Approved

**Board of Directors – Regular Business Meeting**

**425 N. Capital Ave., Idaho Falls, ID 83402**

**Wednesday, 27 September 2017, 7:00 a.m.**

**Minutes:**

 *In Attendance: Chariman Terri Gazdik, Board Members Doug Swanson, Jill Kirkham, Bob Nitschke, John LuBuono., Executive Director Cindy Ozaki, Administrative Coordinator Jo Nelson, Brandic Novack, IFAD Legal Counsel Mark Fuller, Mike Clements, Blake Davis, Kevin Greene, Eric Isom, Phyllis Hockett, Dave Jones, Kevin Trevellyan, Andrea Todd, Dana Brackwell, James West, Ray Gordon, Mark Young, Chip Schwarze, Jerry and Carrie Scheid, Tana Barny, Laura Lewis, Kassy Shephard, Dana Briggs*

1. **Call to Order**

Conducted by Chairman Gazdik, the meeting was called to order at 7:04 a.m..

1. **Adoption of the Consent Agenda**
	1. **13 September and 18 September, 2017 Minutes –** Mr. Nitschke stated that he had wished well in advance that the amended items be included and they were not. Chairman Gazdik stated that a more specific agenda list would be provided in the future as per the minute guidelines. In addition, timely emails and responses by the Executive Director is requested. Mr. Nitschke also requested the statement about the need of the Management Plan to be more specific, and that this task falls within the job description of the Executive Director. Mr. Nitschke noted that he is on the Construction Project Committee and believed he was not invited to attend the last meeting. He would like it noted who the attendees of that Construction Project meeting were. Mr. Nitschke also had several items he would like amended on the September 13, 2017 minutes before the adoption of said minutes.

Ms. Kirkham stated that her comments were not included in the September 18, 2017 minutes and that they should be added to the minutes before approval. Chairman Gazdik stated that some items were not included in the minutes because they were off topic and not on the agenda for discussion. It was decided that the minutes would be revised to include Ms. Kirkhams concerns, and, subsequently, considered for approval.

*Action:* Motion made and seconded to adopt the Payables

*Result:* All present voted in the affirmative.

1. **Public Comment –** No public comment.
2. **Philanthropic Feasibility Report – Pathway Associates** – Pathways conducted qualitative analysis to collect the data for this project. The question posed: can IFAD realistically raise $15 million for the project and assess donor interest. 42 confidential interviews were conducted: 8 internal and 34 external.

Internal Interviews – Project is campaign ready and financially stable, concerns expressed were cost and dedication. ED is fully committed. There is some real question and concern by the board members about the project viability and financial sustainability of the project. Professional fundraisers are advised as the board does not have fundraising experience, though the Executive Director does. Internal readiness: 62.5% indicated that the project is extremely important. 37.5% internal indicated that the project is somewhat important. Questions and concerns include the lack of commitment and business planning.

External Case for Support –

1. Community perceptions – 88% familiar with the project, 59% favorable impression but project delays and perceived lack of transparency are real concerns to people – On a scale of 1 to 10, average of 7.2 of importance – most don’t know the board and staff – lack of confidence to complete the job. 126 people requested to interview. 36% replied with comment. There is a strong desire to see the event center built, though confidence to see project to completion is low.

2. Project appeal – 65% had favorable impression – 82% positive to raise money – strength of the case or project very high – weaknesses – lack of assurance regarding business plan, budget creep, fundraising may be too high, no explanation of delays and conflicts and what the TRT (Transient Room Tax) actually is.

3. Philanthropic environment – other fundraising in the area include the Tautphaus Park Zoo, Museum of Idaho, the Art Museum of Eastern Idaho – Eastern Idaho Community College just finished their campaign – The Civic Auditorium may be needing funds in the future – but Event Center was on its own. Conclusion, there is a favorable environment for fundraising and a lack of direct competition to the Events Center.

4. Availability of volunteer leadership – champions of the project, identified 25 entities, corporations, endowments, individuals and families , that were well positioned to help lead – 20% indicated willingness to serve – 59% expressed uncertainty to serve in a leadership role due to perceived internal conflict of the project.

5. Availability of financial support – insufficient confidence – between $6 - $12 million was what is perceived to be able to be raised – several individuals were identified who would donate. – willingness to contribute, 6% were likely to do so, 68% were uncertain due to uncertainty with project, out of the potential givers, it is a high priority if the uncertainty was resolved. All 10 entities feel it is a high priority and would give if the viability of the project was established. 6 of ten indicated it would be a high priority if issues were resolved. 4 of ten indicated it would be a medium priority.

Conclusion - $15 million as a project goal is too high but an estimate of $8-10 million is achievable, some significant steps need to be taken to achieve this goal.

Economic Trends – Economy and employment, stock market is trading high and unemployment is low. The overall climate to raise these funds is good.

General Conclusion and Recommendations – A traditional capital campaign to raise $15 million is not feasible.

A more narrowly focused naming rights campaign to raise $8-10 million is feasible

IFAD does not have the internal capacity or staffing resources to pull off a capital campaign.

Recommendation is to recruit a Business Advisory Committee – 4-5 community leaders, role to augment the skills and expertise, review plans and generally assist and support fundraising. And, engage a fundraising firm to develop space naming menu, a pricing menu, list of other benefits, develop a marketing packet that includes a brochure, naming rights contract with help of the attorney, documents what the gift is and the exchange for that gift, prioritized list of Donor Prospects, start at the top and work down, work with those closest to you and work your way out, general strategy for Donor Prospects.

Also, recommend adoption of a budget for this fundraising and PR, which may include collateral materials, miscellaneous materials, website presence. Could be as high as $35,000.

Closing – Passion is the starting point, which is the key to success, not power.

Board open for discussion: Ms. Kirkham asked about methodology. Answer: this is a qualitative analysis. 126 names in database. Interviews conducted. 34 interviews conducted. List comprised of capable people, donor prospects. The interview process determines level of interest and capability. Fundraising is a gradual process and cultivating interest. Develop a table of investments. Jill Kirkham asked about other projects. Museum of Idaho is concluding its campaign. People scale their gift according to the goal. John asked if the goal should be higher. Jill Kirkham noted that the report advised an 8 to 10 million campaign over a 3 to 5 year period. A year to a year and half to get the pledges in place.

Ms. Kirkham asked if Pathways would be willing to forgo their fee based on their success record. Pathways declined that request. John noted he was head of the University of Idaho fundraising committee. Ms. Gazdik asked how a business advisory committee would work in tandem with the IFAD board. General perception is that the IFAD board does not have the necessary experience, and that a business advisory board would serve well.

1. The Business Advisory Committee would bring their expertise to increase public perceptions and increase the viability of the project.
2. Develop operations, construction and financial plans. Hold a press conference, invite the press. Make it a big deal.

Ms. Kirkham remarked that there is a high turnover rate of board members. Pathways noted that it is typical that people don’t want to serve on boards. The term is presently 6 years to serve on the board where other boards may have shorter terms. In the generosity of spirit and time, people are willing to volunteer when they believe in a project.

Mr. Lobuono suggested Park Price, a community leader, may be interested in serving on the business advisory committee.

Naming rights – how are they given, Ms. Kirkham asked. Board decides naming rights. Pathways tested different naming rights amounts. $7 million is too high.

Ms. Kirkham asked about the breakdown of the people interviewed. 42 out of 126 contacts were interviewed. Some were board members, past and present.

John Lobuono requested a complete copy of the Pathways report.

1. **Financial Review – Laura Lewis, Mark Young –** Ms. Lewis discussed the requirements of the loan securities and requirements including the cash on hand and donated land are the equity of the transaction, donations can be financed against as the payments come in each year. She then discussed the bonds, which brings the total sources of funds to approximately $51 million and change. Anticipation of funds use, rounded up, at $1 million, to pay for the underwriter to sell the bonds, pays for the legal people that write documents and paperwork and the bond insurance premium. Credit will be lowered because of investor risk of being able to walk away from the building at any time, however, because of the steady revenue it adds collateral. They look at history to fund debt. Hopeful for an A rating, but may get a B or double A rating. If IFAD doesn’t pay the debt then the insurance agency pays the debt. Then the insurance company comes after the asset. Similar to mortgage insurance, says John. Cost estimate is about $400,000 of the $1 million. Get the benefit of the bond insurance, which is double A rated. Also, it is assumed that there is a deposit to a debt service reserve fund. Borrow money from the bond holders and it sits in an account until the final payment and IFAD gets the interest earnings benefit. Only used if a payment isn’t made. Gives a year of protection. Assumed a 2 million dollar reserve. The other option is to provide a separate policy for a fee that covers if you default on your bonds, then the Surety policy will be accessed first. She discussed the bond, insurance and liability of bond. There is a possibility of the bond issuing from the $48 million to more. Equipment and fixtures could be leased for financing. This is typically a ten to fifteen year transaction. Using a Surety Bond would help free up monies. This would be paid for out of the current assets. The high concern to rating agencies will be construction plan and guaranteed maximum price construction agreements as inflation increases can affect end costs as well as construction costs and interest rates.

Ms. Gazdik stated that the two hours she allocated for is now up and offered that the board decide whether to continue or not. Board elected to continue with Bob Nitschke taking over as Acting Chair. Ms. Gazdik departed from meeting.

1. **Update on Development Agreement, Roads and Bridges –** Ms. Ozaki stated that the meeting to determine costs was cancelled and will be rescheduled. The design needs to be finished before costs can be determined. Bob Nitschke questioned the cost of design IFAD is being charged. Ms. Ozaki stated that the agreement was a set amount and not a percent amount. Legal Counsel stated that he drafted an addendum and passed it out to the board. And explained the difference in the amounts.
2. **Report and Updates**
3. **Administrative –** Ms. Nelson stated thatone additional STR registered which brings the total to 19.
4. **Legal – Hoteliers -** Mr. Fuller reported thattwo hoteliers have been charged the interest and penalties and have not paid for August but have submitted their forms.

**Idaho State Tax Commission** – Mr. Fuller received a response from the Idaho State Tax Commission. The cost would be a one-time cost to IFAD in the amount of $10,000.00 and an annual fee of $5,000. They requested a time frame of IFAD because they cannot start for a minimum of one year as these services must be approved in the legislative session a year before services are to be provided. Ms. Ozaki reiterated that the current admin cost was only $900 annually and discussed the STR collections. The contracts with Airbnb and other on-line services will already be in place before the state could provide services. Mr. Fuller stated that IFAD has 100% success in collecting the taxes with Tax Commission involvement.

1. **Executive Director**
	* 1. **Document Control Plan** – Ms. Ozaki provided the document control plan to the board. Many of these are in the board training manual provided at those training sessions. Mr. Nitschke asked the board members to provide comments at the next meeting.
		2. **Office update-move** – The office move has been pushed back and a cost estimate for movers are being compiled. Ms. Kirkham offered to move the furniture. Ms. Ozaki stated that it could be a liability, Ms. Kirkham offered to sign a release.
		3. **Next meeting** – To discuss a Business Advisory Panel. Mr. Nitschke suggested a meeting be set for October 4, 2017 to discuss the Business Advisory Panel and Public Relations credibility outlook.

Mr. Nitschke inquired of the hotel revenue for August because of the eclipse. Ms. Ozaki stated that there was some increase but that the accountant can do an audit and Spring Hill has opened. A change of Admins was presented.

1. **Calendar and Announcements**

**Upcoming IFAD Meeting/Events**

1. **Next Board Meeting on 4 October 2017**
2. **Announcements and Minor Questions**
3. **Executive Session: § 74-206(1)(b)** To consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against, a public officer, employee, staff member, individual agent or public school student;
4. **Action after Executive Session –** Motion was made to terminate existing contract with Executive Director effective September 29, 2017. Motion approved by four board members present**.**
5. **Adjournment**

*Action:* Motion made and seconded to adjourn the meeting.

*Result:* The vote was unanimous in the affirmative. Meeting was adjourned.