



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

January 13, 2016

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

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

I. Open Meeting

A. Public Comment: None.

B. New Business

1. Office Audit Report: Rosie Barndt: Ms. Barndt provided an overview of the audit process and her 14-year experience serving the Resort Tax Board. Ms. Barndt reviewed a handout summary of the auditor's report, journal entries and resolved prior year comments. She stated the audit contract will expire in June 2016 and she will have the contract ready for the board's review at the March 9 meeting.

Ms. Barndt stated she had no significant difficulties or issues to report with the financials or management in performing and completing the audit.

Motion by Mr. Scholz to accept the audit report and authorize Mr. Kabisch to sign the management letter from Holmes and Turner. 2nd by Ms. Budd. All in favor. Motion passed.

Chairperson Jamey Kabisch closed the open meeting at 9:24 a.m.
and reopened the open meeting at 10:40 a. m.

2. Deputy Chief Position: Chief Bill Farhat attended via telephone call. He reviewed a handout of the Deputy Chief Recruitment Costs including consulting, recruiting, screening, background investigation, equipment, relocation, salary and benefit costs. If the Resort Tax Board approves the re-allocation request, \$22,209 will not be requested from the Department for the current fiscal year.

Motion by Mr. Kabisch to approve Chief Farhat's request. Second by Ms. Hermann. All in favor. Motion passes.

3. Appropriation Entities Progress Report I: The board discussed the Community Corporation tunnel project, the Gallatin River Task Force river accesses, the Weed Committee's Farmers Market and newspaper ad outreach, Visit Big Sky's kiosks, the Chamber's housing project and entryway landscape design, the hospital, turning lanes, traffic lights, etc.

The board discussed if the upcoming large projects can be wrapped into one bond through resort tax. The board directed Ms. Brunner to place the Bonding Process and Timeline on the March agenda.

The board directed Ms. Brunner to ask Gallatin River Task Force (GRTF) why the resort tax logo is not on the river access signs.

4. Fiscal Year District Budget Draft: The board directed Ms. Brunner to revise the budget as follows:
 - Solicit bids for a website overhaul with a place-saver page for accepting remittances online (including Pruitt Design).
 - Remove cost to carpet and paint the Aspen Leaf office space.
 - Remove the cost of a strategic facilitator.

5. Directors and Officers Insurance: Resort Tax insurance has been with Mark Roemer from Central Insurance Agency since 1998. The past four years Ty Moline has submitted bids; however, he has said that our current coverage is comprehensive and the quote cannot be beat. There have been no changes to our office and Mr. Roemer provided renewal paperwork.

Motion by Mr. Kabisch to approve the renewal of the Directors and Officers Insurance Policy as presented. Second by Mr. Germain. All in favor. Motion passed.

6. Consider Strategic Session and Town Hall Meeting: The board elected to hold a meeting February 10 from 4:00 until 7:00 p.m. (revised to February 18). Two agenda items include a Strategic Session Review and 2017 Legislative Session Discussion.

The board discussed if the intention of the Resort Tax Board is to change legislation, the effort would be stronger coming from the Resort Tax Board instead of the Chamber's Subcommittee. It discussed the commitment regarding time, travel, etc. and that a lobbyist is not effective alone. Mr. Germain stated he intends to be the "boots on the ground" for the bill and that he would like to see it not as a Big Sky Bill, but a Resort Area District and Community Bill. The board discussed involving all other resort tax districts in the state. He and Mr. Scholz will meet and provide discussion points for the board's February meeting.

7. Other:

The board thanked Big Sky Western Bank for the Christmas gift.

Mr. Scholz stated a sales lead for the Aspen Leaf property contacted him directly and he passed the contact along to Ms. Brunner and she passed it along to the representing Realtor Will Brunner. At the time of the meeting Mr. Brunner had contacted the lead, but two-way communication had not been established.

C. Old Business

1. Primer: The board stated it was satisfied with the revision and directed Ms. Brunner to add it to the Orientation Manual.
2. Legal Opinion 49: The board discussed if resort tax can fund the TEDD/TIFF effort and may request Ms. Jamison's direction if an appropriation is requested.
3. Treasurer Report: No discussion.
4. Financial and Tax Collection Reports: The board asked Ms. Brunner if Workers Compensation was an annual expense. Ms. Brunner stated it is an annual expense.

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

5. Administrative Officer:

Ms. Jamison previously stated several opinions may no longer be correct since statutes have changed. The board directed Ms. Brunner to have Ms. Jamison select the 5-10 opinions that boards have relied on the most and provide a cost quote in advance of starting the work.

The board directed Ms. Brunner to create a newsletter for distribution in May and add information about the election in place of the ordinance update.

The board directed Ms. Brunner to solicit bids for a website overhaul with a place-saver page for accepting remittances online.

C. Minutes: *Motion by Ms. Hermann to approve the November 11 open minutes. Second by Mr. Scholz. All in favor. Motion passes.*

Chairperson Jamey Kabisch closed the open meeting at 11:50 a.m.

Respectfully Submitted,


Virginia Hermann, Secretary



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

February 22, 2016

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

Heather Budd, Treasurer
Kevin Germain, Director
Whitney Brunner, Administrative Officer

Chairperson Jamey Kabisch called the open meeting to order at 4:00 p.m.

I. Open Meeting

A. Public Comment:

Kristin Gardiner stated she was attending the meeting to gain the Resort Tax Board's feedback on the Gallatin River Task Force's effort to designate the Gallatin River "Wild and Scenic". She provided a handout and stated it will take an act of congress to have the river designated and language will be introduced into a bill. The Chamber will endorse with a few amendments that include that the growth and development of Big Sky will not be impacted and the water supply and highway 191 will not be impacted either. The board directed Ms. Gardiner to attend the March 9 meeting and the board may make a motion to endorse the effort.

Sam Luedtke introduced himself and stated he has an idea for tourism promotion that includes silver and gold geocaching. In an effort to gain regular funding for the project he would like \$.25 from nightly rentals to be dedicated to his program. The board stated the Resort Tax Board is not able to earmark collections and that his request would need approval from the Montana Legislature. The board encouraged him to research TBID, which may add per room charges with a majority vote of the lodging association. The board also directed him to the Chamber and to see how other communities fund similar programs.

John Loomis stated he is a Big Sky resident and Chairman of the Big Sky Owners Association. He stated traffic control at Ousel Falls and highway 64 is of great concern. The state has said there is enough traffic at that intersection to warrant a signal, but it is not willing to fund the signal completely. Mr. Loomis stated there is a lot of interest from the community and stated it will be a possible request of resort tax. The board asked if funding a study to then gain state and federal funds is the next step. Mr. Loomis stated that process would take years and that the need is right away. He stated to include turning lanes, smart lights, etc. it is a \$1 million proposition.

B. New Business: None

C. Old Business

1. **Strategic Session Review:** The board discussed that the issues were compiled first and the guidelines were created from the issues. The guidelines then informed an application revision. The application now acts as an organizational planning tool for not only the current year, but a three year budget. The three year

budget allows resort tax to manage its cash flow and with bonding in place, the board has the ability to prioritize both from year-to-year and long term.

The board stated the strategic session was held because 20 years from now, when \$100 million has been invested; it would like to look back and have accomplished what was important to the community.

The strategic session took place soon after the economic downturn and the board considered if a shift in priorities needs to take place. For example, should tourism development take a broader view? Big Sky is a tourism community and the success of tourism provides welfare and quality of life for the residents - those serving tourism- by way of jobs and lifestyle. The board discussed conserving the environment and the recreational opportunities that bring people here. The board stated tourism is holistic in Big Sky; it is who we are and how we live. The board directed Ms. Brunner to update Guideline 2 to the following: Tourism Development: Does the proposal promote tourism development as measured by an increase in the visitor experience and/or an increase in resort tax revenue?

The board discussed how to protect the things resort tax has built. For example, water. Low or not enough water creates issues that offset development. The board reviewed the handout three-year plan summary of the organizations that applied for funds in fiscal year 2016. The board discussed that Water and Sewer has only applied for monitoring towers and in its three-year plan only stated it will need additional towers. If there is a larger need, the Resort Tax Board can only fund what it knows about. The board also discussed the hospital and if an application will be received in May 2016. The board directed Ms. Brunner to ask past Resort Tax Board members if they recall that Bozeman Deaconess stated it would not request funds from resort tax.

The Recreation Center feasibility study was discussed. Could this board have made that work? How can feasibility studies provide return on investment? The board discussed that resort tax is the funding arm and oversight of projects is up to the organization's board. Resort tax collects and distributes funds and is a tool for the community, which takes away what could be a political role. Feasibility studies are seed money and the board takes a risk in funding them. Currently, a subcommittee of BSCC is working on a Community Center. The board directed Ms. Brunner to add the following to the application: If requesting funds for a study (feasibility, etc.), identify a defined list of outcomes, which once the study is complete, you will measure the study's sustainability and deliverables to the community against.

The board noted that "and" in World Class Resort and Community was purposeful and that the "and" represents a holistic view of Big Sky. The board directed Ms. Brunner to update Guideline 4 to the following: World Class Resort and Community: Does the proposed project support, improve or maintain critical infrastructure, public health, safety and/or welfare in the community?

It is pleased with the collaboration between entities, which creates efficiencies with resort tax funds.

The board stated Big Sky will soon be at a tipping point and discussed a local option sales tax. The legislature may be amendable since statewide tax will not be approved.

Attendance at Question and Answer and Appropriation meetings was down this year. When there are enough funds for all projects, the board receives less public comment. With both meetings in June this year, attendance may be better. The board directed Ms. Brunner to draft an article summarizing this meeting, the strategic issues and guidelines and submit it to the paper and place it on the website. The article should also state the growth in resort tax, the large projects on the horizon, the sinking fund buffer and the three-year application budget strategy.

2. 2017 Legislative Session

The board reviewed Mr. Germain's handout that outlines action items and timeframes for legislation and a housing solution.

It discussed House Bill 262 and that it died on a tie vote in the senate.

Mr. Germain informed the board of his meetings with the Taylor Luther Group, Mona Jamison and Board Vice Chairman Mike Scholz. He stated the bill will propose an increase to resort tax and, therefore, resort tax may be best suited to champion the bill. He estimates it will be an \$80,000 effort (\$65,000 in 2016 and \$15,000 in 2017). This Resort Tax Board would quarterback the effort, Ms. Jamison would draft legislation and lobby, and Taylor Luther Group would lobby as well. It cannot be seen as a Big Sky bill and other resort area districts would need to come on board. To pass the 1% increase takes a vote of the community. It is another tool for the resort tax toolbox. His next steps are to gain bids from Ms. Jamison and the Taylor Luther Group; he estimates each will bid \$30,000.

The board discussed that the funds would be raised by resort tax, but would not be administered by resort tax. Approximately \$1.75 million will be raised per year and will that be enough to cover the deficit to buy and/or build? 600 units are lacking today. Is there space in this district for 600 units? Do all the units need to fall within our district; could they be out of district in Gallatin Gateway, etc.? In other communities the workforce does not live there. What do we need to legally establish a Land Trust? Will this legislation have a hard time succeeding if we do not have these answers?

Mr. Germain responded that these are all good questions. Water and sewer is an issue. If water and sewer was in the canyon or if the Town Center added another level, the district would have room. Zoning and covenants may need to change. The community has to start somewhere; we need a solution. For a Land Trust you have to be fulltime employed. When you sell, you receive 3% inflation per year and sell back into the Land Trust. Units are subsidized 20-50%. Grants are not an option; the average median income is too high in Big Sky.

At one time, the school was helping teachers with closing costs. Can we look outside the box and use a broader term than workforce housing and help cost of living?

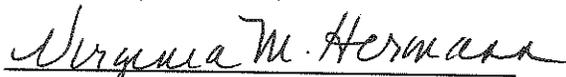
Mr. Germain stated he sees the bill benefiting single family homes, condos, rented apartments, etc. When drafting the bill, he would like Ms. Jamison to meet with the board and brainstorm.

3. Other

Warren Miller Performing Arts Center is not available until 5:30 p.m. on Monday, June 20 for the Appropriations Meeting. The board directed Ms. Brunner to move the meeting from 1:00 p.m. to 6:00 p.m. It hopes to see better attendance with this new time.

Chairperson Jamey Kabisch closed the open meeting at 6:25 p.m.

Respectfully Submitted,



Virginia Hermann, Secretary



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

March 9, 2016

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

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

I. Open Meeting

A. Public Comment: None.

B. New Business

Private Placement Bonding: Big Sky Western Bank: Tim Kent thanked the Resort Tax Board for renewing its business with Big Sky Western Bank. Mr. Kent provided an overview of the bank, its bonding program and a summary of public bonding. In an effort to show the bank can potentially offer better or competitive rates, he stated underwriting could be 1-1 ½%, terms can be anything like ½ year increments, the legal work is done by Dorsey and Whitney, loan structure can be 5-20 years and frequency of payment can be quarterly, monthly, annual. He provided information on the bonds his bank most recently financed including Whitefish TIFF, Flathead High School Renovation and Montana State University.

The board requested Mr. Kent follow up with a timeframe. The board also asked if the rates for investors would be the same as private bonding. Mr. Kent stated yes.

1. **Big Sky Owners Association (BSOA): Ponds:** Suzan Scott and John Loomis stated the entity intends to apply for resort tax funds in May. Ms. Scott stated she was attending this meeting to give the board a heads up about the project.

Ms. Scott asked the board if it had questions regarding the handouts. Following are her responses to the board's questions:

- The project will be a community recreational asset.
- BSOA has been working on the project for two years.
- It has been a collaborative effort between the BSOA, Gallatin River Task Force and Big Sky Resort.
- The project is a complete restoration of the ponds.
- It will include the studies and bid process with the application.
- The Silverbow pond is located downstream from the Bunker. It is located between the stream and the Silverbow Condos.
- The cost will be broken out between the two ponds.

- The request will be for two years. The first year will be \$100,000-200,000 for construction and the second year will be \$200,000-300,000 for docks, picnic areas, benches and trails.

2. **Visit Big Sky Kiosk and Ad/PR/Marketing:** Catherine Gilb stated the previous kiosk vendor returned the funds and the entity reinvested with the new vendor. She stated the app will be rolled out next week and the kiosks will be installed within the next quarter. The two kiosks will be placed outside the community with the first will be at Geysir Whitewater in West Yellowstone this summer (which will move to Big Sky in the winter) and the second will, hopefully, be in the Bozeman airport near baggage claim. Ms. Gilb passed around a binder with screen shots of the app. Following are suggestions from the board: list vendors by activities instead of alphabetical, add trail maps and community event calendars.
3. **Chamber Housing and Entryway:** Kitty Clemens provided an overview of how the Chamber has taken on community projects and the history of the housing demonstration project. She stated the project's current goal is to form a housing/land trust, to begin receiving donations, grants, etc. It will be an offshoot of the Gallatin County HDRC. She introduced Brian Guyer, the Community Development Manager for the Gallatin County HDRC. He stated the first housing focus will be on the critical need, housing for teachers, etc. The board stated if a new funding application is submitted, the Chamber will need to ensure there is both community and neighbor support; without due diligence and approval from the two aforementioned groups, the project could be undermined.

Ms. Clemens referenced the Entryway topic memo and asked if there were questions. Following are her responses to questions:

- The 501c3 must have an educational component to receive funds. The northern entryway wall can be a historical marker with a traffic pullout.
- The entity will have a budget by the May 1 application deadline.
- The entity may request a challenge grant.

4. **Greater Yellowstone Coalition: Wild and Scenic River Designation for the Gallatin:** Charles Drimal provided an overview of the effort. The board asked if the designation passed, who would make decisions. Mr. Drimal stated the Custer-Gallatin National Forest would manage the river. The board expressed concern regarding the future of the highway 191 transportation corridor and the language to not impact the free flowing nature of the river. Mr. Drimal stated it is to protect the river as it is now.

Motion by Mr. Kabisch to support the Wild and Scenic River Designation. 2nd by Ms. Budd.

Discussion: The highway 191 transportation corridor and the community's water and sewer service is the lifeblood of the Big Sky community and the board's concerns mirror the Chamber's concerns. This designation could have unintended consequences in the long run.

All in favor. Motion passed.

5. **Arts Council: Starting a Reserve Fund:** Brian Hurlbut stated the Arts Council is hoping to start a reserve fund. The entity received windfall from two successful events and it would like to place the funds in a safe place. He stated the board will see the reserve on the entity's balance sheet. Mr. Hurlbut stated it intends to use the funds for special projects, long term projects, school initiatives, if resort tax funds are drawn down and unavailable, etc. In addition, it would like to have its own sustainability. The board stated it does not fund reserves, but does encourage reserves, which can be built through profits or donations. The board stated it commends the Arts Council.

6. **Short Term Investment Program (STIP):**

Motion by Mr. Kabisch to adopt the STIP resolution. Second by Mr. Scholz. All in favor. Motion passed.

7. Recycling Solution: The board discussed connecting the American Legion/school efforts with the Community Corporation Natural Resource Council regarding finding a recycling solution for Big Sky.

C. Old Business

1. Bonding Process and Timeline: The board reviewed the current bonding capacity, schedule and senate bill 209. With the five-year average, \$300,000 more will be available next fiscal year. The term next year will be 13 years. Resort tax can apply for an extension once, halfway through its current duration.
2. Additional Appropriation Entities' Progress Reports: The board noted it was pleased to see the collaboration between the Weed Committee and BSOA.
3. Workforce Housing Bill; Adding 1% to Resort Tax: The board discussed the lobbying proposals and hiring representatives on both sides of the isle. The board requested the Taylor Luther Group outline collaboration with Mona, a not-to-exceed budget or high and low budget and the ability to terminate.

The board asked Chamber President David O'Connor if the business community supports the effort. Mr. O'Connor stated the Chamber Board unanimously supports the effort. The board requested a letter from the Chamber stating (if) it believes an additional 1% tax on the business community is the right way to acquire workforce housing funding.

The board discussed providing financial tools in the community toolbox, if this is the right direction for the board and the prospect of a real estate transfer tax.

Motion by Mr. Scholz to request a letter of support from the Chamber that a 1% increase in resort tax is acceptable solution to fund housing and, once the letter is received; Jamey may sign Ms. Jamison's contract to begin phase one, drafting the bill. 2nd by Mr. Germain. In favor: Mr. Kabisch, Mr. Scholz, Ms. Hermann, Ms. Budd and Mr. Germain. Motion passes.

Jamey Kabisch left the meeting at 10:30 a.m.

4. Newspaper Article Draft: A second draft is to be reviewed via email and provided to the newspaper by their publication deadline.
5. Updated Strategic Issues and Guidelines: The following revisions were made: Does the proposal promote tourism development as measured by an increase in the visitor experience and/or increase resort tax revenue?
6. Updated Appropriation Application: The following revisions were made:
 - Note time change for final appropriations.
 - If permits are required, please specify what permits are required and what projects they apply to. If requesting funds for a study (feasibility, etc.), a minimum of two bids are required. Also provide the RFP submitted for the study.
 - Funding for a study will only be considered if the proposal has measurable outcomes.
 - Breakout personnel by paid and contract and include the cost of benefits.
7. Legal Opinion 51: The board reviewed the Opinion.
8. Update Legal Memos: The board directed Ms. Brunner to remove opinions that have been superseded from the website.

Motion by Mr. Germain approves Ms. Jamison completing Task 1 as outlined in her memo to estimate her time to update the listed opinions at a cost of \$1,925. Second by Ms. Budd. In favor: Mr. Scholz, Ms. Hermann, Ms. Budd and Mr. Germain. Absent: Mr. Kabisch. Motion passes.

9. Audit Contract Renewal:

Motion by Mr. Scholz to approve the three year Holms and Turner audit contract if the cost is under the bidding threshold. Second by Mr. Germain. In favor: Mr. Scholz, Ms. Hermann, Ms. Budd and Mr. Germain. Absent: Mr. Kabisch. Motion passes.

10. Website Overhaul: The board directed Ms. Brunner to create an RFP that outlines the needs of accepting remittances via the website, send the RFP to more vendors, create a cost and benefit spreadsheet and present again to the board in July.
11. Gallatin Building Unit #9 Listing: *Motion by Mr. Scholz to reduce the cost of the listing to \$65,000 and that all offers are to be brought to the board. Second by Ms. Budd. In favor: Mr. Scholz, Ms. Hermann, Ms. Budd and Mr. Germain. Absent: Mr. Kabisch. Motion passes.*
12. Final Budget: The cost of the workforce housing bill is undetermined at this time.
13. Treasurer Report: Ms. Budd stated the First Security Bank Money Market rate fluctuates and directed Ms. Brunner to maintain funds in the account to receive at least a rate of .1%.
14. Financial and Tax Collection Reports: \$46,000 in collections hit the lock box since the reports were printed. *Motion by Mr. Germain to accept the financial and collection reports. Second by Ms. Budd. All in favor. Motion passes.*
15. Administrative Officer Report: The board reviewed the report.
16. Other: The board directed Ms. Brunner to ask Ms. Jamison if the motion to support the Wild and Scenic River Designation was appropriate.

D. Minutes: The following revisions were made:

January 13:

- ...he would like to see it not as a Big Sky Bill, but a Resort Area District and Community Bill.

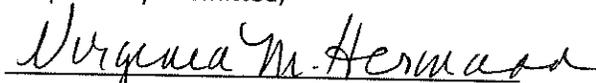
February 22:

- ...update Guideline 2 to the following: Tourism Development: Does the proposal promote tourism development as measured by an increase in the visitor experience and/or an increase in resort tax revenue?
- ...estimates it will be an \$80,000 effort (\$65,000 in 2016 and \$15,000 in 2017).
- Remove: Another \$30,000+/- will be travel expenses, etc. for this board.

Motion by Ms. Hermann to approve the January 13 and February 18 open minutes as amended. Second by Mr. Scholz. All in favor. Motion passes.

Vice Chairperson Mike Scholz closed the open meeting at 12:50 a.m.

Respectfully Submitted,



Virginia Hermann, Secretary



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

May 4, 2016

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

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

Secretary Ginna Hermann attended via telephone.

I. Open Meeting

- A. Public Comment: None.
- B. New Business: Brian Guyer was absent at the start of the meeting. The board elected to begin with the Aspen Leaf Property Renewal and resume New Business when Mr. Guyer arrived.
 - 1. HRDC Workforce Housing: Brian Guyer: Mr. Guyer provided a handout that outlined the following: 1) what is affordable, 2) analysis of two recent workforce housing feasibility studies, 3) bridging the deficit, 4) tools used by other communities and 5) "why resort tax?" He reviewed the handout with the board. Mr. Guyer emphasized the reality is that inadequate workforce housing is an economic development issue for Big Sky.

The board discussed short and long term strategies and resort tax as part of the solution. Specifically it discussed concerns with the following: the square footage of the units proposed by the recent feasibility studies, how the units' value will be compromised when interest rates increase, specifying/excluding specific sectors of buyers while using public funds, the authority of an individual or board to hand-pick/approve buyers while using public funds, the seasonal sector and the employers' responsibility, etc.

C. Old Business

2017 Legislative Session: Big Sky Resort has indicated to Resort Tax Board Members that, at this time, it does not support increasing resort tax by 1%. Opposition by the Resort may be remedied by clarifying misinformation. The board discussed that resort tax alone will not solve the Big Sky workforce housing problem and to delay decisions that can be made now will push the effort back two or four more years (with the legislature). Per the motion made at the March meeting, Ms. Jamison may begin drafting the bill. In reviewing the lobbying proposals, the board requested the Taylor Luther Group provide an estimate for costs and expenses.

The board discussed if a real estate transfer tax or TEDD would provide a long term solution. Mr. Guyer and Tracy Menezes stated a real estate transfer tax is a powerful tool to remedy workforce housing issues.

In 2010, it was written into the Montana Constitution that real estate transfer taxes are forbidden. It is not impossible to change, but will be a significant legislative effort.

It was noted that the Big Sky community had the capacity to create resort tax after three attempts at the Montana Legislature and mitigated an environmental catastrophe.

Motion by Mr. Germain to table the lobbying agreements until July and keep \$70,000 as a lobbying line item in the resort tax budget. 2nd by Mr. Scholz. All in favor. Motion passed.

1. Final Budget: The board directed Ms. Brunner to make the following revisions:
Jul '14-Jun '15 Actual: Total benefits should be \$8,139

Jul '16-Jun '17 Proposed: Change Legal Fees to \$15,000, Lobbying Fees to \$70,000 and Public Relations to \$2,000

Motion by Mr. Scholz to accept the budget, as amended. 2nd by Mr. Germain. All in favor. Motion passed.

2. Aspen Leaf Property Listing Renewal:

Motion by Ms. Budd to approve the Aspen Leaf Property six-month listing extension currently listed at \$65,000 with Realtor Will Brunner through November 15, 2016 and to authorize Mr. Kabisch to sign the agreement. 2nd by Mr. Germain. All in favor. Motion passed.

3. Administrative Officer Report:

Newsletter: The board provided the following direction:

- Incorporate Better Together.
- Highlight the meeting dates.
- Use 2016 or 2017 instead of "fiscal year" references.
- Replace the list of 2016 Appropriations with 2017 Applications.
- Add how the community can provide comment to the board regarding the applications.

Appropriation Applications and Progress Reports: Ms. Brunner provided the appropriation binders.

4. Other:

Ms. Hermann requested a summary of the Big Sky Community Organization's strategic effort. Al Malinowski stated Ciara Wolf will follow up with Ginna directly.

The board directed Ms. Brunner to ask Tim Kent to provide the cost of a bond with Big Sky Western Bank.

The board discussed how the projects the resort tax board funded that travel or are partially located out of the district geographically are based on programming, not a physical location.

- D. Minutes: The following revisions were made: Mr. Kabisch was in attendance until after the Workforce Housing discussion and voted in favor of the motion. Fix the spelling of Brian Guyer's name.

Motion by Mr. Kabisch to approve the March 9 open minutes, as amended. Second by Mr. Scholz. All in favor. Motion passes.

Chairperson Jamey Kabisch closed the open meeting at 11:30 a.m.

Respectfully Submitted,


Virginia Hermann, Secretary



FINAL MINUTES OF THE QUESTION & ANSWER SESSION OPEN BOARD MEETING

June 6, 2016

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

Kevin Germain, Director
Mona Jamison, Attorney
Whitney Brunner, Administrative Officer

Chairperson Jamey Kabisch called the open meeting to order at 1:10 p.m.
Attendance seemed to be near 145 with a visual head count. 100 people signed the sign-in sheets.

I. Open Meeting

- A. **Opening Remarks and Introductions** – Chairman Jamey Kabisch introduced the Board Members, Attorney and Administrative Officer. He stated at the beginning and end of the meeting there will be opportunity for public comment. Legislative issues are an agenda item and the board will provide an overview of where it is right now with workforce housing and how it applies to resort tax. Mr. Kabisch stated serving on the Resort Tax Board is a rewarding place to be and that local government is where the rubber meets the road. He thanked the tax collectors and the applicants stating that resort tax funds provide so much for this community including the theater we are sitting in today, which was partially funded by this board.
- B. **Available Funding Estimation** – Copies of the agenda, collections to date and funds available handouts were reviewed. Mr. Kabisch directed attention to the funds available handout and went through each line item. The sinking fund cannot be bound from year to year and is; therefore, available for appropriation.
- C. **Public Comment**

David OConnor, President of the Chamber, stated there have been times when the community would refer to this meeting as the inquisition. He stated he recognizes there has been a change in approach and expressed gratitude for the hard work the board has put in. It now takes a holistic approach and keeps the applicants thinking. Mr. OConnor stated the traffic light is a Community Organization project, but could easily be a Chamber project or Resort Tax Board special project. He stated the project represents a gathering of community leaders putting forth effort to decide what is best for the community. He stated the Chamber stands in support of the project.

Pam Rempt, President of the Chapel Board, stated the Chapel's application is to defray maintenance of the community's use. She stated the Chapel is a 501c3 and files taxes with IRS. The Chapel is landlord for three congregations that pay rent. It has proven a useful meeting space because it is convenient, there is an elevator and there is no charge. She stated a 12-Step Group, Toastmasters, the Gallatin Women's Club, the National Forest, Noxious Weeds, Girl Scouts, among others, use the space. She stated the carpet and other things take wear and tear and she looks forward to answering questions.

Brian Hurlbut stated he supports the Community Housing Trust and Community Organization Tunnel Project. As he moves forward, one of the ways he envisions his family being able to stay in the community is a project like the Community Housing Trust. The tunnel project is important to him because his kids are of age to go to the skate park on their own, but he will not allow them to go with the current dangerous crossing.



John Zirkle stated he supports the Community Housing Trust. As a community member that spends 60-100 hours a week working in the community, housing has never been on the table for him and his wife. This opportunity would allow him to continue to serve the community for a longer period of time.

Dustin Shipman, School Superintendent, stated he strongly supports the Library, Community Housing Trust and Women In Action applications. Those organizations have a direct impact on the community.

Enion Williams stated he supports the Gallatin River Task Force. He applauded their leadership and their follow up role with the near disaster this year. He stated he has a fly fishing guide service that makes its living on the river.

Herb Davis stated he supports the traffic light project and shared a story from two years ago when he and his wife with their two young sons were crossing at the intersection and vehicles stopped in all directions when a pickup truck blasted past his four year old.

D. Question and Answer

1. Big Sky Fire Department Transportation – Chief Bill Farhat

Q: Mr. Scholz asked if the scheduled replacements of ambulances are the same now that the hospital is operating.

A: Technology ages with time and ambulances are complicated pieces of equipment. He expects the same pace of replacement.

Q: Ms. Hermann asked why overtime is up. A: Transports are up. Overtime happens when staff is called in to man the station while transfers are out on calls. Transfers bring in more money to compensate for the overtime; although, it may appear as a deficit, we actually make money.

Q: Mr. Germain asked how the hospital is affecting costs. A: We are incurring more costs. Q: Is there a savings? A: We attended 19% more calls this year. The vast majority that we take to hospital are treated. Sometimes West Yellowstone brings patients to Big Sky and we take them to Bozeman.

Q: Mr. Kabisch stated the Fire Department (Department) budgeted \$525,000 in ambulance revenue this year and budgeted \$530,000 for next year. He asked year-to-date where the Department is this fiscal year. A: \$510,000 right now. He stated his budget does not have fluff. It built up reserves for department-wide emergencies. Q: What is the margin for ambulance runs? A: It is more expensive to run the ambulance than what we charge, were not making money. Q: How do you charge? A: We recently changed the process. It is a tiered process. 63% of those that use the service are not local. Starting July 1st we will charge 40% less for locals. The cost is \$2,000 per ambulance ride. You are paying for availability of the service, not for the use. If a patient can't afford it, we write it off. In addition, there are automatic write offs for Medicare and Medicaid.

Ms. Budd thanked the public for coming. Q: The station remodel from the master plan is not in the three year plan; why? A: Our priority is to respond appropriately and deliver a performance standard. Right now it takes us 15 minutes to get to a call. The facility we use will be a \$3,750,000 million remodel in the current location. We're trying to identify if we should rebuild somewhere new. If we grow to station two, it will have to be remodeled. We are already meeting the 2020 level of calls outlined in the master plan. Q: With 70-75% of calls for nonresidents, it is hard to go to Fire District voters for the cost. Q: Ms. Budd stated a mix of funding sources and a phased approach would be appreciated. Mr. Scholz suggested property taxes, a mill levy, forecast budgeting, etc.



Q: Mr. Kabisch asked how this Department's pay rates stack up against Belgrade and Bozeman. A: I do not know. I do know that we deliver on the budget. Q: It is a big expense; as a non fire fighter, I'd like to see the comparisons. A: I would suggest we compare to other resort communities. It is difficult to be available 24 hours a day. We are the 3rd lowest mill levy in the county.

Q: Mr. Kabisch asked about the retirement expense. A: We have to carry our own. It is up to the local district to carry retirement of their firefighters. We now carry it on our balance sheet, but it's always been there.

Q: Mr. Scholz stated by serving 70% nonlocals the percentages make this a fairly good allocation at this point by providing half the funding.

2. Big Sky Search and Rescue – Ed Hake, Steve DeTullio and Samantha Mize

Q: Ms. Budd asked for a breakout of how the funds are to be spent on the listed projects. A: The safety campaign cost is \$1,200-1,500 and the rest is operations support (\$14,500).

Mr. Hake stated the 4x4 you got us last year went out multiple times and got us everywhere we needed it to go.

3. Big Sky Transportation District – David Kack and Enion Williams

Q: Ms. Budd asked what is going on with Gallatin County. A: We will know more this Wednesday with the Gallatin Commissioners meeting and next week with the Madison Commissioners meeting. Madison County supports the Transportation District (District). Gallatin County does not. We are not sure if Madison will support the effort at the level requested. We've been in service 10 years and it would be a nice anniversary present from Gallatin County. Gallatin County Commissioner Skinner did recognize we do not get any of our road funds back. From our last survey, 76% who ride live in Gallatin County and 69% are riding for work purposes.

Q: Ms. Hermann asked how much the Transportation District requests from each county. A: \$200,000 from each county.

Q: Mr. Kabisch asked what the deficit is. A: The Montana Department of Transportation (MDOT) reimburses us on a quarterly basis.

Q: Mr. Scholz asked why in 2017-18 the District is adding service, but not asking for more from resort tax. A: Yellowstone Club (YC), Montage and the Counties need more people commuting to work in Big Sky. We added four more round trips for this purpose.

Q: Mr. Kabisch asked what is the current YC partnership? A: We move employees from Bozeman to Big Sky and back. Specifically, we move people to the Town Center and YC takes them from there. For the shifts the buses don't work, YC provides van shuttles. As a District, under federal law, we cannot restrict who gets on. Q: Do you receive the same level of contribution from YC compared to previous years? A: We may adjust contributions a little bit, but YC generally pays beyond costs.

Q: Ms. Budd asked what are their other expansion opportunities; Belgrade? A: Those in Belgrade drive to Four Corners to catch the bus. The airport would be a long term desire if we could hit a block of flights. Van pools are more cost effective instead of expanding to where the employees live. As the area grows, we'll look at needs.

Q: Mr. Scholz stated with the airport, it would be supply and demand- ski club verses employees. A: The early morning runs are employees and afternoon runs would be swing shift employees and the flights. It would be



tough for us to get into the airport because of the rental car companies. We are up 6% and April fell off more than we thought it would. We provided 180,000 rides this year and are leaving people at stops.

Q: Mr. Germain stated this is an extremely valuable service and expressed gratitude. He asked if ridership is up 4.6%, how much of that is on the new late night runs? A: 40 rides per night on the late night runs. With more promotion the ridership may increase.

Q: Mr. Germain stated the Transportation District is always asked by the Gallatin County Commissioners why fares are not increased. A: We continue to look at fares. 5-10% of the budget is fare revenue. We raised it a little bit this year. We think of the value to the people who ride.

Q: Mr. Kabisch asked for a breakdown in ridership between Big Sky and The Link (between Bozeman and Big Sky). A: Yes; I can provide that for you.

Q: Mr. Germain stated the Gallatin County Commissioners would like to see it become a taxing district. With the ridership information you have, could the district include Bozeman and Belgrade where the riders are coming from? A: The current District actually does not include part of the Town Center. Voters in Bozeman probably would not vote to be in the District. From our last survey, 56% of people thought resort tax should pay over increasing property taxes. Reminder that \$500,000 in road taxes is paid to Gallatin County in property taxes and no money comes back.

Q: Mr. Scholz stated that at the time the District was formed, the service was for visitors and employees for the service industry. We made a promise not to make it a taxing District. A: That is the same intention of the current board.

Q: Ms. Budd asked if Streamline in Bozeman is a taxing district. A: It is managed by the Human Resource Development Council (HRDC) and is a nonprofit district.

4. Big Sky Trails, Parks and Recreation District – Steve Johnson

Q: Ms. Herman stated the Trails, Parks and Recreation District (District) first came to resort tax in 2013 and she has serious concerns because the track record of being able to move forward has been put in question. A: Last year we used the appropriation for grant writing and are not rolling over remaining funds. \$27,000 of this year's request is for the parks master plan and we are sharing the cost with the Big Sky Community Organization (Community Organization). We've been preparing a request for proposal (RFP) and choosing vendors. We anticipate applying for grants for the community organization tunnel project. Q: Ms. Hermann stated \$5,473 for two grants seems extremely high.

Q: Ms. Hermann asked when we get this parks master plan, what does it do? A: We have a community park and this will help us determine what we want to do with it. We would get an idea of how to put the open lands in the Homeowners Associations (South Fork, Ramshorn, etc.) together.

Q: Mr. Scholz asked if this District didn't exist, would the Community Organization implement the parks master plan. The two organizations share the same projects and this District seems to be struggling to launch. A: We were proactively created as a non taxing district over county lines to take responsibility from the Madison Parks District.

Q: Mr. Germain asked if the two grants could be applied for by the Community Corporation. A: We qualify better than the Community Organization.



Q: Mr. Kabisch asked if the Community Organization could transfer assets to the Parks District. A: Yes; liability insurance, revenue for maintenance and operations. We can do it, but haven't gotten there yet.

5. Big Sky Library – Kay Reeves and Kathy House

Q: Ms. Budd asked, since the levy was passed and the library in the new school is going to be finished, how is the Big Sky Community Library affected? A: Last year we were projecting a cost to replace books that are moving. We will pay for it. We've raised \$8,000 and the rest will come from our reserves.

Q: Mr. Germain stated the payroll expenses are projected to decrease. A: We intended to open to the community for additional hours, but decided to wait and see.

6. Gallatin County Sheriff's Department – Sheriff Brian Gootkin

Q: Mr. Germain asked when the seventh deputy will be needed. A: Having lived in Big Sky, I understand the economy goes in waves and even though we are in a boom, the Sheriff's Department will be conservative and, for now, our team will just be really busy. When a seventh deputy is needed, we will go to Gallatin County first, then Madison County and finally resort tax.

Q: Mr. Germain asked if West Yellowstone funds any portion of their two deputies. A: No; they fund police.

Q: Mr. Kabisch stated there has been an increase in call volumes and asked if the sheriffs are moving to or from Bozeman. A: When the sheriffs begin their time in Big Sky they are generally single. When they get married they move away. Q: Do you find you need sheriffs to come up from Bozeman to assist in Big Sky or the other way around? A: If needed, deputies come from Bozeman. We have eight deputies from the Idaho border to the canyon entry.

7. Gallatin Valley Snowmobile District – Devon White and Brad Grein

Q: Ms. Hermann stated the organization did not provide a Profit and Loss (P&L) and is asking for \$5,000 more for one grooming a week, a 25% increase. A: The cost is more than \$5,000 per week. We will absorb the overage. Q: Ms. Hermann stated budget numbers are important and requested the organization provide them before the June 20th appropriation meeting.

Q: Mr. Kabisch asked if the subcontractor is a good solution. A: The subcontractor allows for breakdown coverage. Ed Hake of Canyon Adventures will be the subcontractor.

Q: Mr. Scholz asked if they have the statistics from the trail counters. A: Yes; usage is up considerably. Registrations are up 9,000 from 2011. Nonresident snowmobilers bring \$44 million in revenue to the state of Montana.

8. Gallatin/Big Sky Weed Committee – Jennifer Mohler and Mike Jones

Q: Mr. Scholz noted the mapping project goes down to Gallatin Gateway, outside of the resort tax district. A: We are not requesting resort tax funds for mapping.

Q: Mr. Kabisch asked where the maps are used. A: We share information with Gallatin County GIS, MDOT, etc. Anyone that is interested may use the maps. We like to map as soon as weeds arrive to identify problem areas and share info. Leafy Spurg at the Big Sky Owners Association fishing pond is a success story. All players were brought in to address the problem.



Q: Ms. Budd asked if there was something in the programming to educate contractors installing the canyon utilities to clean their equipment. A: Gallatin National Forest has an agreement with NorthWestern Energy. They make the rules. We don't have a dog in that fight. It is concerning because trucks come from Idaho.

Q: Mr. Scholz asked if it was possible to get truck sprayers or the materials needed to spray weeds available in Big Sky instead of requiring landowners to travel to Bozeman. A: The problem is finding a place to put it. It is a half hour process to educate someone on how to use the sprayer and we do not want them using the chemicals in the incorrect manner. Someone has to be here. At this time it is not feasible.

9. Arts Council of Big Sky – Brian Hurlbut

No questions.

10. Rollover: Big Sky Community Organization: Tunnel Trail – Ciara Wolfe

Q: Ms. Hermann noted the Big Sky Owners Association (BSOA) ponds project and asked how it affects the tunnel. A: It seemed irresponsible to replace the bridge when the pond will change. The safest and most useful crossing is a pedestrian bridge. Other options are an extension of the existing bridge or a complete replacement. After evaluating the costs of all options, we are currently proceeding with a pedestrian bridge. It would be \$500,000 more to replace the whole bridge.

Q: Mr. Kabisch stated the two largest grants are under the Parks District. A: The grants can only be submitted by a local government- the Parks District. Gallatin County would actually receive the funds. These grants could fund the entire project; however, they require matching funds, which is where the resort tax rollover and the 2017 resort tax funds would go.

Q: Ms. Hermann asked for a full cost breakdown of what we've paid for the tunnel past and future.

11. Rollover: Big Sky Community Organization: Phase 2 Trails – Ciara Wolfe

No questions.

12. Big Sky Community Organization – Ciara Wolfe

Q: Mr. Scholz stated the board cannot obligate any decision from year to year, but that this will be the same board in next year's funding cycle.

Q: Mr. Germain asked if there is concern that sometime in the future a traffic light at Little Coyote would be needed. Would that be a concern on top of a tunnel? A: We cannot determine the future, but I asked MDOT the same question. The Little Coyote intersection is different from the Ousel Falls intersection. Little Coyote is a three-way stop with little room for development. Even with a traffic light, it will be a dangerous crossing with the curve. Putting in a tunnel takes out the opportunity for vehicles and people to interact. A tunnel would still be a safer crossing.

Q: Ms. Budd asked if there is a design for the traffic light that is up to the high standards of what this resort community may expect. A: It is a basic design. Similar to the light poles. See the map in the application. It will meet the same design standards of everything else you see in Big Sky.



Q: Mr. Kabisch asked if they have other funding from MDOT. A: None. The STIP fund is five year plan. To get MDOT funding would be five to eight years down the road. Since we have half on the table, it seems like an opportunistic time to do it now.

Q: Ms. Hermann asked if the project can get on the MDOT plan without a Transportation Plan. A: These projects are only pieces to a plan.

Q: Ms. Budd asked if traffic lights lead to lowered speed limits. A: Nothing is set in stone. A speed study will begin after the signal is installed. Speeds should come down since a traffic light will force slower speeds.

Q: Mr. Kabisch asked if MDOT conducts the speed study. A: Yes. There would not be a flashing light warning, but signs would be added to provide notification on both sides of the light.

Q: Mr. Germain asked if a flashing light could be installed and used for a year or two since it will be a new signal. A: We could request that.

Q: Mr. Germain noted the \$250,000 for operations and maintenance. He asked if there is dialog between the Community Organization and the Parks District. A: Yes; for insurance and ongoing operations costs, dialog has been brought up. The parks master plan is for parks and parks facilities, both indoor and outdoor. It includes a survey that asks, "How would you, as a community, like to pay- tax, HOA, donation, etc." We have assets we have to plan for long term. With results from the study, we will then have some data into the dialog.

Q: Mr. Kabisch asked how many children attend Camp Big Sky. A: 100 different children were served last year. They are at 70% capacity for this summer. Q: What is the capacity? A: 30 children per day 1st-5th grades. Plus three to four middle school kids as counselors and high school kids are staffed during field trips, etc.

Q: Mr. Scholz asked for more information on the subsidy. A: 11 weeks at 25 children per day (visiting children would not qualify for the subsidy) and \$5 per day, per child.

Q: Ms. Hermann referenced the 2014-15 Profit and Loss and asked if Camp Big Sky expects to meet their budgeted revenue. A: Last year we began to pay internal staff. The camps used to be more expensive to go to. There was a large donor that is no longer involved. We're cleaning up the way accounting is done and we can get back to you.

Q: Mr. Scholz asked about the status of the recycling effort. A: We've looked at different options. Curbside is to be launched this summer. Our board feels strongly that free recycling should be available for condos, out of town visitors, etc. We need a piece of land. The service and bins cost is covered by Gallatin County. It has a history of being the dirtiest site in the County. The Town Center paid to keep the site clean. The canyon site that was offered was not big enough, the hospital did not work out and we've submitted a proposal to Water and Sewer for land they may acquire.

Q: Mr. Kabisch asked how fundraising is going. A: Good. We have a strong reputation and strong volunteerism. Fundraising grew 10% last year and our goal is to grow 10% this year. That is more than our request for administration and maintenance. We historically haven't tracked volunteer time, but we have 100 volunteers that save the community a lot of money.

Q: Ms. Budd asked the difference between routine maintenance and non routine maintenance. A: Sealing the asphalt trail and cleaning restrooms are routine maintenance. Depreciated assets like the Crail Ranch roof and porch crumbling are non routine maintenance. We are working on a schedule of expenses.



Q: Mr. Kabisch asked if the traffic light is built, who will own and maintain it. A: MDOT. If we put in a tunnel, we are asking MDOT to own and maintain that as well.

Q: Ms. Budd asked what the cost and timeframe on a speed study will be. A: A timeline will come with the installation of a traffic light.

Chairperson Jamey Kabisch recessed the meeting at 3:00 p.m. and reconvened the meeting at 3:14 p.m.

13. Big Sky Ski Education Foundation – Jeremy Ueland, Samantha Mize and Andrew Schreiner

Q: Mr. Kabisch asked about the \$40,000 cash. A: That was a donation from the Rapier Foundation. Q: It is not booked as income. You have positive cash flow. Why do you need resort tax funds? A: The rollover funds are used to help parents and athletes. We come to you for capital expenditures only. We have an \$11,000 surplus for the coming year and it is our goal to reduce program costs to athletes so we can keep our team #1 in the Northern Division. We will have a workers compensation increase. We've experienced growing pains and our staff has received no raises for years. We are due to catch up. We can handle that as an organization. We're looking for funding for night training, update radios, etc. Events are hard on equipment.

Q: Mr. Kabisch asked how the lights provide for the community as a whole when 100 Big Sky kids will use the lights. A: This is an aspect of tourism development and brings in a lot of outside dollars. It will help us be the best ski team in Montana and the Northern Division. We have 175 kids on the team. It is a benefit for the local youth of Big Sky.

Q: Ms. Hermann asked if the races will use the lights. A: The lights will not be used for events, just for after school training for the local kids.

Q: Mr. Scholz stated the organization is only asking for 4.1% of their budget. It keeps kids in the classroom instead of skipping school to train. I commend the effort. What time could you start training in the evenings? A: 5:00 p.m. until 6:30 p.m. We will start in December. Q: I encourage you to start as early as possible in the evenings.

Q: Mr. Germain asked if the lights are portable. A: They will not be property of the Resort. The lights can be put in and taken out. The lights will be property of the Ski Education Foundation.

Q: Ms. Budd asked where the remaining 25% of the cost for the lights will come from. A: Resort tax funds will be spent on the electrician and materials. The remaining 25% of the time will be donated.

14. The Montana Land Reliance – Jessie Weise and Jay Erickson

Q: Mr. Scholz stated the community needs to think about this. The Gallatin River Task Force, the Weed Committee, etc., all preserve the environment. Montana Land Reliance is going about it differently. You've set some good goals. Should we fund the project, we will expect that the goals would be reached. We want to hear from the community if it believes this board should help easements.

Q: Ms. Budd stated the application lists 1,000-2,000 acres in Big Sky. Are the boundaries within the resort tax district? A: We work inside and outside the resort tax boundary, but this grant request is just for within the resort tax district. At the office I have maps for projects that are over 40 acres; areas with critical waterways and wildlife corridors.



Q: Mr. Kabisch stated the cause is great. He noted the budget surplus. A: The surplus happened last year. It was an endowment that we can only use for that. A \$2 million unrestricted funds grant came in that has been spent out around the state.

Q: Mr. Scholz asked how many other Montana communities have satellite offices. A: Flathead, Absarokee, the Gallatin Valley and Helena.

Q: Mr. Kabisch asked how those offices are funded. Are any others using public funds? A: Donations.

Q: Mr. Germain asked what tools other communities use to accomplish goals like open space. A: State and federal monies. It is difficult to raise opening money, which is what we are asking for.

The organization noted Whitefish increased their resort tax to 3% to protect their watershed.

15. Gallatin River Task Force – Kristin Gardner

Ms. Gardner handed out a new budget with an adjusted resort tax request of \$360,039 (down from \$366,239).

Q: Mr. Scholz stated the organization has an ambitious schedule. The success of the schedule will be dependent on receiving grants from Gallatin and Madison Counties. When will you know if you're successful; give us the odds. A: We are preparing to go into a campaign to raise funds and any funds we are unable to raise, we will put into our campaign budget.

Q: Ms. Hermann asked where the Deer Creek project is located. A: The green bridge. It is within the resort tax district.

Q: Mr. Kabisch stated the organization has taken big leaps in spending in the past and he asked if they are concerned about the level of reserves. A: Yes; we are aiming for three months of operating reserves.

Q: Mr. Scholz stated this year's ask is \$200,000 less than the next two years because of fundraising goals. If you don't back-fill that \$200,000 with fundraising, can you trim projects? What is your plan B? A: If we do not raise the funds, we will not be able to implement the projects, but we really hope we will be able to protect watersheds in Big Sky.

Q: Mr. Kabisch stated he has concerns about the forum. A: We hired a professional facilitator and technical team. With that team we should be able to reach the goals. We have a broad sense in the community that this is what is needed.

16. Big Sky Skating and Hockey – Gary Hermann and Ryan Blechta

Q: Ms. Budd asked with the refrigeration system, when can you open? A: We can open in late fall. Q: What is the temperature range and can it operate in direct sunlight? A: 60 degrees and, in direct sunlight, maybe 50 degrees.

Q: Mr. Kabisch asked how many days can it sustain in direct sunlight? A: Day after day.

Q: Ms. Budd asked if the liner will better protect the grass. A: Yes; it would. Q: This would increase the water use. How will the cost of water affect all this? A: Once established, the ice won't have to be layered.

Q: Mr. Kabisch noted the challenge grant is dollar for dollar. Can you do it? A: If we had a three to one grant it would be easier. Last year we thought we couldn't raise the match and we did. There are some foundations out there that could potentially come to the table. We don't know that we can do this, but we'd like to try. Big Sky is



the only major ski resort without a refrigerated ice surface. This would help us expand programs, it is portable and we can use it in a building someday.

Q: Ms. Budd asked if you extend the season, how will the contract change? A: I don't see us changing the contract season. The cost of snow removal is not needed in October. We may need \$1,000-2,000 more for energy.

Q: Mr. Germain asked if you can you track numbers and usage because it helps us to see when dollars are leading to increased usage. A: The number of children in programs has increased. This year we were held back by weather. A web cam could track usage.

Q: Mr. Scholz stated he sees a capital side and operations side to the organization. Fundraising goes toward capital. You are asking for 50% for capital and 100% for operations from resort tax. If we funded 50% of both it would be \$20,000 less with the matching funds. A: Everything we do is to eliminate operating costs. This year we will not use all the funds appropriated. We are being practical. Once we get the refrigeration system in place, and reasonable fundraising, we hope to get to point to pay for the additional cost of energy. It will take two years to have that in place.

17. Big Sky Post Office – Al Malinowski

Mr. Malinowski handed out a new budget with an adjusted resort tax request of \$16,000 (down from \$26,000). Last Wednesday, the Federal Post Office responded to our request and awarded \$10,000 to the Big Sky Post Office. I asked for \$30,000. This is a two-year contract rate.

Q: Ms. Budd asked if the Post Office has a need to expand. A: Yes; the first step was to get a rate locked in place for the next few years. Outgoing mail is not growing at the same rate as incoming mail. The sending post office receives the revenue; the receiving office does not. Therefore, community growth doesn't generate any revenue for this post office. During Christmas, we have a hard time finding places to store packages, but you don't build a church for Christmas. For now we will find a temporary solution.

Q: Mr. Kabisch asked if rent has increased this year. A. No; it did not increase.

18. Big Sky Food Bank – Sarah Gaither, Marjorie Hennessy and Heather Grenier

Q: Ms. Hermann stated the request is a 75% increase from the previous years and \$5,000 for reserves. A: The \$5,000 is a match for us to avoid deficits in the future. We are not asking resort tax to fund the reserve. The resort tax funds would be used to match operation expenses.

Q: Is the hot meal in the application? A: The hot meal was donated by Bugaboo and is not part of the request. It was a special for fall and is discontinued now.

19. Madison Conservation District – Sunni Heikes-Knapton

Q: Mr. Kabisch asked what percentage of the project's budget comes from resort tax. A: 52%.

20. Rollover: Morningstar: Basecamp – Sarah Blechta and Brittany Ford

No questions.

21. Morningstar – Sarah Blechta and Brittany Ford



Q: Mr. Kabisch asked what is the current infant waiting list. A: 11 infants are currently on the waiting list. Last month there were 18. Oftentimes, parents move away before space becomes available. Last year we increased rates 10%. We are at breakeven, where we want to be as a nonprofit. It was a \$70 per month increase per child. Q: That seems to be an equitable situation for the community, which we like to see. What is the trend in the growth of the waiting list for infants? A: People keep having them and there is nowhere else for them to go. The choice is a live-in nanny or Morningstar. No employers have daycare for infants. Q: How many infants can you have? A: The ratio is 1:4 teacher to infants and 1:8 teacher to preschoolers. The new building would be for infants.

Q: Ms. Budd asked if after the 10% increase, do parents have the capacity to donate. A: We are asking \$160,000 of the \$274,000 from resort tax for the building. The rest will come from donations. We are not going to start a building until we have the funds to complete a building.

Q: Mr. Kabisch asked what the corporate revenue of \$31,000 is. A: Pledges and contributions- fundraising events, yard sales, trivia nights, etc. Q: Is the building paid off? A: Yes.

22. Warren Miller Performing Arts Center – John Zirkle

Q: Ms. Hermann asked how the summer conservatory is going. A: We have an 83% increase in applicants. Strings has space and all other areas are full.

Q: Mr. Kabisch asked how much the Performing Arts Center spends renting lights? A: 20 fixtures per night at \$400 per program. Q: Would this funding get you what you need? A: Yes. Q: Regarding projection. How often does that happen? A: Projection allows us to accomplish more artistically instead of large set pieces. Since it's the arts, it also allows for more creativity.

Q: Ms. Budd asked if there is a market for the sound board that you will replace. A: We will put it at the school. The projector would stay as well.

Q: Mr. Scholz stated the generous five-year start up expires next year. A: Resort tax will continue to fund artist contracts only. We are bringing on an operations director, but that expense and the cost of my position are not requested of resort tax.

Q: Are you considering raising ticket prices? A: We prefer to keep tickets at a national average. We increased the price slightly and received a little bit of pushback. We've got to make sure this place is full. We're pushing the envelope as much as we can right now.

23. Big Sky Community Housing Trust – Brian Guyer, Tracy Menezes and Heather Grenier

Mr. Guyer handed out the selection process and updated proforma.

Q: Mr. Kabisch asked how he can become comfortable with the point system; that some receive preference over others. A: Because the public is still able to apply.

Q: Ms. Budd stated she looked at the projects suggested by Mr. Guyer like Wellington in Breckenridge. Wellington offers 12 different floorplans. Not one has a garage and not one is over 1950 square feet. Why is what you've proposed different? A: We are addressing the local needs in Big Sky. The garage need popped up as a storage space for garbage bins. Most housing like this typically does have a single car garage.



Q: Mr. Scholz referenced the new handouts and stated the livable space has been adjusted down. The living area has been reduced by 10% and there is a unit under 1500 square feet.

Q: Ms. Budd stated Park City uses a lottery system. Then selection is not based on the career path you chose. A: This project is different because of the land donor preferences. Even though a lottery is used, it comes down to those that can apply and receive financing.

Q: Mr. Kabisch stated 42% is targeted, backend ratio; 33% ratio lending. Is this getting applicants into a better situation? 20% down? A: We will work with local lenders to find a product that is here, locally, that is manageable.

Q: Mr. Scholz asked what percent AMI when you get down to bottom level prices. 80-120% are the goal posts, but it may go as low as 78% on some of them. It seems high, but that is who is priced out of the community.

Q: Mr. Kabisch asked if less than \$200 is the same as a standard HOA in Big Sky. A: Property taxes? We can get that to you.

Q: Mr. Kabisch asked if the project can be phased. Would a phased approach allow for improvements on the land to be used as collateral. A: Yes. It would cause delays. We are looking at going vertical next summer. There will be additional expenses with a phased approach. The donor agreement is contingent on receiving funding from resort tax. Possibly the donor would do a phased approach as well.

Mr. Scholz stated every affordable housing project will have different requirements. Each project will be on a different rung of the ladder of affordability. In this project it's the land, and having it donated, that makes it exceptional. We're not going to get federal money because we're unincorporated. We are not going to get HUD funding. All the details will not be tied down by the time we have to make this decision on June 20. The community seems to be relaying to me that we have to start somewhere. It takes a leap of faith. When resort tax was created, we did not have all the details, but we thought it was worth the risk to move forward. This board needs to understand the following: Does the community need it? Is this a game changer? Our middle class will continue to get hollowed out unless we do something.

Mr. Guyer stated a donation of this sort is extremely rare. People are clamoring for a home and there is no space for them right now.

Q: Ms. Budd stated she would like more details. It is too broad to say \$1.2 million for infrastructure and construction. A: You have an updated proforma in front of you.

Q: Mr. Scholz stated the building cost is \$9 million. Who has the liability of the loan? A: HRDC. We will pay the loan with proceeds of sales.

Q: Ms. Hermann asked if resort tax is not able to fund the full amount, does this change the land availability? We need to know if we go too low what, will happen.

Q: Mr. Kabisch stated the resort tax board would like a copy of the full donor agreement.

Q: Ms. Budd stated she understands we need a central workforce. She stated she has an idea of the average AMI of the essential workforce and it doesn't look like you're hitting the people that really need it. In the research I've done, I haven't seen preferences that look like this. A: Several projects in Park City and Jackson Hole target teachers. Q: It will be difficult for a single teacher to purchase a unit. A couple that makes at or less, may be pushed out through the point system because they didn't choose the right career path.



Q: Mr. Kabisch stated regardless of a point system, you still have to qualify for a mortgage.

Q: Ms. Hermann stated even if applicants are not fire fighters, etc. with the length of time in the community, they have a shot. Regardless, all applicants will have to get over the barrier of the down payment.

Q: Mr. Scholz stated other resorts are already at other end of AMI. We won't be able to start at the lower level of the income scale because the middle class is getting hollowed out. A: Ownership requires a higher AMI. Targets move and communities change. This is the project that is the most viable at this point.

Q: Ms. Hermann asked how the units remain affordable. Is there a ground lease or deed restriction? A: Limits on the home, caps on appreciation and capital improvements preserves the affordability. Annual appreciation of 3% or 5% or a revenue sharing approach; although, a simple one-number appreciation is easiest to understand. Or tie it to wage growth instead of property appreciation. At resale there would then be a capital improvements policy. Do not install high end appliances and expect those costs returned to you in the sale, etc. HRDC sets up a policy. There are model deed restrictions we can use. Q: How difficult will it be to sell? A: We all want the same things as a free market. In Big Sky, this product will be appealing to people.

24. Women In Action – Jennifer OConnor

Ms. OConnor handed out a letter that stated the counseling program will remain as it was last year.

Q: Ms. Hermann requested that an updated P&L be provided by the next meeting June 20th.

25. Chamber of Commerce – Kitty Clemens and David O'Connor

Q: Mr. Kabisch asked for a breakdown of costs for the lights and entry walls. A: \$60,000 for lights. Walls combined are \$250,000, which includes final engineering and construction documents.

Q: Mr. Kabisch asked where membership is right now. A: It is up to 419. In 2012, there were 320 members and a lot of bad debt on the books. We are now tracking with the national average.

Q: Mr. Scholz asked if the Chamber lost some members because of the affordable care act. A: No; not really. Our insurance only worked for big employers. Mom and pops joined for other reasons.

Q: Ms. Budd asked if the transportation plan is on next week's Gallatin County agenda. A: Yes; I'll be there to review the application we submitted. Then we go to Madison County. We were pleasantly surprised Gallatin County Commissioner Skinner is leading the effort and we have every reason to think it will be supported.

Q: Mr. Germain asked what the split is for the transportation plan. A: \$30,000 from each county and MDOT for the remaining portion. MDOT would then manage the project and it would become an MDOT project.

Q: Mr. Kabisch requested a more detailed P&L.

Q: Ms. Budd asked about the transportation consultant and if it would become a long-term position/need. A: We've interviewed two different retired MDOT employees. The goal is to get into the STIP. This would not be a lobbyist. It would be someone that understands the rules and regulations. Continuing the position going forward will depend on their effectiveness. Q: How would you measure that? A: Getting projects in the STIP. Even though we are one of the fastest growing areas in the state and even though we are congested, we do not have a single project in the STIP. The Community Corporation traffic light should be backfilled.



Q: Mr. Scholz stated \$400,000 is program/project pass through, \$310,000 is for entryway and lights and \$60,000 is for a transportation contractor. He stated he is trying to separate out the administrative costs associated with those projects. Mr. Scholz stated he estimates sheparding these projects will cost 32% of the operating budget, which would normally fall under a city government.

26. Visit Big Sky – Kitty Clemens and Dan Martin

Q: Ms. Budd stated the board will have to make tough funding decisions and asked what can be cut. A: We are asking for more momentarily. Marketing money is a matter of percentage. Our percentage requested from resort tax in our budget is going down.

Q: Mr. Kabisch stated this is a partnership with resort tax and private dollars. Private dollars have gotten smaller and times have never been better. A: The tax collectors are who Visit Big Sky represents. When times are good, you hold onto market share. The past four to five years we've taken market share from other destinations. Biggest Skiing In America (BSIA) is now a year-round program. Occupancy rates are up, which is generating resort tax.

Q: Ms. Hermann stated we are getting the same amount of private dollars now as when I joined the Resort Tax Board in 2009, when we started BSIA. A: Businesses are all spending a lot of their own on marketing and capital improvements.

Q: Ms. Budd stated in today's meeting we've focused on infrastructure- roads, employee housing, etc. With an influx of people, are we prepared for more? Does visitation need to continue to climb at this rate and is our infrastructure providing a better or worse experience? We know a fire truck and a tunnel will request funds next year. I think marketing campaigns are great, but where can we cut? A: When I look through the metrics, there are a lot of cold pillows. There are 10 days a year where over 90% are full. Otherwise, we're floating in the 50% and 20-30% capacity. The program Destination Next is a strategic planning model that will help answer your questions. We have increased winter business, but the largest increases have been in the summer and shoulder seasons. We are not taxing the services as much during the summer and shoulder seasons. This program has adapted to business needs.

Q: Mr. Germain asked how many businesses make up BSIA? A: The lodging partners including Big Sky Resort, River Rock Lodge and Buck's T-4.

Q: As a former owner of Buck's T-4, I carry that perspective. Resort tax collections increased \$400,000 and this Visit Big Sky application went up \$65,000. Did the community gain in proportion? Who gains from having more people here; we all do. It creates a lot of business. The service industry collects the 3% resort tax. There are very few ways to collect public funds. I wouldn't want the service industry to think they are not getting something out of what they're putting in. They already give more than any other Big Sky industry.

Q: Mr. Kabisch asked if a coop with all businesses that have to do with tourism, not just the lodging partners, can be created to contribute private dollars. When I see the number of private contributions going down I see that your membership is not on board with what you're doing. A: Visit Big Sky has no members. We tried to create a summer program to do just as you suggest, but tracking became vague. With lodging we can link a person from our website to a reservation. To integrate the non-lodging partners we have host week, customer service week, the Official Visitors Guide. Mr. Martin owns Karst Stage and has a strong belief in what this Visit Big Sky Board



does. The Visit Big Sky Board is comprised of a diverse group. He represents one of the few private businesses that helps fund the airline guarantee.

27. Big Sky Chapel – Diane Lundsten, Kay Reeves and Pam Grant

Q: Ms. Jamison stated that as of now, based on what is in the application, the mission and purpose of the Chapel is for Christian and Jewish worship. It is unconstitutional, as of now. Please provide the Articals of Incorporation and Bylaws. That could alter my opinion. A: We are a 501c3 and we file tax returns. Q: Yes; that goes toward your favor. However, the mission in your application is unconstitutional to receive public funds. Would you consider charging a use fee? A: We take on events because they keep us connected to the community.

Q: Mr. Scholz stated that when the Chapel applied years ago it was not allowed to receive funds, but the Chapel board may have evolved to become more community focused.

Mr. Germain stated his appreciation for opening the space to the community.

E. Legislative Issues

This agenda item is to let the public know, we’ve been talking about affordable housing. Last legislative session a bill was propsoed to increase resort tax by 1% for workforce housing or historical preservation. It did not pass. This board has been talking about the right path to solve workforce housing and if resort tax is part of the solution. Where we are now is that we’ve engaged Ms. Jamison to draft legislation.

F. Closing Statements

Ms. Hermann stated she would like to personally thank the organizations, tax collectors and community members for showing commitment to Big Sky. We have a great challenge ahead of us. If your organization can sharpen its proposal, let us know before the next meeting on June 20th.

Mr. Scholz stated if we fund everything that is requested this year, we would use the \$1.3 million sinking fund. We have two mechanisms to fund large projects- a sinking fund and bonding. We need to hear from you. What’s important to you? Housing is the big nut that’s new. Is this the time?

G. Public Comment

Loren Bough stated he is speaking to clarify comments regarding the Big Sky Housing Trust. He is the land donor. It stated it was a hard choice for me not to put the \$1.9 million in my pocket. As a donor, following are my intentions:

1. To have a better community.
Affordable housing is a problem we are never going to win.
2. To test of the importance of the issue in the community.
This will only be 32 units. We can start now or we don’t do it. We have to use all the tools in the tool box. Affordable housing is a new bucket. There is community demand.
3. To provide solutions.
This form allows for a large group to come together to brainstorm around a proposal. There is no perfect solution.

Regarding the preferences conversation, there are always preferences. A lottery would give preference to those with better financial ability. The lottery system is based on AMI. A large percentage of those that would qualify



would work for YC, Moonlight, etc. I am a shareholder for all of those entities. There is no way for me, in this town, to have a pure model. The alternative is no donation of land. Those I've given "preference" to, serve the community and, don't work for me as a shareholder. It seemed like an elegant solution.

As a donor, part of the agreement is that the project is funded to my satisfaction. Either you want to do it or not. Final plat approval will come from the Gallatin County Commissioners.

Mindy Cummings stated she supports the Community Housing Trust. It provides attainable housing for families. These families will step up because they want to stay here. It will make us a community and not a resort. Few pieces of land in Big Sky fit the model for this type of housing. This land has a willing donor, it is a property without covenants and is properly zoned. The resort tax goal is to fund projects that have the greatest community impact. This is one. It is a pilot project with an identifiable group. It would be amazing to get a pilot project off the ground.

Susan Duncan is rancher from Belgrade. She stated she is here to represent the agriculture, dairy and potato industries. She stated she supports the Gallatin River Task Force application. She is a board member on the Greater Gallatin Watershed Council, which is a sister organization to the Task Force. The sustainable solutions forum is extremely important to do now. How we are going to use the water now and how it is shared is important. A lot of people are depending on this.

Daniel Kelly stated he is looking forward to the workforce housing effort. He would like to see other rungs on the ladder for lower income affordability in Big Sky. He asked if he could ask this board to fund a radio station in Big Sky.

Packy Cronin stated he is attending to address the McBride Bough affordable housing project. He stated there is one thing missing and it is a big issue. There has been a lawsuit filed between my family and the developer Loren Bough and Eric Ossario. We've alleged a number of complaints that have to do with the property where the affordable housing is proposed. It has been going on for 18 months.

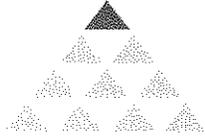
He handed out binders to the board members. Mr. Kabisch stated the binders will now become public record.

The lawsuit is for 60 feet of right-of-way and water and sewer for South Fork phase five. The easement was the previous access to the Bough property. Three lots in our property are now unbuildable. You would be giving public money to a developer to develop on land, slandering my land and title, which makes my land not able to sell. You would be funding a project that is impacting land that would be used to produce housing. For the last year I've been trying produce a product that would provide housing with accessory apartments. For 18 months we're still tied up in a lawsuit and an easement that has not been released.

He stated there is another point to be considered. The Bough property does not have preliminary plat approval, which is pretty important. We do not know what conditions the county may put on it. To appropriate money this year you may be getting ahead of yourself. Things are being put in the wrong sequence, out of order with development sequence. We do not know what the Commissioners will say.

Loren Bough stated he will address Packy's comments. He stated the Cronin family is suing me not the project. He is suing me for conspiracy and fraud. This has no impediment on the project. The HRDC has the risk with the project. The pace of the trial is set by the judge, not by me or the Cronin family. Regarding preliminary plat approval, if you ignore easements across your property, you cannot get approval.

Chairperson Jamey Kabisch closed the open meeting at 6:11 p.m.



RESORTTAX
— BUILDING BIG SKY SINCE 1992 —

Respectfully Submitted,

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

Virginia Hermann, Secretary



FINAL MINUTES OF THE FINAL APPROPRIATIONS OPEN BOARD MEETING

June 20, 2016

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

Kevin Germain, Director
Mona Jamison, Attorney
Whitney Brunner, Administrative Officer

Chairperson Jamey Kabisch called the open meeting to order at 6:05 p.m.
Attendance seemed to be near 80 with a visual head count. 60 people signed the sign-in sheets.

I. Open Meeting

- A. General Announcements: Chairperson Jamey Kabisch – Mr. Kabisch opened the meeting and introduced the board members, attorney and administrative officer. He stated resort tax is the 3% tax collected on luxury goods and services in the Big Sky Resort Area District (District). Today the board will appropriate the tax funds collected to entities that serve the District. At the last meeting, the Question and Answer, the board asked the entities questions. This meeting, the conversation will be between the board members. Motions may be made and, if seconded, opened for discussion. Then the board will vote on the motion. Motions will not go in particular order, but the board may elect to revisit a motion. At the end of the meeting, a motion will be made that accepts all previous motions and closes the slate. Thank you to Chief Bill Farhat who will update the spreadsheet as motions are passed based on majority board approval.

Reference the Funds Available handout. We arrived at the funds available number with tax collections that are received throughout the year, the sinking fund from last year's appropriations and projected revenue for May and June.

We will now open for public comment. Please keep public comment to three minutes. If you are on a board, we assume you support it. We've read all letters of support that were submitted.

B. Public Comment

Jennifer OConnor of Women In Action introduced three girls from girl scout troop 3782 who thanked the board for helping make Big Sky such an amazing community to grow up in. The board was given a Hometown Heroes 2016 Award Certificate.

Roberta (Last Name Unknown) stated she supports workforce housing and, although; she will not benefit from it personally, she stated it is important to the economic health of Big Sky.

Dasha Bough stated she would like to provide more information on the Arts Council Big Sky beautification project, which covers eye sores and showcases artwork. The committee wrapped five utility boxes and 15 trash cans and received an overwhelming positive response. This year, with the contribution from resort tax, the committee will wrap 10-12 more boxes of either source.

Alex Iskenderian of Lone Mountain Land Company stated he supports the Community Housing Trust and Transportation District. He stated Lone Mountain Land Company spends a lot of time working to create a vibrant Big Sky community; the kind we all want to live in. He stated the type of affordable housing development proposed brings the kinds of citizens we want in Big Sky. Lone Mountain Land Company will lend its expertise and charge no markup to manage the construction. He stated he's worked in resort communities throughout the West and has been part of many community housing projects. He stated they all required some level of public support and they do not get going without that support. In this case, we have a generous landowner. He stated he would like to see the project come to fruition.

David OConnor stated the Chamber understands that resources are more limited than funding requests. In order to magnify the Chamber's support for housing, transportation and tourism marketing, the Chamber would consider reducing their request by \$250,000. The Gateway Project can continue without the funds for the year as they continue to negotiate with landowners. He stated the Chamber makes this suggestion in recognition of what the Resort Tax Board is up against.

Brain Gallik stated he is attending on behalf of the Cronin Family to address the lawsuit. He stated he was supposed to be at the Question and Answer meeting but, because of a family emergency, he couldn't be there. He stated he has concerns with the application for housing. He stated he is in attendance, at this meeting, should the board have questions. He asked if the letter he submitted via email to the board has been added to the record. Mr. Kabisch stated, yes; the board received the letter and it is on record.

Chief Bill Farhat stated he had to leave the Question and Answer Meeting early and he did not hear the marching order to reduce the ask. He stated the work on the command vehicle could be put off and that would be a \$64,000 reduction of the Fire Department's application.

Hans Williamson, Vice President and General Manager of Yellowstone Club, thanked the board for their service to the community. He stated he supports the Community Housing Trust, Transportation District and Morningstar because those provide solutions to the three biggest challenges currently facing the community. He stated housing is a twofold challenge- seasonal and year-round. He stated the grant request on the table provides land and the size of the project provides the community an opportunity to "walk before you run". He'd like the board to consider the option. The challenge for employers is that those that work here do not live here. He stated Yellowstone Club is a large supporter of Skyline and the Link and provides \$35,000-\$40,000 over the benefit that Yellowstone Club receives. 45% of the Yellowstone Club team comes from the Bozeman/Belgrade area. He stated daycare is a big challenge. He asked the board to please consider those requests.

- C. Determine Funds Available – Mr. Kabisch reviewed the funds available handout. He stated the board has \$6,014,059 and with \$5,800,000 in requests, the difference is \$182,000.
- D. Sinking/Reserve Fund Discussion – Mr. Kabisch stated the board is again considering a sinking fund as a cash flow management tool. He stated the goal is to plan for future year's projects like the fire truck and pedestrian tunnel. Mr. Kabisch explained the funds cannot be designated for future use.
 - 1) Motion by Mr. Kabisch to set aside \$1,330,000 of the fiscal year 2016 resort tax funds into the sinking fund.
Second by Ms. Budd.
Discussion: Mr. Kabisch stated he is open to revisiting this later. He would like to start the appropriations process with the collections last year to where we are today. Mr. Scholz stated with these funds initially set aside, the board will see when appropriations go above what was collected this year.
All in favor.
Motion passed.
- E. Appropriation of Funds
 - 2) Motion by Ms. Budd to appropriate \$311,582 to the Gallatin River Task Force.
Second by Ms. Hermann.

Discussion: Mr. Scholz stated the organization reduced their ask before the meeting because Gallatin County thought their request was worthy and provided funding. He stated this response from the county is unexpected and appreciated.

All in favor.

Motion passed.

- 3) Motion by Mr. Scholz to appropriate \$615,123 to Visit Big Sky.
Second by Ms. Hermann.

Discussion: Mr. Scholz stated the amount of the motion reduces their ask to what they got last year. He stated that with the growth it is good to have the money. He stated his main concern is finding enough funds for other projects. He read a quote, "social media is about what you're doing and not what you're saying" and he encouraged the organization to consider integrating more social media. Mr. Kabisch stated he believes the motion number is high. He stated he agrees social media is important and he would like to see more funds used for public relations. He stated his main concern is that when the Biggest Skiing In America campaign began, there was a private match of \$50,000 and today the match is \$37,500. Ms. Budd stated she agrees with Mr. Kabisch that the drop in private match is concerning. She stated there are infrastructure and safety needs and that if Visit Big Sky is seeking additional funding it can be shored up by those most directly benefitting (i.e. other funding sources besides public resort tax funds).

In favor: Mr. Scholz and Ms. Hermann.

Opposed: Mr. Kabisch, Ms. Budd and Mr. Germain.

Motion fails.

- 4) Motion by Mr. Germain to appropriate \$227,500 to the Chamber of Commerce.
Second by Ms. Hermann.

Discussion: Mr. Germain stated he removed the \$250,000 for the entry monument. He stated a consultant for STIP funding from the counties takes a year to complete and he left \$20,000 in for someone to help.

All in favor.

Motion passed.

- 5) Motion by Mr. Kabisch to appropriate \$16,000 to Search and Rescue.
Second by Ms. Hermann.

All in favor.

Motion passed.

- 6) Motion by Mr. Scholz to appropriate \$146,000 to the Community Organization Rollover Tunnel Project.
Second by Mr. Germain

All in favor.

Motion passed.

- 7) Motion by Mr. Scholz to appropriate \$658,850 to the Fire Department.
Second by Mr. Germain.

Discussion: Chief Bill Farhat stated the work on the command vehicle could be put off and that would be a \$64,000 reduction of the Fire Department's application (application funding request = \$722,850).

All in favor.

Motion passed.

- 8) Motion by Mr. Germain to appropriate \$262,549 to the Sheriff's Department.
Second by Ms. Hermann.

All in favor.

Motion passed.

- 9) Motion by Ms. Hermann to appropriate \$25,000 to the Snowmobile Association.
Second by Mr. Kabisch.
All in favor.
Motion passed.
- 10) Motion by Mr. Kabisch to appropriate \$450,000 to Visit Big Sky.
No second.
Motion fails.
- 11) Motion by Mr. Kabisch to appropriate \$45,000 to Women In Action.
Second by Ms. Budd.
All in favor.
Motion passed.
- 12) Motion by Ms. Hermann to appropriate \$148,700 to the Warren Miller Performing Arts Center (WMPAC) with the condition that it shall demonstrate to the Board in writing that its capital expense is met before the Board disburses resort tax funds.
Second by Mr. Germain.
All in favor.
Motion passed.
- 13) Motion by Mr. Kabisch to appropriate \$153,200 to the Arts Council.
Second by Ms. Budd.
All in favor.
Motion passed.
- 14) Motion by Ms. Budd to appropriate \$16,000 to the Post Office.
Second by Ms. Kabisch.
All in favor.
Motion passed.
- 15) Motion by Ms. Hermann to appropriate \$78,000 to Morningstar.
Second by Ms. Budd.
All in favor.
Motion passed.
- 16) Motion by Mr. Scholz to appropriate \$49,000 to the Weed Committee.
Second by Ms. Hermann.

Discussion: Mr. Kabisch stated the Weed Committee has been a topic of discussion in the past and the Resort Tax Board has asked for qualitative results. The program working with the Big Sky Owners Association (BSOA) is great and the board hopes to see more work with all Big Sky HOAs. Mr. Scholz stated the organization reported 63% of their landowner assistance participants came from the Farmers Market, which averages one participant per Farmers Market. He stated that is quite a bit of time and money per participant. He stated the money spent on mailings and advertising, which in the past has generated 60% of their inquiries, may be a consideration. He stated he hopes the organization revisits how they spend their time and money. He stated that he thinks the organization is on the right tract and this appropriation is considerably more than last year. Ms. Hermann stated the organization only spent \$2,378 in landowner assistance last year and this year's \$18,000 request seems high. With a \$10,000 reduction in funding, they will have plenty for landowner assistance. Ms. Hermann stated she also questions the location of mapping projects. Mr. Kabisch stated he has heard from the landscaping community and individuals whom like having Ms. Mohler as a resource. Mr. Scholz stated those that work

with Ms. Mohler have great things to say about her. He stated the organization can find funding efficiencies.

All in favor.

Motion passed.

- 17) Motion by Ms. Hermann to appropriate \$1,050,000 to the Community Housing Trust with the conditions proposed and amended by Ms. Jamison per the direction of the board outlined in the Discussion below.

Second by Mr. Scholz.

Discussion: Mr. Kabisch stated because there's been legal commentary going back and forth, he would like to turn it over to Mona for a moment to talk about conditions and what she's been working on the last 30 days. Ms. Jamison stated the board received a lot of information both at the last meeting and the email mentioned by Mr. Gallik in public comment. She stated the board has seen that Mr. Gallik raised certain concerns, and I'm aware of those also, but the only caveat regarding the information received is that the information is from a plaintiff in a lawsuit that is pending before a judge in court. She stated that while she thinks it is good that the concerns are raised to the board, she wants the board to know they do not have the power, authority or the obligation to pass on the merits of what's being asserted. It's going to take time for this matter in court to be resolved. The concerns have been shared, how you integrate that into your action or conditions is appropriate, but the board cannot pass judgment on the merit, since it is pending. Mr. Germain stated he will abstain from the vote since he is employed by Lone Mountain Land Company. Ms. Hermann passed out a handout to the board. Ms. Hermann she believes this Resort Tax Board wants to be a game changer and wants to make things happen to make this a better community for everyone. She stated a big concern is that the funds will go for the intended purpose, they will be safeguarded throughout the purpose and that the community at large will have input in the process. She stated, to that end, conditions need to be assigned to any funding. Ms. Hermann stated the handout she provided lists seven conditions. Mr. Kabisch stated he would like to remind those in attendance, that the board has not discussed the conditions Ms. Hermann handed out before the meeting.

The board reviewed the conditions and discussed the following:

Mr. Kabisch stated once preliminary plat has been approved, most subdivisions begin to put in place what is needed for final plat -fire and safety, roads, water supply, etc.- and that the request before the board is to fund infrastructure; however, one of Ms. Hermann's conditions is that resort tax funds will not be released until final plat. Mr. Scholz stated in his conversations with the HRDC, the HRDC understands they will not be receiving resort tax funds until the land is transferred. The land agreement states the land is not transferred until there is final plat. He stated the HRDC will have to get a loan on the value of the land and the HRDC will have to be responsible. Resort tax funds will not be out in front of final plat. Mr. Kabisch stated this board's commitment can only be good for a year. Mr. Scholz stated the HRDC has to understand that is what this board operates under.

Mr. Scholz stated he would like to amend the language in Ms. Hermann's condition that leads one to believe the contract is with the donor, it is with the HRDC.

Ms. Jamison stated she has a few questions on the conditions. Ms. Jamison stated she is not familiar with CHOTA, but usually advisory boards do not have any inherent authority. She stated the HRDC would form a local governing board of directors to administer the housing projects. She stated to have an advisory board exercise these powers would be very unusual instead of the HRDC. Mr. Guyer of the HRDC stated the advisory committee would just be an advisory committee at the outset. The HRDC Board of Directors would have final approval taking all of their leads from the advisory committee. He stated CHOTA is community housing development organization set of guidelines for an organization to operate by that opens up the organization to federal funding. In order to avail yourself of those funds you have to organize your board in a way that falls within those guidelines. He stated it will be a triparty board- 1/3

representatives of the low-moderate-income community, 1/3 private sector and 1/3 public sector. Mr. Kabisch stated Mr. Guyer mentioned low income and that the demographic should be commiserate with what is being built. Mr. Guyer stated the HRDC envisions the 1/3 being potential purchasers of the units.

Ms. Jamison stated that the condition that states “any remaining funds upon completion revert to the housing trust”. She asked if this meant completion of the project subject to the application if there are any excess funds. Normally, if there are any excess funds they revert back to the Resort Tax Board. Ms. Hermann stated the condition was a commitment to affordable housing and why not keep the funds in the Trust to do more. Ms. Jamison stated it should be made clear in that condition, that the funds revert to the Community Housing Trust and are used for the same purposes as stated in the original application for affordable housing. Mr. Kabisch stated, it is his opinion that, with the timeline of the application, he would like to remove that condition and if there is a rollover request or funds remaining, he would like it to be appropriated for a different purpose.

Ms. Budd referred to the condition about how the newly formed board will be in charge of the selection process. She also referenced the Selection Process handout and stated there is no income cap. She stated she would be more comfortable with the motion if there was a bandwidth that targeted the workforce that this solution is being made for. She asked if the AMI is taxable income. Mr. Guyer stated, yes. Mr. Budd stated that it would then take into consideration exemptions for children. She stated what that bandwidth might be is a discussion item for the board. She stated her concern is transparency in the selection process. For example, if you are an applicant, you should be able to walk in the door and see who you are up against, how many points they have and if there is a tie, how that works. She stated the essential workforce was expanded to include 501c3 employees and medical; however, being in a resort community based on tourism, the essential workforce is a lot broader. Ms. Budd stated she proposes that the 15 points be lowered to 5. Mr. Guyer stated transparency has been a number one priority. He stated Ms. Budd is right that applicants should be able to see where they land. He stated that regardless of the priority list, applicants will still need to find financing. He stated if you run someone through the point system, for example, 1) someone working for the school, but hasn't been here long and has not been a part of the community verses 2) someone who is working as a server or bar/restaurant manager, but has been in Big Sky over five years and has been involved in the community with an employer letter of recommendation, etc. 3) their scores will balance out. Mr. Guyer stated that is something the HRDC board could consider, making the scoring seem more appropriate for the community. Ms. Jamison suggested that the condition be revised to the following: the newly created board is to determine the criteria after inviting the public to a meeting where they receive public input. Mr. Kabisch stated that since the organization is receiving public money they have to follow public meeting laws. Mr. Guyer stated what the Resort Tax Board received are initial drafts on how this might be approached. Mr. Scholz stated it is up to the newly created board to determine the criteria and they will take into consideration what the donor wanted. It does not give the donor the power, unless I am reading this wrong. Ms. Jamison stated the way she would write it would be for consideration, not legal authority. Ms. Jamison asked if the Resort Tax Board would like the selection criteria to come back to this board to ensure no applicable statues are being violated. Mr. Scholz stated he is not sure that is what this board is here to do. He stated the Resort Tax Board appropriates funds to organizations with boards and it trusts those boards to execute. He stated the advisory board, to be created, will be diverse and have the best interests of the community in mind. Mr. Scholz stated he thinks Ms. Hermann's conditions are written well and it changes the Resort Tax Board's impression from the last meeting. Mr. Scholz stated it should be noted that the HRDC handles affordable housing for both Livingston and Bozeman. It's completed many projects and those communities have advisory boards also. He stated this board needs to remember it is HRDC that is taking all of the risk. The Big Sky community is not taking on any risk regarding how to sell, rent, etc. He stated we are not putting our name on the notes.

Mr. Kabisch asked if there is a max debt-to-income that HRDC will be looking at for people to be eligible for the units. Also, is there something that disqualifies an applicant from the selection process. Mr. Guyer stated 33%. He stated the big question will be if the applicant is mortgage ready. Mr. Kabisch asked what if someone has a debt-to-income ratio of 5%, but they meet the criteria. Mr. Guyer stated there might be people who try to circumvent the process, but we hope the advisory committee that is put together can prevent those things from happening. He stated if the advisory committee thinks it is best to put a hard and fast debt-to-income ratio into the selection process that can be done. Mr. Kabisch stated it might be wise to have a maximum income level for applying that can be addressed every year by that board. Mr. Guyer stated the HRDC has been aiming for the income AMI between 80-120%. We are not beholden to that. Mr. Scholz stated if you look at other resorts affordable housing there is a formula where they take the price of the unit and back it out to the mortgage with interest rates and put in the extra costs of utilities and they back it down to the 30-33% and then that income becomes the cap. He stated the calculations he's seen start with what the units are being sold at. It is all about AMI. He stated a Breckenridge development ran between 90-115% of AMI. He stated some people will think they qualify and they won't. Ms. Hermann stated the board received a letter from Big Sky Western President Tim Kent stating, in conjunction with HRDC, the bank will develop a loan program specifically targeted at buyers of this property, which will accommodate the identified market to the widest extent possible.

Mr. Kabisch asked Ms. Hermann how she came up with \$1,050,000 for the motion. Ms. Hermann stated the board is going to have to skim in quite a few places and with the large contingency fund of \$500,000, \$150,000 off seemed like the way to go.

Ms. Jamison stated the condition where there should be an agreement in place with the HRDC will be a condition in the contract. The contract will be the agreement that this board will enter into making it clear that the parcel is being donated. Ms. Hermann stated Ms. Jamison will need to clean up her conditions.

Mr. Scholz referenced one of the conditions that states the HRDC has to demonstrate they have funding for the whole project before resort tax funds are released and he asked Mr. Guyer if all of HRDC's ducks are in line.

Ms. Hermann asked what happens if there is a tie between applicants. Mr. Guyer stated it would be up to the advisory committee. He stated in other instances, they have gone into a lottery. He stated that level of administration is not necessary. He stated only one out of 70 applicants are actually going to be mortgage ready. Once you go through the filter of who is qualified, you will not have many circumstances where you are breaking a tie. He stated the HRDC can place language in the bylaws to provide direction should a tie be encountered. Ms. Budd asked Ms. Jamison if there is a problem with not having a multiple bidding process. Ms. Jamison stated if the Resort Tax Board was doing it directly; yes. But the board is acting on the application, which is different than this board building an ice skating rink. You're asking their board to implement their application. She stated this board could require needing multiple bids. Mr. Guyer stated HRDC, and in the future Big Sky Community Trust, will have requirements in place for a bidding process. In this particular instance, the donor has stipulated what developer to use. That allows us not to have a bidding process.

Mr. Kabisch stated he would like to recap. He stated there is a motion by Ms. Hermann and a second by Mr. Scholz. Ms. Jamison asked that the board allow her to do cleanup of the conditions, without changing the substance and, if a question arises, she will seek to have it addressed. The conditions as Ms. Hermann provided, cannot be put in the contract exactly as written. Ms. Hermann stated she is comfortable with that.

Mr. Kabisch asked that Ms. Hermann consider amending the motion to remove condition #5. Mr. Scholz asked if Mr. Kabisch is suggesting that resort tax funds are not made available until the project is done. Mr. Kabisch stated when final plat is approved, the invoices for the infrastructure work, already

completed, will be submitted to resort tax for payment. Mr. Kabisch stated that by looking at the application, he does not see why there would be any funds leftover. Ms. Hermann stated the reason for the condition was that there was a large contingency fee and we were going to encourage them not to use it all. Mr. Scholz stated if the project comes in under budget, it would be nice to know where the money is going. Mr. Guyer stated they have a 5% contingency budget and they do not intend to spend the funds, but to finance a project you have to have that.

Ms. Budd stated the litigation is the elephant in the room and she asked if something comes out of it that affects the project, what happens to the resort tax funds. Mr. Guyer stated HRDC has done its due diligence and had its attorneys look at the litigation and it is comfortable moving forward. He stated the HRDC board is aware of the litigation. Mr. Kabisch stated a conclusion to the litigation will come with final plat approval and that gives the Resort Tax Board protection. Ms. Jamison stated funding will be after final plat approval. Ms. Hermann stated her condition language came out of the agreement between the donor and the HRDC.

Ms. Jamison suggested the board require written documentation, a letter, to the Resort Tax Board from HRDC stating it has received full financing. Ms. Budd stated financing is to be maintained throughout the project.

Mr. Kabisch asked if the board was clear with the motion.

Ms. Hermann stated she amends the motion to remove the condition #5 from the handout.

Second by Mr. Scholz.

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

Abstained: Mr. Germain.

All in favor.

Motion passed.

- 18) Motion by Mr. Kabisch to appropriate \$90,217 to the Big Sky Community Organization Rollover Trails Project

Second by Mr. Germain.

All in favor.

Motion passed.

- 19) Motion by Mr. Germain to appropriate \$525,000 to the Transportation District.

Second by Ms. Hermann.

Discussion: Mr. Kabisch stated the board has asked other organizations to take a cut. He asked if the Transportation District can take a cut or if a cut would impact their service. Mr. Scholz stated so much of the funding resort tax provides is leveraged. He stated we need more buses to keep people from driving. He asked what came from the counties for funding. Mr. Williams stated their request from Gallatin Country was denied and Madison provided \$80,000. Mr. Scholz stated the Transportation District asked for \$200,000 from each county and received a total of \$80,000. Mr. Williams stated the organization will have \$320,000 less to provide service.

All in favor.

Motion passed.

- 20) Motion by Mr. Kabisch to appropriate \$27,000 to the Parks District.

Second by Mr. Germain.

Discussion: Ms. Hermann suggested adding a condition to the motion that the master plan and grants are written, that the board see some action from the organization, or no funds will be awarded in the next appropriation cycle. Mr. Kabisch stated he will not be amending his motion.

In favor: Mr. Kabisch, Mr. Scholz, Ms. Budd and Mr. Germain.

Opposed: Ms. Hermann.

Motion passed.

- 21) Motion by Mr. Scholz to appropriate \$16,000 to the Ski Education Foundation.
No second.
Motion fails.
- 22) Motion by Mr. Germain to appropriate \$4,500 to the Madison Conservation District.
Second by Mr. Scholz.
Discussion: Mr. Germain stated the organization has a long track record, their funding request went down from last year and it is a project worth funding. He stated Jack Creek is in the Resort Tax District, not just the Gallatin. Mr. Kabisch stated funding should come proportionally from their budget. He stated he will probably go along with this motion because Madison County kicked in for the bus.
All in favor.
Motion passed.
- 23) Motion by Ms. Hermann to appropriate \$15,000 to the Food Bank.
Second by Mr. Germain.
Discussion: Ms. Hermann stated she would like to see the organization come up with \$5,000 in outright fundraising first and then consider a match in the future.
All in favor.
Motion passed.
- 24) Motion by Mr. Kabisch to appropriate \$538,054 to the Big Sky Community Organization.
Second by Mr. Scholz.
All in favor.
Motion passed.
- 25) Motion by Mr. Germain to appropriate \$70,000 to the Library.
Second by Mr. Scholz.
In favor: Mr. Scholz, Ms. Hermann, Ms. Budd and Mr. Germain.
Abstained: Mr. Kabisch.
All in favor.
Motion passed.
- 26) Motion by Mr. Germain to appropriate \$10,000 to the Montana Land Reliance.
Second by Ms. Budd.
Discussion: Mr. Germain stated he sees this as seed money and it would be good for the District. Ms. Budd stated easements are a worthwhile investment for the community.
All in favor.
Motion passed.
- 27) Motion by Mr. Germain to appropriate \$152,650 to Skating and Hockey with the condition that the Contractor obtains \$112,650.00 for the cooling system before the matching resort tax funds are disbursed.
All in favor.
Motion passed.
- 28) Motion by Mr. Germain to appropriate \$575,000 to Visit Big Sky.
Second by Mr. Scholz.
Discussion: Ms. Hermann asked if Mr. Germain would consider itemizing the funds by project or if the funds were to be used by the organization across the board. Mr. Germain stated the funds are for the organization across the board. Mr. Germain stated he agreed with previous discussion that private entities need to step up; however, it behooves this community to invest in marketing. Mr. Kabisch stated he wished he could see more private funds; especially with the infrastructure requests in front of the

Resort Tax Board this year and with what's coming down the pipe. He stated he would like to cut the funds more than Mr. Germain's motion. Mr. Scholz stated the private funds would come from businesses that already contribute to the state lodging tax and resort tax. Mr. Kabisch stated the marketing budget has grown by leaps and bounds since 2007. He stated it should be easier now to find private funds. He stated Visit Big Sky has done an incredible job. He stated he'd like to see them do more with less. Ms. Hermann asked Mr. OConnor if 50% of beds in the shoulder and summer season are empty. Mr. OConnor stated there a few different metrics to measure that and Destimetics, which is included in this request, could help.

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

Opposed: Mr. Kabisch and Ms. Budd.

Motion passed.

- 29) Motion by Mr. Kabisch to appropriate \$3,818 to the Morningstar Rollover Basecamp to Kindergarten Project.
Second by Mr. Germain.

All in favor.

Motion passed.

- 30) Motion by Mr. Kabisch to appropriate \$4,000 to the Ski Education Foundation.
Second by Ms. Budd.

Discussion: Mr. Kabisch stated lighting is too specific and \$4,000 benefits the whole program. Mr. Scholz stated the lights let the students practice afterschool and that it is important to keep racers in school. Mr. Kabisch stated that with the budget surplus the organization has, it can fund the lights, if they wish.

In favor: Mr. Kabisch, Ms. Budd and Mr. Germain.

Opposed: Mr. Scholz and Ms. Hermann.

Motion passed.

- 31) Motion by Mr. Kabisch to change the sinking fund to \$811,439.
Second by Ms. Hermann.

All in favor.

Motion passed.

- 32) Motion by Ms. Budd to approve the slate and appropriate \$6,014,059 of resort tax funds according to the previous motions passed.

Second by Mr. Scholz.

All in favor.

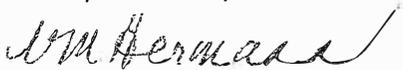
Motion passed.

- F. Legislative Issues: The board is considering a 1% increase in resort tax for workforce housing. Mr. Kabisch stated there has been no update since the Question and Answer meeting. At the July 13th meeting, the Resort Tax Board will continue its discussion.

- G. Public Comment: None.

Chairperson Jamey Kabisch adjourned the open meeting at 7:45 p.m.

Respectfully Submitted,



Virginia Hermann, Secretary



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

July 13, 2016

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

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

I. Open Meeting

A. Public Comment: None.

B. New Business:

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

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

2. Appropriation Application: How To Improve:

The board provided the following revisions to Ms. Brunner:

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

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

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

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

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

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

C. Old Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Respectfully Submitted,


Virginia Hermann, Secretary



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

August 10, 2016

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

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

I. Open Meeting

A. Public Comment: None.

B. New Business:

1. Big Sky Community Housing Trust:

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

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

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

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

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

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

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

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

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

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

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

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

6. **Other:**

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

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

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

C. Old Business

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

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

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

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

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

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

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

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

D. July 13, 2016 Minutes:

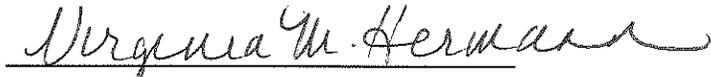
The board provided the following direction to Ms. Brunner:

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

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

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

Respectfully Submitted,

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

Virginia Helfmann, Secretary



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

September 28, 2016

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

Kevin Germain, Director
Whitney Brunner, Administrative Officer

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

Secretary Ginna Hermann attended via telephone.

I. Open Meeting

A. Public Comment: None.

B. New Business:

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

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

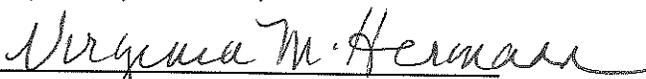
The board asked Ms. Johnson if she knew if the interested parties had offers in on other locations. Ms. Johnson stated she did not think there were offers on other locations. The board asked if Ms. Johnson has confidence that the \$57,000 offer is viable and that there will be a closing. She stated yes.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

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

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

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

Respectfully Submitted,


Virginia Hermann, Secretary



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

November 9, 2016

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

Kevin Germain, Director
Whitney Brunner, Administrative Officer

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

Ms. Hermann attended via telephone.

I. Open Meeting

A. Public Comment: None.

B. New Business:

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

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

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

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

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

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

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

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

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

The board requested she provide her hourly rates.

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

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

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

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

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

C. Old Business

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

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

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

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

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

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

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

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

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

Respectfully Submitted,


Virginia Hermann, Secretary



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

December 12, 2016

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

Kevin Germain, Director
Whitney Brunner, Administrative Officer

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

I. Open Meeting

A. Public Comment: None.

B. New Business:

1. Introductions:

The following attended via telephone:

Whitefish

Dana Smith
Chuck Stearns
Doug Reed

West Yellowstone

Dan Sabolsky
Lanie Gospodarek
Glen Loomis
Pierre Martineau

Red Lodge

Mike Schoenike

Gardiner

Rebecca Demaree
Barbara Bush

Virginia City

Justin Gatewood

Cooke City

Donna Rowland

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

2. "What Resort Tax Means to Us"

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

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

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

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

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

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

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

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

3. Short Term Vacation Rentals Collection Problems

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

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

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

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

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

4. Legislative Issues

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

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

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

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

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

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

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

Ms. Jamison stated certain words conjure emotions.

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

Whitefish: Last week an affordable housing meeting was held.

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

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

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

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

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

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

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

5. Economic Development Hurdles

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

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

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

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

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

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

6. Closing

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

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

Respectfully Submitted,

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

Virginia Hermann, Secretary



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

December 14, 2016

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

Kevin Germain, Director
Whitney Brunner, Administrative Officer

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

I. Open Meeting

A. Public Comment: None.

B. New Business:

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

C. Old Business

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

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

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

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

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

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

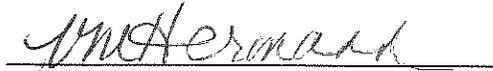
The board asked if the final bill will be available before or after the upcoming January 11 board meeting. Mr. Germain stated he is not sure. The board discussed it would like Mr. Germain to check in with the board before moving forward. Open meeting laws state no discussions are to take place over email;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

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

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

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

Respectfully Submitted,

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

Virginia Hermann, Secretary