

**Board of Directors Business Meeting**

**Tuesday, March 24, 2020, 7:00 a.m.**

**Location: Idaho Falls Auditorium District Office/Zoom Video Conference**

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

**Attendees:** Terri Gazdik, John LoBuono, Bob Nitschke, Steve Vucovich, Rob Spear, Salem Thomas, Mark Fuller, Kevin Greene, Mike Clements, Blake Davis, Kevin DeKold, Trenton Saxton, Chris Nations, David Cress, Chad Hammond

**Minutes:**

1. **Action Item** - Call to Order – at 7:13 a.m.
2. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 3-13-20, 3-20-20 - Spear suggested removing meeting minutes as an action item as they are not ready to review. Motion to approve the agenda. Seconded. Motion passes.
	2. Review of the Payables/Financials - There is only one payable. Motion to accept the consent agenda. Seconded. Motion passes.
3. **Discussion Item** - Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board) - None.
4. **Action Item –** Discuss Guaranteed Maximum Price (GMP) for the construction of Phase II of the Mountain America Center and next steps.

Spear shared the overall price of the GMP and then proceeded to walk through the individual bid packages. Spear stated that some of the bid packages show increases in costs as well as a reduction in costs from the value engineering (VE) exercises. The increases in costs actually benefit the project because the scope of the project is better defined and should help control costs once construction begins. Spear said VE items were only included when the architect and engineers approved of the VE items.

Spear described the VE item for Parking Lot Paving and Concrete. Using fly ash instead of lithium in the sidewalks resulted in a $31k VE item.

Landscape was a re-bid item and came in at $531,000.

Building Concrete showed over $660k in VE items. Changing the exterior facade, $300k, and using fly ash instead of lithium, $311k, were the most significant VE items. Nitschke asked if fly ash is a viable alternate for lithium. Spear said as far as he understood fly ash was accepted by both CRSA and the structural engineer. Mike Clements said that is correct, lithium is the premium option but fly ash is acceptable. Nitschke asked if fly ash and lithium have the same longevity? Clements said that would be a question for the suppliers to explain. Vucovich suggested having lithium for the tilt panels and fly ash for the sidewalks. Nitschke said he doesn’t think the Board should use the fly ash if it is going to have half the life of the lithium. Clements suggested having a meeting with the Building committee, the supplier and the engineers in order to have a discussion if the fly ash will be good enough for both the tilt up wall and the sidewalk. Spear explained that this topic has been thoroughly vetted multiple parties and all agree that substituting fly ash in place of lithium is a viable option.

Precast structural concrete showed an increase of $146,180 due to sales tax not being included in the initial bid.

Fencing was rebid and showed a significant savings, from $128k to $33k.

Masonry detail was lower by $48k due to the change in brick size.

The steel packages were reviewed very closely and the overall cost increased significantly from the original bid. Spear explained that this was another example of the VE review tightened the scope. One of the most significant increases on the steel is a shock primer paint with Zinc. Clements said that adding zinc to the paint makes it more water resistant. It is a little pricey, but it makes for a better product. Clements said they held several meetings to go through the items listed on the GMP.

There were some other adjustments to the base bid because of the alternate bid rigging. Clements said that they worked with the erector on the best way to meet the requirements. The best approach is to incorporate the rigging amount of $152,000 to meet the requirements and accomplish the design. It will help with the contingency budget later on.

Spear explained that no one responded to the Finish Carpentry bid package and that the bid from Johnson brothers is new.

Insulation was another package that was not originally bid but has not changed from the last GMP.

Roofing had two VE items totaling $119k. There was one VE change to the overhead door totaling $13k.

Framing and drywall had two VE items totaling $17k. There is $100k dedicated in contingency toward this sub to cover potential time delays.

Tile bid was increased by $28k to cover pavers for the smokers balcony.

The largest VE savings area was with the Acoustical Baffles and Sound Absorption panels. Due to a rebid this VE item totaled $452k (Original bid was $745k, new bid $293k). Clements explained that the lower amount was strictly from a re-bid.

Painting was increased by $40k with the biggest increased associated with floor sealer for the precast structure.

There were no changes to loading docks and folding panel partitions.

Seating has the potential for some additional VE. Spear had requested that the Board come to the office and try out the seating options that have been sent to the IFAD Office. The Board needs to decide if they want the telescopic seats and the General Admissions seats to be completely padded, partially padded, or completely unpadded. It has been recommended that the telescopic seats do not need to be padded and that only the center section GA seats be padded. There is opportunity for significant cost reduction in this area. Nations Groups recommended to have the telescopic seats be all unpadded, the General Admission seating to be partially padded and partially unpadded. There could be $248k in seating cost reduction. The vendors, Irwin and Hussey, will need to come and present the seating that they are offering. Spear will call other arenas and ask their opinions on the Irwin and Hussey seats.

Spear mentioned that exterior signage, video/scoreboards, temporary seating, dasher boards, kitchen equipment and AV equipment are all part of FF&E and not included in this GMP.

Plumbing and HVAC is one of the original bid categories that was higher than expected and a lot of VE was done. The biggest number is the Innovative Air VE option. Saxton said the Innovative Air option was acceptable but the height of the units need to be increased to make it possible. This is an increase of $167k. Spear explained that none of these things are going to affect the operations of the facility.

The ice rink system shows over $100k in VE items because there was a change in SimCo’s package. Nations said they now build the system off site. Davis said they deliver it in on pallets. Nations said this doesn’t affect the structure in any negative way.

The interior signage received was a good base bid from YesCo.

Spear said there was big change with the screen wall louvers. Saxton explained that the horizontal louvers work better with this design.

Spear explained that the biggest change between Nations Group’s summary and Bateman Hall’s summary is that Nation’s moved some of the allowance items into the bid areas. Clements said that an allowance item is a known item of an unknown quantity. They’ve done their best to account for these items. There are seven items listed that are related to one scope of work. Some of the items Bateman Hall may complete themselves, or they may find someone else to do it. These are just budgetary scope holders for work that will have to be done. The seven items are intended to identify the gaps between bid package scopes that end up being part of the project but aren’t directly covered by any of the bids that have gone out. On a project of this size, $805k is a fair amount of allowance. Spear pointed out that there is also a Bateman Hall contingency and an owner contingency in the total GMP.

Clements explained the general condition costs could be variable project to project. Bateman Hall needs to do surveys on the steel, certifications, ramps, storage, safety cabling on the roof and second floor, temporary fencing around the whole site. All these things are required by OSHA. The rough carpentry number includes floor coverings, protection of materials, and wood rails. There will be carpenters on site as necessary. The temporary heat is for November through April. The facility will have to be heated during the winter months. There is a lot of SWPPP maintenance and snow removal required to stay in compliance with the EPA. They will need construction water. The last is a final clean up number. Overall it is under 12% of the total costs and is expected on a project of this size. Nations said they added $100k to the scope allowance to allow for some overtime that may be needed for the dry wall subcontractor in order to not have to re-bid. That is why it is now $650k. All these things will be tracked as they are completed to know the actual cost for each of the items. They really can’t know the quantity needed of each item until they are working on the project. Nations said Bateman Hall did a good job of breaking it all down.

 The total design and professional fees are $47 million direct cost. Bateman Hall’s construction management fee of 6% is $2.8 million. Bond fee is roughly $300k. So the Bateman Hall/Hogan portion of the project GMP is $50,253,000, without the VE seat savings.

Spear introduced the Nations Group summary. Nations said they put it back into an overall budget summary form because until last year the board had by division cost estimates. So they wanted to show a summary budget by division and then with design, soft costs, and FFE above and below the construction number. The construction estimate on 90% CD was $48 million. The bids came back on February 28, 2020 at $51,260,000, and then what they vetted out in the last month brought it to $52,052,000. They lowered contingencies because a good portion of the work will be out of the ground and because Bateman Hall is carrying the cost of the work contingency on their side at $650k.

Spear said there was $620k for the remaining A&E fees which is the remaining amount of the fixed fee of $1.6 million and some additional A&E costs. Of the $1.6M, 59% was for the Construction document phase, 8% for the Bidding Phase and 33% for the construction phase.

Cress explained that the boiler VE was not accepted because they need to vet the room size with the new equipment options. Erring on the side of caution, they decided to hold off until the layout is confirmed. Nations said FF&E was initially budgeted at $5.8 million but there is about $2 million in the FFE savings. They will have to work with the operator and ensure they are part of the process. Spear said some of the places that will likely save money are signage, AV, and kitchen equipment.

With FF&E and owners contingency of $1.1M, the total GMP is $57,155,508.

Spear said that they have been told in the preliminary estimates from Raymond James that IFAD can bond for just over $54 million which leaves a gap in the funding. Raymond James also provided an estimate of a sub lien amount for $2.5 million. Spear also said that given the volatility on markets it will be difficult to get the Certificates of Participation sold right now. They will likely have to wait until September. Spear referred the Board to a document sent by Raymond James explaining that government entities relaying on user fees, taxes, or Transient Room Taxes (TRT) are in a higher risk category.

Nations said he was planning on pushing hard to get the Board to move forward with only having that $2.5 million deficit, but with the information Spear just shared it makes it more risky to press forward. He shared an experience he had in which the project was agreed upon contingent upon the acceptance of the bond sales. His recommendation is the same: move forward in accepting the GMP and negotiate with the sub-contractors to keep their prices for a few months down the road, but don’t put a specific time frame on it. Clements said they would do whatever the Board thought was best.

LoBuono moved to accept the GMP on the condition that the Board gets the financing package in place. Gazdik seconded. Nitschke asked what it means to accept the GMP. Nations said that the Board is committing to the GMP to Bateman Hall-Hogan based on this $57,155,508 amount if the financing is complete. The secondary part of that is providing front-end financing. He suggested releasing an amount of dollars in order to move forward as much as possible in the next few months before full financing is available. Gazdik said that the down-side of not accepting the GMP would be having to rebid all the packages. Fuller reminded the Board that the Board requested bids at the date they thought would be the lowest bid return, but since then Covid-19 has impacted the world and may cause a recession. If that is the case, the Board may not want to commit to this GMP because if they rebid in the middle of the recession a lower cost may result. He said if the Board signs this agreement then they are reducing their chances of getting lower prices if the economy enters a recession.

Nations said that the negotiated GMP presented today is a good GMP. If Covid-19 had not come around this would be a great price for a project like this. He advised against letting it go on the possibility of getting better prices later on. Spear said he is concerned that if the Board walked away from this GMP, that it could impact subcontractors’ willingness to participate in a re-bid. DeKold said that he has never seen prices drop during a recession. The best that could be hoped for is a flattening because of the lack of contractor options in Idaho. Davis added that 2020 has been a projected flat year in the construction industry for a while now. Next year will be a different story. Hogan already has more than $140 million worth of work on the docket for 2021. He doesn’t see pricing dipping at all. Nations said that his suggestion is to do everything possible to keep the current GMP. Davis said it has even become difficult for Hogan to continue to rebid and do all the work that has been asked of them with the price they agreed to work for the Board. Nitschke asked if they could ask the subcontractors if they were willing to hold their prices before the Board agrees to those conditions. Davis said they would have to phrase the contracts as such. Nitschke shared his concern of the impact of Covid-19 and said he doesn’t think the current financial situation of America is going to just disappear in two weeks.

Vucovich asked what the first year of operation of the event center would look like if the Board does decide to move forward. He wanted to know what the hard deadline would be for CM to more forward or backout if the Board doesn’t make a decision. Nitschke said that these times are too difficult to plan anything. The pandemic is still spreading like wildfire and no one really knows how it will affect the economy in the coming months and years. He said it is irresponsible to move forward with so much uncertainty. Nations responded to Vucovich that they will need to consider more than just the first year. The first year income will affect the following five years, and this is a 30 year project. Nations said that accepting the GMP today is very low risk for the Board because it will not be final until financing is secured. LoBuono said he can’t see this pandemic affecting anything beyond the first six months of this project.

Fuller said that the current bid prices are based on a construction schedule. Then he asked if the Board is unable to get financing until July or August would the subcontractors be able to begin construction in the fall? Or would they need to wait a full year since they are already behind the March 1, 2020 start date. Clements responded that it is pretty complicated. He said they were already planning on a winter construction season. He said they will have to work with the subcontractors to see what they are willing to do. It will have an impact on the schedule. Gazdik asked if the Board does accept the GMP, but some of the contractors withdraw, will the Board have to rebid parts of the project? Clements said that it would have to be individual conversations with the subcontractors. They would work to negotiate with the more important subcontractors as soon as possible. Gazdik asked if they accept the GMP but don’t start construction for close to a year due to financing issues, would that make those subcontractor’s contracts void because they are off the original schedule? Clements said there isn’t a for sure answer. It would depend on each subcontractor, their individual contracts and their workload at the time.

Spear shared the proposal from Raymond James about how the payments would be structured. The Board would only pay interest on payments the first year and wouldn’t start paying principal and interest payments until November of 2021. He anticipates that if things are pushed six months, he assumes Raymond James would also push their schedule six months.

Clements reminded the Board that having this GMP in six months is solely based on the agreement of the subcontractors. It really may not even be possible if the subcontractors aren’t interested in holding their work.

Spear wanted the Board to know that Kevin Greene stated that the hockey team could play early games on the road and possibly play early home games at Tautphaus Park. He said if that were the case then revenues would be cut in half, but so would expenses.

Spear summarized Nations’ intentions and recommended the Board accept the GMP contingent upon the subcontractors honoring their bid until the Board receives full financing. However, in the interim between now and then the Board should allocate a sum of money to continue construction in order to keep it on some kind of schedule. Nations agreed and said it may be a month-to-month situation. The Board has already agreed to $460k to start material acquisition. Approving the GMP today would allow Bateman Hall/Hogan to have more sway as they talk to subcontractors to negotiate time. He can’t say how much more money should be allocated right now, but they would come back with a suggestion later.

Fuller explained that what the Board is doing is choosing to reject Bateman Hall’s proposal, and requesting that Bateman Hall extend the suggested times out. Bateman Hall will have to determine if the subcontractors are willing to accept the Board’s proposal, which right now is an unknown date. They may come back and say that is not possible. Fuller suggested amending the motion to include the full finance package. Gazdik and LoBuono both assured him that the motion is contingent upon obtaining the full financing package, including the current shortfall.

Nitschke asked how it would impact the project if one of the subcontractors were to contrive Covid-19 and have to stop construction. Clements and Davis said it is not certain, but would likely create time issues and push back the completion date. Nations said that this situation is going to need negotiation on both sides. Nitschke said if he were an investor, he would not be willing to invest right now. He thinks it is inappropriate to move forward right now.

Spear said that even though the $2.5 million deficit is a real number, a certain entity has said that they will support the Board if they are able to get close to the financing. Gazdik agreed that is correct. Gazdik laid out for the Board that even if the Board does accept the GMP, there is no guarantee that the subcontractors will accept the Board’s counterproposal. She thinks the Board needs to move forward with what they do know. Vucovich asked if the financers come back with too high of an interest rate, will the Board be able to reject their bond sales. Spear said they could because that would mean the Board couldn’t afford the financing plan. Clements made clear that if the Board moves forward with accepting the GMP and the subcontractors agree to the time commitment, then the Board has an obligation to use the same subcontractors and should not go out to bid again. Fuller agreed that the Board should not go back to rebidding after the Board conditionally accepts a GMP.

Gazdik asked for a roll call vote. Doug Swanson is absent from the meeting. John LoBuono voted yes. Steve Vucovich voted yes. Bob Nitschke voted no. Terri Gazdik voted yes.

Spear asked to set up a meeting with Nations, Cress, Clements, and Davis in the afternoon.

1. **Discussion Item –** Impact of Coronavirus on project.

Gazdik said that this has already been pretty thoroughly discussed. LoBuono said he would just like to move forward and see how it plays out because no one knows the outcome. Fuller said that one of the strengths of the District in obtaining financing was the long-term TRT revenue stream, which is now in question. Financing in the future is now dependent on the amount people decide to travel, which may not be very much in the near future.

1. **Discussion Item** – Review exterior renderings of the Event Center and the addition of Louvers and Band Lighting.

Spear reviewed the proposal from CRSA. It is around $4,500 to create a new exterior rendering. However there is a possibility of another added $3,500-$4,000 cost to have the structural and electrical engineers review. Saxton clarified that the added cost would be heavily dependent upon what the Board wants. If it requires an engineer’s opinion it will cost more. Spear said that this contract is giving CRSA authority to create improvements to the exterior facade that would not exceed $150k. This will be adding back to the $300k VE item that was discussed earlier in the meeting. To move forward, this needs to be approved to get a schematic and a final rendering. Gazdik clarified that this is a discussion item, not an action item.

DeKold shared some drawings that show an update of what was discussed at the last meeting. Louvers would be removed from the back of the building and reallocated to the southside of the building. The blue indicates where the sports lighting will go. He said if this is what the Board wanted and everything looks correct, then the $150k is the correct estimate. If there are more things that need to be changed, then the costs would increase and the estimated cost savings would decrease. Spear asked if the schematics presented meet the expectations of the Building Committee. They confirmed that it meets their expectations. Gazdik asked if a day time and a night time lighting rendering would be made available. DeKold said they generally create one dusk lighting view. Gazdik asked Vucovich if this is enough to give the building a contemporary look. Vucovich said he thinks this is a step in the right direction. He asked about the North side of the building. DeKold said there will be LED band lighting on that side as well. It adds an entertainment feel.

DeKold said if the Board wants it, CRSA can start working on the rendering next week. Vucovich said he thought it would be worth it to spend the $5,300 to see a final rendering including the moved louvers. Nitschke said he didn’t care about any of the options. Vucovich asked how difficult it would be to share different brick color options because he would like the building to stand out. DeKold said that it would be simple in a preliminary rendering, but not a final rendering. Gazdik asked Vucovich to help Spear move the rendering forward. They both agreed.

1. **Discussion Item –** Update on the potential sale of lease revenue (certificates of participation) for financing the Event Center. Spear said there isn’t anything he needs to add that hasn’t already been discussed.
2. **Action Item** – Discuss Phase II of the Nations contract. Spear said he didn’t have a proposal or anything to present. He wanted to brief the Board that phase I of the Nations contract was terminating and the Board needs to discuss how to move forward. He suggested tabling the item to be discussed at a future meeting.

**Report and Updates**

1. **Discussion Item** - Executive Director Report
	1. Fundraising Campaign and status of prospects - There was a Business Advisory Committee meeting yesterday. The Committee agreed to contact all their supporters and tell them they appreciate their support and plan to reach back out at a later time. Gazdik added that Pathway’s is planning to send a package to a company in Utah this week. Even with everything going on, they still potentially want to own naming rights for the event center and increase their presence in Southeastern Idaho.
	2. Pioneer Road Construction and Event Center Phase I progress report - Progressing well. There may be a change order of about $13,000 coming to the Board to cover costs of installing an additional 8” gate valve, repairing the walking path, adding large boulders to protect the water main and repairing the sprinkler line associated with the walking path. Bateman Hall did have some questions about the pedestrian bridge. Spear is waiting for more information from Bateman Hall.
2. **Discussion Item** - Legal Report
	1. Transient Room Tax Update - Fuller had nothing further to share.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on April 14, 2020**
2. **Discussion Item** - Announcements and Minor Questions – Hammond requested the renderings that Spear shared today.
3. **Discussion Item** - Agenda Items for April 14, 2020 meeting

1. **Action Item** - Adjournment from Public Session - Motion to adjourn at 9:31 a.m. Seconded. Motion passes.

**Action Items**

Building committee meeting with suppliers and engineers to discuss lithium and fly ash

Spear send Hammond renderings.