

**Board of Directors Business Meeting**

**Tuesday 12, February 2019, 7:00 a.m.**

**Location: Idaho Falls Auditorium District Office**

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

**Attendees:** Terri Gazdik, Bob Nitschke, John LoBuono, Doug Swanson, Mark Fuller, Salem Thomas, Eric Isom, Tana Barney, Leith Sheets, Justin Pearson, Kevin Greene, Mike Clements, Kevin Bruder (by phone), Chad Hammond, James West, Blake Davis.

**Minutes**

1. Call to Order at 7:02 a.m.
2. **Action Item** - Accept the Consent Agenda. Motion and second to approve agenda as listed.
	1. Meeting Minutes – 1/22/2019
	2. Approve IFAD Payables and Financials – LoBuono asked about the increase of the Fuller and Beck payment. Fuller explained that the increase is because he is helping cover interim director duties. Motion to accept the consent agenda. Second. Motion approved.
3. **Discussion Item** - Public Comment – none.
4. **Action Item** – Election of secretary/treasurer – Jill Kirkham, the appointed secretary/treasurer, had previously resigned from the Board. Gazdik has asked John LoBuono to step into that position because there needs to be a secondary signature on the bank accounts for the Board. Motion to have LoBuono elected to the secretary/treasurer position. Seconded. Vote is unanimous in favor.
5. **Discussion Item** – Potential Board replacements for Jill Kirkham – Gazdik brought up one applicant, Douglas Toomer, who had emailed her a resume. Gazdik also mentioned that Steve Vucovich would be interested in helping in the three month interim position. LoBuono asked what the energy level of the two individuals. Gazdik mentioned that both are willing and bring a number of skills. Both men are thinking that they would like to try it out for the three month interim position before they decide whether or not to run for the position in May. Gazdik asked if I.E. Productions agreed with Nitschke’s idea in putting the position on the website to see if there was any other interest. Chad Hammond suggested that to get a more broad response it may be more effective to boost a post on the Facebook page. The Board requested both posts occur. Fuller said he would make sure Hammond got the information needed to make the posts.

1. **Discussion Item** - Terms of Centennial Management contract in order to ensure tax exempt statute on financing – Fuller reviewed the terms. The Federal Government favors public entities being able to find the funding they need for their facilities to be operated as public entities, so they allow investors to not be taxed on interest income. In order to maintain the tax exempt status for the Certificates of Participation that Laura Lewis is suggesting, the activities within the building have to be “primarily” public opportunities. The original plan was that Centennial Management (CM) would take over full management responsibilities, but if that happens and the Board is no longer involved in regulating the events that happen in the building then the Certificates of Participation being used for fundraising would not be tax exempt. It is not likely that the IRS will be auditing frequently, but if they did and the Certificates were taxed in retrospect, then the investors might sue the District. If the Board chooses to use taxable Certificates and turn complete management responsibilities over to CM, and were to raise $40 million in taxable certificates, $5 million of that would have to go to increased interest payments. If the Board chooses to keep responsibility for the event center and use the non-tax certificates, the Board must take responsibility for potential loss and gain, not CM. In this case, the Board will have to take responsibility for a number of things. The Board will have to approve the budget each year. The second requirement is the Board will have to approve the expenditures of the management company. The Board cannot shift the responsibility of building upkeep to CM. The Board must be involved in setting the rates for the events.

The Board will have to be careful how they spend the certificate revenue money as opposed to the money raised from taxes or donations. Fuller suggested that when it comes time to build the hockey rink that will be managed by CM, the Board should clearly define that the money that will be used will be from the hotel tax money, not the money raised by certificates. The Board will also need to track how many public events will happen each year, compared to how many CM is producing.CM is prepared to maximize public usage because they run under a similar circumstance in Salt Lake City at the Maverik Center. LoBuono agreed that it would be better for the Board to keep responsibility and use the tax free Certificates of Participation. Fuller asked if the Board would like to be a management board, or if they would like to pass management off to CM. It will need to be decided so the contract can be completed.

Nitschke’s primary concern is if the Board keeps the management, how will they overcome the predicted deficit for each year. Fuller reminded the Board that they contracted with Pathway Fundraising to raise $10 million, but asked that they don’t quit until $15 million is raised. LoBuono felt that the hotel tax will continue to increase which may also be able to cover the deficit. Fuller said that it may be possible to negotiate a contract with CM so they don’t lose any money, with no potential deficit placed on their shoulders, and retain tax exempt financing status.

Gazdik suggested asking Kevin Bruder. Bruder said that Fuller has explained the situation clearly. With the contract CM has with the Maverik Center, they have never been audited, but they are prepared to be. He agreed that contracts concerning either the taxable certificates or the nontaxable certificates are acceptable for CM. Nitschke asked if the Board would simply pay a management fee. Bruder said yes. LoBuono asked how many years it took the Maverik Center to make a profit. Bruder explained that there was some instant success during the “honeymoon period,” and saw some dips depending on the economy. LoBuono asked if the effort from CM would be the same whether they were the sole managers or if the Board managed. Bruder said that it wouldn’t matter who took the extra gain or covered the extra loss, CM would do a good job. Swanson asked how many events CM had scheduled in the Maverik Center this year. Bruder said it varies. This year is between 110 and 120. The highest year was close to 135. Swanson asked if the Maverik Center ever made money on public events not managed by CM. Bruder said they absolutely did. LoBuono asked if public events other than youth hockey are profitable. Bruder said that youth hockey is the most common public use. CM works to make it available as frequently as possible. The Maverik Center is booked from 4-10 p.m. every night at $200 per hour, when another event is not scheduled.

Fuller explained that CM would keep track of hours of large events that are produced by them, and a log of hours of events that are public usage. As long as the usage is “primarily” public and not mostly large CM events, the nontaxable certificates are usable. Gazdik said she likes the Board being more accountable and involved in the process of serving the public and taking care of the public’s money. LoBuono agreed that having the Board involved isn’t a bad thing. Nitschke asked what the worst case scenario would be if the Board chooses the tax exempt option. Fuller said if they weren’t complying with all the regulations and the IRS conducted an audit, they would probably lose the tax exempt status of the Certificate of Participation.

Fuller concluded that he feels the general consensus of the Board is to move forward using nontaxable Certificates of Participation with the same action of having CM manage and having the Board be more involved than previously anticipated. Fuller will continue with CM contract negotiations.

1. **Action Item** – Decision on changing to Highway Commercial designation – Fuller has reviewed the full documentation describing the HC designation. He mentioned that almost everything that was allowed in the first designation is still allowed in the HC designation. Fuller explained that the highway regulations for the HC zoning are exactly what the Board wants and the landscaping requirements are more conducive to what the Board would like concerning parking. Fuller’s recommendation is to approve the new zoning application. LoBuono asked what the downside of accepting the new zoning would be. Fuller explained that it helps Ball Ventures and that it doesn’t affect the District significantly. Nitschke asked why it was not zoned this way previously and if the city would appeal the zone change. Justin Pearson from Ball Ventures said that the HC zoning wasn’t an option before and the city wouldn’t care. Gazdik asked what the short-term rental part of the HC designation meant. Tana Barney said that it applies only to live-in rentals, not event rentals. LoBuono motioned to approve the application for changing of the zoning from LC to HC for the event center property. Swanson seconded. Motion passed. Gazdik signed the document authorizing Horrocks Engineering to submit the application.

1. **Discussion Item** – Report of TEG Global search for Executive Director – We have one candidate from Florida that has family in the area. This candidate is well qualified. There are two other potential candidates that they are currently vetting. Gazdik asked Darwin to do local advertising which they have not been doing. The Board wants to be sure local potential candidates are considered. The offered pay is much higher than what the previous director was given. One of the Business Advisory Committee members has also given a name suggestion.
2. Report and Updates
3. **Action Item** – Report on Interim Executive Director Search – There isn’t anyone currently interested in filling that spot that has contacted Gazdik. Swanson mentioned that he may have some interested people.
4. **Discussion Item** - Legal Report – The one hotelier that the Board prepared litigation against has finally paid in full. The other hotelier that was having minor issues has also paid for December 2018 and should be current in the near future. Fuller will be distributing the proposed contract with CRSA early next week so it can be addressed in the next meeting. The contract for Centennial Management will still be a couple of months before it is prepared for Board consideration.
5. Calendar and Announcements
	1. Upcoming IFAD Meeting/Events – **Next Meeting on February 26, 2019**
	2. **Discussion Item** - Announcements and Minor Questions
	3. **Action Item** - Agenda Items for February 12th meeting.
6. Adjournment from Public Session - Motion to adjourn at 8:18 a.m. Seconded. Passed.

Action Items:

CRSA Contract

Update on CM contract

Fuller to send Hammond information about Board position