 100% by Hillary Welzenbach. She is a Licensed Clinical Professional Counselor and has been practicing since 2006. The business provides body-oriented psychotherapy to families, teens, adults and couples. They specialize in providing services to clients in need of treatment for anxiety, depression and/or PTSD.

There are projected to be two new jobs created as a result of this project. A Public Policy goal will be met as this will be a woman owned business. The total SBA debenture will be \$135,000 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 Stockman Bank of Missoula.

Aaron Ramage asked if there is any contingency margin without having to resubmit to SBA. Eric asked about change of use permit.

Motion: Mike Seppala, to approve the MT Center for Somatic Psychotherapy PLLC. Loan Request, as presented to the Board.

Second: Mac Fogelsong
Abstentions: Spencer Frederick
Discussion: Above
Motion carried

Brandon went on to give an update on the El Corral Loan recovery efforts and mentioned he was able to liquidate the remaining kitchen equipment at a price that exceeded his expectation.

Operations – Becky

Becky presented the Nominating Committee recommendation for the EDA Board. The candidates selected are Bryce Terpstra – Jones Construction and Riley Bennett – Dick Anderson Construction. This recommendation will be forwarded to the County Commissioners for consideration at their next meeting.

Motion: Paul Neutgens, to approve the recommendation of the Nominating Committee, as presented to the Board.

Second: Jen Smith

Discussion: None

Motion: Carried

Future Facility Update

After the annual meeting, we took Angela Martinez on a tour of the Montana Bank Building. Still no firm timeline on when to expect word of a final award. An Announcement Messaging Team has been convened internally and they will continue to plan our next steps.

TEDD Project Update – Thom

Thom gave a TEDD Update to the Board. Last month, there was a tour of the TEDD with property owners, city council members, and other stake holders as we navigate annexation/waste water discussion. Thom will be updating the city in the coming weeks at a work session. Work now shifts to bringing the four new city council members up to speed on the TEDD.

KLJ has finished the short-term priority project plan and has shared those results with the community.

Steve asked if there is any potential to work with MDT on the frontage road improvement.

Annual Meeting Recap – Melanie

Melanie did an Annual Meeting Debrief with the Board Members and asked for their takeaways. Steve reminded the Board what the purpose of our meeting is. There was discussion about the décor, the speaker, and the attendance. Steve went on to explain how we select a speaker and the work and dialogue that goes into the planning. Steve also hoped the Board was able to think about the “what are you building?” message.

Melanie notified the Board that there is a news article that has misstated which building we intend to move in to.

PTAC Program Bozeman Subcenter Update – Steve

Steve updated for Deanna who is out of town. The PTAC situation in Bozeman has yet to be resolved but a solution may soon come. There are 180 clients in the Bozeman area that utilize the PTAC and as the State Contract Holder, we have an obligation to try and secure a host for that program. Jack Nickels asked why MSU had dropped the program but we can only surmise at this point what the final decision boiled down to.

Rock31 Update – Kevin

Cory spurred conversation about the Startup Weekend that occurred at the beginning of the Month and the success Rock31 achieved hosting that event. Dena took this opportunity to commend the work of the SBDC Team and particularly Kevin.

Steve brought attention to Veteran's Small Business Week which took place last week, and the events we put on or facilitated.

Executive Director's Report – Steve

Public Safety Update Planned for December Meeting

Public Safety remains a hot topic in Billings and Steve has invited Chris Kukulski to speak to our Board about the City's next steps.

MEDA Next Generation of Community and Economic Development Tools Analysis

Steve pointed out the MEDA Letter he has written and sent to partners around the state that details the RFP effort MEDA has undertaken with the aim of developing the next generation of community and economic development tools. Steve hopes that the analysis will be disseminated by May 1, 2020 and makes its way in the public policy dialogue as we ramp up for another legislative session. Jennifer Owens asked if we can expect anything to come of the "test session" this January as the State looks to move to an annual Legislature. Steve deferred to Commissioner Jones who is unsure of what the result will be.

Keystone XL Pipeline Letter

Keystone XL Pipeline talks have reignited recently and Melanie read a letter of support from our organization at a public meeting. The Board voted in 2011 to support Trans-Canada and the Keystone XL Pipeline because of the economic impact the project stands to bring to our region.

Build Grant Update

The BUILD Grant that our community leaders pursued in DC last month has been awarded to Missoula. The grants are very competitive nationally with about 700 applications submitted this year. We supported the Billings application because it included trail development and the completion of the Inner Belt Loop. Both of our Senators met personally with our team to go over the details of our applications and Congressman Gianforte stepped out of a committee meeting to make time as well. Discussion continued about the project in Missoula and what set their grant apart. Community cohesion and solidarity among leadership became a talking point and the need to present a united front.

December 12th Board meeting

Board Meeting next month at 7:15am and will include Breakfast. Steve would like each Board Member to give a 45 second debrief what life is like in their world.

Public Comment

Jack Nickels offered a comment in support of the Eastern Montana economy. Billings is the only voice that many of those communities have and listening to their needs is important as they conduct most of their business through Billings.

Adjourn

Corry Moore Adjourned the meeting at 9:01 AM

Next Meeting – January 9th

Respectfully submitted,


Paul Neutgens, EDA Secretary/Treasurer


Steve Loveless, 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.