

**Board of Directors Special Meeting**

**Tuesday, July 16, 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, Doug Swanson, Steve Vucovich, Mark Fuller, Rob Spear**

**Minutes**

1. Call to Order – at 7:00 a.m. Motion to include a discussion item concerning who attends the fundraising meeting later this morning. Fuller suggested to not add any items to the agenda because it is a special meeting. Gazdik agreed it is a time-sensitive item. Motion was seconded. Motion passed.
2. **Discussion Item** - Public Comment – None.
3. **Action Item** – Naming Rights Approval – Gazdik explained that the process of writing this document has been a long and arduous process. Even right before the document was signed, both parties were discussing the termination rights. The language is going to allow the Board of directors the ability to terminate if there is relational damage caused by the company. In the last days of negotiation, Kevin Greene went back and forth with the donor company about the food and beverage stipulations. The final language gives IFAD the ability to make changes to the food and beverage options as necessary. IFAD will retain the responsibility to take care of pricing of food and beverage, and should take appropriate steps if food and beverage providers are no longer acceptable.

The donation from the potential donor will be available on August 1st. They will deposit the check in full at that time.

Gazdik explained that the naming donor wants to be the only sponsor to have continuous recognition on the outside of the building and on the inside of the hockey arena. Other donors will have the ability to hang a banner for recognition one day at a time, but other donor recognition will have to be removed after an event concludes. Other donors will be able to name conference rooms and other areas after themselves, but not the arena or outside of the building.

Other donors are able to pay for the naming rights of the suites and other rooms, but they cannot put banners in the main arena. There will also be a donor wall that lists all the donors and shows which donors contributed the most.

Nitschke said his biggest concern is what the estimated costs of IFAD to fulfill this agreement are. He explained that there is a construction portion that the donor is expecting IFAD to cover which involves three large, outdoor signs that will need maintenance. He asked what other costs they are expecting IFAD to cover and what it is going to cost to pay for those on both the construction side and production side.

Nitschke expressed that he thinks the event center naming rights are worth more than $4.5m based on the hourly exposure over the 30 year period. Gazdik explained that it is a diminishing return over those 30 years. Swanson asked what made Nitschke expect the return to be higher and how he had calculated that. Nitschke said he just found the hourly rate and at $4.5m it is about $4 per hour that the company is paying to have the naming rights of the building. Gazdik and Swanson reminded Nitschke that most advertisements are only seen during event times and not utilized for 24 hours straight which would change that hourly rate he had calculated. Nitschke brought it back to ask what the Board was going to do to pay for the large signs and other things requested by the company when those things would be in addition to the current planned budget.

Spear explained some of the numbers on the FFE and that the actual budget put together by Bateman-Hall indicates that $3.5m is what is planned for the signage. Ball Ventures is doing a 50/50 split with paying for the signage. Eric Isom indicated that the cost would be less if the Board decided to utilize less signage time. Nitschke said that the fact that the FFE shows numbers both over and under budget isn’t comforting to him. He wants to see the actual current numbers to know what the Board will have to cover. Spear agreed with Nitschke that the extra costs are a little disconcerting, but with control of the FFE it will be doable.

Spear explained that with only 30 years to pay off debts in Idaho, the Board may have to refinance the certificates of participation about 10 years down the road. Both Spear and Gazdik asserted confidence in being able to pay off the debts within a 40 year period. Phyllis Hockett told them in a meeting that refinancing would be a possibility if needed. Swanson asked what made Spear confident that the Board would be able to meet its fundraising goals. Spear explained that there are a number of other donors hoping to participate. Usually after the first donation is made, other donors are ready to support as well.

Gazdik explained that there is pressure to decide on this donation option soon because the Board will have to make the fundraising goal by the third week of August in order to sell the certificates of participation.

Swanson said he can’t see a reason to pass up someone who is willing to get the ball rolling on donations right now. The Board needs to get things started and this company is willing to do it now.

LoBuono asked if it would be possible to have a few more days to review the actual costs. Spear and Gazdik said that the Board has all the information that is needed to approve the agreement. It is drafted and signed by the donor. The tension in past meetings has caused Spear to worry that if the Board asks for a few more days of review time that the potential donor will walk away from this opportunity.

LoBuono moved to approve the agreement. Swanson seconded. LoBuono asked for Fuller’s opinion on the matter. Fuller shared that he has done his best to protect the Board and negotiate the best option for the Board. He thinks that if the Board turns down this opportunity then no other companies will step forward to donate any time soon.

Gazdik said she hopes that this donation will be a catalyst to moving the project forward. If it took another year to build the event center it would work out, but it is a good time to build now because other companies will jump on the donation wagon, and construction costs will likely continue to increase.

Motion to approve the naming agreement that has been presented passes with all Board members voting in favor.

1. Discussion Item – Structure of the donor meetings – Pathway has an opportunity to meet with another potential donor. Nitschke wants Spear to be involved in the meeting, but Hockett explained that generally the system to approach donors works well without the executive director involved in the first meeting. Nitschke questioned the likelihood of a second meeting and thinks it would be beneficial to have Spear present to make the connection.

LoBuono indicated that at this point it may be better to not expect him to be at this meeting, but could attend the next meeting. Vucovich said he thinks having Spear there would be beneficial. Swanson said he would like to follow the experts on what their normal course of action is. Gazdik said she also trusts the experts but is willing to support Spear’s attendance if the rest of the Board is suggesting he should attend. Spear relayed a conversation he had with Hockett which indicated she would prefer to not have him in attendance at the first meeting.

1. Calendar and Announcements
	1. Upcoming IFAD Meeting/Events – **Next Meeting on July 23, 2019 Discussion Item** - Announcements and Minor Questions
	2. **Discussion Item** - Agenda Items for July 23rd meeting
2. **Action Item** - Adjournment from Public Session at 8:37 a.m.