

Main Street Montana – Energy and Utilities KIN
Group D – Capital and Innovation Issues
Conference Call
December 15, 2014 – 10:00 a.m.
Minutes

PARTICIPANTS: Henry Dykema, Sundance Solar Systems, LLC, Red Lodge
Mark Johnson, Flathead Electric, Kalispell
Ben Reed, Winpower West, Billings
Craig Wilkins, ViZn Energy, Columbia Falls
Rich Budde, Corval Group, Helena

Tom Kaiserski (Main Street liaison) introduced the conference call participants followed by explaining the mission of today which is to identify the two highest priority energy exporting issues on which to focus. This will then be presented to the full group (possibly in February 2015).

Henry Dykema facilitated the discussion by asking call participants to describe access to capital and innovation issues facing their companies and the ensuing discussion resulted in a number of challenges, questions and ideas expressed as noted below.

Discussion / Challenges:

- Montana's has difficulty attracting institutional funding – partly due to geographical issues; Montana is isolated from the mainstream of institutional funders and consequently not thought of as a business center
- Montana is not viewed as business friendly by institutional funders – here are some key reasons:
 - Business equipment tax is viewed as onerous – particularly for R&D companies that are not yet producing revenue
 - Strong union presence / non right-to-work state
- Montana has only a couple of alternatives to choose from for angel investors and these are making relatively small investments
- Energy is very capital intensive – it needs more state support; Texas and Michigan are states that heavily support energy efforts – not enough state dollars in Montana in place to encourage innovation
- Need to keep and leverage capital in state is critical - costly efforts to attract big companies from out of state do not usually produce big wins
- State needs to do more to highlight innovation:
 - More success stories told - use web and social media to promote
 - More grant opportunities
 - Market more to investors such as David Lucien
 - Blackstone Launchpad attempts but message diluted – open to too many projects, needs more focus
 - The state needs to develop a cohesive innovation message that leverages the state's its assets
 - Schweitzer's administration had done some of this
- Recognize two types of investment to target; entrenched and entrepreneurial

Ideas:

- Exempt pre-revenue / R&D type companies from the business equipment tax
- Change Montana's reputation in regards to energy development
- Clearinghouse/website containing an inventory of Montana's energy assets

- More state program funding similar to Austin and Denver's Emerging Tech Fund Grant Program
- Policies that encourage innovation and growth to capital to drive the efforts
- Foster leverage at the university level (Tech Transfer)

Out of these discussions the following priority was recommended during this call for this KIN to pursue:

1. The state needs to develop a vision to attract energy investment and encourage innovation in Montana containing these elements:
 - a. Inventory of businesses/assets located in Montana.
 - b. Identify state support mechanisms including tax policies, promotional campaign and leverage existing large industries.
 - c. Create a state developed investment package that identifies and contains funding mechanisms, policy supports and targets key areas.

Conclusion – During the call Craig Wilkins mentioned that creating approximately 12 slides that could summarize this investment / innovation vision. Wilkins agreed to prepare and present this slide deck at the next full KIN meeting. The meeting then adjourned at 11:07 a.m.