

**Board of Directors Business Meeting**

**Tuesday, June 22, 2021, 7:00 a.m.**

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

<https://zoom.us/j/98833014397?pwd=SzRtU2kzc2NFMWc4YzlKL0U2NjBudz09>

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

**Participants: Terri Gazdik, Bob Nitschke, Mike Carpenter, Steve Vucovich, Ron Warnecke, Mark Fuller, Dana Briggs, Chad Hammond, Mike Clements, Blake Davis.**

**Agenda**

1. **Action Item** - Call to Order 7:01 AM
2. **Action Item** – Accept Agenda. Nitschke commented that he never received any information regarding the Executive Session. Gazdik said it would only be a discussion item and that she had materials that she would hand out during the Executive Session. Carpenter moved to accept the agenda. Nitschke seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 6-8-21. Spear indicated that he incorporated Fuller’s comments but was unable to include Nitschke’s comments. Spear said he will include Nitschke’s comments.
	2. Review of the Payable/Financials. Spear pointed out the utility costs included two separate line charges for the building site. One for irrigation and one for the building. Vucovich moved to accept the consent agenda. Warnecke 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 was no public comment.
5. **Discussion Item –** Tom Wills of Bonham Wills (BWA) will brief the Board on sponsorship opportunities that Bonham Wills is soliciting. Wills briefed the Board on malt beverage sponsorship discussions with Miller Coors and Budweiser. Wills said at this time Miller Coors appears to be more interested in a partnership as Budweiser has offered to participate at a level well below our $1M expectation for the mezzanine level. Wills said he will work with Spear to finalize the proposal for Miller Coors. Carpenter asked about the timing of when a malt beverage deal could be finalized. Wills said he expects a deal to be finalized in the next 30 days and that any agreement will give marketing and advertising exclusivity but not exclusivity for alcohol sales.

Nitschke asked why exclusivity was not allowed for alcohol sales. Spear said the State of Idaho does not allow alcohol sales exclusivity.

Wills said that Budweiser is engaging a company that they own, named Cutwater, who sells canned cocktails as part of its plan to fund the sponsorship/advertising component of the deal. This would eliminate a company like Diageo to come in and secure the pouring rights for hard alcohol.

Spear asked Wills to brief the Board on the other two entities that BWA is working on. Wills said he and Spear had a long conversation with a large group of marketing professionals at the Idahoan and that a proposal has been sent. Wills said it was important to identify what the marketing/branding needs of the Idahoan were and how the assets of the MAC could be used to satisfy those needs. Wills is going to follow up with Wes Myer. Wills said he is confounded as to why this is not already done. Wills said he is also engaged with Homie and its CEO Joe Grover and that a proposal has been sent. Wills is planning on meeting with Homie and Joe Grover around July 15-16. Wills said Sharon Cook of Mountain America Credit Union has promoted this project to Joe Grover. Wills said Homie just did a large sponsorship with Boise State and said one of the issues causing this deal from getting done is the extremely hot real estate market and Homie’s difficulty in finding time to discuss.

1. **Action Item –** Review and approve an amendment to the Centennial Management contract. Spear briefed the Board on the amendment and said the provisions in the amendment were already discussed and agreed upon. For some unknown reason, these items were omitted from the final agreement. Fuller stated that the amendment contains the exact language that should have been in the contract, and he recommended the Board approve the amendment. Carpenter moved to approve the amendment. Vucovich seconded. Motion was approved.

1. **Action Item –** Review and approve process for procuring Furniture, Fixture, and Equipment. Spear briefed the Board on future cash flow projections. Spear detailed how the sponsorship/donation revenue would flow into the IFAD budget by year. Spear listed the sponsorship/donation contracts that have been signed and provided the Board with a total for each year. Spear explained that the individual contracts vary from 4 years, 5 years, 10 years to 20 years. Spear also detailed the future annual amounts available from future fundraising/sponsorship sales.

Spear indicated that Bonham Wills is currently working with three prospects and that BWA is entitled to a commission of 7.5% for entities that BWA brings to the table and 3.5% for entities that IFAD has identified. The amounts listed on the spreadsheet are net of any payment to BWA. Spear also provided future estimates from donor wall participants, seat sales and brick/paver sales. Spear explained that the totals from the fundraising spreadsheet roll into the future revenue and expenditure spreadsheet that covers 2021 through 2028. Spear described that all the revenues in the spreadsheet, after June of 2022, would all come from sponsorships and donations and that all TRT revenues would be earmarked for debt service. Carpenter asked if any TRT revenues could be available for FF&E and operations. Spear said if IFAD meets its revenue goals, then there could be TRT revenues for operations.

Spear said that FF&E is estimated to be $4.1M and a draft term sheet for financing FF&E has been received. Spear indicated that Fuller helped secure the non-appropriation language from Stephanie Bonney to be included in whatever financing plan is selected. Spear then showed how in 2025, if fundraising is successful, the Board could have enough revenue to completely pay for the FF&E costs. However, it is important to keep pursuing and securing more sponsorships and donations.

Spear indicated that the Board could consider refinancing as early as 2026 and detailed how IFAD was adequately positioned to cover its expenditure obligations until a refinancing could occur. Spear again emphasized that securing additional sponsorships/donations would enhance IFAD’s financial position. A refinancing plan would result in a more traditional offering and could allow the Board to roll any outstanding FF&E costs into a new financing plan or cover the remaining FF&E balance from capitalized interest generated as part of a new financing plan.

Spear said the cash flow analysis was important background information for the Board as it reviews and approves processes for procuring FF&E.

Although one FF&E proposal has been received, Spear said that he and Gazdik contacted Laura Lewis to assist IFAD in identifying additional entities to provide a quote for FF&E financing.

Vucovich asked what are the three largest items that make up the $4.1M. Spear said kitchen equipment, video board, and audio visual make up the largest components. Spear then reviewed the FF&E spreadsheet package with the Board.

Spear then explained the kitchen equipment bid that was received as part of the GMP process and provided a summary to the Board. Due to supply chain issues, there has already been a price increase and that it would be wise for the Board to approve the updated kitchen equipment contract from Commercial Kitchen Supply (CKS) to avoid any additional price increases. Spear said it is important for the Board to create a process so that equipment can be ordered in order to protect against cost increases. Spear would like to delay payment as long as possible to maximize the 36-month interest only period on FF&E financing. The interest only period commences upon the first draw down of funds.

Gazdik asked if the action item in front of the Board is just for kitchen equipment or for other FF&E purchases. Spear said for today it is important that Keith Eubank of (CKS) is allowed to order the equipment to protect against future price increases. Carpenter asked Fuller to comment, Fuller said it is important that the Board understands it can only spend the money that it has available this year. Essentially you can’t take a loan beyond one year. Fuller asked about who would store the equipment once purchased. Spear said CKS would store it. Vucovich asked for the details of the kitchen equipment price increases. Spear then provided the Board with the cost increase breakdown provided by CKS. Fuller said what Spear is asking is for the Board to approve ordering the equipment. Fuller said based on the cash flow analysis, the Board would have enough money to pay for this equipment from IFAD funds if required. That being the case Fuller said it is legal for the Board to allow CKS to order the equipment. Gazdik asked if a down payment was required. Spear said there was no down payment required. Spear said IFAD would need to pay once CKS receives the equipment.

Gazdik said that Laura Lewis would be able to bring some additional competition to the table for the funding of FF&E. So, additional information would be coming and provided to the Board.

Carpenter moved to sign the CKS term sheet in order for the kitchen equipment to be ordered. Vucovich seconded. Fuller asked if the operator was involved in the process to select the equipment listed in the CKS detail. Spear said there was a very thorough discussion with the operator, Bateman Hall-Hogan, Nations Group and CKS where information was exchanged to develop the cost proposal that is before the Board. Nitschke said these are answers to the requirements that should have been developed for the kitchen system. Spear said the bids were based on the specifications issued to prospective bidders. Vucovich asked about warranty, especially for AV equipment. Spear said the AV consultant, WJHW, is responsible for ensuring the Board gets the best price and warranty. Nitschke asked about the items in the CKS proposal that were listed as “supplied by others”. Spear explained that these were items that would be provided by the supplier of those items (e.g., Pepsi would supply the cup holders). Nitschke said he wanted written assurance that the materials would be stored without cost. Carpenter amended his motion to include that storage would be covered. Spear asked Blake Davis to comment. Davis said it is not uncommon for these entities to store the items without cost. Gazdik clarified that Carpenter’s motion was to sign the supplier’s contract with the understanding the equipment would be stored with no charge. Vucovich seconded. Motion passed.

1. **Discussion Item –** Discuss marketing plan for the Mountain America

Center. Gazdik said this was more of a public relations agenda. Carpenter said he is concerned that the Board is not providing the public with enough information on the progress of the facility. Carpenter said he has looked on the website and there is no new information. Carpenter said both he and Vucovich asked for a webcam to be installed but nothing has happened. Carpenter said IFAD is not controlling the narrative. Spear said it was decided that there is not a good location for a webcam and that drone footage would be provided. Spear showed the footage that he included in the Executive Director report. Spear also said a young videographer, Jacob Luchini, has asked to document the construction activity. Spear said he was going to introduce him to Bateman Hall and get him access to the site. Spear also said that he and Hammond owe a communications plan for the Board to review. Hammond said he discussed a webcam with Liza Leonard of Ball Ventures who indicated she is looking for a place to install.

Spear said he asked Hammond to comment. Hammond said he would be glad to put together a schedule on how information can be disseminated.

Gazdik said she is glad the Board is having the discussion because it is important to document the construction progress. Vucovich offered to show construction progress videos at Club Apple.

1. **Discussion Item -** Construction Safety - update on the accident, results of investigation, lessons learned, steps taken to prevent further incidents. Spear asked Mike Clements to comment. Clements said a DePatco employee got caught between a paver and roller and injured his leg. Clements said whenever an accident is involved with equipment, it is investigated. DePatco did stop work after the accident until the investigation was complete. As a result of the investigation, DePatco decided to do a safety stand down meeting as a company before restarting operations. The meeting went through the findings of the investigation. The investigation said the accident was due to complacency, the operator of the roller parked too close to the paver. There is supposed to be a 15-foot buffer. DePatco had all the appropriate safety policies in place but workers just failed to abide by them because of complacency.

Clements said the DePatco meeting lasted about an hour and then they sent everyone back to work. Once DePatco identified what the root causes of the accident were, they did their safety stand down. Clements said as part of the investigation, DePatco went above and beyond ensuring the accident was reviewed and believes it was handled appropriately.

Warnecke asked if safety meetings are being conducted. Clements said Bateman Hall has weekly safety meetings with all subcontractors to remind them about safety procedures that they must have in place and how to keep their employees compliant with them. DePatco has a meeting every morning, prior to the start of work, where safety issues are discussed.

Gazdik asked if there were any repercussions from OHSA. Clements said OHSA was notified and expects multiple OSHA visits on this project, which is a good thing.

Nitschke stated that as the contractor, Bateman Hall’s role should be focused on safety and that safety is the number one priority. Safety before cost and schedule. Nitschke asked if there would be an additional inspector assigned to the site. Clements said DePatco assigned a spotter to come out to the site and explained that safety is always number one for Bateman Hall and stated one of the reasons the Board hired Batmen Hall was because of its commitment to excellence in this category. Davis said he has spoken with Hogan’s insurance company, and they are also going to send somebody out to monitor safety. Davis said that is not really in response to this accident, but it is something Hogan likes to do in order to focus on trying to keep this jobsite as safe as possible, especially with tilt panels, bracing and steel going up.

Spear thanked Clements for the update and making sure that the right protocols and safety measures are in place.

**Report and Updates**

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – Spear said this topic was covered above.
	2. State Tax Commission Reports – Spear said no detail reports are available.
	3. Construction Update – Spear said that he included an updated construction schedule in the Board meeting materials and highlighted two areas. First was the original milestone date for tilt panel erection that initially was to be completed by 8-25-21. Because of the brick delay, the tilt panel completion is now 9-14-21. Spear asked Clements if there were any other issues that could impact the schedule. Clements said they continue to work on sequencing of construction well beyond the tilt panel erection. At this time there is nothing like the brick delay impacting schedule. Clements said wondering when winter will hit and its impact upon the dry in process is a constant discussion. Spear also pointed out the substantial completion date is 9-13-22. Spear said he communicated this to Kevin Bruder. Clements said the period from 9-13-22 to 10-28-22 is an important time to get all punch list items done.

Nitschke asked when the costs for splitting the suites will be available. Spear said that will be discussed at the OAC meeting. Nitschke said he is still concerned about giving up 43-person suites and losing the opportunity to accommodate large groups. Spear said the reason is the demand for suites, but it could be decided to retain at least one 43-person suite. Spear said it is important to see cost estimates first. Vucovich asked if we were still looking at a removable wall. Spear thought a removeable wall would impact IFAD’s ability to sell a standalone suite. Spear said they would review having a lockable door between the two suites.

Gazdik asked if we were making the decision to spilt based on the operating company’s wishes and the public’s demand. Spear said that operator wants two suites to rent on a nightly basis and is not sure how the revenue from the nightly revenues will be allocated. Gazdik asked about options for accommodating large groups if the 43-person suites are no longer available. Spear thought the loge areas at each quadrant in the arena could be configured to accommodate groups on a nightly basis. Spear thought that renting two 43-person suites on a nightly basis could be challenging.

Nitschke said he wanted to understand the costs and the rationale for permanently removing the 43-person suites. Spear said Davis had a good suggestion and thought having a wall that could be easily removed in the future would be a good idea.

Nitschke asked about the painting of duct work. Spear said there was some confusion on whether painting was included in the painting bid. Spear showed pictures provided by Perkins Will of duct work that was not painted and left as galvanized. Clements said CRSA indicated that the duct work did not need to be painted and verified painting was not included in the base bid. Clements said they did a deep dive and found that the duct work was never identified as being painted.

* 1. Action Items
		1. Schedule for FF&E
		2. Follow-up with Laura Lewis
		3. Report from OAC meeting
		4. Communications Plan
1. **Discussion Item** - Legal Report – Fuller departed early but indicated there was nothing to report from a legal standpoint.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on July 13, 2021**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for July 13, 2021, meeting
	1. FF&E financing
	2. Centennial Management Update
	3. Communication Plan
4. **Action Item** - Adjournment to Executive Session – Gazdik made the motion to move into the Executive Session to consider the evaluation, dismissal or disciplining of, or to hear complaints or charges brought against a public officer, employee, staff member or individual agent, or public-school student. Motion approved.
5. **Executive Session -** Idaho Code Section 74-206 (1) (b) To consider the evaluation of an employee.Convened at 8:58 AM
6. **Adjournment from Executive Session** 9:38 AM
7. **Action Item –** action taken on matters discussed in Executive Session**.** There was no action taken on discussions from the executive session.
8. **Action Item -** Adjournment from Public Session – Meeting Adjourned at 9:40 am**.**