



**Board of Directors Business Meeting
Tuesday, August 11, 2020, 7:00 a.m.**

**Location: Idaho Falls Auditorium District Office/Zoom Videoconference
467 Constitution Way, Idaho Falls, Idaho 83402**

Attendees: Terri Gazdik, John LoBuono, Bob Nitschke, Steve Vucovich, Rob Spear, Mark Fuller, Kevin DeKold, Trenton Saxton, Rebecca Casper, Mike Clements, Chad Hammond, Blake Davis, Spencer Howell

Agenda

- I. **Action Item** - Call to Order at 7:02
- II. **Action Item** - Accept the Agenda. LoBuono moved to accept the agenda. Vukovich seconded. Motion passes.
 - A. Meeting Minutes – 7-14-20, 3-10-20 (reopen/reapprove). Gazdik pointed out that the minutes need to be amended from “no action was taken during the Executive session” to “there was no action taken as a result of the executive session”. Discussion ensued on whether or not to include the transcript of the public comments made by Mr. Nitschke during the 7-14-20 Board meeting. Mr. Nitschke said his comments came and went a couple of times during the review process and that he would like to see his comments entered into the meeting minutes. Gazdik explained that the item that was previously discussed was part of IFAD’s media policy discussion, and that the meeting minutes do not need to include the details of the public comments. This was confirmed by Mark Fuller. Gazdik said that if Mr. Nitschke wants to have something formally included in the meeting minutes, an agenda item would need to be created for a future meeting. Gazdik asked Mr. Nitschke if he wanted to create a future agenda item. Mr. Nitschke responded that he would like the opportunity to formally document his position on the op-ed discussion. Nitschke disagreed with not being allowed to have his public comments be presented in detail because he stated, “what are the minimums and what are the requirements are two different things.” Gazdik said moving forward the Board will not be including the details of public comments in the meeting minutes. Gazdik recommended the Board place an item on the 8-25-20 agenda to discuss the Board’s media policy and involve Chad Hammond in the discussions. This will allow Mr. Nitschke's responses to the Op-ed discussion to be included in the minutes.

Gazdik asked Mark Fuller if the Board could re-open the March 10, 2020 meeting minutes in order to remove the details of the public comment. Mark Fuller stated the Board could take this action. Fuller stated, that public comment should not be part of the meeting minutes. Gazdik requested a motion to reopen the minutes of March 10, 2020 in order to strike the language included in the public comment area. Loboano asked if this type of action was normal. Fuller responded that it is not normal and is the first time the Board has initiated this action in 10 years. Fuller said the Board was in error to include statements made during the public comment period and recommended they be excluded. Fuller said it is permissible but not common to reopen meeting minutes. Fuller stated that in his review of Idaho Code Section 74-205, the legislature does not require public comment to be included in meeting minutes. The purpose of meeting minutes is to inform the public of the issues the Board addressed in its discussion and decision-making process. LoBuono

made the motion to reopen the March 10, 2020 meeting minutes and remove the details from the public comment and then reapprove revised minutes. Vucovich seconded. Motion passed.

B. **Review of the Payables/Financials.** Spear informed the Board that the payable to SRL Development for Replacement Reserves was calculated based off of IFAD's acreage (22 acres) within Snake River Landing. The Reserves are to pay for long term capital expenditures within the development. The Owners Assessment estimate that is billed in January covers the general landscaping and short-term annual expenses. IFAD's share is approximately 8.46% (22 acres/260 acres). Gazdik suggested that IFAD get an accounting of the common area, a balance sheet, so we understand how these funds are utilized. Vucovich asked if we are charged the same amount as other businesses in SRL. Spear stated that everyone is charged a percentage based upon acreage owned. Vucovich also asked if IFAD receives interest. Spear said he does not expect any interest payments. Spear reviewed the June financial statements with the Board and provided a new financial schedule. A profit and loss statement by month. Spear explained that revenues for June are down 53% from 2019 and overall tax receipts are down 41% for the entire year. Spear informed the Board that he spoke with James West and was informed that the month of July was positive, and August is looking much like July. James said it is difficult for the industry to predict future months because people are making reservations only 3-4 days in advance. James said the hotel industry is predicting it will not be back to 2019 levels until the end of 2023. However, this is a national prediction and does not reflect the Idaho Falls area. James indicated that car travel, as people travel across the country, has been a positive for the Idaho Falls area.

Gazdik pointed out the LGIP account wasn't reconciled for the month of June to capture interest income and that should increase June's revenues by approximately \$20k. Spear said the \$350k escrow should be released soon. Gazdik asked for a motion to accept the consent agenda with the modification to include the correction to interest income. LoBuono made motion. Vucovich seconded. Motion passes 3-1 with Nitschke opposing.

III. **Discussion Item** –Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board). No public comment.

IV. **Action Item** – Review and discuss CSL study with Bill Krueger and make recommendations for changes. Bill Krueger was unavailable, so this agenda item was deferred to the 8-25-20 Board meeting.

V. **Action Item** – Review of recent meeting with bond underwriter, MSBT Law as Bond Counsel, Gilmore Bell Disclosure Counsel, and Skinner Faucet Underwriter Counsel and approval for next steps. Spear summarized the meeting and explained the meeting covered what Laura Lewis needed from the various counsel and that there will be no pre-payment of services required. Spear explained to the Board:

- Bonney briefed the group on economic compulsion and the Idaho Supreme Court decision on the Greater Boise Auditorium District lawsuit. Lewis was concerned about the significant equity IFAD has in the project.

- Lease purchase financing arrangements in Idaho can't create a future liability. A future liability is defined to include liability created from the lease purchase agreement. IFAD may need to budget for a lease purchase penalty. According to Bonney, examples of a future liability are:
 - if there was a monetary penalty for the failure to non-appropriate on an annual basis
 - if the District was required to guarantee to the Bank that IFAD would be able to lease to someone else, other than the operator
 - Any other type of guarantee from the District.

Basically, the District needs to be able to walk away from the lease without any unbudgeted liability. That does allow the District to pay a penalty provided that the penalty is already budgeted for and stays in some type of a reserve fund.

- Judge in GBAD case dismissed the equity issue. Bonney doesn't believe IFAD's equity in the project will create issues. That argument was rejected in GBAD Supreme Court case. Skinner Fawcett still expressed that the amount of IFAD investment and land could be an issue.
- If IFAD was unable to make the lease payment and the bank were to take over, Gilmore Bell does not see why the operational agreement couldn't be assignable. IFAD and Centennial will need to discuss and place a provision in the contract on assignability.
- Lewis wanted clarification that IFAD was established solely for building an Events Center and that the tax dollars couldn't be used for anything else and whether this helps in the financing plan. The answer was that because IFAD was established for the purpose of building an event center that this could help the financing plan.
- Discussion on potential property tax payments. Rick Skinner said this is a big issue in Ada county. It appears that Idaho stature could allow Bonneville County to levy property tax on the facility. The tax rate is 0.79% of the assessed value, plus other levies (school bonds, etc.) which could potentially add \$300k+ to the annual expenses of IFAD. Lewis asked if this possibility needs to be disclosed. The consensus of the group was to get a letter from Bonneville County Commissioner exempting IFAD from any tax. According to Rick Skinner, the County, at any time in the future, could vote to tax the District on the assessed value. Spear to follow-up with Pat Rice of GBAD for additional information.
- Raymond James briefed the group:
 - There are historically low interest rates at the present time
 - Starting to see an appetite for higher yield transactions – BBB paper is starting to gain popularity because of the higher return
 - RJ agrees that an exemption letter is needed from County Commission

Fuller explained the concern with property taxes is, as long as the building is owned and operated as a public facility, it is exempt from taxes. The concern would be that it is owned by a government entity, but it is being used by a private entity and their private business. Essentially, renting their tax exemption to a private business to make it more profitable. The same issue as the public/private time use question with the IRS. Fuller explained that in Boise they were taking the position that the facility was owned by the government and operated by a private business, so Ada County can collect taxes. Fuller suggested talking with the County Commissioners but cautioned that the current commission cannot obligate the decisions of a future commission. Fuller suggested waiting until after

January 1, 2021 to initiate discussions with the County Commissioners. Spear to follow up with GBAD and create an agenda item at the end of the year. Gazdik would like to find out the specifics of any GBAD management agreements and find out if GBAD is paying any property taxes. Gazdik also questioned whether any lease purchase penalty would be covered by the reserve fund identified in the various financing scenarios. Spear said he would follow up with Stefanie Bonney.

VI. **Discussion Item** – Post Register article discussion requested by Board member Nitschke. Spear summarized the meeting with Post Register and explained his disappointment with the headline because it was not reflective of the information contained within the article. Spear asked Nitschke what exactly he wanted to discuss. Nitschke said that number one, he wasn't aware the Board made the decision to put the project on hold indefinitely and this caught him by surprise. Spear said he communicated to the Post Register that we would proceed once our funding levels returned to normal and, when pressed by the reporter, he explained it was impossible to provide a specific timeline because nobody knows how long COVID-19 is going to impact travel. Chad Hammond explained that indefinitely means that the end time is not known, and the Post Register headline is technically correct. Fuller stated that there are 6-8 newspapers tabulated by the same company located in Montana and that local authors are not permitted to provide their own titles. The titles are inputted by others outside of this area. Nitschke said another couple of comments were troublesome to him. One had to do with Spear's comment that there will be no new plans until the Corona virus pandemic is over. Nitschke explained he doesn't understand how we can claim that the pandemic will ever be over. Spear said he is confident that he didn't say we will wait "until COVID-19 is over." Spear said he used the wording "under control". He further explained that he went into the interview with the understanding that the Board was not going to take action until revenues are back to normal. Nitschke said he is comfortable with that but is not comfortable with the paper stating, "until the Corona virus pandemic is over." The only other comment is "that we are only \$2.5M away." Nitschke thought we were farther away than that. Spear said he is basing that off of information received from Raymond James on how much can be deposited into the construction account, less the Guaranteed Maximum Price. That created a gap of \$2.8M. With the recent \$250k contribution, this reduces the gap to approximately \$2.5M. Spear said this is all dependent on tax revenues coming back to normal, but he stands by that comment. Spear reminded the Board that Raymond James identified a way, through subordinate debt, to cover that \$2.5M. Gazdik asked Hammond if he had a recommendation for doing anything further at this point. Hammond stated that he likes where we are at and does not recommend any further action relating to the Post Register article. No motion was made or action taken.

VII. **Action Item** – Review, discuss and take action on next steps for Phase II of Event Center Construction. Spear indicated to the Board that it is important that the Board take some kind of action on Phase II. LoBuono asked what Spear's recommendation would be. Spear said he is not sure because it requires some further discussion with Mike Clements and Blake Davis. Spear said the action could be a rebid or attempt to hold subcontractors to their original bids. He said he needs more information from Bateman-Hall/Hogan. Spear said unless tourism rebounds, the District just doesn't have enough resources to seek financing in 2020. Gazdik asked Mike Clements and Blake Davis about how we should go about releasing subcontractors and the appropriate time to rebid. Mike Clements said with the timeline being indefinite as it, shutting down the current GMP and going forward

with a rebid at the appropriate time makes the most sense. Clements thought that rebidding it again and taking advantage of the first quarter of 2021 could provide some good prices. Clements said that based on the information we already have, we could incorporate all the addendums into a bid package and have a real clean bid package. Clements said he would just need a letter from IFAD indicating we wouldn't be moving forward with the GMP this fall. Davis stated they have two projects that are in the exact situation as IFAD and their financing was held up by COVID. Both have taken the action to cancel and rebid. Blake said that action is being received well and that no one is surprised by that. Blake doesn't think we will lose ground on a rebid and that there may be more interest in the rebid. Blake said it is really wise to stay nimble and when the opportunity does come, we seize it as soon as possible. Davis said these delays are building a log jam, and if you move quickly when your funding comes through, you will be ahead of a lot of people. Blake said he wouldn't say the construction market has dropped off but stated it has leveled. Gazdik asked Clements if he sees the same thing in Eastern Idaho. Clements agreed that it has flattened as there are not a lot of projects in the 4th quarter or 1st quarter of next year. He said it will be interesting to see what happens in the second quarter. There should be a log jam of projects waiting to go. Gazdik said getting a letter out in the next few days is critical so the subcontractors can free up their resources. LoBuono made a motion for Spear to draft a letter to release the subcontractors and the GMP. Nitschke seconded. Motion passes.

VIII. **Discussion Item** – Feedback on new renderings for Event Center and discussion of a public display. Board members communicated the feedback they are receiving on the renderings is split. Spear explained to the Board that Board member Vucovich offered to display the renderings at the Apple Athletic Club. Vucovich thought with the volume people passing through the club, the Board could get good feedback. Spear asked Hammond for his feedback. Hammond said he was cautious about publicly displaying images at this time because it creates expectations and we are in a holding pattern. Vucovich said his offer stands and these can be displayed at a later time. The Board agreed to wait until the timing is right before a public display is made.

IX. **Discussion Item** – To discuss and receive information on the adequacy of the current HVAC equipment for the Mountain America Center. Spencer Howell joined the meeting from VBFA, the HVAC consultant to spell out and discuss the adequacy of the current design of the HVAC system. Gazdik asked Nitschke to lead the discussion as he was the one who added the agenda item. Nitschke agreed to start the discussion and stated that when you look at the last 20-30 years, HVAC systems have focused on energy conservation, essentially creating "sick" buildings because of airborne pathogens. It is time to look at design requirements for the existing HVAC to see if there is some engineering that would help lessen the hazard associated with the virus and the airborne spread. Nitschke suggested focusing on the 4 or 5 major areas: main area, conference rooms, suites, working areas and so forth. Do we need to put in portable units, increase air flow? Nitschke said he was looking for someone to do an analysis. Howell stated that energy conservation has been a main thrust but that indoor air quality is still a very visible thrust in the last 20 plus years. There is an interest in making buildings healthy, but there is a balancing act between energy efficiency and indoor air quality. Sometimes those goals are in opposition. In the heat of the summer and dead of the winter incorporating a lot of outside air is expensive but that outside air is healthier than indoor air. Obviously with the events of this year, indoor air quality has advanced

to a higher tier than energy efficiency. Howell said their governing agency, ASHRE (American Society of Heating, Refrigerating, and Air Conditioning Engineers) has issued a resource to identify areas of indoor air quality to focus on. Howell said he can boil that down to 4 areas.

- 1.** The amount of outside air. While an energy concern, getting outside air in the building is associated with better indoor air quality. The heating and cooling capacity of the current system is designed to deal with so much outside air, usually directed at heating season because that is the more extreme case. Increasing outside air from what is currently designed would require a redesign of the air handling system. Best case is the furnace system could be upsized to a greater capacity. This would not require replacing air handling system nor would we need a redesign, but would require more gas for the system, so there would be a cost with increasing the furnace size.
- 2.** Use Better Filtration. Typically, they design to a MERV8 – a way to establish filtration efficiency. That is equivalent to a 30% effective filter which is good for most general-purpose cases. This is not good enough given what we are facing with indoor air quality concerns. The ASHRE recommendation is to bump that to a MERV13, which is equivalent to an 80% filter. This is an easy design change, but it can have an impact on the fan selection, but this is not a difficult change. This would result in a higher operating cost because MERV13 filters are more expensive than MERV8. But is a minor cost.
- 3.** Use of UV lights. UV is known to kill pathogens and bacteria. This would require redesign of the air handler. The space to place the UV lights is in the air handler system. This is needed to treat all the air coming in. You need to pay for the change in the air handler and see increased operating costs because you would need to change and replace the UV lights.
- 4.** Flushing the facility. Bring outside air in prior to the building being occupied and then again after people exit the building. The only impact is an increased maintenance cost because you are operating the system beyond how you would normally operate it.

Vucovich asked about the current smoke handling system and its ability to handle smoke and diesel fumes and whether this can be operated manually during an event so the exhaust system can exhaust during an event. Also, there are disinfectant systems now that produce hyperactive hydrogen peroxide that put virus and bacteria fighting virucides into the air constantly. This is done in hospitals. Howell said there are large smoke removal fans to remove diesel fumes, smoke, and dust. It is a manually operated system that you can turn on. The air handlers are currently designed to make up that air. However, the amount of outside air coming into the facility, to make up that air, is the current limitation. This would be a good idea to tie into the percolation cycle. Howell said they are not recirculating air but replacing air and they could look at the current limitations of doing this. Howell said the virucide side system is only used by hospitals because it is expensive. Howell said UV lighting would accomplish the same thing and is cheaper to operate. Gazdik asked if the MERV13 filters would restrict airflow. Howell agreed and said that is why higher capacity fans would need to be placed in the facility to handle pressure drop but that is a cheap upgrade. LoBuono asked if Howell was recommending the UV system and better fans. Howell said he is not prepared at

this time to provide a recommendation but is just presenting information. Howell said that UV lights are known to have a beneficial impact on air quality due to killing off airborne pathogens. Having those in the system will definitely improve air quality. Howell said there would be costs associated with this, such as approximately \$10k per air handler, but he would talk to vendors to get a firm cost. There are nine air handlers on the building, so it would cost approximately \$100k for UV light installation. Filters are a minor cost, approximately \$2000 per air handler, for bigger filters. In summary, the first item is the most impactful because it will increase the size of the air handler. The remaining three have minor costs. The building flush is the cheapest because you are just modifying how you operate the facility and not changing the air handling system. LoBuono said it appears with the fans, filters, lights the cost would be \$110-\$120k. Howell said that is a good estimate, but he would follow-up with vendors to get a better idea of costs. Nitschke said his expectation is we would write a scope of work and have someone do the analysis. Then we could meet as a Board and determine which ones we find most attractive. Nitschke did not expect resolution today. Nitschke asked if UV lighting requires residence time in order to be effective. Howell stated UV lighting is effective when you turn it on and didn't think there was an efficacy time. Nitschke asked about air flow within the buildings and pockets or eddies of air. Howell said when designing systems, they attempt to identify and address these areas, but it is virtually impossible to cover them all. The key is to put enough outside air into the building because the air will diffuse and will get into those spaces. Howell said they would scrub the plans again to identify any of those spaces we are concerned with and identify areas they may have missed. Generally, he is confident they have addressed this issue. Vucovich asked if the MERV13 filter catches viruses. Howell said the filter would not catch viruses. To capture airborne pathogens, you would need a Hepa filter system or better which is expensive. LoBuono asked, if for a public facility like this, would it be at the highest standard short of what hospitals utilize? Howell said that is correct. Gazdik asked what the Board's next steps should be. Nitschke said he would like to see the trade-off of increasing air quality versus the impact on energy consumption. Vucovich said he would like to see a system that doesn't constantly use UV lighting, for example, during a hockey practice or at 2 am, in order to preserve the system. Gazdik asked about the process to be utilized in order to get information on costs and scope. Spear deferred to Kevin DeKold who said that CRSA has the contractual relationship with VRBA and that he and Howell understand what the Board is requesting. Spear asked DeKold to reach out to Howell and work on getting information for the next Board meeting. DeKold agreed.

Report and Updates

A. Discussion Item - Executive Director Report

- a. Fundraising and Budget Update – Spear communicated to the Board that an entity committed \$500k for non-alcoholic pouring rights. 1/2 of that amount will be for operations. Spear stated that Kevin Greene was instrumental in making this gift/sponsorship happen. Spear said he had a good meeting with INL and Jim Werner and together they are identifying additional contacts. Spear also mentioned there is an \$1M outstanding proposal from the convenience store industry. Spear provided the Board with an updated budget and explained he made minor adjustments to actual revenues and future tax receipts revenues.
- b. Pioneer Road Construction progress report. Spear said there was a construction meeting Monday and the road is getting ready for the chip

seal. This will happen on 8/24 in order to protect the sod that has been recently installed. New sod needs a minimum of two weeks of water daily. Striping will be done on 8/31.

- c. Event Center Phase I progress report. Knife River will remobilize on 8/17 to begin final grading on the pad. The expectation is for both HK and Knife River to be 100% complete by 9/4. LoBuono asked about our outstanding liability on Pioneer Road and Event Center pad. Spear estimated there is about \$225k left on Pioneer Road and \$500k left on the pad. He said these are rough estimates.
- d. SRL Replacement Reserves. Discussed under Consent Agenda
- e. Action Items. Action Items from the meeting are:
 - Follow up with GBAD on property tax issue
 - Contact Stephanie Bonney about reserve amount and if it is adequate to cover a lease purchase penalty
 - Draft a letter to Bateman Hall on releasing subcontractors and GMP
 - Contact WIPFLI to add interest income into the financials
 - Seek additional information on air handling from Spencer Howell

B. Discussion Item - Legal Report – No report. Fuller had left the meeting for a court commitment

Calendar and Announcements

- A. Upcoming IFAD Meeting – **Next Meeting on August 25, 2020**
- B. **Discussion Item** - Announcements and Minor Questions
- C. **Discussion Item** - Agenda Items for August 25, 2020 meeting
 - IFAD Media policy
 - CSL Study
 - VBRA (Spencer Howell) information review
 - Centennial Management operating agreement

Meeting adjourned at 8:57a