

**Board of Directors Business Meeting**

**Tuesday 26, 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 (phone), Mark Fuller, Kevin Greene, Chad Hammond, Darwin Mecham,**

**Kevin DeKold, Blake Davis (phone), Salem Thomas**

**Minutes**

1. Call to Order – 7:02 a.m.
2. **Action Item** - Accept the Consent Agenda – Motion to accept the agenda as presented. Seconded. Passes.
	1. Meeting Minutes – 2/12/2019 – Nitschke would like to see changes made to the minutes by other Board members if they are proposed.
	2. Approve IFAD Payables – Now that the Board has accepted the donation of the land at Snake River Landing, the Board must pay the expenses of maintenance, snow removal, etc., that all land owners pay to maintain the common areas. Gazdik will recommend to Dot Banner at WIPFLI that the total amount of $17,500 be recorded as prepaid and expensed monthly so as not to skew the budget in any month.

Motion to accept the consent agenda. Seconded. Motion passed.

1. **Discussion Item** - Public Comment – Kevin Greene – Greene meets with many people in the community and frequently discusses with community members about the event center. Someone mentioned that they heard the event center would charge $600/hour for the Youth Hockey Association. He told them that they had received false information. Greene went to a Board meeting for the Youth Hockey Association and told them that there has been no decision on the cost of renting the ice in the event center. He suggested that the people in attendance at that meeting verify their information before they continue to share statements such as that. LoBuono asked about the rental price at the Maverik Center. Greene said that the price varies depending on the time of day, tournament play, practice play, etc. Greene told the YHA people that our event center would not be more than a 25 percent over the cost of other ice rinks in Idaho Falls.

1. **Discussion Item** – Update on Centennial Management contract – Fuller reported back that he has communicated with IFAD’s other legal counsel. They suggested it is best to use as a template the contract that Centennial Management has been using in West Valley City. Brad Patterson from Gilman Bell believes the Board can save money and time if the template from CM is used. The manager of CM said he would start the first draft. LoBuono asked if it would maintain the nonprofit status. Fuller responded, “yes,” and explained that they would be cutting and pasting the information as needed to fit the needs of this board. Gazdik requested an invoice from the legal counsel for their work to date. Fuller said he will request an invoice from Gilman Bell today.

1. **Action Item** – CRSA Contract Review and Approval – Kevin DeKold was invited to answer questions about the contract draft. Nitschke asked where the flat fee amount came from. LoBuono said it came from the 5 percent suggested. DeKold explained that originally there was a lump sum price for schematic design that was paid monthly, then the Board began paying CRSA for design development on an hourly format, and now they are suggesting again a lump sum to complete the project. Fuller said that CRSA has been paid in full up to date. Nitschke said the construction costs and the design costs while not totally independent are and should not be totally dependent either. DeKold explained that it is very common in the industry to charge an appropriate fixed percentage. For this contract it is approximately five percent.

LoBuono asked for an example of a project that CRSA has done before in comparison. DeKold discussed some building projects done in Rexburg, Idaho, and explained that they were paid a much higher percentage because of the year they were building. Currently, the percentage rate is lower, but DeKold said that the current fee for architects is higher than what CRSA is charging IFAD. They can support a lower fee because of the experience that Sink Coombs has designing ice arenas. They are far more efficient and we are able to benefit from the efficiency through a lower rate. CRSA has also done projects for Utah State University, and the percentage pay was also higher for them than for this project.

The next design phase is called final design and involves preparing the documents needed for construction. There are details that need to be specified, but the overall design will remain the same unless the board approves significant changes. It doesn’t mean you can’t make changes.

DeKold said they did something for the Board that CRSA has never done before. He used the construction cost estimate to determine the design costs and stated as long as the Board did not direct changes that altered the construction costs by more than plus or minus 5 percent there would be no change to the design cost. The percentage is based solely on construction costs, not project costs.

Nitschke said that it appeared that CRSA doesn’t have any liability for damages if they fail to meet the design schedule. DeKold said that they are technically liable for damages, including damages that result form failure to meet the schedule. Fuller said they are allotted 36 months to complete the construction of the building.

DeKold explained that at the end of the construction process, they walk through with the contractor and the owner of the building and then identify any corrections to the subcontractors to make the building exactly what the design requires. That is a free service CRSA offers. DeKold explained that the $1.6 M is a lump sum, not a percentage fee. LoBuono pointed out that once all fees have been paid to CRSA, the total $2.4 million is 5 percent of the total cost whether that was on purpose or not. DeKold explained that CRSA does not plan to modify the design fee from any tariffs that impact construction costs.

Gazdik asked about the compensation for reimbursed expenses. DeKold said he can have the Board be involved as much as they would like to be. Some project owners like to know what kind of travel CRSA is considering, and others just say they will pay the flat fee for reimbursement of travel and other necessary expenses. DeKold suggested that now may be a good time to set up an arrangement with businesses in the community for when shows are coming into town. Having an agreement with a hotel, for example, may be beneficial now for members of DeKold’s team that come into town, and later for performers or teams that come into town after the event center is built.

Nitschke asked DeKold about overtime pay. Section 2.2 of the proposed contract says CRSA will do everything they can to meet the schedule. Nitschke asked for clarification on whether that would mean that CRSA would pay overtime or for any extra help needed to make sure they get the project done on time, or if it would be reimbursable to them from the Board. DeKold explained that if the Board’s actions resulted in a change to the requirements which impacted the schedule, CRSA would expect reimbursemement. If it is CRSA’s fault they are behind the set schedule and have to hire extra help or do overtime, they will cover the extra cost themselves. LoBuono said he doesn’t see anything in the proposed contract that is an outlier or something that needs to be worried about. It all seems reasonable. Fuller explained that at this point, it makes more sense to pay a lump sum instead of an hourly rate which would total to a currently unknown amount.

Nitschke suggested an independent review of the cost of the entire project. Blake Davis responded to Nitschke saying that Bateman Hall had someone review it. They utilize regional market rate from subcontractors. Davis said asking the market repeatedly causes lack of response and sometimes higher prices. Davis said that what they have done may not be the most accurate cost estimation, but at this time it is the best way to get the most correct information. Gazdik asked Davis about other projects of this magnitude using independent reviewers. Davis said that independent reviewers typically aren’t as relevant as using information from subcontractors because they analyze it differently. Davis said that this estimate from subcontractors is pretty accurate, and if anything the estimate may be a little high. Nitschke said that if the public asked about hiring an independent review and the Board said they decided it wasn’t worth it, many people could disagree. DeKold explained that the independent review would be better later on when construction is ready to begin. DeKold explained that the independent reviewers that CRSA usually hires later on in the process aren’t as accurate as the market that Davis is able to access. Nitschke said he is worried that once the construction is started, the estimated cost will be significantly higher and that the Board would not be able to cover the unplanned increase in cost.

LoBuono asked a question concerning the cost of the walk away fee. If the Board decides to not build the event center (which is not likely to happen), CRSA would still expect a 10 percent payment of any work they did not perform. Nitschke asked about the construction documents from August of 2016. Fuller said he and Thomas had searched for half an hour the day before and had not found it. It was agreed to reprint all pages of the document. Fuller suggested DeKold do an addendum of exhibit 6 and include a paragraph of definitions. DeKold will make sure substantial definitions are defined. Nitschke said he isn’t necessarily comfortable having only one company make all the decisions. DeKold explained that designing is always done by one company, and the Board would be stepping out of line with past projects if they demand having someone be an independent reviewer. Nitschke said he would like a frequency listed for the reports from CRSA. DeKold suggested monthly, and Nitschke requested twice a month, which was agreed upon. A final design product should be available about six weeks after the contract is signed.

DeKold said CRSA will never take responsibility for construction means, methods, and procedures. The insurance agency would drop CRSA, and the construction contractor also involved, if they took responsibility for that liability. Nitschke asked about the requirement documents that the Board agreed to provide. DeKold suggested striking out the entire section because the documents had been provided previously. Fuller agreed. The Board will be hiring a third party testing company so that there is no conflict of interest with the design company or the construction company. Bateman-Hall will make arrangements, but the Board will be paying for the service. Nitschke asked what quality program you’re using to oversee this project. It should be listed in the contract.

Nitschke asked why there was such a rush to have this document signed by the end of February. DeKold suggested viewing the schedule backwards and explained that each month will be used to its fullest. The contract should be signed by the end of February so that the building will be ready for hockey games in October 2020. Nitschke asked about the possibility of using solar energy and other suggestions. DeKold said CRSA is prepared to meet immediately to discuss all of the requirements the Board has. Nitschke moved to accept the changes discussed in the meeting and to authorize execution of the contract. LoBuono seconded. Motion passes.

1. **Action Item** – Discuss and vote on Board Position Opening – This is solely for a three month position. The participants will have to run during election in May whether they are appointed now or not. Doug Toomer and Steve Vucovich are the two candidates currently interested in the position. Fuller said that the applicants will have to decide if they run for the permanent position by March 22. Vucovich has attended meetings before, but is also involved in the Business Advisory Committee. Toomer has never attended a meeting that this Board has been involved in. Gazdik proposed Steve Vucovich and LoBuono agreed. Nitschke proposed Toomer because he thinks involving someone who isn’t already involved is a good idea. LoBuono moved to appoint Vucovich to the temporary Board position. Gazdik seconded. Motion passes.

1. **Discussion Item** – Report of TEG Global search for Executive Director – Darwin Mecham representing TEG Global explained that 10 of the 13 applicants are from Idaho. They have been triple vetted. Mecham suggested three people that are dynamic and ready to start working as soon as possible to be discussed in executive session. He explained that they are fairly local applicants and suggested reviewing these applicants before advertising with more local distribution services. If these applicants are not what the Board wants, then the opportunity is still there to use local advertisement distribution services. Nitschke asked if the Board could see the other 10 applicants. Mecham said no because of TEG Global’s people relations policies.
2. Report and Updates
3. **Discussion Item** - Legal Report – No further discussion.
4. Calendar and Announcements
	1. Upcoming IFAD Meeting/Events – **Next Meeting on March 12, 2019**
	2. **Discussion Item** - Announcements and Minor Questions – Thomas explained that James West has invited the Board to attend the ground-breaking event for the new hotel going in at Jackson Hole Junction today at noon.
	3. **Action Item** - Agenda Items for March 12th meeting – None for now.
5. **Executive Session** - Idaho Code Section 74-206 (1) (a) To consider hiring a staff member wherein the respective qualities of individuals are evaluated in order to fill a vacancy. Convened at 9:17 a.m. Adjourned to public session at 9:35 a.m.
6. Adjournment from Public Session – Motion to adjourn at 9:36 a.m. Seconded. Passes.

**Items for completion:**

Fuller will print the 60% design package

DeKold will include a couple of paragraph explanation

Add a discussion item to future agendas to update the CRSA

Gazdik recommend to record the maintenance of the property as a monthly asset