



FINAL MINUTES OF THE BIG SKY RESORT AREA DISTRICT OPEN BOARD MEETING

July 13, 2016

Present: Jamey Kabisch, Chairperson
Mike Scholz, Vice Chairperson
Ginna Hermann, Secretary
Heather Budd, Treasurer
Kevin Germain, Director
Whitney Brunner, Administrative Officer

Chairperson Jamey Kabisch called the open meeting to order at 9:00 a.m.

I. Open Meeting

A. Public Comment: None.

B. New Business:

1. 2017 Resolution: The resort tax board signed the 2017 Resolution.

Motion by Mr. Scholz to approve the 2017 Appropriation Resolution No. 2016-01R. 2nd by Ms. Hermann All in favor. Motion passed.

2. Appropriation Application: How To Improve:

The board provided the following revisions to Ms. Brunner:

- Add deadline for follow up materials and letters of support as the Friday before the upcoming Monday meeting.
- Smaller header.
- Clarify that the Total Organizational Budget should match the organizations' Revenue from its Profit and Loss Report.
- Add "Resort Tax Request" above Public Grants.
- Add "Other" before Public Grants.
- Move Private Donor Contributions In-kind Below the Sub Total Revenue.
- Move Other under Fundraising Events.
- Add a fourth column next to Amount titled "Percentage".
- Add "Capital Expenditures" under Total Expenses.
- On the Total Cash Flow 3-Year Requirement page, add "Payroll Taxes" under Personnel.
- Change the first column title to "This Current Resort Tax Request".

The board stated if the bidding policy is not met in the application, it may not fund the application/project.

The board stated there was higher attendance for the Q&A than Final Appropriations. It discussed if the Water and Sewer space is large enough for the Appropriation meetings. It stated the two times (Q&A at 1:00 p.m. and Final Appropriations at 6:00 p.m.) allowed for more diversity (due to the public's diverse working hours).

3. Establish Resort Tax 2016-2017 Meeting Dates: The board will post the following meeting dates for this fiscal year:
 - July 13
 - August 10
 - November 9
 - January 11
 - March 8
 - April 5 (1st Wednesday of the Month)
 - May 1: Applications Due
 - June 5 (Monday at 1:00 p.m.): Q&A
 - June 19 (Monday at 6:00 p.m.): Final Appropriation

All meetings the second Wednesday of the month at 9:00 a.m., unless otherwise noted.
Additional meetings may be called and noticed up to a week before the board meets.

4. Other: Add to August Agenda: Big Sky Community Housing Trust Update and Chamber Property for Sale.

C. Old Business

1. Legislative Session Update: Mr. Scholz stated he met with Taylor Middleton and the potential bill does not have his support yet. Mr. Scholz stated it will take some work to address Mr. Middleton's concerns; however, there might be a path. He stated he does not understand all of the issues yet and does not want to speak for others. Mr. Kabisch stated preliminary discussions with community leaders may take place over the next month to gauge broad-based support.

The board stated the bill would ask the legislature to give the community the option, but it would need a vote of the district's voters to change resort tax from 3% to 4%. It stated at this time it cannot give Ms. Jamison direction on the bill and asked that she discontinue working on it at this time. It stated time is of essence.

2. 10 Opinions Needing Updating: The board approved Ms. Jamison's Conflict of Interest proposal and asked that she combine the existing three opinions into one opinion.

The board discussed Ms. Jamison's April Retirement. It directed Ms. Brunner to ask Ms. Jamison for attorney recommendations and, to facilitate a smooth transition, suggest that we begin incorporating them before Ms. Jamison's departure.

Motion by Mr. Kabisch that Ms. Jamison provide one opinion on Conflict of Interest that encompasses the three outdated opinions. 2nd by Ms. Hermann. All in favor. Motion passed.

3. Treasurer Report: Ms. Budd stated there is a slight First Security Bank pledging discrepancy.
4. Financial and Tax Collection Reports: The board discussed writing off Accounts Receivable and stated it works to receive payment and if not received, generally, legal action is taken. Bad debt is listed on the budget for write offs at \$2,000.

The board directed Ms. Brunner to call and/or email all organizations that have not spent their fiscal year 2016 appropriation and remind them of the July 15 deadline to request payment.

5. Administrative Officer Report:
 - New Fiscal Year Investments: The board directed Ms. Brunner to get bids from the three Big Sky banks for the November board meeting. The CD quotes for 2017 are to be \$1,000,000.

Motion by Ms. Budd to move \$1,000,000 from the First Security Money Market into the Big Sky Western Money Market. 2nd by Mr. Kabisch. In favor: Mr. Kabisch, Ms. Hermann, Ms. Budd and Mr. Germain. Abstained: Mr. Scholz. Motion passed.

Aspen Leaf Listing: The board directed Ms. Brunner to write the Gallatin Building HOA regarding the bathrooms at the Aspen Leaf property and how they are impacting the valuation of the building. The board requested the following from Realtor Will Brunner:

- Can we lower the cost enough to sell the space?
- Update the listing to include "leasing potential".
- Do you think there is leasing potential for the unit?
- Provide the cost to resort tax to pay commission on a long term lease.
- Provide a lease spreadsheet that compares your proposed lease on the property to the Town Center and other areas in Big Sky.

The board stated it would prefer to reduce the listing price instead of leasing the unit, but would like to understand the leasing potential.

Motion by Mr. Germain for the board to look at the leasing potential to understand the income potential of the Aspen Leaf listing. 2nd by Ms. Hermann. All in favor. Motion passed.

6. Other: Incorporation Discussion: The board discussed county lines, density, legal registration to vote, etc. It directed Ms. Brunner to provide resort-tax-related information from the last incorporation effort.
7. Other: Legal Memo: Endorsements: The board received a memo from Ms. Jamison at the meeting that evaluates if the Board's support of the Wild and Scenic River Designation was appropriate.

Motion by Mr. Scholz to review the endorsement memo at the August meeting. 2nd by Ms. Hermann. All in favor. Motion passed.

8. Other: Conditions from the Big Sky Community Housing Trust Contract: Ms. Jamison added conditions to the contract per the discussion at Final Appropriations. Ms. Hermann and Ms. Budd reviewed the conditions.

D. May 4, June 6 and June 20 Minutes:

Motion by Mr. Kabisch to approve the May 4 open minutes. Second by Mr. Germain. All in favor. Motion passes.

The following revisions were made to the June 6 Minutes: Change HDRC to HRDC.


Motion by Mr. Germain to approve the June 6 open minutes, as amended. Second by Mr. Scholz. All in favor. Motion passes.

The following revisions were made to the June 20 Minutes: Change HDRC to HRDC. On page six, change though through. On page nine, number 26, revise to "...he sees this as seed money and it would be good for the District."

Motion by Mr. Germain to approve the June 20 open minutes, as amended. Second by Mr. Kabisch. All in favor. Motion passes.

Chairperson Jamey Kabisch closed the open meeting at 11:00 a.m.

Respectfully Submitted,


Virginia Hermann, Secretary



FINAL MINUTES OF THE BIG SKY RESORT AREA DISTRICT OPEN BOARD MEETING

August 10, 2016

Present: Jamey Kabisch, Chairperson
Mike Scholz, Vice Chairperson
Ginna Hermann, Secretary
Heather Budd, Treasurer
Kevin Germain, Director
Whitney Brunner, Administrative Officer

Chairperson Jamey Kabisch called the open meeting to order at 9:00 a.m.

I. Open Meeting

A. Public Comment: None.

B. New Business:

1. Big Sky Community Housing Trust:

Advisory Committee Update: Byard Dominick of Lone Mountain Land Company attended and stated Brian Guyer of Human Resource Development Council (HRDC) is not able to attend. Mr. Dominick distributed an Advisory Committee handout. He stated the organization is working to create a nine-person advisory committee with three representatives from each of the following groups: public, private and low-income. He stated the committee will abide by a set of operating procedures. Once a 501c3 is created, and the Housing Trust is separate from the HRDC, then bylaws will be set.

As proposed, Gallatin County, the Big Sky Chamber of Commerce and the future HOA will have permanent representative seats on the committee. The Resort Tax Board stated it is providing half the income, but is not represented in the advisory committee. The board stated Madison County is not represented either. Mr. Dominick stated the three public representatives could include Gallatin County, Madison County and the Resort Tax Board. Mr. Scholz stated he is interested in representing the Resort Tax Board. Mr. Dominick stated the organization intends to fill advisory committee seats by October 1 and hold its first meeting by December 31. Resort Tax Board Member Heather Budd is one of three individuals that will fill the nine seats.

Bough Parcel Update: Mr. Dominick provided a Permitting Process Handout that outlines start and finish dates for MDEQ, preliminary plat, financing, HRDC processes, construction and final plat. He stated the survey, topo, wetlands and geo tech have been completed. Engineering and design of the infrastructure has begun. It would like to rough-in roads, but preliminary plat is required first. Preliminary plat will not be in place before fall and it will be a squeeze to get infrastructure in before Resort Tax Appropriations in the spring. Ground work will begin in March, which will increase the cost 20-25% to get utilities in the frozen land; however, 90-95% of the infrastructure can be in by June. It will then take 45 days from the final instillation of infrastructure until final plat. Mr. Dominick stated there will be a lot of time to discuss if an extension is possible, but he wants to mention it now. Mr. Kabisch stated he will speak to Ms. Jamison about the Resort Tax Board's options and will provide an update at the November meeting.

By the end of the year, the organization will know if Gallatin County is going to ask to bond against the property as part of preliminary plat. If not, infrastructure financing may be possible with Big Sky Western Bank, if they can use the entire property as collateral.

Mr. Dominick stated the handout does not include vertical. He stated the organization has designs and is refining budgets. He stated it intends to start foundation work by summer 2017, to have completed units by December 2017 and deliver all units by summer 2018. He stated deadlines are dependent on Gallatin County. He encouraged the board to visit the recently completed Systems Built home in Spanish Peaks.

2. **Current Chamber Location Property:** Ryan Hamilton: Mr. Hamilton stated the property at the intersection of highways 191 and 64 was listed last week at \$3,200,000. He stated the property now has DEQ approval for public water and a drain field, which will accommodate development of the property. It is 4.6 acres spanning two lots that would share well and septic on the east side of the larger lot. He stated there is interest from the Gateway Foundation and community stakeholders to purchase the property to anchor the Chamber's Visitor Information Center location long-term. He stated the Center is seeing 10x more traffic in its current location compared to the previous location in Westfork. Mr. Hamilton stated that a visitor that stops into a Center spends 50% more money and stays 30% longer in a community; therefore, acquiring the property is an investment in the community.

The board asked what the timing is. Mr. Hamilton stated he understands the October 1 Resort Tax Bonding application deadline and that over \$500,000 will go to a community vote. He stated he is working with a coalition of banks and that there may be a funding opportunities with the DET. He stated the Chamber and Visit Big Sky Boards are discussing a reallocation request for the down payment.

The board discussed the Jackson Hole parking, bathroom and water stop.

3. **Liability Insurance:** *Motion by Mr. Kabisch to accept Ty Moline's bid. Second by Ms. Budd. All in favor. Motion passes.*
4. **Legal Memo: Endorsements:** The board reviewed Ms. Jamison's memo outlining if it is within the board's authority to endorse public activities or actions. The memo concluded that if the board is inclined to make endorsements in the future, the administrative ordinance is to be amended to include criteria that an endorsement is merited because of an increase in resort tax collections, etc.

The board discussed verifying criteria may be difficult and could be a slippery slope. The board determined endorsements are not the role of the Resort Tax Board. The board directed Ms. Brunner to write a letter to Montanans for Healthy Rivers and state upon further legal review, the Resort Tax administrative ordinance does not allow the board to legally endorse. While the board sees merit in the effort to protect the upper Gallatin River under the Wild and Scenic Rivers Act (and as individuals, we support the effort), this board is not within its capacity to endorse the effort.

5. **Resort Area Districts and Communities Get-Together:** The board discussed that all the resort tax districts and communities are different. It stated there is strength in numbers, which may benefit the legislative session. The board discussed an agenda to include "what resort tax means to us", challenges, housing, legislative issues, etc. The agenda is to be circulated to the other boards for input.

The meeting date was discussed for early November, after the election, on a Monday. Ms. Hermann and Mr. Germain will determine the date and provide direction to Ms. Brunner.

6. **Other:**

Ms. Jamison provided the resume for a Jane Mersen, Attorney of Kasting, Kauffman & Mersen, PC. Ms. Jamison intends to retire in April 2017. Ms. Mersen's firm is in Bozeman and represents Manhattan and West Yellowstone on local government issues. She currently represents West Yellowstone in litigation

over the enactment and administration of its resort tax. The board directed Ms. Brunner to invite Ms. Mersen to the November board meeting. The board discussed if litigation assistance would be a service Ms. Mersen would provide.

The board briefly discussed the Zika health risk to Big Sky because tourists visit Yellowstone National Park.

C. Old Business

1. **Legislative Session:** Mr. Scholz stated he is still in discussions with Big Sky Resort. He stated that if the Resort's concerns are met, they will not say if they will be in favor of the legislation. The board discussed if providing the tool to the community and letting the voters decide with the district-wide vote, is of benefit. With time of the essence, the board decided to allow Ms. Jamison and the Taylor Luther Group to map out a strategy for the legislative session.

Motion by Mr. Germain to approve Mr. Kabisch to review the Mona Jamison and Taylor Luther Group lobbying contracts for termination clauses and then sign the contracts allowing them to move forward with legislative session preparation. 2nd by Mr. Scholz. All in favor. Motion passed.

Chairperson Jamey Kabisch closed the open meeting at 10:05 a.m.
and reopened the open meeting at 10:40 a.m.

2. **Aspen Leaf Listing:** *Motion by Ms. Budd to reduce the Aspen Leaf listing to \$57,000. 2nd by Mr. Kabisch. All in favor. Motion passed.*
3. **Appropriation Application:** The board provided the following direction to Ms. Brunner:
 - On page 2, add definitions for operations, programming, and capital expenditures.
 - On page 7, after benefits, include payroll taxes.
4. **Treasurer Report:** Ms. Budd directed Ms. Brunner to bring the 2014 uncleared transactions to Ms. Barndt's attention.
5. **Financial and Tax Collection Reports:** The board discussed writing off Accounts Receivable and stated it works to receive payment and if not received, generally, legal action is taken. Bad debt is listed on the budget for write offs at \$2,000.

The board directed Ms. Brunner to call and/or email all organizations that have not spent their fiscal year 2016 appropriation and remind them of the July 15 deadline to request payment.

6. **Administrative Officer Report:** The board directed Ms. Brunner to remove the Opinions from the website and prepare a hard copy binder in the office.
7. **Other:**

The board reviewed the Community Housing Trust contract and directed Ms. Jamison to remedy the discrepancy between sections three and six clarifying the timeline for HRDC to utilize unspent appropriated funds.

The board briefly discussed staffing struggles for seasonal restaurants and the proposed "Man Camp".

D. July 13, 2016 Minutes:

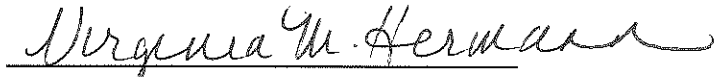
The board provided the following direction to Ms. Brunner:

- Fix the typo for the final appropriations date. The correct date is June 19, 2017.

*Motion by Mr. Germain to approve the July 13 open minutes, as amended. Second by Mr. Kabisch. All in favor.
Motion passes.*

Chairperson Jamey Kabisch closed the open meeting at 11:17 a.m.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Virginia M. Hermann". The signature is written in black ink and is positioned above a horizontal line.

Virginia Helfmann, Secretary



FINAL MINUTES OF THE BIG SKY RESORT AREA DISTRICT OPEN BOARD MEETING

September 28, 2016

Present: Jamey Kabisch, Chairperson
Ginna Hermann, Secretary
Heather Budd, Treasurer

Kevin Germain, Director
Whitney Brunner, Administrative Officer

Chairperson Jamey Kabisch called the open meeting to order at 9:00 a.m.

Secretary Ginna Hermann attended via telephone.

I. Open Meeting

A. Public Comment: None.

B. New Business:

1. **Aspen Leaf Listing:** Per the August meeting, the listing price was reduced to \$57,000 from \$65,000. Since then, three offers were submitted. Mr. Kabisch called a special Resort Tax Board meeting to review the offers. One of the three offers was terminated (after an inspection, the interested party learned that it was cost prohibitive for them to add more power to the space). Realtor Martha Johnson attended the meeting and presented final offers from the two interested parties.

One offer included \$50,000, an October 31 close, \$2,500 earnest money and an inspection contingency. The other offer included \$57,000, an October 29 close, \$2,000 earnest money and an inspection contingency to ensure the space can be retrofitted for a commercial kitchen.

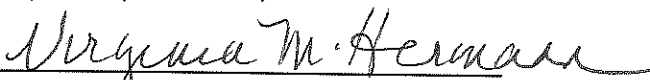
The board asked Ms. Johnson if she knew if the interested parties had offers in on other locations. Ms. Johnson stated she did not think there were offers on other locations. The board asked if Ms. Johnson has confidence that the \$57,000 offer is viable and that there will be a closing. She stated yes. She stated the \$57,000 offer is a local business person and the other may be a speculative offer.

Motion by Mr. Kabisch to accept the \$57,000 offer. 2nd by Ms. Budd. All in favor. Motion passed.

Motion by Mr. Germain to allow Mr. Kabisch and Ms. Budd the ability to sign closing paperwork on behalf of the Resort Tax Board. All in favor. Motion passed.

Chairperson Jamey Kabisch closed the open meeting at 9:40 a.m.

Respectfully Submitted,


Virginia Hermann, Secretary



FINAL MINUTES OF THE BIG SKY RESORT AREA DISTRICT OPEN BOARD MEETING

November 9, 2016

Present: Jamey Kabisch, Chairperson
Mike Scholz, Vice Chairperson
Ginna Hermann, Secretary

Kevin Germain, Director
Whitney Brunner, Administrative Officer

Chairperson Jamey Kabisch called the open meeting to order at 9:00 a.m.

Ms. Hermann attended via telephone.

I. Open Meeting

A. Public Comment: None.

B. New Business:

1. Fire Department Multi-Year Plan & Comparison Request: Chief Farhat: Chief Farhat presented a Master Plan & ISO Public Protection Classification Mitigation Strategy. He stated he is presenting this information to explain what the Fire Department needs and why. Chief Farhat stated the Department will be seeking resort tax funds for three Battalion Chiefs. He estimates the 2018 request will be \$423,000 (the 2017 request was \$310,235).

The board asked what percentage of the Department's annual budget is spent on nonresidents. Chief stated he is not sure he can come up with that number. The board stated since it cannot obligate funds from year to year, the board may be more comfortable funding capital instead of staff. Chief stated if resort tax reduced Department funding in any year, it would have to lay off staff. The board stated a lot of the Chief's recommendations are based on lowering the ISO rating and asked if he could provide a dollar figure for the potential savings. Chief stated his ISO predictions are not guaranteed. The board asked if the Department could find relief from the county seats. Chief stated possibly in Madison County, but he is not sure about Gallatin County. Chief stated relief from the county seats is not the normal way things are done and he is not sure how to make it happen. The board asked what percentage of the Department's budget is resort tax. Chief stated 15%.

2. Office Audit: Rosie Barndt, CPA of Holmes & Turner: Ms. Barndt referenced the draft audit statements provided in the meeting packets. She provided a handout titled the "Independent Auditor's Report". Ms. Barndt stated the only deficiency that remains from year-to-year is one employee. She stated 90% of governments in Montana have the same deficiency. Ms. Barndt reviewed the posted and passed journal entries with the board.

Motion by Mr. Scholz to accept the audit as presented. 2nd by Mr. Germain. All in favor. Motion passes.

3. Interview Attorney Jane Mersen of Kasting, Kauffman & Mersen, PC: The board asked Ms. Mersen to review her experience with resort tax. She stated in 2013 she was hired by West Yellowstone as their

Town Attorney and began revising its resort tax ordinance, which was enacted May 2015. During that process, the town was sued by a business owner and the case was settled. She stated West Yellowstone is a community and Big Sky is a district. Ms. Mersen stated she has been Manhattan's contract attorney for 16 years. She has been involved in several Manhattan bonds to develop and build a water treatment plant.

She reviewed that she was the Gallatin County Attorney for 10 years. She has been a shareholder in her firm since 2003. Half of her time is spent on civil litigation and the other half is spent on West Yellowstone and Manhattan. The board asked how Ms. Mersen foresees fitting in Big Sky's work. She stated she would hand her other work off to staff at the firm to focus on the Big Sky, as needed. The board directed Ms. Brunner to send Ms. Jamison's billed time for fiscal year 2016 to Ms. Mersen. It estimates it would be a maximum of 20 hours per month.

The board stated the work would include appropriations in May and June and contracts in July. Ordinance fine tuning and handling default tax collector accounts, as needed. Ms. Mersen stated the West Yellowstone Resort Tax Collections go into the Town General Fund and; therefore, appropriations would be a new process for her.

Ms. Mersen disclosed her firm is representing the Bozeman HRDC (Human Resource Development Council) in the lawsuit related to the Loren Bough Property.

The board requested she provide her hourly rates.

Chairperson Jamey Kabisch closed the open meeting at 10:25 a.m.
and reopened the open meeting at 11:05 a.m.

4. **Governing Ordinance Review: Taxable Items:** The board discussed 1) if stereo equipment is considered a taxable "home accessory" or an exempt "appliance", 2) if the intention of resort tax is to tax items tourists buy and 3) if second homeowners are tourists. The board stated the next draft of the ordinance may benefit from an appliance definition.

Motion by Mr. Kabisch to view stereo equipment as an appliance moving forward. 2nd by Mr. Germain. All in favor. Motion passed.

5. **Legal Memo: Funding Extension Options:** The board reviewed Ms. Jamison's memo that concluded unspent funds may apply as rollover funds.
6. **Other:**

The board set a meeting for Thursday, December 14 at 9:00 a.m. to make a final decision on the Penny for Housing bill. Mr. Scholz will be out of town.

C. Old Business

1. **Legislative Session:** Mr. Scholz stated he traveled to Helena to meet with Ms. Jamison. He reviewed the bill with the board with attention on the following:
 - The bill is an add-on, which has greater potential for success than starting over.
 - It would be a one-time appropriation that would not compete with the other funds.
 - The percentage number is not called out because some districts/communities are not at 3%. Instead it is written as additional percent.
 - An Interlocal Agreement has to be between two governments. A Housing Trust could bond, but it is not a government.

- They would be debt secure mortgage and bond payments.
- Every year the applicant/s will have to apply.
- The debt cannot go longer than the resort tax term.
- Referendum to go to the Big Sky Community.

Ms. Hermann left the meeting via telephone at 11:55 a.m.

Motion by Mr. Kabisch to move forward with this bill as drafted. 2nd by Mr. Germain. All in favor. Motion passed.

The board discussed the termination clause in the lobbying contract is 30 days.

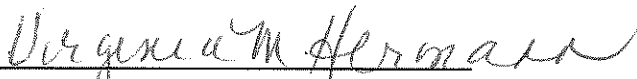
2. **Resort Area Districts and Communities Summit:** The 10 resort area districts and communities across the state have been invited to attend a get together Monday, December 12 from 9:00 am until 1:00 pm. To date, West Yellowstone, Gardiner and Cooke City plan to attend. A meeting space with lunch at Big Sky Resort has been reserved. Discount lodging and lift tickets were extended to invitees; although, to date none have been booked. The board directed Ms. Brunner to let the room block go and retain the \$1,000 deposit. Ms. Hermann and Mr. Germain stated they will meet with Ms. Brunner next week regarding the agenda.
3. **Aspen Leaf Listing:** The property was sold November 1, 2016 for \$57,000. Funds were deposited into the First Security Bank Money Market. Since we are a local government, there will be no taxes on the gain, etc. Closing documents are available at the office.
4. **New Fiscal Year Investments:** The board reviewed the best rate proposals from the three Big Sky banks. *Motion by Mr. Kabisch to accept Ms. Budd's suggestion to 1) continue with \$1.5 million in a CD, but at American Bank at the .35% rate, 2) utilize the money market at Big Sky Western Bank at the .30% rate and 3) maintain the checking account funds at First Security Bank. 2nd by Mr. Germain. All in favor. Motion passes.*
5. **Financial and Tax Collection Reports:** *Motion by Mr. Scholz to accept the Financial and Tax Collection Reports. Second by Mr. Germain. All in favor. Motion passes.*
6. **Other:**

The board directed Ms. Brunner to extend the opportunity to represent resort tax to local Attorney Kristin Brown.

- D. **Minutes: August 10 and September 28:** *Motion by Mr. Germain to approve the August 10 and September 28 minutes. Second by Mr. Scholz. All in favor. Motion passes.*

Chairperson Jamey Kabisch closed the open meeting at 12:55 p.m.

Respectfully Submitted,


Virginia Hermann, Secretary



FINAL MINUTES OF THE BIG SKY RESORT AREA DISTRICT OPEN BOARD MEETING

December 12, 2016

Present: Jamey Kabisch, Chairperson
Ginna Hermann, Secretary
Heather Budd, Treasurer

Kevin Germain, Director
Whitney Brunner, Administrative Officer

Chairperson Jamey Kabisch called the open meeting to order at 9:00 a.m.

I. Open Meeting

A. Public Comment: None.

B. New Business:

1. Introductions:

The following attended via telephone:

Whitefish

Dana Smith

Chuck Stearns

Doug Reed

West Yellowstone

Dan Sabolsky

Lanie Gospodarek

Glen Loomis

Pierre Martineau

Red Lodge

Mike Schoenike

Gardiner

Rebecca Demaree

Barbara Bush

Virginia City

Justin Gatewood

Cooke City

Donna Rowland

Wolf Creek, St. Regis and Craig did not attend.

2. "What Resort Tax Means to Us"

Big Sky: Established in 1992. Early revenues were consumed with the water and sewer bond. The goal was safety and to fulfill the needs of the community. Resort Tax has taken a role in what a city might do. Historically, collections reflect national challenges. The sinking and emergency funds help with stability. The board reviews 25-30 applications annually. The non profits in the District have grown and become more professional.

Whitefish: Established in 1995. It has been extended and increased one time. Historically it was 2% and increased to 3% last year with 84% of the vote. The additional 1% is a specific project to protect and preserve the watershed (25% is property tax relief). The 2% is segregated by specific percentages that were set by the voters and reflected in the ordinance.

Gardiner: Established in 2014. The tax passed with 261 in favor and 76 against. The ballot dictated specific percentages. It is set at 3% and collected seasonally (June 1 through September 31). Other seasonal taxes include Craig and Virginia City. Collections are challenging. The Chamber receives funds to purchase a welcome center building. The tax is controversial. Park County is being sued by two businesses that operate in the district, but the owners live outside the district. The claim is that it is an illegal tax.

Red Lodge: There are two different districts: in the municipality the tax is 3% and in the ski area the tax is 2%. Collections from the ski area fund the road between the municipality and the ski area.

West Yellowstone: The tax is used for infrastructure, parks and recreation. The town council manages collections and appropriations. There is great support for the tax in the community. The community recognizes it cannot survive without the tax collections.

Virginia City: Established in 1991; second behind West Yellowstone. It is collected May through October. In 2011, the voters extended it by 10 years. This year was the largest collection year in its history at \$80,000. An audit process was set up two years ago. Small businesses are difficult to audit.

Whitefish: 15 collectors are randomly selected by the auditor each year.

Big Sky: A combination of board selected collectors and randomly selected collectors are audited each year. The largest collectors are audited more frequently.

3. Short Term Vacation Rentals Collection Problems

Whitefish: Short term rentals are only allowed in certain zoning areas of the city and are required to obtain a business license. The short term rental market changes everyday and there is a lot of evasion and leakage. It is difficult and time consuming to manage. The city estimates it has more than 50% compliance. The lodging industry complains.

West Yellowstone: Owners are not signing up for business licenses. Many of the rentals are timeshares and are not locally owned. The State Lodging Tax is being collected, but the local resort tax is not.

Gardiner: We use cadastral because we know most of the owners. The short term rentals are competition for the hotels and eat away at business revenues. Similar difficulties are shared with tour bus operators that pass through the community and fly fishing guides.

West Yellowstone: The ordinance was rewritten to state if your shingle hangs in town, you are to collect the tax.

Whitefish: If the collector meets and picks up in town, the tax is to be collected.

4. Legislative Issues

Each legislative session, Big Sky employees our attorney to defensively lobby ensuring legislature does not affect the continuation of resort tax. Currently we are watching 17 bills. If legislature is proposed that threatens resort tax, we may ask you to contact your legislators.

Whitefish: We are working on a friendly bill drafting request and are contemplating sponsoring the bill. Since the 80's the city has been trying for a local option tax.

Mona Jamison joined the meeting via telephone conference at 9:50 a.m.

West Yellowstone: Last session, a lot of our time was spent in Helena. This session, White and Hinkle reported that every republican is to sign a no tax pledge. The town would like another 1% for historic preservation, but is not in favor of workforce housing.

Ms. Jamison stated pledges can be violated, but it is not pretty.

Big Sky: During the 2015 legislative session, a bill was introduced to allow resort tax to go to 4% with the additional 1% specifically for historical preservation or workforce housing. It failed in the senate. In our community, housing is an issue. A Chamber of Commerce study in 2014 stated 83% of the workforce leaves at the end of the day because of the cost of living. The community is landlocked and the cost of land continues to increase. Businesses are struggling because they cannot find enough employees. Big Sky resort tax is drafting a bill to add an additional 1% targeted at workforce housing.

West Yellowstone: Why workforce and not affordable or community housing? At the Days Inn, \$1 million is invested to house its employees. For those already solving their business' housing issue, it is not a level playing field.

Ms. Jamison stated certain words conjure emotions.

Big Sky: Workforce is a broad term that includes teachers and fire fighters. We are looking for a united front in Helena.

Whitefish: Last week an affordable housing meeting was held.

West Yellowstone: 1% gives us \$1 million. Can the bill be expanded to address daycare, wastewater defoliation, drilling wells, etc.? 3-4 more hotels would like to come to town, but water and sewer is an issue. A number of issues need to be addressed and it would be disappointing to have the additional 1% handcuffed.

Ms. Jamison stated specificity is best and potentially a catch all could be added that is creative (i.e. related improvements, etc.).

Big Sky: Taxes were an issue in the gubernatorial race. The legislature is more conservative in 2017 than in 2015. Conservatives support giving communities the right to impact their survival; the rights to self govern.

Gardiner: Alternatively there is the mill levy; a tax within itself.

Virginia City: The town is not affected by workforce housing or historical preservation. The town owns only one of the many historical structures in town.

Big Sky: There will be more to come on this and we will keep you posted on what we propose to the legislature.

Ms. Jamison stated resort tax originally succeeded in the legislature because 1) it was an identification of needs that were not previously addressed and 2) funds are kept in the district.

5. Economic Development Hurdles

Cooke City: The biggest issue is infrastructure, the visitors' center, water and sewer inhibiting growth, employee housing, medical and fire, etc. Currently, medical needs are met by ambulance or helicopter.

Whitefish: The greatest struggle is delinquency collections. 80% of our time is spent on 20% of the collectors. Calls are placed to collectors that are two months delinquent.

West Yellowstone: The penalization level for delinquent collectors has been changed three to four times since 2001. It's gone from no penalty to a stiff penalty. Reminders were sent quarterly to delinquent vendors and now they are sent monthly. It is a constant education to the vendors that they are collecting, not paying. The tax is broad here. If you did not pack it and have to buy it, the item is taxable.

Big Sky: Four years ago the ordinance was amended from listing what is exempt to now listing what is taxable. From tourists to locals to second homeowners, we considered who will be paying the tax. In the grocery store we adopted what 19 states have as a standard (grab and go).

Whitefish: Here the standard for grocery stores is if it is immediately consumable and prepared.

Gardiner: Here it is the same as Big Sky. We've been educating the grocery store owners that their tents, coolers, etc. are taxable as well.

6. Closing

Big Sky: The purpose of this meeting was to introduce the resort area communities and districts in the state. Resort tax is unique. It is not paid by those that live in our communities and its expenditure drives economic growth. Big Sky is happy to be a resource. Here the tax subsidizes many programs from daycare to mental health counseling. We extend a thank you to all that participated today. This has been extremely enlightening to learn the differing perspectives.

Chairperson Jamey Kabisch closed the open meeting at 11:06 p.m.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "V. Hermann", written over a horizontal line.

Virginia Hermann, Secretary



FINAL MINUTES OF THE BIG SKY RESORT AREA DISTRICT OPEN BOARD MEETING

December 14, 2016

Present: Jamey Kabisch, Chairperson
Ginna Hermann, Secretary
Heather Budd, Treasurer

Kevin Germain, Director
Whitney Brunner, Administrative Officer

Chairperson Jamey Kabisch called the open meeting to order at 9:04 a.m.

I. Open Meeting

A. Public Comment: None.

B. New Business:

1. Big Sky Chamber of Commerce: Britt Ide: Ms. Ide stated the first Community Forum was well received and the Chamber of Commerce will hold a second forum in January. The Chamber received feedback from the Destination Next Survey with a need for a community-wide strategic marketing plan as well as workforce housing. The Young Professional group was a success; 60-80 attended and the Chamber would like that demographic to stay in Big Sky, get on boards and be future Chamber members. Winter marketing has gone out and the focus is now on summer and Yellowstone National Park.

C. Old Business

1. Penny for Housing Bill: Mr. Germain stated the draft bill has been vetted by the lobbyists. He stated he was glad to hear from the other Resort Area Communities and Districts at the December 12 Summit and he meets with Ms. Jamison and the lobbyists tomorrow, December 15.

The board discussed the Bozeman municipal bill. Mr. Germain stated there are 17 placeholder bills at this time, but not much is known about those efforts yet. However, from conversations with Bozeman City Manager Chris Kukulski, it is a 3% tax on tourists to pay for infrastructure. Ms. Ide stated Billings is seeking a local option tax to pay for infrastructure.

The board discussed funding for infrastructure is needed per the December 12 Summit and a bill that works for all is important.

At the Chamber meeting, the Chamber board voted to unanimously support the effort; however, Mr. Bang called later to change his vote to no. To show local support in Helena, letters of support and testimonials at the legislature, from those that would qualify for the workforce housing, will help.

Senator White will be a supporter. Senator Hinkle is questioning support at this time. West Yellowstone's Glen Loomis has the ear of conservative legislators. The board discussed if there is a way to leverage private sector businesses with credits for funds, a larger administrative discount, or if property tax relief could be incorporated, etc.

The board asked Mr. Germain how the lobbying firm is doing. He stated the firm is waiting for us to get more organized and their concerns are the same as the ones we've mentioned in this meeting. Calls between the lobbyists, Ms. Jamison, Mr. Germain and Mr. Scholz are now once a week between now and the opening of the legislative session on January 2. Mr. Germain stated the grassroots effort should come from the Chamber Subcommittee on Housing.

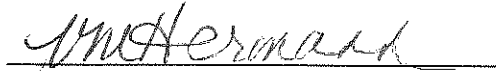
The board asked if the final bill will be available before or after the upcoming January 11 board meeting. Mr. Germain stated he is not sure. The board discussed it would like Mr. Germain to check in with the board before moving forward. Open meeting laws state no discussions are to take place over email; updates may be sent.

The board moved its January 11 board meeting to January 4.

It discussed how privately owned rentals are making more by renting their units short-term instead of long-term.

Chairperson Jamey Kabisch closed the open meeting at 9:50 a.m.

Respectfully Submitted,

A handwritten signature in cursive script, appearing to read "Virginia Hermann", is written over a horizontal line.

Virginia Hermann, Secretary