

**Board of Directors Business Meeting**

**Tuesday, January 12, 2021, 7:00 a.m.**

**Location: Idaho Falls Auditorium District Office/Zoom Videoconference**

<https://zoom.us/j/8694715148>

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

**Attendees: Terri Gazdik, Bob Nitschke, Steve Vucovich, Rob Spear, Mark Fuller, Rebecca Casper, Mike Clements, Blake Davis, Chris Nations, Kevin Greene, Trenton Saxton, Kevin DeKold, James West**

**Agenda**

1. **Action Item** - Call to Order 7:02a
2. **Action Item** - Accept the Agenda. Nitschke wanted to add the Teton Auto Group donation to the agenda and wanted to change agenda item on Process for Gift Acceptance from an action item to a discussion item. Gazdik suggested moving the Review of Event Center Construction before the Gift Acceptance discussion. Nitschke moved to accept the agenda as amended. Vukovich seconded. Motion passes.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes 12-11-20– Nitschke still wants to provide comments on some editorial and grammatical changes and present them to Spear. Nitschke stated his comments would not change the substance of the meeting minutes. The minutes were approved subject to Spear’s inclusion of Nitschke’s comments when submitted.
	2. Review of the Payables/Financials. Gazdik introduced the payable list totaling $89,988.84. Spear presented a summary of the financial statements. Spear pointed out the $9.7M cash balance was consistent with Spear’s estimate of how the District would end the year. This is important because it is the base for the estimated 2021-year end cash balance. That balance is projected to be $11.3M assuming an 80% TRT collection rate for 2021. Spear also communicated that November collections, when compared to November 2019, were significantly higher. Spear assumes that this is due to the outstanding Airbnb receipts being deposited in November. When removing the Airbnb receipts, November of 2020 was 88% of November 2019. Spear referred to the profit and loss statement and pointed out the District will end the year with $1.63M in total tax collections which is equal to 70% of 2019 levels. The last four months of the year showed a very positive trend. Spear concluded his review by indicating the District ended the year with a $1.391M net profit. Motion to accept the consent agenda was made by Vucovich and seconded by Nitschke. Motion passes.

1. **Discussion Item** –Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board). Kevin Greene addressed the Board and commended Terri Gazdik for her personal contribution to the project. Greene also addressed the Board and expressed condolences on John LoBuono’ s passing. Greene expressed how important the Event Center project was to John and that he should be recognized for his past community involvement which was extensive. Gazdik echoed Greene’s comments and recognized how he always was willing to give his time.
2. **Discussion Item** – Review Event Center Construction Timeline. Spear provided some background information and was confident that fundraising was moving in a positive direction and that the District has met its 12-31-20 $1M fundraising trigger. With the number of outstanding proposals, Spear is confident that the District will meet or exceed its 2-28-21 goal of another $1M. Spear anticipates the District will have $3M in fundraising and $11M in cash for construction purposes. Spear said there is a meeting with the bond underwriter scheduled for 1-13-21. Spear then asked Mike Clements to comment.
	* 1. Mike Clements/Blake Davis – Rebidding Status Update/Construction Forecast. Clements said for the last 6-8 weeks they have been putting together packages that incorporated value engineering identified in the previous bid package and cleaned/scrubbed all the different bid packages. Clements said recent supply chain issues and COVID issues have impacted the construction schedule and increased the projected construction time from 16 months to 18 months. Clements reviewed the schedule and indicated they received all the construction documents from CRSA on 1-11-21. Clements said they will take the next 7-10 days to review those documents to ensure CRSA has incorporated all the value engineering items and all addendums onto the drawings. Clements said the goal is to be out to bid by the 26th of January with a bid due date on the 23rd of February to allow Bateman to provide a final Guaranteed Max8mum Price (GMP) by mid-March. If funding is secured by mid-April construction could start on 5-3-21. Clements said this schedule is contingent upon a “go or no go” directive from the Board within two weeks. Clements recommended that a financing package should be based on the previous GMP. Clements said locally they have not seen a lot of big projects bid in a while and have seen a lot better bid coverage for smaller projects that are being bid. Clements is hopeful this carries over to larger projects. The focus for sending out bid packages will be on Idaho Falls, Salt Lake and Boise. Clements said they have companies interested in the job that were not interested last time. He cautioned the Board of the significant increase in steel costs because there is no surplus available. Clements said because companies are looking for work, he thinks it is still a good time to re-bid. Clements then asked Blake Davis to comment on the Salt Lake market.

Davis said he has seen some softening in the market, he wouldn’t say it is down, but it is opening up bidding and has caused pricing to level out. Davis said he is watching the steel market closely and explained when there is a shortage of scrap metal that it takes ore producers some time to ramp back up. Typically, you see a 3-month spike in steel prices when this happens, and he fully expects steel pricing to come back down in March/April. Davis said they are working with steel suppliers on the bids and are looking at a clause that would specify the bid would go down if steel prices change. Davis said he also expects lumber and sheet goods to also level off. Davis said they are focusing hard on pre-cast numbers and are looking at identifying potential bidders because the last time there was only one bidder. Davis said they are also looking at a company called INNSTRUCK who has a more efficient process for tilt up panels. Davis said they estimated this could reduce costs by $100-$150k.

* + 1. Chris Nations – Construction activity forecast. Nations addressed the Board and said he agreed with what Clements and Davis described. Nations focused his comments on the Salt Lake market and the southern Idaho market. Nations said he spoke to 2 large contractors who, in the 2nd qtr. of 2020, had $250M in construction backlog and that backlog has not come back. Nations says this is starting to cause a bubble effect of backlog for contractors that IFAD could benefit from. Nations then described some of the different market areas. Critical public sector contracts continue but those only account for 10-15% of the projects that were in design or going to bid. The private sector market especially the industrial/warehouse market has been on hold and they see it coming back in 2021. High end condo/high rise housing projects were basically shut down. Health care projects are on hold. The office sector will recover because of the influx of people to the West. Nations agreed with the steel comments made by Davis. While steel is currently trending upward, all indications are it will come back down. Nations said that both of the large contractors said the submarket was primed for good competition. With the quality of subcontractors in Idaho Falls and in Salt Lake there should be good bid coverage. Nations indicated the labor market is soft and stable compared to pre COVID and they don’t see that changing over the next six months. However, both the developers and contractors believe the construction market will recover in a very healthy way in 2021, 2022, and 2023 because of overall growth. This will increase construction costs in the range of 4-8%. Nations said because there is competition, now is a good time to bid. Nations said it is predicted that costs will be stable through 2021 but construction is anticipated to pick up in 2021. Nations recommended the District push forward as aggressively as it can with the financing plan.

Gazdik asked if Nations was helping Bateman Hall to identify any subcontractors outside the area. Nations said they have mentioned a few but thinks Davis and Clements have it covered. Nations doesn’t believe it is necessary to go outside of the Salt Lake, Idaho Falls and southern Idaho markets. Gazdik asked about coverage of the pre-cast area. Davis said he thinks we are timed well for the local markets but will probably venture outside the main markets to ensure coverage. Nations said he agrees and said that he would pass along information on four west coast pre-cast subcontractors. Gazdik asked Nations if he was more optimistic on pricing than a year ago. Nations said he was because there has been no escalation, and there is more competition. Nations acknowledged the concern on material costs but believes that contractors and subcontractors want backlog, and this project is a huge opportunity for them. Nations said he can’t predict savings, but that increased bidder coverage will result in subcontractors being more aggressive. Davis agreed and stated they are seeing smaller projects and have recently picked up 8 projects in the last two months. They have dropped from an average total project cost of $15M to $10M, so the projects are smaller. Davis said he thinks we will see an advantage on the higher priced items and there will be more competition and expects the numbers will drop on some of those. Davis said they are seeing more people to hire but wouldn’t say the labor market is soft. Applications for jobs is increasing and said they recently had 35 applications for 7 jobs. Clements said on smaller projects things have flatlined but locally the residential market is going crazy with the influx of people coming into the area. Idaho Falls is in a bubble and continues to grow but said this relates to projects under $2M. Clements thinks larger projects will attract more competition.

Gazdik asked about obtaining quality workers. Clements said it is good, but they do have to micromanage the material supply line. Nations said the District is at a unique spot to be in the front of the line and hopefully we see this benefit in coverage savings. Nations said he was pleasantly surprised on what he heard from the Salt Lake market.

Fuller asked Clements to explain the statement that he wants us to finance the same amount as the GMP from a year ago, but has heard from Clements, Davis, and Nations that prices could be lower. Fuller specifically asked if Clements if the GMP will be the same as last year. Clements said that he believes that a good safe number to use is the number that was provided a year ago. No one can predict savings and we don’t know until we can bid it. Davis said in his experience, they always try and get the maximum amount of financing for a project.

* + 1. Rob Spear – Fundraising and Hotel Revenue Update – Spear asked James West to comment on the local hotel market. West said the hotel outlook is looking better than last year as the vaccine is becoming available. They are seeing an uptick in reservations although not to 2018 or 2019 numbers. West said building projects for his company have continued but noticed that building on a local hotel near the interstate has stopped. He said the outlook is very positive. Spear outlined some of the outstanding proposals and estimated that it is possible for the District to realize another $3-4M in fundraising. Spear then reviewed the specifics of the recently printed brochure that gives businesses and individuals the opportunity to contribute at lower levels. Spear summarized the additional revenues ($152k) from market-place facilitators (e.g., hotels.com) and Airbnb. Spear explained to the Board that it is possible the District could contribute $14-$16M, depending on fundraising success, to the financing plan.

Nitschke stated that he thought the Board had previously decided not to sell pavers as part of its fundraising plan and asked how these came back into the picture. Spear explained we needed other opportunities for businesses and individuals to contribute to the project. The Business Advisory Committee thought pavers were a good idea and having various contribution levels is something that needs to be done. Gazdik asked about where the brick pavers would be placed. Spear indicated they would be placed in the Plaza area. Nitschke asked if bricks were the only smaller funding ideas and what if we only sold 100 bricks. Spear explained that it was important to have a menu of opportunities. Gazdik said that the opportunity to name seats is another way to contribute that is listed in the brochure. Nitschke said the issue of bricks arose before Spear’s time and the reason related to the maintenance of the bricks. Nitschke thought there were other things and suggested that near Friendship Park there was a obelisk thing that contained all the donor names. Gazdik recognized that bricks will not generate huge fundraising dollars, but it is a way to engage the community to be part of the project. Spear agreed and said when people contribute to the project, they become engaged and advocate for the project.

1. **Action Item** – Review and adopt a process for accepting Donations/Gifts and approve IFAD assets to be included in current and future proposals. Gazdik asked about where the idea came from to draft a donation acceptance policy. Spear explained that this resulted from Board member Nitschke’s question about how the Teton Toyota gift went from discussions to a television announcement. Spear thought it was important to formally adopt a policy.

Spear reviewed the proposed policy and described its contents. Spear said that the resolution the Board adopted, and the other legal interpretations clearly indicate that the District was formed for the purpose of building an Event Center and it was important to state upfront that the Idaho Falls Auditorium District (IFAD) solicits and accepts donations that are consistent with its mission of constructing an Events Center for the Idaho Falls Community was important to state up front. Spear stated that donations and other forms of support will generally be accepted from individuals, partnerships, corporations, foundations, government agencies, or other entities, subject to certain limitations. The IFAD Board will identify and approve assets to be used in gift/donation/sponsorship negotiation. Examples of IFAD assets include naming rights to certain areas within the Mountain America Center, use of conference space, reserved parking spaces, digital assets (e.g., banner/logo on Mountain America Center website and social media sites), use of facility name/photo likeness in promotions, logo placement on ice and recognition in Mountain America Center event programs. Spear said that the Board approved Exhibit K in the management agreement that contained the naming right assets available. Spear said because this exhibit was adopted as part of the management agreements, Spear felt the Board was aware of the assets to be sold. Spear also said the Toyota negotiations have been going on a long time and stated that he communicated a Toyota term sheet as part of his Executive Director report on 7-26-19.

Spear suggested that the Donation acceptance policy include language that the IFAD Board delegate the authority to negotiate IFAD asset commitment with prospective donors to the IFAD Executive Director. The Executive Director will inform the Board of any negotiations through weekly Executive Director reports that will include drafts of most recent proposals. Spear said he was excited to close the Teton Auto Group deal because of the person’s influence in the community and felt this was one of the more positive things that has happened in regard to fundraising for this project. Spear said he communicated to the Board on 12-18-20 that Toyota committed to a $500k donation and then again on 12-24-20 notified the Board of the pending press conference on 12-29-20. Spear said the last sentence of this section states, the IFAD Board will notify the Executive Director of any concerns or issues with generated proposals. Spear believed he provided the Board with information on what was included in the Toyota proposal and encourages the Board to communicate to him any areas of IFAD asset commitment that concern the Board. Nitschke stated that while Spear may have sent information to the Board a year and a half ago, the Board wouldn’t have known the information had changed. Nitschke said Spear didn’t provide any recent information to the Board and the Board wouldn’t have known what, if any, information had changed to be able to provide any feedback on concerns and issues. Nitschke said it is a great outcome and no one is working harder than Spear on fundraising. Nitschke said our job as Board members is to oversee the project and we can’t do that after the fact. There is no way the Board could alter that agreement now, even if we wanted to. Nitschke said Spear has cut the Board out of the picture but isn’t saying the outcome isn’t desirable and is probably one of the better things that has happened, comparable to selling the Mountain America naming rights. Nitschke said the Board didn’t get drafts of the most recent proposals and that is his concern, not the outcome.

Spear explained that when you are at the 11th hour and closing a gift, it is important to have the authority to close a gift. Spear said they did call Kevin Greene and asked him about offering Toyota right of first refusal for any sponsorship opportunities relating to the automobile industry. Spear acknowledged that he did not communicate some of these changes to the entire Board but did keep the Board Chair informed. Spear said he was aware the Board didn’t have the most recent copy of the proposal, but it changed right during the meeting. Spear said he did not want to risk closing the deal and was confident the changes were not significant enough for the board to say, we're not going to do this agreement. Spear felt that given where the project was at, it was important to close the gift and when fundraising if you have an opportunity to close a gift, you close the gift. Spear said this is the reason for the proposed policy. Spear said that he understands that he works for the Board and he is not going to jeopardize himself and put himself or the Board in a bad position. Spear said he was overzealous and excited to close the gift and commit the District, especially since the gift was from a prominent community member. Spear said that is why it's so important to have this policy in place and that's why he wants the board to give him the authority to negotiate the details for specific donations. Nitschke said in the future it is important that Spear makes sure the Board has the absolute right information. Nitschke agreed that a policy should have been in place four years ago or the minute we started fundraising. Nitschke said that he is a process guy and is very much in favor on having a process and following it. Nitschke said several years ago he tried to set some boundaries on what the board was willing to accept when negotiators visit with prospects, and then define an acceptable range and make clear at which they can play, but that didn't happen. Nitschke said he wanted to explain there was some history to this before Spear came on and that he is all in favor of establishing processes and procedures.

Spear continued with the review of the policy and stated that section c. is really important. Spear said he would like to communicate to the Board through his weekly executive director reports about the status of prospects in order to protect the confidentiality of the donor negotiations. Spear said that is why he suggests forming a donation acceptance committee that should include the Board Chair, Executive Director, Legal Counsel and one other board member. Spear said it is important that the Donation Committee discuss details in order to try and keep negotiations confidential.

Spear continued to review the proposed policy and stated that fundraising donations should be able to be accepted without Board approval when the donor/sponsor does not receive the use of IFAD assets. For example, a donation from individual, partnership, Corporation, Foundation, government entity, or other entity for only donor recognition purposes and donor wall recognition. Spear said he is also fine with the Board reviewing every contribution if that is the Board’s desire, however, his suggestion is that not every donation require Board approval.

Spear continued and said the proposed policy should include Board review of any donation that results in a contract, like the Admiral Beverage and Mountain America contracts. Spear said Fuller had an opportunity to review this proposed policy and suggested that there should be a provision where the Board shouldn't accept any donation which will conflict with any contractual agreements the Board has already signed. IFAD should also carefully evaluate accepting any donations that could restrict its ability to receive other donations. For example, providing category exclusivity to a prospective donor. Spear concluded his policy review and asked if the Board had any questions.

Nitschke said he needed more time to review and said that the Board should also identify donations that it should not accept. The Board should not just accept any donation that lands on its doorstep. Political action committees may be one example. Nitschke didn’t think the Board should get in the business of endorsing one party or the other. Nitschke said this needs further discussion.

Gazdik said he believes there is a materiality issue that should be considered when accepting gifts without previous Board approval. Gazdik said, if somebody wants to donate $5,000, she is not sure that it is important to be concerned from where it's coming from. But if someone is making a significant statement to be at the top of the donor board, and it is some political action committee, that may need Board review. Gazdik encouraged Board members to take some time and think about other concerns and asked if there were additional questions. Nitschke responded that the Board must take some time to think about other concerns and then provide a response to Spear. Trying to close this item seems premature. Gazdik said she is not trying to close it but just create conversation. Vucovich asked Nitschke if the establishment of a gift acceptance committee would assist with the issue about what donations should be accepted. Nitschke said it would but he knows right now there's a lot of sensitivity in businesses where money's coming from, and I think we need to keep that in mind.

Gazdik said she likes the proposed policy because what we're trying to accomplish is to not hamper the process and not to micromanage the process, but to provide some guidance as to how the process should work. Gazdik does think it's important that the Board have the ability to move quickly on some of these donations because it is important. Gazdik suggested taking until the next board meeting to read through the policy and provide input back to Spear.

Spear did ask the Board for some direction and guidance before the next board meeting because he has some very important meetings coming up, and he wants to know how to proceed with moving forward and securing and if the opportunity is there, to close a gift.

For example, Spear recognized the donation from Cooper Norman and noted that the only thing that was provided to them is the right to purchase a suite. Spear said he is not sure if this constitutes giving away an asset because they just have a right to purchase a suite.

Fuller responded and said it is important to monitor suite purchase offers because there is a limited supply of suites and there should be a deadline for purchase. We can’t reach a point of promising more suites than are available. Fuller said his only other point would be confidentiality. Fuller wanted the Board and Spear to understand that there is no such thing as confidentiality unless it's occurring in an executive session. Any document and letter received from anyone, is a public record. The Board’s response must be that we can’t keep things confidential. All documents received are subject to a public records request. Spear said he understands this and is just communicating to the Board that there needs to be some level of confidentiality before we publicly disclose a gift that we have not yet received and have not closed yet. Gazdik said that is why having a committee to discuss outside a Board meeting is important. Fuller agreed and said a committee meeting doesn't require a formal notice, doesn't require a public meeting, and doesn't require minutes be kept. Confidentiality just doesn't work in this circumstance and it is the wrong word. Nitschke said it is understood that we need to be careful and suggested it might be just a language issue. He suggested using “sensitivity” instead of “confidentiality.”

Spear said he still hasn’t received any clarification how he is supposed to approach negotiations with prospective donors and closing gifts over the next two weeks. Gazdik said that the Board knows what items of inventory were authorized to be used for naming rights. So, there is no confusion about what's available for use in negotiating naming rights. Any contracts associated with any negotiations must go to Fuller and then to the board.

Spear said moving forward, once a proposal is initiated, he will immediately send it to Board members and ask for review. If Board members don’t identify any issues with the proposal, he will send it on to the prospective donor. Nitschke said it is important that the Board take a quick look at the proposals and agree or disagree on what is being offered, determine if we could get more or less and ensure it is consistent with other donations. Nitschke asked if we knew of all of the entry ways, stalls that people could put naming rights on and how we make sure the most attractive response goes to the most prominent place. It seems a little haphazard to him right now. Gazdik said we have established the areas for naming as identified in Exhibit K. Spear shared Exhibit K and wanted to make sure the Board and Nitschke knew that the secondary entrances and the main lobby entrance were included. Nitschke appreciated the clarification and stated he doesn’t think we need to be so prescriptive. Nitschke said his main concern is being in the loop and having an opportunity to review before things are finalized. If it happens too late or after it's already been done, then it's wrong and frustrating. Nitschke said he trusts Spear’s judgment that he has demonstrated over the last year and a half. Nitschke said he is not trying to stifle actions. He is trying to fulfill his obligations on the board of understanding and having concurrence that the Board determines the right level of response to give to an offer. Nitschke said we are trying to be too prescriptive in the proposed policy. The Board still wants to have Spear’s judgment. Nitschke’s main concern is having a timely opportunity to review proposals and be in the loop.

Spear asked the Board if they want to review the specifics of the Toyota proposal. Nitschke said he is happy to just review it and then provide comments. Nitschke wanted to be clear that he is totally pleased with the outcome. He just wanted to understand how we went from point A to point B so quickly.

Gazdik said she agrees with Nitschke that Spear has earned the trust of this board and is carrying out the mission of the Board. Gazdik said it's important to know that Spear has the ability, and we have delegated that ability, to negotiate these donations. Gazdik said it is important that Spear corresponds with the Board via email, text, or in the Executive Director report that communicates what Spear has included in proposals and ask that Board members respond within 24 hours if they have specific concerns. Spear should also respond to potential donors that the items discussed are doable and if there's any problem, he will get back to them quickly.

Gazdik asked that the Board provide feedback to Spear on the policy and stated that there was need to go through the Teton Auto Group proposal at this point.

**Report and Updates**

1. **Discussion Items** - Executive Director Report
	1. HVAC Action – Spear said that the Building Committee formally approved the proposal for additional HVAC services and just wanted the entire Board to know this item has been covered.
	2. John LoBuono recognition. Spear expressed that LoBuono was very important to the project there have been several suggestions on how to recognize him including a press release, naming the conference room, or placing a sign honoring his service. Spear said recognizing past board members, and executive directors could also be considered. Spear said the Board may considering drafting a press release after an obituary comes out.
	3. Action Items
		1. Board to provide input on donation policy.
		2. Spear to send fundraising proposals to the Board.
		3. Spear to provide update on financing plan.
2. **Discussion Item** - Legal Report. Nothing to Report.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on January 26, 2021**
2. **Discussion Item** - Announcements and Minor Question
3. **Discussion Item** - Agenda Items for January 26, 2021 meeting
	1. **Discuss Financing Plan/Rebid**
	2. **Bonham Wills update**
	3. **Discuss and Approve Donation Acceptance Policy**

Meeting adjourned 8:49a