

Board of Directors Business Meeting

Tuesday, July 23, 2019, 7:00 a.m.

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

**Attendees:** Terri Gazdik, Bob Nitschke, John LoBuono, Steve Vucovich, Rob Spear, Mark Fuller, Mike Clements, Chad Hammond, Kevin Greene, Tana Barney, Nathan Robertson, Salem Thomas, Kevin DeKold (by phone), Phyllis Hockett (by phone), Laura Lewis (by phone)

**Minutes**

1. Call to Order - 7:00 a.m. Spear requested to remove item 12. A. b, an action item for the Project Management Plan. Motion to approve agenda with modifications. Seconded. Motion passed.

1. Action Item - Accept the Consent Agenda - Nitschke suggested corrections to the minutes for 7/9/19, and 7/16/19. Motion to accept the consent agenda with the corrections to the minutes. Seconded. Motion passes.

1. Discussion Item - Public Comment - None.

1. Discussion Item – Design Project Update - CRSA – CRSA is on schedule. There have been updates to the decision matrix that he will get to Spear today. Gazdik asked what the deadline date was, and DeKold said it was close to August 15. Spear asked DeKold about the 30% specification update that DeKold has promised the Board. He said he would talk with Trenton Saxton and get it done by the end of today.

1. Discussion Item – Event Center Naming Follow-up and Pathways Fundraising Update - Phyllis Hockett offered another word of thanks for everyone’s participation in helping with the naming of the Mountain America Center. She provided the Board an update of remaining naming opportunities. The Center is already named. The arena, suite level, suites (which will be part of the annual operating sales), convention area, main lobby, side entrances, plaza, and parking lot all have yet to be named. Hockett made the distinction between the sponsorship opportunities which support operating income versus the naming rights which support the capital needed for building. Hockett shared the goal to have $7 million committed by the third week of August. The BAC has an entity showing interest in the plaza and another in-kind gift for the parking lot. The challenge with fundraising is that donors are not on the same deadline as the fundraisers. She explained that they are committed to doing everything they can to get these donations. LoBuono asked if Hockett thought an extension would be helpful. Hockett said yes, but Fuller clarified that the goal to have an amount of funds raised by the third week of August is simply a request from Laura Lewis. Fuller stated that Pathways is under contract under the end of October. No extension of Pathways’ contract term is needed because it isn’t a requirement by the Board, it is just a goal.

Gazdik asked about setting up an after-hours BAC get-together. Hockett said Hammond had agreed to find a day that worked well for everyone.

1. Discussion Item – Current Signage at Construction Site - Spear explained that there was discussion at the BAC meeting yesterday about the sign sitting at the entrance of the land where the event center will be and whether it should be updated to say something like, “Future Home of the Mountain America Center.” Spear also shared that Kent Marboe may be able to place a billboard somewhere in Idaho Falls to further promote the Event Center. Hammond said Mountain America Credit Union is working on designing a new logo for the Center. They want to get the logo finished before the Board starts putting up pictures of the Event Center. Gazdik talked about Matt Morgan from Morgan Construction reaching out to her asking if she wanted to put a “coming soon” announcement on his electronic signage by the highway. Hammond said he could reach out to Morgan and get information for the Center up there. Hammond suggested putting a sign visible from the highway up at the time of opening the new road. Barney explained that the road construction will be complete at the end of August, but the city won’t accept it until September. Gazdik said she would like to see what it will cost to put a sign up by that road. Fuller suggested making one sign that can add additional donors, instead constructing a new sign after each new donation is received.

1. Discussion Item – Certificate of Participation Timing – Nathan Robertson of Lewis, Young, Robertson + Burningham shared that there are three significant milestones. The first is finding an underwriter. An underwriter helps sell the certificates and will help IFAD get a good interest rate. The next would be meeting with the rating agencies. They give the Board the credit score which will directly impact the interest rate. The final milestone would be the pricing of the certificates. It will be the day the interest rate is finally set. All of the numbers Pathway has been running are estimates. They feel that now is a good time to start running “real” numbers as the Board prepares to sell the certificates of participation. Once there is an underwriter on board, they will be able to advise the Board the best date to sell the certificates. Lewis and Robertson have been writing up a term sheet that they send out to potential underwriters. They are expecting bids shortly after that. The contract with the operator is still a work in process. Fuller said he had sent the most recent copy to Laura Lewis.

Nathan explained that in all the numbers that they have run, they have taken into consideration the cash IFAD has on hand and fundraising goals. The current bond market will provide a reoffering premium and all resources combined should exceed $60 million. They feel confident in getting an investment grade rating (BBB-). Some of the criterion utilized by the Bond Counsel the Board has control over, but some of the other criterion, the board has no control. If for some reason they don’t get as much premium as they are currently planning, it will make the required number of certificates sold increase to reach the same goal.

There is a parameters resolution that needs to be adopted. It is the official legal starting of the certificate sales process. There will be flexibility within the document to meet up with market demands.

Gazdik asked if the decision would have to be an action item for the Board. Robertson said it wouldn’t be necessary. At the next meeting, they will be able to share a lot more accurate numbers.

There will need to be a document review. A critical one is the preliminary official statement. The underwriter will use this to educate investors on IFAD and get them to bid on the certificates. This would happen later in August.

Lewis Young Robertson + Burningham will be putting together a comprehensive presentation of the event center. It will be prepared in August. They have worked with Gazdik to find preliminary numbers, but he suggested having a third party verify the numbers. The third-party verification is a stress test of revenues to debt service. When then numbers are verified, IFAD can move forward with confidence. Spear asked if Robertson had a suggestion for a third party. Robertson couldn’t remember the name of it, but Lewis suggested one this morning. It is a firm that specializes in this sort of arena, not just any firm. They are striving to have a certificate of participation confirmed by the end of October.

Robertson recommended the IFAD be adequately represented at the meeting with the rating agency in San Francisco. The Board discussed having the executive director and the Board chairperson attend. LoBuono said he would also like to attend. After the meeting, it would take approximately two weeks to receive a rating. Once it is received, they would finalize the official statement and make it available to investors. This would be around the week of the 30th of August.

Frequently for first-timers, the underwriter will expect the client to do a road show. The Board would present information about IFAD and the Event Center with the purpose of getting people excited to purchase the certificates of participation. This could be a conference call and should involve someone from the mayor’s office (Dana Briggs) to participate in the discussions.

There is time built into the plans to make sure that everything is accomplished. Robertson explained that the Board doesn’t need to have all the contributions in place by the time they select an underwriter. They will need them memorialized, but the money won’t have to be in hand. Fuller clarified that the fundraising Pathway is doing will not be associated with the certificate sales. Robertson explained that they have been calculating funds based on some sort of donation. Fuller said that the certificates of participation will be funded by the transient room tax revenues. Robertson said they have been anticipating IFAD will have $10-12 million in the bank by the time the bonds close. The assumption is that funds will be available to pay for construction. Robertson called Laura Lewis, via telephone, into the meeting. She explained that the Board will have to be able to show that they have all the funds secured for construction of the building by the time they close.

Gazdik asked how the finances would be impacted if someone offered a loan of a couple million dollars, and how that would impact the rest of the financing. Lewis said it would be possible to incorporate the loan into the financing plan but she would need the specifics of the loan because it would apply differently. Gazdik said this would be an uncollateralized loan.

Fuller asked about the statement Robertson made, “at the time of closing, the request will be that our available cash will be sent to the trustee.” Robertson explained the Board needs all of its current assets to construct the building. Lewis explained that Certificate holders want to know that the construction cost is going to be controlled and they want to know that there is enough money in a construction account to pay for the building.

Fuller reminded the Board that the construction company has to be hired and approved by the Board and construction bids will not be available until January. Lewis was operating under the understanding that the final construction bids would be available in October. Gazdik explained it is not in the best interests of the Board to go out to bid in the fall. It is in the Board’s best interest to wait until January 2020. Lewis helped explain that although there was misunderstanding about what it meant to begin construction in the fall, it doesn’t affect the certificate process besides pushing it back a few more months. The events of the timeline will remain, but the process will not start until the construction bids are complete in January 2020.

Lewis cautioned that when construction starts, it gives the perception that the District doesn’t need the money anymore. Laura Lewis suggested having a conversation with Pathway to make sure everyone is on the same page with fundraising.

Spear asked about the pros and cons of refinancing 10 years down the road. Robertson explained that they will be watching that and make suggestions as is advisable. Refinancing can happen at any time after 10 years have passed. Generally, they suggest refinancing for only the remaining time if the interest rate is lower, instead of trying to extend the remaining certificate time.

1. Discussion Item - Pedestrian Bridge at SRL - Spear showed a printed map of where the waterline structure/pedestrian bridge is likely to be. There is an elevation difference of 10 feet. This causes some changes in expected cost because of the need make any pedestrian bridge ADA accessible. Tana Barney presented plans to the Board and further explained that in order to make the bridge accommodate ADA standards, there would have to be a sidewalk with switchbacks and landing locations leading up to it as a safety for those in wheelchairs. It is estimated at $16,000 right now, but with the support structure it will be around $26,000. With all the sidewalk connections and the waterline structure, the estimated total is around $47,000. If the city were ever to require a vehicular bridge to be built, the pedestrian bridge would need to be torn down. If a vehicular bridge was built the costs would be split with other adjacent property owners with each entity contributing a quarter of the cost. LoBuono asked what the estimated cost is. Barney explained that if a full vehicular bridge were ever required, it would probably be about $250,000 per property owner.

1. Action Item – MTI Contract – MTI is a paid-by-hour testing company. Spear indicated signing this rate contract was necessary to complete the required flow testing. Fuller has worked with them in the past and recommends their services. Their rates have increased only $5 per hour since they started working with Snake River Landing in 2012. Fuller recommended that the Board approve the testing services contract with the rates. Motion to approve signing of the MTI contract. Seconded. Motion passes.

X. Report and Updates

A. Discussion Item - Executive Director’s Report – The Action Item Checklist is continuing to be updated. Gazdik said with Barney’s update item 19-33 concerning Clements’ estimate for the bridge/waterline structure can be removed.

Spear has worked with building committee.

Spear has been going through the FFE thoroughly. One discussion has led to the ribbon board and scoreboard being modified. The current evaluation is at about $716,000, but Spear is hoping to get it down to no more than $600,000.

Spear is working with Centennial Management on a new pro forma. This was in response to a request from a potential donor. Spear revised the projections of the CSL study to more accurately reflect possible operations outcomes under Centennial Management. When analyzing the base financial projections in the study it was determined that revenues were understated. For example, additional revenues could be generated from youth hockey tournaments ($60k), parking from large events ($60k) and undervalued suite prices ($45K). Finally, the Market Demand Analysis projected a service income loss on event expenses that are not recovered from promoters. Because this Event Center will not have competition for these services, the estimated loss amount of $30,000 was removed. When evaluating operating expenses, the synergies created by contracting with Centennial Management will reduce salary and benefit costs by an estimated $250,000 and Operations and General and Administrative costs by 10%. Utility costs were reduced by 25% because of the low utility costs in Idaho Falls. Until the contract is signed, Centennial Management won’t share a lot of salary information because they consider it proprietary.

B. Discussion Item - Legal Report – The executive director is doing a great job. With his help, things are moving forward. With Hockett’s enthusiasm and hard work, Fuller anticipates a lot of negotiation with each potential donor. He said that with all the current information he can see that the Board will not meet the original August, 2019 financing timeline, but it should be possible with the new January, 2020 timeline. The Centennial Management contract is being worked on right now and Fuller recognizes that the contract is the next big step. Mike Clements said they will have a construction draw schedule done this afternoon.

All the hoteliers are current with their tax collection submittals. Fuller has not heard from the state tax commission yet, but he doesn’t expect them to take over the tax collection until the beginning of 2020 at the earliest.

XI. Calendar and Announcements

A. Upcoming IFAD Meeting/Events – Next Meeting on August 13, 2019

B. Discussion Item - Announcements and Minor Questions – Administrative Assistant is graduating from college today.

C. Action Item - Agenda Items for August 13 meeting - none discussed.

XII. Adjournment – Motion to adjourn. Seconded. Motion passes. 9:12 a.m.

**Action Items**

Hammond set date for BAC get-together

Hammond work with Matt Morgan to put information on electronic sign\

Spear said he would follow up with Kent Marboe to get more info on where a billboard would be located

Hammond to meet with Liza Leonard to discuss cost of signage