

**Board of Directors Business Meeting**

**Tuesday, May 11, 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, Ron Warnecke, Rob Spear, Mark Fuller, Kathy Wheadon, Chad Hammond, Rebecca Casper, Dana Briggs, Kevin DeKold, Mike Clements, Blake Davis, Kevin Greene**

**Agenda**

1. **Action Item** - Call to Order
2. **Action Item** – Swear in new Board Members. Gazdik stated that since Mike Carpenter and Ron Warnecke ran unopposed the election office said it was allowable to have them sworn in at this meeting. Fuller agreed and said the statute provides that a Board member serves until their successor is appointed or sworn in. Fuller then proceeded to swear Carpenter and Warnecke into office.
3. **Action Item** - Accept the Agenda. Carpenter moved to accept the agenda. Vucovich seconded.
4. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes 4-27-21 & 4-30-21 – Nitschke asked about changes he submitted regarding the statement that May 18th was the approved date for groundbreaking. Spear said that he changed the wording to “the Board was operating under the premise that May 18th was the date”. Nitschke agreed with this wording. Nitschke also asked about the CRSA construction administration percentages provided by CRSA. Spear said he didn’t change because that is exactly what Kathy Wheadon stated. Spear then asked Wheadon if she was comfortable updating the percentages and said the correct percentages are 42% to consultants, 38% to CRSA and 20% to Perkins Will. Wheadon agreed and Spear said he would update the minutes. Nitschke also suggested that the next meeting date listed in the 4-27-21 minutes be changed to 4-30-21 instead of 5-11-21. Spear said scheduling the 4-30-21 meeting wasn’t decided until 4-28-21.
	2. Review of the Payables/Financials. Payables of $23,442.94 were approved. Gazdik mentioned that March receipts were 51% higher than March of 2020 and 106% of 2019 receipts. Vucovich moved to approve the consent agenda. Warnecke seconded. Motion passed.
5. **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 public comments.
6. **Action Item** – Approve Builder’s Risk Insurance policy. Gazdik stated that Todd Mary and Spencer Monk from Hartwell and Associates were present to discuss the specifics of the builders’ risk insurance quotes. Spear provided some background and said that included in Board’s meeting materials were two quotes for builders’ risk. One with quake and flood insurance and one without. Spear also said the new quotes were updated to include insuring the entire GMP amount instead of just the construction portion. Monk then provided some details on the builder’s risk insurance quotes. Monk said the intent of the policy is to cover the builder during the course of construction. Monk indicated that Hartwell explored insurance options with five entities and are recommending Traveler’s Insurance. Monk said the Board could elect to purchase flood and/or quake insurance.

Carpenter asked for a breakdown of the costs of the policy. Monk said the cost of the policy without quake and flood insurance is $49,398. The cost of flood ($3,800) and quake ($3,800) insurance increases the premium to $56,998. Monk also explained this policy is for 18 months and a month-to-month extension is possible if construction is longer.

Nitschke wanted to know if the investor was requiring this policy. Monk explained that the contract states that the “full insurable value of the improvements unless a lessor amount is approved by the bank” needs to be covered. Monk summarized by stating that Nuveen is requiring Builder’s Risk Insurance. Nitschke asked if the investor specified what type of disasters needed to be covered. Monk stated that the policy did not specify whether quake or flood needed to be provided. Todd Mary said that a builder's risk policy, typically does not include quake and flood. Those are presented as options. The contract documents that Hartwell reviewed did not specify all risk. It just said builder's risk insurance. Vucovich asked about the payment structure. Monk said builder’s insurance would be paid over 10 installments.

Fuller said he identified a couple of issues about when work was being performed. Fuller was concerned that the insurance coverage of temporary storage of materials was only $250K because equipment and materials stored on site would exceed that amount. This was increased to $2.5M. Fuller was also concerned with the demolition limit of $250K. If the facility burns or if there is an earthquake of some kind, $250K and demolition would be exceeded very rapidly. That was also increased to $500K. Fuller said his personal feeling regarding flood insurance is that a flood is extremely unlikely. By just looking at the site, it is up from the river on top of the hill. There are two canals down below. Probability of flooding is pretty limited. The probability of an earthquake is a greater potential. Since the cost of flood and quake insurance is $3800 for each, the Board may decide it is better to just purchase those rather than attempt to self-insure against that risk. Fuller said his biggest concern is with fire, especially toward the end of the project. Fuller said there is no question in his mind that the full $50 million needs to be insured.

Monk said he had a conversation with Bateman Hall pertaining to the debris removal and the $250K limit and while Bateman Hall did not necessarily share Fuller’s concern, the limit was increased to $500K. Bateman Hall was more concerned with transit limits and that was increased from $250K to $500K.

Fuller asked Monk to explain to the Board what transit coverages consist of. Monk explained that transit coverage applies to the shipment of material. For example, transit of material on the back of an 18-wheeler that became damaged or lost during transit.

Vucovich asked if the Canal Company would have its own insurance policy and wondered if IFAD could be additionally insured for flood. Gazdik commented that the canal companies would only be liable if they created the issue.

Carpenter asked if the current elevations of the canal are a concern. Clements said the canal Bank is a couple of feet higher than the elevations. Clements still felt the risk would be minimal if something impacted the canal that would cause water to push up and over its banks, even though the center is downhill on that West Side from that bank by a couple of feet.

Nitschke stated that he remembered asking CSRA about the design basis for flood for this facility and he doesn't remember ever getting an answer. Even with the low probability of a flood, spending $3800 for flood insurance would be money well spent.

Carpenter asked if a water main break was included in the policy. Mary said an internal water main break would be covered in the policy outside of the flood policy. Nitschke asked if localized flooding from rain and snow runoff was covered. Monk said that would be covered under flood insurance. Warnecke commented that given the cost it might be prudent to purchase both flood and quake. Gazdik agreed.

Carpenter then made a motion to proceed with purchasing the builder’s risk that would include flood and quake insurance. Warnecke seconded. Motion passed.

1. **Discussion Item –** Discuss groundbreaking date, time and location and logistics. Spear briefed the Board and said May 18th is the date confirmed for groundbreaking and that the starting time was moved to 4P to accommodate the governor’s schedule. Spear said Chad Hammond has done a lot of work on getting the invitation list ready, securing the tent, bringing the AV system and media coordination. Hammond would also be working with Kevin Greene on food and beverage. Spear said the Board needs to decide if beer and wine will be offered.

Spear then communicated what the program and speaker flow would look like and gathered information from the Board on who should provide comments (Governor, Lt. Governor, Mayor, IFAD, Donors, ect.). Spear said as emcee he would make sure all current donors to the project are recognized. Spear said Hogan has agreed to provide hard hats and shovels and that there will be 15 of each.

Spear said that we are planning for 200 to 250 people to attend the groundbreaking ceremony.

Clements suggested that Hammond attend the OAC meeting on site today 5-11-21 to map out the desired location for the groundbreaking.

Nitschke asked what the Board’s role should be and Carpenter asked if this constituted a Board meeting. Fuller said this is a social gathering and as long as Board business is not discussed this would not be a public meeting.

There was considerable discussion on how alcohol could be provided. It was decided that any alcohol provided at the event needed to be donated as IFAD funds can’t be used to purchase alcohol. Vucovich asked if the funds from the Certificates of Participation (COPS) were considered public funds. Fuller said funds from the sale of COPS should be treated like public funds.

Finally, the issue of the State of Idaho not being moved to Stage 4 could impact the number of attendees. Spear said he will contact the Governor’s Office for direction.

1. **Discussion Item –** Review Host Compliance database on short-term rentals in the area. Spear then presented the database produced by Host Compliance on all the short-term rentals in the area. Spear displayed the map of all the properties and then the detail for each property. Spear provided examples of queries that can be developed that can filter the data. For example, you can easily filter the most current activity of the rental units, determine what rental units are using marketplace facilitators (Airbnb, HomeAway, etc..), display actual photos of the rental units and how you can easily identify the name and address of the owner.

Spear indicated that he was still attempting to find the best way to utilize the data and what data to communicate to the State of Idaho. However, he felt it was important to identify all activity taken place in the last six months. One idea is to send a letter to the owners of the rental units and thank them for contributing to the local economy, ask them to make sure they are registered with the State of Idaho and remind them of the obligation to collect the 5% tax from the tenants.

Carpenter asked about who has access to the data. Spear said this was IFAD’s data and that we could possibly grant the State of Idaho access.

Spear said all the properties are listed as non-compliant because the City does not have an ordinance or regulation requiring that short term rental units be registered with the City. Spear said it would be ideal for the City to establish a registration process. One that did not require a fee but one that required all short-term rentals to be registered. Then through a Freedom of Information Act request, IFAD could acquire a listing of short-term rentals. Spear said this is simply a fairness issue because you have some entities, namely hoteliers, who have been collecting the tax and others who are not.

Gazdik asked if there was a compliance aspect to this database or if we just purchased the identification piece. Spear said IFAD just purchased the identification piece.

Carpenter asked if the data is updated. Spear said Host Compliance recommends getting data from the County Assessor’s Office every six months. Spear said the challenge right now is to figure out what entities are collecting the tax. He is hopeful that Host Compliance can provide him with strategies for this identification.

Carpenter asked about how the City of Driggs was able to collect back taxes. Spear said the City of Driggs just entered into a settlement and that Airbnb did not provide the identification of individual entities. Fuller said that was correct and the settlement with the City of Driggs did not include detail.

Gazdik liked the idea of sending a letter to the short-term rental units and suggested that when new rental units are identified that a welcome letter be provided that includes instructions about how to collect and remit the tax to the State Tax Commission.

Fuller said when properly administered this does not cost the owner anything as it is a pass-through tax imposed upon the tenant.

The Mayor stated that she understood the issue, and that registration could be implemented, but the City does not have enforcement capacity in place. A registration requirement can be implemented but there's no enforcement to make sure everybody's compliant. The Mayor suggested two conversations need to happen one with the fire department and one with Community Development Services.

The Mayor said Brad Cramer is the City’s expert on all of the short-term rentals and said the City just launched a requirement that businesses must register for fire department purposes. The Mayor thinks that they want to get all of the short-term rentals in that as well. It is purely a safety/regulatory issue, and the City is hopeful that they will have a decent listing in several months.

1. **Discussion Items** - Executive Director Report
	1. Fundraising/Financing Update – Spear said he provided a lot of detail in the Executive Director report on fundraising progress. Spear said he had a good meeting with the business advisory committee meeting and reviewed outstanding proposals and the focus is on getting individuals and other companies at lower levels involved with this project.
	2. State Tax Commission Reports. Nothing was reported.
	3. Construction Update. Spear said the first on site meeting is scheduled for 10 o'clock this morning 5-11-21. Spear said he has already made the Board aware of the easement issue with the Canal Company. Nitschke wanted clarification on the number of light poles affected and stated that it is very disturbing that the project is not even started, and we are experiencing these things. Measuring an easement is one of the simplest things to do and this could have easily been prevented.

Spear asked Clements to provide a construction update. Clements said the 16-foot measurement on the canal is not as easy as you would think and said there is a lot of subjectivity associated with the canal. Clements said there are some things they need to work through with the Canal Company but thinks they will be able to get it resolved. Clements said rebar is hitting the site Thursday 5-13-21. The concrete crew is on site now preparing footings.

Clements stated that nothing is going to come easy with this project, and that Bateman Hall/Hogan will need to closely manage the material coordination. Figuring out how to shift and stay with it, to meet schedule is critical. Hogan has helped in making sure that we're meeting the foundation milestones.

Spear asked for an update on the early submittal packages that the Board approved. Clements said they are meeting with the main steel supplier once a week and that structural steel is lining up well. There is a concern with the steel decking and whether or not it will be available in August. Right now, it is looking like September. Clements said last week they have been told that concrete suppliers are going on rations, but that the size of this project will help in making sure that we get the concrete we need.

Spear asked Clements to comment on the brick issue. Clements said this is probably the most concerning and pressing thing we have to do right now. The supplier went from saying it would take eight weeks for delivery and jumped it up to a 16-week delivery. The supplier is working on trying to get a better delivery date or identify a backup option.

Nitschke asked about the minutes for the Owner/Architect/Contractor (OAC) meetings. Spear said these are uploaded to the MS365 and offered to share them with the Board. Clements said these are mostly action items.

* 1. Action Items
		1. Coordinate Groundbreaking
		2. Finalize Fundraising proposals
1. **Discussion Item** - Legal Report. Fuller briefed the Board on the status of the financing and said they are still modifying the documents. Fuller said the final closing on the sale of the Certificate of participation is scheduled for the morning of May, the 18th. Fuller indicated he was meeting with Gazdik and Spear to sign our copies of all the documents that are going to be sent to Stephanie Bonnie. Fuller stated he received 50 additional pages of documents last night from Gilmore Bell.

Carpenter asked if a special board meeting would be scheduled for the finance closing. Fuller responded that finance closing does not require any further board action.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on May 25, 2021**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for May 25, 2021 meeting
	1. Centennial Management Update
	2. Approve Naming Rights Contract
	3. Construction Update

Meeting Adjourned 8:37 AM