

**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

**FINAL MINUTES OF THE BIG SKY RESORT AREA DISTRICT**

**Ordinance Subcommittee**

Wednesday, January 8, 2018 at 1:00 p.m.

Present: Mike Scholz, Chairperson  
Ginna Hermann, Secretary

Betsy Griffing, Attorney  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Subcommittee Chairperson Mike Scholz called the open meeting to order at 1:10 p.m.

*Attorney Betsy Griffing attended the meeting via phone.*

**I. Open Meeting**

- A. **Public Comment:** Alex Iskenderian: Lone Mountain Land Company: Mr. Iskenderian asked the Board what the purpose is of the Ordinance Subcommittee meetings and whether the purpose is to tax private club dues. Mr. Scholz stated the purpose is to better define certain things, and the Board is not seeking to find a way to tax club dues. Mr. Scholz stated definitions are needed for greater clarification across the board, and the goal is not to tax any one business more than they're already paying. Ms. Hermann stated the Ordinance is a living, moving document and the process of reviewing it is not new. Ms. Hermann stated the needs of today are different than the past and the Board wants to level the playing field. Ms. Hermann stated the Board is responding to accusations of tax money being left on the table. Mr. Iskenderian thanked the Subcommittee for their answers, stating he is still learning about Resort Tax and the Ordinance, but from what he knows he believes it's supposed to be a tourist tax and not a tax on property owners. Attorney Griffing stated property tax is not relevant regarding the Ordinance, and legislative facts are only one aspect of the history of the Ordinance. Attorney Griffing stated the original intention of the tax had nothing to do with not taxing property owners.

Steve Johnson: Parks District: Mr. Johnson referred the Board to the Montana code. Mr. Johnson quoted the code, "tax retail value of all goods and services sold." Mr. Johnson stated HOA dues should not be taxed, but rather things that are available for sale. Mr. Scholz thanked Mr. Johnson for his comments and asked that he listen to the Subcommittee's discussion.

**B. Regular Agenda:**

1. **Language Clean Up (Section 1: Definitions):** The subcommittee discussed the definition of "Good" on page 1. Attorney Griffing stated she doesn't believe a definition is necessary, and normally a legal citation wouldn't be included. Attorney Griffing believes the phrase "finds useful" is confusing and suggested a simpler definition. She stated Mr. Scholz's suggestion of "a tangible property item" would be appropriate.

The subcommittee discussed the definition of HOA. Mr. Scholz stated a detailed definition is important, and stating that mandatory fees would not be taxed. Mr. Scholz stated defining HOA fees is important to be able to differentiate and clarify voluntary vs. mandatory fees. Ms. Hermann stated the detail is too extensive, and HOAs are not destination ski resorts or destination recreational facilities because they don't offer skiing or golf, etc. Attorney Griffing stated the definition goes too far and that the first sentence is the standard legal definition. Attorney Griffing also referenced an email from Mona Jamison regarding second homes, stating that the email wasn't a legal opinion and the subcommittee shouldn't rely on the email as a guideline. Attorney Griffing stated covenants are part of HOAs and servitudes are related to maintenance. Attorney

Griffing stated the current definition of HOAs confuses things for the subcommittee's purposes, and HOAs and common interest communities are different. Mr. Scholz stated a definition for common interest communities may be needed because he thinks both may exist within the district. Ms. Hermann stated "common interest community" does not need to be included as part of the definition of HOAs.

Mr. Johnson provided a definition of HOAs to Mr. Scholz from his phone, and Mr. Johnson stated he doesn't believe there are common interest communities in the district and the current definition is exhaustive. Mr. Scholz stated he agrees with the Mr. Johnson's direction, but the question is about fees that are contractually obligated or voluntary, and some of the private clubs make certain fees optional. Mr. Scholz stated servitudes and covenants are important factors. Attorney Griffing and Ms. Hermann agreed that a definition for services is needed. Mr. Scholz stated the example of purchasing equipment for a single short-term rental vs. an HOA. Attorney Griffing stated the Board represents all 3 branches of government, and revising of the Ordinance is the legislative portion, while voting on decisions is the judicial portion. Mr. Scholz asked how it would be fair to treat groups differently than individuals? Mr. Johnson stated the items in question are not owned by individuals, but rather by an HOA or a private club, and Mr. Scholz agreed stating the cost is split among the owners and/or members.

Attorney Griffing stated the definition of HOA doesn't revolve around covenants and servitudes and all the detail that's currently stated in this version. Ms. Hermann stated the standard legal definition of HOAs is sufficient. Mr. Scholz stated he still wants to discuss covenants and servitudes. Mr. Johnson stated there is no retail sale taking place with club dues and golf course member fees. Ms. Hermann stated the subcommittee should wait until more is known about which fees are included under the membership fee umbrella, and until there are more details revealed, a decision cannot be made. Mr. Scholz stated he's unsure if the discussion is progressing. Attorney Griffing stated the question of taxability of fees can be addressed via policy making or judicial process. Mr. Scholz asked if you have servitudes that are part of contracts and deed restrictions, is that part of the sale or transfer of real property? Attorney Griffing stated she would need to look at that issue specifically, and look at the constitutional amendment.

Mr. Johnson stated HOA and membership fees are an obligation of ownership, not retail sales. Mr. Williamson stated we view it as a tourist tax to help with infrastructure. Mr. Williamson stated the Yellowstone Club (YC) is a community of first and second homeowners and their dues are not voluntary. Mr. Williamson stated he would guess the YC is the second highest payer of Resort Tax. Ms. Hermann asked if a homeowner rents a property within the YC (short-term), would that be taxable? Mr. Williamson stated yes, a short term rental in YC would be taxable. Mr. Scholz asked Attorney Griffing to work on a definition of HOAs to include servitudes and covenants.

The subcommittee discussed definition #10, "necessities of life". Mr. Scholz stated items that aren't considered necessities are the things tourists buy, but it's helpful to define necessities to clarify, though classification of specific items may always be argued. Mr. Scholz stated anything not listed in Section 9 of the Ordinance is considered a necessity of life. Ms. Hermann asked what would be changed if this definition were included, and why is it needed if it doesn't change anything? Mr. Scholz stated the Ordinance is too broad and too open for exemptions without the definition of necessities. Ms. Hermann asked Ms. Brunner if the definition is helpful. Ms. Brunner stated it is the counterbalance to luxuries. Attorney Griffing stated the Ordinance is more confusing by defining necessities, and the definition is simply stating "necessities of life are necessities of life," which is not useful. Attorney Griffing suggested instead saying "luxuries are not necessities" or amending the definition of luxuries. Mr. Scholz likes Attorney Griffing's suggestion but thought she'd previously said the definition of luxuries couldn't be redefined in the Ordinance because it's the law.

Mr. Johnson stated anchoring the Ordinance to the original law is helpful, and Section 9 elaborates on luxuries. Mr. Johnson suggested that the subcommittee consider a mechanism for a local rebate if there are issues with locals questioning the tax. Mr. Scholz stated when the tax originated, "tourist" had to be added to the Ordinance, otherwise it wouldn't have been passed by voters. The subcommittee discussed the meaning of a local.

The subcommittee discussed the removal of the calculations under item 11C, making the "prepared food" section simpler for businesses.

The subcommittee discussed that services must be tied to a sale. Ms. Brunner stated the proposed definition of services is a combination of a definition from an online dictionary with Mr. Scholz's comments. Ms. Hermann stated the definition of services should apply to membership dues and the services the dues cover. Attorney Griffing asked if golf and skiing are considered "services". Mr. Scholz stated the retail sale component is an important part of the transaction. Mr. Johnson stated services and goods are both available through retail sales, as well as through contractual obligations. Mr. Scholz stated the issue is about ownership. Ms. Hermann stated ownership is not mentioned in the law, and the term "voluntary" is too broad.

2. **Taxability Issues (Sections 6, 8, 9, and 10):** The subcommittee discussed including camping gear and coolers in sporting equipment, as listed in number 2 of Section 9.

The subcommittee discussed Section 9 Number 3, and discussed transportation is a necessity of life. The subcommittee discussed rental cars being difficult to track within the district. Sarah Blechta of the Yellowstone Club stated cars can be rented directly from Big Sky Resort. Attorney Griffing stated a nexus of sale is needed between the renter/purchaser and the district.

The subcommittee discussed outfitters, including businesses who have an office within the district but don't launch rafting trips in the district, or vice versa. Attorney Griffing stated the facts must be reviewed on a case by case basis. Mr. Scholz stated it doesn't seem realistic to track outfitters and the locations of their sales. Attorney Griffing stated if the nexus and location of the sale can't be determined, then it shouldn't be taxed. Mr. Johnson stated Montana Whitewater shouldn't be taxed because their office is not physically located within the district. Mr. Scholz stated the policy on outfitters needs to be clarified for the staff. Attorney Griffing stated if the purchaser is outside of the jurisdiction, they can't be taxed. Attorney Griffing stated the example that state sales taxes don't apply to non-residents.

The subcommittee discussed furs, and if the purchaser of the fur visited the furrier in Big Sky and later purchased by phone or via internet, the sale should be taxed. Mr. Johnson stated buyers from out of state must pay their state sales tax on internet or phone purchases. Ms. Brunner stated existing policies on internet and phone sales have not been clear.

The subcommittee discussed the removal of number 4 in Section 9, "voluntary recreational activities and the addition of number 5. Ms. Hermann stated before adding "mandatory" in number 5, the subcommittee and Board need to review the membership information Attorney Griffing receives from the clubs. The subcommittee discussed they'll leave number 5 as it is for now.

Ms. Hermann stated voluntary donations were given by the YC, which is an admission that sales take place for golf and skiing. Mr. Iskenderian stated the dues issue is tough, and if the membership dues are determined to be taxable, the clubs will be forced to reorganize or reclassify their fees. Ms. Hermann stated the Board must delve in deeply to make a decision and the final result may be a compromise between the Board and the clubs.

The subcommittee reviewed the changes on Page 6 of the Ordinance. Mr. Scholz stated he'd like to add credit card fees to the fees listed in number 13. Mr. Scholz asked Attorney Griffing if the Board can request that businesses list the 3% tax on the sale and not just remit the tax after the sale has taken place, without the customer knowing. Attorney Griffing stated yes, the Board could require businesses to list the 3% tax on the sale so the customer is aware of it. Ms. Blechta stated at Big Sky Resort the tax is just applied to the lodging cost, but as she understands it the subcommittee is wanting tax on everything listed on the bill. Mr. Johnson asked if Resort Tax can be applied to other taxes, the subcommittee confirmed that's not possible. Ms. Brunner stated the district is following the precedent of the state bed tax.

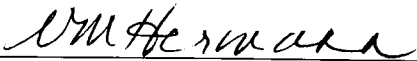
The subcommittee discussed number 14, "guest services". The subcommittee discussed if a sale occurs it will be taxed, and if there is no charge, there is no tax, such as for valet services where only a gratuity is given.

3. **Establish an Appeals Process:** Attorney Griffing stated she approves of the process in the current version of the Ordinance, but she would like to change the wording. Attorney Griffing stated the process would be helpful with businesses that are audited by the district, and it's good to have the notice and opportunity for a hearing.
- C. **Other:** Mr. Scholz summarized the report on the subcommittee meeting for the regular Board meeting will say the Ordinance is still in the process of being reviewed. Ms. Hermann stated she thinks the rest of the Board needs to start looking at the revisions. The subcommittee discussed the Board will have further discussion after it has time to review the changes. Mr. Scholz thanked the public for their input.
- D. **Public Comment:** Mr. Johnson requested the Board keep Chief Farhat on the agenda for the Board meeting on Wednesday though he'll be late because of the Fire Department Board Meeting.

David Madison: Editor of The Lone Peak Lookout: Mr. Madison asked when action will happen on the Ordinance. The subcommittee stated the Ordinance will be on the February 14 agenda for the subcommittee to review its proposed revisions with the rest of the Board. Mr. Scholz stated the subcommittee is working on clarifying the Ordinance through definitions and how they see fit, afterwards the Board will decide how it applies to businesses. Mr. Madison asked about taxation of membership dues, skiing, and golf. Mr. Scholz stated all the clubs have different documents and the Board can't make decisions until they have more information from the clubs. Ms. Hermann stated the focus of the Ordinance subcommittee is to determine if we're effectively taxing everything in the district and collecting tax properly. Mr. Madison asked simply if retail sales are taxable and contractual sales are not taxable, and the subcommittee stated no, it's not that simple. The subcommittee stated there will be differences of opinion on this issue.

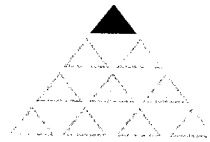
Chairperson Mike Scholz closed the open meeting at 3:16 p.m.

Respectfully Submitted,



Virginia Hermann, Secretary





**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

January 10, 2018

Present: Mike Scholz, Chairperson  
Kevin Germain, Vice Chairperson  
Ginna Hermann, Secretary  
Heather Budd, Treasurer  
Betsy Griffing, Attorney  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

**Chairperson Mike Scholz called the open meeting to order at 9:25 a.m.**

The meeting was broadcast on Facebook Live at Explore Big Sky.

*Attorney Betsy Griffing attended the meeting by telephone.*

**I. Open Meeting**

- A. **Public Comment:** Mark Davidson: Lives in Ennis, works in Big Sky: Mr. Davidson read an article in the newspaper regarding taxation of private clubs and asked the Board why the clubs wouldn't be taxed. Mr. Scholz stated the club fees and dues vary, and the clubs already pay tax on many different items, but the Board is addressing in more detail whether the membership dues and fees should be taxed. Ms. Budd stated the clubs pay taxes on all taxable items except for fees and dues. Mr. Davidson stated he understands the difference now and thanked the Board.
- B. **Consent Agenda:** The Board removed the December 13, 2017 meeting minutes from the consent agenda. Attorney Griffing stated she has changes for the minutes that will need to be made.

*Motion by Ms. Budd to approve the consent agenda as amended. Second by Mr. Germain. All in favor. Motion passed.*

**C. Regular Agenda**

**1. Old Business**

- a) **Conflict of Interest: Review Legal Opinion:** Attorney Griffing stated the Board reviewed the opinion during the closed meeting and it's okay for Mr. Germain to represent himself in meetings as an "informational witness" without an opinion and without representing the Board. She stated changes have taken place in procedures, and if Mr. Germain wanted to vote he would need to report to the commissioner of political practices for Montana. Attorney Griffing stated it is within Mr. Germain's discretion to decide how to proceed.
- b) **Two or Three-year Funding Cycle: First Reading:** The Board discussed that per the December meeting minutes the word "unanimous" in the emergency appropriation section should be replaced with "super majority approval" so that four Board members may approve an emergency appropriation if needed.

*Motion by Mr. Scholz to adopt the First Reading of Proposed Amendments to Ordinance No. 99-01-ORD, which the most recent version has been in effect since December 17, 2001, as amended at this meeting. Second by Ms. Hermann. All in favor. Motion passed.*

Public Comment: Anna Husted: Lone Peak Cinema: Ms. Husted asked the Board what constitutes an emergency for emergency appropriation and if it's ever happened before. The Board stated there is an emergency fund that hasn't been used and contains \$100,000.

- c) **Consent Agenda: Correspondence: Yellowstone Club Letter:** Ms. Hermann requested to return to the consent agenda and discuss the correspondence, a letter from the Yellowstone Club. Ms. Hermann stated the letter requests the donated funds be appropriated to affordable housing, public transportation, and daycare. Ms. Hermann stated the Board cannot appropriate donations based on specific recommendations by the donor. Mr. Scholz stated the letter was just making a request but not a demand. Ms. Brunner stated the funds donated by Yellowstone Club are on the balance sheet like the sinking fund, separate from standard tax collections, and will be added back in at appropriations. Ms. Budd stated a legal opinion may be needed if the Yellowstone Club is telling the Board how to use the donation funds. Mr. Scholz restated the letter is just making a request.
- d) **Ordinance 98-01 Subcommittee Report:** Mr. Scholz stated the subcommittee has met twice and Attorney Griffing is reviewing proposed Ordinance amendments. Mr. Scholz stated the Ordinance subcommittee meetings are public, and because there are only two subcommittee members, no actions are taken.
- e) **Timeline for Ordinance 98-01 Amendments:** Mr. Scholz stated more meetings may be needed to approve Ordinance amendments prior to appropriations, but that will be decided after the February meeting.
- f) **Internet/Catalog Sales: Review Legal Opinion:** Mr. Scholz asked Attorney Griffing to discuss her legal opinion. Attorney Griffing stated she updated previous opinions to decide whether internet sales are taxable. Attorney Griffing stated taxability depends on the nexus between the district, purchaser and seller. Attorney Griffing stated an ongoing business relationship or physical presence is needed to create a nexus. Attorney Griffing stated if the purchaser visited or recreated in Big Sky, then returns home, the internet or phone sale is to be taxed, but she wonders how these situations could even be monitored. The Board discussed a checklist may be needed for Ms. Brunner's enforcement, with questions including, "Has the purchaser visited Big Sky?" Ms. Brunner stated any clarification would be helpful, but wondered what direction the Board would provide auditors regarding the taxation of internet sales. Mr. Scholz stated it's not possible to have a detective out there, and goods vs. services are different. Ms. Brunner and Attorney Griffing will work on a checklist. Ms. Hermann stated the Board needs to be careful to educate the larger entities such as galleries, furriers, and furniture stores on the internet sales policy because it is confusing.

Ms. Budd stated some retailers put old items on eBay, and asked if there a distinction when selling on a third party website. Attorney Griffing stated it still depends on the purchaser and the nexus.

*Mr. Germain joined the meeting.*

Ms. Brunner asked the Board if outfitter services such as hot air balloon rides, helicopter rides, rafting, or horseback riding, which pass through the district, creates enough of a nexus to be taxed? Mr. Scholz stated the outfitters are like transportation services and need to be discussed further. Ms. Budd stated if the outfitter advertises on their website that they offer trips in locations within the district, the issue is pretty cut and dry. Attorney Griffing stated everything can't be addressed in the Ordinance and will have to be decided on a case by case basis. Mr. Scholz stated Ms. Brunner has suggested a list to keep in the district office, to provide clarification to businesses if requested.

- g) **Other:** The Board set a date for the Restructuring Subcommittee meeting of February 7, 2018 at 10:00 a.m. The Board set a date for the next Ordinance Subcommittee meeting of February 7, 2018 at 8:00 a.m. Attorney Griffing stated to clarify the meaning of "public" or "open" meeting, the public is present to observe, and no public comment is required unless a vote is taking place. Mr. Scholz stated he and Ms. Hermann will discuss how to handle public comment at the next subcommittee meeting, and he encouraged the other Board members to attend.

**Chairperson Mike Scholz adjourned the meeting for a five-minute break.**

- h) **Big Sky Fire Department: FEMA SAFER Staffing Grant Amount:** Chief Farhat provided an update on the FEMA Grant. Chief Farhat stated the current fiscal year appropriations amount will be reduced by \$85,575, and the grant will fund positions for three years, therefore also lessening future appropriation requests. Mr. Scholz thanked the Chief for helping the community by pursuing grants as additional funding sources.

D. **New Business**

- a) **Big Sky Fire Department: Consider an Interlocal Agreement:** Chief Farhat provided a draft of an interlocal agreement for the Fire Department based on the agreement with the Sheriff's department. The Chief stated the agreement is tied to a percentage of the department budget. The Chief stated the Fire Department just passed its second mill levy in five years, showing they are receiving other sources of funding, and have stable funding for five years. The Chief stated the tax funds received increase about 3% each year and are assessed as a percentage of the cost of living, totaling approximately \$90,000 annually and covering additional positions such as administrative assistant Mara Mitchell. The Chief stated the funds are capped and not enough to cover everything.

The Chief stated with a multi-year interlocal agreement the funds wouldn't be used for emergencies or new vehicles but for covering a stable budget for operations, and they are also pursuing additional grants. The Chief stated the Fire Department isn't asking for a lot, they're being frugal, transparent, and have given back unused appropriation funds each year for the past three years.

The Chief stated 60% of service calls are for non-residents. Ms. Budd asked Chief Farhat if the increase can be capped at 10% more than the year before, for example. He stated yes, it can. Ms. Budd asked if it would be best to start the interlocal agreement for operations costs and have the Fire Department submit separate applications for any capital projects. The Chief stated the interlocal agreement would only be for operations costs, and the current mill levy will help to provide stability for the budget. The Chief stated the department has shown 4.4% growth this year, versus 12% last year. Ms. Budd stated the growth percentages are similar to reported tax collections. The Chief stated growth is only due to new properties, and while they billed \$774,000 in ambulance costs last year, they've only collected \$440,000 and much of the costs are written off. The Chief stated the need for additional staffing is due to the impact of tourists.

The Chief stated the request includes 21% of the budget for operations, which is approximately \$1 million per year. The Chief stated service was previously deficient and needed to improve. Mr. Scholz stated roughly 25% of the entire budget for tax collections is being appropriated to the Fire Department. Mr. Germain asked when the agreement would start, and the Chief stated it would begin July 1 at the start of the new fiscal year. Mr. Germain stated the agreement is appropriate with the focus on operations. The Board discussed attorneys on both sides will need to review the document.

Mr. Scholz stated he is concerned item "C" on page 4 of the draft, reads that staffing will be affected if there are changes in funding from Resort Tax.

Mr. Scholz stated the Department and Resort Tax should not be able to get of the agreement if it goes over a certain percentage, and parameters are needed. Mr. Scholz suggested 33% as a possible percentage cap, but he's not sure the best way to decide that number while still being fair to all the other entities.

The Board discussed the rate of tourists served is the baseline for the agreement, and that the agreement should be reviewed every 3 years to ensure the department's estimates are on track with actual tourists served.

Chief Farhat stated he will have the Fire Department's attorney review the draft, then he'll send it to the district office and they can forward it to Attorney Griffing. The Board discussed once the attorneys have approved the draft there can be a vote on the agreement at the March Board meeting.

b) **Other:** Ms. Budd stated she will not be seeking a second term on the Board, and she thanked the Board for being respectful of all opinions. The Board thanked Ms. Budd for her years of service.

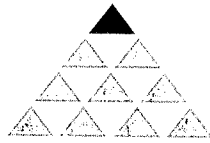
**E. Public Comment**

Anna Husted: Lone Peak Cinema: Ms. Husted appreciates what the Fire Department is doing for the community and she thinks it's good to use Resort Tax funds rather than funds from the Mill Levy.

Chairperson Mike Scholz closed the open meeting at 10:40 a.m.

Respectfully Submitted,

  
\_\_\_\_\_  
Virginia Hermann, Secretary



**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

February 14, 2018

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

Chairperson Mike Scholz called the open meeting to order at 10:32 a.m.

The meeting was broadcast on Facebook Live at Explore Big Sky.

**I. Open Meeting**

A. **Public comment:** Alan Shaw. Mr. Shaw provided a handout to the Board. Mr. Shaw stated one purpose of the Resort Tax is to develop infrastructure, and the second is to provide property tax relief. Mr. Shaw stated Gardiner puts 10% resort tax revenues toward property tax reduction and it's a line item on tax bills. Mr. Shaw stated this is a requirement in resort tax communities, but not in districts like Big Sky. Mr. Shaw asked for feedback from the Board whether this might be a prudent process for our residents. Mr. Shaw referenced a headline from the Lone Peak Lookout stating down payment assistance now available. Mr. Shaw stated up to \$30,000 is available towards a down payment for a home valued up to \$270,000. Mr. Shaw stated he knows the Board is interested in affordable housing. Mr. Scholz stated the Board will get back to Mr. Shaw. Mr. Scholz stated at the time Resort Tax began in Big Sky, it was decided to do it a little differently and not incorporate the property tax aspect. Mr. Scholz stated they were struggling to pass the law, the state considers Big Sky wealthy, and some lawmakers wouldn't vote for the bill if Big Sky looked to tax tourists to then give residents the money. Mr. Shaw stated many Big Sky residents are not in the water sewer district and Resort Tax has funded it. Mr. Scholz stated the Board can discuss it.

B. **Consent Agenda:** Mr. Kabisch removed the January 10 minutes because he didn't attend that meeting.

*Motion by Mr. Kabisch to approve the consent agenda as amended. Second by Mr. Germain. All in favor. Motion passed.  
Motion by Ms. Hermann to approve the January 10 minutes. Second by Ms. Budd. In favor: Mr. Scholz, Mr. Germain, Ms. Hermann and Ms. Budd. Abstained: Mr. Kabisch. Motion passed.*

**C. Regular Agenda**

1. Old Business

a. Two or Three-Year Funding Cycle: Second Reading of proposed amendments to Ordinance No. 99-01-ORD: Mr. Scholz asked for further discussion or changes.

*Motion by Mr. Kabisch to accept the second reading of proposed amendments to Ordinance No. 99-01-ORD.  
Second by Mr. Germain.*

Mr. Scholz asked for any public comment. None.

Discussion: Ms. Hermann stated in Section 1 Item c regarding rollover requests, we need to clarify that a rollover request cannot be granted for any reason if funds are unspent. Ms. Budd stated those are two different issues: pre-approved longer funding cycles versus rollover requests for unforeseen delays. Ms. Hermann stated funds still need to be tied to the original project, and the request must provide a brief narrative of why the rollover is needed and confirm the intent of the original appropriation contract will be followed. Mr. Germain stated the need to maintain the intent of the original project is implicit and that's how the board has always treated rollovers. Ms. Budd stated they've never previously had a 2-3 year funding cycle, so things could be different.

Motion amended by Mr. Kabisch to include "and must be tied to the original project and the intent of the original appropriation contract will be followed" at the end of Section in Section 1 Item c.

Second by Mr. Germain.

All in favor.

Motion passed.

- b. **Amendment of Ordinance 98-01 and Policy Discussion:** Mr. Scholz stated agenda items b, c, and d will be postponed until the next meeting so Attorney Griffing can be present for the discussion.
- c. **Restructuring Subcommittee Committee Report:** Mr. Kabisch summarized the February 7 subcommittee meeting for the public, including the new scanner/copier/printer, website overhaul, office renovation, and board room updates. Mr. Scholz asked about the total budget. Mr. Kabisch stated the cost for the website is \$7,000, the office renovation is \$5,000, the board room updates are \$10,000, depending on if video conferencing is needed, and the copier/scanner will be leased at \$130 per month with a service agreement of \$50 per month.

Motion by Mr. Kabisch for the Board to approve the subcommittee's recommendations.

Second by Ms. Hermann.

Mr. Scholz asked for any public comment.

Buz Davis and Ciara Wolfe both recommended video conferencing. Steve Johnson stated the Board should talk to the Big Sky Water Sewer office regarding their system because it works well.

Discussion: Mr. Kabisch stated the Board is still waiting for more information from the video conferencing vendor.

All in favor.

Motion passed.

## 2. New Business

- a. **Per the request of community member Alan Shaw: Legislative Effort to Increase Resort Tax Percentage:** Alan Shaw was permitted to address the Board: Mr. Shaw stated at the January 19 Summit, there was discussion of a new legislative session. Mr. Shaw stated he doesn't think anybody was happy with the efforts involved or the costs in the 2017 session, and if the Board wants to pursue a 1% increase again, they should put it to a community vote. Mr. Shaw stated it's worth seeing if the community is even interested in pursuing another effort. Mr. Kabisch stated since the legislation failed, the only related discussion or activity by the Board has been allocated funds for a housing study. Mr. Germain stated legislation for a 1% increase was not on the January 19 Summit agenda, but a representative from Gardiner brought it up. Mr. Scholz stated it was not discussed in length at the Summit. Mr. Shaw stated the representative from Gardiner said, "Big Sky has deep pockets" and he spoke to the representative from Gardiner about that statement. Mr. Shaw stated the other resort area districts assume Big Sky will carry the cost of a legislative effort and overall perception is that Big Sky will cover the costs for the smaller area districts. Mr. Shaw asked Mr. Scholz about the \$1 million dollars allocated for affordable housing. Mr. Scholz stated the money went back into the sinking fund. Mr. Shaw stated again he supports the down payment assistance program. Mr. Scholz stated there is a housing authority to decide these things, and the Resort Tax Board only approves

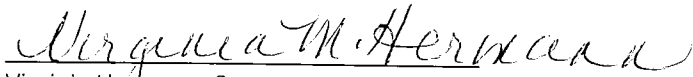
allocations. Ms. Budd stated she sits on the housing authority and is well informed of its goals. Candace Carr-Strauss stated the program is not fully rolled out, but it is in process. Mr. Shaw stated the Board should consider forming subcommittees, or advisory committees of citizens to help with decisions. Mr. Scholz stated the Board's meetings are open to the public and it has held town hall meetings.

- b. **Other:** Ms. Budd stated an interesting topic would be taking the Board from five members to seven. Ms. Budd stated the Board has been asked to carry a heavy weight. With the growth of the community, the Board is still acting like it's 1992, but it's 2018. Ms. Budd stated more subcommittees may be needed, because more of a time commitment is needed. Ms. Budd stated the ordinance doesn't require a board of five. Mr. Scholz asked Ms. Drain to find out from the Gallatin County election office what is the procedure to grow the board from five to seven. Mr. Scholz stated currently four people are running for the Board, and the time commitment is a limiting factor for those that may have considered running.

*Motion by Mr. Germain to adjourn. Meeting adjourned.*

Chairperson Mike Scholz closed the open meeting at 11:00 a.m.

Respectfully Submitted,



Virginia Hermann, Secretary



**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

March 22, 2018

Present: Mike Scholz, Chairperson  
Kevin Germain, Vice Chairperson  
Ginna Hermann, Secretary  
Heather Budd, Treasurer

Jamey Kabisch, Director  
Betsy Griffing, Attorney  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Chairperson Mike Scholz called the open meeting to order at 10:10 a.m.

The meeting was broadcast on Facebook Live at Explore Big Sky.

**I. Open Meeting**

- A. **Public comment:** Chief Farhat. The Chief stated closed meetings held by the Board should be posted for the public. The Chief stated if the board votes to take a meeting into closed session, that's fine, but if there's a meeting before the meeting the public should be told. Ms. Brunner explained the closed meetings have never been noticed, but recently the closed meetings have been held before the open meeting rather than after. Attorney Griffing stated the District has been following the law properly, and notice is only required on matters where public participation is necessary or required under the public participation laws. Attorney Griffing stated the District can post notice that there will be a closed meeting. Mr. Scholz stated not any one board member calls a closed meeting, and they always meet as a group.

David O'Connor and Candace Carr Strauss: Big Sky Chamber: Mr. O'Connor stated they're wanting to touch base on the purchase of the corner property. Mr. O'Connor stated partnership with community is very important, and they're asking for feedback. The corner property is currently owned by the Dolans and is for sale. Mr. O'Connor stated the chamber made an offer a year ago, but it didn't work out, and there have been other offers since. Mr. O'Connor stated they believe the piece of property should be under the control of the community, and there are different avenues to make it happen, based on who would be the property owner, etc. Right now, their only solution includes six figure funding from Resort Tax, and other details cannot be discussed publicly. Mr. O'Connor stated there are challenges with infrastructure on the property, but timing is favorable right now, and they'd like advice because partnership with resort tax has served the well. Mr. O'Connor stated they're not requesting action today, but feedback is welcome. Mr. Scholz stated funding appropriations are coming up, and the deadline for applications is April 30<sup>th</sup>. Mr. Kabisch asked if the corner property is potentially a project that could qualify for our bonding process, and Mr. O'Connor stated yes. Mr. Scholz stated bonding would push everything back a year, and the timing would need to be reviewed. Mr. O'Connor stated if it works for bonding, the discussion would start at appropriations. Ms. Strauss stated the first step is land acquisition, and she would like to be on agenda for the April meeting to discuss the \$160,000 that was reallocated for the corner property purchase from this current year's funds. Ms. Budd asked if the chamber could expand the partnership prior to appropriations to include the parks



district, or other entities. Ms. Budd congratulated the chamber on the 10.2-million-dollar Tiger Grant. Mr. O'Connor stated procedurally, they've danced around the idea of partnering with other organizations and asked if there could there be a joint application with other organizations. Ms. Budd stated they may be more successful with some partners. Mr. Kabisch stated in end, one organization must be on the hook. Attorney Griffing stated per the contracts, one organization must have its financials reviewed and be the responsible entity. Mr. O'Connor stated it's not imperative the chamber own the building, but they want the community to own it. Mr. Scholz reminded the chamber to look at the acceptable uses for bonding. Mr. O'Connor stated it may be best for the Gateway Foundation to be the applicant.

Buz Davis. Mr. Davis reminded the Board and the chamber of Resort Tax's past slogan, "Better together" that came from the strategic planning session. Mr. Davis stated organizations in town do best when working together, and that was the origination of the slogan.

Steve Johnson. Mr. Johnson stated the future of the corner property is an important community decision, and the community should be represented in this discussion. Mr. Johnson stated voters should be represented as well, not just private business owners.

Tallie Lancey: Top Shelf Toastmasters: Ms. Lancey stated there are four Resort Tax candidates and Toastmasters is hosting a Q & A Monday, April 2 at 5:30 p.m. at Buck's T4 in the Montana Room. Ms. Lancey stated it will be a chance to get to know the candidates' forum for voters. Toastmasters will moderate, having questions prepared and will open questions to the public as well. Ms. Hermann stated they should make sure the questions are fair and shouldn't include topics the Board has discussed recently on which the candidates wouldn't be fully informed. Mr. Kabisch will be happy to attend and respond to any questions.

#### B. Consent agenda:

The Board removed the February 14 minutes and financial reports from the consent agenda.

*Motion by Ms. Hermann to approve the consent agenda as amended. Second by Mr. Germain. All in favor. Motion passed.*

*Motion by Mr. Germain to change "housing authority" to "housing trust" in the last sentence of page 2 of the minutes. Second by Mr. Kabisch. All in favor. Motion passed.*

The Board discussed the financial reports and noted a change on the balance sheet. The Yellowstone Club Donation should be added back in and a journal entry will be required.

*Motion by Ms. Hermann to approve the financial reports as amended. Second by Ms. Budd. All in favor. Motion passed.*

#### C. Regular Agenda

- a. **Big Sky Fire Department: Discussion of Three-year funding:** Attorney Griffing stated the process to discuss three-year funding started in January, due to the concerns about maintaining staff and operations in public safety. Attorney Griffing stated there is a three-year agreement with Gallatin and Madison counties for law enforcement services. Attorney Griffing stated the Fire Department agreement didn't fall under the category of sharing of services called for by an interlocal agreement. Attorney Griffing stated she had discussed the topic with Chief Farhat and the department attorney, Kim Christenson. Attorney Griffing referenced the newly updated Ordinance 99-01-ORD which allows for appropriations over 2-3 years. Attorney Griffing asked if the Board will authorize her to draft a memorandum of understanding, not

obligating Resort Tax to provide fire services, only financial obligation. Mr. Scholz stated in the interlocal agreement with the sheriff's department, they lay out their requests for the next three years and we sign it, but it's not obligating future funds.

Chief Farhat stated he wouldn't expect the Board to agree to something that's outside of the normal appropriation process. For his board he built a budget for the next five years. Chief Farhat stated they're very busy, and employees have questions about stability of funding, so he would like to have more predictability and work together with the Board.

Mr. Kabisch asked if by drafting a memo we're committing future boards. Attorney Griffing stated the Board can't remove the Fire Department from their annual appropriation process, and a memorandum of understanding is still conditional to the standard process. Attorney Griffing stated this would be a new thing for the Board, and they should consider if they're willing to do the same with every other entity. Attorney Griffing stated public safety was one of the original purposes for Resort Tax, and the Board may only want to do memos for public safety entities since we recognize that they'll need funding every year. Attorney Griffing stated the Board could dedicate a certain amount of funds, as applied for.

Ms. Budd stated various communities within Montana have voter restricted percentages for Resort Tax funding and asked if it is something that should be put to voters, that a certain percentage should go to public safety. Ms. Budd stated BSCO has made similar requests for funding operations and maintenance over multiple years. Attorney Griffing stated percentages come through the resolution process, so it would need to wait until that happens again in approximately 4 years.

Chief Farhat stated there was a survey done by Resort Tax years ago (2010), regarding what should be funded, and public safety was a top concern. Chief Farhat thought this proposed interlocal agreement would be revisited every three years. Mr. Scholz stated the Fire Department has property tax, and the budget is set, which is different than other non-profits asking for funds. Mr. Scholz stated the Board should keep these agreements to government entities, so that every entity doesn't ask for it.

Mr. Germain thanked the Chief for working so hard on this agreement and stated he has always separated non-profits from the Fire Department (FD) and other governmental agencies. Mr. Germain thought an interlocal agreement would be an easy fix, but funding requests for the FD have always gone through without any questions.

Mr. Kabisch stated the issue comes back to the legal argument by Attorney Griffing, and can the Board legally bind future boards. Attorney Griffing stated the board is limited to the appropriation process, and the Board has the authority to enter into this contract, but how much force and effect the agreement has is probably very minimal. Attorney Griffing stated she sees this as a recommendation. Mr. Kabisch asked if this may be a possibility for bonding. Mr. Scholz stated bonding may be amended to fund not only capital expenditures, but operations costs too. If it is over \$500,000 it will have to go to a public vote. Attorney Griffing stated she would need to look at it.

Ms. Budd asked if an interim resolution that allows for dedicated funding could be an option. Mr. Kabisch stated a memo seems like a waste of time, and it would be a meaningless document. Ms. Hermann asked why another document is needed if funds are appropriated every year and with the FD following the same process even with the memo. Ms. Hermann stated the Ordinance says public safety is a priority, and the Board will always follow the Ordinance. Ms. Budd stated she agrees the memo could be moot, but if the community voted on percentages, that information could be useful to the Board. Ms. Hermann asked how the public would know what percentage is appropriate for each entity; the Board knows because they have all the information.

Ms. Budd stated if Chief Farhat is looking for something of meaning, it might be best to put it to public. Mr. Scholz stated it would become a political decision. Chief Farhat stated it was Mr. Germain who said we needed something in place, and we asked for funding for three battalion chiefs last year, and everyone knows he'll ask for that again this year. Chief Farhat stated a memorandum doesn't create a binding situation, just recognition of what we're already doing. Attorney Griffing stated the memo would provide institutional memory and an understanding that this Board at this time strongly recommended funding for the fire department.

*Motion by Ms. Hermann to authorize Attorney Griffing work on a memorandum of understanding with Chief Farhat, for review at the next meeting. Second by Mr. Germain.*

Public comment. Steve Johnson: Interlocal agreements are between governmental entities and this interlocal agreement between the FD and the District can be done. Attorney Griffing disagrees. Mr. Johnson stated the Board would be offering certainty on both sides, and the FD has had more funding than anyone in Resort Tax history. He also stated there is no need to demonstrate qualifying criteria and committing three years at a time is more flexible than a percentage. Mr. Johnson stated the interlocal agreement is a workable mechanism with appropriate oversight on both sides, but not everyone should be given this privilege.

*All in favor. Motion passed.*

b. **Two or Three-Year Funding Cycle: Final Reading of proposed amendments to Ordinance No. 99-01-ORD:**

*Motion by Mr. Kabisch to accept the final reading of proposed amendments to Ordinance No. 99-01-ORD. Second by Mr. Germain. All in favor. Motion passed.*

c. **Growing the Board from 5 members to 7:** Attorney Griffing reference Resort Tax Law MCA 7-6-1543 which states the Board is made up of five members and a change to the law would be required to increase the number of members. No further discussion.

d. **Compliance Audit Update:** Attorney Griffing stated the Board audits ten businesses per year, and during closed meetings there may be discussion among the auditor, business owners, and the Board based on audit findings. Attorney Griffing stated three of the ten entities audited this year are Moonlight Basin, Spanish Peaks, and Yellowstone Club. Attorney Griffing stated any taxes owed are owed by the customers, not the clubs themselves, because they are just the tax collectors. Attorney Griffing stated the Board is currently in discussions with the different clubs about the retail value of ski and golf dues. Attorney Griffing stated she and the clubs are available for questions.

Mr. Scholz stated the Board is planning to discuss Ordinance revisions soon, but first they're wrapping up the audits. Mr. Scholz stated many things are private when it comes to compliance and financial audits. Mr. Scholz asked for public comment.

Buz Davis: Is there a timeline for finishing the audits? Attorney Griffing stated not specifically, and based on the audit process a deadline isn't required. Mr. Davis stated taxability of the clubs seems to be the number 1 or 2 question he receives as a candidate running for Resort Tax. Ms. Hermann stated the Board

would like to decide by the April 9 meeting. Mr. Scholz stated Ordinance changes will happen, but it takes three meetings to approve any changes, and they'd like to finish the audits first.

- e. **Discussion of Directors and Officers Insurance Policy:** Attorney Griffing hasn't reviewed the policy in detail yet, but generally, it looks acceptable to her. Attorney Griffing address the issue of personal liability for Board members, and stated Board members acting in good faith cannot be held personally liable if they're acting within the course and scope of their ability. Attorney Griffing stated the governmental entity takes the responsibility to defend Board members, and there are caps for legal costs at \$750,000 per person, 1 million per occurrence. Attorney Griffing will review the policy for those caps, and the District may be able to reduce the policy cost. Ms. Budd stated there is an exclusion for any wrongful act, actual or alleged act. Ms. Budd asked if Attorney Griffing can you look at exclusions for current and future boards, so the information can be shared in the orientation manual.

D. **New business:**


- a. **Draft of Fiscal Year 2019 District Budget:** Ms. Brunner stated there are six months until the new fiscal year, but she's presenting the budget now because two meetings are required for the approval process. The Board thinks the adjustments from last year are reasonable and justifiable. Ms. Hermann asked about the status of videoconferencing, and Ms. Brunner is still working on finding a vendor. Attorney Griffing stated court reporting services could be an option. Mr. Davis stated his HOA used videoconferencing at Big Sky Water and Sewer, and Ron Edwards has researched the best options. **Other:** Current Budget: Ms. Brunner requested the Board approve an additional \$750 for the current year's budget for newspaper ads in an additional paper, the Lone Peak Lookout. The Lookout wasn't in existence at the time the current budget was approved. Ms. Brunner also requests the Board approve an additional \$1000 for MUNIRevs software to improve the reconciliation module for Big Sky, based on the unique aspect of having two counties to differentiate.

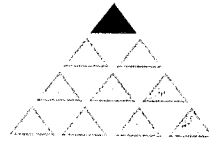
*Motion by Mr. Kabisch to approve an additional \$1750 for public relations and software in the current fiscal year 2018 budget. Second by Mr. Germain. All in favor. Motion passed.*

- b. Mr. Scholz and the Board thanked the retiring members Ms. Budd and Ms. Hermann for their years of service and all they've contributed to the Board over the years.

Chairperson Mike Scholz closed the open meeting at 11:00 a.m.

Respectfully Submitted,

  
Virginia Hermann, Secretary



**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

April 9, 2018

Present: Mike Scholz, Chairperson  
Kevin Germain, Vice Chairperson  
Ginna Hermann, Secretary  
Heather Budd, Treasurer

Jamey Kabisch, Director  
Betsy Griffing, Attorney  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Chairperson Mike Scholz called the open meeting to order at 10:12 a.m.

*Ms. Hermann attended the meeting via conference call. The meeting was broadcast on Facebook Live at Explore Big Sky.*

**I. Open Meeting**

- A. **Public comment:** None.
- B. **Consent agenda:** Ms. Budd removed the treasurer's report from the consent agenda. Mr. Scholz asked Attorney Griffing if the February minutes still needed to be approved by the Board, since the Board had previously approved the minutes pending Attorney Griffing's changes. Attorney Griffing stated she reviewed the February minutes, and provided the changes to Ms. Drain. Mr. Scholz stated the February minutes should be added to the consent agenda for the next meeting.

*Motion by Mr. Germain to approve the consent agenda as amended. Second by Mr. Kabisch. All in favor. Motion passed.*

Treasurer's report: Ms. Budd would like to verify that the accounts are pledged accurately and to make sure we're not missing a pledge report. Ms. Brunner will research the pledging status. Ms. Budd stated the Board manages high assets this time of year. Ms. Budd explained the concept of pledging for the public, stating any amounts over \$250,000, need to be pledged with collateral provided by the bank to make up the difference.

**C. Regular Agenda**

- a. **Final Fiscal Year 2019 District Budget:**

*Motion by Mr. Kabisch to approve the Fiscal Year 2019 District Budget. Second by Mr. Germain.*

*Discussion: Mr. Kabisch stated the legal fees are a better reflection of this fiscal year. Ms. Budd asked if the lobbying, quote from Taylor Luther Group, will be a conflict of interest with the firm representing other entities in the district. Ms. Brunner stated she needed a quote as a placeholder for the budget, but Taylor*

*Luther Group will not necessarily be used, and they were the only name Mona Jamison provided. Attorney Griffing stated the legal budget was high due to compliance issues this fiscal year, but it shouldn't be as high next year. Ms. Brunner stated Attorney Griffing had double the workload than was anticipated, and for lobbying an RFP will be sent, so hopefully the final rate will be even less.*

*Public comment. Alan Shaw: What is defensive lobbying? Mr. Germain stated defensive lobbying is reporting about which bills are proposed, specifically related to resort tax. Mr. Shaw asked if there was a budget for offensive lobbying. The Board stated no.*

*All in favor. Motion passed.*

- b. **Estimation of Available funds:** Ms. Brunner reviewed the document showing estimated available funds for appropriation as of March 31, 2018, totaling \$7,690,505. Ms. Brunner stated the operating expenses estimate may be high; it includes potential legal costs and the office renovation. Ms. Brunner stated the balance of 2017-2018 appropriations is high because the Big Sky Community Organization has not yet drawn its summer funding requests. The Board discussed the current office renovations and board room improvements that are taking place.
- c. **Visit Big Sky: Reallocating Funds for the Corner Property:** Candace Carr Strauss: Ms. Strauss stated for today's purposes she is representing Visit Big Sky (VBS), not the Chamber of Commerce. Ms. Strauss stated VBS is requesting permission to take an additional \$240,000 from their current allocation, to combine with the previous \$160,000 for a total of \$400,000 towards the purchase or improvement of the corner property. Ms. Strauss stated the corner property is under contract, and the buyer is unknown, so the Chamber is unsure if they'll be evicted, or if rent will be raised. Ms. Strauss stated the options are built to suit, private partnership, entryway designation, options, etc. but they'd like to prepare for the unknown.

Ms. Strauss stated she is asking the Board to carry on Chet Huntley's vision, to ensure this community's vision, the corner property, which is Big Sky's front door. Ms. Strauss stated they should know more in 30 days. Ms. Strauss stated 70% of tourism is in winter and 30% is in summer. This was a great winter with lots of snow, but the community can't bank on that every year and summer tourism needs to be expanded.

Mr. Kabisch asked which projects will suffer based on moving these funds. Ms. Strauss stated no projects would suffer because of extra dollars for winter marketing that were saved due to record snowfall causing an increase in tourism on its own. Mr. Germain stated a likely scenario is funds wouldn't be spent before the next appropriation cycle. Ms. Strauss stated the funds would be paid out to the Gateway Foundation or would come back to Resort Tax if not spent. Ms. Budd asked if funds would go to the Gateway Foundation this fiscal year. Candace stated, no, the funds would remain with the Gateway Foundation until the objective is completed. Ms. Budd stated that seems counter to the appropriations process and it may be better as a new request from the Gateway Foundation for next fiscal year.

Ms. Strauss stated VBS uses two different pockets of money, Convention Visitor Bureau (CVB) and Resort Tax. Mr. Scholz stated we have one-year appropriations and why would Resort Tax want the funds to sit in someone else's bank account, unless it qualifies for 2-3-year funding request. He stated he does not think the Board can grant Ms. Strauss' request. Attorney Griffing stated she doesn't know if it would be a rollover request or not, but the Board may run into problems with a rollover request. Ms. Budd stated the

Board should address the funds for the remainder of the fiscal year, but if the money isn't spent in accordance, it should come back to Resort Tax.

Mr. Germain stated it could be a rollover or a new request, but it's not the Gateway Foundation's money, because it wasn't their application. Ms. Hermann stated a rollover must be for same intended purpose. Ms. Hermann asked about the viability of the Gateway Foundation. Ms. Budd stated if there is a surplus you'd like to make available, you may need to act within fiscal year, if not, the funds would need to be returned. Mr. Kabisch stated, to clarify, funds wouldn't be requested unless they're going to be spent, so there wouldn't be a reason to be "returned".

Ms. Strauss stated the best use of marketing funds is for the corner property; it's still under the umbrella of marketing, and it's not an entirely new purpose. Mr. Kabisch stated it's a valuable thing to support, but the issue is how to handle it through the remaining fiscal year. Mr. Kabisch stated the funds would need to continue to disburse through VBS, who could motion to have funds go towards corner property. Mr. Scholz stated the decision of how the appropriated funds are spent should rest with the VBS board.

Ms. Budd stated this Board can't bind the next Board with the broad term of "marketing", for any project. Ms. Budd stated moving \$240,000 for this fiscal year to be retained if not spent, would allow for a rollover to happen, or the Gateway Foundation could apply for the funds. Attorney Griffing reviewed the new language in ordinance 99-01 which states "the request must be based upon the original request, provide a brief narrative of the reasons for the request, and confirm that the intent of the original appropriation contract will be followed".

Ms. Strauss stated VBS is just repeating the process from three months ago when the \$160,000 was reallocated for the corner property. Mr. Scholz asked if the Board can amend how someone uses funds, and if that falls into something they can rollover. Ms. Hermann stated no. Mr. Germain stated he would interpret you can't roll over money for marketing for buying a bus, and what they're asking for is similar. Mr. Germain doesn't think buying a property fits within marketing. Mr. Germain stated the Board could make a motion to use the \$240,000 for the corner property, and if not spent, they would have to rollover the funds for that exact purpose or not ask for again for that purpose. Ms. Hermann stated the funds should stay with original applicant, not the Gateway Foundation.

*Motion by Mr. Kabisch to allow VBS to reallocate funds of \$240,000 for purchase or improvement of the corner property, but if the funds aren't used, it should be included in a new application for fiscal year 2019. Second by Ms. Hermann.*

*Discussion: Ms. Hermann asked if the emergency fund could be used. Mr. Kabisch stated the Board would have to look at the language for use of the emergency fund. Attorney Griffing stated the Ordinance states an emergency is "a serious, unforeseen and unanticipated circumstance that has occurred subsequent to the time that the Board's appropriations were made for a particular year, and that demands immediate action by the Board". Attorney Griffing stated the corner property situation may or may not meet those circumstances.*

*All in favor. Motion passed.*

- d. **Big Sky Fire Department: Discussion of Three-year funding:** Attorney Griffing apologized to Chief Farhat for not getting the Draft Memorandum of Understanding (MOU) to him sooner. Attorney Griffing stated she tried to use the same language in the MOU from the Interlocal Agreement drafted by the Chief, but she removed everything about the sharing of services that didn't apply, as well as the mandatory funding amount. Attorney Griffing stated the MOU says funding will not exceed more than 3% of the prior year's request, but the Chief can respond if he'd like a different percentage. Attorney Griffing stated the MOU provides a base amount for what the Board intends to fund, is non-binding, but informs future Boards that this board wanted to give the fire department a base amount from which to budget. Attorney Griffing stated the MOU explains the Board doesn't intend to decrease funding amount for the fire department from the previous year's amount without good cause. Attorney Griffing stated the Board still has an out, if there's good financial cause, an emergency, or other pertinent circumstances.

Mr. Kabisch asked how the Board can reconcile the MOU with the public going forward as the Board members change. Attorney Griffing stated the Board can go on the record, in the case of good financial cause or otherwise, to state that they could reduce funding. Attorney Griffing stated the MOU is not binding to future boards and it's like a letter of intent.

Chief Farhat stated the MOU is great, and it's a move towards a more regular relationship with the District. Chief Farhat stated the MOU establishes a goal, but there's flexibility in the future since it's not binding, and it gives him a basis to create a budget. Chief Farhat stated if he doesn't make a case for funding every year, he understands the funds may not be appropriated to the fire department. Mr. Scholz stated fire services have always been a priority for the Board.

Chief Farhat stated his attorney hasn't reviewed Attorney Griffing's draft yet, but he doesn't expect any issues since it's not binding. Mr. Scholz asked if in Item 6 of the draft "Financing" section needs to say "good financial cause", or if instead it can say "good cause". Attorney Griffing stated the purpose of the "good financial cause" is to trigger the Board if they are considering lowering the funding, and for them to have a good reason for the decrease. Chief Farhat stated he would have to make a huge case to change the number to more than 3% of last year's funds.

Mr. Germain asked if the Board can postpone final approval to another meeting. Mr. Kabisch asked why the discussion wouldn't be part of the appropriations process; then the Board can see the funding request amounts. Mr. Kabisch stated he doesn't see a need for the MOU, it's just another piece of paper on which the Board is spending money and is unnecessary. Attorney Griffing stated she drafted the MOU at the Board's request. Mr. Germain stated when the Board first discussed multiyear funding for the Fire Department, he thought an interlocal agreement was a viable option, though we know now it's not. Mr. Germain stated he doesn't think time has been wasted, but that we've found a happy medium.

Mr. Germain asked Attorney Griffing, if the interlocal agreement isn't feasible due to the lack of shared services, and because it stated the Board was responsible for fire services, but if the Board is not responsible for sheriff services either, what is the difference. Attorney Griffing stated the sheriff's interlocal agreement was spurred because of the overlapping of jurisdictions for two counties, and an agreement was required for how to provide those services. Attorney Griffing stated the District didn't have to be part of that process, but it chose to participate, and the sheriff's department is still subject to



annual appropriation like any other entity. Attorney Griffing stated the fire department is already providing services. Chief Farhat stated he is still struggling with understanding the difference between the fire department and the sheriff's department and interlocal agreements. Chief Farhat stated Carol Collins said BSOA also funded a deputy or two at one point, and he looks at an interlocal agreement as way to structure funding.

*Motion by Mr. Germain to submit the draft MOU to the fire department for approval, striking "financial" in section 6 prior to "cause". Second by Ms. Budd.*

*Public comment. Ciara Wolfe of BSCO requested Mr. Germain and Ms. Brunner share the information from the process with the fire department with the Trust for Public Lands, since they're also looking at long term funding. Ms. Wolfe stated the Board may want to realize that other public districts could ask for something similar. Steve Johnson stated the Board should have an interest in doing this, with the level of resort tax is funding, and fiscal responsibility means some stability and predictability, knowing that this will be a priority. Mr. Johnson stated Boards can't manage the scale of funding that exists on just an annual basis, and how to integrate in the annual appropriation cycle is undetermined. Mr. Germain stated the sheriff's department submits annual applications despite the interlocal agreement. Mr. Scholz stated the 2-3 year funding cycle does not apply to operations because the District won't have operating funds for the next three years available to appropriate in one fiscal year; it just won't happen.*

*All in favor. Mr. Kabisch opposed. Motion passed.*

- e. **Discussion of Directors & Officers Insurance Policy:** Attorney Griffing stated coverage is greater than the caps that are legally required, and the Board could look at reducing the coverage for next year and negotiating a lower cost. Attorney Griffing stated the insurance company isn't bound by the statutory amount, but by the actual policy amount. She stated the Board is well covered.

**D. New business:**

- a. **Gallatin River Task Force: Big Sky Watershed Stewardship Plan:** Kristin Gardner. Ms. Gardner discussed the Big Sky Sustainable Water Solutions Forum and provided an executive summary. Ms. Gardner stated the effort was very successful and she was impressed by the stakeholders. Ms. Gardner stated the full report is 200 pages and is available on their website and in their office. Ms. Gardner stated there were 12 recommendations for implementation of the Watershed Stewardship Plan over three water resource focus areas. Ms. Gardner is writing a grant to do a similar study in the canyon.

Mr. Kabisch asked more about stormwater management. Ms. Gardner stated they need ways to develop a catchment system and use stormwater for specific purposes. Ms. Gardner stated all stormwater areas are separate and no one has a map, so there isn't an opportunity to collaborate. Ms. Gardner detailed the 12 recommendations in the executive summary and she would like a governing body reviewing the plan, making sure recommendations are moving forward.

Ms. Budd congratulated Ms. Gardner on a good plan. Mr. Kabisch stated he's glad to have a template for the community and is looking forward to seeing the funding application. Ms. Wolfe stated Ron Edwards is on a subcommittee for the Tiger Grant and can help with water issues. Mr. Germain stated he reviewed budget numbers and this is a huge issue for the community, interlinked with housing and many other

issues the community faces. Mr. Scholz stated much will depend on what happens with the study in the canyon.

Ms. Gardner stated she also has a request for this year's appropriated funds. Ms. Gardner stated \$20,000 was allocated for the water conservation program which was managed by an Americorps Member. Ms. Gardner hired the Americorps Member on as staff and paid her with grants and from Big Sky Water & Sewer funding. Ms. Gardner would like to take funds from the water conservation project to pay her for her last month. It shouldn't affect other plans for water conservation because some of the available rebates weren't requested or funded. Mr. Kabisch stated he doesn't think the request impacts the use of funds; they are still water conservation funds. Mr. Germain agrees with Mr. Kabisch. The Board agrees a motion to reallocate funds is unnecessary.

- b. **Draft Newsletter:** Ms. Brunner stated she'd like another set of eyes on the annual newsletter before it goes to the public. Mr. Germain stated he will review the newsletter prior to mailing.

E. **Public Comment:**

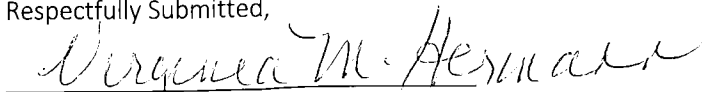
Ciara Wolfe: Ms. Wolfe stated the Tiger Grant doesn't require matching funds for the trail and pedestrian tunnel projects, but information on detailed construction costs and engineering fees were not included, so they aren't sure yet if they will need Resort Tax funds for those expenses. Ms. Wolfe stated Gallatin county would like to spend all dollars from the federal government before including any local funds, so BSCO will probably ask for a rollover and funds may be in limbo until they know more. Mr. Scholz asked if it will it take over more than one year. Ms. Wolfe stated yes. Ms. Budd stated the 2-3-year cycle may work. Ms. Wolfe stated it's a waiting game with county, and they're not sure what to do yet. The Board discussed they planned to allocate funds for the cause, whatever the best appropriation method might be. Mr. Germain asked if there's any chance of the Tiger Grant going down. Ms. Wolfe stated no.

Candace Carr Strauss: Big Sky Chamber: Ms. Strauss thanked Board Members for attending the Eggs and Issues and Joint County Commission meetings. Ms. Strauss stated Dan Clark of MSU is investigating ways to manage the community with some form of local government. Ms. Strauss stated Mr. Clark will present his final recommendations Tuesday, May 15<sup>th</sup> from 6 to 8pm at the Big Sky Water and Sewer meeting room.

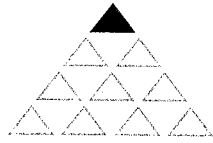
Motion by Mr. Germain to adjourn. Second by Mr. Kabisch.

Chairperson Mr. Scholz Scholz closed the open meeting at 11:48 a.m.

Respectfully Submitted,



Virginia Hermann, Secretary



# RESORTTAX

— BUILDING BIG SKY SINCE 1992 —

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

May 25, 2018

Present: Mike Scholz, Chairperson  
Kevin Germain, Vice Chairperson  
Steve Johnson, Secretary  
Sarah Blechta, Treasurer

Jamey Kabisch, Director  
Betsy Griffing, Attorney  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Chairperson Mike Scholz called the open meeting to order at 9:03 a.m.

*Attorney Griffing attended the meeting via conference call. The meeting was broadcast on Facebook Live by Explore Big Sky.*

### I. Open Meeting

A. **Public comment:** None.

B. **Regular Agenda:**

- a. **Oaths of Office:** Ms. Drain confirmed Ms. Blechta and Mr. Johnson signed their oaths of office and the oaths have been notarized.
- b. **Remove Outgoing and Add Elected Board Members to Bank Accounts:** *Motion by Mr. Kabisch to remove Heather Budd and Ginna Hermann and add Sarah Blechta and Steve Johnson to the Money Market and Checking Accounts at First Security Bank and Big Sky Western Bank. Second by Mr. Germain. All in favor. Motion Passed.*
- c. **Question and Answer on Appropriations Process:** Mr. Scholz asked if the Board would like to continue the process of reviewing applications in the order they were received. Mr. Kabisch agreed reviewing applications chronologically is the best way. Mr. Scholz stated the Board should also explain for the public the updated funds available.

The Board discussed having public comment on every entity's application at the June 18 final appropriation meeting. Mr. Germain stated the only concern is if something comes up that needs to be discussed further by the Board. Mr. Johnson stated the Board should allow public comment in some way. Mr. Kabisch stated public comment is tough to manage if entities show up with 20 people to comment on one entity. Mr. Scholz stated if each person has the same message, they can say they agree or support but don't need to restate. Mr. Johnson stated its free speech, so it can't necessarily be limited. Attorney Griffing stated the Board is following the correct process, and comments should help the Board in their process, though it will be more time consuming. Attorney Griffing stated the Chair can ask for no repetitive comments, accept written comments, and limit verbal comments to three minutes. Mr. Scholz stated in recent times annual

collections have exceeded funding requests as opposed to this year, so there could be more public comment. Mr. Germain stated it will be important to state limits up front and stick to them. Mr. Germain also stated the Board should discuss the three-year estimated funding requests spreadsheet for the community, to provide a forecast of years to come. Ms. Brunner stated the spreadsheet only includes this year's applicants, so the future needs could be greater.

- d. **Election of Officers:** Mr. Kabisch asked Mr. Scholz how he feels about continuing as Chair. Mr. Scholz stated he has mixed emotions because of his extensive traveling and he can call in, but won't be present for a least two meetings. Mr. Scholz stated he likes to be active on the Board, but the agendas were moving targets this year, and he's not sure the Board should be comfortable with him as Chair if he can't be present for all meetings. Mr. Kabisch stated the Chair should be available for staff, although it shouldn't fall on one person's shoulders. Mr. Kabisch stated Mr. Scholz has done a great job managing meetings, but would like more participation from other Board members because it's tough to manage everything with the numerous tasks of the Chair. Mr. Kabisch stated Mr. Scholz always accomplishes everything, and he is totally comfortable with Mr. Scholz being Chair, but it's up to Mr. Scholz. Mr. Germain concurred. Mr. Scholz stated after considering the position more, he's not sure he can commit to remaining Chair and he'd like to decline the Chairmanship. Mr. Kabisch stated we'd rather have Mr. Scholz be a productive Board member than resign because of the overwhelming responsibilities of the Chair. Mr. Scholz stated he will still be involved, but can serve better as a non-chair, and Mr. Germain had stated previously he'd be willing to step up as Chair from Vice Chair.

Mr. Germain stated he doesn't believe the issues facing the Board will get any easier. Mr. Scholz stated the Board has taken care of some of the audit issues, but some of the ordinance and legislative issues are still on the table. Ms. Blechta stated she worries it will be more controversial to have Mr. Germain as Chair and it might become a bigger issue than it should, though Mr. Germain would do a great job. Mr. Germain stated to Ms. Blechta that they've both come under scrutiny and being Chair wouldn't be much different. Mr. Scholz offered to stay on for six months and then reevaluate. Mr. Johnson stated perhaps the Chair and Vice Chair could tag team the duties or work as co-chairs. Mr. Kabisch stated he'd be willing to volunteer as Chair for a year. Mr. Kabisch stated after having a year's break he could do it, but he'd like a lot of guidance from the Board and might need help with duties. Mr. Scholz stated Mr. Kabisch is very good at running meetings, and though they have different styles he would recommend Mr. Kabisch for Chair. Mr. Germain stated Mr. Kabisch stepped down strategically before and asked what has changed since then; is he stepping up because of the conversation about Mr. Germain becoming Chair. Mr. Kabisch stated Mr. Germain has a lot he wants to accomplish and it may be easier to do if he's not Chair. Mr. Kabisch stated the Chair manages the agenda, but doesn't necessarily bring the big ideas. Mr. Kabisch stated he can manage meetings impartially, not that Mr. Germain is partial. Mr. Germain stated the issue of Board members being partial due to their employers or interests needs to be hit head on. Mr. Germain stated the community cannot rely only on retired people acting as Board members, because of the belief they don't have an agenda. Mr. Germain stated people who act on Boards in small towns will always have some type of conflict. Mr. Germain stated he always recuses himself if there's a conflict of interest at a meeting. Mr. Germain appreciated how Mr. Kabisch ran meetings in the past, but stated if we're not going to have Board members who are employed by major corporations, we've got to handle that, because that's not good for Big Sky. Mr. Germain stated voters elect the Board and that's how it should be settled.

Mr. Johnson stated the essence of the Chair job is running an impartial and productive meeting. Ms. Blechta stated she is not concerned about Mr. Germain being partial, but she was crucified publicly because of her employer and that's unfair. Ms. Blechta stated she wants Mr. Germain to think about his decision based on her experience. Mr. Scholz stated it's no different than a main officer of Boyne being on the Big Sky Owners Association Board and he would be comfortable with either Mr. Germain or Mr. Kabisch being the Chair. The Board agreed Mr. Scholz has done a fine job as Chair. Mr. Scholz stated he does a better job when he's not the Chair and stated he would like his name to continue to be withdrawn from consideration. Mr. Scholz asked for any motions.

*Motion by Mr. Scholz to accept Mr. Kabisch as Chairperson for one year. Second by Mr. Germain. All in favor. Motion passes.*

*Motion by Mr. Kabisch to accept Mr. Germain as Vice Chairperson. Second by Ms. Blechta. All in favor. Motion passes.*

*Motion by Mr. Germain to accept Steve Johnson as Secretary and Sarah Blechta as Treasurer. Second by Mr. Kabisch. All in favor. Motion passes.*

Attorney Griffing stated Mr. Scholz took on a very difficult year and she's really appreciated working with him and him being so conscientious.

C. **Consent Agenda:** *Motion by Mr. Kabisch to approve the consent agenda. Second by Mr. Johnson. All in favor. Motion passes.*

D. **Old Business:**

- a. **Big Sky Community Organization: Ciara Wolfe: Reallocation of matching grant funds for TIGER grant:** Ms. Wolfe stated the reallocation of funds is an opportunity for the Board to support the community by moving up construction on the TIGER grant road projects by a year, rather than waiting until the grant has actually been signed in the fall 2018. Ms. Wolfe stated BSCO was allocated \$142,765 as a match for the MTAP grant for the Highway 64 pedestrian tunnel, but the MTAP grant was denied. Ms. Wolfe stated BSCO requests instead to use the \$142,765 to match the TIGER grant for the same project, in turn moving up construction by one year and saving costs.

Mr. Kabisch asked Attorney Griffing if the request complies with the original spirit of the contract. Attorney Griffing stated an amendment to the contract may be needed because the contract specifically states the amount is a match for the MTAP grant, but the purpose of the request is very appropriate. Attorney Griffing recommends the Board should do a small addendum to change the condition to state "TIGER grant" instead of "MTAP grant". Attorney Griffing stated the request can be invoiced June 2018 to begin the process.

Ms. Wolfe stated Sanderson Stewart would manage the project, and two bids will be obtained for the environmental studies. Ms. Wolfe stated she will share the contract, and the payout would be in June 2018, with work continuing for the next few months. Ms. Wolfe stated the final amount will be under \$142,765. Mr. Johnson stated the project has the same intent and is for the same pedestrian tunnel. Mr. Kabisch stated concerns for holding a contractor accountable, if the invoice is paid in June, but work isn't completed for a few months. Mr. Germain stated if the contract is signed, then funds are committed, but BSCO doesn't

have to pay the contractor in full after funds are received from the District, they can pay as work is completed. Attorney Griffing recommended the contract amendment note the payment is to go to BSCO.

*Motion by Mr. Johnson to modify the BSCO FY18 Appropriations contract as Attorney Griffing stated. Second by Mr. Kabisch.*

*Discussion. Mr. Scholz stated funds will be spent now but saved in the future. Ms. Wolfe stated if costs are lower than anticipated, the savings could go towards additional projects as well. Mr. Johnson stated moving up construction will hold the county's feet to the fire to give them sense of urgency to get it done.*

*All in favor. Motion passes.*

- b. **Other:** Mr. Scholz stated the Board should be mindful about the bidding policy for appropriation entities, with a minimum of two bids being required for budget items over \$50,000. Mr. Scholz stated if the lowest bid isn't accepted, there must be an explanation.

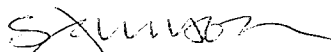
Mr. Scholz discussed how to notice closed meetings. Attorney Griffing recommended adding an item on the open agenda stating there will be a closed meeting at some point for discussion of confidential items. The Board discussed business owners don't want their names on the agenda.

Mr. Germain requested that Ms. Drain circulate the results of the 2014 strategic planning session before the July 2018 Board Meeting. Ms. Drain will circulate the session's notes to the Board.

- E. **Public Comment:** Tyler Allen with Explore Big Sky shared comments made from the Facebook live broadcast.

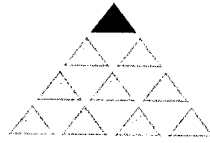
Chairperson Mr. Scholz closed the open meeting at 10:10 a.m.

Respectfully Submitted,



---

Steve Johnson, Secretary



**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

**FINAL MINUTES OF THE QUESTION & ANSWER SESSION  
OPEN BOARD MEETING**

June 4, 2018

Present: Jamey Kabisch, Chairperson  
Kevin Germain, Vice Chairperson  
Steve Johnson, Secretary  
Sarah Blechta, Treasurer

Mike Scholz, Director  
Betsy Griffing, Attorney  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

**Chairperson Jamey Kabisch called the open meeting to order at 1:05 p.m.**

The meeting was broadcast on Facebook Live at Explore Big Sky.

Attendance seemed to be near 110 with a visual head count.

**I. Open Meeting**

- A. Introductions** – Operations Officer Whitney Brunner welcomed the public and discussed the Board accomplishments over the past year, including 22 meetings, many lasting more than five hours, collecting tax from businesses, and funding appropriation entities. Ms. Brunner presented an operational restructuring last summer and the Board worked with her to take a first step and add a full time Administrative Officer. Ms. Brunner has transitioned to focus on compliance to make sure taxes are collected and applied fairly across the board, while Ms. Drain was hired as the full time Administrative Officer and started in November 2017. Ms. Brunner also introduced Attorney Betsy Griffing. Chairman Jamey Kabisch introduced the Board Members. He stated at the beginning and end of the meeting there will be opportunity for public comment, limited to three minutes per person, with no comments from direct entity representatives on their own entities. Mr. Kabisch stated the applications are online at resorttax.org, and an overview is provided on the back of the agenda handout.
- B. Available Funding Estimation** – Mr. Kabisch directed attention to the funds available handout showing funds available as of May 23, 2018 and went through each line item. The sinking fund cannot be bound from year to year and is, therefore, available for appropriation. 8.1 million is the current projection available, but an updated number will be provided at the final appropriations meeting June 18.

**C. Public Comment**

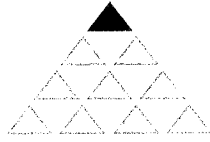
Anna Shipley, Yellowstone Club Community Foundation (YCCF), stated she is an advocate for the affordable housing application, specifically for the Meadowview project and for the full-time staff member they are proposing.

Krisy Hammond, Hammond Property Management, stated she supports Bear Smart Big Sky and the Wildlife Conservation Society (WCS) application, which help promote people living peacefully with bears and wildlife.

Britt Ide, Chamber of Commerce Board Member, Housing Trust Board Member, and Executive Director of YCCF, thanked the Board for their time and asked for feedback on collaborating strategically with YCCF on funding various entities. She also supports Women in Action (WIA) and funding their mental health and substance abuse counseling programs.

Jessie Wiese, Montana Land Reliance (MLR), stated she moved to Big Sky in 2009 when it was very quiet here and much has changed, much thanks to the Big Sky Resort Area District (BSRAD). She stated the outdoors are a big reason tourists visit and why locals move here, mentioning the Trust for Public Lands. She asks the Board to be proactive in funding clean water, native plants, and open land.

Katie Alvin, stated she has lived in Big Sky for 25 years and affordable housing is a major issue here and she encourages the Board to support the housing trust application. She also supports the Discovery Academy's request because it's good



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

to have choices for education in the community. She stated the Academy responds to what families are asking for and makes it work for them. She stated her daughter took a college prep course at Discovery and it helped her tremendously while giving her confidence in her college applications. Similar courses aren't offered at the public school. She also supports the WIA counseling program and Morningstar Learning Center (MLC).

Leslie Kilgore, Lone Mountain Land Company, stated her daughter attends the Discovery Academy (DA) and she is a single working mom. The school has helped her, and she encourages the Board to support the new scholarship program, especially for the preschool.

Debbie Applebaum, Willow Boutique, stated she's lived in Big Sky 41 years and she believes the tennis courts will be lost in the next year or two, but she'd like to have new courts built in the community park. She stated there are many pickleball club members who use the facility.

Barbara Rowley, Warren Miller Performing Arts Center (WMPAC) Board Member, stated she's lived in Big Sky for 27 years, and she's speaking on behalf of things involving children in the community, including education, recreation, and cultural and artistic enhancement. She supports the library, and tuition reduction funding requests at both schools. She strongly supports the request from WMPAC. There are nearly 100 children participating in this year's Big Sky Broadway production, and the arts provide inspiration and encouragement. She also supports the Arts Council and Skating and Hockey Association (BSSHA). She stated it's shocking only 10% of funding goes to the soft needs of families, and, while infrastructure is important, there are many needs in the community.

Mr. Kabisch stated the Final Appropriations meeting will be different with public comment on each motion, but the policy will help to keep the Board better informed moving forward.

### D. Question and Answer

#### 1. Big Sky Fire Department (BSFD) – Chief Bill Farhat

Q. Please explain the display prop you've brought. A. The chart shows call volume has increased 75% since 2011, as well as history of Resort Tax funding. Usually BSFD makes up about 15% of total funding, but this year if you fund 7.6 million, BSFD would be 12% of that. The mill levy addressed 2022 and long-term issues due to explosive growth. BSFD asks for responsible funding without being ridiculous. In general, our requests have grown only moderately.

Q. What was it like to run ambulance service during the busiest winter ever? A. Concurrent calls have increased. We get 2-6 calls at the same time, 40-50% of the time. A minimum of two personnel are required per call, and the impact of tourism has been huge.

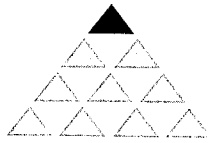
Q. Comparing Big Sky and Aspen Snowmass, why do we do it differently, district-wise with the fire and ambulance services together? A. We're using it to the fullest capacity, addressing fire department problems while addressing ambulance issues as well. I don't think separate models are better, and they're much more expensive. Big Sky is saving money in comparison to other models.

Q. Retirement expense is three times the normal amount, can you explain? A. Retirement expenses are assumed as perpetual, even if positions aren't filled. The change is in the accounting rules, not the procedure.

Q. If we had to cut something from your request what should it be? A. The refurbished ambulance would be cut before operations. We would postpone the project if funds weren't available for our entire ask. Operations are key and we need staff.

Q. Please describe your operational difficulties in relation to the 911 radio upgrade request? A. We have two towers in Big Sky, one for the canyon that doesn't work. The other tower is very fragile for talking to dispatch in Bozeman and the radio is in and out. The radio project is part of a study to address multiple problems, to create a link to Bozeman from





# RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Lone Mountain, and Virginia City. The system can penetrate buildings, while right now we miss messages due to the existing system.

Q. Regarding the grant on the 911 application, do you have experience to share? A. We've applied for funding for an engine that was denied, but we received another grant. We won't know until fall 2018.

Q. Do you know when you'll know? A. Funding is approved on a weekly basis, so we're not sure.

Q. Could the counties help? A. Both have their own systems in place. Added density and structures didn't exist when the current radio system was implemented, and it doesn't support our current community.

Q. What is the chance of getting the counties to help? A. It's reasonable to ask but I'm not sure of the capacity they have. The counties won't use this system for Ennis or Bozeman, it's a Big Sky issue.

Q. Where do we fall with mill levies compared to others? A. We're tied for 3<sup>rd</sup> highest, with Central Valley Fire in Belgrade. They have mutual aid partners we don't have. We have Yellowstone Club, but it's very limited.

Q. Can you please send your most recent P & L thru May? A. Yes.

Q. Your travel and training costs increased 50%? What is the increase about? A. We stripped the budget last year, and this is getting back to normal numbers.

Q. Ambulance fees seem quite short as of the financials in your application, why? A. We're above budget now, at about \$510,000 and we're funding a new vehicle with the extra money.

Q. Do you have to pay an entry level employee more than Central Valley Fire does? A. We compete statewide for firefighters and draw from a pool of applicants. We try to be competitive, and we're comparable to Bozeman, right in middle. The residency requirement has been removed because it hindered recruiting. We can't pay enough to offset that difference. We tried to find housing options, but haven't acted on anything yet.

Q. Did the number of applications per position change? A. We hired four out of 69 applicants. The previous year was about half as many applicants.

Q. Could you do separate capital and operational in the future? Your request would've been double without the FEMA grant for operations. Did the amount grow when you added people? A. We were underemployed since 2005. Now we're at a more realistic place.

Q. Do you see any large growth in staffing in the future? A. No. Not for years to come, depending on development in the private clubs. Now we're more efficient and can grow with the community.

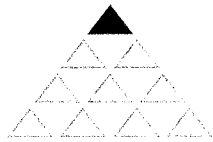
## **2. Big Sky Transportation District – Ennion Williams**

Q. Will the TIGER grant affect your budget in future years? A. Yes. We're trying to get funding in for the new buses sooner than later, but that will increase our operations budget. Unfortunately we lost four buses to accidents early this season.

Q. Can you please provide year-over-year growth in ridership? A. Yes.

Q. Do you have idea on ridership makeup, meaning tourists vs. locals? A. The Link bus from Bozeman to Big Sky is primarily Bozeman residents. Some tourists use the bus from the meadow to the mountain. Generally, buses are overloaded with employees, mostly residents.

Q. Can you provide budget vs. actual ending in May? A. Yes.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. Your on hand unrestricted number, will it be affected by the TIGER grant? A. If we leverage with MDOT, we can get a lower rate. This will apply for the new buses, but we're not sure when they'll come in.

Q. Will your reserve hold up against increasing fuel prices? A. Fuel prices rising could be especially impactful this year.

Q. On page two of your application it states "\$650,000 requested", is this a typo? The front-page requested amount is \$700,000. A. It's a typo. We're asking for \$700,000.

Q. With increasing assets, BSRAD is paying for increases in maintenance and operations, but we're not included in the big conversations and don't have control over the maintenance. If we don't fund operations, will new buses not be used? A. I don't foresee that happening, but worst-case scenario the new buses could be replacements. We have a good partnership with Karst.

Q. Have you studied what Karst does in-house to model it and do it on your own? A. It could make sense in the future. We're actively looking at expanding our district to match BSRAD, but a mill levy would be needed. The expansion would be for local service to serve tourists and not just be an employee shuttle. We're building the expansion into our five-year plan and will present it in fall 2018.

Q. How much would someone pay for the Link bus from Bozeman to Big Sky? A. \$5.

Q. Why not consider charging any fares for local service? A. The federal government encourages us to make it free. Federal funding is reduced if we charge fares. I can provide those numbers. We could start losing money depending on the amount of the fare.

Q. Are you sure that was a typo on the \$650,000? A. I will review it.

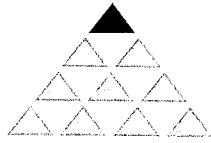
Q. If we had to cut something from your request, what would it be? A. Any cuts would cause a reduction in service. We're asking the counties for support as well, but we won't receive answers until the end of summer.

Q. What type of service reduction? A. Based on service last year. We'd have to cut certain stops, maybe a Link run in the canyon.

Q. Could you get support from other businesses? A. We've met with some of the major employers. We got six vans from the TIGER grant. We approached Big Sky Resort again. YC will try to add another van pool. Van pools pull passengers off the main Link bus making it less crowded.

Q. What about businesses shuttling their customers? Could you help them for a fee? A. We can look at it.

Q. Could you expand the district boundary to include parts of Bozeman where the dollars are flowing, to where the Bozeman riders live? A. We thought we'd shoot for BSRAD first, then beyond. We'll be more successful that way.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

### 3. WMPAC – John Zirkle

Q. What can you cut from your request, if anything? A. We can pull back our capital request \$5,427 dollars by eliminating two microphones, etc., and lower our total amount to \$199,899.

Q. Explain your increase in ticket sales. A. We had an outlier show, Concert for America, that brought in \$50,000 alone.

Q. What is the difference in seasonal programming? A. We present in winter, create in summer, and inspire year-round. The James Sewell ballet is an example. They create a piece in summer and return to present it the following winter. It's been very successful. Our first in-house play this year originated two summers ago and we want to continue developing in-house productions in the future and coalescing into one annual season.

Q. What is the cost savings to book the ballet without having the summer part? A. It's tied to the work itself. We pay out a single contract. It's tougher to sell the show if it's not made in Big Sky as it is now. I can't come up with an actual number for the offset right now.

Q. You raised over \$200,000, that's a big increase, congrats. How was it driven? A. A collaborative effort. I make the asks, it's just me and a half time operations director. This year's application shows we've been scaling up our operation to be an annual organization, not seasonal. We've reached the plateau where we want to be.

Q. Funding requests increased overall 40% this year, but you're only asking for 4%? A. We're moving into our next phase of operation, and previously there was an endowment for my salary. Now I'm having to fundraise for that.

Q. Any comments about your peers in the west, ski towns, how they're supported through tax dollars? A. Aspen is the closest example. They get funding from a realty transfer tax there, which was established in 1979. 0.5% of the tax goes to the Wheeler Opera House, and I see a lot of talent going there. They have a multimillion dollar annual appropriation they're working with. But realty transfer taxes are tough in Montana, and even in Colorado you must be grandfathered in.

Q. Do you partner with MSU to reduce talent fees? A. We are extremely active in that. I've met with the mayor of Bozeman, but there are limits on funding because of arts budgets that are top heavy with administration. We have subsidized them in the past, without losing money. Our dollars go straight to programming, for the most part, that's very unique.

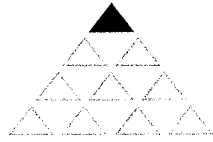
### 4. Big Sky Search and Rescue – Jeff Trulen and Steve DeTullio, Sergeant Brandon Kelly

Q. You provide service in both counties, but you're only funded by Gallatin County? A. It's agency assist between counties. When we go into Gallatin county it's paid for through our search and rescue budget, but it's not the same for Madison.

Q. Any idea of the cost breakdown between counties? A. We track calls and could get it from the counties, but we don't have it now. It seems about equal depending on the season.

Q. You're planning on paving in 2020? A. It will be much easier to maintain the road in winter. If we're able to restructure the parking lot this year it will last much longer.

Q. If you had to cut something from your request, what would it be A. Excavating. Volunteer safety is our main goal.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. Can you include call volume in your application each year, along with volunteer hours? A. For the next meeting, yes.

### 5. Big Sky Chamber of Commerce – David O'Connor and Candace Carr Strauss

Q. Your total expenses are up 29% but you're asking for a 44% funding increase? A. The increase is due to a reorganization with Visit Big Sky (VBS) and the Convention Visitor Bureau (CVB). It's been a significant transition with different costs, rent, and staffing. Our new landlord at the corner property is increasing rent 50%. We're also adding an in-house graphic designer to share with BSCO, VBS, and Big Sky Town Center.

Q. The membership growth pattern seems flat? A. We're generally on an upward progression. We're trying to keep par with the state regarding membership costs. The flatness is a canceling affect, because we're trying to get rid of trading memberships, and long-term receivables.

Q. Are you upselling to higher level memberships based on value? A. We don't have a revenue per member that can be obtained.

Q. Year over year membership numbers and revenue are important. Some companies have stepped up their membership levels. A. Growth is found with existing members increasing levels, not just new members.

Q. With the management fee between VBS and the Chamber, is that an investment the Chamber can make by doing it on an in-kind basis? A. The Chamber doesn't have the capacity to make that investment. Partial funding for the CVB is from bed tax, which grew into VBS and they handle promotion costs. The CVB cannot contribute more due to regulations, so we're seeking reimbursement from VBS or coming to BSRAD. The CVB can only pay hourly expense.

Q. Could the Chamber do more, from membership revenues, and those who benefit? A. It's not really an apples-to-apples comparison. Why would we ask the Chamber to pay another organization's expense?

Q. Are bed tax and BSRAD your only contributors? A. The Chamber would have to reduce a line item.

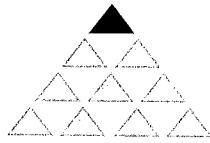
Q. Can you explain where the bed tax goes? A. It's a 7% tax on lodging, the majority is just on lodging customers.

Q. There is a very close relationship between VBS and the Chamber. It's not crazy to make that connection with expenses. The BSRAD ask is much more than bed tax contributes to VBS. A. The admin fee for management pays for staffing, payroll taxes, benefits, shared rent, expenses, and reimbursing the Chamber for being a mutual tenant.

Q. Could you expand the partnership opportunities for a direct marketing organization? A. Big Sky has not elected to do so because lodging partners already do a lot.

Q. Tourism development is in the resort tax law for a reason, it's payback to businesses for collecting the tax and raising their prices to cover the tax. Promotion increases tax revenues as well. A. I'm not meaning to say lodging partners are burdened, but they could feel overtaxed if they had to pay more for Chamber memberships. Valuing memberships is a challenge, and even if businesses aren't members they still get benefits from the Chamber, so it's never 100% fair.

Q. This fiscal year your programming budget is \$133,000, but next year it jumps to \$200,000? A. We don't necessarily have a plan for 2020 yet, so it's our best estimate. There will likely be payroll adjustments, results of strategic planning, over the next five years.



## RESORT TAX

— BUILDING BIG SKY SINCE 1982 —

Q. If you had to cut anything what would it be? A. We'd decrease each program by a percentage.

Q. You've budgeted \$15,000 for fundraising, is that net income \$15,000? A. Being a membership organization, we've done fundraisers, such as our golf tournament, and we're focused on that.

Q. It would be nice to know what you net on your fundraising.

### 6. Friends of the Big Sky Community Library – Kay Reeves and Kathy House

Q. Does the library track usage? How do you keep it relevant with all the digital options available? A. Yes. We tally visitors. We also count when we have programs. Usage has plateaued due to digital platforms, but we do offer some online options.

### 7. Gallatin County Sheriff's Office – Sergeant Brandon Kelly

Chairman Kabisch summarized the Interlocal Agreement for the public. It's a three-year agreement with both counties, so services are provided to both. We have six deputies and each county pays for two personnel and Big Sky pays for two personnel. The agreement isn't set in stone; otherwise, we wouldn't discuss funding on an annual basis. \$286,352 is BSRAD's third of the agreement.

Q. Do you track year over year numbers for incidents in Big Sky? A. We have a record management system that states where incidents were located.

Q. Can you isolate numbers to BSRAD? A. We can come close.

Q. When will additional deputies be warranted? A. I can give you what I have.

Announcement for all entities, the deadline for follow up materials will be Monday, June 11<sup>th</sup>.

Q. What is the impact of radio function on your operation and the value of an investment? A. The radio ensures our lifeline. Radio is how we receive most calls. Dispatch checks on us, provides most of our calls, and backup. The current system makes radio inconsistent in our terrain. We have system failures, resulting in slower response time to incidents.

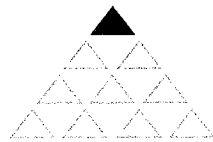
Q. The Interlocal Agreement, to your knowledge, is unique to Big Sky? A. I don't know of any other areas that do it.

Q. Is the tower unique to Big Sky? A. Yes.

### 8. Visit Big Sky – Candace Carr Strauss

Q. You don't receive income from your lodging partners, would that be a conflict of interest? A. We have nine lodging partners who provide confidential data to Destimetrics without any financial contribution.

Q. You submitted two versions of your application, which amount are you applying for? A. \$758,000. For the corner property, we'll be remaining tenants.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. How do other CVB's get funding? A. Some offer a membership program, others have 501c3 organizations, or sponsorships. We hope to grow fundraising moving forward. All businesses contribute individually through their own marketing. Increased flights come from CVB donations and help to market and guarantee seats.

Q. Will you please separate other government sources from BSRAD funding amounts in the future instead of lumping them all together? A. Yes.

Q. What would you cut from your request? A. We'd apply a percentage to each budget component, rather than cutting one thing.

Q. Any sizeable cuts would have to come from your promotion budget. How much are you paying the Chamber? Which number is it? A. Page 11. The \$174,000 doesn't include personnel expense.

Q. Can you look at those numbers before the next meeting? Make sure the promotion number includes state money. A. Sure.

Q. I didn't see a budget amount break down for each category? A. It was given in a follow-up email.

Q. If other businesses are doing their own marketing, are there other campaigns that are in alignment with the VBS message? How are you leveraging with them? A. Our marketing outlook luncheon in May was the first step in moving that forward. We shared the state level marketing efforts, the tourism master plan and how to move forward.

Q. Have you considered to sharing expenses with private partners? A. The cooperative advertising model still exists, and we participate on a regional level. We hope to provide some cooperative opportunities in the future. Our campaign is more general, whereas other businesses have specific needs to get people in the front door. It's tough to pick favorites among our partners. Destination Think observed seven entities online, and there are some gaps to fill. With businesses being understaffed we could help small businesses with social media.

Q. Your request is a 16% increase from last year, after an epic winter. Maybe we should be funding infrastructure to support increased tourism? A. I fully disagree. We raised 1.33 million during the 1<sup>st</sup> quarter, which is more than half of annual collection amounts. Vail had a horrible winter and lodging buckled. We need to work collaboratively with BSR to do summer promotion, and BSR will handle winter. Visitation numbers to Yellowstone are down through May. We need to prepare to be a year-round destination in case of a bad winter. 85% of Chamber members are entry level, sole proprietors, and nonprofits.

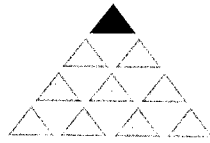
Q. Can you tell us about the breakdown of summer vs. winter marketing costs? A. Yes, I'll send it to you.

### 9. Gallatin Valley Snowmobile Association – David O'Connor and Bryan Capdeville

Q. Do you have user counts on Buck Ridge? A. Approximately 20,000.

Q. How much is it growing? A. I will get it to you.

Q. Any idea on user counts for the year before? A. About 16,000.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. Are we supplementing so we have better and safer trails? A. Yes. This trail receives 70% of the use between all six trails the organization grows.

Q. Is this trail used most commercially or by individuals? A. Yes, probably commercial (outfitters, rental snowmobiles).

### 10. Arts Council of Big Sky – Brian Hurlbut

Q. Why are your grants and donors down? A. Numbers should go up. We try to provide opportunities at concerts and engage more people.

Q. Do your typical concertgoers engage and donate? A. The majority aren't counted in annual donors.

Q. Can you provide the economic impact study that was done? A. Yes.

Q. In your budget, the percentages of components, I think percentages may be off on page 8? A. I'll look at it. We have three full-time staff now, so the numbers changed there.

Q. You have \$180,000 listed for fundraising, what is your net? A. \$90,000.

Q. How did you cross paths with the Butterfield sculpture idea? A. One of our board members knew of her and had the idea. We knew we wanted to do more public art. Town Center Plaza is great location for it. Deborah Butterfield was on board and she doesn't have a public art project anywhere else in Montana. It's a \$400,000 project, but we're only asking for \$5,000 from BSRAD.

Chairperson Jamey Kabisch recessed the meeting at 3:23 p.m. and reconvened the meeting at 3:32 p.m.

### Arts Council of Big Sky, continued.

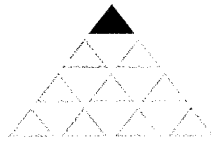
Q. What would you cut from your request if you had to? A. Public art projects and the collaboration.

### 11. Big Sky Trails Recreation and Parks District – Ciara Wolfe

Q. How does this fit in with other revenue streams? A. We did a feasibility study with the Trust for Public Lands (TPL) at no cost to the community to find long-term funding sources for parks, trails, and recreation. We'd like our own legal opinion to represent the Parks district's interests. We're changing the parks district to match the BSRAD and are partnering to do the same with transportation to save costs. Currently nothing in the canyon is included.

Q. If the Open Space Levy passes in Gallatin County, is there any relationship to funding for you? A. Both the Parks District and Big Sky Community Organization (BSCO) can apply for funds, for maintenance or acquisition of land. Otherwise the funds are only designated for conservation easements.

### 12. Big Sky Community Organization – Ciara Wolfe



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. We appreciate the user data on trails, will you keep it up year over year? A. It's our first time having a full year of data, the previous was half-year numbers.

Q. With the growth in your budget, where is funding coming from? A. We've grown 200% in the last three years. Fundraising has grown 220%, a much higher than increase than our BSRAD request. With fundraising alone we've funded the master trails plan, Kircher Park, Ralph's Pass connector trail, and a second yurt for Camp Big Sky.

Q. By increasing all income rather than just increasing your resort tax request, it shows the community buy-in to what you do, we commend you for taking private dollars too. A. We've exceeded the dollars brought in and returned \$250,000 in resort tax in the last two years for projects that weren't needed or weren't ready for funding.

Q. For the trailhead improvements, what is the cost breakdown per trailhead? A. Ousel Falls is under \$100,000 of the total budget of \$650,000. Of the BSRAD request, it's \$80,000 for Ousel, with the remainder of \$170,000 for Beehive.

Q. You have pending donations and grants, with \$150,000 towards the trailhead improvements, what if they don't come through? A. \$45,000 of the MRTP grant is secured. The Parks and Trails Gala proceeds will go towards these projects specifically, and events are typically more successful with a specific goal. We could just gravel the parking area if we don't have the money to pave at Beehive. I feel confident that we'll meet our goal, the community has put in a lot of money. Tourists are impacting trails the most, hence the ask for resort tax funds, because the tourists should help keep up the burden of the trails. We're asking for facilities for growth that's already happened, not for future growth, to help use trails in a safe and respectful manner.

Q. What would you cut from your request, if you had to? A. Capital. Operations and maintenance are typically funded 100% by public dollars in similar organizations. Our data says the community wants parks and trails open for use. Capital would finish a campaign, not start one. Trailheads being done at same times save expense, by doing similar projects at the same time.

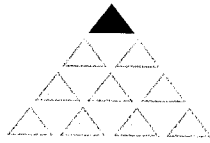
Q. Are any easements still needed to be worked out for Ousel? A. We need a plan in place before we can finalize the easements. One easement is already on a landowner's property for the parking lot. Long term we would have a bus stop there to lessen the burden on the parking lot.

Q. How much of both projects is paving? A. We will prioritize paving Ousel over Beehive. I have a detailed cost breakdown I can provide.

Q. Are you working on a skating and hockey facility? A. We didn't ask for funds for that project. Our study said we need more recreational facilities.

Q. Where did hockey rank in priorities? A. We have a hockey rink, but we need a permanent site. We should have one big plan for recreational sites. We have a few sites in mind, and we need more indoor recreational locations where hockey could be long term. We'll be finalizing the plan over the next year.





# RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. But where does hockey rank? A. I will send you the results. Trail expansion and indoor recreation were first and second.

### 13. Big Sky Discovery Academy – Nettie Breuner and Sarah Tilt

Q. The Board has previously had concerns about funding schools, Attorney Griffing can you clarify? A. Attorney Griffing stated when she looked at it, she found an Attorney General opinion, stating the limit on appropriations for education does not limit expenditures by local governments, so it doesn't necessarily preclude the Discovery Academy from receiving local funds. However, we do need strict accountability of funds.

Q. What is your school schedule? A. We align with the public school year. We have extended programming, holiday offerings, four little explorer summer camps - open to all 3-5 year old's, not just enrolled students. Some parents use both Morningstar (MLC) and Discovery (DA).

Q. Is the scholarship program just for the school year, for year-round enrollees? Can you define the early childhood assistance fund? A. The fund specifically targets 3-5-year old's in preschool and is a school year program.

Q. How many kids will be supported for how many days, for that amount? A. Our target is 28 families being enrolled in the school year program. If we provide access to 50% of those families, it will be an average of up to 30% tuition offset.

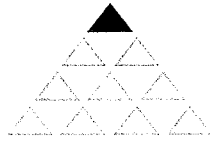
Q. How much is the average subsidy per day per child? A. 30% of \$900 per month (\$270) for three days a week, 30% of 1,050 for five days (\$315), 30% of 1,250 for 10 full days (\$375). Our daily target enrollment is 20 students per day, if we hit that five days a week it's about 28 families. The cost per day is about \$6.11 an hour for a student at MLC, and \$8.70 per hour for DA. We provide lunch and snacks daily. There are differences between what we each offer.

Q. What are the main differences in a day between the two schools? A. I defer to Sarah Blechta for MLC, who was previously on the MLC board. Our focus is on teaching social emotional and academic development in a specific way founded in Montessori principles, engaging kids in their own learning, and letting them make choices. It's foundational learning.

Q. What is your capacity? A. It's based on the quality of our program. We had more students last year, but 20 students are ideal for our current space. Just because we're an educationally focused childcare program, doesn't mean we shouldn't be accessible despite costs, for the well-being of the community. We're trying to be considerate of scholarship dollars, and the application process is very comprehensive.

Q. Will you explain the financial approval process? A. We use the School and Student Services (SSS) process. It's a third-party reviewer that factors in the local cost of living. We're given a recommendation for the family scholarship amount.

Q. How many do you anticipate will need aid? A. In preschool, 50% of our families will hopefully get some type of aid.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. Who attends your community programs, kids from Ophir or your students? A. Over 95% are not enrolled at DA.

Q. How many people attend your English as a Second Language (ESL) programs? A. Last summer seven adults and seven children, it was the same in the fall. We won't offer a youth program this summer because the instructor is not available, and we're also taking into consideration other community programs being offered.

Q. If you get the funding, how much of the scholarships would also be covered by donations? A. Our BSRAD request covers most of it. We have a program where some families pay extra to help other families who can't afford full cost.

Q. You raised a large amount through GiveBig Gallatin Valley, what will those funds go towards? A. Most of the \$80,620 is a targeted donation for our regular school program.

Q. What would you cut, if you had to? A. We tried to focus on the greater community needs and working parents, to help fill the soft needs of community. Our remodel is very important, but scholarships are important too.

### 14. Gallatin Invasive Species Alliance – Jennifer Mohler and John Councilman

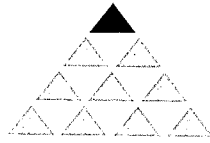
Q. Can people be fined for not handling invasive species (weeds) on their property? A. It's illegal to allow noxious weeds, but there isn't a good tool to deal with it. You can turn in your neighbor, but it can't be anonymous. The complaint is reviewed by the county attorney, there are a series of notifications, and finally a lien is placed on the property. The process is highly ineffective, so it's bad timing for successfully tackling weeds.

Q. Why don't the counties fund your organization more? A. No one wants to pay for weeds on private lands. The county considers Big Sky a very rich area, and they think the community members can afford to pay for their own weeds. I'm less than half time, so I'm having a hard time being able to pursue grants.

Q. On your progress report, your 2017 numbers seem low? A. It's about people asking me to come to their property, it's only upon request. Outreach is continued, and there are new properties and new owners all the time, but I must be invited.

Q. How much acreage is getting sprayed because of your efforts? A. We educate and give tools, but I can't always follow up with landowners, there may be follow-up visits, but I don't have those numbers.

Q. You're asking for \$91,000, but it sounds like, based on your calculations, we could spray 1,134 acres with your request amount. Should we just spray the trails instead of funding your request? A. Unless you own the land, you can't spray it. You'd have to get permission. Spraying isn't always the only tool either, some owners don't want to spray. Madison County has a cost share program of over \$100,000. Cost share is also a public relations tool. \$90,000 isn't going to get you the number of acres sprayed that you need, and there are a lot more costs involved with coordination. The return of our program is good, and we've matched every dollar from you with \$1.44 in-kind. There are holes in our program, but at less than part time there's only so much I can do.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. Is anybody thinking of requiring weed mitigation at construction sites? A. I don't disagree with that idea. A state law is tough to do, and there's not much interest. Have discussed it with HOA's. Usually they're concerned about landscaping plans. Invasive species impact water quality too.

Q. If you had to cut something from your request, what would it be? A. We're asking for a sizeable increase, and I haven't been able to meet with all possible partners because of my half time status and lack of funding. I can't execute to a high level. Invasive species aren't an easy fix. We're asking for an ounce now, versus a ton later. If I had to I'd just cut a percentage of the whole request across the board.

Q. Farmers markets are time consuming, would your time/money be better spent on a postcard mailer? A. The farmers market is one of the best ways to connect with landowners. It's been proven. I don't have an office, but the market gives me office hours. I pack other tasks around it, to make it more efficient.

Q. You have \$37,230 budgeted for grants and such, will you be able to get more of those grants? How much have you received in grants this year? A. We received \$4,000 from the Gallatin Conservation District, to treat weeds on public lands and trails. Also \$1,000 from the Gallatin River Task Force (GRTF). We're still waiting to hear on others.

Q. What will you cut if you don't get the \$37,000? A. Fewer weeds will be treated on public lands, and we'll have fewer trailhead signs. Six will be installed this year on BSCO trails. Our kids weed kits won't happen.

Q. Are there any other donors interested in paying your salary? A. Our top donor last year was a 24 year old kid who worked through Montana Conservation Core. His family foundation donated but it won't be repeated this year due to a family issue. In Give Big Gallatin Valley we made 140% of our goal (\$1,520). We've tried to do fundraising events, but the door has been closed on us. We've gone to other agencies, put out grants, but none have been received. We don't get the love. We need to be proactive.

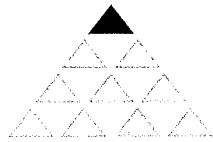
### 15. Gallatin River Task Force – Kristin Gardner

Kristin passed out an updated budget with changes to page 22 of the application.

Q. What are the changes to your budget? A. The changes are related to a restoration project at Deer Creek that will start in fall 2019. \$300,000 of net income will go towards this project.

Q. How are you preparing yourself for the staffing changes? A. It's been a lot of work on my behalf, in areas where I'm not an expert, so we've hired consultants. We weren't employees until last year, so there is a lot of administrative work now. We'll be hiring a full-time director, if possible, so I can focus on water management.

Q. Will you still use outside people after hiring the director? A. We won't use consultants after July, the director will work with the part time director.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. Will funding for the director's salary be an annual request? Usually 30% of budget or less should go to hiring a fundraiser, will the person pay for themselves with donations next year? A. We're not asking for resort tax funds for the director salary. In a year or two the director will hopefully be paying for themselves. A 10 to 1 fundraising to salary ratio is the goal, but that's probably ambitious.

Q. \$175,000 is requested for the Big Sky Sustainable Watershed Stewardship plan. The counties were major funders along with BSRAD, will there be another ask to the counties? A. There will be another request to Madison county but not for the Watershed Plan. I was advised not to put in a request to Gallatin County.

Q. Why were you asked not to request funds from Gallatin County? A. Gallatin County is more interested in funding infrastructure projects. The short-term action items for the plan are starred on the updated budget.

Q. Are rafting companies contributing to water access projects? A. Yes; Geyser Whitewater has contributed, but not Montana Whitewater, though not for a lack of trying.

Q. For the Headwaters Alliance coordinator there's a \$90,000 fee as part of your request, are there any other sources to pull this together? A. I have other requests out and I may know more by June 18.

Q. You have a new structure with six committees, how are the committees funded outside of the two you're a part of? A. We're trying to develop a long-term source with the Nature Conservancy called The Water Fund where users pay a fee. Other organizations have signed up to help with expenses.

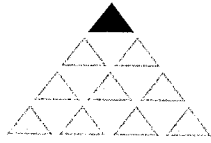
Q. Is it possible to engage the Big Sky Water and Sewer district as a partner because of shared needs and urgency? A. Ron Edwards seems to prefer to do things in house, but we do talk a lot about future plans.

Q. What would you cut if your request was reduced? A. I'd reduce by a certain amount and we can figure out in-house how to divvy that amount, but we wouldn't cut staffing.

Q. We have a plan to make a plan, but infrastructure will be needed, what is the ballpark cost? A. I don't know now. We will have a much better idea after next year. Some of the partner entities will take on some of the infrastructure with their own operational budgets. We're not just asking for planning money, we're taking on action items in the plan this year. The Water Sewer District will finish their plan in late summer or early fall.

Q. What is the Gallatin River Forever campaign? A. It started over a year ago, we've received commitments of \$307,000. Some are 3-5-year pledges. We would like to go public with the campaign at the Fly Fishing Festival this year. The funds go towards river access projects among other things.

Q. For the part time director is the salary included in resort tax funds or not? A. We dipped into our reserves more this year, so we are asking for more funds in that area this year.



## RESORTTAX

— BUILDING BIG SKY SINCE 1992 —

### 16. The Montana Land Reliance – Jessie Wiese

Q. This is your third funding cycle, what progress have you made on your goals? A. Last month I completed a 1,444 acres easement near the southern BSRAD boundary. It's an infant easement that was a six-year process.

Q. How many acres in the works? A. Approximately 700. At least five landowners with 150-2000 acres have shown interest.

Q. How do we bring conservation to the forefront? A. That's what I'm here to do. By attending meetings, presenting, reaching out, cold calling, there is a lot of education needed. 70% of species live on private lands throughout the year.

### 17. Wildlife Conservation Society (WCS) Bear Smart Big Sky (BSBS) – Kris Inman, Ben Holst, and Cailin Ross

Q. The Bear Smart Big Sky (BSBS) initiative is a rare success, and in a short period of time compliance is up to 70% of Big Sky, what about the remaining 30%? A. We're trying to get the other 30% with this funding request. People like things to be aesthetically pleasing, and we've struggled to get to the next hurdle of 90%. We have a certification and rating process and are trying to raise awareness with education.

Q. How much of your budget is from BSRAD? A. With \$146,000 total cost, a little over half would be BSRAD funds.

Q. Who pays the rest? A. It come from grants, including one from YCCF and others that are ongoing.

Q. What percentage of work is done with HOA's? A. 100%.

Q. What do they contribute? A. In-kind time through representatives on committees. They've made commitments, but haven't contributed dollars.

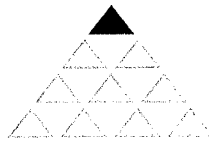
Q. What will you lose if you don't get funded? A. My time. Reduced time in Big Sky working to integrate HOA's and to bring BSBS to fruition.

Q. What is the WCS role if they don't contribute any capital? A. They're a nonprofit, so they don't have capital to give. It's a quiet, non-advocacy group, without any campaigns, or litigation. They help to implement science.

Q. Have you tracked how many times bears are causing trouble? What does it show? A. When we began in 2013, there were many conflicts here. Before 1995 nuisance bears could be killed. Now bear specialists are needed. From 1995-2013 conflict rates tripled. Last year, eight homes and six cars were broken into and one bear entered a lodge.

Q. Can we get the year over year data on relocations? A. Yes. Kevin Frey of MT FWP is very excited about BSBS

Q. Can you send us the maps that show changes in compliant areas over the years? A. Yes.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. Is the Big Sky Owners Association (BSOA) involved? A. Yes.

Q. Which neighborhoods are not participating? A. Mostly those in the canyon.

Q. Which component is more important in your funding? A. Bears are most important, regarding the human safety aspect.

### ***18. Morningstar Learning Center – Infant Center Capital Project Rollover – Stephanie Byam, Lori Van Eps, and Elex McAlear***

Q. Will the exterior work be completed before July 15, or will you need the rollover? A. We should know by the end of this week.

### ***19. Morningstar Learning Center – Tuition Reduction Application – Stephanie Byam, Lori Van Eps, Jennifer O’Connor and Elex McAlear***

Q. Do you have a waitlist? A. Yes, for about 25 families. Mostly for infants but some older children, 75% are probably infants.

Q. Are you anticipating running out of funds this year? A. Yes, we’ll be about \$4,500 short. Morningstar will float that money.

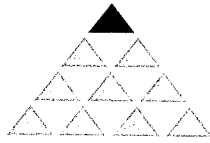
Q. Can you do more of a need-based scholarship program? A. We do both. We also try to get grants based on need. The \$10 per child per day makes it simple and fair.

Q. Not everyone needs the help though, is the money going where it needs to be? A. The \$10 discount was per BSRAD’s request in the past. BSRAD stated it needed to be fair across the board to be for the benefit of the whole community.

Attorney Griffing stated the reason is due to the public purpose aspect of resort tax law. BSRAD can give grants for services, but not direct cash to any individuals. The need-based idea starts to look like grants to individuals, and Attorney Jamison figured the \$10 per child was the only way BSRAD could do it at that time. The service provided is critical to workers in the community. Mr. Germain stated we want funds going towards those who need the help.

Q. What is the cost of a comparable service in Bozeman? Can you find a place with similar hours, or break the cost down hourly? A. Yes.

Attorney Griffing stated both Mr. Germain and Mr. Johnson have public purpose concerns. Hopefully we can address these in the next two weeks. If the Board puts the purpose on the record, that’s important.



# RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. Are we overreaching to the MLC Board by guiding their programming?

Attorney Griffing stated while we can't guide them, we can put conditions on appropriation, so the Board is assured the benefit is a public purpose.

Q. Last year your request was \$90,000, this year it increased by 26%, why? A. Enrollment has nearly doubled. Our average for this year is 866 per month and we've enrolled an additional 20 infants.

## 20. Big Sky Skating and Hockey – Ryan Blechta, Jeff Trulen, and Steve DiTullio

Q. Why are you not affiliated or connected with BSCO? A. We wouldn't be eligible for certain grants. We've worked with Ciara recently, and if the permanent rink moves forward we hope to join with them.

Q. Your argument is donations are lacking due to the lack of a permanent facility, are you putting the cart before the horse with the refrigeration system before the facility? A. I wish we had an answer. We're building momentum with BSCO, and having a plan in place, we hope to know the site within a month. The system is portable, and BSRAD participation would help motivate other donors.

Q. You can buy ground for a facility, but it's not a sure deal, is that a hinderance that will continue? A. We have options already in place once the location is secured.

Q. You're asking for a step up in the funding amount on our side but not yours? A. Yes that's the maximum we think we can raise.

Q. Is it realistic to say without the capital costs the annual ask will stay less than \$50,000? A. We don't know the energy costs of the facility yet, but it shouldn't be too much more, though we're not sure, and we want to join with BSCO for help with those costs. We're just trying to get it up and going this year.

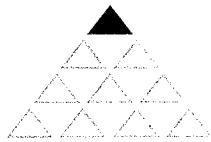
Q. How much time will it add to the season? A. The season could go from mid-November to mid-April, doubling the season from 2.5 to 5 months.

Q. How many kids participated in hockey this year versus last year, and how many in broomball? A. 40 kids in hockey, 64 in curling league, 100 in learn and curl, 48 in broom ball, and drop-in hockey was up 20%.

Q. Are you charging for curling and broom ball? A. Broom ball is \$20 per person, curling is \$200 per team, learn to curl is \$15 per person.

Q. What percentage of your operations expense are we paying? A. 50%. The rest is from user fees and donations.

Q. You're asking for \$15,000 for a Zamboni replacement? A. We've already acquired the other \$15,000 for a total of \$30,000.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. Should the amount from BSRAD for the refrigeration system be integrated with installation in a location? You should have a plan first. A. Ok. We also maintain the option for seasonal rink at the Town Center, but this year 50% of our events were canceled due to weather/temperature fluctuation.

### 21. Big Sky Post Office – Al Malinowski

Q. You have a 40% increase year-over-year, why? A. In July we can request funds from USPS, but we can only ask every two years, but the response takes three months, so the timing was off.

Q. If we fund your full ask, will the request will be reduced if the rate you receive from USPS is lower? A. Yes.

Q. What's the current wait time for a PO box? A. We have 35 boxes available to the public right now. The online reservation system has been down since October, so the process is less convenient, but we still have some available.

Q. Is this normal? A. We've had availability through the winter. Having the general delivery option also helps.

Q. What is your capacity for growth? A. We doubled our capacity with parcel lockers. The staff processed things very quickly over Christmas.

### 22. Madison Conservation District (Jack Creek Watershed Monitoring) – Ethan Kunard

Q. Your request is very straightforward and you're very efficient with the funds. A. Thank you.

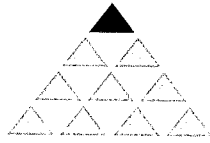
### 23. Big Sky Community Housing Trust – Tim Kent, Heather Grenier, and Brian Guyer

Q. What is the status of the Meadowview parcel? A. A Meadowview letter of intent is in the final draft process, and a buy sell contract will be executed in the coming days.

Q. Can you give us the particulars? A. We're engaged in conversations with the Meadowview developers, Al Malinowski, Jerry Scott, and Brian Wheeler. The letter of intent will be signed by June 18<sup>th</sup>. HRDC will purchase the land for 2 million, assume the contracts, and move into construction. The project will contain 52 units., 40 2-bedroom duplexes and 12 studio apartments. Our target is 80% of Area Median Income (AMI) with a cap of 120% AMI. We'll seek buyers who've been in Gallatin or Madison county at least 12 months, employed within the BSRAD at least 360 hours per year, and have two years of employment in same industry, with this being their primary residence. We'll also ask buyers to attend a HRDC first time homebuyer class. The minimum income is \$65,000 and up to \$97,400. Our information is much more specific now. The action plan will be presented next week for the Board with an additional public meeting in the evening. The presentation will provide background, needs, and strategy for the plan moving forward.

Q. Will there be deed restrictions and covenants? We want to make sure the units remain workforce housing. A. Yes. We will limit the amount of capital appreciation, keeping it within an affordable range, and not allowing changes to the purpose of the property. It will be administered by the Housing Trust and Land Trust. Other limits remain in effect after





# RESORTTAX

— BUILDING BIG SKY SINCE 1992 —

approval, with a target 2% per year appreciation. No short-term rentals will be allowed. Financing will offer a range of options, certified by FHA – we will strive for lower down payment programs. A portfolio product will be offered also, it has a higher rate but will be an option for those who don't qualify for FHA.

Q. Attorney Griffing, does this ask fit with the original intent of the application?

Attorney Griffing stated she puts it back to the Board, but the original application was very broad, and now it's very specific. It was a half application, and missing financials.

Q. Is there a way to give us a budget for the actual projects? A. The total cost for Meadowview is 13.7 million.

Q. You're answering questions we would've asked, but the project is moving faster now? A. We're still negotiating, but we turned in the application because there was a deadline, so we're trying to give as much detail as possible today. By the 18th should have even more. The 2-bedroom units will be approximately 1000 square feet, the studios will be 310 square feet for the studio apartments. The infrastructure will wrap around Little Coyote behind the ball fields. It will be done in phases. There will be a deficit of about 2.5 million, but revenue will amount to about 4.4 million with bank financing covering 5.2 million at 5%. BSRAD funding will be 1.75 million for Phase 1. We're reducing our request to 1.75 million for capital. The goal is to break even, and leverage BSRAD funds.

Q. Can we get a full packet of all the information? A. Yes.

Q. Is the project comprised of only affordable housing? A. Yes. We have the option to make some units market rate, but it doesn't change the cost.

Q. When will fundraising start? A. It has already commenced. We have funding from a national organization, YCCF, and more in the works.

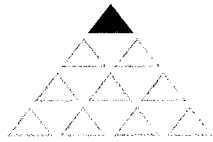
Q. Can we get a budget? The HRDC organizational budget isn't helpful. A. We're seeking a more elegant response.

Q. The additional staff member would be in addition to Brian? A. Yes.

Q. What would the responsibilities be for the staff member? A. The housing study brought up the need for full time work on the housing trust. Ideally, they'll have a planning background with architectural knowledge.

Q. Is there a backlog of buyers based on demand and qualifications? A. We have many interested parties, 20+ from the developers, the first-time homebuyers classes have also generated at least 20.

Q. Is the appraisal completed? A. It's in progress. The appraisal is a key component. HRDC can't pay more than appraised value. We're still in the process of due diligence, reviewing contracts, looking at multiple bids. The lowest cost, most qualified individuals will be hired. We have a lot of work left to do, but the basic structure is in place and we need to take advantage.



# RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. What is the break down for the short-term rental mitigation component? A. It amounts to Brian and the other staff member's time. 400 residents have been displaced by short term rental conversions. We'd provide outreach to HOA's to change CC &R's and limit or prohibit short-term rentals, as well as targeting zoning changes.

Q. Have you talked to HOA's about interest levels? A. We have opportunities to partner with others at the local and state level.

Q. Are you targeting certain neighborhoods? A. Yes.

Q. You're asking for staffing for one full time employee (FTE), where will they be based? A. Hopefully at an office in the Big Sky Food Bank.

Q. You have four buckets as part of your request, what should we cut? A. The units must be number one. Number two is the FTE.

Q. How would the down payment assistance operate? A. The current fund has revolving funds and generates interest. It would help fund the housing trust and would be a second mortgage on the participant's home. The down payment assistance component is separate from the Meadowview project. We're creating a separate pool for down payment assistance, it's not attached to Meadowview specifically, and we have some grant funding already. It's for anyone in who fits the requirements.

Q. Will you lose the match for the \$100,000 if we don't fund it? A. If we don't find other sources.

Q. Mitigating short-term rentals is difficult, yes? A. It may be geared more for future developments, and zoning properly.

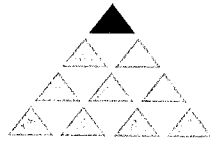
Q. Could the FTE do that work? A. Yes, and we've also secured an intern.

Q. Timing on real estate deals is a challenge, and we're missing a lot of details that could've been given. We're working with public funds, and we want to do the right thing, but we wish you would've given it more thought. A. We apologize that we got the numbers so late.

Q. It's easier to move forward with a specific project than just the land banking in the original application. Affordable housing has been talked about since 1992 when resort tax began. Hopefully we can work together with you to make this happen. A. Thank you.

Attorney Griffing stated her obligation will be a legal review on the project, since she couldn't do a full review with the original submission.

**24. Big Sky Community Food Bank – Sarah Gaither and Marjorie Hennessey**



## RESORTTAX

— BUILDING BIG SKY SINCE 1992 —

Q. Your new client household numbers are high, is that crazy growth? Is it replacing households that left the community? A. The numbers can be replicated year after year. It represents seasonal employees with limited hours, who may come only at the beginning and/or end of the season. The numbers are similar annually.

Q. What is the best metric to show the increased need? A. Number of food boxes. The food box is the package they shop for and go home with. The amount of food will vary, but it's recorded by box. We had an 8% increase from last winter to this winter. Only one visit is allowed per month.

Q. How many visitors are non-seasonal, versus living here seasonally. A. 50%.

Q. How many hours are you open weekly? A. Eight hours two days a week. Sarah works 20 hours weekly. We're busier in evenings after 5:00, but many families utilize the early hours. A third evening would be helpful.

Q. Do you have resources for a third evening now? A. No. We have a small reserve fund we could utilize, and also use many volunteers.

### **25. Women In Action – Jennifer O'Connor and Jean Behr, new Executive Director**

Q. Your request is specifically for the mental health and substance abuse counseling programs? A. Yes.

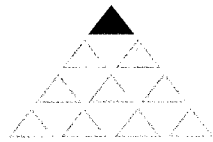
Q. Have you considered a collaboration with Yellowstone Wellness or Santosha? A. Yes. Our mission is enhancing the lives of families and children, but we've stepped in to fill the community need for mental health counseling. The program has developed due to need, but it's not the original purpose of Women in Action (WIA). We've already cut our budget as much as possible, and we're not meeting the needs of the community. We need board development. We have a new full-time executive director, and Jennifer will still be a contributing volunteer. Other ski communities have dedicated mental health facilities. We're building a platform and we'll welcome any partners. We don't want to do it all on our own.

Q. What about a collaboration with Bozeman Health? A. We've been waiting to see what the hospital is going to do. YCCF is a big supporter of the platform. Bozeman health has started a program with United Way, Elevating Mental Health. We were included in that. The hospital is bringing people together, but they're not doing the programs themselves. WIA wants to focus on kids and families in Big Sky.

### **26. Gallatin County 911 – Jim Anderson and Marjean Penny**

Q. Gallatin County has been going through 911 upgrades for how long? A. It's been a 20-year issue. We hired Marjean two years ago to focus on upgrades. She's focused on Bozeman, but we need to address rest of county.

Q. Elsewhere in the county, who pays for the upgrades? A. Nine mills came from Gallatin county. We're not fully covering operations. There's state funding as well. Minimal funds are left for capital. The county has taken out loans. The county loaned us \$500,000 and the city put up one million.



## RESORT TAX

— BUILDING BIG SKY SINCE 1992 —

Q. How do we participate with the county like other jurisdictions? Why isn't any county funding included in your proposal? A. We applied for a grant from Homeland Security, but we didn't get it. The radio issue is very serious here, and we will continue to push the interests forward.

Q. Could BSRAD do a 60/40 split with the county? Why should BSRAD pay 100%? A. We're taking it one bite at a time and this is our starting point. Upgrade for the entire county are estimated at 26 million. We have an opportunity to push forward by asking BSRAD for funds. Phase two is the valley.

Q. Could you get \$500,000 from the county if we match it? A. Yes, but they'd probably put phase two ahead of this project.

Q. If this benefits the fire department and the sheriff's department, Madison county could also benefit from the upgrade. Could BSRAD, Gallatin, and Madison counties each pay a third of the cost? A. We don't ask BSRAD for money for operations. Madison county doesn't contribute a dime to operations.

Q. Residents of Big Sky who own property in Gallatin County are paying nine mills for 911, so Big Sky residents are actually paying for 911 elsewhere in the county, correct? A. Yes.

Q. Less than 20% of taxes paid here to Gallatin County don't come back to us. Madison county is different, much more is kept. A. Commissioner Hart recognizes need for some funding from Madison county.

Q. If you're negotiating for other parts of the county, can you do the same and work with us? One million is a lot of money when we're 2.5 million short. A. We'd be interested in working with you. The nine mills pay for operations, not capital projects. This request is an attempt to address needs sooner than later.

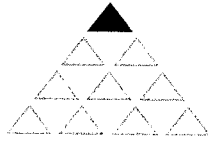
Q. Are there radio challenges in Madison county other than big sky? A. No, they have good communications and are not interested in the upgrade.

Q. Do you also have data to show the locations of calls? A. Yes, we can see what we can do.

Q. Your Homeland Security grant was denied? A. Yes. The FEMA grant is just the fire department. Half of our ask is for users, who are the fire department and sheriff.

Q. How long would it take to implement? A. The engineering and planning would happen this year, with installation the following spring.

Q. What would the number spent this year be versus next year? A. We can get you those numbers. We might be able to do the engineering this year and equipment next fiscal year.



# RESORTTAX

— BUILDING BIG SKY SINCE 1992 —

Q. Follow up will be needed with the county commissioners, since they've already left the meeting. We'll need to see the cash flow for the project. A. We'll work on that.

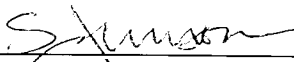
**E. Public Comment:**

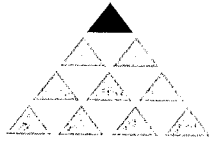
Britt Ide, she thanked the Board for all their time spent. She thanks Attorney Griffing for looking at the requests carefully and finding ways to make things work. She supports the Gallatin Invasive Species Alliance, and YCCF approved a grant for GISA also, as well as a grant to the Housing Trust down payment assistance program. The down payment assistance program can start right away, while the units at Meadowview won't be built for a while.

Jeff Trulen, he spends 15-20 hours of his own time on the skating rink operations and it gets harder every year. He and the others are very serious about the project.

Chairperson Jamey Kabisch closed the open meeting at 7:18 p.m.

Respectfully Submitted,

  
\_\_\_\_\_  
Steve Johnson, Secretary



**RESORTTAX**  
— BUILDING BIG SKY SINCE 1992 —

**FINAL MINUTES OF THE FINAL APPROPRIATIONS  
OPEN BOARD MEETING**

June 18, 2018

Present: Jamey Kabisch, Chairperson  
Kevin Germain, Vice Chairperson  
Steve Johnson, Secretary  
Sarah Blechta, Treasurer

Mike Scholz, Director  
Betsy Griffing, Attorney  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Chairperson Jamey Kabisch called the open meeting to order at 6:01 p.m.

Attendance seemed to be near 40 with a visual head count. The meeting was streamed on Facebook Live by Explore Big Sky.

**I. Open Meeting**

- A. **General Announcements:** Chairperson Jamey Kabisch – Mr. Kabisch opened the meeting and introduced the board members, attorney, and administrative and operations officers.

Motions may be made and, if seconded, opened for discussion. Then the board will vote on the motion. Motions will not go in any particular order, but the board may elect to revisit a motion. An entity may be fully funded, but funding could be reduced in a future motion. For each motion, public comment will be allowed, but will be limited to two minutes. Mr. Kabisch stated the Board is hoping to make better decisions with the help of public comment on each motion. At the end of the meeting, a motion will be made that accepts all previous motions and closes the slate.

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. If you are on a board, we assume you support it. We've read all letters of support that were submitted.

**B. Public Comment**

Eric Ladd, owner of Outlaw Partners and L & K Real Estate. Thank you to the Board for their service. 2017-2018 is a tipping point for Big Sky, and it will be looked back upon as the year Big Sky was discovered. I'm speaking for those that don't have a voice in the community, to protect the water, land, and animals. Our treasures, the rivers, and open lands are under siege right now. Without these things we have nothing to even create a brochure. Now it the time. When we look back in 10 years we still want to have this amazing legacy.

Klaudia Kosiak, piano teacher and owner of High Altitude Property Management, longtime Big Sky resident. With her personal and professional experience, supporting the arts helps the community through exposure to culture. Having experiences like hearing Hiromi play or watching the James Sewell Ballet Company are unforgettable. Please support Warren Miller Performing Arts Center (WMPAC).

- C. **Determine Funds Available** – Mr. Kabisch stated the Skating and Hockey Association (BSSHA) will be requesting \$94,000 less than the amount originally requested, for a new total of \$280,571. He reviewed the funds available handout. The board has \$8,734,207 available for appropriation and \$8,742,206 in requests.

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 projects from the water solutions forum and affordable housing. Mr. Kabisch explained funds cannot be designated for future use.

E. **Appropriation of Funds**

1) Motion by Mr. Johnson to appropriate \$73,500 to the Library. Second by Ms. Blechta.  
All in favor.  
Motion passed.

2) Motion by Mr. Germain to set aside \$1,300,000 of the fiscal year 2018 resort tax funds into the sinking fund.  
Second by Mr. Scholz.  
Discussion: Ms. Blechta stated there should be a little more in the sinking fund, but it’s a good place to start. Mr. Germain stated the current sinking fund is over two million, and it has served the community well. Mr. Scholz stated he had a lower number in mind, but he’s comfortable to move on with that number for now. Mr. Johnson stated the Board should remain conscious of putting the money to work for the community, rather than having it sitting in a pile.  
All in favor.  
Motion passed.

3) Motion by Mr. Johnson to appropriate \$25,000 to the Snowmobile Association.  
Second by Mr. Germain.  
All in favor.  
Motion passed.

4) Motion by Mr. Scholz to appropriate \$2,000,000 to the Community Housing Trust with the following conditions.

- 1) Three-year funding timeline for the capital project.
- 2) The land bank fund will be held in the Resort Tax account but available to the Housing Trust/HRDC.
- 3) Project approval will be conditional upon meeting criteria that is yet to be formulated but will be formulated by a committee of the Housing Trust and Resort Tax Board, including qualifications for buyers, deed restrictions, and responsibilities of the land trust.
- 4) Professional consulting from Wendy Sullivan and/or Christine Walker.
- 5) Funding is not tied directly to any specific project.
- 6) \$95,000 for the manager of the trust that can be used for the consultants until the manager is hired and to guide the hiring search.
- 7) \$100,000 for the down payment assistance with criteria that needs to be set with final approval by the Resort Tax Board.

Second by Mr. Germain.

Discussion: Mr. Kabisch stated, to clarify, the funding will be in three parts. \$2,000,000 to land banking, which the Housing Trust will work with the Resort Tax Board and the consultants to formulate criteria for deed restrictions and responsibilities of the land trust. This Board will have to approve what the Housing Trust presents. Mr. Kabisch asked if the Resort Tax Board would have to agree to terms before any funds are released. Mr. Scholz stated yes. Mr. Johnson stated those amounts are different than what’s on the application, and the new requested amount is \$1,985,000. Mr. Scholz stated if the Board is only funding one project, we’re tying ourselves down, and it would be nice to have funds leftover for another project as well. He stated he’s trying to set the Meadowview project aside, because it may not work, but the Board needs to move forward with funding a project. Mr. Johnson stated they submitted a revised application for a different amount.

*Mr. Scholz amended his motion to the same numbers in the application, \$1,750,000 for land banking, \$95,000 for the staff member and consultants, and \$100,000 for down payment assistance, for a total appropriation of \$1,945,000. Mr. Germain seconded the amended motion.*

Ms. Blechta clarified the new amount and stated the total is lacking the \$40,000 requested for short term rental mitigation. Mr. Kabisch asked what the impact of \$40,000 would be to help mitigate short term rentals. Mr. Germain stated the effort is worthwhile, and many HOAs may be interested because residents do not like having everchanging neighbors due to vacation rental units. Mr. Johnson stated it's a very urgent need and the loss has been tremendous in long term rentals. Ms. Blechta asked for clarification on the three-year commitment. Mr. Scholz stated if the Housing Trust will be hiring someone and we don't end up with a project that qualifies on the criteria in one year, it would be tough to start over. He stated with a three-year commitment we wouldn't have to renew it each year if the project doesn't work, the funds would stay in the bank if not used, eliminating any risk. He stated he's hoping it's used in less than three years, but three years will give the likelihood of any project a fair chance.

All in favor.

Motion passed.

- 5) Motion by Mr. Kabisch to appropriate \$693,986 to the Big Sky Community Organization.

Second by Mr. Scholz.

Discussion: Mr. Germain stated he had a different amount in mind and would fund everything but the Ousel Falls parking area improvements, for a reduction of \$100,000. He stated they have more planning to do, but the current situation is much better than the parking at Beehive Basin. Mr. Johnson stated he supports funding 100% of the request. Mr. Scholz agreed and stated what they do for the community is exceptional, and their fundraising ability is extraordinary. He stated visiting Ousel Falls in the summertime, parking can be tough. Ms. Blechta stated Big Sky cares about parks and trails, and the level of fundraising shows the community support.

In favor: Mr. Kabisch, Mr. Scholz, Mr. Johnson, and Ms. Blechta

Opposed: Mr. Germain

Motion passed.

- 6) Motion by Ms. Blechta to appropriate \$113,450 to Morningstar Tuition.

Second by Mr. Johnson.

All in favor.

Motion Passed.

- 7) Motion by Mr. Johnson to appropriate \$32,000 to the Food Bank.

Second by Ms. Blechta.

All in favor.

Motion passed.

- 8) Motion by Mr. Germain to appropriate \$60,000 to Women in Action.

Second by Mr. Johnson.

All in favor.

Motion passed.

- 9) Motion by Mr. Johnson to appropriate \$60,500 to the Post Office.

Second by Ms. Blechta.

All in favor.

Motion passed.

- 10) Motion by Mr. Kabisch to appropriate \$89,665 to the Rollover Morningstar: Infant Building Capital Project.

Second by Ms. Blechta.

All in favor.

Motion passed.



- 11) Motion by Mr. Germain to appropriate \$700,000 to the Transportation District.  
Second by Mr. Scholz.  
All in favor.  
Motion passed.
- 12) Motion by Ms. Blechta to appropriate \$205,326 to the Warren Miller Performing Arts Center (WMPAC).  
Second by Mr. Germain.  
Discussion: Mr. Kabisch stated \$199,899 was the amount with the communications reduction.  
Ms. Blechta amended her motion to appropriate \$199,899 to WMPAC.  
Mr. Germain seconded the amended motion.  
All in favor.  
Motion passed.
- 13) Motion by Mr. Germain to appropriate \$5,000 to the Trails Recreation and Parks District.  
Second by Ms. Blechta.  
Discussion: Mr. Johnson recused himself from the vote because he is on the Trails Recreation and Parks District Board. Mr. Kabisch explained that Mr. Johnson does not need to recuse himself because he receives no financial gain from the entity.  
All in favor.  
Motion passed.
- 14) Motion by Mr. Scholz to appropriate \$25,000 to Search and Rescue.  
Second by Mr. Johnson.  
All in favor.  
Motion passed.
- 15) Motion by Mr. Johnson to appropriate \$14,851 to the Montana Land Reliance.  
Second by Mr. Germain.  
Discussion: Mr. Scholz stated they've done excellent work in the past year with the number of acres put under easement this year.  
All in favor.  
Motion passed.
- 16) Motion by Mr. Germain to appropriate \$3,500 to the Madison Conservation District.  
Second by Mr. Johnson.  
All in favor.  
Motion passed.
- 17) Motion by Ms. Blechta to appropriate \$48,136 to the Wildlife Conservation Society (WCS).  
Second by Mr. Germain.  
Discussion: Ms. Blechta stated the funded amount will be for the Bear Smart Committee, and once that succeeds we can look at funding the certification program for other wildlife. Mr. Scholz stated they work strictly with HOAs, and still have 30% of HOAs out of compliance. He stated it's an HOA issue, and we'd be funding them to do more talking to same people, so the HOAs should take ownership rather funding it with resort tax. Mr. Kabisch concurs with Mr. Scholz. Mr. Germain stated he's impressed with the bear aware efforts, and what's been accomplished without any resort tax funding. Ms. Blechta stated without a WCS person leading the effort, the HOAs will never reach 100% compliance.  
In favor: Ms. Blechta, Mr. Germain, and Mr. Johnson  
Opposed: Mr. Kabisch and Mr. Scholz.  
Motion passed.
- 18) Motion by Mr. Johnson to appropriate \$70,000 to Discovery Academy.  
Second by Ms. Blechta.

Discussion: Mr. Kabisch stated he struggles with the scholarship portion because the focus is trying to make childcare more affordable for the public, but Morningstar is the most affordable. Ms. Blechta stated the two schools offer very different products and some children need something different than what Morningstar offers. She stated maybe at some point the funding for Discovery can be structured like the Morningstar tuition \$10/child/day. She stated some who attend Discovery can afford it and not everyone needs the help, but those at Morningstar do need help. Mr. Johnson stated the two entities are very different private businesses, but both offer choices for community, and childcare is an important workforce issue that the Board should support. Mr. Germain stated he has a different number. He stated choices are great, but it's debatable whether the Board should give public dollars just to give people choices. He stated Morningstar has capacity issues, but he does applaud the scholarship program because it's based on need. He stated he'd like to fund \$52,000 instead. Mr. Scholz stated at Morningstar it's more of a social contract to have a safety net for the workforce, across the board, and the level we're getting into with Discovery moves away from that and towards scholarships to private schools. Ms. Blechta asked what would happen if Morningstar is at capacity. Mr. Scholz stated it seems that Morningstar takes more students in the summer, even some students from Discovery when they're closed in summer. He stated he's not sure capacity is a valid point. Mr. Kabisch stated he'd be open to partially funding the tuition program, but not the renovations. Mr. Johnson stated an \$18,000 difference doesn't seem like a big deal, and Discovery is stepping up for the community. He stated the community needs something like this, so let's see how they do this year with the full funding. Mr. Germain stated \$18,000 is still \$18,000, it's still a lot of money.

In favor: Mr. Johnson and Ms. Blechta.

Opposed: Mr. Germain, Mr. Scholz, and Mr. Kabisch.

**Motion fails.**

- 19) Motion by Mr. Germain to appropriate \$52,000 to the Discovery Academy.

Second by Ms. Blechta.

Discussion: Mr. Scholz stated as a percentage discount the hours are compressed, and if the Board wants to fund them it should be across the board, not just as a percentage of tuition, it should be the same amount of help at each school. Mr. Kabisch stated the scholarship program is actually better because it's more need based, so he disagrees with Mr. Scholz. Attorney Griffing clarified the motion specifically to fund only the tuition assistance. Yes.

In favor: Mr. Germain, Ms. Blechta, and Mr. Johnson.

Opposed: Mr. Kabisch and Mr. Scholz.

Motion passed.

- 20) Motion by Mr. Johnson to appropriate \$286,382 to the Gallatin County Sheriff's Office.

Second by Mr. Germain.

Discussion: Mr. Scholz mentioned the Interlocal Agreement that's in place with the Sheriff's office. Mr. Germain stated providing a county sheriff in Big Sky is the responsibility of the county, and the Interlocal agreement is interesting, especially when the Transportation District isn't receiving any funding from Gallatin County. He stated it's the ultimate obligation of the County to provide a Sheriff. Mr. Scholz stated the community desires a higher level of service than we'd be provided otherwise by the County, and the Interlocal Agreement raises the level of service.

All in favor.

Motion passed.

- 21) Motion by Mr. Germain to appropriate \$807,472 to the Fire Department.

Second by Ms. Blechta.

Discussion: Mr. Germain stated the \$807,472 would be to fund the full request minus the ambulance replacement. Mr. Kabisch stated the ambulance is the one thing that makes the Fire Department money. He stated it's a revenue generating asset. Mr. Johnson stated it's a lifesaver. He stated we basically have three ambulances in Big Sky and during the busiest ski season this past winter, one was constantly having problems. He stated people are going to get hurt here with the level of recreation in Big Sky. Mr. Germain clarified the Department can spend the funds however they choose, but his motion just reduces the total amount. Mr. Scholz stated the Board has been in

negotiations for a Memorandum of Understanding with the Fire Department because they wanted some assurance of funding, and we'll anticipate a 3% increase each year. Both the Resort Tax Board and the Fire Department Board thought the agreement was reasonable. He stated he's comfortable with the full allocation. Mr. Johnson stated their ask of resort tax is less this year than historically and the full amount is entirely feasible. Ms. Blechta stated they're asking for 18% of their revenue, but 60% of their calls come from tourists, so it makes sense for most of their funding come from tourists. She stated she would like to see some savings in the budget though. Mr. Germain stated one of the key purposes of resort tax is to help lower property tax, and that's what this funding is doing.

Public Comment: Chief Farhat stated if you don't fund the ambulance this year, it will be on the application next year. He stated they reduced their request already because they used savings for a vehicle purchase, and they're also refurbishing an ambulance, rather than buying a new one.

All opposed.

**Motion fails.**

- 22) Motion by Mr. Scholz to appropriate \$952,472 to the Fire Department.

Second by Mr. Johnson.

All in favor.

Motion passed.

- 23) Motion by Mr. Johnson to appropriate \$289,872 to Visit Big Sky (VBS).

Second by Mr. Kabisch.

Discussion: Mr. Johnson stated he's proposing a one to one match for the contribution from the state. Ms. Blechta stated people in Colorado aren't happy with how things are going due to the bad winter they had. She stated cutting VBS this much is not in anyone's best interest, and Big Sky needs to be a year-round destination. She stated continuing as a winter-only destination is a scary prospect and we need protection for the future. Mr. Johnson stated there is value in word-of-mouth and because of last winter it will be paid forward, plus our terrain speaks for itself. Mr. Scholz stated funds from the state were derived from the 4% bed tax. He stated it's returned to the Conventior. Visitor Bureau (CVB) to promote businesses who collect the tax. He stated we want to make sure revenue continues, and you can say people will come, but when spending is cut to virtually nothing, which is what you're trying to do, it would be tough for businesses to recover after a bad winter. Mr. Scholz stated we might not lose business after one year, but it will come back to haunt us, I guarantee. Mr. Kabisch stated the VBS request is up 19%, as are our tax collections. He referenced Mr. Ladd's public comment, and stated Big Sky has major infrastructure needs we need to address. With the trends we're seeing right now, we need to take care of our community to have a good place for people to live, and we should look very seriously at cutting down the VBS funding. Mr. Germain stated when he was looking at applications and dollar amounts, he thought it might be better to maintain the amount given last year, rather than funding an increase. He stated the amount on table would be a cut to the bone, and tourism development is a major component of resort tax law. Mr. Germain would like to fund VBS \$640,000. Mr. Johnson stated he's looking for a more balanced partnership in terms of funding, and if we do one-to-one it's all public funding. The business community can step up to the plate to make up the difference. He asked why Resort Tax should contribute so much compared to nothing from private businesses and a minimal amount from the state. Mr. Germain stated VBS does need to do a better job putting private dollars towards marketing and telling the story of how the dollars are being used. Mr. Scholz stated there might not be private dollars contributed; however, there is a contribution from the businesses, because tax is placed on them, whereas no tax is levied on construction or real estate, among other things. To say that they don't contribute is not true. Ms. Blechta stated if we have infrastructure, but we need tourists, there must be a balance, and we need a strong unified message, we are better together, and we need to keep that in mind. Mr. Johnson stated there should be a match from the business community.

Public Comment: David O'Connor, Chamber of Commerce Board Chair, Owner of Buck's T4. Mr. O'Connor is speaking as business owner. As far as one-to-one funding, the bed tax is on hotels/lodging only, so you're saying hotels should bear the burden with the bed tax, not other businesses. He stated I don't write a check to VBS, but I write checks to

other marketing entities. He stated we choke at the cost of a fire truck, but that's the Chief's expertise, and we should leave marketing costs to the experts too.

Candace Strauss, CEO of VBS and the Chamber of Commerce. Ms. Strauss stated the funding percentage we currently get from the state is in jeopardy. A 3% increase on the lodging tax is being proposed once again, and it would put it as one of the highest taxes in the state. As we focus on winter successes, we are looking to emphasize summer and improve summer tourism. Ms. Strauss spoke to Taylor Middleton and he stated overall business is still 70% winter and 30% summer. Many businesses are fighting being in the red for four months out of the year, and 10% occupancy is tough to deal with. We need to flatten out the tremendous peak of the winter. We have some other circumstances also, including West Yellowstone annexing 80 acres of their community. It's possible they could have more lodging there, and if their inventory increases we could be impacted moving forward. She stated the VBS request is up 19% over last year, but historically the asks are pretty flat. They've moved the CVB to VBS, so that was a housekeeping issue and the Chamber is no longer carrying the costs, making it not an apples-to-apples comparison. Mr. Kabisch asked Ms. Strauss to conclude her remarks as she was reaching the time limit. She stated the VBS rent just increased by 50% to \$4,500. Mr. Scholz stated the lost revenue from advertising would cause a lot of economic heartburn to many in this community and we have a responsibility.

In favor: Mr. Kabisch and Mr. Johnson.

Opposed: Mr. Germain, Mr. Scholz, and Ms. Blechta.

Motion fails.

- 24) Motion by Mr. Germain to appropriate \$640,000 to Visit Big Sky (VBS).

Second by Ms. Blechta.

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

Opposed: Mr. Johnson and Mr. Kabisch.

Motion passed.

- 25) Motion by Mr. Germain to appropriate \$190,000 to the Arts Council.

Second by Mr. Johnson.

Discussion: Mr. Germain explained the difference between his proposed amount and the full funding request is the removal of \$5,000 for the Butterfield public art project. Mr. Germain stated his understanding is the project will be fully funded without any resort tax funds. Mr. Johnson stated he questioned why a venue fee of \$4,500 to Big Sky Town Center was budgeted. Mr. Scholz also questioned why the Town Center wouldn't help cover the cost of the security camera because it would be valuable to them as the property owner.

All in favor.

Motion passed.

- 26) Motion by Mr. Johnson to appropriate \$475,544 to Gallatin County 911.

Second by Mr. Kabisch.

Discussion: Mr. Johnson stated his motion is the funding amount for the first phase, and if we do this, it only makes sense to do the next phase next year. Ms. Blechta stated she thinks the Board still needs to talk to the counties about contributing to the project. She asked what makes our Sheriff and Fire Department less important than Bozeman's, and how can they possibly not fund our 911 system but fund \$500,000 for Bozeman's 911 system. Mr. Scholz stated there is a danger of costs going up if the project is delayed, including costs for radios, but we may put more pressure on the counties if we fund Phase 1. Mr. Germain stated he echoes Ms. Blechta's concerns about the counties. He stated the county and city are working together in Bozeman, but they don't seem to want to mirror that partnership with Big Sky. He stated both counties should help, with each county paying 1/3 of the cost.

No vote.

Motion fails.

- 27) Motion by Mr. Scholz to appropriate \$462,808 to Gallatin County 911.

Second by Mr. Johnson.

Discussion: Mr. Scholz stated funding the \$462,808 would delay the radio purchases to the next year, but hopefully these can be partially funded by the grant to the Fire Department. Mr. Kabisch stated the delay gives us time to get funds from the counties. Mr. Johnson stated this project is essential to infrastructure. Ms. Blechta stated we need it to get started. Mr. Johnson stated Madison county hasn't invested anything in this project, Gallatin county has. Public Comment: Chief Farhat stated the counties aren't necessarily unwilling, but it's a great idea for the Board to step up and do their part on behalf of Big Sky to put the pressure on the counties. He stated Jim Hart, Madison County Commissioner, understands the need. He stated he supports the \$462,808 being funded and he'll work with the Sheriff to put pressure on both counties to step up. He stated the number of incidents in Big Sky in Madison county dwarfs the number that happen elsewhere that they handle on their own dispatch, and they need to help Gallatin county out with the costs. Mr. Germain asked if there is any opportunity with Gallatin County. Chief Farhat stated they've been funding this project for a long time and Madison County needs to come up with half. Mr. Johnson stated anybody can ask for numbers from the county. He stated 20% or less of tax funds from Big Sky stays with Gallatin county and 80% of Big Sky taxes come back to Big Sky. He stated in Madison count, 40% stays with the county, and only 60% comes back to Big Sky. He stated Gallatin county doesn't keep Big Sky's funds from us. Mr. Scholz asked if there is there any detriment to not funding the radios this year. Marjean Penny, Gallatin County 911, stated we have no funding sources for radios at this time other than resort tax. Ms. Penny stated she's spent two years trying to get funding and waiting on the radios could mean a delay between the system going online and being ready for use. Ms. Penny stated the Fire Department and Sheriff's Department rely on me for communication, and I'm failing them. She stated they have no money to fix the problems, and outages are measured in days rather than minutes or hours. Ms. Penny stated this is a Big Sky problem. Mr. Kabisch asked for specific problems that could occur by delaying the radio purchases and if it is realistic to install tower in March. Ms. Penny stated all the equipment is engineered, and it will be delivered by year end, but she gave herself a longer window to get the last part done. She stated she has been talking to Big Sky Resort about getting it installed, and only one sunny day will be needed. Mr. Germain stated he doesn't think the county tax percentages provided by Mr. Johnson are accurate, and the 911 costs are covered by property taxes, so he's not comfortable funding the proposed amount. He stated they'll be back for the balance next year if the counties don't step up. Mr. Scholz stated we don't know if we'll win or lose the battle with the counties, or if they'll get the grant. Mr. Scholz stated they may be without radios for a couple of months if we're arguing with county. Mr. Johnson stated there are nine mills for 911 operations, but none are for capital projects. Ms. Blechta stated the Chief also mentioned a FEMA grant, but it's not awarded until the fall. Ms. Blechta asked again why are our Firemen less important to the county than Bozeman's Firemen? She stated it's very frustrating and she's uncomfortable funding 100% of their request. In favor: Mr. Johnson, Mr. Kabisch, Ms. Blechta, Mr. Scholz

Opposed: Mr. Germain

Motion passed.

28) Motion by Mr. Germain to appropriate \$340,000 to the Chamber of Commerce.

Second by Mr. Kabisch.

Discussion: Mr. Germain stated his rationale for the proposed amount is funding 100% of the operations request and half of the annual program of work request, with a total cut of \$69,200. Mr. Scholz stated he had a smaller cut of \$49,000. He stated much of their programming is about business training, and some of their programs lead to big things like the TIGER grant, and we can't lose sight of that.

Public Comment: Candace Carr Strauss, CEO of Big Sky Chamber of Commerce. Ms. Strauss stated she'd like to reiterate what Mr. Scholz said and it's tough to explain what the Chamber does. She stated the \$10.3 million TIGER grant came to this community in part from the Chamber bringing people together and they're trying to impact greater change in this community.

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

Opposed: Mr. Johnson and Mr. Scholz.

Motion passed.

29) Motion by Mr. Johnson to appropriate \$599,709 to the Gallatin River Task Force.

No second.

Motion dies.

30) Motion by Mr. Germain to appropriate \$408,000 to the Gallatin River Task Force.

Second by Mr. Johnson.

Discussion: Mr. Germain stated the proposed amount is significantly less than their full request, but their request was a steep increase from last year. Mr. Scholz stated he looked at the line items and with \$90,000 for the coordinator position, there are 35 stakeholders who benefit from that position. He stated resort tax shouldn't have to pay the full bill. He stated there is also \$45,000 requested for a campaign coordinator, and \$25,000 for a fundraiser, and at a certain point we shouldn't be paying for fundraisers, they should be self-sustaining as they become more successful. He stated the amount funded should be \$479,709, what they do is very important, and they did have good success with a fundraising campaign, but it should sustain itself after a point without using professional fundraisers. Mr. Kabisch stated he would be comfortable with \$479,709. Mr. Johnson stated this community has some serious water and wastewater issues, and the leadership should be more than just the Water and Sewer District. He stated he agrees more support from Bozeman entities is needed, and appreciated their participation in the sustainable solutions forum. He stated we need support from them but not the type of messaging they communicated to the press while with the forum.

Motion withdrawn by Mr. Germain.

31) Motion by Mr. Scholz to appropriate \$479,709 to the Gallatin River Task Force (GRTF).

Second by Mr. Kabisch.

Discussion: Mr. Scholz stated his motion includes contingencies on specific items, including funding only 50% of the coordinator of the Sustainable Watershed Stewardship Plan, not funding the campaign coordinator for \$45,000, the dashboard for \$10,000, or the fundraiser for \$20,000. Mr. Scholz stated we've funded the fundraiser before, and it should be sustainable now.

Public Comment: Kristin Gardner, Executive Director of GRTF. Ms. Gardner stated she understands the \$45,000 cut for the part-time coordinator, and to clarify she has no commitments from other funding sources. Ms. Gardner stated they're not requesting funding for the campaign fundraiser, but for a campaign to develop support for implementation of the watershed stewardship plan. She stated she's had conversations with the Nature Conservancy to find long-term funding, but she needs guidance on how to reach out to ranchers and others to secure the long-term funding. She stated the dashboard is an educational tool, and the forum told us there is a lot of education needed for the community. The dashboard also provides guidance for water monitors as a management tool. Mr. Germain stated he's comfortable with \$479,709, and GRTF can decide how to spend it. Mr. Germain stated \$45,000 is a lot of money for only 50% of somebody's time. Ms. Gardner stated we can try to get other contributors to help fund the coordinator, but his cost probably won't come down. Mr. Scholz stated there are 35 stakeholders, and it's not just GRTF and resort tax who have an interest in the stewardship plan. He stated if it's that important to the other stakeholders, they should contribute some funds as well.

Mr. Scholz amended his motion to appropriate \$507,209 to GRTF, conditional that only 50% of the \$45,000 goes towards the coordinator and only \$5,000 towards the dashboard.

Second by Mr. Kabisch.

Public Comment: Ms. Gardner stated we've had trouble funding our fundraising position this year because we stepped up the sustainable solutions and are working on long-term funding sources, so overall our fundraising suffered. She stated we needed to protect the river.

Buz Davis, Big Sky resident. Mr. Davis stated if there are 35 stakeholders, what non-monetary contributions do they make to the effort? Have we calculated the time and energy they've contributed? He stated maybe they made a huge contribution that isn't being recognized at this time.

Mr. Scholz amended his motion to appropriate \$507,209 to the Gallatin River Task Force with no conditions.

Second by Mr. Kabisch.

All in favor.

Motion passed.

- 32) Motion by Mr. Germain to appropriate \$57,000 to the Gallatin Invasive Species Alliance (GISA).

Second by Mr. Scholz.

Discussion: Mr. Germain stated the proposed amount is a 10% increase from last year, and the request is for an important effort. He stated he'd like to see how we can work with the counties to make it a three-party effort. Mr. Scholz stated he's been talking to the counties, and despite what GISA has reported, there is an enforcement mechanism. He stated Madison County reported \$120,000 was spent for cost share last year, and this year \$140,000, with 300 people participating. He stated the process starts with a letter, and mitigation happens eventually, with the process going through court and being added to the owner's property tax. He stated we need to investigate working with the counties, and possibly talk about an interlocal agreement, which would help fund more services here and give the staff member here the authority of the county. In Madison County they have a clause passed on with buy sell agreements to take care of weeds moving forward. Ms. Blechta stated she struggles with funding this group, and they need to focus some more on fundraising. She stated we need to find a better way to tackle this problem. She stated she doesn't support funding \$65,000 of \$90,000 ask for a salary with resort tax funds.

Public Comment: Jennifer Mohler, Executive Director of GISA. She stated she understands where the Board is coming from, but it's like comparing apples to oranges, or even worse than that. She cited everchanging demographics delay connections with property owners, and enforcement can only get you so far. Ms. Mohler stated a complaint made by someone on their neighbor is a long process and weeds grow fast, so the process is inefficient. Ms. Mohler stated Madison County is an ag community, and they get it. She stated many landowners in Big Sky are never here, and Gallatin county does support us, but in Madison County it's tough to get funding. She stated she is an independent contractor, and not salaried.

Lori Wetzel, Big Sky homeowner, Big Sky Chamber of Commerce. Ms. Wetzel stated Jen helped me when we bought our home. We had a thistle problem, and she helped us get rid of them, we had no idea what to do. Jen is very valuable to the community.

Mr. Scholz stated if the good neighbor letter goes out, the issue doesn't get to litigation. He stated Jen does good work, but last year there were only 21 property visits, which equates to \$51,000 for only 21 visits, that's very expensive. He stated Ms. Mohler would be needed if we did an interlocal agreement, but the county can deal with the weed problem and they're set up to do so. Mr. Scholz stated for Madison County residents, the cost share amount is \$1,250, that a great incentive. He stated Gallatin County's amount is only \$200. Mr. Scholz stated he doesn't question the sincerity of the work by Jen or the letters of support, but the county can do more, it's not just a neighbor-to-neighbor issue. He stated the spraying crews also notify homeowners of issues, and the threat of legal issues helps. Mr. Johnson stated he agrees with Mr. Scholz, and the counties are stepping up to varying degrees. He stated this Board should confront Gallatin County about what they're doing, and "lame" isn't even giving it a fair name. He stated it's not a zoning issue, and Jen can use some support to work with counties.

In favor: Mr. Scholz, Mr. Germain, and Mr. Johnson.

Opposed: Ms. Blechta and Mr. Kabisch.

Motion passed.

- 33) Motion by Mr. Kabisch to appropriate \$266,000 to Big Sky Skating and Hockey Association (BSSHA) contingent on the matching funds from BSSHA in the amount of \$111,500.

Discussion: The Board clarified the amount requested changed from \$374,571 to \$280,571, a reduction of \$94,000. Mr. Kabisch withdrew his motion.

- 34) Motion by Ms. Blechta to appropriate \$280,571 to the BSSHA.

Second by Mr. Scholz.

Discussion: Ms. Blechta stated BSSHA trimmed \$94,000 from their request, which is much more than other entities did. She stated this rink will be a gamechanger, it was the third most requested item by the community and will serve tons of people, including kids. Mr. Scholz stated we appreciate the cut, and presently, of your capital expenses, resort tax would be funding 64%, including snow shoveling in operating expense. He stated we'd be funding the Zamboni at 50% and for special operations for power of the new rink, 100%. Mr. Scholz stated at some point you need to step up what you're able to raise, because Resort Tax can't maintain these levels of funding. He stated your fundraising will at least need to stay at this level. Ms. Blechta stated this rink will increase ice time from two and a half months to five months. Mr. Germain clarified the amount is still contingent on their matching funds of \$111,500. Yes. Ms. Blechta stated the matching funds have already been partially raised, so they'd just need to raise the remainder. **Mr. Kabisch clarified nothing disbursed for the refrigeration system until the matching funds are raised, and the resort tax funds will be the last funds into the project.**

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

Opposed: Mr. Johnson.

Motion passed.

Public Comment: Steve DiTullio, BSSHA Board Member. He stated fundraising is on a volunteer basis, so it is more difficult. Mr. DiTullio stated we're moving in the right direction to get the refrigeration system in. Philipsburg has one, as does Salmon, Idaho, so it's time.

35) Motion by Mr. Kabisch to amend the sinking fund to \$876,278.

Second by Mr. Germain.

All in favor.

Motion passed.

36) Motion by Mr. Germain to hereby resolve as a Board to approve the slate and appropriate \$8,734,207 of resort tax funds according to the previous motions passed.

Second by Ms. Blechta.

All in favor.

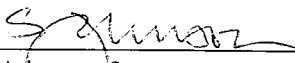
Motion passed.

Discussion: Mr. Germain thanked the applicants for all their hard work on the applications and for helping to make Big Sky great.

F. Public Comment: None.

Chairperson Jamey Kabisch adjourned the open meeting at 8:26 p.m.

Respectfully Submitted,

  
\_\_\_\_\_  
Steve Johnson, Secretary





**RESORTTAX**  
— BUILDING BIG SKY SINCE 1992 —

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

July 11, 2018

Present: Jamey Kabisch, Chair  
Kevin Germain, Vice Chair  
Steve Johnson, Secretary  
Sarah Blechta, Treasurer

Mike Scholz, Director  
Betsy Griffing, Attorney  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Chair Mr. Kabisch called the open meeting to order at 8:00 a.m.

*Attorney Griffing attended the meeting via video conference. The meeting was broadcast on Facebook Live by Explore Big Sky.*

**I. Open Meeting**

- A. **Public comment:** None.
- B. **Consent Agenda:** Mr. Scholz removes the May 25 minutes and Mr. Germain removes the June 18 minutes.

*Motion by Mr. Germain to approve the consent agenda as amended. Second by Mr. Scholz. All in favor. Motion passed.*

*Motion by Mr. Scholz to approve the May 25 minutes after striking the sentence beginning, "Mr. Scholz doesn't think the Vice Chair should run the meeting if the Chair isn't present". Second by Mr. Germain. All in favor. Motion passed.*

Mr. Germain requested a change to the third sentence in the first paragraph on page seven. He suggested "Candace spoke to Taylor and he stated," because Mr. Middleton wasn't in attendance and Ms. Strauss was quoting him.

*Motion by Mr. Scholz to approve the change to the June 18 minutes. Second by Mr. Germain. All in favor. Motion passed.*

**C. Regular Agenda**

- a. **New Fiscal Year Investments:** Ms. Blechta recommends keeping the majority of the accounts at First Security Bank (FSB) but accepting the CDARS option at American Bank for the sinking fund of \$876,278. Ms. Blechta stated the American Bank interest rate is higher, and would result in \$2500 more interest annually, which could grow to \$10,000 and be enough to cover an entire funding request. Mr. Kabisch

suggested also adding the emergency fund to the CDARS. Mr. Germain asked about availability of funds if the emergency fund were in the CDARS account. Mr. Kabisch stated historically the District has maintained sufficient funds in other accessible accounts to use the emergency fund if needed.

*Motion by Ms. Blechta to move 1 million dollars including the sinking and emergency fund's to the CDARS account at American Bank. Second by Mr. Germain. All in favor. Motion passed.*

- b. **Resolution:** The Board discussed signing the 2018-2019 Resolution for Appropriation of Funds once the totals are updated to reflect the correct amounts for new requests, rollovers, and the sinking fund.
- c. **Big Sky Community Organization: Two-Year Appropriation:**  
*Motion by Mr. Kabisch to extend the appropriation period to two years for the infrastructure projects. Second by Ms. Blechta. All in favor. Motion passed.*
- d. **Application for funding, How to improve:** Mr. Johnson stated the Appropriations process has been happening for 20 years, and most entities have track records. He stated we need a methodical way of establishing that track record in the application process, and credibility counts. He stated the full utilization of the funds, requests for rollovers, and other indications of performance should be recorded. Ms. Blechta stated as someone who's completed it before, the first-year application is hard, but moving forward it's just copy and paste. She stated some applications this year contained six pages of narrative, and that's unnecessary. She stated we have a basic knowledge of what entities like the Chamber and Visit Big Sky do. Mr. Scholz stated he thinks narrative can be limited, but there are always new Board members who don't have a high level of information. Ms. Blechta stated previous years applications are accessible to the Board via Dropbox, and she reviewed them this year.

Mr. Germain stated he understands wanting to see the track record, and he really likes the idea of the one sheet summary prepared by Ms. Drain. Mr. Johnson stated for first time applicants we need more detail, but the Board doesn't need to look at the Fire Department in the same way because they've applied for the last twenty years. Mr. Germain stated organizations change, so maybe for returning applicants just a section showing any updates would be helpful. Ms. Blechta stated she'd also like to see the numbers the Board asked for at Q & A this year, the year over year numbers such as calls to Search and Rescue or Trail Usage. Mr. Kabisch suggested a cover sheet with the objective and a brief history updated annually for each entity, including info from minutes, previous requests, and year over year numbers, so the history is at the Board's fingertips. Ms. Blechta stated she'd be happy to help with the updates since she's worked with several nonprofits. Mr. Kabisch stated it may need to be specified to each entity. The Board discussed the staff will work with Ms. Blechta and Mr. Johnson and add an agenda item for an upcoming meeting, creating an application for a new applicant and a returning applicant. Ms. Brunner stated she hopes that we'll all be paperless one day, and the District files have all been digitized to Dropbox. She stated building the new information could be lot of work up front, but it would eventually be standard and easy to update in the future. Mr. Johnson stated the overall information would be helpful too, ranking the applications and the changes in the entities over the years.

*Heather Grenier and Tracy Menez of HRDC joined the video conference.*

- e. **Contracts With Conditions:** Attorney Griffing stated all contracts have been sent except HRDC/Big Sky Community Housing Trust (BSCHT). She stated we received a great letter from HRDC/BSCHT yesterday,

and she can work off this letter with them, but it is important for the Board to review the letter first. Attorney Griffing recommends Attorney Mindy Cummings or Tim Kent explain the letter, and then the Board can discuss it.

Attorney Cummings stated she had her assistant transcribe the minutes at the Q & A and combine the conditions with the objectives of HRDC. She stated for background, this is one thing HRDC does and they do it very well. She stated Julie Brunner who works with Orcas Island Land Trust is a great resource, and she sent a letter to the Board as well. The first funding project is the Land Bank for \$1.75million. Attorney Cummings stated the Board didn't request it to be project specific. She listed proposed conditions from the letter, including: 1. Funds must be spent within three years, 2. The monies will be retained in the BSRAD bank accounts until funding requests are made, 3. HRDC shall make written request for funds from the Land Bank Fund, including a description of the project to be funded and how it furthers the mission in Big Sky, 4. Requested funds will be released directly to HRDC, and 5. If HRDC fails to spend the funds in accordance with the written request or the contract, they will be subject to corrective action or recapture of grant funds.

Attorney Cummings stated each project should have own set of conditions. Attorney Griffing asked if Attorney Cummings recommends one contract or three separate contracts for each project. Attorney Cummings recommends one contract per fiscal year, to be closed out at the end of the audit year. Attorney Griffing asked the Board for authorization to work with Attorney Cummings on the contracts.

*Motion by Mr. Kabisch to give Attorney Griffing authorization to work with Attorney Cummings on the three-year land bank contract, the down payment assistance contract, and the staffing contract. Second by Mr. Germain. All in favor. Motion passed.*

Attorney Cummings stated time is of the essence, so any feedback from the Board would be helpful. Ms. Blechta stated she would like a condition to state the land bank must be within the BSRAD boundary. Mr. Johnson stated there should be a buy/sell agreement, and a formal closing, per the contract. Mr. Kabisch asked how earnest money will factor in a transaction. Attorney Cummings stated she and Heather Grenier discussed that HRDC would front the earnest money, and the transaction may not go through a title company. She stated they could provide the Board an accounting of the reimbursements needed.

Mr. Scholz stated the information the Board has received is 95% of what we need. He stated his concern is that its' geared towards affordable housing but not necessarily workforce housing. Mr. Scholz referenced data from Summit County Colorado, and their workforce housing project. He stated the Board needs to make sure it's our workforce living in the units, that's been our purpose from the start. He stated the housing isn't intended for retired teachers, etc., and we would be remiss not to add conditions for the work requirement. He stated capital improvements to the units should be limited, and if the Board misses those little things, we'll run into the same problems we have now. Mr. Scholz stated the current agreement doesn't address what happens if someone becomes disabled and can't work, becomes of retirement age, etc. He stated affordable housing vs. workforce housing is very different.

Attorney Griffing stated discrimination issues will need to be considered. Attorney Cummings stated Mr. Scholz is not proposing anything discriminatory, and she's already started going through the lease. She stated as part of this each project will have a unique donor, and they may or may not impose donor



intent on it. She stated each project is different and may use a different legal mechanism to maintain affordability. Attorney Cummings asked as an example if the Board tells the Arts Council which bands to hire? She stated at this stage of the conditions level, she cautions the Board to micromanage the funds, but Attorney Griffing is correct they must deal with federal requirements and ADA standards.

Mr. Germain stated the Board should avoid loopholes allowing retirees to work briefly and live in the housing, because it should be solely for the workforce. He asked if the Board could add a generic condition stating the housing is for the workforce. Attorney Cummings stated all applicants would have to go through review process it could be addressed in that process. Mr. Scholz stated they need the condominium ground lease first, and they're not trying to exclude retirees, just trying to avoid those finding a loophole. Tim Kent stated the BSCHT reviewed the Summit County documents referenced by Mr. Scholz a while ago, and the retirement section was copied word for word. Mr. Kent stated it was eliminated from the main conditions for the land bank, but they won't be ignored.

Mr. Scholz stated the only enforcement vehicle is the ground lease. He stated if you truly want to make it workforce housing, but the work requirement isn't specified in the ground lease, it's not enforceable. Other communities have found it didn't work if they didn't put it in ground lease. Mr. Scholz stated he would never propose any laws be broken. He stated the Board has a responsibility to use the money for the workforce. Mr. Scholz stated he's voiced his opinion, and he's not in favor of affordable housing for this project, only workforce housing.

Mr. Johnson stated the Board should pay attention to Colorado and learn from their experience with housing projects. Attorney Cummings stated Colorado has a common interest statute that allows them to do things differently, and we are keeping those in mind. She stated HRDC as part of their mission is charged with fulfilling the mission for workforce housing, and she'd hate to see this discussion hold up any funding. Mr. Kabisch stated the Board is looking at this differently. Having a bad artist at a concert is okay, however, having the wrong population in these housing units is unacceptable. Mr. Kabisch stated it should be clearly stated as workforce housing, that's the whole point. Mr. Scholz stated the HRDC mission could be fulfilled without making it workforce housing, which isn't ok. He asked for a reason why they wouldn't include any reference to the workforce, or about inheritances. Mr. Scholz stated he doesn't like the comparison to Orcas Island Housing from Ms. Brunner, saying it's a resort, but it's different and it's just affordable housing. Mr. Scholz doesn't think it would be difficult to include a workforce requirement and give the Board a comfort level. Mr. Scholz asked if we don't include workforce and down the road we run into the problems they have in Colorado, who will the public blame? The Board? HRDC? Both?

Attorney Cummings asked if it would make the Board comfortable if it added to condition number three or a new condition that says the baseline ground lease that may be used would be approved prior to a release of funds for a land acquisition. Mr. Scholz stated yes, if you understand this Board wants to see restrictions built in regarding work in perpetuity. Attorney Griffing stated she thinks we can accomplish what Mr. Scholz wants in the general contract by setting general conditions for the land bank. She would highly recommend this Board not get into the leases used by HRDC, but rather focus on our contract stating it's funded only for workforce housing. Mr. Scholz stated the condition should also say in perpetuity.

Mr. Germain stated funds must be restricted for workforce housing, and, there must be some form of perpetuity that this would be spent on projects that would keep it workforce housing. Mr. Kabisch stated he feels a consensus among the Board, and they all want to make sure the intended inhabitants of this project will be from the workforce, but the micromanagement shouldn't necessarily fall with the Board. Mr. Johnson stated the real decision is funding the project and holding HRDC accountable for our conditions and restrictions and the law. Attorney Griffing stated she has some good direction on how to work with Attorney Cummings.

*Motion by Mr. Kabisch to delegate the authority of contract approval for HRDC and BSCHT to Mr. Johnson and Mr. Scholz. Second by Ms. Blechta. All in favor. Motion passed.*

The Board discussed the down payment assistance project. Mr. Kent stated the attachments previously sent to the Board were excessive, and only the Road to Home should've been included. The other was a draft for another project. Ms. Blechta asked if somebody wanted to do the down payment assistance program, and they had been a homeowner before, would they qualify. Tracy Menez of HRDC stated they follow first time homebuyer guidelines, meaning you're eligible for down payment assistance if you haven't owned a home in the last three years.

*Motion by Mr. Scholz to approve the Road to Home conditions. Second by Ms. Blechta. Discussion. Mr. Germain stated Madison is not listed on the counties; so how will we work through the AMI issues? Is it specific to where the house is located? Yes. All in favor. Motion passed.*

The Board discussed the staffing project. Mr. Scholz stated the condition about consultants should include any professional consultant. He stated the Board doesn't want to manage the hiring. Mr. Germain stated his concern about the position is whether the intention is for the person to work in Big Sky full time, because it's not listed in the conditions. His preference is they work full time in Big Sky. The Board discussed a consultant could be hired until the staff member is in place within six months. Attorney Cummings stated because the employee may live in Bozeman initially, they may not be in Big Sky full time, especially if it's a consultant, but your intention is they focus 100% of their time on Big Sky? Mr. Germain stated he understands they may not live here at first, but he wants them to work in Big sky full time. Attorney Cumming stated the job description should state "on the ground work in Big Sky full time". Ms. Blechta stated the consultant may be different, but the employee should be here full time. Attorney Cummings clarified funds can be used in the interim for a consultant while the staff is hired, within a six-month timeframe. Mr. Kent stated the intent is to have the staff hired in six months, but if for any reason we can't meet the deadline, we'll ask the Board for an extension. Mr. Germain stated he wouldn't mind a condition stating the position is based in Big Sky, the place of work is Big Sky, and it's 100% focused on Big Sky.

*Motion by Mr. Germain to approve the staffing conditions with the added condition the staff member will work in Big Sky, and if the staff member isn't hired within six months, HRDC and BSCHT will return to the Board for an extension. Second by Mr. Kabisch. All in favor. Motion passed.*

*Heather Grenier and Tracy Menez of HRDC left the video conference.*

f. Visit Big Sky Payment Request:

*Motion by Mr. Kabisch to approve the purchase of a Microsoft Surface for \$1299.99 using Consumer Marketing funds. Second by Ms. Blechta. All in favor. Motion Passed.*

- g. **Chamber of Commerce Payment Request:** Mr. Kabisch stated he has more of a problem with this request. He stated it looks like they're spending the money because they have it, rather than an actual specific appropriation request. Ms. Blechta stated she's not comfortable with it. Mr. Scholz stated it's a slippery slope when you can move money to that degree, from strategic planning funds for a capital expense. Candace Strauss stated the point was through strategic planning it would've been nice to have these items in place, for Board meetings and having Board members participate who aren't present. Ms. Strauss stated the Chamber has online training for members, but they can't support it with their current system. Mr. Scholz stated I agree it's needed, but it's bending the intended use of the funds too much.

*Motion Mr. Germain to deny the request to purchase AV equipment with strategic planning funds. Second by Mr. Johnson. All in favor. Motion passed.*

*Dan Clark of the MSU Local Government Center joined the video conference.*

- h. **Big Sky Chamber of Commerce: Local Governance Options for Big Sky:** Ms. Strauss stated different entities are looking for community decisions from the Chamber, and that's not what we do. She tasked Mr. Clark to look at what options Big Sky has, the tools in our tool box, for better local government facilitation. She stated the study was published and presented and the Chamber is now looking for feedback from Resort Tax for the next steps. Mr. Clark stated he looked at options available to the community that it is not leveraging fully through the county structure to give some legitimacy and infrastructure, with the expectation it would comply with a code of ethics, open meeting law, etc. He stated out of six options the most feasible are a community council, a special district, and an expansion of the resort tax Board's role. Mr. Clark stated there is potential for the Board to assume a larger leadership role, and being an elected body, the Board would be in a good position to represent the community. He stated since the Board currently manages the money, it is already determining the priorities for the community. Mr. Scholz asked if the advisory component of the Community Council could be added to the resort tax Board too, correct? Mr. Clark stated yes, it could be advisory to the resort tax Board, another source of input. Mr. Johnson stated all special districts report to their own Boards, so that's not a good option.

Mr. Johnson stated it's not fair to ask the Chamber to represent the community in situations where political decisions are needed. He stated we have the legitimacy to consider morphing from a Resort Area District into a Resort Community. The Board is elected by the community and there are options out there for moving forward. The Board can learn what the next stage would look like. Mr. Johnson stated we'd need a study and help from the Montana League of Cities and Towns, Mr. Clark, and from Attorney Griffing. He stated there's some work we could organize to pursue that option, and he'd like to do that.

Mr. Kabisch asked Mr. Johnson how he proposes moving forward. Mr. Johnson stated we could put the framework for a proposal together and add it to a future meeting agenda. Mr. Germain stated it's still not 100% clear what legislative changes would be needed or what it would entail for the Board if we choose the resort tax option presented by Mr. Clark. He stated the other elephant in the room is incorporation, and what can we do to help run this community. Mr. Johnson stated there are provisions



in place for forming an incorporated resort community. He stated the framework exists within state law, so no legislative changes would be needed. Mr. Johnson stated when we've achieved the level of funding that we're trying to manage, annual appropriations are very limiting. He stated a strategic approach is needed to manage things and make investments that pay off for this community. He stated if the Board can start doing things in a different way, everything evolves.

Ms. Strauss stated we're looking for a community strategic plan, and it's something people are asking for. She stated they're happy to pledge support, convene meetings, etc. Mr. Scholz stated he agrees with what's been said, and he's always tried to figure out incorporation across county lines, but he's not sure how to make it work in one county, but he's open to looking into it. Mr. Johnson stated a municipal charter could be tailored to specifically address how our existing resort area district can function with a resort community, and it would all be put to the voters.

Attorney Griffing stated she hasn't looked at this issue recently but has worked on local government issues since 1976. Attorney Griffing will be as involved as the Board wants her to be. Mr. Kabisch asked if anyone is opposed to having Local Governance on the August agenda for further discussion. No. Mr. Germain stated he agrees with a lot of what Mr. Johnson said, including the issues with annual appropriations. He stated this is bigger than a rolling agenda item and he thinks a strategic session is necessary to have substantial discussion if this is a direction the Board wants to go. Ms. Strauss asked how the community can get an immediate strategic plan; she thinks a cohesive community-wide document is the solution and the Chamber can help partner. Mr. Johnson stated it's not the Chamber's job. The resort tax constituency is the one who will benefit from the effort. Mr. Germain stated he doesn't disagree; the Chamber has gone above and beyond and he would like the Resort Tax Board to create a strategic plan. Mr. Scholz stated maybe Mr. Johnson's idea for a Resort Community proposal would be a good place to start. He stated he would like to see more depth on the process before a strategic plan. Mr. Kabisch stated at the August meeting the Board would like an outline or ideas for the next step toward a Resort Community. Mr. Clark stated the first step would be for the Board to figure out their role and then apply it to the community.

- i. **Officers' Report: The Board's Scope of Work and Proposed Calendar:** Ms. Brunner stated today's agenda has three sections: appropriations follow up, direction for entities, and the internal organization of resort tax. The third section is new to the Board's agendas and she stated it is a step toward proactively establishing the Board's goals and priorities. She referenced the worksheet provided in the meeting packet and asked the Board share what is most important it accomplish this year.
- j. Mr. Kabisch stated his priorities are looking at how we handle appropriations, taking burden off the Board, and the execution of how things are done to give authority to the staff. Mr. Kabisch stated the district has lots of funding with minimal oversight, and the execution should be in the hands of a qualified staff.

Ms. Blechta stated the staff is in place, but they are not being utilized as much as they could be. She stated at Morningstar we got a true executive director who brought the facts to the Board. She stated an Executive Director is a priority, it gives the Board the ability to plan, and opens the Board up to talk about the big issues. Ms. Blechta stated it would help the Board become more proactive.

Mr. Scholz stated his priority is the separation of Board work vs. staff work. He stated the strategic plan hasn't been updated, and if we move towards an executive director, we can get back to doing Board work instead of just trying to catch up. He stated the Board needs to formalize our goals as a Board and move it forward on our agenda.

Mr. Johnson stated his priorities are a strategic session, maximizing the effectiveness of appropriation funds, and increasing the efficiency of the Board.

Mr. Germain stated his priorities are a strategic plan, an executive director and/or district manager, improving the appropriations process, and planning for the next 1-10 years. He stated the district needs to be looking ahead.

Mr. Johnson stated if we're going to invest strategically, we're going to have to come to grips with the fact that strategic investments bind future Boards, and every other Board already does that. Mr. Scholz asked Attorney Griffing if the idea of binding Boards came from the law. Attorney Griffing stated yes, that's correct, it's based in the concept of the district's legislative duties. Attorney Griffing stated the Board could use, for example, an appropriations cycle that's two years in the making, and only meet every two years. She stated because it's an annual process now, the Board can't tell a future Board what to appropriate next time.

The Board discussed the September meeting has no regular business items, and can be replaced with the Strategic Session, on September 5 and 6. Ms. Brunner stated the staff will get bids for a facilitator for a strategic session.

After reviewing the year's proposed meeting dates, the Board changed the April meeting from April 10 to April 3.

- k. **Policy and procedures:** Mr. Kabisch stated his suggestions for policies and procedures are for things that should already be happening. He stated for example the delinquency procedures, tax collectors aren't punished for six months, it seems excessive. Ms. Brunner stated the district collects 90% of taxes from 20 businesses. She stated the rest of the businesses, which are the small businesses, will start hearing from us a lot with the proposed delinquency procedure. She stated the rollout of the procedure should be a public process, there may be some push back. Mr. Scholz stated it's only fair to show the process, and when we do send notices out, it gives the staff time to get out the notices and time for the businesses response. He stated the district needs to set fair timelines. He stated the proposed delinquency procedure is right on target.

D. **New Business**

- a. **Bonding capacity:** No questions.
- b. **Defensive lobbying:** Ms. Brunner will be sending out an RFP, any suggestions for firms are welcome. Mr. Germain suggested Attorney Griffing may have recommendations.
- c. **Other:** Mr. Johnson stated questions have come up about how much money is collected by the county, and he wanted to put some facts in front of the Board, presenting them with handouts. He stated he called Kimberly Buchanan, the Gallatin County Treasurer and received the line item details. He stated the totals; 13 million was billed by Gallatin county last year, and 2.7 million stayed with county, but over 10



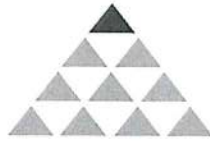
million was spent in Big Sky by special districts or state mandate. For Madison county; he spoke to Shelly Burke, and in Madison county, they have two districts, 28 and 29, in Big Sky. The total amounts billed in 28 and 29 were 15 million, and almost seven million stays with county. He stated three million goes into the Madison county general fund; 55% spent in Big Sky, mostly on the Fire Department. Ms. Blechta asked if the schools listed are in Big Sky. Mr. Germain stated it's only the Ennis school district. Mr. Johnson stated rich counties fund poor counties, there's an equalization process.

E. Public Comment: None.

Chairperson Mr. Kabisch closed the open meeting at 10:35 a.m.

Respectfully Submitted,

  
\_\_\_\_\_  
Steve Johnson, Secretary



**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

August 8, 2018

Present: Jamey Kabisch, Chair

Kevin Germain, Vice Chair

Steve Johnson, Secretary

Sarah Blechta, Treasurer

Mike Scholz, Director

Betsy Griffing, Attorney

Whitney Brunner, Operations Officer

Kristin Drain, Administrative Officer

Chair Mr. Kabisch called the open meeting to order at 8:15 a.m.

*Attorney Griffing attended the meeting via video conference. The meeting was broadcast on Facebook Live by Explore Big Sky.*

**I. Open Meeting**

A. **Public comment:** Tim Kent, Big Sky Community Housing Trust (BSCHT): Mr. Kent provided an update on the BSCHT Land Bank funding project. Mr. Kent stated the buy sell agreement for Meadowview is being finalized and the HRDC board formally approved moving forward with Meadowview project, contingent on financing, and the buy sell contract. He stated the buy sell is currently with the attorneys involved. Mr. Kent also stated the down payment assistance is under action right now and should finish this month. He stated the second down payment assistance program is publicly funded, Britt Ide is working on that project, which is two months out. For the full-time staffing project, BSCHT is finalizing the job description and there will be publicity going out at the end of the month, beginning a nationwide search.

B. **Consent Agenda:** The Board removed the July 11 minutes and the liability insurance renewal from the consent agenda.

*Motion by Mr. Germain to approve the amended consent agenda. Second by Ms. Blechta. All in favor. Motion passed.*

Ms. Blechta stated the second paragraph of page two should be amended to say, "the staff will work with Ms. Blechta and Mr. Johnson to create an updated application in upcoming meetings," instead of "next meeting".

*Motion by Mr. Kabisch to approve the minutes with one change. Second by Mr. Germain. All in favor. Motion passed.*

Mr. Kabisch reviewed the current policy with Ty Moline from The Agency. Mr. Moline stated the premium would decrease by \$170 if the second location is removed. Mr. Scholz stated the agencies should be bidding on the same values. Mr. Moline stated there are some major comparable differences. The policy will expire September 30, 2018. Mr. Scholz stated both agencies should redo their quotes and the Board can review them in September. Ms. Brunner stated the auditor could provide equitable value for business property. Mr. Johnson stated the asset values are in the financials. Mr. Scholz stated the financials are depreciation vs. market value and we need to look at replacement value. Ms. Brunner stated the Board added crime coverage three years ago, so that should be included. Mr. Johnson stated the needs should be itemized in an RFP with an asset inventory.

*The consent agenda item for liability insurance was tabled to the next meeting.*

### C. Regular Agenda

- a. **Delinquency Procedures:** Mr. Kabisch stated he approves of the delinquency procedure, but isn't sure there is a need to post them on the website. Ms. Blechta asked if there has always been a policy and if it is posted on the website. Mr. Johnson stated this is an advance in the procedure. Mr. Kabisch stated the procedures have been the framework, but Board has had to act on every individual case. He stated these procedures give the staff the authority to act between board meetings. Mr. Germain asked about the downside of posting the procedures on the website. Mr. Kabisch stated the knowledge that a minimal late fee of only \$30 a month could actually encourage some to pay late. Mr. Scholz stated a payment plan should only be offered within the first 90 days of delinquency, and plans should also be limited based on the amount owed. Mr. Kabisch asked if Mr. Scholz is comfortable with payment plans only being eligible for amounts owed over \$2000. Mr. Scholz stated yes, and for delinquencies over 120 days court action will begin and no payment plan will be offered.

Attorney Griffing stated if the District goes to court the case may be settled, but a settlement shouldn't be guaranteed with a letter. Mr. Johnson stated to clarify, Attorney Griffing will send a letter at 90 days, court action will be filed at 120 days, and at 120 days payment plans are no longer an option. He stated the letters will be sent preemptively to allow time for compliance. Attorney Griffing stated the tax collectors can work with Ms. Brunner up until an action is filed at 120 days. Mr. Kabisch stated the intent of this policy is how the normal framework will happen, though there will be exceptions. He stated if exceptions occur, they will be brought to the Board. Attorney Griffing stated she thinks any policies and procedures should be on the website, but it's the Board's decision.

Mr. Johnson asked for clarification on what happens at 120 days of delinquency, whether the business moves out of the framework and into the court system. Mr. Kabisch stated Ms. Brunner should add the following regarding the status at 120 days: "Once 120 days delinquent and a court action has been filed, the District payment plan procedure window has closed; the process transfers to the court and it is now outside the scope of this procedure."

Ms. Blechta stated perhaps on the website we could post a delinquent tax collector policy and a sentence that says a business may work on a payment plan, without publishing the actual payment plan procedure, but if they go to a plan they can talk to Ms. Brunner. Mr. Scholz stated he would think it's important to talk about interest and late fees, as a deterrent for delinquency. Mr. Germain stated 1% interest is a deterrent, but not the \$30. He asked if it the procedures should state after 30 days the 1% interest will

start as well adding that court and attorney fees and penalties will be added if court action occurs. Mr. Johnson stated businesses are delinquent because they're floating funds and working the system. Mr. Kabisch stated those who are working the system in that way have poor business management if that's the case. Mr. Kabisch approves the procedures being published on the website. Attorney Griffing stated the procedures being in place and published will be important once an action is filed and they are subject to court attorney fees and up to 50% penalty. Mr. Germain stated he recommends adding an emphasis of the 1% interest after 30 days.

*Motion by Mr. Germain to approve the delinquency procedures with amendments that were discussed. Second by Mr. Scholz. All in favor. Motion passed.*

- b. **Strategic Session:** Mr. Kabisch stated he thought a one-day session was the plan. The meeting is scheduled for one day, September 7. Mr. Johnson stated we're thinking about understanding what the process would be to clarify the local government issue and to have any success at a strategic session, we need perspective about what the community thinks it wants to be. He stated until we have an idea what the community wants, we can't be very strategic. He stated the discussion with Future West is an independent process for the community, and once it's completed we can get into our own strategic session. Mr. Scholz stated Future West is currently doing the same process for Gardiner. Mr. Scholz stated we should understand their process and what the extent of our involvement would be. He stated the results of the process could change our strategic plan drastically and he'd like to hear from Future West about our role to help us to move forward.

Mr. Scholz stated for the afternoon session, we want to look at prioritizing goals, and action plans for what we can tackle this year and who has ownership of each. He stated this is not a strategic plan, but a vision for the community and direction for us for the next year. He stated the Board's part will be expressing the level of involvement we'd like. He stated the cost isn't known yet, so we will just listen to them and find out if we'd like to move forward. Mr. Johnson stated Candace Strauss says we're looking for a community strategic plan. He stated the Chamber constituency is the businesses of the community, not the whole community. Mr. Johnson stated the Board shouldn't be driving the community strategic plan, but Future West will describe our role.

Mr. Germain stated it's great to listen to Future West, but it's not part of a strategic session. He stated our strategic session would be to figure out our role in the local government, and until we have the strategic plan, we don't know if we even want to get involved as a Board. Mr. Kabisch stated listening to Future West would be helpful to explore and ask questions because he doesn't know how to move forward at this point. Mr. Johnson stated that the amount of money collected now needs to be invested strategically.

Mr. Scholz stated the Ordinance will be on the list of things Ms. Brunner will provide that the Board will prioritize and plan for the year. Mr. Germain stated to be clear I wasn't saying we need to work on the Ordinance, but what can we do within our current Ordinance. Mr. Johnson asked how much the Board can reasonably take on, given what's happening in the next year. Mr. Johnson stated the process will impact the whole community, and soon winter will be here, and all will be busy, so we should start now. Ms. Brunner clarified the meeting plan for Mr. Germain. Ms. Blechta stated maybe the Board should just

delay the strategic session with a facilitator for now. Mr. Johnson stated if the Board chooses to move forward, then we'd get a proposal from Future West. Mr. Scholz stated Gardiner's schedule is ambitious, but they plan to complete the process within six months.

Mr. Germain asked about the schedule for the afternoon of the September 7 meeting. Mr. Scholz stated the Board should discuss the presentation from Future West and decide how to proceed. He stated the afternoon is about Ms. Brunner choosing what the Board can accomplish. Ms. Brunner stated she'd like the Board to discuss the scope of work, creating approximately priorities and an action plan. Mr. Kabisch stated anything should be on the table in the afternoon, to clarify the Board's priorities for next two years in a candid conversation. He stated the Board can discuss where each Board member stands, the direction and intention of where we're going, discuss incorporation, penny for housing, and all the elephants in the room.

Mr. Johnson stated he discussed the application with staff, and updates to the application could be discussed in the afternoon of September 7. The Board discussed a facilitator is not needed for September 7 and they will hear the presentation from Future West in the morning with discussion of scope of work in the afternoon.

#### D. New Business

- a. **Internet Sales Tax Issues:** Attorney Griffing referenced an article regarding the Wayfair case recently decided by the Supreme Court. She stated the case impacts whether a business needs to have a physical presence in a tax's jurisdiction, and South Dakota passed a statute that any online seller who does more than \$100,000 in sales would have to start imposing sales tax. Attorney Griffing stated the lower courts are scrambling to interpret the decision. She stated the physical presence requirement was clarified by Justice Kennedy, and it was overruled that a physical presence is necessary to impose tax. She stated the district has an option to design a method to tax internet sales, but how to go about doing that is unknown. She stated it can be difficult to determine a substantial nexus in some cases. Third party sellers like Amazon keep close tabs on sales taxes and have an entire sales tax division.

Attorney Griffing recommends giving guidance to businesses about what substantial nexus is and whether the sale or purchase took place within the District. Mr. Kabisch stated Amazon is a substantial seller in Big Sky, selling at least \$100,000 in skis and other luxury items. Mr. Johnson stated Amazon is highly computerized and could easily provide sales for Big Sky. He stated the issue is whether the District should pursue this, or if the Governor should act on it. Mr. Johnson stated we owe it to our local retailers to pursue the issue, and Amazon is competition that's not taxed. He believes a statewide effort would be more impactful. Mr. Scholz stated since resort tax is more selective than a general sales tax, the taxable items would need to be listed, and if we're doing a coordinated effort, it could get complicated between the different resort tax areas and districts.

Mr. Scholz asked if this case can also extend to Airbnb, etc.? Attorney Griffing stated the specifics of the decision itself is just about the sale of goods, though the overall legal principles would apply for short term rentals or any service. Attorney Griffin stated Montana entered into agreement with Airbnb but won't share it publicly, and she'd like to push them to release it. Mr. Johnson stated lodging tax is much



broader than resort tax, and we should band together with the other resort areas. He stated he feels it's owed to our local businesses.

Attorney Griffing stated coordinating with Governor's office could be difficult, and Mona Jamison cautioned against raising our head with state because of the amount of funding the District has. She stated there's a possibility they'll want a chunk of the District's money. Mr. Germain asked if the District should reach out to other districts and get a sense of interest. Ms. Blechta stated a list of top online retailers should be compiled. Ms. Brunner stated the Ordinance could be better defined to address substantial nexus. Mr. Johnson stated based on the data we'd like to know, a statewide effort would be helpful to compel online retailers to report sales by zip code. Ms. Brunner stated the District can mirror the state's effort for the lodging tax, but a bigger statewide effort could be helpful.

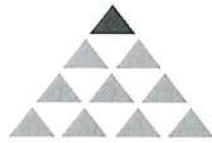
- b. **Proposed Employee Review Policy:** Ms. Brunner proposed a policy for standard 3% year over year wage increases. Mr. Kabisch stated he doesn't approve of the guaranteed increases, Mr. Scholz concurs. Mr. Scholz stated the increase should be tied to an index or mirror the state's policy. Mr. Kabisch stated a poor performer shouldn't be rewarded with an automatic wage increase. Mr. Johnson suggested an increase based on the sum of cost of living and a merit increase, or just CPI. Mr. Germain stated the challenge with CPI is that the Big Sky cost of living is higher than average, and we all know that. Mr. Johnson stated it's important to be able to retain the employees we want to retain, in comparison with the quality we want to maintain. Ms. Brunner stated now that she's manager she is looking for consistency in the review process and will provide the county wage increase policy at the next meeting.
- c. **Other: Defensive Lobbying:** Mr. Scholz stated he's spoken to three lobbyists so far. The defensive lobbyist would testify for the District if we're a proponent or opponent of a bill. He stated they should tell us if there is any type of an extra fee to lobby individual legislators, and proposals will be in by the end of the month and the Board can decide in September. Mr. Germain asked if Mr. Scholz reached out to Aimee Grmoljez with Crowley and Fleck in Helena because he was always impressed with her. Mr. Scholz stated he thinks she's stepped back from lobbying. Mr. Germain stated it would just be defensive lobbying, so she may consider it. Mr. Johnson asked if lobbyist efforts are ever done in collaboration with other resort areas. Mr. Kabisch stated our District is the one with the most money; it doesn't work financially for the others. Mr. Johnson stated it would be more impactful as a group effort. Mr. Germain stated he agrees it would be worth asking the other districts, though they've shied away from funding in the past, maybe a proration would help. Mr. Scholz stated if any bills arise, that's more of an incentive for the other districts to increase their collections. He stated Aimee Grmoljez probably wouldn't be interested because it could compromise her position since her firm works for Big Sky Resort. Mr. Germain stated if it's purely defensive lobbying she should be fine.

E. **Public Comment:** None.

Chairperson Mr. Kabisch closed the open meeting at 9:32 a.m.

Respectfully Submitted,

  
Steve Johnson, Secretary



**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

September 7, 2018

Present: Jamey Kabisch, Chair  
Kevin Germain, Vice Chair  
Steve Johnson, Secretary  
Sarah Blechta, Treasurer

Mike Scholz, Director  
Betsy Griffing, Attorney  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Chair Mr. Kabisch called the open meeting to order at 8:02 a.m.

*The meeting was broadcast on Facebook Live by Explore Big Sky.*

**I. Open Meeting**

- A. Public comment: None.
- B. Regular Agenda:

- a. Other: Chair Jamey Kabisch stated after much consideration and based on the direction of the Board and today's session, he has decided to resign from the Board, effective immediately. He thanked the Board and staff for their work.

*Mr. Kabisch left the meeting at 8:05 a.m.*

- b. Community Strategic Visioning: Future West Presentation: Randy Carpenter from Future West gave a presentation on their Successful Communities process. The Board and the public were given the opportunity to ask Randy questions. Mr. Germain stated the process would be new and uncharted territory for the District because normally the Board appropriates funds to applicants.

Mr. Johnson and Mr. Scholz stated the Board shouldn't lead the effort or select the steering committee. They expressed the involvement of the Resort Tax Board in this process is appropriating resort tax funds for the study. Mr. Germain stated the result would be a community strategic plan, and by funding the process the Board would be endorsing it as a priority.

Mr. Germain asked for endorsements from the public, and representatives of the Big Sky Community Organization (Ciara Wolfe), the Big Sky Chamber and Visit Big Sky (Candace Strauss), as well as community member Buz Davis confirmed their support. Mr. Germain asked the public for any opposing views towards a community strategic plan, and there were none.

Mr. Germain discussed the next steps of the process, and proposed Mr. Johnson and Mr. Scholz draft a request for proposal (RFP) that can be sent to multiple groups, including Future West. He stated the RFP

will be an action item for approval at the October meeting. Mr. Johnson and Mr. Scholz agreed to draft the RFP and circulate it for feedback prior to the October meeting.

- c. **Big Sky Fire Department: Reallocation of Ambulance Funds:** Chief Farhat stated trying to forecast growth is difficult, and the incident volume of the calendar year through August 2018 is up 26%. He stated when transferring patients from Big Sky to Bozeman, the department is left with two ambulances, and if one is out of service they are left with one. Chief Farhat stated the plan was to purchase a new ambulance in 2022, but the fire department would benefit more from a new ambulance this year (a fourth) with a remount in 2022 instead. He requested the \$145,000 originally allocated for an ambulance remount be reallocated toward the purchase of a new ambulance.

*Motion by Mr. Scholz to approve the Fire Department reallocation of \$145,000 toward the purchase of a new ambulance. Second by Ms. Blechta. All in favor. Motion passed.*

*Vice Chair Kevin Germain recessed the meeting at 9:45 and reconvened the meeting at 9:53.*

- d. **Consent Agenda:**
  - i. **Liability Insurance Renewal:** Ms. Brunner stated an RFP was sent to Central Insurance Agency and The Agency and she recommended renewing the existing policy with The Agency based on better coverage and the lowest bid.

*Motion by Mr. Scholz to approve the renewal of the liability insurance policy with The Agency.*

- ii. **Defensive Lobbying:** Ms. Brunner summarized the defensive lobbying RFP's in a memo. Mr. Scholz stated Glenn Opel and Melissa Shannon (360 Strategies) are affiliated as a democrat and a republican, and Darryl James (James Consulting) is affiliated as a republican. Mr. Scholz stated he leans toward 360 Strategies.

Mr. Johnson stated as a local option sales tax moves forward, the resort tax may become obsolete. He stated Browning, Kaleczyc, Berry & Hoven is a top-notch firm for something very important, but maybe not for this year.

Ms. Blechta stated Mr. James seems to have experience in the areas that relate to us. Mr. Scholz stated his experience may make some difference when gathering votes, but most legislators have no idea about Big Sky or its contribution to the economy, and that creates more work for the lobbyist. Mr. Johnson stated the beer and wine lobbying issue is relevant to the District, which is part of 360's experience. Mr. Germain stated Mr. James is more aligned with the District's priorities, and he doesn't want the District to be an outlier among a lobbyist's clients; it's easier for them if we fit into their scope. He stated Browning Kaleczyc also appeals to him, as well as the ability to have confidentiality with them as attorneys as opposed to others who are non-attorneys. Mr. Germain stated in the past, former lobbyist Mona Jamison's long relationships have been the District's biggest asset.

Mr. Germain stated Mr. James and Browning Kaleczyc are most aligned with resort tax, but there is a significant price difference between them.



*Motion by Mr. Johnson to approve Glenn Opel and Melissa Shannon of 360 Strategies as defensive lobbyists. Second by Mr. Scholz. Discussion.*

*Ms. Blechta stated she appreciates there are two partners in 360, one on each side of the political aisle. Mr. Germain stated his concern is that the District's lobbying areas don't align with 360's, and if they spend the majority of their time on other topics, the District may not get the attention needed. Mr. Scholz stated 360 was recommended by someone he trusts and whom he worked with for 20 years. He stated a Board Member may need to sit down with the lobbyist before we sign a contract to make sure we're on the same page.*

*Ms. Brunner stated Mr. James was Mona Jamison's recommendation. She stated 360 was not very responsive and Mr. James has been very communicative. Mr. Germain stated he leans toward Mr. James and Ms. Blechta agreed. Mr. Germain stated each lobbyist has many clients, and since Mr. James's areas are more aligned with the District's, the District will get more attention. Mr. Scholz stated Mr. James can also benefit from his relationship with Mona Jamison.*

*Mr. Johnson in favor. Ms. Blechta, Mr. Germain, and Mr. Scholz opposed. Motion failed.*

*Motion by Mr. Scholz to approve Darryl James of James Consulting as defensive lobbyist for the District. Second by Mr. Germain. Discussion.*

*Mr. Germain stated concern with Ms. Brunner's comments about 360 not being responsive. He stated the RFP process reveals much about applicants.*

*Mr. Johnson opposed. Ms. Blechta, Mr. Germain, and Mr. Scholz in favor. Motion passed.*

*Ms. Brunner stated Attorney Griffing advised against a subcommittee for legislative issues, but recommended one board member be the contact for the lobbyist and report to the Board monthly. Mr. Scholz stated things move fast in the legislature and monthly reports wouldn't be enough. Mr. Germain stated sometimes bills arise and the District isn't notified until the day before. Mr. Scholz stated a committee is needed. Mr. Germain isn't sure Attorney Griffing's comments about a subcommittee are correct. Mr. Johnson stated Attorney Griffing's comments are naïve.*

*Motion by Mr. Johnson to nominate Mr. Scholz to a legislative subcommittee. Second by Ms. Blechta.*

*Discussion. Ms. Blechta stated the Board should consider waiting to form a subcommittee until a new board member is appointed. Mr. Germain stated the subcommittee won't really be needed until December, so the decision can be postponed.*

*All opposed. Motion fails.*

*Motion by Mr. Johnson to table the subcommittee decision until after the new board member is appointed. Second by Ms. Blechta. Mr. Scholz stated he'll be the point of contact in the meantime. All in favor. Motion passed.*

*Motion by Mr. Germain for Mr. Scholz to work with Mr. James in the interim until a subcommittee is chosen. Second by Ms. Blechta. All in favor. Motion passed.*

- e. **Annual Scope of Work:** Ms. Brunner stated her goal is for the Board to select several projects with an aim to complete them by May 2020 when the next election takes place. She stated the staff have been gathering steam in last few months and are looking forward to the Board's direction.

The Board agreed they don't want to pursue legislative changes including expanding the Board from five to seven members.

Mr. Germain stated the community strategic plan is one big priority, but a 5-10-year community plan would be also be a priority for him and would help with the strategic plan. Mr. Johnson stated a 5-10-year plan may be part of the Future West process, and restructuring the appropriation process would dovetail as well.

Mr. Johnson stated the online retailer issue would be better tackled as a group of resort areas and districts rather than individually. Mr. Scholz stated the online retailer and tax collection issues are all legislative/partnerships that are bigger than our District. He stated the appropriation process restructuring is a legal and legislative issue. Mr. Scholz stated policies and procedures brought to us by the staff as needed can be approved to make office more efficient.

Ms. Brunner stated the staff would like to have directives from the Board on what it hopes to accomplish so the staff can support it appropriately and move projects forward proactively. Mr. Germain stated he would like to see the Board identify no more than five priorities today. He proposed moving the Resort Tax Summit up to November from January because this is a legislative year.

Mr. Johnson stated he doesn't want to seek an attorney general's opinion on what constitutes a luxury or service unless it's a group effort among other resort areas. Mr. Scholz stated requesting an attorney general's opinion on luxuries and services could bring up a host of issues, and the District may be better off working with the Ordinance as it stands. Mr. Johnson stated amending the Ordinance is a priority, to make it as simple as possible, for better general understanding and improved compliance. Mr. Scholz stated goals are needed for what we want to accomplish with the Ordinance. He stated the Resort Tax Summit and Community Strategic Plan RFP should be on the November agenda, and suggested a four-hour format with two hours regular business and two hours on special projects.

Ms. Blechta stated she believes identifying five priorities is good; however, it should be considered prework toward a resort tax focused strategic session led by a facilitator. She stated she continues to support the effort to add an Executive Director for the District as well.

Mr. Germain stated the community strategic plan may dictate resort tax priorities, and as much as we don't want to lead it as a Board, the District will be funding the process and dedicating staff time.

Mr. Johnson stated he has four priorities: amending the Ordinance, the community strategic plan, restructuring appropriations, and the resort tax summit. Mr. Scholz stated the Ordinance revisions could start at the beginning of 2019. Mr. Johnson stated the other districts need the opportunity to add agenda items for the summit.

Mr. Germain stated compliance is his fifth priority, and is the reason Ms. Drain was hired, to create a focus shift to compliance. Ms. Brunner stated she stands by her earlier statements that a compliance officer could still be its own position. Mr. Germain stated perhaps the staff can look at the Board's priorities and create action plans for approval at the October meeting. He stated a Board member could be assigned to each priority.

Mr. Johnson stated he believes there is already ownership for each item. Mr. Germain stated he can work with staff on compliance and help draft a list of what we want to work on and the biggest challenges. Mr. Johnson stated the appropriations/application, collections/ordinance, all go hand in hand. Mr. Germain stated the Board should tackle the Ordinance last after looking at appropriations and compliance.

Ms. Brunner suggested the five priorities be listed on the agendas moving forward to help make progress. Mr. Germain stated the strategic plan should be on the agenda every month too, since the District will be leading it by default. Mr. Johnson stated if leading means making sure results are found, then yes, we have an obligation if the District is spending the money.

Mr. Scholz stated the Board will need to stay abreast of what's going on with the plan, since we're accountable for the funds. Mr. Johnson stated all five priorities can be on each agenda, but some may be skipped at times being depending on current happenings. Ms. Blechta stated the summit and application will probably be done by the first of year and off the agenda.

Mr. Scholz stated next the Board could look at legal questions. Mr. Germain stated the legal questions are bullet points of other issues. Mr. Johnson stated they're not just legal questions, but we need to know what we want to be able to do legally for the community. A Word document was drafted stating the five priorities and timing.

Ms. Brunner stated she believes this will be a lot of work and asked for acknowledgement that the Board is wanting to move forward on everything as outlined. She stated her next step will be to create action plans and the Board should be aware additional staff may be needed. Mr. Germain asked that the staff add specific timing and content to the outline created at the meeting, including dates for next 18 months.

C. **New Business:**

- a. **Meeting schedule:** The Board discussed a poll should be sent to the other resort areas on whether the summit should be held November 7 or November 30.
- b. **Appoint a New Board Member:** The Board discussed the law states they need to appoint a new board member who will complete Mr. Kabisch's term and run for reelection in 2020, if they choose. Mr. Johnson stated the election was very recent, and Buz Davis was the next highest vote getter. He stated the Board should check with him first and respect the results of election. Mr. Germain asked if the Board should open it up to a larger pool of candidates. Mr. Scholz stated they're not required to offer it to more than one person and he thinks Mr. Davis is well qualified. He stated Mr. Davis did his research as a candidate, he's an experienced facilitator, and he has significant knowledge. Mr. Scholz stated he'd like to offer it to Mr. Davis, if he's still interested. Mr. Johnson stated the Board can't ignore how the constituency voted, plus Mr. Davis is very qualified.

*Motion by Mr. Scholz to offer the appointment to Buz Davis. Second by Mr. Johnson. All in favor. Motion passed.*

Mr. Germain stated he will contact Mr. Davis to see if he's still interested in joining the Board. Ms. Blechta asked if he must fill the role of Chair, the Board confirmed a new election of officers will take place after the appointment.

D. **Public Comment:** None.



*Motion by Ms. Blechta to adjourn the meeting. Second by Mr. Johnson. All in favor. Motion passed.*

Vice Chair Kevin Germain closed the open meeting at 12:23 p.m.

Respectfully Submitted,

  
\_\_\_\_\_  
Steve Johnson, Secretary



**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

October 3, 2018

Present: Kevin Germain, Vice Chair  
Steve Johnson, Secretary  
Sarah Blechta, Treasurer

Mike Scholz, Director  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Vice Chair Kevin Germain called the open meeting to order at 8:08 a.m.

*The meeting was broadcast on Facebook Live by Explore Big Sky.*

**I. Open Meeting**

- A. **Public comment:** Candace Strauss (Big Sky Chamber/Visit Big Sky) and Ciara Wolfe (Big Sky Community Organization) presented letter of support for Community Strategic Plan signed by themselves and representatives of Big Sky Town Center, Big Sky County Water and Sewer District, Gallatin River Task Force, and Montana Land Reliance.
- B. **Consent Agenda:** Motion by Mr. Scholz to approve the consent agenda with the treasurer's report and financials removed. Second by Mr. Johnson. All in favor. Motion passed.
- C. **Regular Agenda**
  - a. **Board Member Vacancy: New Director Appointment:** Mr. Germain stated he contacted Buz Davis after the last meeting, and Buz is interested in accepting the appointment. A motion is needed to approve the appointment.

*Motion by Mr. Scholz to appoint Buz Davis to the vacant board director position. Second by Mr. Johnson.*

Discussion: Ms. Blechta stated everyone was taken aback after Mr. Kabisch's resignation and the decision to appoint Mr. Davis was rushed. She stated if someone resigns in the future, the Board should take a step back and think through the decision in depth. She stated she supports Mr. Davis and she voted to offer him the appointment. Mr. Johnson stated based on recent election results, offering the appointment to Mr. Davis was the logical conclusion. Mr. Scholz stated in the future the election results shouldn't always be used as a precedent.

*All in favor. Motion passed.*

- b. **Update Bank Account Signers:** *Motion by Ms. Blechta to remove Jamey Kabisch and add Buz Davis as a signer on all bank accounts. Second by Mr. Johnson. All in favor. Motion passed.*
- c. **HRDC contract update:** Mr. Johnson stated he and Mr. Scholz confirmed HRDC had in fact met the contract terms and the process can continue moving forward. He stated they have concluded a definitive buy/sell, but the project is still a work in progress. Tracy Menez with HRDC has been identified as a point of contact. He stated they've hired Laura Seyfang, a retired GM executive, to fill the full-time position in Big Sky. Mr. Johnson stated he and Mr. Scholz remain in touch with further refinement of the documents and it's very promising.
- d. **Community Strategic Plan RFP:** Mr. Johnson summarized the RFP he created requesting a facilitator for a community strategic plan for Big Sky. He stated exact dates weren't specified, so those will need to be determined. Ciara Wolfe stated 30 days to provide a proposal should be sufficient, and she highly recommends interviewing the bidders. Mr. Germain suggested interviewing the final two to three candidates prior to the November Board meeting, possibly by a subcommittee who could make a recommendation to the Board. The Board discussed the interviews will be conducted the week of November 5-9 with a final decision communicated to bidders on November 14 after the meeting, and proposals will be due on October 31. The Board discussed Mr. Johnson and Mr. Davis will be the subcommittee.

*Motion by Mr. Germain to approve the RFP with proposals due October 31, interviews conducted November 5-9, and a final decision on November 14. Second by Ms. Blechta.*

Public Comment: Ms. Wolfe recommended including a staff member on the committee because the staff will be tasked with a lot of the work by the facilitator. She also stated the interviews should be open to the public if the Board doesn't want to be the leader in the process.

Mr. Scholz stated the representatives of the organizations who signed the letter of support should be informed. Mr. Johnson stated the proposals can be made available to the public.

*All in favor. Motion passed.*

*Motion by Mr. Scholz to share the proposals with the supporters who signed the letter and include Ms. Brunner in the process. Second by Ms. Blechta.*

Ms. Blechta asked Ms. Brunner if she has time to be involved considering all her other duties. Ms. Brunner stated she's receiving mixed messages from the Board regarding its level of involvement. Mr. Scholz stated the district should facilitate starting the process, but not drive it moving forward. Ms. Blechta stated once the Board has more information on the time that will be required, she'd like a comment about whether Ms. Brunner really has time to do her job, plus other projects assigned by the Board, and the Community Strategic Plan. Mr. Johnson stated outside consultants will expect the staff to do things for the project. Mr. Scholz stated the Board is willing to support Ms. Brunner with more staff if needed.

*All in favor. Motion passed.*

The Board discussed which prospective bidders should receive the RFP.

*Motion by Ms. Blechta to send the RFP to Clarion Associates, LLC (Denver), Community Builders (Bozeman), Future West (Bozeman), Logan Simpson (Tempe, AZ), and SE Group (Frisco, CO) immediately following the meeting. Second by Mr. Scholz. All in favor. Motion passed.*

- e. **Amend the FY 2019 Budget: Add Strategic Plan and New Computer Costs:** Mr. Germain stated the Town Center Owners Association (TCOA) dues are increasing by approximately 30%, so the budget should be adjusted accordingly.

*Motion by Mr. Johnson to increase the FY 2019 budgeted amounts for the TCOA dues, computer costs, and to cover the cost of the community strategic plan of \$35,000-50,000. Second by Ms. Blechta.*

The Board discussed the \$2,000 that wasn't spent on the new table can be removed from the budget. Mr. Scholz stated the Board should allocate \$100,000 for the community strategic plan rather than having to amend the budget again and delay the process if the cost is higher than expected. Ms. Wolfe recommends allocating more than \$50,000. Mr. Johnson stated the \$65,000 listed is 30% higher than Future West's estimate.

*Motion amended by Mr. Johnson to amend the FY 2019 budget to allocate \$100,000 for the Community Strategic Plan, computer costs of \$2,281, and to increase the annual TCOA dues to the exact amount decided at the annual meeting. Second by Ms. Blechta. All in favor. Motion passed.*

- f. **Employee Review Policy:** *Motion by Ms. Blechta to approve the employee review policy. Second by Mr. Scholz. All in favor. Motion passed.*
- g. **Appropriations: Funding Application Improvements:** Ms. Blechta stated the goal is to eliminate cutting and pasting of answers from year to year and eliminating narrative. Mr. Johnson stated the new application will have the flavor of filling out a spreadsheet and simply providing the data. Ms. Blechta explained the tables on page two and three have been refined to ask for the specific information the Board needs. She stated the financials requested will be kept on file but won't be distributed to the Board unless requested. Mr. Johnson stated as it stands now, the Q & A meeting is a big waste of time and it could be improved by submitting a list of questions to each entity prior to the meeting, to be answered at the meeting. Ms. Blechta stated the questions and answers would still be public, but the entities would have time to research the answers.

Mr. Germain stated he'd like to add a question to ask if any important changes have occurred in the last year. Mr. Johnson stated the plan is to have a separate background information sheet for new applicants, and for every applicant applying for FY 2020 funding. Ms. Blechta stated question one could ask the entity to detail any changes, or if it's a new applicant they must complete question one.

Mr. Scholz stated the fundraising amount on the table should be net, not gross. He stated the Board used to meet three times for each appropriation cycle, so a third meeting could be added before Q & A to



determine questions for each entity. Ms. Blechta stated there could be a subcommittee that reviews the questions from each Board Member, or the full Board could meet and approve a list of questions. Mr. Scholz stated new Board Members will need certain background information for appropriations, and they should have access to everything. Mr. Germain stated the Board previously discussed a one sheet executive summary. Mr. Johnson stated the idea is to have a dossier on each entity that can be accessed either online, in the office, or both. Mr. Germain stated the table on page two should have the total project budget included so it doesn't look like a request just went up 50% from the prior year. He stated it would be good to figure out what the executive summary will look like. Mr. Johnson stated we want to first make sure we get the basic info from the applicants, and from there it can be populated however the Board would like.

Ms. Brunner pointed out the removal of programming and FTE from page three. Mr. Germain stated the Board plays a role in setting salaries in the community based on the amount of funding provided, so he always looks at FTE's and how much they make. Mr. Johnson stated if FTE's are included there needs to be a clear definition of FTE. Ms. Blechta stated the FTE can be added back to page four with a definition. Ms. Brunner stated FTE is defined in the current application instructions, but the details for hours worked can be added. Mr. Germain stated he considers an FTE as 40 hours a week, 52 weeks a year, and seasonal employees are not included. Ms. Wolfe stated page three is very similar to the IRS 990 form that nonprofits must submit annually, and if the application could mirror the 990 it would be much easier for many entities who apply. Mr. Scholz stated page four should match page three regarding expenses, and the current draft won't capture it all.

- h. **Resort Tax Summit and Draft Agenda:** Mr. Germain stated the staff should follow up with invitees who haven't responded and send out final date and agenda, with a note that lodging and ski deals will be forthcoming. Mr. Germain suggested hosting a cocktail hour afterwards. Mr. Scholz stated sometimes an informal setting is best for good discussions.
- i. **Scope of Work: Follow Up Questions:** Ms. Brunner stated at the last meeting she listened to the Board, this meeting she is reporting back, and next meeting she'll recommend an action plan for the scope of work. Mr. Germain stated he'd like to finalize the scope of work at the November meeting and make progress on that work between now and then. He stated he doesn't want the Summit to be led entirely by Big Sky, and perhaps the attendees can each lead an agenda item. Ms. Blechta stated each jurisdiction could be given the choice of which item they'd like, but each will be required to choose one. Mr. Germain stated they are addressing big topics and a longer meeting could be necessary. He suggested having the meeting from 2:00-5:00 with a cocktail hour to follow.

Ms. Brunner asked if a resort tax strategic plan is still on the table, or if it should wait until after the community strategic plan. Mr. Scholz stated the district should wait until after the community strategic plan. Mr. Germain stated the resort tax strategic plan will be an outcome, once the community strategic plan reviews the Board's role. Mr. Johnson stated it's a waste of time to do the resort tax strategic plan before the community plan is completed. Ms. Blechta stated the plan can be tackled in month 15-18, but it should be kept on the slate.

Mr. Germain stated compliance should be addressed before amending the Ordinance. Mr. Scholz stated the Ordinance needs to be amended before the next appropriation cycle. Mr. Johnson stated if the Ordinance is being amended, the draft should start with a blank piece of paper, a table of contents



should be added, and a logical structure should be created to enhance compliance. Mr. Scholz stated legal questions about committing future boards shouldn't be pushed back until after the community strategic plan. Ms. Brunner stated she will separate the legal question of committing future boards as an issue that can be tackled.

Ms. Brunner stated regarding compliance, the Board has always had a "good enough" mentality. She referenced a list of duties currently being done by the staff and those that aren't being addressed. Ms. Blechta stated the district needs an executive director. She stated the Board is putting a lot on the staff and the staffing model isn't working. She stated the district needs to be the best, not just good enough. Mr. Johnson stated professional input from an auditor is needed. Mr. Germain stated the district's biggest duty is comprehensive compliance and making sure everything is equitable for all tax collectors. He stated he'd like to work with Accountant Barndt, Ms. Drain, and Ms. Brunner to find the holes and make a plan. He stated Ms. Brunner's original plan had included a staff member dedicated to compliance. Mr. Germain asked if the district should wait for the community strategic plan to determine if an executive director is needed. Ms. Blechta stated the Board should commit now and show the community we believe in it and an executive director is needed. Mr. Johnson stated the community is only going to ask more of the Board and he thinks the Board should move forward in this direction. Mr. Johnson stated a good start would be a job description of what the person would be and what they'd do for us, and in relation to the rest of the staff. Ms. Brunner stated she has a job description from her 2017 proposal and she can build an updated staffing plan. Mr. Germain and Ms. Blechta will work on the staffing plan and compliance discussion with the staff. Mr. Scholz stated sections 8, 9, and 10 are what need to be clarified in the Ordinance for compliance purposes. Mr. Germain stated the Ordinance revisions can be discussed further at the December meeting.

- j. Other. Ms. Brunner stated Darrel James, the lobbyist hired by the district, is coming to Big Sky November 20<sup>th</sup> for breakfast with herself and Mr. Johnson, followed by a tour with Mr. Scholz, and an additional tour with Mr. Germain. Mr. Scholz stated it's important to educate the lobbyist on Big Sky as much as possible. Ms. Brunner stated the visit will be billed hourly not to exceed \$1,000. Ms. Brunner stated there is a Board training on October 11 at 8:30 a.m. sponsored by the Chamber of Commerce and the Montana Nonprofit Association and she encouraged the Board to attend.

#### D. New Business

- a. **Check Signing and Online Bill Pay Procedure:** Two flow charts were created by Accountant Barndt to allow Ms. Brunner to sign accounts payable and appropriation payment request checks every two weeks. Mr. Scholz asked if two signers are still required when the board approves a request. Yes, action is required for non-budgeted items over \$1000. Mr. Scholz stated the footnote should be edited – strike "a board member" and put "the board", prior to payment. The Board discussed the new procedure will be helpful.

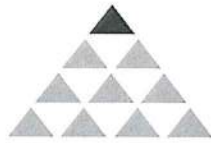
#### E. Public Comment: None.

*Motion by Ms. Blechta to adjourn the open meeting. Second by Mr. Scholz. All in favor. Motion passed.*

Vice Chair Kevin Germain closed the open meeting at 11:04 a.m.

Respectfully Submitted,

  
Steve Johnson Secretary



**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

November 14, 2018

Present: Kevin Germain, Vice Chair  
Steve Johnson, Secretary  
Sarah Blechta, Treasurer  
Mike Scholz, Director

Buz Davis, Director  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Vice Chair Kevin Germain called the open meeting to order at 8:02 a.m.

*Mike Scholz attended the meeting via conference call. The meeting was broadcast on Facebook Live by Explore Big Sky.*

**I. Open Meeting**

- A. **Public comment:** Dr. Alan Shaw asked the Board if back taxes were collected on the private clubs after the determination was made that portions of club dues were taxable. The Board referred Dr. Shaw to the press release on the resort tax website dated June 6, 2018.
- B. **Consent Agenda:** *Motion by Ms. Blechta to approve the consent agenda with the treasurer's report and financials removed. Second by Mr. Johnson. All in favor. Motion passed.*

The Board discussed the financials and treasurer's report. The Board approves of the new format of the annual collections spreadsheet, displaying only the last 10 years.

*Motion by Mr. Johnson to approve the financials and treasurer's report. Second by Ms. Blechta. All in favor. Motion passed.*

**C. Regular Agenda**

- a. **Oath of Office:** Buz Davis: Mr. Davis completed his oath of office October 9, 2018 and it is on file with the county elections office.
- b. **Welcome Buz Davis:** Mr. Davis introduced himself to the public at his first Board meeting after his appointment.
- c. **Election of Officers:** *Motion by Mr. Davis to approve the slate: Mr. Germain as Chair, Mr. Johnson as Vice Chair, Ms. Blechta as Treasurer, Mr. Davis as Secretary, and Mr. Scholz as Director. Second by Ms. Blechta. All in favor. Motion passed.*

- d. **Housing Trust Update: Laura Seyfang:** Ms. Seyfang stated she now has an office, located across from the Post Office in the Meadow Village. She stated there have been two applicants for Down Payment Assistance, but both were denied for reasons tied to income. Ms. Seyfang stated the waitlist process is being determined for both down payment assistance and Meadowview applicants, with 32 currently interested parties for Meadowview units. She stated Phase 1 of Meadowview is in progress, with the foundation having been completed. She stated construction delays have slowed the progress, but they are still hoping to have Phase 1 (18 units) completed by April 2019. Ms. Seyfang stated the contract has not yet been transferred from the developer to HRDC, but it should close by March 2019. She stated they expect Phase 2 to be completed by the end of 2019. The total project includes 40 two-bedroom units (1001 square feet) and 12 studio units (350 square feet), each having a single car garage, while the three bedroom option was limited because it wasn't cost effective.
- e. **Women in Action (WIA): 2016-2017 Appropriations Accounting Issue:** WIA Board Treasurer Kay Reeves provided a memo explaining the accounting issue prior to the meeting. WIA received payments from some patients for counseling services in 2016-2017, but were also allocated resort tax funds for these services. WIA was appropriated \$70,000 total in fiscal year 2017. Ms. Reeves asked the Board if \$5,517 should be reimbursed from WIA to the District, or would the Board be willing to forgive it based on the fact WIA also covered much of their operating expenses that weren't tracked in previous years.

*Motion by Mr. Davis to forgive the \$5,517. Second by Mr. Johnson. All in favor. Motion passed.*

- f. **Check Signing and Bill Pay Procedure:** *Motion by Ms. Blechta to approve the check signing and bill pay procedure. Second by Mr. Johnson. All in favor. Motion passed.*
- g. **Update Bank Account Signers:** *Motion by Ms. Blechta to add Ms. Brunner as a signer on the operating checking account, money market, and office expense account. Second by Mr. Johnson. All in favor. Motion passed.*
- h. **Appoint a Defensive Lobbying Subcommittee:** Mr. Germain summarized that a subcommittee is needed to be a point of contact for lobbyist Darryl James if bills arise in between monthly Board meetings. Mr. Johnson and Mr. Scholz volunteered for the subcommittee.

Public Comment: Candace Carr Strauss: Big Sky Chamber and Visit Big Sky: Ms. Strauss asked if Darryl James is the Director of the Montana Infrastructure Coalition. The Board stated yes. Ms. Strauss stated the Chamber and Visit Big Sky have been very happy with the work of Mr. James on their behalf.

*Motion by Mr. Germain to appoint Mr. Johnson and Mr. Scholz as the defensive lobbying subcommittee and give them decision-making power. Second by Ms. Blechta. All in favor. Motion passed.*

- i. **Resort Tax Summit:** The Board discussed the Resort Tax Summit details on November 30 at 2:00 p.m. Mr. Davis offered to make calls to other resort tax jurisdictions to encourage them to attend in person rather than via phone.

Public Comment: Ms. Strauss offered via Visit Big Sky that lodging partners could offer discounted room and Visit Big Sky could possibly host a lunch as more encouragement for attendees to come in person.



- j. **Community Strategic Visioning Proposal Selection:** Mr. Johnson stated three proposals were received, all with different approaches, but all within the budget of \$100,000. He stated there was an interview process that took place. After the interviews, the subcommittee and Ms. Strauss and Ms. Wolfe selected the proposal from Logan Simpson because it stood out as the best. The subcommittee recommends Logan Simpson

Public Comment: Ciara Wolfe, BSCO: Ms. Wolfe stated Logan Simpson clearly wanted the work, they did their research, and articulated their skill set very well. Ms. Strauss stated Logan Simpson demonstrated an understanding of the landscape and under-workings of a mountain town. In addition, their use of technology during and after the process to inform the community is key.

Mr. Johnson stated Logan Simpson made the effort to visit Big Sky in person. The Logan Simpson cost is the middle option, budget-wise, of the three proposals received. He stated there will still need to be a meeting to negotiate the contract and a final cost. Mr. Germain stated he would like a 10-year financial plan to come from the process, and he believes choosing the steering committee will be crucial.

*Motion by Mr. Scholz to select Logan Simpson's Community Strategic Visioning proposal. Second by Mr. Davis. All in favor. Motion passed.*

*Attorney Griffing joined the meeting via conference call at 9:00 a.m.*

- k. **Scope of Work Action Plan and Staffing Plan Proposal:**

*Motion by Mr. Germain to combine the scope of work and staffing plan agenda items. Second by Ms. Blechta. All in favor. Motion passed.*

Ms. Brunner stated she is thankful for the Board's participation in the scope of work process because it was an opportunity for the Board and staff to get on the same page. She stated the staff's historical and current duties are based on the necessary functions of operating the District: managing the outgoing and incoming funds and the specifics that requires. Ms. Brunner stated the scope of work process provided a direct example of how the Board's priorities have moved beyond this fundamental work and that the District and the Board can only function as well as its staff can give it time and attention. She stated to manage the District and accomplish the Board's priorities, the staff will need help.

Mr. Germain stated there are two staffing configuration proposals and both add a District Manager. Mr. Davis made a motion to approve option two with a part-time administrator and outsourced bookkeeping, but the agenda item is new business and is discussion only at this meeting. The Board discussed the item could be added and approved at the Resort Tax Summit on November 30 to begin the hiring process asap. Mr. Johnson suggested Gallatin County Treasurer Kimberly Buchanan may be available and qualified for the District Manager position. Ms. Brunner stated there is also a third option, which would employ an interim District Manager from an agency that contracts retired public administration employees looking for a short-term job. The Board shared it would like to cast a wide net and be able to consider both full

time and contract applicants. Ms. Brunner and Ms. Blechta will work on finalizing job descriptions prior to the November 30 meeting.

*Motion by Mr. Germain to start the November 30 meeting at 1:30 to discuss and approve the staffing plan. Second by Ms. Blechta. All in favor. Motion passed.*

Public Comment: Ms. Wolfe stated she approves of the plan to hire more staff and recommends requiring the District Manager to live in Big Sky.

Tallie Lancey stated the plan is a good idea and will help to recruit future board members since there will be more staff to alleviate the burden of work on the Board. She asked what other resort area district's expense look like. Ms. Brunner stated Big Sky the largest resort tax collector in the State with 3x more businesses \$2.6 million more in collections than West Yellowstone, the next largest resort tax collector in the state. Besides Big Sky, the top three collectors in the state are incorporated and have extensive staffing structures. She stated standard local government and nonprofit practice is not to exceed a ratio of 25%, income to expenses and the proposal is 6%.

Ms. Strauss recommends workspotmt.org which is available for free, and mountaincareers.com to post the job ads. She stated she understands the concern increasing expenses; however, the Board must recognize its most important job is to serve the District - it's mission and constituents - and that it is failing to do so. Ms. Strauss stated she applauds the Board for taking this step and it is long overdue.

- I. **Recommendation Regarding Multi-Year Appropriations:** Betsy Griffing: Attorney Griffing stated she recommends requesting an Attorney General (AG) opinion to determine if the District can move forward with multi-year appropriations such as a possible interlocal agreement with the fire department. She stated the AG opinion would need to be requested by a county attorney. Attorney Griffing stated she doesn't recommend an interlocal agreement with the fire department and believes other entities would challenge the District to get multi-year appropriations as well. She stated the District could also choose to move forward anyway and acknowledge they disregard her opinion on the matter. Attorney Griffing stated statutory appropriations based on budget percentages could be another option. The Board discussed which county attorney would be approached since the district straddles Gallatin and Madison counties. Attorney Griffing stated it would take her five or six hours to put together a memo.

*Ms. Blechta left the meeting at 9:35 a.m.*

Mr. Johnson stated the Board needs to find a legal way to do what the community needs. Mr. Scholz stated the Board needs to do what's legal. Mr. Germain suggested a meeting with both county attorneys to have a preliminary discussion. Mr. Germain and Mr. Johnson volunteered for the meeting along with Attorney Griffing. Mr. Germain stated the District must adapt as the community evolves, not including anything illegal, but if it's just a matter of changing the Ordinance, it can be done.

#### D. New Business

- a. **Appropriation Application: Executive Summary:** Mr. Germain stated the new executive summary for appropriations applications is on the blacklist until more staff is hired. Mr. Germain was hoping for one page summarizing what's in the application. Mr. Johnson stated his version is more of a dossier to keep on

file. Mr. Davis stated the dossier would ease the workload for applicants and help new board members. The Board discussed nothing can be done on this item now, but Mr. Johnson and Ms. Blechta will work on it.

- b. **Release Draft Minutes Policy:** The Board discussed why the minutes are posted on the website in six-month increments and whether they can be posted monthly after approval instead. Open meeting law states minutes should be available to the public with 72 hours of approval. The staff will work on the policy and place it on the December agenda.
- c. **Annual Fee Resolution:** The Board discussed whether a fee for paper tax filing should be tied to the hours of staff time to process the payments versus online payments. Mr. Germain stated he doesn't want to require tax collectors to use computers if they don't want to. Mr. Johnson stated tax collectors receive the five percent administrative fee per Ordinance 98-01 for collecting the tax, and since they're granted that they should be willing to collect and remit the tax our way.

*Motion by Mr. Germain to have Attorney Griffing draft an annual fee resolution for the December 12 meeting. Second by Mr. Davis. All in favor. Motion passed.*

- E. **Public Comment:** Ms. Strauss reminded the Board about the Visit Big Sky event featuring Yellowstone Superintendent Cam Sholly on Thursday, November 15 at 10:30 a.m., as well as the Eggs and Issues and Joint County Commissioner's meeting on December 5 at Lone Peak Cinema.

*Motion by Mr. Germain to adjourn the open meeting. Second by Mr. Johnson. All in favor. Motion passed.*

Vice Chair Kevin Germain closed the open meeting at 10:07 a.m.

Respectfully Submitted,

  
\_\_\_\_\_  
Steve Johnson, Secretary





**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

November 30, 2018

Present: Kevin Germain, Chair  
Steve Johnson, Vice Chair  
Sarah Blechta, Treasurer

Mike Scholz, Director  
Buz Davis, Secretary  
Whitney Brunner, Operations Officer

Chair Kevin Germain called the open meeting to order at 1:30 p.m.

*The meeting was broadcast on Facebook Live by Explore Big Sky.*

**I. Open Meeting**

A. **Public comment:** None.

**B. Regular Agenda**

- a. **Big Sky Community Housing Trust:** Laura Seyfang, Program Director Big Sky Community Housing Trust (BSCHT) stated BSCHT and HRDC are requesting the Board release the 1.75 million in funds allocated for Land Banking, to facilitate the first part of a two-part closing. She stated the first part of the closing to secure the land for Meadowview will take place in Mid-December. Mr. Scholz stated he and Mr. Johnson reviewed the contract and agreed the request is in line with the contract for Land Banking. Mr. Scholz stated Ms. Seyfang should review the contract to ensure all the requested documentation is provided with the funding request. Mr. Germain verified no motion is necessary because the request is within the scope of the BSCHT contract.
- b. **Staffing Structure:** Ms. Brunner outlined the proposal move to a traditional Board-Staff model; add an executive position, District Manager, and restructure the existing staff to include and Assistant Manager (Ms. Brunner), Tax Revenue Manager (Ms. Drain), a part time Administrative Assistant and outsourced bookkeeper. She requested the Board amend the budget, appoint a hiring subcommittee, and approve the recruitment plan. Ms. Brunner outlined the salary ranges for each position, which, for the new positions, would be determined by individual based on experience, etc. She stated the proposed budget uses mid-range salary numbers, which would increase the staffing budget by 34%.

*Motion by Mr. Davis to accept the restructuring proposal to add a District Manager, restructure the existing staff to Assistant Manager and Tax Revenue Manager, hire a part time Administrative Assistant*



*and an outsourced bookkeeper, amend the budget for the salary increase and recruitment costs and appoint a hiring subcommittee. Second by Ms. Blechta.*

Discussion: Mr. Scholz stated the Board may consider hiring the District Manager initially and let them determine if more staff is needed. Mr. Germain asked Mrs. Brunner her thoughts. Ms. Brunner stated Mr. Scholz's statement would apply if the office was functioning well today. She stated she would be surprised if the District Manager determines less staff is needed; however, the Board should be prepared to go through this process again one year from the District Manager's hire to evaluate the function and operational standard of the office.

Public Comment: Candace Carr Strauss, CEO of Big Sky Chamber and Visit Big Sky: Ms. Strauss stated as a recently hired leader of two organizations, staff transition is a part of the process, but it's better to have staff in place at first so the new leader isn't overwhelmed while trying to just learn the job.

*All in favor. Motion passed.*

*Motion by Ms. Blechta to appoint herself and Mr. Germain as the Hiring Subcommittee. Second by Mr. Johnson. All in favor. Motion passed.*

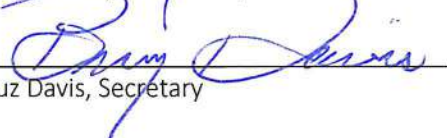
*Motion by Mr. Germain to approve the recruitment plan. Second by Mr. Davis. All in favor. Motion passed.*

C. Public comment: None.

*Motion by Mr. Scholz to adjourn the open meeting. Second by Mr. Davis. All in favor. Motion passed.*

Chair Kevin Germain adjourned the open meeting at 2:00 p.m.

Respectfully Submitted,



Buz Davis, Secretary



**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

December 12, 2018

Present: Kevin Germain, Chair  
Steve Johnson, Vice Chair  
Sarah Blechta, Treasurer  
Mike Scholz, Director

Buz Davis, Secretary  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Chair Kevin Germain called the open meeting to order at 8:02 a.m.

*The meeting was broadcast on Facebook Live by Explore Big Sky.*

**I. Open Meeting**

A. **Public comment:** None.

B. **Consent Agenda:** *Motion by Mr. Scholz to approve the consent agenda with the treasurer's report, financials, and correspondence removed. Second by Mr. Johnson. All in favor. Motion passed.*

The financials and treasurer's report were not available for review at the meeting.

Correspondence: The Board discussed that business licensing/short term rentals should be an agenda item for the January 9 meeting and research should be compiled in the meantime. The Fire Chief and representatives from both Gallatin and Madison counties should be invited.

The Board also discussed Ms. Blechta will be involved with joint county discussions about the interlocal agreement for emergency and non-emergency public safety services.

The Board discussed staff should reach out to eWranglers LLC about recommendations for identity theft insurance.

Acknowledgement was received that correspondence is approved as part of the consent agenda.

**C. Regular Agenda**

- a. **Office Audit Report: Holmes and Turner:** Matthew Cope of Holmes and Turner summarized the Annual Financial Report for the District and reported a clean opinion and there were no findings. Mr. Cope also stated the segregation of duties finding from fiscal year 2017 has been corrected after the hiring of Ms. Drain as the Administrative Officer. Mr. Cope found the District's funds to be further secured by the ICS account at First Security Bank that pledges full FDIC coverage by separating the total into different funds.
- b. **Draft Meeting Minutes Policy:** *Motion by Mr. Scholz to approve the final Draft Meeting Minutes Policy. Second by Mr. Johnson. All in favor. Motion passed.*

- c. **Annual Fee Resolution:** *Motion by Mr. Davis to approve the Annual Fee Resolution 2018-02R effective January 1, 2019. Second by Ms. Blechta.*  
 Discussion: Mr. Scholz asked if online payments help to prevent errors in tax calculation, the staff confirmed yes. The Board discussed the effective date should be February 1, 2019 to give time for the staff to publicize the paper processing fee.  
*Mr. Davis amended his motion to approve the Annual Fee Resolution effective February 1, 2019. Second by Ms. Blechta. All in favor. Motion passed.*
- d. **Recommendation Regarding Multi-year Appropriations:** Mr. Germain proposed tabling the Multi-year Appropriation discussion for a later meeting as he has yet to reach out to the county attorneys to schedule a meeting.
- e. **Big Sky Strategic Plan:** Mr. Johnson stated the contract with Logan Simpson has been reviewed and discussed by himself, Mr. Davis, and Ms. Brunner and it is ready to be signed. The next step will be to establish Ms. Brunner as project manager and start meeting on a weekly basis to figure out logistics. He stated there will be a project website.
- f. **Staffing Update:** Ms. Brunner stated advertising will begin soon for the District Manager and Administrative Assistant. Ms. Brunner stated the hiring subcommittee will be determining initial interview candidates the week of January 14, with hopes the Administrative Assistant will begin in February and the District Manager in March. Ms. Brunner asked that the Board give the subcommittee authority to hire the Administrator and Bookkeeping firm at the next meeting.
- g. **Big Sky Water & Sewer:** Senior Project Manager Scott Buecker and General Manager Ron Edwards presented about the proposed water resource recovery facility (WRRF). The full report and executive summary are available on the Big Sky Water Sewer website. Mr. Germain suggested a joint subcommittee be formed between the Water Sewer and Resort Tax Boards to discuss the WRRF.

**D. New Business**

- a. **Resort Tax Legislation:** Mr. Scholz stated West Yellowstone has budgeted \$30,000 for the effort and Gardiner is willing to contribute as well. Mr. Johnson remains opposed to dictating how the funds from an increase would be spent in the legislation. Mr. Davis stated he agrees that an increase should allow for flexible funding. Mr. Scholz stated the Board has been criticized in the past by legislators for appropriating funds for public welfare, which this Board has interpreted to include services like ice skating, etc. He stated specifying a purpose for the funds, such as infrastructure, may help the bill pass the legislature more easily. Mr. Germain stated no legislation has been drafted yet and the agenda item is discussion only and no action will be taken today. He stated the budget for the last legislative session was \$36,000, and he proposed \$50,000 for this legislative session, to be prorated per jurisdiction, with \$25,000 being the Big Sky share. Ms. Blechta asked about contract flexibility, depending on how the legislation evolves and whether the Board approves. Mr. Germain stated the Board could draft a contract specifying payment portions so there isn't a 100% commitment up front.

**Public comment:**

Alan Shaw, Big Sky Resident. Mr. Shaw stated he agreed with Mr. Scholz's comments and he is also working with Dan Sabolsky from West Yellowstone on the bill. He stated to be successful, the bill should be fairly narrowly written and infrastructure should be defined. He would like to see everyone work together, not like the last session. He stated last time was very time consuming and there was lots of money spent. Mr. Shaw stated the Board should see the draft before allocating any money or moving forward. He stated there will be others with objections for legislation that's not narrowly defined and

suggested property tax relief would be another benefit that's included in the law and not applied in Big Sky.

Taylor Middleton, General Manager, Big Sky Resort: Mr. Middleton thanked the Board for focusing on collecting taxes that aren't already being collected, but there is more work to be done. He stated tax collections have been growing 15% a year per year, so the existing tax is growing already. He's stated he's open minded about this discussion but hopes the Board will consider these facts. Mr. Middleton stated there isn't necessarily a need to raise taxes, but it's a good discussion.

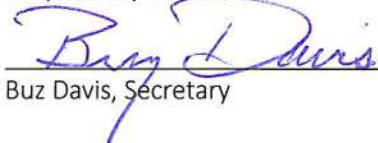
Candace Carr Strauss, Executive Director, Big Sky Chamber of Commerce and Visit Big Sky: Ms. Strauss stated it's not just resort tax communities in Montana having this discussion, but other areas are looking at local option sales taxes too. She encourages a continued conversation and considering it as a tool in the toolbox. She stated it would be good to have the option, but it should be put it to a vote. Ms. Strauss also asked the Board keep in mind the governor's plan to increase the lodging tax by 3%.

Mr. Scholz stated a special meeting is likely needed before the regular January Board Meeting. Mr. Germain agreed and stated the lobbying subcommittee, Mr. Scholz and Mr. Johnson, could work on a proposal for supporting a bill but not fully endorsing immediately. The Board discussed the special meeting will be held on Friday, December 21 at 10:00 a.m. Along with action on legislation, the agenda will include approval of an RFP for district legal representation and providing authority for the hiring subcommittee to hire the Administrative Assistant and Outsourced Bookkeeper.

*Motion by Mr. Davis to adjourn the open meeting. Second by Ms. Blectha. All in favor. Motion passed.*

Chair Kevin Germain closed the open meeting at 10:50 a.m.

Respectfully Submitted,



---

Buz Davis, Secretary





**RESORT TAX**  
— BUILDING BIG SKY SINCE 1992 —

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

December 21, 2018

Present: Kevin Germain, Chair  
Steve Johnson, Vice Chair  
Sarah Blechta, Treasurer  
Mike Scholz, Director

Buz Davis, Secretary  
Whitney Brunner, Operations Officer  
Kristin Drain, Administrative Officer

Chair Kevin Germain called the open meeting to order at 10:00 a.m.

*The meeting was broadcast on Facebook Live by Explore Big Sky.  
Mark Taylor of Taylor Luther Group attended via conference call.*

**I. Open Meeting**

A. Public comment: None.

**B. Regular Agenda**

- a. **RFP for Attorney:** *Motion by Mr. Davis to approve and distribute the RFP for general counsel. Second by Mr. Scholz. All in favor. Motion passed.*

*Motion by Ms. Blechta to nominate Mr. Davis and Mr. Johnson to the legal representation selection subcommittee. Second by Mr. Scholz.*

Public comment: Fire Chief Bill Farhat: Chief Farhat states as a public entity the RFP shouldn't be sent to a selective list, but rather it should be open to anyone; otherwise, the District could be sued. Mr. Germain stated the RFP will be posted on the website.

*All in favor. Motion passed.*

- b. **Staffing Structure:** *Motion by Mr. Scholz to grant authority to the Hiring Subcommittee to hire the part time administrative assistant and the outsourced bookkeeper. Second by Mr. Davis. All in favor. Motion passed.*
- c. **Resort Tax Legislation:** The Board discussed a joint draft agreement between the Big Sky Resort Area District, the Town of West Yellowstone, and the Taylor Luther Group. Mark Taylor stated the first three payments total \$30,000, and the fourth payment of \$20,000 is not due unless the bill is enacted into law. Dan Sabolsky from the town of West Yellowstone stated he approves of the agreement. *Motion by Mr. Scholz to move forward with the governmental affairs contract. Second by Mr. Johnson.* The Board discussed the draft bill will be reviewed by the full Board at the January 9 meeting.

Public comment: Brian Hurlbut, Big Sky resident. An email from Mr. Hurlbut was read stating he would like to personally (as not part of the ACBS) support any legislative effort to enable our local Resort Tax board to allow the community to vote on a potential percentage increase for future housing or infrastructure needs in Big Sky. He stated he believes this just gives us another tool to use as we face these needs in our growing community.

Ryan Newcomb, Director of Development, Gallatin River Task Force (GRTF): Mr. Newcomb stated the GRTF Board will adopt a formal position on the Penny for Infrastructure legislation in January and will share that with the resort tax Board at that time.

Candace Carr Strauss, representing Big Sky Community Housing Trust (BSCHT): Ms. Strauss stated the BSCHT is voicing support for the ongoing effort. She stated the Big Sky Chamber and Visit Big Sky will be taking positions in January.

Dan Sabolsky, Town of West Yellowstone: Mr. Sabolsky stated the West Town Council has made legislation a priority based on the strong possibility of the need for a new wastewater treatment plant, sewer lines, and road repair. He stated commercial development is needed, but there's been a moratorium due to the sewer line issue. He stated he's hoping to have a special council meeting January 3.


The Board discussed the importance of involving the other resort tax jurisdictions in the state, not just for funding, but for input as well. Mr. Germain stated pursuing this legislation allows it to be put to a vote in the community. He stated there are significant needs in the community, including 22 million for water and sewer, just to meet existing needs, along with a shortage of 400-600 units of workforce housing. He stated he's heard concerns in community of where the money will go, is the District collecting all the taxes on the table now. He stated the District and the Board are doing everything in their power to collect all taxes, though there will always be debatable issues as far as taxability. He stated the increase is a community decision, and all this legislation does is bring it to a vote in Big Sky.

*All in favor. Motion passed.*

*Motion by Mr. Scholz to adjourn the open meeting. Second by Ms. Blechta. All in favor. Motion passed.*

Chair Kevin Germain closed the open meeting at 10:45 a.m.

Respectfully Submitted,

  
\_\_\_\_\_  
Buz Davis, Secretary