

**Board of Directors Business Meeting**

**Tuesday, June 25, 2019, 7:00 a.m.**

**Location: Idaho Falls Auditorium District Office**

**467 Constitution Way, Idaho Falls, Idaho 83405**

**Attendees: Terri Gazdik, John LoBuono, Bob Nitschke, Steve Vucovich, Mark Fuller, Rob Spear, Mike Clements, Blake Davis, Tana Barney, Kevin Greene, Chad Hammond, Kevin DeKold (phone)**

**Minutes:**

1. Call to Order – at 7:01 a.m.
2. **Action Item** - Accept the Consent Agenda – Gazdik explained that there were no financial reports prepared and requested that item VII be changed to an action item. Spear requested item XII A. b. to be changed to a discussion item. Motion to approve agenda as amended. Seconded. Motion passes.
	1. Meeting Minutes – 6/7/19 & 6/20/19
	2. Payables
3. **Discussion Item** - Public Comment - None
4. **Action Item** – Officer Elections – Fuller said that it isn’t a requirement, but Gazdik explained that she feels it is important to give all board members an opportunity to be nominated for the board. Vucovich made a motion that Gazdik selected as the chairperson. LoBuono and Nitschke both expressed interest in participating as the Vice Chairperson. No Board members expressed interest in the secretary/ treasurer position. Everyone was in favor of Terri Gazdik as Chairperson. Motion passes. LoBuono shared that he was interested in this position because he wants a continuity of voting on important voting times. LoBuono said he is committed to the same direction as the chair and the consensus of the Board. Nitschke shared that he felt he had shown his devotion to the project by spending many hours reviewing the documents and having his own opinion whether it aligned with the Chair or not. Gazdik nominated LoBuono. Vucovich nominated Nitschke. Three voted in favor of LoBuono. Gazdik nominated Spear as the secretary/treasurer. All voted in favor. Motion passes.
5. **Discussion Item** – IFAD Naming Policy – Fuller has drafted the naming rights policy for the event center. Phyllis Hockett has reviewed the draft. These documents are meant to help the Board understand the nature of what a naming document is meant to do. This is designed to set a naming policy for all aspects of the center. It allows sponsors to name anything in the building. Fuller will come back for final approval of policy next meeting after input from board. This contract includes a termination clause, or a “Bad Boy clause”, to use as needed. Fuller indicated that contracts for the event center should not be based on perpetuity. The current negotiations are focused on the “useful life of the item” as opposed to perpetuity. Gazdik explained that all negotiations up to this point have been in terms of a “useful life.” No potential sponsors have required perpetuity. Fuller explained that a “useful life” will be determined on a per sponsor basis. Vucovich asked what a subunit is. Fuller explained that it is considered anything short of the full building. This policy is written to cover both the building as a whole and all subunits. Fuller explained some of the provisions in the policy such as not letting political or religious leaders purchase the naming rights of the building. Fuller explained it would be wise to consider adding clauses that require a company who is rebranding to pay for all the new signage in the sponsorship area. Gazdik questioned a clause indicating that an organization could not sponsor more than one subunit. Fuller said he would take out the “not” to indicate that it could happen. Gazdik also questioned the section requiring naming right duration to be a useful life or 5 years, but asked if there would be latitude to negotiate anything besides those two options. Fuller said he would change it to read, “a term of years,” in order to give freedom for each subunit. Fuller explained that this policy will determine that Pathway isn’t in charge of all the naming rights and that any subunit can have an individual negotiation between the Board and the sponsor.
6. **Discussion Item** – IFAD Donation Agreement – Gazdik asked about being a “third party beneficiary.” Fuller found the location and determined that there is a sentence that needs to be removed. Fuller requested any other changes from the Board to make sure it is a sound agreement.
7. **Action Item** – IFAD Reimbursement Policy - This came as a recommendation from Key Bank and from the Centennial Management group. This allows the Board to reimburse itself for expenditures already made with proceeds from the certificates of participation. The best example is that the Board has already paid $1 million on architectural expense. If they receive $40 million in certificates of deposit, the Board could reimburse themselves and then use that $1 million to go toward the funding of a private portion of the building (ie the concession area). The Board will be better able to comply with safe harbor regulations if it can designate where that money goes rather than just for “general expenses.” The financial advisor may say that is unnecessary later on, but this clause makes it possible to do the reimbursement without making it required.

LoBuono asked about being able to change the $40 million number that is in the document. Fuller explained that it was highly unlikely that the Board would be capable of being approved for a higher amount in certificates because it is based on the amount the Board is receiving from the transient room tax. Spear asked if the Board wanted to lock themselves into the $40 million limit. Fuller suggested raising the limit to $50 million instead and the Board agreed. LoBuono moved to accept this policy with the changes discussed. Seconded. Motion passes.

1. **Discussion Item** – Sale of Primary Naming Rights – Moving forward it is important for the Board to know the expectations of the company that is interested in the naming rights of the building. The current discussion is in the range of $4-5 million with payment upfront for a 50 year term. There are many other minor terms members of the Board and Pathway have been discussing, but Gazdik asked for a confirmation from the Board of the major terms for the company planning on the major naming rights. She shared examples of other event centers of a similar size and how much they sold the naming rights for. Most were in the $4-5 million range. Vucovich shared that he feels that is a great amount, but he is concerned with the 50 year term idea. It is very long, especially when the Board is working so hard to avoid perpetuity. LoBuono asked about a buy-out option in case of a macro-economic issue that happens later on. Gazdik said they previously had a re-sale discussion that this company was not interested in. LoBuono suggested more discussion with the company in question.
2. **Action Item** – Owner’s Representative – Nitschke and Spear have been working on the Owner’s Representative RFP. They updated the requirements to include a certain amount of educational experience among other minor changes. Gazdik asked about a time commitment requirement. Spear said they decided to leave it open for now to talk with the candidates to see what they think would be necessary. Spear asked Fuller the best way to distribute the RFP. They agreed newspaper as well as the normal job posting sites are the best way. Fuller mentioned his concern for the CMGC Experience. This GMGC practical experience is so new to Idaho that there won’t be any Idaho applicants that have that experience. Fuller and the Board agreed to move the CMGC Experience requirement from minimum requirements to the desirable area. Nitschke explained that the goal of the current document is to place more responsibility on the Executive Director so that the Owner’s Rep position is more of a half time position than full time. Gazdik pointed out that the dates will need to be revised. The new deadline for submission will be July 15. Vucovich asked what would happen if no one applied. Nitschke said they could just end up assigning these responsibilities to Spear as previously discussed. Motion to approve RFP with date changes. Seconded. Motion passes.
3. **Discussion Item –** Google Drive – Some Board members had issues reaching the Board’s Google Suite so Spear has asked Thomas to create an instruction sheet to be emailed to the Board in order help with any confusion.
4. **Discussion Item** – Pioneer Road Update and Costs – A document was provided that explained the increased costs of the Pioneer Road project and how this has an effect on the overall cost estimates. The document listed three columns: $1.476M to cover entire project, $1,055M for all underground requirements and $489k for above ground work. All the items will need to be completed before the City will issue a certificate of occupancy. The Board will need to decide if they want to move forward and pay the entire amount now of $1.476 million, or if only the items totaling $1.055M. If the Board chooses to wait, it will likely be a greater expense later on. Tana Barney explained that there were a number of things that weren’t anticipated by the original budget. Gazdik said she understands that HK is proposing to hold some of their material costs in line with what they approved on Event Center Drive. If the Board chooses to move on this now, they will avoid inflation fees of paying for materials in a couple years. Barney explained how the requirement for a wider road came about and how it will benefit the event center. She also said that it will be unclear how much rock will have to be blasted for the building until they get engineers out on the field to measure it. Barney explained the construction that would be put off until later include the landscaping, sidewalks and asphalt. The underground piping and other things would be completed anyway, so the road would be drivable for construction purposes only. Spear recommended to move forward with the construction of the items totaling $1.055M now and then find a way to fund the $489K later. LoBuono agreed with the importance of building the road now instead of later. Barney also explained that if this road is completely built, it will be cheaper to use temporary power from a power company than to try to use generators for all the power needs during construction. Fuller asked if there would be a cheaper option later on for the above ground requirements from a different company than HK. They would still handle the infrastructure/underground portion that needs to be completed now, but the design part could be put up for bid later to find a lower cost. Spear mentioned that the above ground portion of the road is a potential in-kind donation if the Board decides to wait and not have HK do all of it. Fuller mentioned how Pioneer Road is going to benefit the community as well as the event center, so it may be wise to get the city involved in helping to pay for the road up front. LoBuono said he would like to see if the Board can get the city support for the road. Gazdik brought up the idea that building the road may help the Board reach their required percentage of public use to reach their tax exempt status. Fuller explained that previously it had been promised by the City that it would only be a three lane road, so Vucovich agreed that it would be worth revisiting the issue with the city.
5. **Report and Updates**
6. Executive Director Report
	1. **Action Item** –Proposal for early submittal for Footing and Foundation package – Spear explained that CRSA is requesting $8,000 in order to get drawings done that will help get construction started earlier that could help ensure the project is done by the October 2021 date. Spear explained that this is not necessarily a cost saving project, but it is helpful with timing. Fuller explained that doing this now rather than next spring would be good because it allows for a groundbreaking event for the public to attend during the bulk of the donation time. Motion to accept the proposal. Seconded. Motion passes.
	2. **Discussion Item** – Project Management Plan – Nitschke made some suggestions for correction and Spear has drafted them. He will have the plan ready for the next meeting. Once updated, a draft will be sent out for Board members final review.
	3. **Discussion Item** – Strategic Plan Concept – Spear really wants the Board to get behind this so everyone has a direction. He wants to move forward with creating a strategic planning committee. The vision can drive the future of the Board and the project. Gazdik asked where Spear sees the Board moving from here. Spear requested Nitschke and one other Board member to be part of the committee. The Board suggested reaching out to Doug Swanson to be part of the committee as well. If Doug is not available, LoBuono offered to be on the committee.
	4. **Discussion Item** – Event Center Cost Estimate – There is a meeting with the building committee tomorrow to review the estimated costs of the building. Spear mentioned a few costs that are unclear at the moment that will receive clarity at the meeting tomorrow. There is a chance that estimated costs will be lower in December and January than they are right now. They plan to go through every line item and review why each cost is the level it is.
7. **Discussion Item** – Legal Report – All will be reviewed at the next meeting.
8. Calendar and Announcements
	1. Upcoming IFAD Meeting/Events – **Next Meeting on July 9, 2019 Discussion Item** - Announcements and Minor Questions – There was a comment in the paper that needs to be addressed. Chad Hammond will be asked to write up a draft to be sent to the editorials. Spear has been asked to speak at the Chamber Speaker series on Thursday. Motion to accept the consent agenda. Seconded. Motion passes. Gazdik offered a four-drawer cabinet for IFAD use. Spear accepted.
	2. **Discussion Item** - Agenda Items for July 9th meeting -
9. **Action Item** - Adjournment from Public Session – Motion to adjourn at 9:22 a.m. Seconded. Motion passes.

**Action Items**
Thomas send instruction sheet for Google Suite

Hammond write response to man in paper

Spear invite Swanson to be on Strategic Planning committee

Spear talk with City about Pioneer Road contributions