



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

January 11, 2012

Present: Les Loble, Chairperson
Jamey Kabisch, Vice Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director
Jeff Strickler, Director
Whitney Brunner, Administrative Officer

Chairperson Les Loble called the open meeting to order at 11:00 a.m.

I. Open Meeting

A. Public Comment

B. New Business

- 1. Big Sky Marketing Efforts Benefits Overview** – Ryan Hamilton, Eric Ladd, Robin Brower-McBride and Brandon Bang – The presentation included an overview of the marketing efforts moving forward with funding from the Resort Area District. Big Sky is one of the towns in the running for the Cowboy Hall of Fame. There will be a mid-February decision. The speakers left a six-page summary with the Board.

Discussion among the Board and speakers took place regarding the Chamber's upcoming appropriation application. The Board suggested segmenting and prioritizing requests.

- 2. Review Open Meeting Law** – Mona Jamison – Ms. Jamison explained as a political, local government, the public is entitled to attend Board Meetings. A meeting is defined as a gathering (in-person, online or otherwise) of three or more Board Members. Should Board Members discuss subjects outside of a public attendance meeting, the impending decision can be declared void in a lawsuit. For subjects outside Board Meetings, topics should be sent to the Administrative Officer for the meeting agenda.

Board Meetings open with Public Comment. Ms. Jamison explained the public has the right to reasonable participation. After Public Comment closes, public participation in the Open Meeting closes.

- 3. Fundraisers for 501c(3) Charities and 401c(3) Community Service Organizations** – The Board referenced Ordinance 98-01 and Opinions #46 and #54. Ms. Jamison explained taxes are collected in commercial situations. No commercial transaction, no income for a business, no tax is collected. Dr. Strickler moved that the Board consider money raised at a charitable auction be considered a donation and exempt. Second by Ms.

Hermann. After discussion and further review of Opinion #54, Dr. Strickler stated the Board has an Opinion that stands (i.e. Opinion #54) and withdrew his motion. Ms. Hermann withdrew her second.

C. Old Business

1. **Purchase within the District, Delivery Outside** – Mona Jamison – Ms. Jamison clarified that all transactions for products in Big Sky are taxable. Mr. Loble requested Ms. Brunner draft a letter to the vendor that is currently in violation.
2. **Board Orientation Materials Outside** – Whitney Brunner – Ms. Hermann and Mrs. Brunner will work to have the Orientation Materials available to the new Board Members at the February Board Meeting.
3. **Other**
Mr. Scholz and Mr. Loble requested Ms. Jamison research the Board's bonding authority specifically in consideration of the Cowboy Hall of Fame and the Entry Monument.

D. Minutes – December 14, 2011

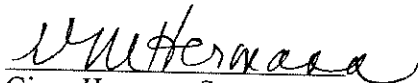
Motion by Ms. Hermann to approve the December 14, 2011 minutes. Second by Mr. Scholz. All in favor. Motion passed.

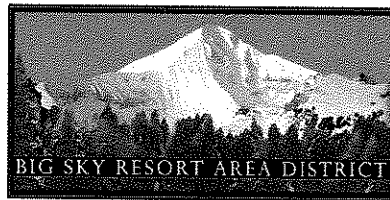
E. Financial and Tax Collection Reports

Motion by Mr. Kabisch to accept the funds available register. Second by Mr. Scholz. All in favor. Motion passed.

Chairperson Les Loble recessed the open meeting at 12:50 p.m. The Board reconvened the open meeting at 1:05 p.m. The Board adjourned the open meeting at 1:18 p.m.

Respectfully Submitted,


Ginna Hermann, Secretary



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

February 08, 2012

Present: Les Loble, Chairperson
Jamey Kabisch, Vice Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director
Jeff Strickler, Director
Whitney Brunner, Administrative Officer

Chairperson Les Loble called the open meeting to order at 11:05 a.m.

I. Open Meeting

A. Public Comment: None

B. New Business

1. **Women in Action Update** – Lisa Beckiewicz and Stasia Owen gave a progress report on the organization's community counseling program. Survey results will be available for review in March.
2. **Big Sky Community Corporation** – Jessie Neal, Executive Director, presented a Big Sky Community Park update on improvements and asked for Appropriation application direction. The Board suggested including an outline of private funds that will offset the Resort Tax funds.

An Interlocal Parks Agreement, a non-taxing park district that bridges Gallatin and Madison counties in Big Sky, was passed by Gallatin County Commissioners on February 7. A Commissioner appointed Board will be seated in March.

3. **Fire Department** – Chief Farhat and Kay Reeves provided an operating update handout. The Board requested that management of transport to Bozeman Deaconess, equipment capital and volunteer personnel be addressed in the Appropriations application.
4. **Warren Miller Performing Arts Center** – Loren Bough gave an overview of the proposed project and review of the donated and School Board funds. The proposed Performing Arts Center opening date is December 2012.
5. **Short Term Rental for On-Duty Military Personnel** – The Board directed Ms. Brunner to request payment of Resort Tax.
6. **Administrative Officer Report** – Ms. Brunner informed the Board of the Workers Compensation lapse in coverage, Employee Retirement Fund discrepancies, MT Department of Revenue Withholding Late Penalties and Property Tax Exemption, overdue Census Reports, Payroll Audit Violation and neglected filing. She assured the Board she is working to resolve all issues.
7. **Other – Progress Issue Lone Peak Lookout** – The Board directed Ms. Brunner to submit a 2011 BSRAD recap article to be published February 16.
8. **Other – Appropriations Applications** – The Board reviewed the applications and will provide complete edits by January 10.

C. Old Business

9. **Fundraisers, Charities and Community Service** – The Board directed Ms. Brunner to post a summary of the issue on the website FAQ page and as an article in the newspaper to be published February 23.
10. **Bonding Issue** – The Board directed that Ms. Jamison move forward with research on what other resort districts do when projects require a commitment of funds for more than one year. The Board also asked that Ms. Jamison provide a price quote upfront noting that the time spent on the bonding issue will go towards the District's 2012-2013 legislative lobbying fee. Ms. Brunner was asked by the Board to contact D.A. Davison and Co.'s bonding personnel for their input on the issue.
11. **Orientation Manual** – Ms. Brunner informed the Board the project is in progress.
12. **Opinions on Website** – Ms. Brunner informed the Board the project is in progress.

D. Minutes

Motion by Mr. Kabisch to approve the January 9, 2012 open minutes. Second by Mr. Scholz. All in favor. Motion passed.


E. Financial and Tax Collection Reports

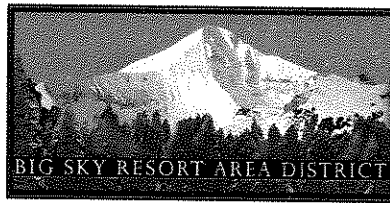
The Board identified a discrepancy between the Annual Resort Tax Collections and the Profit and Loss Statement and directed Ms. Brunner to reconcile the difference.

Motion by Ms. Hermann to accept the funds available register. Second by Mr. Kabisch. All in favor. Motion passed.

Chairperson Les Loble adjourned the open meeting at 1:35 p.m.

Respectfully Submitted,


Ginna Hermann, Secretary



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

March 14, 2012

Present: Les Loble, Chairperson
Jamey Kabisch, Vice Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director
Dr. Jeff Strickler, Director
Whitney Brunner, Administrative Officer

Chairperson Les Loble called the open meeting to order at 11:02 a.m.

Director Mike Scholz arrived at 11:24 a.m.

I. Open Meeting

A. Public Comment: None

B. New Business

- 1. Big Sky Natural Resource Council** – Crystal Hagerman provided a program overview handout and stated the Resource Council will apply for first-time funding in 2012-2013.
- 2. Big Sky Skating Association** – Rosalie Simkins and Ryan Blechta provided a program overview handout and stated the Skating Association will apply for first-time funding in 2012-2013. The Board suggested that they submit an application for funding.
- 3. Big Sky Noxious Weeds Committee** – Jennifer Mohler and John Councilman, Committee Chairman, gave a summary of the cost-share program, funding and citizen-led efforts outlined in the 2011 Annual Report.
- 4. Gallatin County Sheriff's Office** – Matt Daugherty introduced new Sheriff Brian Gootkin, a former Big Sky resident. The Board requested the upcoming 2012-2013 application provide more data and clarity compared to the 2011-2012 application.
- 5. Capital Improvement Plan for Gallatin Canyon/ Big Sky Planning and Zoning District** – Mindy Nowakowski presented the Capital Improvements Policy published in December 2011. Last conducted in 1996, the policy identifies capital needs and improvements needed for Big Sky into the future. The Board directed Ms. Brunner to provide the Board with printed hard copies of the new policy. Mr. Kabisch stated he does not need a hard copy and will view the policy online.
- 6. Chamber Appropriations Update** – Ryan Hamilton introduced new Chamber President David O'Conner. The Chamber continues to search for an Executive Director and has decided to hire a long term Bookkeeper and Marketing Specialist. The Chamber is working to relocate the Visitor Center to the intersection of Highway 191 and Lone Peak Trail. Mr. O'Conner stated the Chamber's goal is to have dues pay for the Chamber's operating budget.

Mr. O'Conner explained surplus funds may be available from the 2011-2012 Biggest Skiing in America appropriation. He requested the ability to use the funds for photography usage rights and the 2012-2013 marketing plan. The Board directed the Chamber to submit a written explanation referencing the 2011-2012 appropriations contract.

Chamber Board Members Bill Simkins and John Richardson and Membership Director Robin Bromer-McBride were also in attendance.

7. **Vega Creations** – Sam Buxton and Meggan Bocks presented five resort tax logos. The Board decided the tax district should have a logo that is distinctive and different from the community’s logo. The Board also decided to begin referring to the tax district as Resort Tax instead of BSRAD, etc. and to begin using the tagline Building Big Sky Since 1992. All Board Members agreed on the arrow/mountain logo for the second round of proofs.
8. **Arts Council** – Donna Thompson, Council Co-President, addressed the letter submitted by the Arts Council prior to the Board Meeting. She updated the Tax Board on the Arts Council’s decision to not produce a headliner concert for 2012. Ms. Thompson requested the Board consider redirecting the appropriated headliner funds to a new 2013 summer event.
9. **Consider a Strategic Planning Session** – Mr. Scholz opened the discussion suggesting the Board create a special session to address what resort tax should accomplish for the community. Objectives of a session would include review of district governing documents and resort tax law, the 2010 community survey, the 2011 Capital Improvements Policy, visitor vs. local contributions and Board goals, philosophy, permitted funding categories and long-term strategy. The Board agreed to look for a facilitator and set a meeting date. Mr. Kabisch will provide an MSU strategic planner contact to Ms. Brunner.
10. **Resort Tax Survey** – The Board reviewed the survey results from the 2010 Big Sky Resort Area District Tax Market Research.
11. **Email Communication with Tax Collectors** – Resort Tax has email addresses on file for most tax collectors. The Board directed Ms. Brunner to use email as the primary communication with tax collectors. Secondary communication to include the resort tax website, press releases and letters. Mr. Kabisch suggested using MailChimp.com for mass eblasts to track delivery and open rates.
12. **RJS Building Owners Association Amendment to Declaration** – Motion by Mr. Kabisch to approve the proposed Amendment to Article II of the current RJS Owners Association Declaration as presented in Amendment 1. Second by Mr. Scholz. All in favor. Motion passed.

Amendment: The property may be used for lawful purposes, except for the following:

No part of the Property may be used for the consumption, growing of, storage of, sale, dispensing, or other transfer of marijuana for any purpose, including, but not limited to, marijuana which is consumed, grown, harvested, and distributed pursuant to the Montana Medical Marijuana Act as set forth in and approved by Montana Initiative No. 148, and as it may be modified, amended or otherwise regulated by law.

13. **Appropriations Advertising** – The Board directed Ms. Brunner to place a display ad announcing the appropriations application deadline and appropriations meetings. Display ad details include: ¼ page, 4-color, main section, far-forward ad, Lookout and Weekly, March 23 and 30. The Board also directed Ms. Brunner to place public notices announcing the appropriations meetings in both the Lookout and Weekly, April 27, May 4, June 1 and 8. Motion by Ms. Hermann to approve the appropriation advertising as discussed. Second by Dr. Strickler. All in favor. Motion passed.

C. Old Business

1. **Big Sky Fire Department** – Chief Farhat answered questions regarding the letter submitted prior to the Board Meeting. He confirmed that the Department operates on a deficit. A Big Sky 24-hour medical center would reduce the mileage cost of transporting patients to Bozeman Hospital by 10-15%. He stated he is working on the possibility of a mill levy to help fund the Department. The Board discussed the importance of a long-term view on funding the Department.

2. **Bonding Issue Budget** – Ms. Brunner informed the Board that Ms. Jamison reduced her 2012 bonding preparation fee to \$5,000 (minus the last billed amount). The 2013 lobbying fee remains unchanged at \$18,000. The total budget for the Bonding Issue and Legislative Lobbying is \$23,000. The Board discussed extending the authority to levy resort taxes past 2032 and decided against an extension due to 1) the limited number of years that would be added and 2) that the next census report is 20 years out and the current population of Big Sky may not affect the resort area district population restrictions.

The Board directed Ms. Brunner to request the following specifics from Bridget Ekstrom, public finance investment banker for D. A. Davidson: what size of bonds sell, what fees are associated, what options exist for bundling and what problems has she run into in the past when bonding for resort communities?

3. **Orientation Manual** – Edits submitted to Ms. Brunner. Final working copies to be distributed to the Board the week of March 19, 2012.
4. **Opinions on Website** – Ms. Brunner informed the Board the governing documents are on the website under About Us. The Board directed Ms. Brunner to create a page titled Documents and move governing documents and minutes onto the new page.
5. **Quarterly Accountant Payroll Review** – The Board directed Ms. Brunner to have District Auditor Rosie Barndt review and advise state and federal tax paperwork as well as payroll. Motion by Dr. Strickler to approve a quarterly review with an estimated cost of \$75-\$100 per quarter. Second by Ms. Hermann. All in favor. Motion passed.
6. **Office Light Fixture Move** – The Board decided to switch the conference room with the storage room, moving the conference room table under the existing light fixture. The Board approved the cost of \$150 to repair the drywall behind the front desk.
7. **Administrative Officer Report** – Ms. Brunner informed the Board that real estate agent Katie Grimm contacted the district office. She has a client who expressed interest in the district's office space currently leased by the Big Sky Community Corporation. The space may have a buyer in fall 2012.

In review of the Administrative Officer Report summary provided in advance of the meeting, the Board directed Ms. Brunner to appeal to the Department of Labor regarding the workers compensation lapse in coverage.

8. **Directors and Officers Liability Insurance** – The Board requested insurance agent Mark Roemer attend a Board Meeting and explain the coverage. The district will be open to new bids for 2013 and directed Ms. Brunner to prepare to secure proposals. Motion by Mr. Scholz to approve the 2012 coverage with an annual premium of \$3,930. Second by Mr. Kabisch. All in favor. Motion passed.

D. Minutes


Motion by Dr. Strickler to approve the February 8, 2012 open minutes as amended. Second by Mr. Scholz. All in favor. Motion passed.

E. Financial and Tax Collection Reports

Big Sky Resort was late in remitting January collections; however, they sent an email to the district stating the Resort's gross taxable sales and resort tax collections. Due to the confidential nature of the Resort's information, the Board moved the Annual Resort Tax Collections and the Profit and Loss Statement to the closed meeting.

Chairperson Les Loble adjourned the open meeting at 1:55 p.m.

Respectfully Submitted,


Ginna Hermann, Secretary



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

April 11, 2012

Present: Les Loble, Chairperson
Jamey Kabisch, Vice Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director
Jeff Strickler, Director
Whitney Brunner, Administrative Officer

Chairperson Les Loble called the open meeting to order at 11:05 a.m.

Secretary/Treasurer Ginna Hermann attended via conference.

Director Dr. Jeff Strickler arrived at 11:10 a.m.

I. Open Meeting

A. Public Comment: None

B. New Business

- 1. Big Sky Transportation District Audit Review** – David Klack and Enion Williams presented the Transportation District's fiscal year 2011 audit. The 2010 deficit was reduced by half. The 2011 books were balanced. In June 2011, the Transportation District partnered with the Yellowstone Club and added two Bozeman/Town Center runs. In 2012, the Transportation District expects the same grants and contributions as in 2011. In 2013, federal funding may be reduced or be eliminated. Gallatin County does not fund the Transportation District. The Transportation District is requesting that Gallatin County match Resort Tax and Madison County's contributions.

Richard Schultz of the Transportation District was also in attendance.

- 2. Thank You Email Communication with Tax Collectors** – The Board approved the draft email.
- 3. Procedure at the Appropriations Meetings** – Chairman Les Loble provided a format and procedure overview of the Appropriations Meetings. Mr. Kabisch requested that Mr. Loble, at the Question and Answer Session, maintain the precedent that commentary only takes place between the Board and the applicant representative.

Mr. Scholz suggested a Board Meeting in advance of the Question and Answer session. The Board decided to proceed as scheduled and to consider adding an additional meeting to the 2013-2014 Appropriations Process.

C. Old Business

- 1. Central Insurance Agency** – Mark Roemer explained the current Resort Tax Directors and Officers Liability Insurance Policy effective March 5, 2012 through March 4, 2013. The \$2 million policy includes a \$2,500 entity deductible and zero dollar directors' deductible. The Board directed Ms. Brunner research the additional Resort Tax insurance held by agent Ty Moline including the possibility of increasing coverage from \$100,000 to \$500,000. The Board requested Mr. Moline attend the July Board Meeting to explain the current policy.

J Fountain of Central Insurance Agency was also in attendance.

2. **Arts Council: Headliner Reserve Account** – Donna Thompson, Council Co-President, addressed the Board seeking permission to maintain the remaining balance of \$57,000 in the headliner account to be used for a new 2013 summer event. The Board directed Ms. Brunner draft a letter for Mr. Loble's review and Ms. Jamison's approval. The content of the letter is to include the following:

The balance of \$57,000 is to remain in the dedicated Arts Council headliner account for no longer than the next two appropriation cycles (2012-2013 and 2013-2014). During that time, the Arts Council shall draft a plan for the Resort Tax Board's review specifying the use of the \$57,000. The Arts Council and Resort Tax are to agree upon how the money may be spent. If the balance has not been spent at the end of the second appropriations cycle, it is to be returned to Resort Tax. Quarterly bank statements of the headliner account are to be submitted to Resort Tax.

3. **Biggest Skiing in America Funding Adjustment** –At the March Board Meeting the Chamber, representing Biggest Skiing in America (BSIA), stated they would like to redirect the remaining 2011-2012 resort tax funds to photography rights and a marketing plan. After reviewing the 2011-2012 contract, the Chamber recognized the funds were specifically appropriated for media placements. With this knowledge, the Chamber submitted a 2012-2013 Rollover Appropriation application for the remaining BSIA funds.
4. **Bonding Issue** – Ms. Ekstrom had not yet provided the rating report mentioned in her summary. Mr. Kabisch noted rating agencies will not greatly affect a resort tax revenue bond. The Board discussed that the bonds would be tax free, the risks of bonding, bundling options, one-time capital funding projects vs. ongoing capital expense projects, percent of collections to be bonded, resort tax time limitations and - separate from bonding- possible sinking fund opportunities. The Board expressed interest in discussing the management of cash flow at the Strategic Planning Meeting.

(a) Motion by Mr. Mike Scholz to contract with Mona Jamison to represent the resort area district at the 2013 legislative session to give the resort area district bonding authority by drafting a bill, finding sponsors and lobbying for a cost to the resort area district of \$23,000 (\$22,000 in the 2013 fiscal year budget). (b) In addition, Mr. Scholz requested that Ms. Jamison submit an Opinion on sinking funds, on categories like infrastructure as noted in the capital improvements plan. Second by Dr. Strickler. All in favor. Motion passed.

5. **Resort Tax Logo** – The Board directed Ms. Brunner to submit the following revisions: 1) change "tax" to the same black as "resort" and 2) remove the triangle between resort and tax, change the color of all the text to the same blue in the pyramid and provide a reverse logo on a dark background. Ms. Brunner informed the Board of a new 2013 fiscal year budget line item totaling \$5,500 for signage and letterhead.
6. **Board Strategic Planning Session** – The Board is considering a Strategic Meeting in the summer months; the date is to be determined. The Board reviewed the information submitted by two facilitator candidates, Paul Lachapelle and Nedra Chandler. Mr. Loble introduced a third candidate, Paul "Buz" Davis, III. An experienced strategic planning professional with national experience, Mr. Davis specializes in risk management and maintenance. He offered to interview each Board Member and propose a meeting outline free of charge. If selected, Mr. Davis' rate is \$2,500 per day. The Board decided to begin with Mr. Davis' complimentary services if it is determined his services are unsatisfactory, the Board directed Ms. Brunner to contact Mr. Lachapelle.
7. **Administrative Officer Report** – The Board reviewed the Administrative Officer Report summary provided in advance of the meeting. Ms. Brunner informed the Board that the Accountant Quarterly Review scheduled for April 9 will take place the next week due to scheduling conflicts. Once Ms. Brunner adjusts the Annual Resort Tax Collections by Fiscal Year spreadsheet for 2009, 2010 and 2011 end-of-year audit accruals, Mr. Kabisch and Mr. Scholz will review and approve the document. The Board decided not to switch the conference room with the storage room and leave the chandelier in the storage room. The Board directed Ms. Brunner to price blinds for the conference room window.

Motion by Mr. Kabisch to remove the MPERA discrepancy of \$113.40 from resort tax financials. Second by Dr. Strickler. All in favor. Motion passed.

Motion by Mr. Loble to offer the temporary position to Wanda McCarty for July 9 through August 31, 24 hours per week at a rate of \$22.00 per hour. Second by Mr. Kabisch. All in favor. Motion passed.

D. Minutes

Motion by Mr. Loble to approve the March 14, 2012 open minutes as amended. Second by Mr. Kabisch. All in favor. Motion passed.

E. Financial and Tax Collection Reports

Motion by Mr. Kabisch to accept the profit and loss budget vs. actual. Second by Mr. Scholz. All in favor. Motion passed.

Chairperson Les Loble adjourned the open meeting at 1:45 p.m.

Respectfully Submitted,



Ginna Hermann, Secretary/Treasurer



FINAL MINUTES OF THE BIG SKY RESORT AREA DISTRICT

OPEN BOARD MEETING

May 9, 2012

QUESTION & ANSWER FORUM

Present: Les Loble, Chairperson
Jamey Kabisch, Vice Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director

Jeff Strickler, Director
Whitney Brunner, Administrative Officer
Mona Jamison, Attorney

Chairperson Les Loble called the meeting to order at 1:00 p.m.

I. Open Meeting

Mr. Loble welcomed attendees, made introductions and gave a brief explanation of how the meeting would be run. He requested cell phones and pagers be turned to silent or vibrate. Mr. Loble reminded tax collectors of the upcoming May 31 remittance due date and referenced the resort tax website projected on the wall.

A. Resort Tax Fiscal Year 2013 Operating Budget

Motion by Ms. Hermann to approve the fiscal year 2013 resort tax operating budget. Second by Mr. Scholz. All in favor. Motion passed.

B. Public Comment

Doug Gale, a visitor to Big Sky since 1994 and full time resident since 2002, supports the Big Sky Fire Department and the Warren Miler Performing Arts Center.

As a Trustee on the Big Sky Fire Department, he has learned the following three things: 1) the community is blessed to be served by dedicated personnel, 2) most calls are medical and for nonresidents and 3) fire department human resources are stretched to the limit, like a rubber band. He stated there have been too many occasions where they have been one accident away from too late and there is no reserve.

As a past president of the Arts Council, he stated a quality indoor venue is needed to complement the outdoor venue. The Warren Miler Performing Arts Center provides an opportunity to fill that void. A performing arts center was part of the original design of the high school. He compared it to Reynolds Hall, Ellen Theater (the Warren Miller Performing Arts Center will be the same size with more comfortable seats) and the Wheeler Opera House in Aspen (the Warren Miller Performing Arts Center will be 50% larger).

John Zirkle supports the Warren Miller Performing Arts Center. He has been hired as the Artistic Director to ensure they bring quality entertainment and clarity of vision. He attended Colorado College, traveled all over the world and is the founder and director of Big Sky Broadway, the community theater summer camp and chorus. He expressed that Big Sky is currently missing clarity of venue; an area that specifically says this is for performance and visual art. He compared Big Sky to Aspen, Sun Valley and Jackson Hole. He gave an example of Violinist Joshua Bell who sold out a 500 seat concert hall at \$330 per ticket. He then played a lesser venue in Washington DC and was only able to sell tickets at \$37 each. Zirkle stated that it is important to provide a venue to celebrate the artist.

Deb House, wife of School Superintendent, Jerry House School, supports the Warren Miller Performing Arts Center. She lived in Whitefish where the community passed a bond to remodel and refurbish the middle school. In addition, over many years they were able to raise money for a new arts hall, funded all by donations. The new arts hall is now complete, has 490 seats and is 14,000 square feet. It is home to the school orchestra, band, choir and drama department. She stated the community theater program has been an asset to Whitefish and out-of-town visitors plan their vacations around performances; she believes the same thing can happen in Big Sky.

Katie Alvin supports Morningstar, mental health services and natural resources support. She stated that with the original intent of Big Sky as a resort instead of a town that it lacks the resources.

Kristen Brown, new community member and Morningstar board member, supports Morningstar. She stated that Morningstar brings tremendous value to Big Sky. As a resort community, Big Sky is an expensive place to live and, without Morningstar the children would not have the benefit of public early education and quality licensed childcare. She stated the Morningstar board's goal is to lower tuition to allow as many families as possible to take advantage of the services provided.

Buzz Tatom supports the Warren Miller Performing Arts Center. He moved his young family to Big Sky from Dallas a year ago. They all wanted to be here because of the small town and great energy. In Dallas, the arts are embraced and the Warren Miller Performing Arts Center could become a differentiating factor for Big Sky. He stated the new venue would provide jobs and growth.

Dasha Bough and Bella Butler support the Blue Water Task Force. They received first place, a gold medal, at the state science fair. Assisted by the Blue Water Task Force, their project outlined the effects of water on impervious concrete. They stated that the Blue Water Task Force is involved in more than water sampling; their work affects road safety as well.

Barb Rowley supports the Warren Miller Performing Arts Center and the Transportation District. She is involved in Big Sky Broadway and has seen interest rise from 10 kids the first year to 23 kids the second year and to 31 kids this year. The musical has been well attended; a full house. As a mother to a teenager she values the public transportation in Big Sky.

Saylor Tatom and Ellie Quackenbush support the Blue Water Task Force and the Warren Miller Performing Arts Center. Blue Water Task force helped them with their science fair project.

John Romney, of the Lone Peak Cinema and Trailhead Pizza, supports the Chamber and the Warren Miller Performing Arts Center. He emphasized the Chamber's role in increasing tourism and growing Big Sky's revenue base. He stated the Warren Miller Performing Arts Center enhances the tourist experience, creates a destination and will increase revenue to Big Sky.

Shana Seely supports Morningstar, the Warren Miller Performing Arts Center and Big Sky Community Corporation. She stated Morningstar is the basis for the community; Big Sky's future starts with the little kids.

John Holtzman supports the Blue Water Task Force. He has been involved with the organization since 2000 when it began at MSU. In 2004 the organization transferred to Big Sky and has since been managed by a board of Big Sky residents. Blue Water Task Force has science expertise and education representation. He stated that Big Sky Water and Sewer does not service everyone in Big Sky; Blue Water Task Force looks at the broad watershed and that we all contribute to the quality and quantity of water. He pointed out that the streams brought many of us here in the first place and that in the past, resort tax has been supportive.

Kevin Germain of Moonlight Basin supports the Fire Department, Search and Rescue, the Chamber of Commerce Wayfinding project, Blue Water Task Force, Jack Creek Preserve and Bear Smart. He praised the public servants of the Fire Department and Search and Rescue and emphasized the community should get ahead of the bear issues.

Jessica Neal supports the Blue Water Task Force, Jack Creek Preserve, Bear Aware, Noxious Weeds and the Warren Miller Performing Arts Center.

Kristin Gardiner supports the groups that manage Big Sky's natural resources and Big Sky Community Corporation Park Maintenance. She stated funds are hard to find for park maintenance.

Bob Thompson, Co-President of the Arts Council, supports the Chamber of Commerce. He stated that there is no official government in Big Sky; that resort tax is part of the government and the Chamber has begun to assume a leadership role as well. He has been impressed with the Chamber's efforts in bringing and leading projects that make Big Sky a better place. He praised the new Chamber board leadership.

Public comment closed.

C. Applications

1. Warren Miller Performing Arts Center – Loren Bough

Dr. Strickler asked who will control the reservations. Mr. Bough stated once built there will be a 15 year memorandum between the school district and Friends of Big Sky Education (FOBSE). During school hours the center is for school use and it will cover all the costs- heat, etc. After hours the school has the first right of refusal (estimate of evening usage: 10-15 times a year), then John Zirkle has the second right of refusal (estimate of evening usage: 10-15 times a year) and then the center will be available on a first come first serve basis.

Dr. Strickler asked for a comparison to the Wilson Auditorium in Bozeman that is owned by the school, noting the school has made it difficult for the Opera Board to use the facility. Mr. Bough stated the Wilson has availability of 20 days per year. The Warren Miller Performing Arts Center will have availability of 150 nights a year to start. Organizations may re-up from year to year for a specific date to build a tradition instead of the building only being available to the highest bidder.

Mr. Kabisch asked that with the school owning the asset and FOBSE controlling the asset, per the 15 year contract, what binds the school to honor the contract. Mr. Bough stated that the current school board is supportive of the contract, but that future school boards could do something different. To protect the center, rational financial logic is how they addressed that concern. FOBSE did an analysis to convert the space into classrooms. It would be more expensive to convert the space into classrooms than to build new classrooms attached to the school or in a standalone facility. The contract in place between FOBSE and the school is collaborative. The tradeoff FOBSE is trying to achieve is to not come back to resort tax and ask for operating funds. Because the school is a partner, they will pick up operating funds. It is not a perfect situation, but the most cost effective way to proceed with this project.

Mr. Kasich commended the center on a great job of raising funds; however, the time the facility is available to the community and the use of community (i.e. resort tax) funds, may be out of line. Mr. Bough stated that on a per hour basis including all hours of the school day, Mr. Kabisch's statement is right. However, on a per night basis, with 150 nights per year being available, they think school use will be less than 20 nights. On that basis, the community at large is getting 80% of the initial nights. Wilson's ratio has remained consistent; 80% of the groups using the facility are not direct school functions.

Ms. Hermann referenced the proposal and the claim that there will be a seven dollar return for every dollar spent. She asked where those numbers came from. Ms. Hermann also asked the impact of usage price points for nonprofit groups trying to use the facility. Mr. Bough stated he will get back to the board

with the seven dollar return statistic, but that he believes they can show it will be a broad community benefit and revenue multiplier. Regarding cost, Mr. Bough stated there are three tiers of pricing for rent. The nonprofit cost is equal to the cost of the janitor cost- \$150 per night. The for profit cost will be \$500 per night, the additional costs above the janitor cost will be placed in a reserve account, that the school will maintain, to be used to offset the cost of re-carpeting, replacing lights, etc. They will begin building a reserve budget.

Ms. Hermann asked what the projected income will be in year one. Mr. Bough stated they expect \$40,000 in ticket sales, excluding camps- a \$2,000-\$3,000 return to resort tax immediately. The unknown is if they bring in people to have dinner and stay the night.

Mr. Loble asked what would be the third tier for pricing. Mr. Bough stated the first tier is for student programs and the cost will be slightly less than the nonprofit cost.

Mr. Loble asked for Mr. Bough to address alcohol use at adult events. Mr. Bough stated that alcohol is a gray area with school districts. The school board has created a policy that will allow alcohol at limited times and limited events per year for those organizations that request it. They have changed the bylaws of the school district to allow alcohol, but they are quite strict. Alcohol can only be in the specific facility, served by registered bartenders and IDs will be checked. Alcohol can be served on evenings when there are no other school events that evening, like a basketball game, etc.

2. Post Office – Al Malinowski

Mr. Loble noted the request is slightly less than last year. Mr. Malinowski stated that historically the post office has not taken all the funds requested. The post office operation is primarily labor-cost driven depending on volume and employee turnover. They traditionally ask for a conservative amount to cover costs; only requesting funding to cover the costs spent. This year, they noted that the cost pattern has been less than what we've asked for and; therefore, reduced the request to free up the funds for other projects.

Mr. Kabisch asked the size of the lease area. Mr. Malinowski stated the leased area is 2,096 feet with some usage of the basement not included.

Mr. Kabisch asked who they lease from. Mr. Malinowski stated they lease from an entity known as Scott Hall. Gallatin Association is a managing partner of both the post office and Scott Hall.

Mr. Kabisch asked if the post office has received a reduction in rent due to the tough economic times. Mr. Malinowski stated rent rates were dropped in 2009 to 2006 rates.

3. Transportation District – Skyline – Enion Williams and David Klack

Mr. Kabisch asked how they spend the advertising budget. Mr. Klack stated brochure printing costs are the largest part with 25,000 copies in the winter and 7,000 copies in the summer.

Mr. Kabisch asked what Skyline charges for a Bozeman to Big Sky round trip. Mr. Klack stated it is \$2.00 per round trip; this is the second fiscal year with that set price. Skyline received \$32,000 per year in fare revenue last year. Collecting the fare has not been a problem with the bus drivers. They encourage riders to buy a punch card by charging \$5.00 per round trip if the rider wants to use cash and \$2.00 per round trip if they use a punch card. The purpose is so the drivers do not handle a lot of cash.

Dr. Strickler asked if there are any unanticipated expenses or income for April through June. Mr. Klack stated they may have a maintenance issue with a bus; otherwise, everything else is accounted for in the application.

Ms. Hermann asked if the Yellowstone Club agreement is in place. Mr. Klack stated yes, beginning last June Skyline has been getting quarterly payments from the Yellowstone Club for the Bozeman to Big Sky additional trips; overall they have been pleased with the agreement.

Mr. Loble stated that on the financial information, the local match needed, what is the difference between direct cost and in-kind. Mr. Klack stated the department of transportation allows 15% of costs to be in-kind. For example, if an office space is needed and instead of a lease the space is donated, it would qualify as in-kind service. They do not have any in-kind services right now.

Mr. Loble asked what the van pool expenses are. Mr. Klack stated it is the Yellowstone Club van pool. 100% of the cost is paid by the Yellowstone Club and it is not in the Skyline budget.

Mr. Loble asked what the balance of \$156,313. Mr. Klack stated that the van pool expenses are pulled out, plus they are purchasing a bus (that will be here in December) and five vans for the Yellowstone Club (the vans they have now are leased from Karst) the balance will be \$6,000 if gas prices stay consistent, etc.

Mr. Kabisch asked why they are purchasing buses and vans for the Yellowstone Club. Mr. Klack stated that the transportation district was able to get capital funding to buy them; the Yellowstone Club is going to supply \$30,000 as a local match.

Mr. Scholz asked where conversations are with West Yellowstone, Big Sky and Bozeman. Mr. Klack stated that \$75,000 in funding is available and that a set schedule could be set up now working with Karst. It would be a hybrid situation with a set schedule, but the rider would have to call for the bus to run. The buses would be available to run two round trips per day. They would like to implement the program this year, beginning July 1, and run through the winter season for Big Sky to West Yellowstone.

4. Noxious Weeds Committee – Jennifer Mohler and John Councilman

Ms. Hermann asked them to explain why there is a large increase in the funding request- from \$19,000 to \$30,000. Mr. Councilman stated the past several years they have been able to split the program cost with the local conservation district. They applied for a grant from the district and did not get it this year. The district is in the process of restructuring and building facilities, etc.

Dr. Strickler asked if that means Gallatin County is stiffing Big Sky. Mr. Councilman stated no comment. Dr. Strickler asked if the County provided tax funds in the past and now are not. Mr. Councilman stated yes. They are researching other funding opportunities and resources. Ms. Mohler stated a large portion of the increase will go to landowners in the form of cost sharing.

Mr. Kabisch asked what percentage of landowners participating in the cost share program may do the right thing (and care for their noxious weeds) regardless of the cost share program. Ms. Mohler asked he clarify. Mr. Kabisch stated as an example, Big Sky Owners Association (BSOA) had a cost share charge of \$687 last year to take care of 20.78 miles or 2.3 acres; would BSOA have spent that amount regardless of the cost share program because they are required to by their bylaws. Ms. Mohler stated BSOA has been a great partner by requesting the committee educate their property owners. Mr. Councilman stated the committee is using a cost sharing program to educate people about noxious weeds. He stated when people sign up and realize that, with the cost share program, (caring for their noxious weeds) is not a big expense, they do the right thing. Mr. Kabisch stated it is not a big expense even without the cost share program. He stated that the committee consider education only and reduce their costs by \$5,000 this year. Ms. Mohler stated that there are people in the program where the cost share makes a difference; about 20-40% of those currently using the program.

Mr. Kabisch asked for insight on the \$45,000 spent on the website. Ms. Mohler stated it was an in-kind donation from Montana State University.

Mr. Kabisch stated that 45% of the budget is resort tax, but if the in-kind contributions are taken out, resort tax is 90%; resort tax cash primarily funds the organization. Ms. Mohler stated yes.

Mr. Scholz asked when you buy a lot in Big Sky do you sign an agreement with Gallatin County to take care of your property. Ms. Mohler stated she does not know, but that in many subdivisions, yes there is a noxious weed specific clause.

Mr. Scholz asked why the funding is not going towards enforcement since landowners sign something stating they would maintain their property and are not. Mr. Scholz stated he learned of the cost share program when he went to the local store to buy chemicals to maintain his own land. The clerk suggested he visit the committee's website to help pay for the chemicals.

Mr. Scholz stated that on their budget, the local government grants, which includes resort tax, is \$40,000 the cost share is \$115,000 and although resort tax gave the largest part of the \$40,000, cost share in Big Sky was \$5,000. He stated it does not seem balanced; Big Sky gets less than 5% of your cost share; is that because Big Sky landowners choose to use it less or because it is not available. Ms. Mohler stated she is not sure where the \$115,000 is on the budget. Mr. Scholz offered a copy of the application. Ms. Mohler stated the \$115,000 includes all Northern Rocky Mountain Resource Conservation and Development efforts including the fire safe program, etc. The total for the cost share program last year was less than \$5,000. Big Sky is the only place the committee did a cost share program. In response to suggested enforcement, Ms. Mohler stated that state legislature changed the way enforcement works with regards to noxious weeds. To do enforcement a lengthy process is required including multiple letters and it requires a sheriff deputy to come with a committee member to enforce. She stated enforcing is a difficult uphill battle and they have found that the carrot works better than the stick.

Dr. Strickler asked why the committee has not done any enforcement since state law says landowners are required to take care of noxious weeds, Ms. Mohler stated education is the key and when they encourage people to be proactive that has gotten better results.

Mr. Scholz asked how many acres have a problem; 224 acres are currently served. Ms. Mohler stated thousands of acres have a problem and it is due to how we recreate and live. Mr. Scholz asked for more effective solutions to solve the issues addressed.

5. Arts Council – Music in the Mountains – Brian Hurlbut and Bob and Donna Thompson

Mr. Loble referenced page five of the application “in spite of the losses of the headliner account, 23% came from resort tax.” Mr. Loble asked 23% of what came from resort tax? Mr. Hurlbut stated 23% of the classical musical festival. Mr. Loble asked how much the classical music festival cost. Mr. Hurlbut stated \$63,000.

Dr. Strickler asked who paid for \$10,000 in fireworks in the past. Mr. Hurlbut stated they were funded by resort tax under the Chamber in the past. For the past two years they have been funded by resort tax under the Arts Council.

Mr. Scholz asked if they are successful and awarded grants where will they spend the funding. Will it go towards more programming or will they request less from resort tax. Ms. Thompson stated that it is their goal to be more self-sufficient and should they be awarded the grants they will request less from resort tax. Mr. Hurlbut stated grants are requested for specific projects like the classical musical festival or infrastructure or organizational costs. Mr. Scholz stated he asked because he wondered if the council is trying to expand programming or just cover costs.

Mr. Kabisch asked how many concerts they held last year. Mr. Hurlbut stated 20.

6. Fire Department – Chief William Farhat

Mr. Scholz stated the department has reduced their response times this year and asked how the current response times compare to Bozeman. Chief Farhat stated that a direct comparison is that the times are the same. The Big Sky department gets out of the door quickly, but with our topography it just takes time to get around. They are at a great benefit now that three people are at the station all the time.

Ms. Hermann thanked the Chief for the analysis of the department; it is obvious what the department needs and it helps the board better understand those needs.

Mr. Kabisch asked, in reference to the balance sheet, how the ambulance services are billed out. Chief Farhat stated they bill some fire services for out of district, but for example, this year the department currently is at about \$235,000 in ambulance billing. \$250,000 is the budgeted amount and he thinks they will make it to that amount.

Mr. Kabisch asked how much in receivables the department anticipates collecting. Chief Farhat stated that receivables were 10.6% last year from medicare. Others were not received because of being uninsured or they cannot pay their bills.

Mr. Kabisch stated the application notes 70% of emergency calls are for non property owning tax payers; he asked how many of those are transports to Bozeman. Chief Farhat stated 216 people were transported to Bozeman; 70% of those would be for non property owning tax payers.

Mr. Kabisch asked how many are uninsured. Chief Farhat stated 40%. Reflective of the community; young people living paycheck to paycheck.

Mr. Kabisch stated that the department is only writing off 10% the uninsured and that they must be successful at collecting. Chief Farhat stated the department is successful in tracking them down for payment; many are on payment plans and pay as little as \$25 per month.

Mr. Scholz asked if the department has the same 7% increase in emergency call volume next year, can they absorb the costs. Chief Farhat stated he can absorb some of it, but that the budget will not go up 7% next year.

Mr. Kabisch stated the budget seems very tight with little in reserve; he asked if the department is thinking about a mill levy. Chief Farhat stated it is very tight, there is nothing in reserve and yes, they are considering a mill levy. The last levy was in 2008 and this time the department would ask for less. It would be his preference that resort tax fund one-off projects (i.e. capital expenditure). In a scenario where resort tax funds only one off projects, the board could decide not to fund the department one year and they would survive. Right now if the department is not funded they are in trouble. He stated they've become a much more stable and lean organization and that when the department asks for a levy he is hopeful the public will trust them.

Mr. Scholz stated that \$50,000 of the resort tax request is for capital and the rest is for operating. He stated that the department will be pressed over the next 16 years; they will have to replace their equipment to the tune of \$4 million dollars (amortization of \$350,000 per year just for equipment). He stated we owe it to the people that are paying the tax that they will be taken care of when they are in need of help.

Mr. Loble asked for the definition of response time. Chief Farhat stated it is the time from when the call comes in to the time the truck rolls.

Dr. Strickler stated that the audience should know that the resort tax board has had extensive presentations from most of the entities that have already spoken in our March and April board meetings.

7. Community Library – Kay Reeves

Mr. Scholz asked how the Bozeman public library is funded. Ms. Reeves stated that their funding is from part of City of Bozeman budget; and allocation of property taxes with a "friends of library" component.

Mr. Loble noted cash at the end of this year is \$27,000; he asked what was at the end of last year. Ms. Reeves stated it was \$43,000 at the end of last year. She clarified that they will not be at \$27,000 at the end of this year because they are \$8,000 over budget. The Montana Library Association visited Big Sky this year and brought 350 visitors to the area, but it created unexpected costs for the library. Cash at the end of this year will be \$20,000 to \$22,000.

Ms. Hermann asked how the membership drive is going so far this year. Ms. Reeves stated it has gone well in terms of numbers. Before the drive they had 92 members. Since the drive they've picked up 60 new members; however, at \$35 per family it does not bring in a lot of money. They have raised total contributions close to \$4,000 (after removing the direct mail campaign costs). Another reason they are

over budget is due to the changeover of audio cassette tapes to CDs and next year they will begin converting the VHS collection into DVDs, which will be a one-time investment in new technology.

8. Search and Rescue Operations – Tom Reeves

Mr. Loble asked how many responses they attend per year. Mr. Reeves stated they attend 22 responses per year; however, they may go out several times searching for one person. For example, they went out seven times for the lost skier from Alaska.

Mr. Loble asked how many volunteers are active. Mr. Reeves stated their organization seems to follow the 80/20 rule- 20% do 80% of the calls. They have a requirement that if you're going to be a volunteer you must attend three calls a year. Inactive volunteers tend to fade away; there is no formal resignation.

Mr. Kabisch stated that he commends their efforts regarding the Gardner family. Mr. Reeves stated they received \$11,000 in donations from the memorial held in Florida. The money was spent on a new fire alarm/sprinkler system, repairing the stairs and they made a donation to Montana Search Dogs.

9. Sheriff's Office – Big Sky/Canyon Patrol Services – Sheriff Brian Gootkin and Sergeant Matt Daugherty

Sheriff Gootkin provided a breakdown summary of the additional amount requested to the board. Mr. Loble stated he stopped by the Sheriff's office requesting the document after noticing the Sheriff office's requests increase each year; however, the newspapers print that taxes are never raised. Last year the information was requested, but not provided; this year Mr. Loble requested the document in advance.

Mr. Loble asked if resort tax gave the office what they are requesting would it go to the Sheriff's budget. Sheriff Gootkin stated that no, the funds go directly to the Big Sky portion of the Sheriff's budget and it offsets that service dollar for dollar. He further clarified that it does not go to the general fund; it goes to the Sheriff's office and is separated off to the Big Sky portion. Big Sky is one-fifth- two fifths are paid by Gallatin County, two fifths are paid by Madison County. This year's Sheriff's budget increase is just less than \$10,000; the Big Sky portion is \$1,912; that goes directly goes to the five deputies in Big Sky.

Mr. Scholz asked if the office has a similar arrangement with other communities. Sheriff Gootkin stated no, Big Sky is unique.

Mr. Loble stated sometimes there are no deputies in Big Sky; he asked if the situation is ever reverse. Sheriff Gootkin stated yes. For example, two nights ago there was an abduction in Manhattan and all of the office's resources went to that situation. Likewise, if something happens in Big Sky the office will send deputies from Bozeman. He stated it is not ideal, but they do backfill.

Mr. Loble asked if the Sheriff thought the flow of man power is equitable. For example, if Big Sky is to have five deputies and 80% of the time those deputies are in West Yellowstone or Four Corners that would not be fair service to Big Sky. Sheriff Gootkin stated that is why the office requires deputies to live in Big Sky as resident deputies; they make sure that, as much as possible, they are here. He stated up to ten additional deputies, in addition to the five resident deputies, are often in Big Sky with all of the special events.

Ms. Hermann stated repair and maintenance was up this year, over \$1,000 more than budgeted, and then it went down in next year's budget; she asked if this is foreshadowing or if it was a one-time problem. Sheriff Gootkin stated that it is not foreshadowing, they try to anticipate gas prices. If money is not used, they fix the request and do not ask for it again.

10. Chamber of Commerce – David O'Connor, John Richardson and Ryan Hamilton Biggest Skiing in America Campaign Rollover, Publications Rollover, Marketing and Promotions and Wayfinding Signage, Entry Monument and Entry Roadway Lighting

Mr. Loble stated that it appears the rollover requests will not be rolled over to serve their original purpose; rather, the dollars will be freed up to go into the Chamber application for the coming fiscal year. He asked if he is correct. Although not directly answering the question, Mr. O'Connor stated for Biggest Skiing in America (BSIA) the formula was established a couple of years ago to request 50 cents per skier day. The application anticipated 400,000 skier days for a total of \$200,000. He stated they've requested \$170,000 and plus the \$30,000 that was not spent this year.

Mr. Loble asked if they had fewer skier days than they estimated. Mr. O'Connor stated they ended up with more (435,000) skier days this year and with the 50 cent calculation that would be \$217,000. He stated they've come in asking for less, which was the case last year as well.

Dr. Strickler asked if the rollover for \$31,500 for BSIA and marketing and promotions will all go into BSIA. Mr. O'Connor stated yes. Dr. Strickler began to ask about the \$17,700 in publications rollover and Mr. O'Connor stated that they recognize that last year they were over-subscribed by a fair amount. If the board is looking for opportunities to trim back, they can make do with the publications they currently subscribe to. Dr. Strickler clarified that they are requesting a rollover of \$17,700 and an additional \$15,000 to total \$32,700 for publications and last year they spent \$25,000 on publications. Mr. Richardson stated they spent closer to \$50,000; they had a private match for selling ads that was approximately \$25,000 and they spent about \$20,000 of the resort tax publication funding last year. The two publications they put out last year cost \$50,000 and they took in \$29,000 in ad revenue that mitigated the \$50,000.

Ms. Hermann stated that in the past she's heard Mr. O'Connor state that operating costs should come from membership dues; she asked what is the status of the membership- is it up or down. Mr. O'Connor stated that it is both. Memberships were trending down; they had a few write-downs, businesses have tightened and chopped their budgets and with the Chamber's tiered membership, members have chosen to go down a tier. Mr. O'Connor stated that some businesses are coming back into the fold due to the new staffing, new projects and the momentum the Chamber is gaining.

Mr. Kabisch and Mr. Scholz referenced the marketing and promotions request including BSIA, branding and strategic planning; Mr. Scholz asked if they just went on the BSIA formula (50 cents, etc.), do they need \$50,000. Mr. O'Connor stated they could possibly get the job done for \$35,000 with the safety net being that the Convention and Visitor Bureau could help fund the project.

Mr. Kabisch stated he is happy to see the time on the website is increasing and all the analytics are positive. He asked what their five year goal is; stating existing infrastructure may be a problem. Mr. O'Connor stated that their goal was set a few years ago; it was to get to 500,000 skier days by 2013.

Mr. Kabisch asked if the Chamber considers the problems associated with bringing too many people to town; the quality of service may go down and give Big Sky a bad name. Mr. O'Connor stated that is not incumbent on the Chamber. Mr. Kabisch asked if there is a sustainable growth rate where Big Sky would not grow too fast. Mr. O'Connor stated he has not looked at it that way because to date he has never seen Big Sky have that problem. Mr. Kabisch clarified that he speaks with visitors on busy weekends and they say the service is not what they'd expect including the inability to park. He asked if the Chamber is going for any growth or is there a specific rate that takes the size of Big Sky into consideration. He also asked is a 20% growth rate realistic. Mr. O'Connor stated they would be happy with a 5-10% growth rate per year. He stated from a business and infrastructure standpoint it is a capitalist system and it builds itself; if there is there is nowhere to sleep or eat someone is going to build a hotel or a restaurant. Mr. Kabisch stated they advertise Big Sky has no lift lines and at some point they will have lift lines; he asked if they've identified where that is and when amenities are going to be compromised. Mr. O'Connor said no, but that someday that could be the case. Mr. Kabisch stated that they consider the focus should not be skier days; instead it should be fly fishing days. Mr. O'Connor stated they agree with him. Mr. Richardson stated that they've seen a steady increase and that 20,000-30,000 skier days per year is a sustainable increase in terms of service, but as business operators they will always have days where they fail the customer. He stated that the Chamber has held expos for local businesses to help the businesses identify what their weaknesses are from technology to sustainability efforts, etc. Mr. O'Connor stated that Big Sky cannot

hang its hat entirely on skiing and the other piece of the puzzle is what the rest of the applications speak to. He stated the goal is to grow the community and tax base.

Dr. Strickler stated that when BSIA originated, a large part of the funding came from businesses, primarily the ski areas; he asked what amount of business contribution is going to go into the branding, wayfinding, lighting and visitor information center. Mr. O'Connor stated the match from the businesses for BSIA will not go into helping those other projects. He stated it is the standpoint of the business community as resort tax collectors and remitters that they are collecting an investment in their community and that there is not an effort at this point to ask the businesses for a match for community assets. Dr. Strickler stated that the projects are to build profitability for the businesses. He stated he has a concern that there is no commitment from the business community other than collecting the resort tax. Mr. O'Connor stated that the Chamber's perspective is that they are the investment arm of the community, able to go out and take the resources of resort tax (that exists for fire engines and parks, etc.) and reinvest back into the community. With Big Sky reporting a 3% increase in bed tax they have shown that Big Sky can be successful at growing its tax base. He stated economic development and tourism are part of the original mission of resort tax.

Mr. Kabisch asked if they've begun strategic planning. Mr. O'Connor stated no, they have focused on branding.

Mr. Loble referenced the application reading "that a company does not get to state its brand, but that the brand is defined by the customer"; he stated he is puzzled and gave examples of other companies that have defined their tagline or logo. Mr. Scholz stated the brand is the emotion that determines the customer's connection. Mr. O'Connor stated the image is one aspect of the brand.

Mr. Loble asked for stats on membership contribution over the last five years including the number of members and dues collected. In addition he'd like them to compare it to the number of businesses that exist in the community as a whole.

Mr. Kabisch asked where the Chamber is with the county on wayfinding. Mr. O'Connor stated they've received approval from the Big Sky zoning and planning district and need to be approved by the county. He stated that historically recommendations from the Big Sky zoning and planning district have been approved by the county. Mr. Kabisch asked if that also includes lighting. Mr. O'Connor stated no, lighting is a separate process. Mr. Kabisch asked how far out they are from getting approval on lighting. Mr. Hamilton stated that they would be hiring an electrical engineer and lighting consultant and would be working with the Montana Department of Transportation on the lighting plan. He stated approval is a couple months out. Mr. Kabisch asked what the cost would be to get the approvals done. Mr. Hamilton referenced the application and stated \$4,500. Mr. Hamilton stated the entry monument is a very public process as the design evolves. Mr. Kabisch clarified that \$4,500 would provide funding for approvals and for a final sketch of the sign. He asked if construction, etc. could take place next year with funding from this board or other means. Mr. Hamilton stated yes.

Mr. Kabisch asked how many public meeting they anticipate having. Mr. Richardson stated about a half a dozen.

Ms. Hermann asked if the \$150,000 for wayfinding signage is a firm number. Mr. O'Connor stated it is; however, the State Department of Transportation decides what goes on the road and they are working on deviations from the standard signs, two poles, etc., which will not decrease the cost.

Mr. Kabisch asked what the maintenance will be for the wayfinding signs. Mr. Hamilton stated it will be very low maintenance.

Mr. Scholz asked they received funding for wayfinding and monument construction could they wait to receive funding for the lighting. Mr. O'Connor stated there are no lights there now. He stated if they had to prioritize, the wayfinding project is shovel ready whereas the other projects have additional work yet.

Mr. Hamilton stated the money they've used from last year's allocation was for sketch design of the monument and structural drawings are part of the \$45,000 request. He stated they cannot do much more

until they receive additional funding. Mr. Scholz suggested getting structural drawings approved this year and moving forward with construction in the years to come.

Dr. Strickler stated the Helena Chamber is funded by businesses. The projects the Big Sky Chamber presented are all worthwhile, wonderful and will bring people to Big Sky; however, the resort tax did not see a return on its investment: a 3% increase in skier days, resort tax funded \$170,000 for BSIA, the research presented stated the community benefits \$212 per skier day which generated \$76,000 in taxes and resort tax funded \$94,000. Resort tax is contributing a lot and it will be valuable to the businesses; however, between BSIA and the branding, signage and lighting there is still a lack of business contribution in the Chamber. He stated he is not sure the businesses understand what their contribution should be in building Big Sky.

Mr. O'Connor stated he does not think the intention of resort tax is to be revenue neutral. He stated the assets the funding will create will increase property values and quality of life for the community as a whole. He stated they may have to agree to disagree.

Mr. Kabisch stated the entry monument is a much needed amenity to the community and compared the current GPS routing. He stated this is an opportunity for the community to take a holistic view and necessary infrastructure request this year. Mr. Scholz stated from a business perspective it is not always about revenue, but about market share. He gave the example of Colorado cutting tourism spending, seeing a decrease and eleven years later tripling their tourism spending due to the loss in market share. Dr. Strickler stated he does not expect resort tax to get its money back and that his point is about business philosophy. Mr. O'Connor stated the Chamber is requesting funding for these projects because Big Sky lacks another organization that would take on the projects. He gave the example of a wayfinding project in Billings that was accomplished by the City of Billings. Mr. Richardson stated the businesses look to the Chamber to represent them and stand up on their behalf; the request for these projects could have come in under the Community Corporation or another entity. He stated the Chamber is spearheading the projects to try to get things done- wayfinding specifically. Mr. Richardson gave the example of the Cowboy Hall of Fame where many businesses (he gave examples) donated to the cause.

Mr. Loble asked if the locales referenced for the staffing examples in the application are similar in size to Big Sky. Mr. O'Connor stated that for the most part, yes; Telluride is the closest. Mr. O'Connor stated they could do more investigating into those numbers.

Ms. Hermann asked for a sequence for how the projects could move forward from year to year.

Dr. Strickler asked if the order of the requests are ranked how the application is laid out (A, B, C) or are they equal. Mr. O'Connor stated that they are equal.

Ms. Hermann requested a minimum of what the Chamber could live with to make something happen. Mr. O'Connor stated they need to go big.

Mr. Kabisch asked what entity they are negotiating with on the visitor center. Mr. O'Connor stated Brian Dolan and that the property is separate from Spanish Peaks. Mr. Kabisch asked what the price point of the space will be, the length of the lease and the terms. Mr. O'Connor stated the lease is 10 years, contingent on funding, the purchase price of the property is \$4.25 million for the whole corner lot with three structures, the Chamber will lease the old bank building, the lease is a fixed lease and currently they are haggling over triple net, utility costs and property taxes. He stated negotiation so far has been reasonable with prices at \$8 per square foot at 11,000 square feet.

Mr. Kabisch asked what they intend to do with their existing space. Mr. O'Connor stated they are not going to do anything for the first year and retain it until they have reasonable confidence they will obtain the new space outright.

Mr. Kabisch asked if they are jumping the gun since they do not have a Director in place. Mr. O'Connor stated no, moving into the space is an opportunity they do not want to waste and they do not want to lose the summer. He stated that with their new internship program in place they will have the center staffed.

Mr. Kabisch asked if Ms. Swenson's position is part time. Mr. O'Connor stated yes.

Chairperson Les Loble recessed the meeting at 3:30 p.m. and reconvened the meeting at 3:37 p.m.

**11. Big Sky Community Corporation – Jessica Neal and Krista Mach
Park Improvements and Operating and Maintenance**

Dr. Strickler asked if the Corporation needed the \$60,000 and the bleachers to happen this year. He stated they have matching funds for the other projects, but not the bleachers. Ms. Neal stated the matching funds came from last year's fundraiser. She stated the bleachers will be a park asset.

Dr. Strickler asked how they will cover maintenance fees for the bleachers. Ms. Neal stated that rental fees will cover the maintenance for the bleachers. She stated one of the bleacher units is painted and there may be a future cost allocation for painting. She stated that the bleachers will be a community asset for-profit.

Dr. Strickler asked if the Corporation could reimburse resort tax. Ms. Neal stated yes, possibly.

Dr. Strickler asked how many seats are on each bleacher. Ms. Neal stated there are two units and each unit has 250 seats.

Mr. Scholz stated the bleachers would be similar to other nonprofit assets and assumed they would offer the units for low rent. He stated that there may not be bleachers between Big Sky and Wisconsin and if there was profit to be made, someone would be doing it. Ms. Neal stated someone may consider the bleachers a for-profit business after hearing the idea at this meeting. Mr. Scholz stated that he is unsure about the idea of the Corporation getting into business. Ms. Neal stated that the business would involve employees and if demand is low then they will not operate as a business, but if demand is high then they would go into business.

Mr. Scholz asked what the uses would be for the bleachers and how many times per year would they be in use in Big Sky. Ms. Neal stated the bleachers would be used for big football games, concerts, the rail jam, motor cross, softball tournaments, etc. They would be used possibly 20 times per year, weather dependent.

Mr. Scholz asked what the bleachers cost to rent for the Pro Bull Riders Rodeo (PBR). Ms. Neal stated over \$1,000 per set.

Ms. Hermann asked what the cost analysis would be for nonprofits to rent the bleachers. Ms. Neal stated \$500-\$1,000 per day for nonprofits. She stated the PBR will rent the bleachers at a rate of \$3,000 for two days.

Mr. Kabisch referenced the income line on the Corporation financials for the PBR. Ms. Neal stated they were the recipient of the PBR Calcutta event.

Mr. Kabisch stated they have done a great job fundraising for the skate park and asked if fundraising could be continued; do they have more funding potential. Ms. O'Neal stated the Corporation has to use the grant funds before 18 months.

Mr. Kabisch stated the Corporation is requesting \$95,000 for operations and administration and that resort tax is funding 100% of that portion. Ms. Neal stated that operations and administration are unattractive parts to include in fundraising and they appreciate resort tax's contribution.

Mr. Kabisch referenced Corporation's operating reserves of \$510,000 cash. Ms. Neal stated that no, the cash reserve is \$70,000; an emergency fund for a catastrophic event. For example, vandalized or destroyed fields, a natural disaster, etc.; not for operating and maintenance costs; it is a safety net. Mr. Kabisch stated that it is in their profit and loss.

He stated he was referencing the 2012-2013 budget. Ms. Neal stated Mr. Kabisch is looking at their audit and stated the total includes their assets. Mr. Kabisch referenced the operating reserve line item in the budget and then the balance sheet, cash and cash equivalents. In 2011 there was a balance of \$445,000 and in 2010 there was a balance of \$376,000. He stated if they were reserving \$70,000 that it

would make sense for it to grow. Ms. Neal stated that the fund did grow just not by \$70,000. Mr. Kabisch asked with half a million in cash and cash equivalents, do they need to continue to reserve \$70,000 per year. Ms. Neal stated their definition of the reserve is any accidental profit of the organization goes into the reserve. They are not setting a certain amount per year aside. Ms. Neal stated as an example resort tax funds their operations this year at \$95,000 and they end up needing \$110,000, they could go into the fund. Mr. Loble and Mr. Kabisch stated they were confused about the cash and cash equivalents. Mr. Scholz stated that a reserve is not part of operations and maintenance and suggested it may be better if that was not a line item because it seems to be the profit- retained earnings. Mr. Scholz asked if the reserve is a line item or are they trying to build the reserve. Ms. Neal stated that it is not a line item and that they would like to build the reserve and use it towards a project or use it to fund operations and maintenance. Mr. Kabisch stated that the Corporation is charging the reserve out as an expense this year. Ms. Neal stated they used it to net out their income and expenses. Mr. Kabisch stated that if they do not use it or spend it that it will increase the cash available to the organization by \$70,000. Ms. Neal stated yes. Ms. Hermann stated that if the reserve is for catastrophic, they have insurance for that; why do they need a reserve of that size. Ms. Neal stated catastrophic may not be the correct description; an unanticipated expense may be more appropriate; something that is not budgeted into the budget. Mr. Loble asked if at the end of 2011 they had \$445,281 in cash and cash equivalents. Ms. Mach asked if the board was looking at the audited financials. Mr. Loble stated he was looking at the statement of financial position, June 30, 2011; it is what was provided to the board. Ms. Mach confirmed it was from the audit and that they are correct, that was the amount of cash in the account; it was from their fundraiser and the Corporation spends that since their fiscal year begins in July. Since June they have spent most of that money. Mr. Kabisch asked them to provide a balance sheet for June 30, 2012. Ms. Neal stated the Corporation runs on the same fiscal year as resort tax and most of their construction takes place during the summer months. Ms. Neal stated she is happy to provide any information the board would like.

Mr. Loble asked what it means when the financials reference community asset management of \$42,046. Ms. Neal stated that is mowing the park, irrigating the fields, maintaining the fields, the playground, noxious weed control, reseeding, mowing disc golf and around the tennis courts, the skate ramp, tennis court maintenance, sweeping the trails, tree work and trail work. Administrative support is office telephone, energy bills, building fees, workers comp, insurance and liability. Mr. Loble asked to clarify the line item of utilities if energy bills are included in administrative support. Ms. Neal stated the utilities are for Crail Ranch and the tennis building.

12. Snowmobile Association – Buck Ridge Trail Grooming – Devon White

Ms. Hermann asked what the signage is mentioned in the application. Mr. White stated it is trail signage and it needs to be replaced.

Dr. Strickler asked how many people or sleds use the trails every year. Mr. White replied this year's numbers are not available yet. He stated in Gallatin (County) between 8 and 10 million dollars are spent in the snowmobile business. Dr. Strickler asked if they have people or sled use figures from Buck's Trail from past years. Mr. White stated 30,000-40,000 per year.

Mr. Scholz asked if the request is for two groomings per week. Mr. White stated yes, unless there is a big week and then they add another grooming.

13. Women in Action – Community Counseling Program Rollover and 2012-2013 Funding – Lisa Beczkiewicz, Stasia Owen and Adina Smith

Mr. Loble asked if the counseling program is open to anyone in Big Sky. Ms. Beczkiewicz stated yes. Ms. Hermann asked if there is a fee associated with the program. Ms. Beczkiewicz stated yes, a sliding scale; it can be as low as \$5.00 per week.

Ms. Hermann asked if they have enough counseling hours to meet the need. Ms. Owen stated yes, currently, but that could change as the program develops.

Dr. Strickler asked if cases equals individuals. Ms. Owen stated they had 24 cases which may include individuals, families, couples, etc.

Ms. Hermann asked they clarify the partnership with Montana State University (MSU). Ms. Beczkiewicz stated that when the program stated it partnered with a private counselor. They decided it was difficult to manage the program with a private counselor and decided to go with a formal program. What the program does now is what the Human Development Clinic in Bozeman has been doing; they provide a counselor in training (a graduate student) to provide direct counseling services to families and community members in need including depression, anxiety, substance abuse and job transitions. Since October 2010 Ms. Owen has been the counselor and Ms. Smith has been the supervisor.

Mr. Loble asked if they will be funded appropriately with the rollover. Ms. Beczkiewicz stated yes; however, the rollover will be less because this spring the need has been very high and they currently have 14 cases. Mr. Loble asked if they are not going to rollover \$10,000 will that affect what they will need next year. Ms. Beczkiewicz stated they will need the request of \$10,000 for next year; however, they have a variety of funding streams for the program; resort tax is the greatest contributor.

Dr. Strickler asked why they are asking for \$20,000 again this year if they did not spend it last year. Ms. Beczkiewicz stated the program and resort tax are on different fiscal years. She stated she cuts MSU a check for \$12,000 between January and July. Mr. Scholz asked what the funding need will be for a 12 month calendar year. Ms. Beczkiewicz stated the need will be \$25,000-\$30,000. She stated she will need \$10,000 from resort tax plus the rollover (which will be less than \$10,000) and she will find the other funding from other sources.

Ms. Hermann stated they have done a good job offering more service for less money.

14. Blue Water Task Force – Watershed Group Funding – Kristin Gardner

Mr. Loble asked why there is a \$20,000 increase from last year. Ms. Gardner stated the majority of the increase will go towards changing the community water quality monitoring program to assess water issues that have been found over the past couple of years. She stated they will be looking at chloride, sediment and algae (they haven't looked at in the past), which will require extra lab supplies and monitoring.

Ms. Hermann asked if the increase in the request is a one-time expense. Ms. Gardner stated yes.

Ms. Hermann asked what would happen if they did not receive the funding. Ms. Gardner stated she is looking into other sources of funding. Ms. Hermann asked if the changes are essential to the monitoring. Ms. Gardner stated yes, the issues found have made the situation so that they need to change their systems as soon as possible.

Mr. Kabisch stated that the Task Force operated at a deficit last year and it looks like they are projecting a deficit this year. Ms. Gardner stated she has other grants she has applied for not included in the financials yet. Mr. Kabisch stated they have \$20,000 in the bank. Ms. Gardner stated they have \$13,000.

Mr. Loble asked if the Task Force once had federal grants. Ms. Gardner stated they have had grants through the Montana Department of Environmental Quality that come from the Environmental Protection Agency- federal money that goes through the state.

Dr. Strickler asked if they will receive \$104,126 in total grants i.e. state money and \$68,000 from resort tax. Ms. Gardner stated resort tax is included in the \$104,126; listed as district.

Mr. Scholz asked if the community water sampling plus the contracting and education is increasing this year. Ms. Gardner stated she requested the same amount last year for contracting and education. She stated the second largest cost increase is \$9,000 (requested \$5,000 last year) for a watershed

restoration project; they are starting the project because of the issues found. She stated part of those funds will be used for a matching state grant.

15. Jack Creek Preserve – Water Quality Sampling – Kevin Germain and Katie Alvin

Mr. Germain provided a handout of the revised budget and stated the funding request matches the expenses.

Mr. Loble asked if they are still requesting \$2,000. Mr. Germain stated they are now requesting \$1,490 (they reduced the request by \$510).

Mr. Kabisch asked for clarity on their unrealized gains and losses on the Jack Creek Preserve Foundation. Mr. Germain stated he does not know. Ms. Alvin stated it has to do with the endowment.

16. Skating and Hockey Association – Rink Maintenance/Operations – Ryan Hamilton and Rosalie Simkins

Ms. Hermann asked if the lights are permanent or could they someday move to a new site. Mr. Hamilton stated they could someday move to a new site and that they are owned by the Hockey Association.

Mr. Kabisch asked if lights were added would they be the same as the ones they currently have. Mr. Hamilton stated any new lights purchased would be the same. He stated the lights go six feet underground with concrete bases. Mr. Hamilton stated to get the lighting levels where the electrical engineer said they need to be, the Association needs six lights; they currently have two and are asking for two more; he stated that gets them a little closer to what is needed. Mr. Kabisch stated it seems to be a Town Center improvement. Mr. Hamilton stated they would be for the rink.

Mr. Scholz asked if there was a lease. Mr. Hamilton stated yes, there is a no cost, \$1 per year lease.

Mr. Scholz asked if the skating facilities the Association references in the application are on private or public ground. Ms. Simkins stated it varies. In Telluride they have two rinks- one on private ground and one on public.

Mr. Scholz asked if they could work with the Community Corporation for operations and maintenance to keep overhead down. Mr. Hamilton stated that is something their board has talked about and it may be an option going forward.

Mr. Kabisch asked why there is a change in the donations and sponsorships. Last year they received \$11,000 in donations and projected \$2,500 next year. Likewise, last year they received \$12,000 in private grants and projected \$0 next year. Mr. Hamilton stated for donations, they had a very well connected member of the community leave and that person was instrumental. He stated for grants, the Yellowstone Foundation has been very generous the last two grant cycles and they need to be a 501C (3) to continue to apply, which they've applied for, but they have not received designation yet. Mr. Scholz asked when they think they will receive the designation. Mr. Hamilton stated he did not know; that the paperwork was filed six months ago.

Dr. Strickler stated the profit and loss statement through 2011 has \$12,000, which is not on the 2013 budget. Ms. Simkins stated that they have \$1,600 in their bank account right now; they are not for profit. She stated that their expenses occur in the latter part of their fiscal year; the funding comes in by December and they spend it all in January and February. Dr. Strickler asked for clarity on the six-month gap. Ms. Simkins stated she believes the \$12,000 included in-kind support like the donation of a Zamboni with a value of \$4,500.

Dr. Strickler asked if they have numbers on the children and families that use the rink. Ms. Simkins stated they estimate 2,500 skater days; they do not have data visitors or locals. Ms. Hermann stated the

skate rental information they provided may point to the number of visitors. Ms. Simkins stated yes, one may assume that rentals are for visitors, but they are working on ways to collect the information.

Mr. Kabisch stated the Bozeman Amateur Hockey Association is a 501C (3). Dr. Strickler stated both 501C (3) and (4) are tax exempt; however, it makes a difference if you are a charitable organization.

17. Bear Smart Community – Crystal Hagerman, Kevin Germain and Jessie Neal

Mr. Loble asked if there have been any bear encounters within Big Sky this season. He stated the statistics referenced in the application are for the greater Yellowstone ecosystem. Ms. Hagerman stated she will contact Montana Fish Wildlife and Parks (FWP) and provide the information to the resort tax board. Mr. Loble clarified he is interested in the human-bear encounters for the last three seasons within Big Sky; from highway 191 up toward the mountain. Ms. Hagerman stated the statics referenced in the application came from the Big Sky Owners Association (BSOA) and Keystone Conservation and that they could be specifically for Big Sky.

Mr. Kabisch asked why this program is not funded by Montana FWP. Ms. Hagerman stated Montana FWP has a grant program called “Living with Wildlife” and last spring they applied for funding and were declined. They also applied to the Yellowstone Foundation. She stated they will continue to submit applications for funding.

Mr. Kabisch stated it is known that Big Sky has bears. He asked if it was necessary to spend \$10,000 to educate the public about bears. Ms. Hagerman stated it is not an effort to let people know we have bears, it is an effort to keep people safe and bears protected. Mr. Germain stated the program they are working to implement is modeled after one in Canada and Lake Tahoe. Mr. Kabisch stated he looked at the website. Mr. Germain stated the program is based on education to minimize problem bears; problem bears are caught and then shot. Mr. Kabisch asked what education will change the current behavior of people in Big Sky. Mr. Germain stated it may affect where people store their trash. He stated BSOA has been trying to educate homeowners, but that this new program’s first step is to map the problem areas and then assess why the problems are occurring. New trash containers or central trash collection sites (similar to Moonlight and Yellowstone Club) may be solutions. Ms. Neal stated the current bear situation lacks enforcement; this new program is a tiered approach to wildlife management. She stated that from Big Sky Resort to Andesite road there are 67 bears being watched-problem bears. She stated those bears are consistently being moved out of the area due to the community not having a system in place to educate and enforce when people are being irresponsible with their trash. Ms. Neal stated this is a timely application because of the increase in bear activity; it has gotten to the point where it is a human safety issue as well.

Mr. Scholz asked how the program would be enforced. Ms. Neal stated it would be a Montana FWP person together with a Sheriff.

18. Forest Health and Fire Safe Program – Crystal Hagerman

No questions.

19. Ski Education Foundation – Andrew Schreiner, James Bildahl and Peter Bedell

Mr. Loble asked how many people outside the foundation use the equipment. Mr. Schreiner stated it is available to organizations like Montana State University (MSU) and Big Sky Resort. Mr. Loble asked how often they use the equipment. Mr. Bildahl stated MSU uses it regularly in the fall (four times a week for five weeks) and the Resort uses it four times a year. Mr. Bildahl stated that when the Foundation hosts a race, like NCAA, MSU uses the equipment.

Mr. Scholz asked if they rent the equipment. Mr. Bildahl stated no.

Ms. Hermann asked if there was any way to charge for the equipment. Mr. Schreiner stated there are fees for races and the equipment is included in with the race fee.

Mr. Kabisch asked how the Foundation benefits the community as a whole. Mr. Schreiner stated it benefits the community economically. He stated in January the Foundation performed a survey during one of the races. They sent the survey to 180 people and 107 responded. People who attended the race stayed at the Rainbow, Corral, Bucks T-4, Big Sky, Moonlight, private residences and condos; they dined everywhere in Big Sky. He stated another benefit is when people visit Big Sky they go home talk about how great it is. He stated another benefit is their marketing; they have 40 kids in Big Sky logo-wear skiing around competing resorts like Whitefish. Mr. Schreiner stated the Foundation is a great program that is available to all kids in Big Sky; financial aid is available. The program gives kids an opportunity to compete at a high level; it is supervised and structured. Mr. Bildahl stated last year they had 100 kids participating; 70 from Big Sky and 30 from Bozeman.

Mr. Scholz asked if the Foundation was not running the program, would there be a race program in Big Sky. Mr. Schreiner stated no.

Mr. Scholz stated the Foundation brings an element to Big Sky that makes for a destination resort; large resorts provide race programs. Mr. Bedell stated next year they have the US Master Nationals, which will bring in people from all over the country. They also have the Federation of International Skiing races that bring people from the Western US and Canada.

Mr. Bildahl stated they have a strong partnership with the resort.

Mr. Kabisch referenced the balance sheet and the \$19,000 in receivables. Mr. Schreiner stated it is shrinking quickly. Mr. Bildahl stated that is the past year's dues. Mr. Kabisch asked what a current balance sheet would look like. Mr. Schreiner stated they have CDs set aside and funds were donated by someone who requested the funds to go towards a specific event. He stated at year's end their net income will be about \$8,000-\$9,000.

Mr. Schriener stated they added coaching this year. Mr. Kabisch asked if that was the \$30,000 increase over the budget. Mr. Schreiner stated yes, they have 17 coaches. He stated that also includes race fees. Mr. Schriener stated last year there was a huge increase in kids; a coach would have 12 kids ranging from six to 12 year olds (abilities would be grouped together). This year they shrunk the group sizes and increased coaching to bring a top notch race program to Big Sky.

Mr. Kabisch asked about the \$8,000 in sponsorships this year, which is down from last year. Mr. Bildahl stated sponsorships for their major sponsors are three-year contributions; they make three installments or payments. Mr. Schriener stated the sponsorship income is to pay for team jackets instead of having the kids pay for their own jackets. He stated part of the Foundation's agreement with the resort is that all the kids will be in uniform; \$23,000 was for Spyder jackets.

Mr. Kabisch asked about the \$10,000 request. Mr. Bedell stated it would be for a timing and storage building. He stated in the past, resort tax has funded equipment. Big Sky is giving a space, rent free, on the ski hill for the Foundation to build a new, permanent facility. Mr. Schreiner stated it will be at the bottom of Hangmans where there is an existing structure; the existing structure will be moved to the top of the hill and the new facility will give them the ability to store all the equipment. He stated the Foundation has applied to resort tax 13 out of the last 20 years for equipment; it becomes damaged by the sun and needs to be properly stored. He stated it is critical for a race to have good equipment.

Dr. Strickler referenced their earlier comment that the Foundation would have about \$9,000 at the end of the year; he referenced the \$9,400 net profit on the 2012-2013 budget. Mr. Bildahl stated they still have payroll taxes between May and the end of their fiscal year. Ms. Hermann asked for an update of the additional expenses.

Mr. Scholz asked how often the equipment needs to be replaced. Mr. Bedell stated the amount of broken gates per race or training event varies from 0 to 10 per race.

Mr. Scholz asked if the resort tax funds \$29,000 this year when and how much will the Foundation return to resort tax to request funding for replacement equipment. Mr. Bildahl stated that two years ago they requested \$4,500. He stated \$4,500 every two years is a good base number. Mr. Bildahl stated the larger equipment items like the TAG LED display is new; when a racer finishes a race, he turns around to see his time and they do not have that LED display yet.

Mr. Scholz asked how long the storage facility would last. Mr. Bildahl stated it should last for many years.

Mr. Scholz asked if after this funding, is resort tax done as far as keeping the Foundation in the race business. Mr. Bildahl state yes. Mr. Schreiner stated they ask for funding only as needed so they can keep their equipment looking fresh, which attracts the big races.

Ms. Hermann asked if the \$29,000 request could be phased in over two years. Mr. Schreiner stated they cannot build the facility for less than \$10,000. Mr. Bildahl stated if resort tax decides to fund \$10,000 of the \$19,000 requested for equipment, they'll make do. They are asking for what they need, but they will exist another year without it. Mr. Schriener stated this year they have the YSL Championships plus the Masters Nationals (where 250 racers come from all over the country for a six-day event). He stated the funding will allow Big Sky to look like the other big events and put Big Sky in the limelight.

Dr. Strickler asked if their tax status is 501C (3). Mr. Schreiner stated yes. Mr. Loble stated resort tax is only able to contract with entities that are permanent. Ms. Jamison stated they are to have articles of incorporation.

20. Morningstar – Joe Miller and Steven Raiger

Mr. Loble stated he is the only current board member that was on the board when Morningstar was appropriated \$300,000. Mr. Loble stated a concern to the previous board was that Morningstar served a small population of the community. He stated that Morningstar solved that problem by planning a building with a community space. He stated in the current Morningstar building there does not seem to be a community space. Mr. Miller stated the current building is dedicated to taking care of the children.

Mr. Loble asked how many children are served. Mr. Miller stated the number changes every month; they have capacity for 42 children.

Mr. Miller stated he read through the resort tax legal guidelines and anticipated Mr. Loble's question on serving the community. He stated Morningstar's benefit to the community has different layers; it benefits the children served, the families of those children and the community at large. Mr. Miller stated Morningstar is different from other childcare services in Big Sky because they are a nonprofit and maintain competitive wages for staff and low childcare costs. He stated Morningstar's board focuses on lowering tuition costs so more families may participate. He stated Morningstar provides an option for families, who would otherwise have to move out of town, to stay and continue to contribute to the community.

Mr. Raiger stated Morningstar is willing to make the space available to the community, similar to how Ophir opens to the community after school hours. He also stated they can expand their current building if there is a need in the community for a community space. Mr. Miller referenced the application and stated they have listed adult tables and chairs in their request and that, if the resort tax board feels it is appropriate, Morningstar will research what community groups need a space and begin utilizing the building for community purpose during nonbusiness hours.

Mr. Loble stated during last year's Morningstar application process, the resort tax board addressed the original contract of \$300,000 plus the \$200,000 match and that the board could not find the matching funds on Morningstar's books. Mr. Loble sated the resort tax attorney confirmed the \$200,000 match was part of the contract with resort tax and that it should have been on the books. The board learned

Morningstar spent the \$200,000 on operations, which was a breach of contract. Mr. Loble stated the resort tax board asked for information on Morningstar's escrow accounts in hopes that they would qualify, but the board was told the terms of the escrow accounts were confidential. Mr. Loble asked where the \$200,000 match to the resort tax \$300,000 is. Mr. Miller stated that when Laura Sacchi left the organization that those donors left as well. Mr. Raiger stated that every dollar that was appropriated by resort tax has a paper trail on the Morningstar financials; they do not have the \$300,000 now, as it was spent. Mr. Raiger stated that, as he understands, the \$200,000 was raised and spent on architectural fees. He stated on the financials the board will see more money was spent than what resort tax provided; a small portion of it was used to help with operations. Mr. Raiger stated that when Ms. Sacchi left there was \$55,000 of the \$200,000 left. He stated due to the timing of the economy, Morningstar decided not to move forward and build; they asked if the \$55,000 could be used towards the purchase of a new building. Mr. Raiger stated that the largest contributor involved (in the \$55,000) asked for their money back; another contributor (who gave \$10,000 of the \$55,000) asked for \$5,000 back. Ms. Hermann asked if that was what was in the escrow accounts. Mr. Raiger stated yes, he clarified that the \$145,000 of the original \$200,000 was spent on Morningstar. Mr. Loble stated he has no doubt that there is a paper trail that the money was spent on Morningstar; however, that by not using the \$200,000 for the contracted purpose, it was a breach of contract. Mr. Miller stated he understands.

Dr. Strickler asked if Morningstar accepts Medicaid. Mr. Miller stated yes. He stated they also accept state funding for children with special needs. Dr. Strickler asked how many Medicaid children are in Morningstar. Mr. Miller stated there are no Medicaid children in Morningstar right now.

Dr. Strickler asked how many licensed and unlicensed childcare options exist in Big Sky. Mr. Miller stated Big Sky Resort has childcare, Montessori and that the other childcare options are private-individuals taking children into their homes. Mr. Miller stated the distinction is preschool versus daycare; Morningstar is offering service above and beyond what the others offer (except Montessori). He stated Montessori is out of the price range for many families in the area. Mr. Scholz asked if there were other licensed facilities in Big Sky. Mr. Miller stated Morningstar is the only licensed facility.

Mr. Scholz asked what occupancy do they generally have in the facility. Mr. Miller stated it varies from month to month; for example, a week in March may look like 32 children on Monday, 15 on Tuesday, 24 on Wednesday and 24 on Thursday (they were not open on Fridays in March). He stated Morningstar changes with the communities needs and that they have the capacity to grow.

Mr. Scholz asked for clarity on the rate structure. Mr. Miller stated they are in the process of changing the rate structure, but at the time of the resort tax application the rate structure was a monthly fee based on the number of days children attended and a drop-in rate. He stated they are changing it to a flat daily rate and billing once a month.

Mr. Scholz referenced their application which states that if Morningstar receives resort tax funding it will reduce their monthly payment by \$2,000 and it would lower the cost by \$50 per month. Mr. Scholz asked what the cost per month is. Mr. Miller stated the cost per month is difficult. He stated that as a licensed childcare facility, the ratio of children to teachers (one teacher for four infants is required; however, many days they have two infants, etc.) makes a per child per month cost prediction difficult. He stated they manage and send staff home as needed, but it is difficult to budget because the range moves every day. Mr. Scholz stated he understands, but has heard that as good of a job Morningstar does, it is still not affordable for many families. Mr. Miller stated every Morningstar board meeting is about that subject. He stated they have to budget so they can keep their doors open, but their goal is to get the rates down so they are comparable with Bozeman. Mr. Miller stated there are a number of ways they are trying to accomplish the goal, one of which is that they have come to resort tax, plus fundraisers and donations, and they continually adjust staffing levels and tuition rates. Mr. Raiger stated that in addition to staffing expenses, rent has always been the next largest expense and getting into their new building has made it slightly more affordable. He stated that if they were able to pay down the mortgage it would free up their budget. Mr. Scholz asked where is the funding level that makes Morningstar's tuition affordable. Mr. Raiger stated that once the building is paid off

they will continue to fundraise to cover scholarships and teachers' salaries and their goal will always be to operate at a breakeven point (aside from reserves and capital improvements). He stated lowering the building costs is the first major hurdle, unless demand goes up and they have to expand; then they will begin a different type of fundraising.

Ms. Jamison stated the underlying issue is if the entity is a public institution. It sets up the comparison of a public school that is open to everyone versus a private facility that you can only go to if you pay. Ms. Jamison stated the request is for resort tax to fund a private building for a private institution, it is not that it is not for profit, but the underlying purpose is a private facility. She stated the provision in Article 5 raises a significant question mark. Mr. Raiger stated he does not want to begrudge any other organization that resort tax funds; however, he stated you could make that same argument to many of the other organizations that resort tax funds. Mr. Loble stated that Ms. Jamison's point was specific to schools. Mr. Raiger stated he hoped the board makes their decision based on the merits of what Morningstar is trying to do and the need in the community, as they have done in years past.

Mr. Loble stated that when Morningstar began another daycare existed in Big Sky that went out of business. Mr. Raiger stated he was one of the parents that lost their childcare option when that daycare went out of business. He stated that is when he became involved and has been ever since. He stated the original daycare was located in Ophir School and when they underwent expansion, the daycare had to leave because the school no longer had space. Mr. Raiger stated the original daycare was supplemented heavily by the lease payments to the school. When they had to leave, the rent was higher everywhere else. The daycare passed the cost increase along to the parents and the parents could not afford the new rates. He stated that Morningstar began, not in the daycare business, but as an organization that decided to build a building to eliminate the rent hurdle and provide a space for the daycare to service Big Sky. As Morningstar began its efforts, the original daycare was about to close due to not being able to afford the new space. The daycare owner asked Morningstar to take over. Mr. Raiger stated the Morningstar board felt they had to do something and here they are now.

Dr. Strickler stated that part of the request is to pay down the mortgage, which will place Morningstar at a significant economic advantage over the other private childcare options in the community. He asked if that was a reasonable thing for resort tax board to do for one organization. Mr. Miller stated if you look at the history of childcare in Big Sky, you will see that it has been extremely difficult for a childcare entity to create a business plan that is sustainable in Big Sky. He stated that Big Sky is a unique community; it is expensive to pay staff (because of the high cost of living) and if wages are lowered, the teachers find jobs elsewhere. He stated the balance is difficult and the only way for an entity, non or for-profit, to succeed in Big Sky, they would not focus on being affordable; they would charge what they can to keep their doors open or they will have to find funds from somewhere- resort tax or otherwise. Mr. Raiger stated that Morningstar will not take away from Montessori or other non-licensed childcare options. He stated a licensed facility is where the issue comes in; it becomes a cost prohibitive for-profit childcare option. Mr. Strickler stated that in Helena and Bozeman for-profit, licensed childcare options do quite well. Mr. Miller stated Morningstar keeps a close eye on those businesses to compare their costs to Big Sky options. He stated if it was a profitable opportunity, Morningstar would not be asking resort tax for funding.

Mr. Loble stated that as a steward of the public tax, he has the following anxiety: The board appropriated \$300,000 to Morningstar in the past and it is gone; they are now asking for \$200,000 more this year and \$200,000 more next year. Mr. Loble stated that if he went to the bank with a business proposition that requested similar funds, he would be asked for a business plan outlining how the money would be spent. He stated he does not see that in the application and is worried if the board gives Morningstar what they've requested over the next two years, that the money will be gone then as well. Mr. Loble stated that if you look down the list of appropriation requests this year, the \$300,000 would have funded almost every one of the requests. Mr. Miller stated Morningstar is asking for a leap of faith from the resort tax board and he is hopeful that the board sees that the organization is working as hard as it can be good stewards of resort tax funds for the future. He stated part of the reason he joined the Morningstar board was to contribute his economic background and his perspective of a parent with a special needs child. He stated if Morningstar is funded the way they requested in the

application, it becomes a sustainable plan. He stated funds from resort tax will allow Morningstar to use fundraising contributions for one goal- to lower tuition. Mr. Miller stated the business plan is to breakeven. He stated if the community sees they are sustainable, greater fundraising is possible. Mr. Raiger stated that the requested money will go specifically toward paying down a building, an asset, and that there will be no gray area. Mr. Loble stated there was no gray area with the \$300,000; it was to build an asset and it is gone. Mr. Miller stated the cost of that building was a great opportunity, compared to other commercial buildings at the time. He stated that now, several years later, they are admitting that the plan did not work. Mr. Miller stated the plan Morningstar is presenting is safer- the building is appropriate for Morningstar and it is an asset that is already there. He stated since this is public funding going toward a building, a contract could be written between resort tax and Morningstar that ensures if the property is sold, resort tax receives funds back. Mr. Raiger stated that in their bylaws that if for some reason Morningstar goes defunct their property would go back to a public nonprofit organization. Mr. Loble stated that is in all 501c (3) bylaws.

Ms. Hermann stated the board needs to see something more regarding attendance numbers to provide assurance. She suggested they provide what Morningstar would make if they were at capacity, what they would make if they did not have the monthly payment, etc. Ms. Hermann stated the numbers they are stating are very low- 15 to 42 kids. She stated she does not see how that it is viable. Mr. Miller stated the capacity of 42 shows they have room to grow, which would be fewer expenses down the road. Ms. Hermann stated she would like to see a proforma that works. She stated that resort tax could pay for a building and then Morningstar may not have the attendance they need because of Big Sky's population base (or something similar), no matter how low they make tuition. Mr. Miller stated he will provide that information. He stated now that they are in a new building they are beginning to build data that will provide a more solid budget.

Mr. Scholz stated Morningstar's goals are admirable. He stated that to solve this community problem there has to be a bigger solution because with this plan they are not solving the problem for enough of the community. He suggested it may take a bigger public partnership to be able to fill the need. Mr. Raiger stated that is where fundraising will help. Mr. Miller asked if there is something specific Mr. Scholz is referring to. Mr. Scholz stated that involving the school may be an option because it is difficult for an organization like Morningstar to tackle both capital and operating costs. Mr. Raiger stated they are hopeful to have resort tax as a capital partner. Mr. Scholz stated that even if resort tax contributes it does not help on a large enough scale to affect the community. Mr. Miller stated he thinks they can be effective and that they are taking steps as they grow. He stated that the donation they received this spring allows them to open up again on Fridays; with that now available they can attract more families. He stated it is difficult to attract families who already have a plan for their week. He stated that in addition Morningstar was closed four weeks a year and they are removing that this year- they will be open during Christmas. He stated that they are looking for opportunities have a larger impact on the community. Mr. Miller stated that if resort tax helps Morningstar, the board will see them make a larger impact on the community.

Mr. Raiger stated that he has been on the board since the beginning and that as a parent and a business owner what keeps him going is when he considers what his life would be like without Morningstar. He asked the board to consider what would happen to the families and businesses in Big Sky if they could not stay here. Mr. Raiger stated he has not spoken in front of the board before, but that he believes a lot of people are just trying to make childcare work in Big Sky.

Mr. Loble stated the arguments he has heard today are the same he heard when they appropriated the \$300,000. He had no doubt then that resort tax's funding would help Morningstar become a reality and it didn't. Mr. Loble stated he cannot predict the future, but he has seen the past and that their request is a hard sell. Mr. Raiger stated that he wishes they would have had a crystal ball back then and that many businesses got into situations that did not work out. He stated resort tax funded organizations that no longer exist; those organizations were funded with the greatest intentions, but things happen in business. Mr. Raiger stated we all bought homes that are now underwater, but they were purchased in good faith. Mr. Raiger stated he does not think Morningstar should be punished when they took the funding in good faith.

Mr. Loble clarified that he was not punishing Morningstar. He was stating that back then he was totally confident that Morningstar would work. He stated now Morningstar is back to square one and with the same concept. Mr. Loble stated the same was then as it is now, Morningstar is asking for funding from the resort tax board and stating that they will just make it work. He stated it is like starting a hardware store twice. Mr. Miller stated that they are starting in a more modest manner this time and that their model is based on current economics and that it can work. Mr. Miller said they are not starting over on the exact same path; they are going down a different, more sustainable path.

21. Water and Sewer – Recon Dynamics Wireless Telemetry and Debt Sharing Cost Service – Ron Edwards and Terry Smith

Mr. Kabisch asked why the Wireless Telemetry would not be funded through the Water and Sewer district. Mr. Edwards stated it is possible to fund it through the district; however, the project's scope is broader than what the district would use it for; for example, the fire district and property management companies may have a use for the project.

Mr. Scholz asked if it was a free service. Mr. Edwards stated it is not free; the radios cost \$40 and the web access is a subscription based cost. He stated a condo association could purchase the radios and subscribe to the website for a dollar a month to access the account. The manager, or however many people they would like, would receive notifications.

Mr. Scholz asked if associations, etc. would receive the service for free after the resort tax's \$30,000 investment. Mr. Edwards stated that they would receive the hardware free of charge, but not the subscription to the website.

Mr. Loble asked if the property owner would buy the radio unit. Mr. Edwards stated yes, the radios would be an expense for the owner if they are monitoring temperature. He stated they've seen water and sewer systems frozen and with so many vacant properties, this service offers a certain amount of insurance to prevent damage.

Dr. Strickler asked if every unit would have a radio. Mr. Edwards stated they would; the radios run on a battery and the data monitored is sent to the base and then to a web server for real-time notifications. Dr. Strickler clarified and asked if every generator unit with the water and sewer has a radio. Mr. Edwards stated yes, the district has found the service beneficial for water and sewer operations; it records anytime the generator starts and stops. He stated they are looking into them for pressure releasing values and security on water tanks. For the fire district, it could benefit fire suppression systems.

Dr. Strickler stated it is not clear from the application what resort tax would be paying for. He asked if he added one to his home would he pay for it or would it be part of the resort tax funding. Mr. Edwards stated the requested funding is for the base stations and adding a radio to a home would be an individual expense; it would be elective. Mr. Edwards referenced a page in the application with a picture of the base station; the base station would be installed in the filter building in the meadow. Mr. Edwards stated there is a range to the base station and that the homes on the mountain are not going to give signals back to the meadow station; the perimeter is up to Aspen Groves. The water and sewer district would have to install two other stations to expand service to the mountain and the Spanish Peaks area. He stated if they had three stations it would be \$30,000.

Mr. Scholz asked if the Wireless Telemetry would save man hours. Mr. Edwards stated no, it provides protection.

Mr. Loble asked if he has one in his house and it drops below freezing, what happens. Mr. Edwards stated it automatically sends a signal to the base station and onto the website; the homeowner can set up notifications via email or text message.

Mr. Scholz asked with the signal limitations for the requested meadow base station, what percentage of the resort area district will be served. Mr. Edwards stated it will serve the main population base- the

meadow, Hidden Village, Aspen Groves, Sweetgrass Hills, Lone Mountain Ranch and possibly down to the Conoco.

Mr. Loble asked if the Debt Sharing application is a dollar for dollar off-set of the levy. Mr. Edwards stated yes, as general obligation bonds, the payment is made around the tax levy. They calculated \$350,000 of loan payments as a tax savings back to the tax payers. He stated when they designed the water and sewer district, they designed it around the peak populations and tourists influx. Mr. Kabisch stated the people who pay the levy increase are the ones who benefit from the water and sewer district.

Mr. Scholz stated they have a tax basis and asked if they can transfer or raise their fees to pay for the bonds and pay the operating costs. Mr. Edwards stated that is what they do; all of their operating costs are in their fees and the resort tax application is just for bond payment. He stated if they had done revenue bonds, the payment structure of the bonds would be in the monthly water and sewer charges, which they are not. Mr. Scholz asked if they can be. Mr. Edwards stated the ultimate security for the repayment is in their tax levy authority and they have always elected to take 100% of that and put it on the tax. He stated their board may be able to add a \$10.00 charge to their rate base to preserve the Debt Service; however, they have never done that because it's always gone on the tax.

Dr. Strickler asked if the bonds are for things that have not been completed yet. Mr. Edwards stated yes. Dr. Strickler stated the resort tax has funded the original Interlocal Agreement bond for 10 years. He stated this application is asking for tax relief. He asked Ms. Jamison if that was legal. Ms. Jamison stated yes, it is legal; it is different from the original Interlocal Agreement because that agreement was made with the County and the sewer district- it was an RID. Mr. Scholz explained the reasons for the original Interlocal Agreement and the sewer moratorium.

Mr. Scholz stated if we didn't have tourists we wouldn't need a sewer system. He stated the need is a business development situation; tourists drive the cost, but they also make everything possible. Mr. Edwards stated it is a circular argument and that the bottom line is that the Debt Service application is a tax relief effort.

Mr. Scholz stated resort tax is for infrastructure as well. He stated other resort tax districts have in their governing documents that they are to reduce property taxes- Whitefish and West Yellowstone. Mr. Scholz stated Big Sky specifically decided not to include that effort and if the water and sewer application was about reducing property tax then resort tax should give everyone in the resort tax district money back, not just those in the water and sewer district. He referenced the capital improvements plan and stated he is not sure resort tax should set a precedence that they are going to pay for everyone's water and sewer. If it is about reducing property taxes he suggested resort tax go back to the legislature. Dr. Strickler stated he agrees with Mr. Scholz.

Dr. Strickler asked if Debt Service is not funded, does water and sewer have the ability to get the funding they need from the tax payers. Mr. Edwards stated yes; however, if the request is funded by resort tax it would change the amount of the levy.

D) Public Comment

Terry Smith stated he would like to respond to the comments about the water and sewer Debt Service application not benefiting everyone in the resort tax district. He stated it is only 26% of payment and he does not think it is too much to ask for the resort tax to consider it.

Marcus Kirchamyr supports the Chamber of Commerce. He is a business member of the Chamber. He stated a few years ago he was not happy with the Chamber, but that there is incredible momentum right now and he is pleased with the Chamber's resort tax requests.

Separately, he stated, he does not think business owners should have to contribute to infrastructure like the entry monument or community marketing efforts like Biggest Skiing in America; instead businesses should continue to support and give to the nonprofits.

Ms. Herman asked if it would be possible to increase the percentage of resort tax and apply the increase to a specific purpose. Ms. Jamison stated no, parameters of the resort tax are 3%. Mr. Loble stated 3% is the maximum presented by the statute.

Mr. Scholz stated the board hired Ms. Jamison to lobby for the resort tax board to gain bonding authority. He stated an example would be a fire engine expense or the ability to spread out projects like the performing arts center. Mr. Schreiner asked if that would be financing. Ms. Jamison stated she will go before the state legislature. Mr. Malinowski stated previous boards made this possible for projects like the community park by rolling over funds until they had three years of funding.

Chairperson Les Loble adjourned the meeting at 5:45 p.m.

Respectfully Submitted,



Ginna Hermann, Secretary



FINAL MINUTES OF THE BIG SKY RESORT AREA DISTRICT
OPEN BOARD MEETING
June 13, 2012
FINAL APPROPRIATIONS

Present: Les Loble, Chairperson
Jamey Kabisch, Vice Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director
Jeff Strickler, Director
Whitney Brunner, Administrative Officer
Mona Jamison, Attorney

Chairperson Les Loble called the meeting to order at 1:00 p.m.

I. Open Meeting

A. Public Comment

Steve Johnson referenced the May meeting and that the board commented they will be seeking opportunities for resort tax to obtain bonding authority. He stated if and when that proceeds, he hopes it will be presented to the community within the context of other available mechanisms to provide bonding authority to Big Sky, including incorporation.

Brian Stumpf supports the Arts Council, specifically the free-of-charge Thursday night concerts.

Public comment closed.

B. General Announcements – Chairman Les Loble

Mr. Loble opened the meeting, introduced the board members, attorney and administrative officer. He requested the public sign in. He explained the outline of the meeting and noted the board will make motions for appropriations, which will pass or fail based on majority approval.

Mr. Loble stated the Chamber's rollover requests were reviewed by the district's attorney and do not meet the definition of rollovers. Rollover requests are unfinished projects where funding is rolled over to serve the same purpose. He applauded the Chamber for being frugal with resort tax funds.

He stated serving on two boards is not a conflict of interest. A conflict of interest is when a board member has a personal, monetary interest in the entity. Mr. Kabisch disclosed that his wife works for the Library and he will not participate in motions or discussion regarding the Library.

Mr. Loble reviewed the funds available spreadsheet.

C. 2012-2013 Resort Tax Funds Appropriation

1. Determine Funds Available

Motion by Mr. Scholz to approved the funds available at \$2,582,262.02.

Second by Ms. Hermann.

All in favor. Motion passed.

2. Appropriation of Funds

- a. Motion by Ms. Hermann to appropriate \$35,500 to the **Post Office**.
Second by Dr. Strickler.
All in favor. Motion passed.
- b. Motion by Dr. Strickler to appropriate \$300,000 to the **Transportation District**.
Second by Ms. Hermann.
All in favor. Motion passed.
- c. Motion by Mr. Kabisch to appropriate \$19,000 to the **Noxious Weeds Committee**.
Second by Mr. Scholz.
Discussion: Mr. Kabisch stated he'd like to see the program do with what they've received from resort tax in the past. The use of the funds (for cost share or education) is up to the program. Mr. Scholz stated he agrees.
All in favor. Motion passed.
- d. Motion by Mr. Kabisch to appropriate \$12,000 to **Search and Rescue**.
Second by Mr. Scholz.
All in favor. Motion passed.
- e. Motion by Mr. Scholz to appropriate \$124,410 to the **Sheriff's Office**.
Second by Ms. Hermann.
Discussion: The board asked a representative from the Office come forward. Jason Jarrett came to the podium. Mr. Loble asked how many deputies are in Big Sky right now. Mr. Jarrett stated two. Mr. Loble asked where the other three are. Mr. Jarrett stated they are on days off or not on shift. He stated they have yet to figure out how to make the deputies work 24-hour days. Dr. Strickler asked if they have 24-7 coverage at all times with two deputies. Mr. Jarrett stated no. He stated some days of the week there are two deputies scheduled to work at one time, but most of the time one deputy is scheduled to work. He stated that is the limitation of having five deputies. Mr. Scholz asked Mr. Jarrett to compare Big Sky's coverage to West Yellowstone's. Mr. Jarrett stated Big Sky is receives seven day-a-week coverage (shift hours) compared to West Yellowstone's two day-a-week coverage.
All in favor. Motion passed.
- f. Motion by Mr. Loble to rollover \$8,500 to **Women in Action**.
Second by Mr. Kabisch.
All in favor. Motion passed.
- g. Motion by Mr. Kabisch to appropriate \$10,000 to **Women in Action**.
Second by Mr. Loble.
Discussion: Mr. Loble stated that although a small percentage uses the counseling program, it is open to all in the community. He stated over the years the resort tax board has seen Women in Action do more with the same amount of funding and that is a credit to Lisa Beczkiewicz and the organization.
All in favor. Motion passed.
- h. Motion by Mr. Kabisch to appropriate \$16,500 to the **Skating and Hockey Association**.
Condition: Resort tax funding is not to be used for lights.
Second by Mr. Scholz.
Discussion: Mr. Kabisch stated the Association has done a great job of bringing people to Big Sky and the rink is a great addition to the community. He stated he would like to cover the operating expenses, but is not comfortable funding the lights, a Town Center improvement. He stated if the Association was part of the Community Corporation his opinion may be different.

Ms. Hermann stated the Association has done an outstanding job of gathering funds and resources. She stated it serves both visitors and residents. Ms. Hermann stated lights are essential to safety on a hockey rink and provide an evening activity when skiing hours are over. She suggested the Association and Simkins family provide the resort tax board an agreement that the lights are property of the Association and will follow should the rink change locations.

Dr. Strickler stated he supports Mr. Kabisch in not funding the lights this year. Mr. Loble stated he supports Mr. Kabisch as well and he would like to see the Association merge into the Community Corporation.

Mr. Scholz stated he would rather fund the lights, not operations. He stated the rink is on private land and draws business to a specific group of businesses. He stated since it is not at the community park, the group running the organization should be responsible for operating expenses.

Ms. Jamison asked if a condition of the motion is that funding not to be used for lights. Mr. Kabisch stated that is correct.

In favor: Mr. Loble, Mr. Kabisch and Dr. Strickler

Opposed: Ms. Hermann and Mr. Scholz

Motion passed.

i. Motion by Dr. Strickler to appropriate **\$94,350** to the **Arts Council**.

Second by Mr. Scholz.

Discussion: Dr. Strickler stated the public comments have been appropriate, Music in the Mountains brings good things to the community and he is in support of the effort.

Mr. Scholz stated when resort tax was created an original goal was to help the community perform like a destination resort. He stated the concert series promotes business and creates a better place to live. He stated he is glad to see the Council is seeking grants.

Mr. Loble stated a few years ago former Arts Council president Doug Gale came before the resort tax board and stated the Arts Council business model was not working and that they intended to fix the business model or fold. Mr. Loble stated the Arts Council fixed their business model. Likewise, when the headliner event did not work last year, the Arts Council came to resort tax and asked what the board would like to do with the remaining funds. He stated the resort tax board decided to keep the funds with the Arts Council (with specific requirements) for an event like the headliner. He stated the Arts Council has always been forthright with resort tax.

Mr. Kabisch stated he is concerned with the history of increasing requests each year. He stated this year is a 13% increase over last year. He asked if the resort tax board can expect a 13-15% increase again next year. Ms. Hermann stated in the last two years the Arts Council expanded programming to include a three-day classical music festival free to the community and visitors. She stated the Arts Council funding requests have remained consistent for the Thursday night concerts. Mr. Scholz stated he recalled Arts Council President Donna Thompson stated funding requests will not continue to increase if the Arts Council successfully obtains grants. Ms. Thompson stated that is correct.

All in favor. Motion passed.

j. Motion by Ms. Hermann to appropriate **\$425,000** to the **Warren Miller Performing Arts Center**.

Condition: Scheduling agreement between the Warren Miller Performing Arts Center within the Big Sky School District #72 and the Big Sky Resort Area District (BSRAD):

By October first of each year the programming for the use of the Warren Miller Performing Arts Center will have been scheduled by the Big Sky School District #72 and Friends of Big Sky Education, Director John Zirkle (FOBSE).

On October first the scheduling calendar will be open for one month (until November first) for Big Sky nonprofits to select dates and schedule events on a first come basis. On October first there will be a minimum of 15 Fridays or Saturdays available for use by the community for the next year.

Any dates scheduled will automatically rollover for the following years unless released by the organization. By mutual agreement between Big Sky School District #72, FOSBE and BSRAD changes to these dates can be made.

After November first the calendar is open to the public for scheduling.

Second by Mr. Scholz.

Discussion: Mr. Scholz stated the Center is one of the best presented projects this year. He stated one of resort tax's goals is to create a destination resort. He stated this is a game changer for the community. Mr. Scholz stated similar past funding requests like the park have been granted. He stated \$1 million was spent on a park that is used five months a year for recreational opportunities. Mr. Scholz stated the Center is asking for half of the park's request for cultural performing arts opportunities. He stated if a free standing facility had to be built it would be \$4-5 million. He stated the Center has done a great job of fundraising. Mr. Scholz stated the school's contribution should not be considered only monetary in value, but that the school is providing something that already exists. He stated the Center has found a way to cover future administrative costs and will not be coming back to resort tax for that type of funding. He stated for \$500,000 the Center is one of the best buys that has come before the resort tax board.

The board asked a representative from the Center come forward. Loren Bough came to the podium. Ms. Hermann stated in large funding requests the board often looks for the fluff. She asked Mr. Bough to explain what could be considered fluff in the application. Mr. Bough stated after the appropriation process today, he still has \$100,000 of fundraising to do. He stated it will be easier should the Center receive the support of the resort tax board. Mr. Bough stated the following items have been left out of the application: plaques, upgrade of bathroom facilities and a green room (where professional performers securely store their equipment). He stated he took those fluff items out of the resort tax request. Dr. Strickler asked what the drop dead number the Center needs to proceed. Mr. Bough stated he is prepared for a 10% cut; \$450,000. Dr. Strickler clarified and asked at what number would Mr. Bough not proceed with the project. Mr. Bough stated he is very creative; however, \$450,000 will give the Center momentum to open in December.

Mr. Kabisch asked Mr. Bough if he is comfortable with Ms. Hermann's condition. He also asked how comfortable Mr. Bough is with the language in the application that event dates will be rolled-over from year-to-year. Mr. Kabisch stated he would not want the Center's hands to be tied and that they should be able to make the best business decisions. Mr. Bough stated they already have a priority pricing system set up as outlined in the application. He stated that Ms. Hermann's proposal also included conditions for priority scheduling as well. He stated the Center is being asked to maximize revenue and serve the 501C (3)s of the community. Mr. Bough stated the Center may be in a scenario where they stand to gain more from a for-profit group, but if the 501C (3) has already reserved the space. Mr. Bough stated the 501C (3) organizations' concern is that the Center becomes very successful and they get squeezed out. Mr. Bough stated he does not think that will be the case, but that rollovers dates from year-to-year will be available for trade.

Mr. Loble asked if the contract could be written so that the resort tax funds would be the last dollars to be contributed to the project in the case the project does not happen, the dollars would not have been lost. Mr. Bough stated the private funds total \$775,000, which are already in the bank; therefore, he does not feel adding Mr. Loble's suggestion to the contract is appropriate. Mr. Loble stated the resort tax board has the fiduciary responsibility of the tax payers' dollars. He stated the resort tax board has had the experience in the past when they've appropriated funds for a similar purpose and now the funds are gone. Mr. Loble stated one of Mr. Bough's statements in the past is that the Center is coming to the board with most of the money already in

hand and not asking resort tax to put it up front. Mr. Bough stated that he would feel he is being punished for laying out the funding in advance. Mr. Bough stated he can live with whatever conditions the resort tax board decides to impose. Mr. Kabisch stated he can see the same argument being made for the skate park. He stated they have a shovel ready project with private funding and the last piece of the puzzle is resort tax funding. Mr. Kabisch stated that with projects going forward, a clause similar to what Mr. Loble has suggested may be common. Mr. Bough stated he would not want to be singled out and asked that the clause be for all entities. Mr. Loble stated that a request of \$425,000 puts it in an entirely different category.

Mr. Scholz asked if Mr. Bough would start the project without having the total amount raised. Mr. Bough stated he would not start the project without commitments. Mr. Bough stated they have the commitments, but they have not all been received. Mr. Scholz asked Mr. Bough to clarify allocated. Mr. Bough stated some of his pledges are based on a good result today. Mr. Scholz stated the Center does not have matching funds based on resort tax appropriations. Mr. Bough stated correct. Mr. Scholz asked if Mr. Bough would be willing to share with the resort tax board, prior to drawing funds, that he has commitments for the total needed. Mr. Bough stated he would be willing. Mr. Loble stated he is asking for the same condition the private donors are asking for. Mr. Scholz stated the resort tax board wants to see total commitments so the project is completed. Ms. Hermann stated they would prefer to see that the commitments are not just verbal, but that are concrete commitments. Mr. Kabisch stated commitments are only worth the paper they are written on. He stated he is not sure they are doing a service to the district by requiring commitments; it is difficult to get checks. Mr. Loble stated he agrees with Mr. Kabisch.

Dr. Strickler thanked Ms. Hermann for the condition to the contract. He stated his concern at the Question and Answer session was that the Center would turn into the Wilson in Bozeman and the condition helps avoid that scenario.

Substitute motion by Mr. Loble to appropriate \$425,000 to the Warren Miller Performing Arts Center.

Condition 1: Resort tax's release of funding is contingent on the financial commitments showing the balance is available for the Warren Miller Performing Arts Center building.

Condition 2: Scheduling agreement between the Warren Miller Performing Arts Center within the Big Sky School District #72 and the Big Sky Resort Area District (BSRAD):

By October first of each year the programming for the use of the Warren Miller Performing Arts Center will have been scheduled by the Big Sky School District #72 and Friends of Big Sky Education, Director John Zirkle (FOBSE).

On October first the scheduling calendar will be open for one month (until November first) for Big Sky nonprofits to select dates and schedule events on a first come basis. On October first there will be a minimum of 15 Fridays or Saturdays available for use by the community for the next year.

Any dates scheduled will automatically rollover for the following years unless released by the organization. By mutual agreement between Big Sky School District #72, FOSBE and BSRAD changes to these dates can be made.

After November first the calendar is open to the public for scheduling.

Second by Dr. Strickler.

In favor: Mr. Loble, Ms. Hermann, Mr. Scholz and Dr. Strickler

Opposed: Mr. Kabisch

Substitute Motion passed. Original motion fails.

k. **Motion by Mr. Loble to appropriate \$437,000 to the Fire Department.**

Second by Ms. Hermann.

Discussion: The board asked a representative from the Department come forward. Chief Farhat came to the podium. Mr. Scholz referenced the \$250,000 projected revenue on the ambulance

service. Mr. Scholz stated on the previous fiscal year budget, the ambulance service was \$250,000 and raised \$238,000. Chief Farhat stated that is the current fiscal year it is not complete yet. He stated the Departments expects to exceed the \$250,000 budget slightly. Mr. Scholz asked if it is realistic to expect the same ambulance service budget, with an expected 7% increase in calls. Chief Farhat stated it is difficult to predict an increase (as it is dependent on snowfall, etc.). He stated the 7% increase referred to what the Department experienced in the fall, but since then they have not seen an increase.

Mr. Scholz asked Chief Farhat to explain the new \$40,000 salary category "temporary". Chief Farhat stated temporary employees begin in Thanksgiving and serve through the end of the winter season resort close. He stated the temporary staffing dollars were buried in previous budgets and he separated them out. Mr. Scholz stated the other salary budget numbers are consistent; he asked where the raise is. Chief Farhat stated the increase in the salary budget is in the new fulltime employee (added at the end of last year that allowed the Department to staff on-station, 24-hours per day) and improvements in service.

Mr. Kabisch asked when the Department changed the billing agency for collections. Chief Farhat stated they changed in October. Mr. Kabisch asked if the Chief thought they would have better pull-through on collections. Chief Farhat stated so far they are doing well, but he would prefer to have a full year's worth of data to reflect back and compare year-to-year.

Mr. Scholz stated the line for accounting did not exist last year and that this year the Department budgeted \$23,000. Chief Farhat stated in the previous year they had a part time employee doing accounting. He stated when that employee was no longer with the Department, they decided to go with a third party, and subcontract to an accounting firm. He stated so far the new arrangement has worked well because it is cheaper than hiring staff and a third party ensures everything is being accounted for properly.

All in favor. Motion passed.

- l. Motion by Mr. Kabisch to appropriate **\$230,000** to the **Chamber for Marketing and Promotions**.
No second.
Motion fails.
- m. Motion by Dr. Strickler to appropriate **\$170,000** to the **Chamber for Marketing and Promotions**.
Condition: Biggest Skiing in America only (not branding or publications).
No second.
Motion fails.
- n. Motion by Mr. Scholz to appropriate **\$215,000** to the **Chamber for Marketing and Promotions**.
Condition: Resort tax funding is to be used for Biggest Skiing in America and branding only (not publications).
Second by Ms. Hermann.

Discussion: Mr. Loble asked why Mr. Scholz selected \$215,000. Mr. Scholz stated he selected \$215,000 because the Biggest Skiing in America (BSIA) agreement equation is 50 cents per skier day plus funding for branding and strategic planning. He stated it may reduce the advertising dollars (and make the advertising dollars available more effective). Ms. Hermann and Dr. Strickler asked if the motion is for BSIA and branding only (not publications). Mr. Scholz stated yes. He stated he wants to be sure the other Chamber applications receive funding and that if there is anywhere to cut it is publications. Mr. Kabisch reminded the board members that the Chamber applied for rollover funds for BSIA, which they are not receiving. He asked for clarification on the skier days; the number he has been using is 415,000. Mr. Scholz stated he is using 430,000.

The board asked a representative from the Chamber come forward. David O'Connor came to the podium. Mr. O'Connor stated the resort tax application was turned in prior to the end of the ski season. He stated at the close of the season, skier days totaled 435,000. Mr. Kabisch stated he

would like to see the resort tax board use the skier day number given at the Question and Answer session and add the remaining skier days onto the next season. Mr. Scholz stated that would shortchange the Chamber this year.

Substitute motion by Mr. Scholz to appropriate **\$217,500** to the **Chamber for Marketing and Promotions**.

Condition: Resort tax funding is to be used for Biggest Skiing in America and branding only (not publications).

Second by Ms. Hermann.

All approve. Substitute motion passed. Original motion fails.

- o. **Motion** by Ms. Hermann to appropriate **\$195,000** to the **Chamber for Wayfinding, Entry and Lighting**.

Second by Mr. Kabisch.

Discussion: Mr. Scholz stated \$80,000 was requested for lighting. He stated construction on the Entry Monument is in the future; add the lights when they construct the Monument. Ms. Hermann clarified and stated the motion is for \$150,000 for the wayfinding signage and \$45,000 for the Entry Monument design. Dr. Strickler asked if Mr. Scholz suggested putting the lighting off all together. Mr. Scholz stated yes. Mr. Loble agreed. Mr. Kabisch stated he suggests \$165,000- \$150,000 for Wayfinding and \$15,000 to allow easement, preliminary work and a concept the community can get around. He stated next year the Chamber can request the \$30,000 in funding for design of the Entry Monument. Mr. Scholz stated he agrees. He stated the Chamber should only have the drawings done that allow them to come before the board next year and if they can do that for less than \$45,000 he'd like to know.

The board asked a representative from the Chamber come forward. David O'Connor and Ryan Hamilton came to the podium. Mr. Loble asked where the Chamber is with permitting from the Montana Department of Transportation (MDT). Mr. O'Connor asked for the wayfinding or the Entry. Mr. Loble stated wayfinding. Mr. Hamilton stated they have the required permits from the county and are in the process of changing the zoning slightly to allow this type of signage. He stated the final hearing for zoning is on June 21 in Gallatin Country. He stated it has also already been approved by the Big Sky advisory committee. Mr. Hamilton stated the Chamber is close to submitting their application to MDT for an encroachment permit. Mr. Scholz asked if the design change MDT requires is going to save money. Mr. Hamilton stated he does not think so, but if it does they will only be spending what it costs. Dr. Strickler asked if a condition to Mr. Scholz motion could include getting the appropriate permits from MDT before proceeding. Mr. Scholz stated yes.

Mr. Loble referred back to Jamey's suggestion of \$165,000. He stated he is concerned that despite the good intentions of the Chamber, the project will get caught up in the bureaucracy of MDT. He stated that is why he would like to see the funding this year be modest and for the Chamber to push wayfinding through first. Mr. Scholz asked if \$165,000 would allow them to move forward appropriately. Mr. Hamilton stated yes. Mr. O'Connor stated getting easement permitting may take some time and that \$15,000 should be appropriate.

Mr. Scholz asked if everything went well, what is the ideal timeline for construction of the Entry Monument. Mr. Hamilton stated next year. Mr. Scholz asked if they will request funding from resort tax at that time. Mr. Hamilton stated yes, in addition to other funding options.

Ms. Jamison asked if a condition of the motion is that funding not to be used for lights. Mr. Kabisch stated \$150,000 is for Wayfinding and \$15,000 is to go towards Entry Monument progress.

Substitute motion by Mr. Kabisch to appropriate **\$165,000** to the **Chamber for Wayfinding and Entry Monument**.

Condition: Resort tax funding is not to be used for lights.

Second by Mr. Scholz.

All approve. Substitute motion passed. Original motion fails.

- p. Motion by Dr. Strickler to appropriate \$130,000 to the **Chamber for Operations and Administrative**. Second by Ms. Hermann.

Discussion: Dr. Strickler stated he has traveled to similar communities that have excellent visitor centers and wayfinding signage. He stated the community references resort tax as the closest thing to government in Big Sky. He stated that is not necessarily true because the resort tax board does not have administrative or taxing authority, but the board does have appropriation authority. Dr. Strickler stated that if the resort tax board was a community government board, projects like the visitor center and wayfinding signage are worthwhile. He suggests resort tax try to find the money make those projects happen.

Ms. Hermann asked Mr. O'Connor if the new visitor center would be immediate. Mr. O'Connor stated their open date would be July 1. He stated they've come to terms on the lease structure, among other details, and he would not be surprised to see a contract by the end of the week.

Mr. Scholz stated Dr. Strickler is on target. He stated in any other town, these projects would not fall under a Chamber appropriation. He stated appropriation for wayfinding, the entry monument and the visitor center is because the Chamber stepped up to take charge.

Mr. Loble stated he has a lot of trouble funding salaries. He stated the Chamber memberships may not be able to support these projects, but they should be able to support the staff. Mr. Scholz stated after reviewing the income from the memberships, Yellowstone County, the Convention and Visitors Bureau and the state bed tax it seems the Chamber spends the income running the organization, on promotion and on some of the salaries. He stated the Chamber is doing work that is above and beyond a Chamber, which is one of the reasons they need more staff. Mr. Scholz stated having a dedicated marketer on staff will make a difference and that from his experience on BSIA having someone responsible as their job instead of as a volunteer (on top of their other job) will make a difference in the effectiveness of the campaign. Mr. Loble stated he appreciates how the Chamber presented the need for staffing; however, his aforementioned statement remains his philosophical position.

In favor: Mr. Kabisch, Ms. Hermann, Mr. Scholz and Dr. Strickler

Opposed: Mr. Loble

Motion passed.

- q. Motion by Mr. Kabisch to appropriate \$1,490 to the **Jack Creek Preserve**.
Second by Mr. Loble.
All in favor. Motion passed.

- r. Motion by Mr. Scholz to appropriate \$95,000 to the **Community Corporation for Park Improvements**.

Discussion: Mr. Scholz stated it makes sense to complete the park improvements. He stated the skate park's matching funds are timely. He stated the bleachers have been withdrawn. Mr. Loble stated he applauds the decision to remove the bleachers from the request.

All in favor. Motion passed.

- s. Motion by Mr. Kabisch to appropriate \$65,000 to the **Community Corporation for Operations and Maintenance**.
Second by Ms. Hermann.

Discussion: Mr. Kabisch stated he would like the Corporation to match the resort tax funding for the reserve. He stated his motion reduces the funding request by \$30,000 and encourages the Corporation to raise \$30,000 for the reserve. Mr. Scholz stated he is concerned setting a precedence of funding reserves. He stated at the last meeting the Corporation stated their reserves could be used for any number of things. He stated everything that has been brought before the resort tax board has a specific use and the reserve does not have a specific use. Mr.

Loble asked if Mr. Scholz is in favor of Mr. Kabisch's motion. Mr. Scholz stated no, he would like a motion \$70,000 less than the request of \$95,000. Mr. Kabisch stated the park is a community asset and they do not have enough cash to maintain what they have. Mr. Scholz stated if the reserve was for specific items he would agree, but that the reserve is open ended. He stated other organizations applying for resort tax funding may like to add reserves into their request next year.

The board asked a representative from the Corporation come forward. Jessie Neal came to the podium. Dr. Strickler asked if the \$70,000 was new or if it was expenses from last year. Ms. Neal stated she thinks there is a misunderstanding with the operations and maintenance budget. She stated the Corporation is requesting funding to maintain the parks and trails; they are not asking for money for the reserve fund. Mr. Kabisch stated in the budget there is a line item of \$70,000 for reserves. Ms. Neal stated the Corporation is hoping to eventually begin to add a reserve fund. Mr. Kabisch asked if the resort tax funds would be used toward the reserve fund. Ms. Neal stated no. Mr. Kabisch asked where \$70,000 of the resort tax funds would go. Ms. Neal stated if the resort tax funding is not spent on what is needed, the Corporation will turn the funds back over to resort tax. Ms. Neal stated the funds will be used on what they requested in their application. Mr. Scholz stated what they requested is reserve funding, not specifically maintenance. Ms. Neal stated no. Ms. Hermann asked if the \$95,000 would be used for operations and maintenance. Ms. Neal stated yes, there is no language in the application about the reserve fund. Ms. Hermann asked why the reserve fund is on the budget and asked if the budget is a projected budget. Ms. Neal stated it is possible they will have an overage on their budget at a maximum of \$70,000, but most likely closer to \$15,000. Ms. Neal stated they have unexpected expenses because of the \$2.9 million in assets. Mr. Scholz stated the budget shows asset management, administration and operating reserve. He asked if the line item of \$43,485 on their budget titled asset management is maintenance. Ms. Neal stated the asset management is specifically for the parks and trails- noxious weeds, trail upkeep, mowing, irrigating, etc. Mr. Scholz asked for clarification on administrative support. Ms. Neal stated that is rent, insurance, telephone, etc. Mr. Scholz asked for clarification on the operating reserve. He asked if that is for overruns or maintenance. Ms. Neal stated it is for overruns. She stated they are considering beginning a reserve. Mr. Scholz stated that the line item is a reserve, not maintenance. Ms. Neal asked if the resort tax board is asking the Corporation to operate without a reserve. Mr. Scholz stated there is a difference between a specific request and a reserve and he is not sure he wants to set a precedence of funding reserves. Mr. Scholz asked the board if he is clear. Mr. Loble stated he is clear.

Ms. Hermann asked what the current unrestricted cash is right now. Ms. Neal stated it is less than the last budget the resort tax board received because they had to put money upfront for the climbing boulders. She referenced paperwork and stated the current unrestricted cash is \$22,342. She stated that because the money is unrestricted, it is used for anything outside their anticipated budget. Mr. Scholz stated the Corporation is asking resort tax to fund the cash balance. Ms. Neal stated no, they are asking for operations and maintenance only. Ms. Neal stated that by her giving the unrestricted cash example she is not asking the board to fund a reserve. Mr. Scholz stated from what he understands the Corporation can run the organization without the budget line item of \$70,000 in reserves.

Dr. Strickler stated that the Fire Department has a large amount of capital that requires maintenance; however, the other organizations have predictable line items. He stated as an organization that holds millions in community assets should be able to take care of problems as they arise. He stated without that ability the community may see deterioration of the assets. He stated that even cutting back the requested funding by \$30,000 may be a detriment.

Ms. Neal asked if Al Malinowski could come forward to explain the reserve line item. The board stated yes. Mr. Malinowski stated that Mr. Scholz is looking at the Corporation like a business; however, the Corporation does not create revenue; they receive donations and most donations come with specific appointments. He stated he'd ask the resort tax board to look at the long-term

relationship they've had with the Corporation. He stated the Corporation has asked the resort tax board to fund the operations and maintenance of the assets the resort tax helped create. Mr. Scholz asked what the \$70,000 reserve fund refers to. Mr. Malinowski stated it is a projected budget item and the Corporation hopes to be able to add funds to a reserve from fundraising. Mr. Scholz stated the resort tax board has shown they are willing to help find funding mid-year if an item comes up, like the Cowboy Hall of Fame. He stated the board has been happy to help when they know what the funds will go towards. Mr. Scholz stated he prefers specific funding. Mr. Malinowski stated the resort tax board should know the \$95,000 will be spent on very specific items maintaining the park. Mr. Scholz stated he'd rather see the \$70,000 go towards operations and maintenance and, as other funding comes in, begin building a reserve budget item.

Substitute motion by Dr. Strickler to appropriate \$95,000 to the **Community Corporation for Operations and Maintenance**.

No second. Substitute motion fails.

In favor: Mr. Kabisch and Ms. Hermann

Opposed: Mr. Loble, Dr. Strickler and Mr. Scholz

Original motion fails.

- t. **Motion** by Dr. Strickler to appropriate \$95,000 to the **Community Corporation for Operations and Maintenance**.

Condition: Resort tax funds are to be used for operations and maintenance (not reserves).

Second by Mr. Scholz.

Discussion: Mr. Kabisch stated the fundraising will go towards specific operations and maintenance items and should they be over budget the resort tax funds will go into the reserve. Dr. Strickler stated the board is discussing a theoretical reserve; it doesn't exist. Mr. Kabisch stated this is the year to be frugal. Mr. Scholz asked Mr. Malinowski where the Corporation will be spending \$70,000 of the \$95,000 if appropriated by resort tax. Mr. Malinowski stated the Corporation revenue stream is primarily resort tax funding. He stated the \$95,000 will cut the grass, perform trail work and maintain assets. Mr. Malinowski stated the past few years it has cost consistently \$95,000 to maintain the Corporation assets. Mr. Scholz stated the way the Corporation presented their budget, the reserve fund may have been optimistic; he would have preferred to see a more realistic budget. Mr. Loble asked if Mr. Scholz would like to fund \$25,000. Mr. Scholz stated that is what he had. Ms. Hermann stated the \$70,000 is a potential. She stated they cannot cut off operating expenses. Dr. Strickler stated he cannot penalize the Corporation for potential fundraising. Mr. Malinowski stated the budget was not only created for the resort tax board it was also created for their donors. He stated by showing a reserve line item, the Corporation is demonstrating responsibility to the donors so they know the Corporation is thinking beyond the year.

In favor: Mr. Loble and Dr. Strickler

Opposed: Mr. Kabisch, Ms. Hermann and Mr. Scholz

Motion fails.

- u. **Motion** by Ms. Hermann to appropriate \$75,000 to the **Community Corporation for Operations and Maintenance**.

Condition: Resort tax funds are to be used for operations and maintenance (not reserves).

Second by Dr. Strickler.

In favor: Mr. Loble, Ms. Hermann, Mr. Scholz and Dr. Strickler

Opposed: Mr. Kabisch

Motion passes.

- v. **Motion** by Dr. Strickler to appropriate \$67,000 to the **Library**.

No second.

Motion fails.

- w. Motion by Ms. Hermann to appropriate **\$65,000** to the **Library**.

Second by Dr. Strickler.

Discussion: The board asked a representative from the Library come forward. Kay Reeves came to the podium. Mr. Loble asked how much cash the Library has in the bank. Ms. Reeves stated at the end of the fiscal year they will have \$20,000. Mr. Scholz asked what could happen in the next year that the library would need to spend all of the \$20,000. Ms. Reeves stated an example would be if the sprinkler system went off and insurance does not cover the contents. Mr. Loble stated for emergency resort tax funding, the event would need to be an unforeseen event outside of the appropriation. Ms. Reeves stated the reserve is all donated funding. Ms. Hermann asked why it has not been used for operations. Ms. Reeves stated it has been (at one time it was \$95,000) and that the Library has been drawing it down.

In favor: Ms. Hermann and Dr. Strickler

Opposed: Mr. Loble and Mr. Scholz

Abstained: Mr. Kabisch

Motion fails.

- x. Motion by Mr. Scholz to appropriate **\$60,000** to the **Library**.

Second by Mr. Loble.

All in favor. Substitute motion passes.

- y. Motion by Mr. Kabisch to appropriate **\$17,500** to the **Snowmobile Association** for **Buck Ridge Grooming**.

Second by Mr. Loble.

Discussion: Ms. Hermann asked if signage was essential this year. Dr. Strickler suggested \$15,000 (what the entity has received in previous years). Mr. Kabisch stated signage is important and Mr. Loble stated good signage prevents Search and Rescue from having to find lost snowmobilers. Mr. Kabisch stated the Association has been frugal in the past and he would like to support their request. Mr. Scholz agreed.

All in favor. Motion passes.

Chairperson Les Loble recessed the meeting at 3:03 p.m. and reconvened the meeting at 3:20 p.m.

- z. Motion by Ms. Hermann to appropriate **\$29,096.50** to the **Ski Education Foundation**.

Second by Mr. Kabisch.

Discussion: Dr. Strickler stated he recommends removing \$10,000 from the appropriation for the storage hut. He stated if the board is not giving the Skating and Hockey Association funding for the lights, they should not give the Foundation funding for the storage hut.

Ms. Hermann stated having a top notch Ski Foundation brings immediate and long-term revenue to Big Sky.

The board asked a representative from the Foundation come forward. James Bildahl and Peter Bedell came to the podium. Mr. Scholz asked if \$10,000 for the storage hut was for materials and labor. Mr. Bildahl stated yes. Mr. Scholz asked if resort tax provides funding for the materials could the Foundation find labor in-kind. Mr. Bedell stated they could hope that would be the case, but they are not sure. Mr. Loble asked where the equipment is kept now. Mr. Bildahl stated it is in a shack at the base of Ramcharger. He stated it will be for storage in the off season, but the hut's more important use will be to house the timing facility.

Mr. Scholz stated the Foundation is business development for Big Sky. He stated any decent resort has a race program.

All in favor. Motion passes.

- aa. Motion by Mr. Loble to appropriate \$15,600 to the **Forest Health and Fire Safe Program.**

Second by Ms. Hermann.

Discussion: Mr. Loble stated he has not understood why this type of program is not run by the Fire Department. He stated he spoke with Chief Farhat who stated that the Program has been very effective. Dr. Strickler stated this is a very important Program.

All in favor. Motion passes.

- bb. Motion by Dr. Strickler to appropriate \$7,000 to **Bear Smart Community.**

Second by Ms. Hermann.

Discussion: Dr. Strickler stated he would like to see Bear Smart run the program more efficiently. Mr. Loble stated Big Sky residents hear about bears all the time and how they need to be more careful. He stated the money may be better spent elsewhere. Mr. Kabisch stated he agrees.

In favor: Ms. Hermann, Dr. Strickler and Mr. Scholz

Opposed: Mr. Loble and Mr. Kabisch

Motion passes.

- cc. Motion by Mr. Scholz to appropriate \$23,700 to **Morningstar.**

Second by Mr. Kabisch.

Discussion: Mr. Scholz stated what Morningstar does is tremendous for the Big Sky community; it is great for the children and the parents. He stated he is not sure Morningstar is thinking big enough. He stated that preschool should be universal, not just available to those who can afford current rates. He stated his motion of \$23,700 is to pay the Morningstar mortgage payments for one year. Mr. Scholz stated he would like to see Morningstar working with the school. He stated it is difficult for families to pay for the high housing costs plus childcare. He stated if preschool is not universal, Big Sky will have two sets of children- those who attended and have a head start and those that did not. He stated Big Sky needs to solve the problem of families moving to Bozeman or never moving here because of high Big Sky childcare costs. Mr. Scholz stated Big Sky cannot grow without attracting families. He stated it may take a bond issue and then the community will find out if this is truly an important issue.

Dr. Strickler stated he is against paying for mortgage payments. He stated he would be more open to scholarships. He stated that by paying for a private organization's mortgage you have eliminated the opportunity and restricted competition for others. Dr. Strickler asked Ms. Jamison if resort tax can fund mortgage payments. Ms. Jamison stated the legality is highly questionable. She stated since it is not open to the entire community unless they can pay (unlike the trails). She stated scholarships based on income criteria is more acceptable. Dr. Strickler stated scholarships are not part of the Morningstar request. Mr. Scholz stated scholarships make sense to him as well; however, he thinks the board needs to keep Morningstar alive to help them morph into something universal.

Mr. Loble stated the Montana Constitution says that state funds are not to be appropriated to educational organizations. He stated the information Morningstar submitted has to do with Medicaid. He stated Big Sky has four childcare centers and he agrees with Dr. Strickler that resort tax should not be involved in eliminating opportunity for others. Mr. Loble stated the 2007-2008 appropriation of \$300,000 was not spent as contracted. He stated the first time the resort tax learned where the funding was spent was last month. He stated the contract also said Morningstar was to gain \$200,000 in matching contributions and they didn't. Mr. Loble stated it is unfortunate that the private donors were given the opportunity to get their money back and resort tax lost it all. He stated other organizations have come on tough times and radically reformed themselves and he has not seen that with Morningstar.

Ms. Hermann stated she sees and optimistic vision coming from the Morningstar board. She stated it seems Morningstar has just begun evaluating who they are and what they need to do to make the organization work. She stated from the numbers Morningstar provided to the resort tax board, she is not sure they can make it work as presented.

In favor: Mr. Kabisch and Mr. Scholz

Opposed: Mr. Loble, Ms. Hermann and Dr. Strickler

Motion fails.

- dd. Motion by Mr. Kabisch to appropriate \$225,000 to the Chamber for **Wayfinding, Entry and Lighting.**

Condition: \$150,000 for wayfinding, \$15,000 for the entry monument and \$60,000 for six lights.

Second by Dr. Strickler.

Discussion: Mr. Kabisch stated he would like to add lighting to the appropriation. He stated most visitors arrive at night. He stated he would like to help move the project forward and get six of the eight lights installed this year. Dr. Strickler asked if the Chamber could have funding for the lights in stages. The board asked a representative from the Chamber come forward. David O'Connor came to the podium. Mr. O'Connor stated they can put up any number of lights. Dr. Strickler asked Mr. Kabisch what the \$225,000 motion funds. Mr. Kabisch stated that it funds \$150,000 for wayfinding, \$15,000 for the entry monument and \$60,000 for six lights.

All in favor. Motion passes.

- ee. Motion by Ms. Hermann to appropriate an additional \$25,000 to the **Warren Miller Performing Arts Center.**

Second by Dr. Strickler.

Discussion: Mr. Scholz stated this motion brings it up to the 10% off. Mr. Scholz stated he wants to see \$500,000. Mr. Kabisch stated he is happy where the original motion is at \$425,000. He stated he is uncomfortable with the rollover dates and priority scheduling.

In favor: Ms. Hermann, Mr. Scholz and Dr. Strickler

Opposed: Mr. Loble and Mr. Kabisch

Motion passes.

- ff. Motion by Dr. Strickler to appropriate \$30,000 to **Water and Sewer for Wireless Telemetry.**

Second by Mr. Kabisch.

In favor: Mr. Loble, Ms. Hermann, Mr. Scholz and Dr. Strickler

Opposed: Mr. Kabisch

Motion passes.

- gg. Motion by Mr. Kabisch to appropriate \$65,000 to the **Blue Water Task Force.**

Second by Mr. Scholz.

Discussion: Mr. Kabisch stated he understands the request is higher this year due to the one-time expenses. The board asked a representative from the Task Force come forward. Kristin Gardner came to the podium. Mr. Loble asked if they lost a grant they generally receive. Ms. Gardner stated no. Mr. Loble asked what is the one-time expense. Ms. Gardner stated it is to change the water quality monitoring program to address recent issues. Mr. Scholz asked what portion of the \$65,000 will the Task Force not ask for next year. Ms. Gardner stated \$20,000.

All in favor. Motion passes.

- hh. Motion by Dr. Strickler to appropriate \$26,500 to the **Skating and Hockey Association.**

Condition: The Skating and Hockey Association and Simkins family is to provide resort tax an agreement that the lights are property of the Association and will follow should the rink change locations.

Second by Ms. Hermann.
In favor: Mr. Loble, Ms. Hermann, Mr. Scholz and Dr. Strickler
Opposed: Mr. Kabisch
Motion passes.

- ii. Motion by Mr. Loble to appropriate **\$96,815 to Water and Sewer for Debt Service.**
No second.
Motion fails.

- jj. Motion by Mr. Kabisch to appropriate **\$95,000 to the Community Corporation for Operations and Maintenance.**

Condition: Resort tax funds are to be used for operations and maintenance (not reserves).

Second by Mr. Scholz.

Discussion: Mr. Kabisch stated he does not agree with how the Corporation presented their budget; however, he does not want to penalize an organization for aspiring to raise funds. Dr. Strickler stated he does not think every project should have to give resort tax their projected fundraising. Mr. Scholz stated after reviewing the application and budget- page states what they will use the \$95,000 towards and on the next page they placing \$70,000 in a reserve. He stated he agrees with Mr. Kabisch that the way the budget was presented is difficult, but that if resort tax ties it down to operations and maintenance then in the future other organizations will see resort tax did not fund reserves. Mr. Scholz asked if a condition of the motion is that resort tax funds be used on operations and maintenance with no funds going into the reserve. Mr. Kabisch stated yes.

All in favor. Motion passes.

- kk. Motion by Mr. Loble to appropriate **\$68,400 to the Library.**

Second by Mr. Scholz.

Abstained: Mr. Kabisch

All in favor. Motion passes.

- ll. Motion by Mr. Kabisch to appropriate **\$24,000 to Morningstar.**

Condition: Resort tax funds be used for the general purpose of funding Morningstar's monthly mortgage payments.

Second by Mr. Scholz.

Discussion: Mr. Kabisch stated as an employer, it is important for the community to have a more affordable option for childcare. He stated with Morningstar being the most affordable, it is still not affordable. He stated he would like to give them a year to work on their efforts. Mr. Scholz stated Morningstar is nonprofit and he would like to give them another year to see how they can meet everyone's goals. Ms. Hermann stated in the Morningstar application is shows they are giving away so much in scholarships. Ms. Jamison stated changing an application request during a meeting is pushing the envelope. Dr. Strickler stated his daughter-in-law ran a successful daycare in Bozeman. He stated the resort tax board needs to tread lightly due to legal issues. Mr. Scholz asked Ms. Jamison what the ramifications are of pushing the envelope. Ms. Jamison stated the ramifications are whether or not anyone would challenge; if there was a challenge she does not know how the court would rule. Dr. Strickler asked how much defending the issue would cost. Ms. Jamison stated it depends how far the issue went. She stated with the amount of the appropriation it would not take much.

In favor: Mr. Kabisch, Ms. Hermann and Mr. Scholz

Opposed: Mr. Loble and Dr. Strickler

Motion passes.

- mm. Motion by Ms. Hermann to appropriate **\$44,415.52 to Warren Miller Performing Arts Center.**

Second by Mr. Scholz.

In favor: Mr. Loble, Ms. Hermann, Mr. Scholz and Dr. Strickler
Opposed: Mr. Kabisch
Motion passes

- nn. Motion by Mr. Kabisch to appropriate **\$2,582,262.02** of resort tax funds according to the previous motions passed.
Second by Dr. Strickler.
All in favor. Motion passes.

D) Public Comment: None

Chairperson Les Loble adjourned the meeting at 4:11 p.m.

Respectfully Submitted,



Ginna Hermann, Secretary



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

July 11, 2012

Present: Les Loble, Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director
Jeff Strickler, Director
Wanda McCarthy, Administrative Officer

Chairperson Les Loble called the open meeting to order at 11:03 a.m.

I. Open Meeting

A. Public Comment: None

B. New Business

1. **Liability Insurance** – Ty Moline with The Insurance-Agency Division provided a handout and explained the current Resort Tax Business Owners Insurance Policy. Insurance policy effective dates are September 9, 2011 through September 9, 2012. Mr. Moline suggested increasing business property amount from \$50,000 to \$100,000, increase dishonesty/employee theft from \$100,000 to \$500,000 and add betterment and improvements to the policy. The annual premium cost for the additional insurance would be minimal. Motion by Dr. Strickler to increase business insurance policy to \$100,000 for business property, \$500,000 for employee theft, and add betterment and improvements to the policy. Second by Mr. Scholz. All in favor. Motion passed.
2. **Tax Collector Audits** – Bob Dellinger of Dellinger & Gallagher, Inc. reviewed the audit process. The Board reviewed the letter and statement of confidentiality that will be sent to each entity selected for audit. The audits will take place the week of September 24, 2012. Mr. Loble asked Mr. Dellinger for recommendations on future changes to the remittance form, possibly adding gross sales (along with gross taxable sales). The following eleven businesses were selected for audit: Yellowstone Mountain Club LLC, Moonlight Basin, Moonlight Lodging – Sagebrush, Grizzly Outfitters, River Rock Lodge, By Word of Mouth, The Cabin Bar & Grill, Choppers Grub & Pub, Rainbow Ranch Lodging, Rainbow Ranch Holding LLC, and Big Sky Furniture. Motion by Ms. Hermann to audit business selected by the Board. Second by Mr. Scholz. All in favor. Motion passed.

The Board discussed Paparazzi Fur & Boutique's audit from last year. Motion by Ms. Hermann directing Ms. McCarthy to draft a letter to Paparazzi Fur & Boutique reminding them that resort tax is to be collected and remitted on all sells including internet, catalog and telephone sells. Second by Dr. Strickler. All in favor. Motion passed.

Mike Gallagher of Dellinger & Gallagher, Inc. was also in attendance.

3. **MSU Gallatin County Extension Forest Health and Fire Safe** – Motion by Ms. Hermann to approve moving \$318.29 from budget line item Supplies to budget line item Salary and Benefits. Second by Dr. Strickler. All in favor. Motion passed.

4. **Local Fairs and Market Vendors** - The Board discussed who is responsible to make sure fair and market vendors are collecting and remitting the 3% resort tax. (a) Motion by Mr. Scholz directing Ms. McCarthy to send out a letter to all organizers/sponsors of fairs and markets telling them it is their responsibility to distribute resort tax information and forms to each vendor, provide the Resort Tax Office with a list of vendors at their event, and if any vendor fails to remit resort tax then they will not be allowed to do business at any events in the resort tax district. Second by Ms. Hermann. All in favor. Motion passed. (b) In addition, the Board directed Ms. McCarthy to send a letter to Crail Ranch and the Art Walk sponsors letting them know some vendors were not collecting and remitting resort tax, they will be excused this year but it is expected that the sponsoring organization will enforce the tax collection next year.

C. Old Business

1. **Sinking Fund Option** – Mona Jamison provided an Opinion on sinking funds. The Board discussed the Sinking Fund Opinion and decided to have further discussion at the Strategic Planning Session on August 8-9, 2012.
2. **Bonding Authority** – The Board decided to discuss the bonding authority further at the Strategic Planning Session. Mona Jamison will be present at the Strategic Planning Session to help clarify and guide the Board in this process.
3. **Board Strategic Planning Session** – Buz Davis has scheduled or has interviewed Mr. Kabisch and Mr. Scholz. Ms. McCarthy will coordinate an interview time between Mr. Davis and Ms. Hermann. The Board discussed what do they want to come out of the Strategic Planning Session. The Board requested Mona Jamison be present for both days of the session, Ms. McCarthy will notify Ms. Jamison.
4. **Administrative Officer Report** – The Board reviewed the Administrative Officer Report summary provided in advance of the meeting.

D. Minutes

Motion by Ms. Hermann to approve the April 11, 2012 open minutes as amended. Second by Dr. Strickler. All in favor. Motion passed.

Motion by Ms. Hermann to approve the May 9, 2012 Question & Answer Forum open minutes as amended. Second by Mr. Scholz. All in favor. Motion passed.

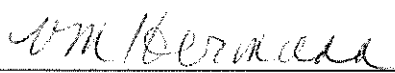
Motion by Mr. Loble to approve the June 13, 2012 Final Appropriations open minutes as amended. Second by Ms. Hermann. All in favor. Motion passed.

E. Financial and Tax Collection Reports

Motion by Ms. Hermann to accept the profit and loss budget vs. actual. Second by Dr. Strickler. All in favor. Motion passed.

Chairperson Les Loble adjourned the open meeting at 1:09 p.m.

Respectfully Submitted,



Ginna Hermann, Secretary/Treasurer



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

August 8-9, 2012

Present: Les Loble, Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director
Wanda McCarthy, Administrative Officer
Jamey Kabisch, Vice Chairperson
Jeff Strickler, Director
Mona Jamison, District Attorney
Paul "Buz" Davis, Facilitator

August 8, 2012 Chairperson Les Loble called the open meeting to order at 9:05 a.m.

I. Open Meeting

A. Public Comment: None

B. New Business

1. Strategic Planning Operational

The board discussed the appropriation application process. The board drafted a set of guidelines for future appropriation applicants. These include the following.

All appropriation applications must:

1. benefit the community at large,
2. the project or organization must be within the Resort Tax District,
3. the organization must be a legitimate entity,
4. all applications must meet the requirements in Section 19 of the Big Sky Resort Tax Ordinance.

When reviewing and evaluating the appropriation applications, the board will consider the following:

1. Quality of Organization & Proposal – Does the organization meet the following:
 - Stability and quality
 - Does the organization have the ability to execute the proposal
 - Clarity of the proposal submitted
2. Tourism Development – Does the proposal promote tourism and development as measured by an increase in resort tax revenue
3. Game Changer to the Community – Is the project, if completed, a game changer to the community. A game changer is defined as a significant benefit to the community stakeholders (residents, visitors, tax collectors/business community)
4. Big Sky World Class Resort and Community – Does the proposed project help make Big Sky a world class resort and community?
5. Critical Infrastructure – Does the proposed project support or improve critical infrastructure, public health, safety and/or welfare in the community?
6. Collaboration – Does the proposal involve collaboration among organizations/other stakeholders in the community to meet common goals, enhancing the outcome of the project and community benefits
7. Fill Need – Does the proposal fill a community need not currently or adequately being satisfied

Chairperson Les Loble recessed the open meeting at 3:30 p.m.

August 9, 2012 Chairperson Les Loble called the open meeting back to order at 9:00 a.m.

I. Open Meeting

A. Public Comment:

Steve Johnson talked to the Board about Big Sky becoming an incorporated community.

Andy Dreisbach introduced himself. He wanted to know if a survey is performed prior to appropriation applications being submitted to make sure the proper projects are being funded.

Public comment closed.

B. New Business

1. Strategic Issues

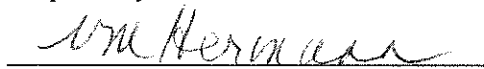
The board considered various strategic issues facing the Big Sky Resort Tax Board and the community. The board drafted five issues and adopted numbers one and two below. The remaining three will be finalized at future board meetings including Funding Operations/Maintenance, Reserves and Capital, Optimizing Public/Private Partnership and Education.

1. Big Sky Resort Tax Board Active vs. Passive Role – The Resort Tax Board will take an active role in facilitating community conversation by:
 - Hosting town hall meeting(s) to address some of the following issues:
 - a. What are some of the challenges and opportunities the community faces
 - b. What is the Big Sky community of the future, vision of the community
 - c. What are the long-term funding needs of the Resort Tax Board to help reach the vision
 - d. Create an opportunity for the community to work together, communicate and learn from each other.
 - Arranging for a facilitator to run the town hall meeting, facilitator will get all major stakeholders to attend and communicate amongst each other
 - Resort Tax Board wants to hear what the community has to say
 - Does the board accept the community vision
2. Cash Flow Management and Applicant Planning – The Board wants applicants to be more fiscally open to help the Resort Tax Office project funding out three to five years. The board will address the following cash flow items:
 - Cash flow planning as a Board to fund large projects/expenditures or multi-year projects
 - Cash flow tools: bonding and sinking funds
 - Requiring a three to five year strategic plan and cash flow analysis from applicants so the Resort Tax Board can anticipate the long term funding needs of the community. At a minimum the revised appropriations application will require the following: a three year strategic plan; one to five year funding requirements, project annual needs for the next five years broken out by year.
 - The board will encourage long term planning by applicants. When reviewing the applications the board will see if an organization is planning three to five years into the future or if they are “living” resort tax funding cycle to cycle.
 - The board will start reviewing and revising the appropriations application for the fiscal year 2014.

The Board plans to hold public forums in order to receive comments and reactions from the Big Sky community.

Chairperson Les Loble adjourned the open meeting at 2:20 p.m.

Respectfully Submitted,



Ginna Hermann, Secretary/Treasurer



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

September 12, 2012

Present: Les Loble, Chairperson
Jamey Kabisch, Vice Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director
Whitney Brunner, Administrative Officer

Chairperson Les Loble called the open meeting to order at 11:05 a.m.

Secretary/Treasurer Ginna Hermann attended via conference.

I. Open Meeting

A. Public Comment: None

B. New Business

- 1. Fire Department** – Chief William Farhat thanked the board for appropriation support. He expressed intention to request a mill levy. The board asked how Big Sky compares to other mill levy districts in the county. Chief Farhat stated Big Sky is currently at 22.7 mills and the county average is 45 mills. He stated the Department is considering requesting 35.5 mills. It was discussed that the mill levy funding serve local residents and resort tax funding serve tourists. The levy would go before the public May 2013; if passed funding would arrive 2014.
- 2. Warren Miller Performing Arts Center** – Loren Bough thanked the board for appropriation support. He informed the board that construction on the center is behind schedule by five weeks due to subcontractors having to rebid.

Mr. Bough stated he has all written commitments in place as required by the board for release of resort tax funds. Mr. Bough informed the board he continues to fundraise for higher quality curtains and lights.

Ms. Hermann noted a contradiction between the published nonprofit fee structure and statements Mr. Bough made at the May Question and Answer Session. Ms. Hermann noted that at the published rates, nonprofit entities that encourage community activity and tourism like the Arts Council will not be able to provide events free of charge in the facility. Mr. Kabisch and Mr. Scholz stated costs inflate and they do not want to hamstring the Center by enabling price expansion, forcing the entity into a deficit.

Motion by Ms. Hermann that nonprofit groups are to pay janitorial fees only for usage of the Warren Miller Performing Arts Center. No second. Motion fails.

Mr. Bough asked that Ms. Hermann contact him regarding specific events.
- 3. Bonding Authority Legal Opinion and Legislation Draft** – Attorney Mona Jamison attended via conference. The board directed Ms. Jamison to change “indebtedness” to “debt service” in the legislation draft. Ms. Jamison requested the board provide percentage numbers for a reliable revenue structure at the October meeting. The board directed Ms. Brunner to create a spreadsheet outlining percentages and their borrowing potential for board review.
- 4. Should Non Profits Accumulate Reserves** – The board noted, per the documents Ms. Hermann provided, standard operating expense reserves range from a minimum of three months to a maximum of

three years. Reserves are greater if the entity has capital expenses to maintain. The board noted the reserves are generally referenced on the balance sheet, not on the budget. The board discussed encouraging entities to build reserves and show five year plans as part of the appropriation application.

5. **Research and provide suggestions on a town hall/community meeting** – The board reviewed a report presented by Messrs. Loble and Scholz. Mr. Kabisch suggested removing the second item from the report regarding requiring standardized budgets from entities. The board discussed holding two town hall meetings in mid-January and in mid-February.

Messrs. Loble and Scholz agreed to prepare draft agendas and a questionnaire for board review at the October meeting.

6. **Liability Insurance** – Motion by Mr. Scholz to approve the liability insurance premium increase of \$604 and annual premium of \$1,917. Second by Mr. Kabisch. All in favor. Motion passed.
7. **Strategic Issue: #3 Funding Operations/Maintenance, Reserves and Capital** – Mr. Kabisch and Ms. Hermann agreed to prepare an amended application for board review at the December meeting and finalized the application at the January meeting. Application to include appropriation guidelines, proper presentation of financials, a three to five year strategic plan and cash flow outline.
8. **Administrative Officer Report** – Ms. Brunner reviewed the Administrative Officer Report summary provided in advance of the meeting. Mr. Kabisch will attend the office audit Thursday, September 20 from 2:30 to 2:50 p.m.

Motion by Mr. Loble to appoint Ms. Brunner as board proxy at the annual Town Center Owners Association meeting and in the case that a board member attends, she is to take their direction. Second by Mr. Kabisch. All in favor. Motion passed.

D. Minutes

Motion by Mr. Loble to approve the July 11 and August 8-9, 2012 open minutes as amended. Second by Mr. Scholz. All in favor. Motion passed.

E. Financial and Tax Collection Reports

The board directed Ms. Brunner to research the July 2012 prior year collections, if the July 2012 profit and loss is accrual or cash based, the profit and loss bad debt amount and the balance sheet accounts receivable.

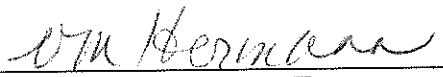
Motion by Ms. Hermann to accept the financial and collection reports subject to the clarifications outlined above. Second by Mr. Scholz. All in favor. Motion passed.

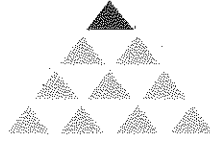
F. Public Comment

The Big Sky Weekly Reporter Tyler Allen requested and was granted permission to clarify with the board if the resort tax funds were released to the Warren Miller Performing Arts Center as appropriated. The board replied the funds were released because the Center provided written confirmation that all commitments are in place as required by the appropriation contract. Mr. Allen also asked from where Ms. Hermann and Jamison were calling. The board replied Nashville and Helena respectively.

Chairperson Les Loble adjourned the open meeting at 1:10 p.m.

Respectfully Submitted,


Ginna Hermann, Secretary/Treasurer



RESORT TAX
— BUILDING BIG SKY SINCE 1992 —

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

October 10, 2012

Present: Les Loble, Chairperson
Jamey Kabisch, Vice Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director
Jeff Strickler, Director
Whitney Brunner, Administrative Officer

Chairperson Les Loble called the open meeting to order at 11:01 a.m.

Secretary/Treasurer Ginna Hermann attended via telephone call.

I. Open Meeting

A. Public Comment

Markus Kirchmayr stated the transportation district does not adhere to their guidelines and provides service outside their designated district. He has concern about the resort tax board supporting the transportation district. He left a written statement with the board.

B. New Business

- 1. Bonding Authority: Legislation Draft and Debt Service Parameters** – Attorney Mona Jamison attended via telephone call. The board requested Ms. Jamison draft consistent language in the legislation regarding “principle and interest” and “debt service”.

The board discussed the existing water and sewer interlocal agreement, recession, fire and drought that would reduce the amount of collections, revenue vs. general obligation bonds, scale of projects, cash flow and debt service parameters.

Mr. Kabisch asked Ms. Jamison if the legislation allowed the board to bond resort tax funds without voter approval. Ms. Jamison stated yes; board members would have the authority to pledge resort tax funds. Bonding does not increase the tax or add obligation to taxpayers. Mr. Kabisch stated he would prefer sinking fund alternatives.

Motion by Mr. Scholz to set a cumulative bonded debt service limit of 25% of the five year average of resort tax revenues and directed Ms. Jamison to draft legislation to that effect. Second by Dr. Strickler. In favor: Mr. Loble, Ms. Hermann, Mr. Scholz and Dr. Strickler. Opposed: Mr. Kabisch. Motion passed.

- 2. Town Hall Meeting Preparation** – The board reviewed and revised the agenda and questionnaire drafts provided by Messrs. Loble and Scholz.

The board agreed Buz Davis is to facilitate the town hall meetings. The purpose of the first town hall meeting is to communicate the strategic issues the board identified during its August session including the benefits, goals and challenges of how the not-for-profit organizations serve the Big Sky community. The purpose of the second town hall meeting is to give entities the opportunity to briefly explain how their organization serves the Big Sky community within the scope of the stated strategic issues. A poll gauging the public’s funding priorities may be taken at the second meeting.

Town hall meeting dates and times: December 12, 2012 and January 16, 2013 from 6:30 p.m. until 8:30 p.m. Regular business board meeting dates and times: December 5, 2012 and January 9, 2013 from 11:00 a.m. until 2:00 p.m.

3. **Strategic Issue: #4 Optimizing Public/Private Partnership** – The board agreed the issue may be summarized to state that the resort tax board will, when possible, promote synergies for financial and operational efficiency when an entity provides service to the general public.
4. **Administrative Officer Report** – Ms. Brunner reviewed the summary provided in advance of the meeting. The board requested Auditor Rosie Barndt attend the November meeting. The board agreed that Ms. Brunner is to research opportunities for remitting resort tax online.
5. **Chamber of Commerce Wayfinding, Entry and Lighting**
Motion by Mr. Scholz to approve the Chamber’s request to modify the contract and install five lights instead of six lights due to bids for the project coming in higher than originally estimated. Second by Mr. Kabisch. All in favor. Motion passed.

D. Minutes

Motion by Ms. Hermann to approve the September 12, 2012 open minutes. Second by Dr. Strickler. All in favor. Motion passed.

E. Financial and Tax Collection Reports

The board directed Ms. Brunner to research the balance sheet line item income.

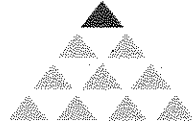
Motion by Mr. Kabisch to accept the financial and collection reports subject to the clarifications outlined above. Second by Mr. Scholz. All in favor. Motion passed.

Chairperson Les Loble recessed the open meeting at 12:04 p.m. The board reconvened the open meeting at 12:15 p.m. The board adjourned the open meeting at 1:43 p.m.

Respectfully Submitted,



Ginna Hermann, Secretary/Treasurer



RESORTTAX

— BUILDING BIG SKY SINCE 1992 —

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

November 14, 2012

Present: Les, Loble, Chairperson
Ginna Hermann, Secretary/Treasurer
Mike Scholz, Director

Jeff Strickler, Director
Whitney Brunner, Administrative Officer

Chairperson Les Loble called the open meeting to order at 11:01 a.m.

Secretary/Treasurer Ginna Hermann attended via telephone call.

I. Open Meeting

A. Public Comment

David O'Connor Big Sky Chamber of Commerce President provided Chamber strategic session notes as a handout. He stated the Chamber board outlined their priorities, which includes purchasing their leased property. He stated the Chamber board will request that resort tax partner in funding the property as a community asset. Mr. O'Connor expressed gratitude that the resort tax board is taking a leadership role in the community by hosting Town Hall Meetings and stated the Chamber is available to provide support.

B. New Business

1. Office Audit Review: Rosie Barndt and Amanda Flohr

Ms. Barndt provided a summary handout. She stated the resort tax office deficiency is that one person manages the financials. The board asked how to mitigate the deficiency. Ms. Barndt stated board members are to review and sign checks carefully and the Treasurer is to review the bank statements carefully.

The board asked Ms. Barndt to explain the balance sheet equity and discussed the office reserve fund. Ms. Barndt explained how the board may designate funds that would not reflect as an expense.

Ms. Barndt stated all payroll issues have been resolved.

2. Westfork Homeowners Association Annual Meeting

Motion by Mr. Loble to elect the Westfork Homeowners Association President as proxy for the annual meeting and agree to all amendments outlined in the packet. Second by Mr. Scholz. All in favor. Motion passed.

3. Letterhead Drafts

The board directed Ms. Brunner to provide the following three options for next meeting's review: 1) the sheet with the green bar along the left, 2) the sheet with the green bar along the left with a pyramid watermark and 3) the sheet with the resort tax logo centered and text in the yellow bar revised to be legible.

4. Appropriation Application Revision

Ms. Hermann informed the board the revised application will be ready for review at the December 5 meeting.

C. Old Business

1. Strategic Issue: #5 Education

Motion by Dr. Strickler to accept the wording as written below. Second by Mr. Scholz. All in favor. Motion passed.

- a. The appropriation application will be revised to provide greater consistency among proposals.

- b. A contract example will be reviewed during appropriations. If an entity violates a contract they will not be able to request resort tax funds in the following year's appropriation cycle. The board may waive this requirement.
- c. The board encouraged open dialog throughout the year and welcomes entities considering resort tax funding attend a monthly resort tax board meeting to share their vision and concern/s.
- d. The board would like entities to be successful running their organizations and would encourage and assist in the use of a third party facilitator to help entities with planning and accounting.
- e. The board would also encourage and assist in the search for matching funds, grant writing workshops, etc.

2. Town Hall Meeting Preparation

The board selected the following dates for the remainder of the fiscal year:

Dec 5	Board Meeting
Jan 9	Board Meeting
Jan 14	Town Hall Meeting I
Feb 6	Board Meeting
Feb 11	Town Hall Meeting II
Mar 13	Board Meeting
Apr 3	Applications Due
Apr 10	Board Meeting
May 8	Question and Answer Session
Jun 12	Appropriations

The questionnaire will be available in mid-January, explained at the first Town Hall Meeting and entities may present the questionnaire content at the second Meeting.

Mr. Scholz with Ms. Brunner will complete the questionnaire by the December 5 meeting for board review.

3. Administrative Officer Report

Gardiner Resort Tax December 4 Meeting: Mr. Loble and Dr. Strickler will check their calendars to see if they are able to attend.

Interior Office Door Locks: No locks will be installed on the interior doors.

Remittance Booklets: Motion by Mr. Loble to reprint the remittance form booklets with a Total Gross Revenue line per the auditors' suggestion. Second by Mr. Scholz. All in favor. Motion passed.

D. Minutes

Motion by Mr. Scholz to approve the October 10 open minutes as amended. Second by Dr. Strickler. All in favor. Motion passes.

E. Financial and Tax Collection Reports

The board directed Ms. Brunner to research the prior year collections from 2012, 2011 and 2010 to see if the totals all apply to July of the following year.

Motion by Dr. Strickler to accept the financial and collection reports. Second by Mr. Scholz. All in favor. Motion passes.

Chairperson Les Loble adjourned the open meeting at 2:00 p.m.

Respectfully Submitted,



 Ginna Hermann, Secretary/Treasurer



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

December 5, 2012

Present: Les, Loble, Chairperson
Jamey Kabisch, Vice Chairperson
Ginna Hermann, Secretary/Treasurer

Mike Scholz, Director
Jeff Strickler, Director
Whitney Brunner, Administrative Officer

Chairperson Les Loble called the open meeting to order at 11:02 a.m.

I. Open Meeting

A. Public Comment

Al Malinowski stated concerns with the process and idea of bonding authority. He feels the board has received limited feedback from the community and Big Sky resort tax has managed without bonding for 20 years and changing too quickly may cause unintended consequences. Mr. Malinowski stated he would like authority controls in place. He referenced the resort tax emergency fund and how release of those funds take a 5-0 vote.

The board stated it will explain bonding authority to the community at the town hall meeting and seek feedback. The board discussed revising the majority to a 4-1 vote in the legislative draft bonding authority document.

B. New Business

1. Chamber of Commerce: Kitty Clemens

Ms. Clemens provided an update on the Chamber's resort tax funded projects. She stated the Biggest Skiing in America (BSIA) project has a new website, the visitor center's new location produced a 300% increase in walk-in traffic, installation will begin on 15 wayfinding signs in early spring (and may not be completed in time to request fiscal year 2013-2014 funding for the remaining 15 signs), the lighting will not be in place by winter, but the Chamber will remain focused on the goal of lights on both sides of the road. Drafts plans of the entry monument are in progress. She reviewed the Chamber's strategic session including Visit Big Sky (BSIA and the Convention and Visitors Bureau) and an effort to create a signature city-wide event that brings national attention.

The board asked how many members the Chamber has currently. Ms. Clemens replied 340 active members; 247 have been active for five years. The board asked for details on the entry monument project and Ms. Clemens replied she is requesting funding from the Department of Transportation and will have additional details by April.

Ms. Clemens left a summary handout with the board.

2. Office Audit Client Letter

Motion by Mr. Kabisch authorizing Mr. Loble sign the letter requested by Holmes and Turner. Second by Ms. Herman. All in favor. Motion passes.

3. Appropriation Application Revision

The board revised the application, agreed to make it available on the website before the town hall meeting and review it with the community at the meeting.

Motion by Ms. Hermann to approve the 2013-2014 application as amended. Second by Dr. Strickler. All in favor. Motion passes.

4. **Gardiner Resort Tax Meeting Review: Les Loble**

Mr. Loble attended the Gardiner Resort Tax meeting via telephone call. He summarized the meeting for the board including that Gardiner has 850 residents and is considering collecting resort tax in winter only.

C. **Old Business**

1. **Town Hall Meeting Preparation**

Facilitator Buz Davis will attend both meetings. The board revised the community letter and questionnaire.

The community letter will be distributed in mid-December to the following:

- Emailed to current and past applicants and tax collectors
- Posted in the newspapers in a guest editorial and advertising
- Additional distribution to the Big Sky Owners Association and Chamber of Commerce contacts

The questionnaire will be available on the website in early January, explained at the first town hall meeting and entities may present the questionnaire content at the second meeting.

2. **Administrative Officer Report**

The board selected the letterhead with the logo centered and the colors changed to green.

Motion by Dr. Strickler to reprint the remittance booklets at a cost of \$2,300 and mail them to collectors at a cost of \$300. Second by Mr. Kabisch. All in favor. Motion passes.

Motion by Mr. Scholz to order two microphones for the conference phone at a cost of \$209. Second by Mr. Kabisch. All in favor. Motion passes.

3. **Election of Officers**

Motion by Mr. Kabisch to reelect the current officers. Second by Mr. Scholz. All in favor. Motion passes.

D. **Minutes**

Motion by Dr. Strickler to approve the November 14 open minutes. Second by Mr. Scholz. All in favor. Motion passes.

E. **Financial and Tax Collection Reports**

The board directed Ms. Brunner to add the budget to the profit and loss report.

Motion by Mr. Kabisch to accept the financial and collection reports. Second by Ms. Hermann. All in favor. Motion passes.

Chairperson Les Loble recessed the open meeting at 12:19 p.m. The board reconvened the open meeting at 12:48 p.m. The board adjourned the open meeting at 1:42 p.m.

Respectfully Submitted,



Ginna Hermann, Secretary/Treasurer