

**Board of Directors Business Meeting**

**Tuesday, May 26, 2020, 7:00 a.m.**

**Location: Idaho Falls Auditorium District Office/Zoom Videoconference**

**467 Constitution Way, Idaho Falls, Idaho 83402**

**Attendees: Terri Gazdik, Bob Nitschke, John LoBuono, Steve Vucovich, Rob Spear, Mark Fuller, Salem Thomas, James West, Kevin DeKold, Trenton Saxton, Blake Davis, Mike Clements, Chad Hammond, Rebecca Casper**

**Minutes:**

1. **Action Item** - Call to Order – at 7:03 a.m. LoBuono moved to approve the agenda. Vucovich seconded. Motion passes.
2. **Action Item** - Accept the Consent Agenda – LoBuono moved to approve the consent agenda. Vucovich seconded. Motion passes.
	1. Meeting Minutes – 5-12-20 Fuller’s suggestions were included as well as Nitschke’s. The latest minutes have been reviewed.
	2. Review of the Payables/Financials – Spear presented a small list of payables for the Board’s review and approval. Gazdik then asked Spear to brief the Board on the March financials. Spear pointed out that through February, District tax collections were up 1% over 2019. However, March collections were down almost 30%. Overall tax receipts are down 8.4% for the year. There were no unusual expenses outside the budgeted amounts. The balance sheet shows just over $11 million in cash with total assets of $21 million. Spear explained there is expected to be a significant drop in April tax receipts. Gazdik said that income was a little lower in March, but it isn’t significant year to date. She expects that April and maybe May will be the lowest months. Spear said he had spoken with James West who indicated that people had started making reservations at the hotels he manages and that there is some light at the end of the tunnel.
3. **Discussion Item** –Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board) - None.
4. **Discussion Item -** Centennial Management Contract discussion about IRS private use requirements and approval of a third party to verify the fair market value of affiliate contracts for hockey and food and beverage service for Event Center operations. Gazdik said there has been some discussion with Gilmore Bell and they have presented several paths forward to address the IRS issues related to the two affiliate contracts. One of the paths requires third party verification of the fair market value of the hockey and concessionaire contracts. Spear contacted CSL and said that initially Bill Kruger was unwilling to take on this project because he didn’t want his company to provide any opinion on bond due diligence. Spear explained to him that they would be only verifying the fair market value of the contracts and that CSL’s opinion has no bearing on the potential issue of certificates of participation and CSL’s opinion would not be used in any financing documents. Krueger agreed to provide these services and has requested three weeks to complete the project. The amount CSL is requesting to perform these services is $10k-$15k. Spear explained that because the Board entered into a contract with CSL in September there is no need for a new contract.

Nitschke said he would like to see the statement of work for that task and what the deliverable looks like. Spear said he would talk with Bill Krueger and have him provide it later in the week. Nitschke said he would like to see it before it is approved so the Board knows what they are getting. Nitschke said it feels like there won’t be many companies to compare the event center to because the Board has been told Centennial Management has a unique business model, so Nitschke wants to see how CSL plans to get the necessary comparisons. He also wanted to see which attributes are going to be considered for the comparison.

1. **Discussion Item –** Review CRSA rendering of revised exterior design – Spear said that the only change on this rendering from the last one is the updated logo on three sides of the building. DeKold said CRSA is still waiting on Snake River Landing to give the gray color approval. DeKold said that the ribbons above the door have also been updated. The plan is to put together a rendering with a gray scheme for the next meeting. Snake River Landing requested a gray rendering before they approve it.

Gazdik asked DeKold about changing the glass area in the entrance area. DeKold said that the glass changes are going to be included in the final rendering, but not the preliminary rendering. Spear asked DeKold when the gray rendering would be available. Saxton said the renderer has been out of town. DeKold said he would check with the renderer when he gets back and let the Board know.

1. **Discussion Item** – Discuss key points in time for developing an alternative design or scenario timeline if there is delayed construction of the Event Center – Spear showed and discussed a timeline, assumptions, and a preliminary list of key dates. This is a first draft and Spear is open for comment and recommendations. The first assumption is that both the construction and bond market will be favorable in 1st and 2nd quarter of 2021 and that this might be the ideal time to get a new GMP. This could be the sweet spot that could provide favorable construction numbers and financing costs. According to the Nation’s Group, there are a number of projects that are not yet designed and are being delayed and cancelled because of Covid-19. However, projects that are designed and shovel ready like this project may have an advantage. Another assumption is that revenues need to rebound to 80% of budget by late this summer and then to 90% of budget by April of 2021. Spear said that he would like to give the current building plan another 12-15 months before the Board begins discussing an alternative plan with key stakeholders in the community.

Another assumption is that it will be necessary to secure at least another $2 million in donations. The plan is to continue focusing on fundraising for the next 12-15 months.

This proposed timeline and the possible opportunity in the 1st and 2nd quarters of 2021 will require the Board to request another GMP since the original GMP is no longer valid.

In the timeline Spear identified a date every three months where he will review the status of the project and monitor revenues. If the Board elects to move in a different direction, Spear would like to see the community involved in determining an alternative plan.

Gazdik said this is a great planning tool. It is going to be helpful for the Board to monitor what is happening and what steps the Board should be taking.

LoBuono asked about the possibility of beginning construction this fall. Spear said that so much is unknown that he finds it slightly unrealistic to start this fall but wants to keep the option open in case it is possible.

Gazdik commented that the information the Board is receiving from the state tax commission is delayed two months and will have to be updated on Spear’s timeline. She acknowledged that it does not affect any of the circumstances.

LoBuono reminded the Board that the restaurants in Idaho are reopening on June 13th so he is hoping the hotels begin to fill again. He mentioned an article he read awhile back that indicated it would be a 10-month economic recovery so he thinks the earliest construction will be able to begin will be April of 2021. However, he is optimistic that things will begin to change in August and September.

Gazdik asked if Spear had shared this with Clements. Spear said he had not because he was hoping to have some feedback from the Board before sharing it with Bateman Hall. He felt it would be premature to discuss this timeline with anyone outside of the Board.

Nitschke said he doesn’t see anything wrong with what Spear has presented. However, he is very sure the Board should have an alternative plan and it isn’t prudent for the Board to wait another year before developing an alternative. He asked Spear about continuing fundraising since the Board had sent out a letter explaining they would wait until the economy revives some. Spear said he has had a few conversations with prospective donors and there is still a “wait and see” approach. As soon as the economy opens up and it makes sense to reach out to these prospects, Spear said he will begin contacting the list of prospective donors.

LoBuono said he doesn’t feel right about going to a plan B right now. Nitschke said it isn’t about using the plan B right now, but about having it as an option. Nitschke said that if the Board isn’t willing to look at a plan B right now then they won’t be willing to look at making one in two years either. He pointed out that almost every epidemiologist has predicted a second wave of Covid-19 in the fall which will affect numbers again. This is not good project management. The Board needs to come to some agreement as to what the best backup plan is. LoBuono said that the Board should wait until they have further knowledge on the issue before spending money on creating a plan B. He feels it would be irresponsible to spend money on really anything, let alone a second design. Nitschke said that brainstorming doesn’t cost a lot. He feels Spear has time to work on it during this time waiting for the impacts of Covid-19 to subside.

Spear said his intent for this agenda item was to provide a timeline for the current project and identify some dates for developing an alternate plan. Spear agrees that internal discussions for a Plan B are important, but he is concerned about sharing these ideas with the community. He wants to stay committed to the project for the next few months and doesn’t want to show a significant change of direction to the public. LoBuono said that it would be harder to get that last $2 million in fundraising if the Board starts considering a different design. He doesn’t want to create negative imagery in the public’s mind. He thinks it will be a fine idea to discuss a project B internally but doesn’t want to take it to the public. Gazdik agreed that having an alternative plan is a good idea, but it will have to be without the public’s input which means it may not be meeting the public’s expectations. However, she agrees it would not be wise to go to the public for an alternative project yet. Gazdik explained that further discussions will have to be done in public meetings because it cannot be discussed in an executive session. She asked Nitschke what his preference is to move forward. Nitschke said that Spear is in charge of this project, but he indicated that meeting with two Board members at a time might work. That would be a way to avoid the public involvement concern. Vucovich said it would be prudent to meet to discuss a plan B without the public.

Nitschke asked why CRSA hasn’t been asked to begin thinking about possible design changes to the current building plan that might mitigate the impact of the coronavirus. There may be another virus spreading next year or any year so the event center should be designed to lessen the risks from transmissible pathogens.

Spear asked Bateman Hall and CRSA representatives to comment on what they are seeing in regard to design changes stemming from COVID-19. Davis shared that their company is working on a number of projects that are public buildings. He indicated that none of the building owners have made modifications due to Covid-19. Davis feels like this is not the “new normal,” so projects that he has been involved with have not made any changes. Hogan is working on higher education buildings for a university in Utah, a couple of Recreation centers, and some renovations for Idaho Falls public buildings. Gazdik asked DeKold if he has seen any changes to projects CRSA is working on. DeKold said a few companies have started discussions of changes to their buildings, but none have actually agreed upon changes at this point. Nitschke said he isn’t expecting the Board to already have all the answers, just that they begin discussing the options. There may need to be barriers in the kitchen area or larger spaces for fewer people. He is unsure of which guidelines will be necessary to follow, but that the Board should be aware that changes may need to be made. Gazdik said the Board can continue this discussion each meeting as planned.

Davis added that the airport project that they are currently involved with has not taken any permanent measures to change the layout to protect against COVID-19.

Gazdik suggested Spear talk with Bill Kruger to find out if their projects have been making any modifications. DeKold said he would also speak with the owner of Perkins Will to see if they are making permanent or semi-permanent changes to their designs.

**Report and Updates**

VII. **Discussion Item** - Executive Director Report

a. Fundraising Campaign and status of prospects - Spear has been making weekly check-in conversations with prospective donors. There may be an opportunity to visit with representatives from two local hospitals.

b. Pioneer Road Construction progress report. Additional soft spots were identified on the north side of Pioneer Road where the pavement was removed. MTI recommended that these spots be removed and replaced with new material. Estimates currently show another $19k is needed to correct this issue. Spear stated he was concerned that unsuitable soils continue to be an issue. LoBuono asked if these new soft spots are in addition to what was estimated before. Spear said yes and asked for comment from Clements. Clements explained that the not-to-exceed amount the Board granted before did cover all the expenses for the soft spots that they knew about at the time. This is a different area that wasn’t on the original map. As soon as they knew there was more work, they called Spear to let him know. In order for the City of Idaho Falls to accept Pioneer Road back into their jurisdiction, the Board will have to do what the engineer and MTI recommend, which means they will have to correct these soft spots as well.

Spear asked Clements to explain a little more about the bridge structure and why the price has increased. Clements said that the bridge structure estimate was not created by HK and when HK took the project over, they assumed the $100k line item would be sufficient to cover the cost of the bridge and insulation. An allowance means that there is a known item with an unknown quantity so it never really is certain the amount that will have to be paid; it can only come in estimates. The $14k over the original price is for the labor performed and not the materials. There wasn’t much of a design when HK took over, so they needed to prepare a design. That design was not complete at the time of the GMP. LoBuono asked if the Board had paid to have those bridges designed. Clements said that the bridge design had to be change-ordered over to Horrocks. Spear reminded the Board that they had to re-bid the Pioneer Road project that was originally being handled by Ball Ventures. This required Bateman Hall to have the bridge structure designed.

Gazdik shared her frustration that the City is unwilling to help with the costs to repair Pioneer Road as the City determined the layout of the new Pioneer Road. Clements said that the person to be frustrated with would be the developer who negotiated with the City without allowing the Board to talk with the City after the contract had been made. Gazdik asked Spear to reach out to Erik Isom of Snake River Landing to let him know about the recent developments with the project and Pioneer Road. Fuller pointed out that one of the driving factors for getting this road completed sooner than later was for the Fourth of July celebration which has been cancelled. He asked if there is a possibility to let some of the soft spots dry out on their own because of the lack of time restraint. Clements said the MTI doesn’t think it will dry out on its own because of its location. Now they are focusing on sidewalks before completing the paving of the road. With landscaping, paving, and sidewalks they will likely complete the entire Pioneer Road project in September.

c. Event Center Phase I progress report - The pad for the Event Center project will not be finished until September to allow the soft spot to dry out naturally.

B. **Discussion Item** - Legal Report – Nothing to report.

 C**alendar and Announcements**

VIII. Upcoming IFAD Meeting – **Next Meeting on June 9, 2020**

IX. **Discussion Item** - Announcements and Minor Questions - Nitschke asked about the formal responses to the Board’s comments on the pro forma from Centennial Management. Spear suggested that would be added as a discussion item for the next meeting. Spear said that Kevin Bruder suggested a teleconference with himself, Spear, CM’s legal counsel, the Board’s legal counsel, and Gilmore Bell to make sure they adequately cover each point Nitschke has shown concern about.

X. **Discussion Item** - Agenda Items for June 9, 2020 meeting - Centennial Management responses to the Board’s pro forma comments. LoBuono moved to adjourn at 8:05 a.m. Vucovich seconded.

**Actions Items**

**CSL Statement of Work**

**CRSA gray rendering**

**CM formal responses to their pro forma**