

**Board of Directors Business Meeting**

**Tuesday, July 13, 2021, 7:00 a.m.**

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

<https://zoom.us/j/95215401702?pwd=RlNmREFPNi83d25aQjdjemR5QzQxUT09>

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

**Participants: Terri Gazdik, Bob Nitschke, Steve Vucovich (via Zoom), Ron Warnecke, Kevin Bruder, Scott Bond, Kevin Greene, Kathy Wheadon.**

**Agenda**

1. **Action Item** - Call to Order 7:10 am.
2. **Action Item** – Accept Agenda – Spear said that agenda item VII needed to be moved to the next meeting because information requested was not received. Warnecke moved to accept the agenda. Vucovich seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 6-22-21
	2. Review of the Payable/Financials- A payables list totaling $20,756.97 was reviewed. Spear briefly reviewed the financial statements and indicated that the balance sheet now reflects the $10M that was moved to the construction account. Spear said May TRT collections were 93% of 2019 levels but that overall, 2021 is at 98% of 2019 levels. Spear stated that the only expenditure item that has exceeded the budgeted amount are legal fees due to the extra work required of Fuller related to the financing plan. Gazdik suggested that the $10M needs to be reclassified from a long-term liability into an asset category. Nitschke made the motion to approve the consent agenda, Warnecke seconded. Motion approved.
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 public comments.
5. **Discussion Item –** Kevin Bruder of Centennial Management will be presenting and discussing pre-opening services plans and next steps for the Mountain America Center. Kevin Bruder briefed the Board and said the current management agreement listed August 1, 2021, as the date when preopening services would begin. Given the Mountain America Center (MAC) is due to open around November 1, 2022, the first order of business is to determine when preopening services will begin. Bruder said there are two deliverables within the first 30 days of preopening services. The development of an operational plan and budget. Along with those two items is the development of a hiring plan. Bruder thinks one year prior to opening of the MAC is the ideal time to start. Bruder said this date is needed in order for Centennial Management to start planning for its preopening services deliverables. Gazdik suggested that the preopening services date be October 1, 2021. Bruder said they could be prepared to start preopening services as soon as September 1, 2021, if needed. It was decided that the Board would continue to monitor construction progress to keep CM informed. Gazdik said this should be an agenda item for the August 10, 2021, meeting.
6. **Action Item –** Review and accept 2020 audit report. Scott Bond of Rudd and Company will present and be available for questions. Scott Bond presented the 2020 audit report. Bond referred to the opinion letters in the report and then focused on several items in the financial statements. Bond reminded the Board the audit is for the fiscal year ended November of 2020. Bond said the pandemic and extended tax season delayed the audit from getting completed any earlier. Bond said there are two letters in the packet; one is the independent auditors report, and the other is the yellow book report that's required to address the internal controls of the district. Bond said the audit opinion letter on page one and two is an unmodified or clean opinion. This means that during the performance of the audit, nothing came to the auditor’s attention that would indicate material misstatements, fraud, or non-compliance. Bond said as part of the audit, the auditors are also required to evaluate internal controls so that we can better calculate how to test the transactions within the district. Bond said they did not notice any non-compliance or control issues.

Bond focused on several pages of the financial statements, page 12 & page 13, which detail the governmental funds balance sheet. Bond said the District has only one fund. Bond said taxes receivable were higher than normal due to the two-month lag from getting remittances from the State. Bond indicated that at the end of November 2020, the District had a fund balance of $9.948M. Bond then referred to page 14 of the audit report that shows the inflows and outflows of cash and is the operational revenue and expenditure detail for 2020. Bond referred to page 28 which provides more detail than what is described on page 14. Page 28 is the District’s revenue and expenditure budget to actual for the year ended November 2020. Bond said that the District did amend the budget for 2020 to correctly describe the impact of the pandemic. As Bond pointed out the actual taxes collected exceeded the amended budget by about $190K.

Bond said it is important to amend both revenue and expenditure budget numbers and described how the District amended its budget and increased the capital outlay budget to $4.5M. The actual capital outlay expenditure was $3.865M. Bond said the District’s budget to actual looks good and that the District followed the recommendation from the 2019 audit to adjust the budget.

Bond said page 28 indicates the District’s fund balance decreased from $12.424M to $9.948M primarily due to the large increase in capital outlay expenditure (Building pad and Pioneer Road). Bond then referred to pages 10 and 11 of the audit report. Bond said this is the statement of net position and reflects more of a business type presentation versus a fund presentation. This statement presents the District’s capital assets on the financial statement. Bond said the total of $13.743M reflects the amount the District has invested in capital outlay since its inception and is considered construction in progress. No depreciation has taken place because the assets either have not been placed into service or are part of land which is not depreciable. Bond then referred to the bottom of the page and the category titled Deferred Inflows of Resources. This is the amount for the MACU naming rights. Bond said it is necessary to defer the remaining balance of the naming rights over the 30-year benefit period. In this year, $4.35M was deferred with $150K being recognized in 2020. Bond said the Deferred Inflows offsets the total asset amount of $23.79M and reduces the District’s total net position (retained earnings) to $19.342M.

Nitschke asked why the $4.35M is considered deferred because the District received the entire $4.5M naming rights amount. Bond said because there is a 30-year window of benefits for both Mountain America and IFAD, accounting principles require that 1/30th be recognized each year. Gazdik asked what would happen if the District had to return the money at some point and whether it is appropriate to categorize this revenue as deferred. Bond said Rudd & Co. did research and concluded that naming rights must be recorded as being deferred once you receive the funds. Bond said in 2019 that entire $4.5M was recognized as a revenue. Gazdik asked whether the naming right amount should start being deferred from the time of the Center opening and not when it was received. Bond said from an accounting standpoint you must recognize revenue every year in which the benefit is recognized. Bond said they would review the accounting standards again to determine if the accounting recognition should start when the money was received or when the facility opens. However, Bond said they researched this with Eide Bailey and decided it was appropriate to recognize, for accounting purposes, that the benefit period started when the money was received. Bond again said it is not a material item and would review to see when the benefit period starts.

Bond then discussed the audit letter that gives the auditors the opportunity to indicate if there were any significant issues that were noted. In this case there were none. Bond said they are recommending again that the District begin using more than one fund. Bond said as the District moves forward other funds should be established. A debt service fund and a capital project type fund need to be established. Spear said he is working with Wipfli to establish additional funds and that the District is purchasing an updated version of QuickBooks to accommodate this request. Bond said the reason for additional funds is that governmental accounting is set up to use different types of funds. The General Fund which the District has been using should be used for just the general basic operations of the district. Spear said another fund for the IFAD Foundation would also need to be established. Bond said he would be happy to visit with Wipfli and Spear said he would schedule a meeting.

Nitschke asked why on page 8 the report states the District is in the preliminary design phase. Nitschke had the same question last year and indicated that the report should state the District is in the construction phase. Bond said he will make sure the report is updated for next year and that a more substantial management letter would be drafted next year.

Gazdik said the District now has pledges receivable that need to be reflected on the balance sheet. Bond agreed and said there are a lot of pledges in the nonprofit arena but not in the governmental arena. However, it would be a similar accounting and Bond said they would gladly work with Wipfli to set that up. Bond said it was important to also account for any in-kind, type donations (materials, etc.) In summary, Bond said overall everything looks really good. The District’s cash position looks strong, and a lot of capital outlay has been funded. So, the audit provides a good clean opinion for the District.

Nitschke made the motion to accept the 2020 audit report. Warnecke seconded. Motion passed.

1. **Action Item –** Review and approve process for procuring Furniture, Fixture, and Equipment. This item was removed from the agenda.
2. **Discussion Item –** Discuss marketing plan for the Mountain America Center. Spear provided a draft communications/outreach plan to the Board. The plan focused on the following:

 **Goals/Objectives/Metrics:**

* Redesign and develop platforms necessary for communication
	+ Redesign IFAD website
	+ 2-3 weekly posts to IFAD Facebook page
	+ Identify other social media platforms for communication (secure domain for Twitter, YouTube, Instagram, TikTok, Snapchat).
* Communicate construction progress to the general public
	+ Web-cam link to appropriate websites
	+ Weekly post of drone flyover of construction activity
	+ Monthly features of subcontractors involved in the various phases of the project
	+ Ask members of the general public to identify events they would like to see
	+ Produce documentary on Mountain America Center Construction
* Market donation/sponsorship opportunities (seat naming, bricks, donor wall).
	+ Monthly profile of current sponsors.
		- Profile the business
		- Why did they donate?
		- Highlight donation links on webpage and social media sites

**Engagement Strategies**

* Utilize Influencers to promote (to start these should be all the current sponsors/donors).
* Consider paid social media advertisement on some sites (Facebook, Twitter) to target specific audiences.

**Metrics**

* Website redesign
* Increase number of Facebook (other social media) followers 10% per month (currently 1,624 Facebook followers)
* Number of subcontractor features
* Number of seats and bricks sold
* Number of donor wall contributors
* Loge Boxes sold

Nitschke said he wanted to review in more detail and would provide comments. Nitschke asked if the District was interested buying a brick for Funland and thought this would be a sign of community goodwill and visibility for the District.

Gazdik suggested IFAD consider sponsoring an “Alive After Five” event. Nitschke said timing of when and how much we communicate and promote is important. Spear said a key trigger is when the tilt panels will be start to be erected.

Nitschke said the next July 4th may be a good date to have some special promotions. Spear said he would await comments and work with Chad Hammond to find the best vehicles to promote the project.

**Report and Updates**

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – Spear said the July 4th period was slow for fundraising. Spear said he sent FF&E information to Laura Lewis and will follow up this week. Spear had expected to receive information from Equipment Leasing Services on Monday 7-12-21 but that information was delayed.
	2. State Tax Commission Reports - Spear said May tax collections were 93% of 2019 levels. Gazdik said this makes sense because there has been no international and limited business travel.
	3. Construction Update – Spear asked Kathy Wheadon to comment on the recent turnover of CRSA staff. Wheadon said while Ken Wheadon is the overall contact, CRSA has another senior architect that has been assisting with submittal review. Kathy said that Dave Scott is another person who is assisting with the project. Since Dave is working on another project at BYU-Idaho, it is convenient for him to check on the site. Spear asked Wheadon to comment on the most recent delay related to the brick installation into the liner for the tilt panels. Spear indicated the company did not want to produce the liners until the actual bricks were received. Wheadon claimed CRSA has not received timely information from the contractors. Warnecke asked if CRSA turnover and replacing them with new staff has caused any delays to the schedule. Wheadon said that any new people assigned to the project have already been working behind the scenes, so they are familiar with the project. Wheadon also explained that Danny Carmen, who recently departed, is willing to assist CSRA on a contract basis. Warnecke asked if CRSA has a person on the ground at the site. Wheadon said they do not, but that Ken Wheadon and Dave Scott are at the site frequently.

Nitschke asked why no one from Bateman Hall/Hogan is participating in today’s meeting because they are the ones who can determine if CRSA’s presence is sufficient. Spear said he expected them to be on the call and was unsure why they were not present. Spear said he would make sure that someone representing Bateman Hall/Hogan would be at future meetings.

Spear said upon review of the pay application, he noticed that IFAD was charged for Thornton Tomasetti’s services for additional engineering for the grade beam tie-in to the footings issue that resulted in a nonconformance notice from CRSA. Wheadon said the contractor elected to pursue a different grade beam tie-in that was different from the drawing. Wheadon said the contractor needs to inform CRSA and get approval before any changes are made. Warnecke said that is why it is critical that someone (architect and or engineer) is on the ground monitoring the activity. Wheadon said that it is critical that a look ahead schedule be constantly updated. Wheadon said she is sure that everyone can make smart decisions together. Nitschke stated that this is a quality assurance/quality control issue, and we must hear the whole picture. This issue has big ramifications for the rest of the project. There needs to be a discussion with Mike Clements and Blake Davis and senior quality engineers and find out why design changes are happening without proper approval. Warnecke said there should be a look ahead schedule (30, 60, 90 days).

Wheadon explained that it is not CRSA’s job to look over the contractor’s shoulder, but to see all the things that the contractor is putting together and be able to coordinate those issues to ensure the project is moving forward. Wheadon said she does not really want her team to be out there as an inspector because that is really not the role of the architectural team.

Spear explained that the Hogan Superintendent (Gil) took responsibility and said he realized that they didn't have the rebar in place for connection to the grade beam with the footings. Since there was a cement truck there ready for a pour, they contacted Thornton Tomasetti and received approval to move forward with the pour. Spear said he is looking into the $1500 charge from Thornton Tomasetti for the additional work performed for the grade beam tie-in issue. Spear said this should not be IFAD’s responsibility.

Nitschke stated that this is an example of a person making decisions for cost and schedule without regards to design. An alternate design might be acceptable, but design changes need to happen within a formal and controlled process and not because a cement truck is on site. This is not quality control, and it is not quality assurance, this practice creates potential for major consequences.

Gazdik said the Board is in agreement with the concerns expressed by Nitschke.

* 1. Action Items
		1. Spear to set up a meeting with Wipfli and Scott Bond
		2. Spear to get updated critical path schedule
1. **Discussion Item** - Legal Report. There was no legal report

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on July 27, 2021**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for July 27, 2021, meeting
	1. FF&E Financing Update
	2. Communications Plan
	3. Construction Report
4. **Action Item** - Adjournment to Executive Session at 8:37 AM
5. **Executive Session -** Idaho Code Section 74-206 (1) (b) To consider the evaluation of an employee.
6. **Adjournment from Executive Session** 9:23 AM
7. **Return to Public Session** 9:24 AM – The IFAD Board unanimously approved a raise and a performance bonus for the exemplary performance of the Executive Director the past 16 months.
8. **Meeting Adjourned** 9:30 AM