

**Board of Directors Business Meeting**

**Tuesday, April 27, 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, Kathy Wheadon, Chad Hammond, Rebecca Casper, Chris Nations, Laura Lewis, Mike Clements, Blake Davis**

**Agenda**

1. **Action Item** - Call to Order 7 am
2. **Action Item** - Accept the Agenda. Carpenter moved to accept the agenda. Vucovich seconded. Motion passes.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes 4-13-21 & 4-20-21. Nitschke had a question regarding the April 13, 2021 minutes about the reference to the management agreement and licensing agreement not being completed. Spear said that reference refers to the issue requiring the license agreement to be completed between Centennial Management and the Hockey Club. Spear indicated the management agreement was completed but the licensing agreement is not completed. Spear said the investor is requiring that the licensing agreement be completed by August 1, 2021 and if not completed by November 2021 payments for construction would be withheld. Fuller corrected Spear on the current dates and stated the Trust Indenture had to be completed by September 1, 2021 and if not completed by November 1, 2021 construction funds would be withheld. Fuller said all indications are that Centennial Management would enter into the licensing agreement well before September 1, 2021.
	2. Review of the Payables/Financials – Payables totaling $6,292.08 were approved. Vucovich moved to accept the consent agenda. Nitschke 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). There were no comments from the public.
5. **Action Item** – Consider and approve a process for establishing a separate 501(c)(3) entity as part of the Idaho Falls Auditorium District. Mark Young will be presenting. Gazdik introduced Mark Young. Young explained some of the benefits associated with forming a separate 501(c)(3).
* Ensures that it helps meet the purpose of an auditorium district. Title 67, Chapter 49 states that auditorium districts, “will serve the public need and use and will promote the prosperity, security and general welfare of the inhabitants of said districts.”
* IFAD would be well served by creating a non-profit organization to facilitate charitable giving.
* The time is right because of the ongoing fundraising.
* The formation of a separate 501(c)(3) would serve IFAD throughout its history.
* It is important to find another path for people to make donations from IRA’s and qualified distributions. These distributions most often need to go to a 501(c)(3). The 501(c)(3) can bridge the rules and regulations between the IRS and the prospective donors.
* The Museum of Idaho, Downtown Development Corporation, School Districts have all established 501(c)(3)’s.
* Although there are ways to contribute to IFAD now, Young said in his line of work, he cannot attest to clients that the 501(c)(3) exists so that that donor advised funds or qualified charitable contributions can be used for donation purposes.
* Simply put a 501(c)(3) would facilitate tax deductible donations.
* At this time, the auditorium districts in Boise and Pocatello do not have 501(c)(3)’s.
* IFAD is the most comprehensive district in the State of Idaho because it will offer an arena and convention space.
* Greg Crockett has offered to prepare the legal documents for the formation of an 501(c)(3) for IFAD, at no cost to IFAD.

Carpenter asked a question about protecting IFAD and the 501(c)(3), if established, from entities who IFAD may not want to accept donations from. Young said the Board formed to administer the 501(c)(3) would have the authority to reject such donations.

Gazdik asked Fuller to describe if there would be a separate Board for the 501(c)(3)? Fuller said he was not sure and asked Young if IFAD would own the 501(c)(3)? Young said IFAD would own the Board. But it was important to segregate the meetings, but the same IFAD Board could make up the Board of the 501(c)(3) entity.

Fuller asked if the funds needed to be used for a specific purpose? Young said it is important to segregate and track the use of the funds.

Fuller stated that Crockett has been involved with the District since its inception and has the philanthropic intention to assist with this endeavor.

Gazdik asked if Centennial Management would consider facilitating this 501(c)(3)? Young said Centennial is a private company and has a profit motive and it wouldn’t be advisable. Gazdik asked how funds for operations and funds from the 501(c)(3) would be segregated. Young said an example would be supporting the Audio-Visual (AV) needs of the Conference Space. Funds from the 501(c)(3) could be used to support the AV needs and would be considered for the public good. The 501(c)(3) funds would need to be accounted for as being used to specifically support the AV needs. Spear said the 501(c)(3) funds would have its own fund and expenses monitored. Spear also said a 501(c)(3) would allow the District to apply for grants.

Nitschke asked if it was appropriate for governmental entities to establish 501(c)(3) organizations and compete with other nonprofit entities for funding. Since there is limited funding available in the community. Young used the example of the City owning the Idaho Falls Zoo and the Zoo having the Zoological Foundation. Young said an individual can donate to the City, but those donations are not considered qualified charitable contributions as defined by the IRS.

Gazdik said in summary, IFAD is a municipality that can accept charitable contributions and the donor can deduct those per IRS regulations. However, when the funds are donated through the 501(c)(3) the 501(c)(3) must document the usage of those funds where a municipality does not. Young used the example of donating to a fire department. It is clear the fire department has one responsibility and that is to put out fires, a public good. Young explained a 501(c)(3) is just better served to bridge the cap between a qualified charitable contribution and the IRS. Young said the current legal briefing that IFAD has is good, but the IRS provides a letter to 501(c)(3) organizations that specifically states that donations to the 501(c)(3) will be considered qualified charitable contributions.

Gazdik said she does not see a downside but the logistics of establishing the 501(c)(3) must be worked out. Young believes establishing a 501(c)(3) enhances IFAD’s ability for receiving qualified charitable deductions.

Nitschke asked about who would oversee the expenditures made from a 501(c)(3). Young said these would be documented in a 990 IRS filing as part of the accountability process. Gazdik said the Board is responsible for ensuring the appropriate expenditure of funds and an annual audit would be required.

Young said he would work with Spear and Crockett to move this process forward. Fuller suggested that Crockett and Young come back to the Board and present how the process would work for establishing a 501(c)(3).

Young said the IFAD Board should decide whether or not it wishes to pursue establishing a 501(c)(3) and then Crocket could put together the relevant documents needed to formally establish a 501(c)(3).

Gazdik asked for a motion to allow Crockett to proceed with organizing a 501(c)(3) and to produce the documents needed. Carpenter moved to have Crockett proceed with organizing a 501(c)(3) and to produce the documents needed with Spear’s assistance. Vucovich seconded. Motion passed.

1. **Action Item –** To discuss CRSA contract and adopt a path forward for handling the construction administration duties for event center construction. Gazdik asked Spear to provide the Board some background. Spear said he met with CRSA, Perkins Will, Nations Group and Fuller to discuss the Construction Administration (CA) portion of the CRSA contract. Spear said IFAD has decided that this is not its issue and said CRSA must figure out how to best serve the project moving forward. Spear said Wheadon discussed the construction administration responsibilities with Perkins Will and then developed a template that was shared with the Board. Spear said in summary CRSA and Perkins Will agreed on an 80/20 split of CA duties with CRSA assuming most of the responsibility for CA. Spear then asked Wheadon to comment.

Wheadon said that it's important to realize that the 80% split to CRSA is 42% to our consultants and the remaining 38% to CRSA. This leaves 20% to Perkins Will. CRSA will be modifying the Perkins Will contract to be sending them some additional fee but couldn't provide an exact figure, but it's somewhere in the $30- $32,000 range. This will be for additional services through CA to assist CRSA with the work that will be incumbent on them to help with the sports and venue planning component piece. This will help us manage the project in a much more appropriate way as requested by the Nation's group and Rob. Overall Wheadon said it was a good conversation between all parties.

Wheadon said she has not heard back from Perkins Will about the fee amount but Wheadon said she just sent Mike Harvey two charts showing him what the overall fees are for the project. Wheadon feels that we're in a good spot. It was great to get to define the day-to-day duties of each organization, which is always helpful so that we all understand then roles, responsibilities for the project going forward.

Spear said it is his recommendation to the Board that the Board does not take any action today, because this is clearly an issue that CRSA took the lead on and figured it out on behalf of the project.

Nitschke asked about the level of effort and the number of FTE’s dedicated to the CA portion of the project. Wheadon responded that CRSA has 2.5 people assigned to the project on average. Three and a half people for the first nine months and about 1.5 to 1.75 for the last portion of the project.

Fuller then commented that he was impressed with the division sheet with the explanation of responsibilities. “I was fine with all of it until the email that just came this morning, just as the meeting was beginning. And what it indicated that there was a new division of fees that was CRSA for 40, Perkins Will 20, and consultants, this one says 42. Now we're told it is 40. I just want to be sure. My understanding is that IFAD has contracted with CRSA and CRSA can assign that to its subcontractors, that includes Perkins Will. Ultimately, our contract will be with CRSA and how CRSA divides that is CRSA's responsibility. What I just don't want to do is get into a position where we call CRSA, and they say, not my table. I'll get your waitress. Just a minute. Because when we call CSRA, then we're done, we've notified the person responsible for contract administration. I want to be sure Kathy that we're understanding the same thing that you won't tell us, Oh that's not our responsibility. That's a subconsultant, call them.” Wheadon responded, that CSRA has stated very clearly that CRSA is the sole point of contact. Even if you need to get in touch with Perkins and Will, CRSA will take full responsibility for the component pieces that need to be taken care of and coordination with them or any other consultants on our team.

1. **Discussion Items** - Executive Director Report
	1. Fundraising/Financing Update

Spear asked Lewis to brief the Board on financing. Lewis said the certificate purchase agreement was signed yesterday by all parties and that is a very critical document in the process of this financing. Lewis said in her world of municipal finance, that's the document that commits the underwriter. It signifies that all the parties; Raymond James as a placement agent, Nuveen as the investor, have all agreed to the terms and conditions of this transaction.

Lewis said she is hopeful that once the building is constructed, and when the bonds are callable; five years at a premium and seven years with no premium, that the Board may consider reissuing these certificates to take advantage of a more traditional bond offering.

Lewis said we have a scheduled closing for May 18, 2021. The only thing that can stop the process now would be some very severe acts of God type of things; World War or the stock market shuts down. Because the certificate of purchase has been signed and executed and the bonds have been ticketed, meaning that the placement agent has sent the official documents it needs to the purchaser that the purchaser has accepted that they will buy these bonds at the listed terms and conditions. You as the board you can now start your construction process and release the subcontracts. Lewis said the market conditions are good and the buyers are plentiful. Lewis thanked the Board for allowing her to be involved.

Spear asked what formal action needs to be taken to allow Bateman Hall to issue subcontracts. Fuller suggested that the Board make a motion to authorize Bateman Hall to move forward and issue a notice to proceed. However, it first must amend the agenda to include this action item.

Gazdik asked for a motion to amend the agenda to include an action item to issue a notice to proceed for Bateman Hall. Nitschke made the motion. Vucovich seconded. Motion passed.

Gazdik then asked for a motion to issue a notice to proceed to Bateman Hall. Carpenter made the motion. Vucovich seconded. Motion passed. Clements said that Exhibit A of the Guaranteed Maximum Price (GMP) must also be signed.

Spear said that he has a draft contract for the naming of the inside of the arena, and the naming of the entryway coming into the arena. Spear said the entity involved is interested in announcing this before any groundbreaking ceremony. Spear said it was important to schedule a separate Board meeting to approve the contract. Spear said it was important to work with I.E. Productions to schedule a press conference. Spear said he would forward the contract to Fuller for his review.

Much discussion ensued about a possible groundbreaking date. Since finance closing was scheduled for May 18, 2021, it was decided that groundbreaking should not occur before that date. The Board then decided that it was important to see the availability of certain individuals before firmly establishing a date. However, it was decided to move forward under the premise that May 18, 2021 would be the date for groundbreaking.

Review of Host Compliance Database – This item was not discussed and was going to be moved to another Board meeting in order to give the topic more time for review.

* 1. State Tax Commission Reports – No update given.
	2. Construction Timeline – Clements said the bid opening for the rebidding items would be at 2 pm on 4-27-21.
	3. Action Items
		1. Contract Review
		2. Fundraising documents
1. **Discussion Item** - Legal Report. Gazdik thanked Fuller for his work on all the documents associated with the financing plan. Fuller said there are now 43 separate documents, contracts and certificates associated with the financing plan. Fuller said there were a number of title issues that needed to be resolved. Fuller was confident that everything would be in order for the May 18, 2021 closing.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on May 11, 2021.**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for May 11, 2021 meeting
	1. Groundbreaking
	2. Host Compliance Database

Meeting adjourned at 8:47 am.