

EDA/EDC Joint Board Minutes
Thursday, September 12th 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, Greg McDonald, Jennifer Smith, Jennifer Owen, Judi Powers, Ken Lutton, Paul Neutgens, Shaun Brown (Ex-Officio), Don Jones (Ex-Officio), Katy Easton (Ex-Officio)

EDA Board Members Absent: Dana Pulis, Fred Sterhan, George Warmer, Robin Rude

EDC Board Members Present: Aaron Ramage, Andy Gott, Ann Kosempa, Bob Wilmouth, Dave Ballard, David Ellis, Denis Pitman, Mac Fogelson, Mike Phillips, Mike Nelson, Nicole Benge, Scott Chesarek, Spencer Frederick, Steve Loveless, Elaine Labach (EDC Representative for Chancellor Dan Edelman)

EDC Board Members Absent: Craig Bartholomew, Dan Edelman, Doug Hansen, Eric Simonsen, Jon Stepanek, Mike Seppala, Mitch Goplen, Molly Schwend

Staff and Guests: Lorene Hintz, Melanie Schwarz, Becky Rogers, Austin Trunkle, Patrick Klugman, Dustin Frost, Brandon Berger, Allison Corbyn, Kevin Scharfe, Karen Baumgart, Jenna Peete, Nick Altonaga, John Ostlund

Call to Order:

Cory Moore, EDA Chair, called the meeting to order at 7:30 A.M. with the Pledge of Allegiance.

Public Comment/Recognitions/Special Announcements and Introductions:

Public Comment

Becky received news this morning that Roz is headed to the hospital to have her baby.

Introductions

Becky introduced Dr. Elaine Labach, Dean of the College of Business at MSUB, who will be attending in lieu of Chancellor Edelman. The Chancellor's schedule makes it difficult to always be in attendance on Board Meeting days and asked to have a non-voting representative present on his behalf through the end of the calendar year.

Jenna Peete with the Moss Mansion was next. Jenna wanted to extend an invitation to our Board to visit the Mansion. The mansion was built in 1900 by PB Moss and remains 95% original. This is the only museum house in the state that offers self-guided and guided tours. The Moss has recently partnered with the Western Heritage Center to create a youth ambassador program. This past legislative session, the Moss received \$400,000 to help with restoration and deferred maintenance. On September 25th, the Moss will have an open house and would like our Board to attend as well.

Nick Altonaga introduced himself and is the new City Planner for Laurel. Nick comes to our community from the New England area and is excited to tackle the new growth in Laurel.

Dr. Bob Wilmouth gave a State of Rocky Mountain College update. Bob began by saying that Rocky is undergoing an evolution. The 200 students that graduate each year, have empathy and critical thinking skills in addition to the degree they've earned. Rocky continues to add value to their College and Bob will elaborate more on that when he introduces their new doctorate program. Bob used the analogy that they have gone from a AA team to a AAA team. A few years ago, Rocky decided they wanted to introduce doctoral medical studies. At present, they have launched their Occupational Therapy program. Bob went on to commend his graduates as they effect change in our community. Bob closed by speaking to higher education as a whole. Bob is of the mind that a higher education institute must be run like a business. These institutions spend every penny they make and ought to reinvest in themselves. Bob thanked the community at large for the support they provide RMC and how important their collective leadership is.

Agenda Changes:

1. We will be moving introductions to accommodate some early departures.
2. We will also be moving the consent agenda up so that it follows the Big Sky Trust Fund Request.

Program Level Reports and Action Items

Big Sky Finance – Brandon
SBA 504 Loan Requests

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. Restyle Clothing Exchange, Inc. (River City Properties, LLC) – Request is for the purchase of land, building and renovations for Restyle Clothing Exchange, located in Missoula, MT. This is an existing business relocating to a larger building in order to facilitate expansion opportunities, as well as alleviating the need to utilize storage units for inventory. Restyle is a woman-owned used clothing business which has been in existence since 2012. They buy and sell gently used, brand name clothing and accessories for cash or in-store credit. Clientele is primarily teens and young adults.

No new jobs are projected to be created at this time as a result of this project. The project does meet two Public Policy goals: woman-owned business and business located in a HUBZone. The total SBA debenture will be \$310,000 on a 25-year note comprising approximately 40% of the total project costs. Big Sky EDC and the SBA will be in a 2nd lien position behind First Interstate Bank of Missoula on the real property.

Motion: Mike Phillips, to approve the Restyle Clothing Exchange, Inc. loan request as presented to the Board.

Second: Steve Loveless

Abstention: Andy Gott

Discussion: Brandon explained further how a HUBZone functions

Motion carried

2. Polson Theatres Inc. (Showboat Land Holdings, LLC) – Request is for the renovations to an existing building currently owned by the borrowers, as well as the purchase of new equipment. Polson Theatres Inc. currently operates a two-screen movie theatre (Showboat Theatre) in Polson, MT. They are requesting the funds to expand the existing building from two screens to a six-screen cinema. Polson Theatres Inc. also operates theatres in 10 other rural communities across MT (one in Idaho). This is a family owned business and has been for the past 47 years.

There will be two new jobs created as a result of this project. The project meets two Public Policy goals: rural development and being located in a HUBZone. The total SBA debenture will be \$1,245,000 on a 25-year note comprising approximately 33% of the total project. This is a special purpose building so borrowers must inject additional cash. Big Sky EDC and the SBA will be in a 2nd lien position on the real

and personal property behind Glacier Bank in Polson.

Motion: Dave Ballard, to approve the Polson Theatres, Inc. loan request as presented to the Board.

Second: Bob Wilmouth

Discussion: Mike Phillips personally attested to the quality of this company

Motion carried

3. Advanced Therapy Clinic LLC – Request is for an increase in the amount of the SBA debenture from \$403,000 to \$405,000. Loan was originally approved by the Board on May 9, 2019. The increase is the result of the addition of professional fees (appraisal cost) added to the project costs at submission to SBA. Loan has been approved by the SBA and is currently in the closing process. No other changes to the loan as approved.

Original Request – 05/09/2019: Request is for the purchase of an existing building with minor renovations for the offices of Advanced Therapy Clinic LLC. The project is located at 1701 Avenue E, Billings, MT. The renovations are minimal and necessary to convert a portion of the space suitable to their practice. Advanced Therapy Clinic LLC is owned by Patrick and Anna Brown. They provide pediatric speech, occupational, physical and behavioral therapy and counselling. Services are primarily offered to children, but they also work with adults. They have outgrown their leased space and this new building will provide them with room for growth. They also have offices in Butte and Bozeman.

There are projected to be six new jobs created resulting from this project. The total SBA debenture will be \$403,000 on a 25-year note comprising 40% of the total project costs. Big Sky EDC will be in a 2nd lien position behind First Interstate Bank on the real property acquired

Motion: Spencer Frederick, to approve the Advanced Therapy Clinic LLC loan request as presented to the Board.

Second: Aaron Ramage

Abstention: Andy Gott

Discussion:

Motion carried

Approval of New Loan Committee Member

Brandon would like to recommend to the Board of Directors the addition of Paul Neutgens to serve on the Corporation's Loan Committee. Paul currently serves on the Big Sky EDA Board of Directors. Having him as a member of the Big Sky Finance Loan Committee will provide us with a representative from the EDA Board of Directors, to go along with having a representative from the EDC Board.

Paul is owner of American Steel. He brings to the committee strong small business knowledge, as well as his background in the construction and steel industry. Additionally, Paul has gone through the SBA 504 process as American Steel has a loan with Big Sky EDC, therefore he has experience with the program.

Motion: Andy Gott, to approve the Paul Neutgens as a new Loan Committee Member, as presented to the Board.

Second: Aaron Ramage

Discussion:

Motion carried

RLF Default and Past Due Loan Policy

Brandon updated the Board that we have had to write off two loans recently and that a new collection policy for past-due loans will be put into place. Brandon has convened his loan committee to help map this policy out.

The two write-offs were Magic City Doors and El Corral Mexican Restaurant.

Brandon is in contact with both owners and has continued his efforts to recover funds.

Dave Ballard asked how often borrowers are late. Brandon said that aside from these two, all the other loans are current. Mike Phillips offered his opinion that borrowers may need to put up additional collateral. Ann asked how long the borrowers stayed current. Brandon said about two years.

Operations Update – Becky

Future Facilities Update – Becky said that we have submitted our revisions to the grant application requested by the Federal EDA. Their review team will now do a final, comprehensive review of our application with the amendments we submitted.

Melanie and Dena attend an EDA conference in Denver and had the opportunity to speak with the group that is reviewing our application. Becky said that she doesn't expect to hear a final response from the EDA until November.

In the interim, we've been working with the owners of the facility throughout this process and made a few small amendments to the purchase agreement in order to align better with the EDA's timeline.

Controller Update – Becky

Becky thanked the search committee for their time and expertise that they provided. Becky is pleased to announce that our offer of employment to Shanna Zier has been accepted. Shanna comes to us from Riverstone Health where she is a Financial Services Manager. The exact start date has yet to be determined.

Jim has moved to a temporary, part-time employment to help finish up his work on the audit and to wrap-up a few odds and ends with the financials. His last day as an employee will be next Friday, September 20th and he will then move to Contract Status with us to finish up a handful of items for the audit. We have been contracting interim accounting help through Avitus group and have that secured through the middle of October. July Financials will be coming at the next Board Meeting.

FY 2020 Budget Considerations

Becky presented adjustments made for consideration of the final budget and started with the EDA. The County Commissioners finalized their budget and we were pleased to receive a full Mill Levy. We also received additional funds from the State via House Bill 52 and will see approximately \$60,000 more each year. The additional funding will also allow us to draw down less on the Opportunity Fund dollars we had set aside. Additionally, there will be some contingency set aside for the carrying cost of the Montana National Bank Building, should we receive the grant and move forward with that purchase. We also added to our budget for contract/intern work to hold space for Jim's contract work on the audit and for a taking on the Bozeman PTAC advisor temporarily for 3 months while we search for a new host in Bozeman. Finally, Steve asked for \$5,000 to for the MEDA RFQ that will help develop the next generation of community and economic development tools. On the EDC, \$10,000 was shifted from the Recruitment budget for the purpose of work towards Legislative Priorities.

Mike Phillips referred to the year-end financials and asked for some clarification on the balance sheet. Mike had questions about our 406 Impact Districts spending and how it was reflected on the EDC financial statement cover sheet.

The budget will be voted on separately by both the EDA and EDC.

EDA Vote

Motion: Ken Lutton, to approve and adopt the Final Budget Considerations, as presented to the Board.
Second: Jennifer Smith
Discussion: Above
Motion Passes

EDC Vote

Motion: Mike Phillips, to approve and adopt the Final Budget Considerations, as presented to the Board.
Second: Mac Fogelsong
Discussion: Above
Motion Passes

Beartooth RC&D MOU (EDA Action Only)

We have an ongoing relationship with Beartooth RC&D in Joliet as one of our rural economic development partners. This is a yearly MOU we sign with them and the assessment fee is part of our yearly operational budget.

Motion: Ken Lutton, to approve the execution of the MOU, as presented to the Board.
Second: Jennifer Smith
Discussion: None
Motion Passes

EDC Nominating Committee (EDC Action Only)

Becky explained how our EDA and EDC appointments are determined. The EDA is appointed by the County Commissioners and EDC is determined by a recommendation from the Nominating Committee and then a vote from our Member Investors.

The Committee recommends that the ballot includes Steve Loveless for a second term and Kim Jakub to fill Molly's seat beginning January 1, 2020. (Molly is no longer employed by a Member Investor Company and thus, her seat will need filled by an individual who is).

Motion: Spencer Frederick, to approve the recommendation of the Nominating Committee, as presented to the Board.
Second: Bob Wilmouth
Discussion: None
Motion Passes

Big Sky Trust Fund Application – Lorene and Allison

The Big Sky Trust Fund is a state funded program that was created in 2005 by the Montana Legislature to assist in economic development that creates good-paying jobs, promotes long-term growth, and encourages workforce development in Montana.

Lorene presented the application for Island Mountain Development Group. The group is based out of Hays, Montana. IMDG is pursuing a \$375,000 Job Creation Grant as they expand their business interests in the state. IMDG plans to increase the number of employees in their Billings call center by adding 75 jobs with the help of this grant.

Motion: Judi Powers, to approve the BSTF Grant Application, as presented to the Board.
Second: Ken Lutton
Discussion: None
Motion carried

Allison presented for Healthy Is, a wellness business connected to Zoot Enterprises. The business aims to encourage healthy behaviors and healthy work habits. They anticipate creating 30 jobs throughout the state of Montana.

Motion: Paul Neutgens, to approve the BSTF Grant Application, as presented to the Board.
Second: Greg McDonald
Discussion: None
Motion carried

Consent Agenda

July 11th, 2019 Board Minutes and June 2019 EDA EDC Financials

Motion: Mike Phillips, to approve the July 11th, 2019 Board Minutes and June 2019 EDA EDC Financials, as presented to the Board.

Second: Ken Lutton

Discussion: None

Motion carried

Rock 31 Update – Kevin

Kevin announced that the Kaufmann Foundation has designated Billings as an official One Million Cups chapter. One Million Cups gives companies the opportunity to meet every week to garner support from the community. The first meetup will be on October 9th and will continue every Wednesday at 9am.

Kevin also brought the Boards attention to the November 1st, Startup Weekend. Entrepreneurs will gather on Friday, they will be paired up, and then they will have 54 hours to develop their idea, to complete their market analysis, and develop a working prototype. Kevin asked the Board to recommend any companies or individuals that may be interested.

Recruitment Update – Allison

Allison spoke to the next steps for our 406 Impact Districts work. In the packet, there was a draft provided of the strategy as we look ahead. We are aiming to increase discussion around the state about how we can drive increased private investment in our communities.

Katy Easton of the DBA went on to speak about the TIF dollars situation and the increase that they will be expecting to see.

Jennifer Owen asked questions regarding our contract with Landmark Development and our prospective community education and outreach efforts.

Allison spoke further about the Opportunity Zone in our downtown core. The State Department of Commerce has put out an RFP asking how Montana can put its best foot forward in making our OZs attractive to private investors.

Allison provided an update on the TEDD. Allison has been using a lead-generation company who is helping us identify companies who may be interested in locating in the TEDD.

Allison gave a brief update on the airport and the work they've been doing. American Airlines has been very pleased with their direct flight to DFW and are perhaps looking at other opportunities in the Billings market. Jet Blue has begun service in Bozeman and will be assessing if that flight would serve the Billings area too. Allison wants to illustrate that Billings is its own market and flight service in our community is important.

Member Investor Program Update – Melanie

Melanie gave an update about our Annual Meeting and would like every Board Member to be in attendance. Our meeting will be on October 24th and will be featuring Todd Johnson of Gallup as the Keynote Speaker. The meeting will be at the Metra Park Pavilion.

Being our 30th year, Melanie has asked that if any Board Members have information regarding the National Bowling Congress Event that used to take Billings. Melanie is working on tracking significant events over the past 30 years. Scott Chesarek told Melanie to speak with Bill Dutcher at Metra.

Executive Director's Report - Patrick

Patrick spoke to the public safety meeting that will be on October 2nd at the Northern. Public safety is fundamental to economic development and we want to be an educated partner as we look to tackle this issue with partners across our community.

Public Comment

Cory mentioned that there is a very large travel blogger conference here in town.

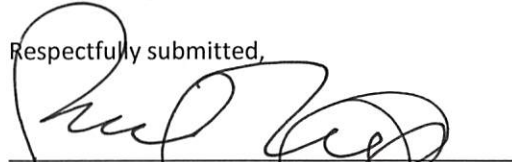

Adjourn

Cory entertained a motion to adjourn and received the motion from Aaron Ramage.

Meeting adjourned: 9:02 A.M.

Next Meeting – October 10th, 2019

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.