

**Board of Directors Business Meeting**

**Tuesday, September 24, 2019, 7:00 a.m.**

**Location: Idaho Falls Auditorium District Office**

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

**Attendees: Terri Gazdik, John LoBuono, Bob Nitschke, Steve Vucovich, Rob Spear, Mark Fuller, Salem Thomas, Todd Mary, Spencer Monk, Chad Hammond, Blake Davis, Kevin DeKold**

**Minutes**

1. Call to Order – at 7:05 a.m.

1. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 9/10/19, 9/16/19 - Spear offered a point of clarification that the 9/16/19 minutes were not ready to be approved. Nitschke pointed out that the 9/10/19 minutes had not received all the changes he requested. Motion to approve the 9/10/19 minutes with the rearranging of a few paragraphs. Seconded. Motion passes.
	2. Payables/Financials – Nitschke asked what SafeGuard was and why they were receiving a check. Spear clarified that it was simply paying for the checks from Mountain America Credit Union. Motion to approve the payables. Seconded. Motion passes.

1. **Discussion Item** - Public Comment – none.

1. **Action Item** – Chris Nations proposal for Owner’s Rep – Spear spoke with Chris Nations to see if there was any flexibility with his proposal. Nations agreed to provide Owner’s Rep duties from now through March 2020 instead of overseeing the entire project. Spear said if the Board agrees, he will bring a contract to the Board for approval at the next meeting. Fuller pointed out that the document says he would be paid September through March, but he wouldn’t be doing anything in September. He suggested the contract should indicate he would begin working in October. Spear reminded that Board that he pursued further conversation with Nations because the Board indicated that wanted an Owner’s Rep.

LoBuono asked Spear if he thought it would be beneficial to hire Nations. Spear explained he thought that Nations could bring value. Nations would help with not only the construction fees and bids, but also FFE costs. Spear expressed his concern that the $300k cost was a significant expense for the Board.

Spear clarified that bids will go out with the help of Nations Group or not. Vucovich said his only concern is not getting the certificates of participation.

Nitschke moved to move forward with a request for a formal contract from the Nations Group. Seconded. Motion passes unanimously.

1. **Action Item** – Approve CSL Engagement Letter – Spear reviewed what the engagement letter would cover, including review of the Centennial management agreement, the terms of similar management agreements, the calculation of the management fee, incentive fee, and pre-opening costs. Spear wanted the Board to know the management fee was not included in any of the pro forma information that CSL provided. Spear reminded the Board that he took the CSL study, modified it, adjusted some revenue and expense numbers that appeared to be more realistic for the operation of the Event Center. This pro forma did not include the management fee either. Depending on the final negotiated amount of the management fee, this could impact annual operational costs. Spear suggested the Board be prepared to subsidize the operations of the facility for the first two or three years of operation.

Spear provided the Board with information from Laura Lewis that showed the Board would have $500-600k of annual resources, after COP payments, to cover Board expenses and operations and any other Event Center deficits. Spear said the Board should also allocate funding to cover the long-term capital improvements of the facility. Spear said he thinks it is a very important for the CSL study to be completed to move forward.

Nitschke said that the Board had yet to agree to the $150,000 annual management fee for Centennial Management. He suggested the study may show that it is not in line with other facility management arrangements.

Nitschke said he would like to see a schedule with deliverables. Spear said he talked with Bill Kruger who indicated he would have the final report ready for the October 22 meeting.

Nitschke said it was a pretty ambitious schedule.

LoBuono asked what interest rate the Board would be paying. Spear showed that it starts at 2% and caps at 5%. The first five years are at the 2% rate.

Motion to approve CSL engagement letter with the adjustment of including an October 14 deliverable date. Seconded. Motion passes.

1. **Action Item** – Spencer Monk, Hartwell Association - Approve Builder’s Risk Insurance Plan for Pioneer Road and Event Center Phase I – Spear said he had reviewed the current risk plan with Monk from Hartwell Association. Monk indicated that the plan did not include any builders risk insurance.

Monk presented bids for builder’s risk that included Event Center Phase I and Pioneer Road. Monk explained the current ICRMP insurance policy doesn’t provide for builder’s risk coverage. Monk presented a summary to the Board with three options; Cincinnati Insurance Company, Liberty Mutual, or Ohio Casualty, and Zurich. Liberty Mutual/Ohio Casualty was the most cost effective option. It allows the Board to cancel their policy at any time. Zurich and Cincinnati would require a year-long contract.

LoBuono asked when the insurance would be necessary. Fuller answered that this insurance covers the owners when construction begins. Construction is set to begin on September 30 so the Board needs it as soon as possible.

Fuller shared that he had worked with all the different insurance companies and recommended Liberty Mutual no matter the cost because they have been the best to work with in his experience.

Fuller asked Monk if he had any reservations. Monk indicated that he had utmost faith in all the groups he presented.

Blake Davis indicated that HK may start construction before 9/30/19 so it would be best to sign insurance documents as soon as possible. Davis also said that the rate before them was a very good rate.

Monk explained the Idaho Counties Risk Management Program (ICRMP) that the Board has been using up to this point. The only requirement is to be a public entity. The annual premium coming up on October 1 is $1,443. In this coverage plan the Board gets one of the most comprehensive options available to government entities.

Motion to accept Liberty Mutual as insurance company for Builder’s Risk Insurance. Seconded. Motion passes.

1. **Discussion Item** – Photometric Plan Update – Spear shared the new photometric plan on the TV screen. The additional poles reduced the areas that are not well lighted. DeKold said the parking lot lighting is up to the city standard, just not up to the Snake River Landing standard in some places. Spear said Snake River Landing is willing to accept a variance request because the lighting is better than the city’s requirements and very close to meeting SRL requirements. Spear mentioned the areas around the building still need attention because those areas fall below any City requirement.

Fuller asked about the lighting surrounding the building. Dekold indicated it would be discussed with the design team.

1. Report and Updates

1. Executive Director Report – The state tax commission will take over tax collections on January 1, 2020. Spear shared a letter that Thomas plans to send out to all hoteliers. It needs a few modifications, but will be sent out with an explanation of the tax and a sufficient amount of tax forms to complete the calendar year. Thomas will be sending forms for November, December, and January. January will only be sent by way of caution because the STC should take over by that time. Nitschke commented on Spear’s indication in his weekly report that we may not be reaching all the AirBNB entities. Fuller indicated that the STC cannot give the Board information concerning AirBNBs, but they can utilize the information they have. AirBNB payments may increase once the STC takes over the tax collection in 2020.

Spear indicated that Event Center security and the installation of magnetometers is something the Board needs to consider. Spear said this is an area that where Chris Nations could provide information. Kevin DeKold explained that there could be anywhere from 14-20 magnetometers needed in the building. Spear said he would have CRSA communicate with Perkins Will to determine how much space is available to accommodate them and how many would be needed for the amount of people coming to each event.

Spear shared information from the BAC meeting on Monday 9-23-19. Spear said the Committee is putting together a plan to sell naming areas in smaller pieces instead of large chunks. They plan to leverage the suites at around $400,000 or $500,000. Spear said that the length of time for naming opportunities is an area to review. Spear suggested that the arena may be a good idea to name for 30 years, but that smaller areas could be sold for 10 years. Nitschke said MACU is getting a lot for the amount they are paying so he is concerned that all the areas will be undersold. Going forward Pathway doesn’t want to be involved in anything around the $400,000-$500,000 range or below. Pathway wants to focus on the larger dollar amounts so Kevin Greene and Spear will focus on the smaller amounts. LoBuono asked Spear if any of the entities that have already declined an offer could be approached again with a lower offer. Spear said he thought so. Fuller asked if Pathway was approaching Coca-Cola for the pouring rights. Spear said Pathway will visit one more time with the original company they went to for pouring rights. If there is no interest then they will move on to Coca-Cola. Vucovich asked if Pathway still had entities interested in the naming rights. Spear said there are still interested parties and he even got a few new opportunities from members of the BAC.

Spear said that Pathway will be meeting with MACU this week to identify potential donors.

1. **Discussion Item** – Legal Report – Fuller explained that he is waiting on the CSL report in order to continue negotiation of the Centennial Management contract.

1. Calendar and Announcements
	1. Upcoming IFAD Meeting – **Next Meeting on October 8, 2019 Discussion Item** - Announcements and Minor Questions
	2. **Discussion Item** - Agenda Items for October 8th meeting – Nations contract for approval, Construction update

1. **Action Item** - Adjournment from Public Session – at 8:28 a.m.