



## **BSCHT Board Minutes July 10<sup>th</sup>, 2024**

**Present:** David Brown, Steve Brown, Lindsey Putnam, Cryder Bancroft, Michelle Frederick (partially), Mark Dean, Mia Lennon, Kenny Holtz, Rick Simkins, and Staff Members: David O'Connor, Becky Brockie, Jennifer Boutsianis

**Absent:** Shannon Sears, Brad Niva

Meeting was called to order at 2:01pm.

### **Conflict Declarations:**

- *Kenny Holtz has a standing declared COI due to his involvement with Fire Lookout Capital, the developer of Yellowtail Condos, a BSCHT partner project.*
- *Cryder Bancroft has a standing declared COI due to his employment with Lone Mountain Land Co., an operating partner on Powder Light and Riverview, and a potential development partner on future projects.*

**Consent Agenda** made per agenda.

**MOTION** to approve Consent Agenda as presented provided by Kenny Holtz, seconded by Rick Simkins, unanimously approved.

### **Public Comment**

- Mr. Jonathan Gans (working alongside Cryder on Coldsmoke) introduced himself, and expressed his wish to learn more about BSCHT as he begins community outreach for the Cold Smoke project for LMLC. He will likely attend BSCHT meetings in the future.

## **OLD BUSINESS**

### **Financials:**

- DPA Loans and how they flow for a MeadowView transaction:
  - o If the MeadowView's seller had a DPA loan= BSCHT fronts the DPA amount and is reimbursed at the time of closing.
    - Income Statement now contains three new income accounts:
      - DPA Origination Fee
      - DPA Appreciation Share
      - DPA Retained Principal
    - David is still a little unsure the correct QuickBooks procedure to reflect the flow of the DPA Principal asset through the Balance Sheet. He will consult Mark Dean and Rudd Accounting for guidance.

- Phase I DPA loans did not include an appreciate share; Phase II NeighborWorks loans implement an appreciation share equal to the original proportion of the DPA loan to the purchase price.
- Phase I DPA loans were also larger than subsequent loans. As Phase I loans are rolled over in unit sales, the rollover loans to purchasers will reflect the policy and loan limits adopted for Phase II & Phase IIA (10% of property value or \$20k; whichever is less).
- Transfer (Sale) of 196A will yield a DPA Loan return of \$55,000 but only re-loan \$20k, which will cover the two transfers closing in April (126B-studio; 196A-downhill 2bdrm)
- Current MeadowView Ground Lease DPA Loan guidelines state a buyer may obtain a DPA loan for either 10% of the purchase price or \$20,000, whichever is less.
- Should the Board approve DPA Loans? (Any time goes out and is recollected)
  - Yes, by email vote as time is of the essence during transfers
  - Board will need the following to vote:
    - Buyer's Name
    - Unit Number/type
    - Purchase Price
    - Returning DPA Loan (if applicable)
    - Amount requested for new loan
    - Staffs' review approval
      - This could morph into an executive committee decision on behalf of the Board once volume surpasses a certain point
  - Current approvals needed for:
    - The buyer of 126B Arapaho Trail is seeking a \$20,000 DPA Loan; purchase price of \$164,852; seller did not take a DPA Loan so nothing is being returned
    - The buyer of 196A Arapaho Trail is seeking a \$20,000 DPA Loan; purchase price of \$334,113; seller is returning \$55,000 (Phase I, no appreciation share)
      - \$15,000 will remain from DPA Loan return of 196A after the two transaction above close with \$20,000 DPA Loans each

**MOTION to approve DPA Loans for 126B Arapaho Trail and 196A Arapaho Trail moved by Rick Simkins and seconded by Kenny Holtz, passed unanimously.**

- Staff to come to next board meeting with a proposed process for DPA Loan votes.
- The intent behind requiring Board approval of DPA Loans is for checks/balances and common knowledge. Being able to state each Board Member is aware of a transaction is imperative.
- Should BSCHT retain the income that comes from the appreciation share and origination fees to help recoup the costs of program administration?
  - General consensus among board is to accumulate those revenue items as lendable principal, and not retain for operational expenses, as additional funds will be needed as properties values, though capped, will continue to rise.

**Program Reports made as per agenda with the following additions:**

- **Good Deeds:**
  - Deed Restriction holds in cases of foreclosure, deed in lieu, and assignment. Relevant item in Program Reports was inaccurate.
- **MeadowView:**
  - BSCHT would move to cure if a MeadowView unit were to be go into foreclosure.

- The Ground Lease is subordinated. In cases of a completed foreclosure, BSCHT would lose any rights to enforce resale restrictions.
- Board feels consultation with attorney would be warranted. To verify our understanding of the above.

**Deed Restriction Rider/Fines:**

- Adding a step between Notice of Default and Reversion is needed
- Rider/Fines to be enforced in the Good Deeds transaction closing this month (July)
- Fine range? \$250

**RiverView Construction and Lease-up** made as per agenda with the following additions:

- Curbs in place; paving to be completed in the coming weeks
- BlueLine looking for temporary COO
- Remaining units: two, three-bedroom units at 60% AMI

# of HH	1	2	3	4	5	6	7	8
TC 30%	\$22,890	\$26,160	\$29,430	\$32,700	\$35,340	\$37,950	\$40,560	\$43,170
TC 50%	\$38,150	\$43,600	\$49,050	\$52,600	\$58,900	\$63,250	\$67,600	\$71,950
TC 60%	\$45,780	\$52,320	\$58,860	\$63,120	\$70,680	\$75,900	\$81,120	\$86,340
TC 70%	\$53,410	\$61,040	\$68,670	\$73,640	\$82,460	\$88,550	\$94,640	\$100,730
TC 80%	\$61,040	\$69,760	\$78,480	\$84,160	\$94,240	\$101,200	\$108,160	\$115,120

- Ask BL minimum household size for three-bedroom
- Rick to look into his waitlists to see if there may be a household that would fit into RiverView

**BSRAD & Foundation Funding** made per agenda with the following additions: (2:45)

- BSCHT applied for Rent Local funding for \$100k in YCCF’s Fall, 2023 grant cycle. YCCF staff consulted with BSCHT at that time, and indicated that, while the program was fully supported and would be funded, YCCF would like to transition to a Spring funding cycle, in accordance with BSRAD’s cycle. BSCHT related to YCCF that this would necessitate utilizing BSCHT reserve dollars to fund Rent Local’s winter needs, but that a Spring reimbursement would be workable.
- YCCF further requested/advised BSCHT to submit a revised grant application in the Spring, 2024 grant cycle, which mirrored the format of BSCHT’s Resort Tax funding application. As per YCCF’s request, BSCHT submitted a grant application for \$750k which sought funding for BSCHT’s overall “Preservation” activities, which could include Good Deeds, Rent Local and a potential DPA program.
- On July 1, YCCF notified David via Grant Letter that \$500k of the \$750k total request was funded. No restrictions were noted in the Grant Letter.
- During a subsequent conversation with YCCF’s director, it was communicated that the actual intent was to only fund Good Deeds. David described the deleterious effect this will have on BSCHT reserves.
- Sierra will seek committee approval for BSCHT to use the funds with their umbrella approach; ideally, \$100,000 for Rent Local and \$400,000 for Good Deeds. If the committee declines, it will bring BSCHT reserves down to ~\$275k-\$300k.
- Combined funding from YCCF and BSRAD (\$2.1mil) gives us financial leverage on a scale we haven’t seen before and we are grateful for YCCF’s grant
- Total of \$1.6M was granted by YCCF, \$875,000 of which was for housing (\$500k to BSCHT, and \$375k for Ophir’s teacher housing project).

-

**Financial Barriers Tiger Team** made per agenda with the following additions:

- BSCHT puts together programs in six steps:
  - o Goals
  - o Funding
  - o Rules
  - o Procedures
  - o Application
  - o Compliance
- During the Tiger Team meeting, there was discussion of whether Financial Barriers be a standalone program or a program that piggybacks off existing programs, primarily Good Deeds
- Questions for the Board to consider:
  - o Who are we assisting?
  - o AMI range?
  - o What type(s) of property?

## NEW BUSINESS

**Coordinating Council of Big Sky (BSCC)** made per agenda with the following additions: (2:54)

- Started in 2019 to help the community standardize how local organizations seek funding; help the community understand what is taking place with these organizations and their actions within the community. It's in place to represent the community.
- "Three-legged Stool" meaning BSRAD is one leg, philanthropy another, and the Coordinating Council (recipients) are the third.
- Draft goals need to be solidified by end of August
  - o Goals Discussion:
    - We are setting housing goals for Big Sky (as the only organization in our impact area)
    - Goals must relate to Housing Needs Assessment (framework)—bringing supply and demand closer together
    - Tiger Team that will meet a couple times to discuss this further to include:
      - Jackie Haines to help facilitate
      - Cryder Bancroft
      - David Brown
      - Steve Brown
      - David O'Connor
    - How is BSRAD going to judge us? How will the community feel if goals are missed?
    - Bear in mind, these goals are good for 12 months
    - Goals are for impact areas, not individual organizations (not a report card for organizations)
    - Goals are for the BSCC but will help BSRAD with their funding decisions
- Other committees/councils:
  - o Sub-committee for BSRAD, Governance Advisory Council, to look at incorporation. Hired a consultant to provide unbiased report for local homeowners from all angles.
    - RFP awarded to WGM Group with supporting help from EcoNorthwest.

- The report should be ready next summer
- The sub-council will not make decisions based on this report. A separate council/committee will need to be created and they will pursue any additional steps towards incorporation
- Strategic Road Map group Legislative group (adhoc group) discussing Capital Improvement Plan, Tax Increment Financing/District, etc. with involvement of lobbyists
  - A group of local leaders, spearheaded by BSRAD, exploring local legal issues.
    - Potential legislative priorities, both offensive and defensive, for Big Sky in the upcoming session.
    - Strategies for rectifying lack of equitable tax funding and representation in various Special Purpose Districts.
    - Strategies for working with local governing partners (primarily Gallatin and Madison Counties) to improve tax equity for Big Sky residents.
    - Identify large-scale funding opportunities for community infrastructure projects (such as Cold Smoke).
  - Discussion of BSRAD early renewal (May 2025) to set into motion the possibility of bonding, and renew the 1% for infrastructure:
    - Resort Tax bond could be used for land purchase for Cold Smoke.
    - 1% bond could be used for infrastructure for Cold Smoke.
    - If this comes to fruition, BSCHT will then need to advocate and educate the community and beyond, especially about Cold Smoke. Support from community partners, including the Board, will be needed.
      - Without subsidy, Cold Smoke becomes very hard to pencil into any kind of affordability
    - Additional SFEs will be baked into any conversations

**Cold Smoke Update** made as per agenda and attachments with the following additions:

- Stewardship LOI redlines/changes:
  - Acres changed from 90 to 99
  - Under Land:
    - Acres changed from 90 to 99 Under SFEs: third paragraph on 2<sup>nd</sup> page
  - SFEs section:
    - Added the ability to reclaim SFEs if not used within 15 years (primarily for Cold Smoke)
    - Ensures that we we're unable to obtain additional SFEs from WSD, we aren't just giving away our biggest asset

**MOTION** to approve revised LOI as presented made by Mark Dean, seconded by Kenny Holtz, passed unanimously. Cryder Bancroft abstains from the vote.

- General Discussion:
  - BSWSD attorney may take the position a vote needs to be taken to the public
  - They are currently contemplating two other annexations in which they're trying to avoid precedence being set
  - They are allowed by law to annex contiguous land provided there are resources available, but can also bring it before the public for a vote
  - On Tuesday, July 16<sup>th</sup>, this project will be formerly presented to the BSWSD Board

- Up to three readings will need to take place during the formal application process
    - Hope is to have full annexation by end of year
  - Cold Smoke is the only project that can immediately help the community; all other possibilities are years out
  - The project should be considered a “Deed Restricted Community Housing”
- BSWSD:
  - Prior to the 1% passing, there was discussion about where a property’s location (within or outside of the BSWSD) would impact annexation. A Board Member believes a property doesn’t need to be in the district to be annexed and that BSWSD meeting minutes should be reviewed to confirm.
- Tiger Team will be formed as more time outside of standard board meetings will be needed for such a large-scale project
- Prepare talking points for community conversation: everyone should be on the same page. Topics will include:
  - FUNDING
    - More subsidy, more affordability
  - Marketing
    - Plans to have marketing start in September
  - Planning documents (Needs Assessment, Strategic Plan) and how the impact community planning
  - Other items as they become evident
  - Board Members should steer away from speculation as there are still many fluid aspect to the project

Meeting adjourned at 4:06pm by unanimous consent