

**Board of Directors Business Meeting**

**Tuesday, March 9, 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, Mike Carpenter, Rob Spear, Mark Fuller, Mike Clements, Blake Davis, Kevin DeKold, Ron Warnecke, Kevin Greene, Rebecca Casper, Chris Nations**

**Agenda**

1. **Action Item** - Call to Order 7:05 am
2. **Action Item** - Accept the Agenda. Spear said item VII should be removed because the Hunden report is not ready. Nitschke moved to accept the agenda as amended. Carpenter seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes 2-23-21
	2. Review of the Payables/Financials. Spear briefly reviewed the financial statements and indicated the District has $9.917M in cash and is well positioned to have $11.5M by year end, assuming an 88% revenue estimate compared to 2019. Spear said the credit to engineering fees was from the waterline reimbursement from the City. Spear indicated that Gazdik suggested this be reclassified as a credit to buildings. Spear acknowledged that the budget needs to be updated, especially the revenue estimates. Carpenter moved to accept the consent agenda. Vucovich seconded. Motion passed.
4. **Discussion Item** –Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board). Ron Warnecke addressed the Board about his interest in becoming a Board Member. Gazdik said she asked Warnecke to attend the Board meeting this morning. Warnecke said he has been a proponent of the project since its inception and feels the project is at a point where his expertise could be beneficial to the project. Warnecke stated he has experience ranging from design to construction to operations, mostly in the governmental arena. A current project he is consulting on is very complex and the cost is ranging from $16B to $19B. Warnecke said that they have broken the project down into 5 sub projects in order to break ground. His role provides direction in strategy and how to break the project down into sub projects and he has put together all the execution and integration plans. Warnecke said he was one of five people to start the project and now there are 450 people involved. Warnecke said this experience can be beneficial to the Event Center project.
5. **Discussion Item** – Update from Tom Wills on BWA fundraising progress. Wills said BWA is excited about the progress since the last time he spoke to the Board. Wills said BWA is focused on Budweiser national for the mezzanine naming rights and has worked with local representatives. Wills believes BWA has one shot at making an effective pitch to Matt Davis, Head of Budweiser Marketing. Wills said BWA will create some high-level graphics showcasing the area for the “Bud Zone”. Hopefully, a meeting will take place next week. Wills said he is working with a member of the marketing department at Idahoan to see how the current proposal could drive more value for Idahoan and help them hit marketing goals. Wills has also spoken to Mary Keating, Marketing Director, of Portneuf Medical Center. Wills said sponsorships in the health care industry have taken a back seat due to COVID issues and they want to delay further conversations until the second quarter. Wills is hopeful a meeting with Keating could happen in the next few weeks. Wills said BWA is also communicating with HOMIE who is going to roll out a marketing campaign across the country in the next few months and that the real estate data for Idaho Falls that Spear has shared is helpful with those conversations. Wills said a meeting with Albertsons is scheduled for the near future but he is being cautious because Pathways has already pitched the project, and no one is sure of what the pitch was. Wills said there could be an opportunity to engage Pepsi national in assisting with Albertsons and explained how Pepsi has provided sponsorship funding for grocers in return for having its product prominently displayed in stores.

Gazdik asked about Delta and other huge companies. Wills explained the airline industry is in a very tough way and it will be a while before that industry engages in any partnerships. Wills said BWA is focusing on industry categories, healthcare, and malt beverages. Carpenter asked about Chobani and Wills explained he has had a conversation with Chobani’s national marketing person out of New York who indicated he would circle back to the local marketing group. Wills said there must be a local connection to the national group whenever you engage with individuals in a national office.

Wills encouraged the Board to identify any local influencers that can assist in gaining traction locally and then BWA can take nationally.

1. **Discussion Item** – Review filing instructions and deadlines for Board positions. Spear explained he has made sure that the announcement was placed on the Facebook site and Website. Spear said he was informed by Fuller that an announcement has already been posted in the Post Register and that Spear would not need to take any further action.

Since the announcement was posted on March 5, 2021, Gazdik asked if the Post Register would post again. Fuller said the announcement would not be posted again and is always published two weeks before the deadline. Gazdik asked if the announcement was sent to individuals on Facebook. Spear said it was not but stated that he knows it reached people because several people have contacted him.

1. **Action Item** – Review and accept Hunden report on future Transient Room Tax Projections. This item was removed from the agenda.
2. **Action Item** – Approve early payment for steel procurement. Spear said this is similar to what the Board received and approved in February of 2020 and reminded the Board that it has already paid $100k for shop drawings. Spear said the items in the spreadsheet detailed what was needed in order for the project to remain on schedule and asked Clements and Nations to comment.

Clements indicated the project was under a tight schedule and there is a significant amount of work to complete before winter and it is critical to get started as early as possible in May. Clements said locking down long lead time packages like steel packages needs to happen in order to break ground in the first week of May.

Nations said these commitments are important to make but that they are contingent on Guaranteed Maximum Price (GMP) being within in budget. Nations said having one buyer for the bonds allows the financing to proceed quicker. Nations recommends proceeding with these commitments between the GMP being finalized and financing.

Gazdik asked about the timeline on steel prices and lead time. Nations said steel is needed asap because all the site work has been done. Nations said normally that work takes six months. Davis said mills are looking at an 8-hour price hold and Bateman Hall Hogan needs some latitude in locking that in. Davis said steel prices are holding but there is a lot of uncertainty. Davis said the increase in steel costs is something we might have to eat, because a schedule delay will cost more in lost revenue.

Carpenter asked Ron Warnecke to comment. Warnecke said he thinks it is a wise move to proceed with what is being proposed because as we get closer to summer, steel prices will increase. The amount of increase is yet to be determined but committing to this now, contingent upon a GMP, is a wise move, especially to preserve schedule.

Nitschke asked what will the Board know by the end of the day on the GMP. Gazdik said that is the unknown and that is causing her concern. Gazdik said it is a number that must be financed. Clements said this does not go into action until there is a satisfactory GMP. Although the bid opening is today, 3-9-21, there is still a lot of work to verify the numbers. Again, this steel purchase will not go into effect until there is a satisfactory GMP.

Carpenter asked Clements what his recommendation to the Board would be. Clements said the timing is so sensitive, especially the winter deadline, that contracts need to be put into place. The dollar amount proposed is the amount that will allow Bateman Hall to move forward. There is still a lot of concern on behalf of suppliers on lead time and this allows us to lock prices in and keep a schedule. Carpenter asked what the downside would be if the Board does not approve this package and asked what needs to be done in the next 72 hours. Clements said the downside is that if Bateman Hall cannot start by the end of the month, schedule will be impacted. The schedule will be pushed into winter and that is a very tough time to do work.

Gazdik asked for more clarification about why the Board needs to approve now. Nations said that after the bid opening there should be enough information to know if we can get to an acceptable GMP. Nations said it will take a couple of weeks to confirm a GMP number. By making these early commitments, it will help with the GMP. Nations stated it is standard practice to allow these early items to go forward in order to keep schedule intact. The short-term financial risk for the Board is if the GMP is not doable, the long-term risk for the Board is the schedule. Nations recommended that if the GMP is on 3-31-21, then a special board meeting should be scheduled the next day.

Gazdik asked Nations that if this is normal practice, shouldn’t there be a “not to exceed” amount and how is this type of activity typically handled. Nations said he has seen this as a “not to exceed.” Again, the work performed to date makes it more important to get steel ordered. Nations said these are only commitments and cash will not be spent until a GMP is accepted. Clements said these numbers would roll into the GMP once it is accepted. This is just authorizing the preliminary funding source.

Fuller stated the agenda item is to only approve early payment for steel procurement and there are items for concrete, parking lots, and submittal materials for mechanical, electrical, plumbing. Clements said these other submittal areas are also important for starting the first week. The paving of the east parking lot is important because it will provide a parking place for all construction vehicles and employees.

Nitschke said he was confused and stated the Board is being asked to approve this and yet the Board is not going to spend any money until GMP is finalized. Gazdik said this is to approve placing orders for these items in order for the subcontractors to move forward. Nitschke said he didn’t know what this meant if you are not going to give the subcontractors money. Gazdik said this is to commit to starting this part of the process and suggested having a special board meeting on Friday 3-12-21 to review these after the bid opening.

Nations said this is the same thing the Board approved last year, and it is important to commit to developing contracts with the subcontractors mentioned in order to set pricing, contracting and initiate shop drawings, all to protect the schedule. Nations anticipated hardly any funds would be spent prior to the Board approving a GMP. Nations said this is in the best interests of the Board and will protect the GMP and steel pricing. Nitschke responded that you are not protecting anything and if the price goes down, the Board ends up losing. Nations deferred to Davis but said the project will get the benefit of the price going down. Davis said they will lock price in where it is and then set the expectation that this is a moving target. Blake said it is hard to lock in a contract if the perception is there is no money to pay for it. Davis said they could live with a special board meeting as long as it is soon, Friday 3-12-21 or Monday 3-15-21 at the latest.

Gazdik wondered what the downside would be by waiting a few days. Davis said until two weeks ago Hogan’s shop was going to bid the job and now, they are not because they picked up six jobs. Davis said we are heading into the construction season and it is important to lock up the schedule for steel.

Nations suggested giving approval for steel and then come back and address the other items. Clements said he is comfortable waiting until Friday to work through this issue. Davis also agreed that Friday would work.

Fuller asked about whether IFAD can spend from its $11M contribution before closing. Spear said he had not heard back from Lewis but would follow-up and report back to the Board. Spear indicated he did not think IFAD would need to expend any of its funding prior to closing on financing.

1. **Action Item** – Approve Nations Group month to month contract for Owner Representation Services. Spear briefed the Board on Nations’ proposal and stated it was generous of Nations to offer a month-to-month contract. Spear thought that Nations could provide a great benefit to the project especially if any value engineering needed to take place and assuming all of the FFE would be pulled out the project and procured directly by IFAD.

Gazdik asked about the mechanism for cancelling the contract. Nations said it is his intent to work at will until after a GMP and financing is complete. Nations said it is his intent to work through the month of March until the GMP is known and is willing to work with Spear and Fuller to draft something acceptable.

Fuller suggested that the Board delegate the authority to extend a contract until an acceptable GMP is agreed upon to the Board Chair. Or the Board could consider this on Friday. Carpenter suggested the Board accept Fuller’s recommendation and moved to give the authority to the Chair to extend the Nations contract upon notification of an acceptable GMP. Vucovich seconded. Nitschke said he is happy having Nations as part of the team but is concerned that the motion is not clear because of the uncertainty of when the GMP will be received. Motion approved unanimously.

1. **Action Item –** Approve proposal from Host Compliance for address identification for short-term rentals. Spear presented the Board an estimate to identify short-term rentals in the Idaho Falls area. Once identified, this information would be turned over to the State Tax Commission. Spear indicated the amount quoted by Host Compliance is pro-rated for a nine-month period. Spear said nine months should be enough time to identify these short-term rental units.

Carpenter asked about the potential return on this investment. Spear said he would provide the Board with this information after the meeting.

Vucovich asked if these 268 rentals were already identified and are part of the current market-place facilitator revenue. Spear said he anticipates this will be new revenue.

Spear said it also may be prudent to try and collect back taxes once these rentals are identified. The City of Driggs was successful in collecting back taxes from Airbnb. Spear said IFAD is essentially functioning as a pilot project for the entire state as he believes the State of Idaho is missing out on collecting short-term rental tax revenue.

Gazdik said it is important to note that any return from the Host Compliance data will be ongoing.

Nitschke made the motion to accept the Host Compliance proposal. Vucovich seconded and motion passed unanimously.

**Report and Updates**

1. **Discussion Items** - Executive Director Report
	1. Fundraising/Financing – Spear said he is confident that a contract that was sent on 3-11-21 to an entity would be signed soon. Spear said every positive piece of information that has gone out like the Idaho Falls Magazine editorial has resulted in several leads. Upon announcing the next major gift, Spear would like to really be aggressive and update the website and become active on social medial platforms.

Spear said he met with Laura Lewis, Stephanie Bonney, and Brad Patterson to discuss next steps for document preparation for financing. In summary:

* + - Nuveen term sheet is consistent with the information that has been presented to the Board.
		- Bonney is researching if the disclosure documents need a non-appropriation clause. Bonney thinks we can pledge future revenues. This may eliminate the need of a lock box previously requested by Nuveen.
		- Bonney said a resolution will be sent to the Board for approval during the March 23, 2021 Board meeting. This will be the only document the Board will need to approve.
		- Spear contacted First American Title to get quotes on lender and owner policy. Based on $59M, the owner policy quote was $78K and lender policy was $18K. Spear said it is likely we would work with First American Title since they know the property.
		- Closing could happen during the April 19-23 timeframe.
	1. State Tax Commission Reports – Spear said January revenues were 88% of 2019 levels and continues a positive trend. Nitschke asked if current revenues include the market-place facilitator revenues. Spear said those are included and amount to 5-8% of the monthly revenues. For 2020 the amount was 9.9%. Spear said he is still working on reconciliations with the State Tax Commission
	2. Bid Process Update – Spear mentioned that the bid opening will be at 2pm on 3-9-21 in the IFAD office.
	3. Action Items
		1. Special Board meeting on 3-12-21
		2. Distribute Hunden report

Nitschke had questions on the Executive Director report dated 3-5-21. Nitschke asked about the design requirements for the 15x14 loading dock area door size vs. a requested 16x16 door. Spear explained the 15x14 ft door should be sufficient since interstate bridges are lower than 15 feet and highway lanes are 9 feet. Modifications to accommodate a 16x16 foot door would require duct work to be moved and tilt up panels would need to be redesigned. DeKold agreed that a 16x16 foot door was not needed. Nitschke said he just wanted to make sure the design requirements were being followed.

Nitschke asked about video board discussions that took place. Spear said that in reviewing the bid specifications, Spear realized that the Event Center was designed several years ago and included only one 12x22 video board on the southside with four 5x18 boards. Ideally there should be another 12x22 on the northside to provide a great customer experience. With video board costs continuing to decline, it was in the best interests for the customer to change the specifications to include two 12x22 video boards and a full ribbon board with the option to VE to a partial ribbon board as the base design. The issue with locating another 12x22 board on the north side is that it would displace the camera platform. Spear said according to Perkins Will, the platform could be split and placed on each side of the video board. This was done in other facilities designed by Perkins Will. The camera angle would be moved about 11 feet from center ice. There is no camera location requirement for NA3HL hockey teams or minor league teams. Only the NHL requires a center camera location. Spear said they are still looking at locating the camera platform above the 23-person suite. Based on the recommendation of the Nations Group and WJHW the audio-visual consulting group, the specifications were changed. Nitschke said he appreciated Spear’s sensitivity to the customer experience.

Nitschke asked about the limiting ADA access on one door. DeKold said ADA access is met many different ways. They have designed the facility to meet ADA requirements. Nitschke asked what triggered the discussion. Clements said they were evaluating card reader access and wanted to make sure the doors were appropriately equipped.

Nitschke also asked about CRSA not confirming that all the VE items were included in the bid specs. DeKold stated that he discussed with CRSA’s insurance carrier and legal counsel and was informed that they can’t certify. DeKold said they have made best efforts to include the VE items into the bid specs. DeKold said these are the cleanest documents he has seen in his 35 years.

1. **Discussion Item** - Legal Report. No report.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **A special meeting will be scheduled on March 12, 2021**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for March 23, 2021 meeting – none discussed because of the special board meeting on 3-12-21.

**Meeting adjourned at 8:56 a.m.**