

**BIG SKY RESORT AREA DISTRICT
11 LONE PEAK DRIVE NO. 204
BIG SKY, MONTANA**

**MINUTES OF THE BOARD OF DIRECTORS MEETING
HELD AT THE BIG SKY CHAPEL COMMUNITY ROOM
AT 510 LITTLE COYOTE ROAD, BIG SKY, MONTANA
JANUARY 2, 2025, 9:00 A.M.**

MEMBERS:

Kevin Germain	Chair
Sarah Blechta	Vice Chair
Grace Young	Secretary and Treasurer
John Zirkle	Director
Michelle Kendziorski	Director

STAFF:

Daniel Bierschwale	Executive Director
Jackie Haines	Director of Economic and Strategic Development
Kristin Drain	Finance and Compliance Manger
Tammy Estensen	Communications and Community Engagement Manager
Jenny Christensen	Deputy Director
Kim Beatty	Legal Counsel (via teleconference)

Minutes taken by Bethany Young of Minutes Solutions Inc. from a recording

1. CALL TO ORDER

There being a quorum present, and adequate and proper notice of the meeting having been given, the meeting was called to order at 9:01 a.m.

2. PUBLIC COMMENT

Denise Wade stated that holding a meeting at this busy time of year does not encourage public involvement. She noted that her letter related to the meeting agenda was just submitted, since she was unaware the deadline was 10 days prior to the meeting.

3. OLD BUSINESS

3.1 Financing Strategy

Daniel Bierschwale provided an overview of the Capital Improvement Plan (CIP) and explained bonding in the context of the Resort Tax. He noted the <http://resorttax.org/about/CIP> webpage contains all content related to the CIP.

3.1.1 Question and Answer

The floor was open for questions and public comment, the board answered the following questions:

- Is there any outstanding debt?
- When would the first payment on the bond be due?
- What would the rate of the bond be?

- Is it possible to maximize both the 1% & 3% separately without them being additive or locked into each other?
- Is the board comfortable going to the maximum bonding capacity allowed by law?
- Is it possible to obtain different bond terms for the different projects?

3.2 Arts Council of Big Sky Project Presentation

Brian Hurlburt, Executive Director, Katie Alvin, Development Director, and Julie Edwards, Education Director of the Arts Council of Big Sky, provided an overview of the community arts center project they are requesting \$2 million for, towards the total \$12 million project budget. A new community arts center is needed to meet the growing programming and event needs that their current rented space cannot meet. The funds would be used to create the new center by renovating their recently purchased building at 77 Lone Peak.

3.2.1 Question and Answer

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- How is the mental health aspect of programming important to the organization and how it will work for the benefit of the community?
- Will the project provide opportunities or space for other organizations?
- Will the proposed space would fully meet the Arts Council's long-term facility needs?
- What is the legal occupancy of the new spaces would be at any one time?
- An explanation was requested for what is included in the \$90,000 annual operations cost.
- How much of the \$12 million campaign budget is direct construction costs and what percentage increase is built into the bid or estimated cost for inflation?
- A question was raised about the timing needed for the Resort Tax money and how that money would impact the project.

3.3 Big Sky Community Housing Trust Project Presentation

David O'Connor, Executive Director of the Big Sky Community Housing Trust (BSCHT), provided an overview of their request for \$45 million to acquire land and \$15 million to provide the needed infrastructure for the Cold Smoke affordable workforce housing development. He explained that in 2023, 80% of the Big Sky workforce was unable to afford to enter the housing market without subsidies. He explained that the quickest path to address the housing disparity is to build apartment buildings and single-family homes on 100 acres purchased by the BSCHT.

3.3.1 Question and Answer

In addition to questions answered in the Board packet, the Board asked David O'Connor about the effect of the requirement that the BSCHT could not propose any capital requests for three years if bonding for this project passed. The Board noted this is a crucial project for the future of Big Sky, since housing is a significant reason the school and sports programs are declining and people are leaving the area.

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- Appreciation was expressed for the project to protect the culture and community of Big Sky by enabling people to both live and work in the community.
- Has BSCHT considered a mixed-use initiative combining market rate housing and affordable housing for this project.
- It was noted that many people in the room, including Board members, do not own homes in Big Sky. The importance of providing affordable housing to allow people to put down roots, feel invested in the community, and be willing to help lead in the long term.
- It was noted that the loss of the 1% vote in 2017 put the community significantly behind. This project provides the opportunity to chip away at the 1300 homes needed to provide security for those needing it in the community, to retain younger families, and to maintain a sense of community.
- What is the sequencing or phasing of the spectrum of housing from apartments to single-family homes?

3.4 Big Sky Community Organization Project Presentation

Whitney Montgomery, Chief Executive Officer of the Big Sky Community Organization (BSCO), provided an overview of their requests of \$7.5 million for Big Sky Community Park renovations and \$5 million to construct a new park on donated land. It was explained that the renovations would relocate Camp Big Sky to a safer location in the park, extend the sporting seasons in Big Sky by improving athletic fields, add additional restrooms, and construct new sand volleyball and basketball courts. It was noted that the park is heavily used and the amenities help build community and retain and attract new residents. The potential plan was presented for the new park in the South Fork area within walking or biking distance of several neighborhoods.

3.4.1 Question and Answer

The Board asked if the \$3.8 million from 720 donors was part of the total \$20 million campaign or specific to the \$12 million Community Park renovation. They also wanted to know if any groups using the park, in addition to the pickleball community, are contributing to the renovations. The Board requested clarification on the difference in maintenance costs depending on whether the project is partially or fully funded. They asked if the BSCO is comfortable not receiving funds for capital projects for three to five years if this project is funded. The Board inquired about phasing if the project is not fully funded and how much field improvements will cost. Whitney Montgomery was asked if the BSCO priority is the existing park or the new park and how the BSCO will increase non-tax revenues to reduce reliance on the Resort Tax.

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- Why do the renovation plans not include the parking lot and restrooms for the pickleball court that were promised when the pickleball and tennis community raised \$750,000 for their dedicated court?
- What is planned for the temporary athletic field below the racket courts?
- Does 50% of operational funding comes from property tax via the Parks and Trails Special District and 50% comes from Resort Tax? If so could a similar 50/50 funding split could be considered for capital projects or if Parks and Trails District bonding is an option?
- How many parking spots were included for the new park and if it would be enough to meet demand.

- What is the appropriate use of Resort Tax dollars will be once the capital projects are done?
- It was expressed that Resort Tax dollars should go to operational costs for entities like parks.

3.5 Big Sky Water and Sewer District Project Presentation

Brian Wheeler, Board President of the Big Sky County Water and Sewer District (BSCWSD), provided an overview of the Phase Two plant expansion needed to increase capacity. Funding was not formally requested, but he expressed the need to move forward with construction in the next four years, since it affects all the other CIP projects' success and is required for Gallatin Canyon to have sewer service. The BSCWSD intends to enhance communication and develop an MOU for the next five years with the Gallatin Canyon County Water and Sewer District (GCCWSD) and BSRAD to move the projects forward on a similar timeline.

3.5.1 Question and Answer

The Board asked for clarification that Phase Two construction, which needs to begin at 80% capacity, will happen in the next four years.

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- Could the Cold Smoke development could happen without the Phase Two expansion?

3.6 Gallatin Canyon Water and Sewer District Project Presentation

Mace Mangold, of the WGM Group, provided an overview of the Gallatin Canyon sewer project for which \$20 million in bond funding was requested. The project is needed to protect and improve water quality. It will benefit the community by supporting infrastructure for expansion of housing, river, and community interests. Funding sources were outlined with a priority to incentivize existing septic connections and make sewer connections affordable.

3.6.1 Question and Answer

The Board asked if a decision on this project funding by the Board and community is needed this year. They asked if the \$12 million already dedicated to the project was enough to secure state and federal funding.

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- What gallon-per-day treatment is needed in Phase Two based on existing uses in the canyon?
- A sense of urgency for the project, since the health of the river does not have the luxury of time was expressed.
- Are there were ways for the community to influence the county's decision-making process?
- Could the multiple projects be covered in one vote by laddering the bonds so that if they do not get done now, another vote would not be required in a year?
- Clarity on how much is being asked for Gallatin Canyon in the bond issue was asked for.

3.7 May Ballot Recommendation

Before considering inclusion of each project in the May 2025 ballot resolution, the Board explained they are working with lawyers to draft ballot language and do not yet know if the projects will be separated or combined on the ballot. The Board outlined their plan for outreach and voter education before the vote on May 6, 2025. They encourage groups to educate and advocate for themselves.

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- Appreciation for the conservative approach to bonding capacity based on the previous five years, but wondered if there was a study of the range of different growth projections so the public could understand the possibilities was expressed.
- Has the Board has increased comfort with bonding more projects this year, since the bonding capacity limits will presumably increase when the 2019 revenue is dropped off and the 2024 revenue is added to the five-year average.

3.7.1 Cold Smoke Land Project

On a motion made by Grace Young, seconded by Sarah Blechta, it was resolved to include in Resolution 2025-01 R funding from the 3% funding source not to exceed \$45 million for the Cold Smoke land project with the following conditions: the project is not eligible for additional Resort Tax funds for three years, the sponsor is not eligible to request funding for capital projects for three years, the use of BSRAD funding is recognized, regular status updates are provided, there is a 2% appreciation cap, there will be full-time occupants only, and appraisal requirements will be met. Motion carried.

The Board approved the \$45 million request and planned to work with the BSCHT to negotiate a lower land cost to allow funds for other projects. John Zirkle expressed concern that the total amount requested does not allow funding for other projects. Clarification was obtained that workforce occupancy is required by the interlocal requirement for SFEs regardless of Resort Tax funding conditions and does allow for individuals to retain occupancy after retirement. Clarification was provided that the 2% appreciation is per year, not overall.

The Board explained they are working to pass legislation that would include workforce housing in the 1% funding source. If the bill passes by the end of January 2025, less funds would be required from the 3% funding source for Cold Smoke.

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- Is the three-year provision based on three fiscal years or three years from the allocation of funds?
- It was noted that the current motion accounts for 84% of the 3% funding debt capacity, leaving only \$2 million for other projects.

On a motion made by Grace Young, seconded by John Zirkle, it was proposed to include in Resolution 2025-01 R funding from the 3% funding source not to exceed \$42 million for the Cold Smoke land project for 3% funding with the following conditions: the project is not eligible for additional Resort Tax funds for three years, the sponsor is not eligible to request funding for capital projects for three years, the use of BSRAD funding is recognized, regular status updates are provided, there is a 2% appreciation cap, there will be full-time occupants only, and appraisal requirements will be met. Motion did not carry.

The Board discussed the merit of reducing the funding for Cold Smoke when it is a priority, and other projects could be covered through the annual grant cycle. It was noted that even a reduced total of \$57 million for Cold Smoke land and infrastructure projects is the largest Resort Tax commitment ever.

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- Can the Cold Smoke project can go forward with only \$42 million?
- Does setting a limit now of \$42 million or \$45 million undermine the current negotiations for the land?
- Does stipulating up to \$45 million in the resolution give the ability to back down to \$42 million?
- Workforce housing has a higher priority than any other projects under consideration.
- How much will the Board will have available to spend if the current projects are funded and the sponsors are not allowed to ask for funds for a few years?
- The Board was encouraged to consider dropping the condition restricting capital projects in the annual grant cycle if the \$42 million option is chosen.
- Could the Board motion to fully fund the Cold Smoke land project and then prioritize the use of the balance, since the actual cost of the land has not yet been determined?
- How much money will be left for future projects the Board wants to bond if all the proposed projects are funded?

The motion was unanimously opposed, leaving the original motion to include \$45 million for Cold Smoke land project in the Resolution.

3.7.2 Cold Smoke Infrastructure Project

On a motion made by Sarah Blechta, seconded by Michelle Kendziorski, it was resolved to include in Resolution 2025-01 R funding from the 1% funding source not to exceed \$15 million for the Cold Smoke infrastructure project with the following conditions: the project is not eligible for additional Resort Tax funds for three years, the sponsor is not eligible to request funding for capital projects for three years, the use of BSRAD funding is recognized, and regular status updates are provided. Motion carried.

The Board was comfortable with the \$15 million coming from the 1% funding. They explained the need to have varied funding sources so that groups are not reliant on the Resort Tax and the need to pass the Resort Tax renewal on the May 2025 ballot.

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- Was the motion reauthorizing the 1% for a specific project so that the tax stays in place along with the 3% tax?

3.7.3 Community Park Renovation

On a motion made by John Zirkle, it was proposed to include in Resolution 2025-01 R funding not to exceed \$6.8 million from the 3% funding source for the Big Sky Community Park Renovation project with the following conditions: the project is not eligible for additional Resort Tax funds for three years, the sponsor is not eligible to request funding for capital projects for three years, the use of BSRAD funding is recognized, and regular status updates are provided. Motion died for lack of a seconder.

On a motion made by Michelle Kendziorski, seconded by Sarah Blechta, it was resolved to include in Resolution 2025-01 R funding not to exceed \$6 million for the Big Sky Community Park Renovation project with the following conditions: the project is not eligible for additional Resort Tax funds for three years, the sponsor is not eligible to request funding for capital projects for three years, the use of BSRAD funding is recognized, and regular status updates are provided. Motion carried.

The Board expressed concern moving forward with a negative \$4 million in the “proposed versus capacity” determination. Jackie Haines explained that the \$47 million 3% BSRAD debt capacity potential principal amount was based on a conservative 1% collections for 2025 and is likely to increase. Since the statute restricting the legal debt capacity for the 3% is based on annual payments, not the principal amount, including the \$6 million funding for the park renovation results in a 95% capacity use of the 3% funding, not a negative amount.

3.7.4 Big Sky Sewer and Water District Phase Two

On a motion made by Grace Young, seconded by Michelle Kendziorski, it was resolved to not include Phase Two of the Big Sky Water Resource Recovery Facility project in Resolution 2025-01 R. Motion carried.

The BSSWD did not request money at this time.

3.7.5 Gallatin Canyon Sewer

On a motion made by Grace Young, seconded by Michelle Kendziorski, it was resolved to not include the Gallatin Canyon sewer project in Resolution 2025-01 R. Motion carried.

The Board noted that Brian Wheeler indicated that the project could be moved to next year which would aid in funding projects from the limited bond funding legally available and reduce voter fatigue.

The Board President stated that 2025 will be a year of discussion for water and sewer projects to protect the river water quality, workforce housing capabilities, and winter snowmaking capabilities. Increased community support was encouraged to be successful with TEDD/TIFF district funding.

- The floor was open for questions and public comment, the board and sponsor answered the following questions/comments: If the water project is not included in this year’s 1% funding, it would go back to the voters in 2026 to request the 1% for the project at that point?

3.7.6 Community Arts Center

On a motion made by Sarah Blechta, seconded by Grace Young, it was resolved to not include the community arts center in Resolution 2025-01 R. Motion carried.

The Board expressed their support for the project and indicated their preference to fund the project through the annual grants cycle.

3.7.7 New Community Park

On a motion made by John Zirkle, seconded by Michelle Kendziorski, it was resolved to not include the new park in Resolution 2025-01 R. Motion carried.

The Board explained that the Community Park renovations should be the priority for current funding. They also indicated that there is potential for the parks to be eligible for TEDD/TIFF funding.

3.7.8 Potential 1% Legislation Changes to the Cold Smoke Land Motion

On a motion made by Sarah Blechta, seconded by Grace Young, it was resolved to include in Resolution 2025-01 R a stipulation that if a successful legislative change allows for the Cold Smoke land project to be included in the 1% funding request, the amount requested for the 1% will not exceed \$43 million and the amount requested for the 3% will not exceed \$45 million with the final combination of allocations for the Cold Smoke land project to not exceed \$45 million as determined by the CIP committee. The following conditions will apply: the project is not eligible for additional Resort Tax funds for three years, the sponsor is not eligible to request funding for capital projects for three years, the use of BSRAD funding is recognized, regular status updates are provided, there is a 2% appreciation cap, there will be full-time occupants only, and appraisal requirements will be met. Motion carried.

The Board explained if the bill to include workforce housing in the 1% funding source passes before the February 4, 2025, deadline to submit an approved Resolution to the County, less funds would be required from the 3% funding source for Cold Smoke. The Board decided to give maximum amounts to allow the optimization of funding allocations to be determined by the CIP committee.

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- Would the board increase the Community Park request to the full \$7.5 million if there may be more money in the 3% funding source if the bill is approved?
- If the payment for the 1% bond would still be less than the 70% of collections if Phase Two of the BSCWSD plant expansion is added in two years?
- Support for the inclusion of a contingency to fully fund the Community Park project if the 1% legislation passes was expressed.

3.7.9 Potential 1% Legislation Changes to the Community Park Renovation Motion

On a motion made by John Zirkle, seconded by Sarah Blechta, it was resolved to include in Resolution 2025-01 R a stipulation that if a successful legislative change allows for the Cold Smoke land project to be included in the 1% funding request, the amount requested for the Community Park renovation from the 3% funding source would be increased to \$6.8 million with the following conditions: the project is not eligible for additional Resort Tax funds for three years, the sponsor is not eligible to request funding for capital projects for three years, the use of BSRAD funding is recognized, and regular status updates are provided. Motion carried.

The Board noted that the change would increase, but not maximize, the funding for the renovations. It was mentioned that negotiations with the contractors may reduce the cost of the project.

The floor was open for questions and public comment, the board and sponsor answered the following questions/comments:

- Appreciation for the Board's time devoted to the CIP process and their consideration of infrastructure and the representation of land and open spaces was expressed.
- Why can't the part of the Camp Big Sky relocation including bathrooms be in the 1% funding?

4. **PUBLIC COMMENT**

There was no public comment.

5. **NEXT MEETING**

The date of the next Board of Directors meeting is January 9, 2025.

6. **ADJOURNMENT**

The meeting closed at 1:30 p.m.

DISCLAIMER

The above minutes should be used as a summary of the motions passed and issues discussed at the meeting. This document shall not be considered a verbatim copy of every word spoken at the meeting.

Respectfully submitted,

Grace Young
Grace Young (Mar 14, 2025 10:19 MDT)

Grace Young, Secretary and Treasurer






2025.01.02 Board Meeting Minutes

Final Audit Report

2025-03-14

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