

**Board of Directors Business Meeting**

**Tuesday, October 12, 2021, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/85980600436**](https://us06web.zoom.us/j/85980600436)

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

**Participants: Terri Gazdik, Rob Spear, Bob Nitschke (via Zoom), Steve Vucovich (via Zoom), Mike Carpenter, Ron Warnecke (via Zoom), Mike Clements, Chris Nations (via Zoom), Alex Oritz (via Zoom), Mark Fuller, Ken Wheadon (via Zoom), Elaine Jones (via Zoom), Blake Davis (via Zoom), Rebecca Casper (via Zoom), Jon Williams (via Zoom)**

**Agenda**

1. **Action Item** - Call to Order 7:07 AM
2. **Action Item** – Accept Agenda. Gazdik suggested moving items VII, VIII, and IX to the beginning of the agenda. Nitschke moved to accept the revised agenda. Vucovich seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 9-14-21
	2. Review of Payables/Financials – Spear reviewed financial statements for July and August and pointed out the beginning of the year budgets for July were not based on the adopted budget. Spear said the August budgets were corrected to properly reflect the initial budget adopted by the Board. Nitschke asked about the impact of the average daily rate charged by hoteliers. Spear stated that has positively impacted the actual 2021 revenues. A payables list totaling $100,725.22 was reviewed and approved. Carpenter asked about the voided payment to Hartwell. Spear said it was a duplicate payment. Vucovich moved to accept the consent agenda. Carpenter 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 public comments.
5. **Action Item –** Revise 2021 IFAD budget to reflect updated revenues and expenditures. Spear provided an update on the 2021 budget and changes that have occurred to revenues and expenditures. Spear said for revenues, TRT actual revenues are reflected through August and Sept/Oct/Nov are budgeted at 10% increases over 2019 levels. Spear said pledges and donations that have been received in 2021 have been included. Interest revenue was reduced because of the impact of transferring $10M into the construction account. On the expenditure side, Spear explained that line items for A&E Fees, Owners Representative, Centennial Management, Title Insurance, Hunden, Inspections, and Builders Risk were added. All expenditures have been updated through September. Spear stated the $10M was moved and deducted from the bottom line instead of remaining on the operations side. Spear said he expects IFAD will end the year with a $1.5M fund balance.

Spear reminded the Board that the auditors recommended that the budget be reviewed and amended during the year. Gazdik agreed and said the auditors recommended that the budget be amended if we have expenditures that are in excess of what was originally budgeted. Gazdik stated that operating revenues for the year will exceed expenses by $2M. Fuller stated that revising the 2021 budget allows the Board have actual revenues and expenditures updated as it reviews the 2022 budget.

Nitschke moved to amend the 2021 budget. Vucovich seconded. Motion passed.

1. **Discussion Item –** Review 2022 IFAD operating budget. Spear stated that he included information on projected donations because the amount to be generated from donations is reflected in each year’s budget. Spear also provided the Hunden study projected numbers for each budget year. Spear explained that for 2022 revenue estimates, the December, January, and February TRT revenue numbers were increased to 100% of 2019 numbers and revenues from March through November would be budgeted at 100% of 2021 TRT numbers. Spear said because of the uncertainty surrounding government travel and the pandemic, future revenues were estimated to increase by 2% of 2022 projections. This is due to the event center opening 2023.

Spear then reviewed 2022 expenditures. Spear updated the Board on projected expenditures for 2022; FF&E (interest only in 2022), and then $50K per month after the interest only period), $400K contingency (this is in addition to the $65K carried by Bateman Hall and will cover upgraded seats/splitting suites/additional exterior signage), Nuveen payment is included (November 2022 is less remaining capitalized interest), Centennial Management at $10K per month for pre-opening services, CRSA construction administration, Owners Rep (Nations Group), and Inspection Fees. Spear said starting in 2023 there will be no rent and the Nuveen payment will start to include interest and principal based on appropriation lease agreement. Spear said it is anticipated that there will be a fund balance of $2.3M at the end of 2022.

For 2023 and beyond Spear had the Board focus on the summary sheet that summarizes revenue and expenditure detail through 2028. Spear indicated it will be important for future IFAD Boards to consider refinancing as early as 2026. Spear indicated that the Hunden study said the opening of the event center would generate 112,000 room nights over a 10-year period and with an average daily rate of $100 that would increase revenue by $1.12M each year. Nitschke correctly pointed out the IFAD would only receive 5% of that amount.

Spear concluded that there is $4.1M in the debt reserve account and is available to cover any TRT revenue shortfalls that would impact IFAD’s ability to make a debt service payment.

Gazdik stated that IFAD will schedule meetings with the large hoteliers and communicate the results of the Hunden study in order to make sure Idaho Falls has enough rooms to meet the potential demand. This is a proactive discussion because Idaho Falls and IFAD need to benefit from these increased rooms nights and not areas outside the IFAD. Gazdik also stated the 2% annual increase in revenues was based upon the coverage schedule provided by Laura Lewis that was used to secure financing and was information communicated to Nuveen.

Nitschke stated that the proformas do not include any revenues from the operation of the events center. Spear said that is correct and it is important that the operations of the event center be monitored separately and that moving forward IFAD should not count on any revenue from event center operations. Nitschke suggested adding footnotes to describe what is included in the proformas.

Vucovich asked about interest income and how that is calculated. Spear said that comes from IFAD’s investment in the State of Idaho’s long range government investment fund.

Carpenter asked about revenues in 2023 coming from the event center. Spear indicated that the only revenues estimated are coming from TRT revenues, donations, and interest, not from operations.

1. **Action Item –** Per Sec. 5.1(b) of Annual Appropriation Lease, renew the Appropriation Lease for an additional Renewal Term which is due in November. Fuller briefed the Board and said that this action communicates to Zion’s Bank that the Board intends to adopt a budget within the next 30-60 days that includes a line item for lease payments for the construction. Fuller said Idaho law requires the Board take this action on an annual basis. Fuller said if the Board does not take this action, the Board would be in default.Gazdik asked for a motion. Carpenter moved to approve the notice of intention to appropriate. Vucovich seconded. Motion passed.

1. **Action Item –** Approve IFAD Jireh office lease for one more year. Gazdik said the intent is to remain in the current office space for one more year. Nitschke asked about the provision in the lease agreement that requires IFAD to address plumbing and electrical problems. Fuller said internal repairs or modifications are the responsibility of the tenant and external repairs are the responsibility of the landlord. For example, if the toilet became plugged this would be the responsibility of the tenant. Carpenter moved to approve the lease. Vucovich seconded. Motion passes.
2. **Discussion Item –**Receive a construction update from Mike Clements of Bateman Hall and Ken Wheadon of CRSA and discuss construction timeline and impact on Pre-opening Services and Opening of the Event Center. Clements said over the last two weeks Keller Concrete has been very productive and was averaging 40 pours a week until the weather changed. There are 214 total pours, including an architectural pour and a structural pour for each of the 107 panels. Clements said the goal is to start steel erection the week of October 25.

Gazdik asked about the impact on the construction schedule if the steel erector can’t start the week of 10-25-21. Clements said materials are already on site and are being laid out. Clements said the steel erector will not be going anywhere and will be on a day-by-day schedule. Clements said there is a good plan in place as this has been discussed every two weeks for the past three months. Clements said that is why the December 15th date is so critical because by then an accurate forecast can be put in place. Weather will determine how many weather days will be lost and ultimately determine the schedule and completion date. Spear displayed a picture of the site, and the various stages of the panel pours.

Alex Ortiz asked Clements to comment on how much of the project could be dried in and heated. Clements said that the plan is to get the back of the house area (loading dock, locker rooms, offices, and convention space) dried in and heated before severe weather hits and utilize what was budgeted for weather enclosure and heat. The plan is to work on that space throughout the winter and get it ready for interior paint. The arena bowl is the question mark and how much of that can be covered, especially the first-floor concessions and restrooms, is unknown. It will come down to the cost of weather protection and heat versus the additional days added to the project because of weather. Clements said December 15th is still a good date to determine a path moving forward. Gazdik asked about bringing in other trades (dry wall, painters) on two separate occasions (back of house and then the bowl area) and the impact on schedule. Clements said bringing in those other trades for the back of the house was when they were originally scheduled. How much they can get done in the bowl is yet to be determined. Clements anticipates there will be a break between the back of house work and the bowl work.

Ortiz asked about some of the critical path items and possibly staggering pre-cast with steel erection and asking trades to work overtime. Clements said that all current trades are working six days a week and will continue to do this because it is in their best interests to complete the project. Because the colder it gets, the more inefficient trades get and that's when they start to lose money. Ortiz asked that given the willingness of the trades to work additional days and hours has Clements documented this into the overall schedule? Clements said the schedule the Board has includes the extra time worked. Ortiz asked if the trades could provide more manpower and if more funds could be injected into their contracts to pick up additional time. Clements said at this time of the year, probably not. As far as manpower, both the concrete/tilt panel and steel erector have already dedicated as much manpower as possible. Right now, getting more manpower is not real practical because Keller Concrete is already relying on two other companies to supply labor to him for certain pours that he's already doing.

Clements said overall they have a good plan and the only thing that is going to interrupt the plan is Mother Nature.

Ortiz said that it is important that Batmen Hall document schedule delays because knowing that provides some certainty around when the project will be completed.

Nitschke asked the projected date for tilt panel erection. Clements said it was supposed to be 10-18-21 but that the recent weather issues have put that a week behind. But it is all based off of when Keller can get the structural pours on the northeast side complete. It is usually seven days before a panel is cured enough to be tilted. Clements said because lithium is being used this increases the cure time. Clements said Keller was hoping to start picking panels by 10-20-21.

Gazdik asked Ken Wheadon to comment. Wheadon said that they had added Dave Scott to the project in order to help move reviews along. Wheadon said they have Ben Kahn from Thornton Tomasetti scheduled to come up on 10-25-10-26 and CRSA is focused on keeping things moving along as the schedule fluctuates.

1. **Discussion Item** - Discussion Item – Kathy and Ken Wheadon of CRSA will present color schemes for the interior of the Mountain America Center. Ken Wheadon asked that Elaine Jones update the board on the color schemes. Spear thought that reducing the paint colors from 11 to 3 or 4 would make sense. Wheadon said CRSA can eliminate the color access walls and can get to a more reasonable and neutral color. Elaine Jones then walked the Board through the first level, second level, convention space, locker room and suites.

Nitschke stated he was a fan of accent colors, and the event center colors should provide some spark. Jones agreed and said right now the only accent walls are in the office spaces and in the ticket office. Wheadon said they can take it back to more neutral colors right now and then when the branding you want is identified, certain accent walls can be added back. Wheadon said right now, for Clements to meet his schedule, it is important to have input and make a decision. Carpenter said that the Board does not have any branding in place, and he is not a fan of orange accent walls. Carpenter stated that having a neutral background in place will allow other signs (Pepsi signs) and potential artwork to pop. Carpenter stated the number of paint tones should be limited.

Jones then explained the color palette in the concession areas and adjacent areas. Wheadon said they can eliminate the fourth wall and just make those walls consistent with the other wall colors. Carpenter said in Idaho Falls the natural colors are a basalt grey and light wood tones and he doesn’t think beige colors have a place in an Idaho Falls event center. Wheadon said he is not sure where the source for the color schemes came from and said Hannah from Perkins Will is no longer there. Wheadon said Jones is just showing what was selected with a few adjustments and that CRSA has picked up where Perkins Will left off.

Wheadon said he is not sure we want to go with a grey theme but indicated the beige colors are for the concrete. Wheadon said if the concrete color becomes a more standard concrete color the color schemes can be adjusted from there. Wheadon said whatever is decided by the Board must be decided quickly.

Gazdik agreed with what Wheadon stated and that she wondered if these colors were based on the old exterior rendering. With the adoption of the new exterior, the colors have changed and wondered if they have been updated. Gazdik likes the grey theme and doesn’t think the current concrete colors support that. Wheadon said maybe they could go with a standard concrete color with two accents. Wheadon said the current wood colors and other finishes are more indicative of the regional colors in the area and not a southwest theme.

Carpenter wanted to know what the end game for today was and suggested throwing every color out and turn it into a blank canvas. Wheadon said some of the materials (mainly carpet) have already been ordered with the exception of one area. Wheadon said for paint, they will remove all accent colors and revisit other areas but thinks the current counter tops and millwork match the desired color scheme.

Clements said the home team area is usually a different color scheme. Carpenter said the hockey team has not selected colors. Gazdik stated that the hockey locker room could be repainted at a later date.

Clements said bigger and actual samples should be provided in order to assist the Board in color selection. Gazdik agreed because the television, computer screen and a printed copy all project different tones of the same color. This makes it difficult for the Board to make decisions. Jones said the intent of this presentation is just show where things are located and agrees there needs to be physical samples.

Wheadon said once Elaine puts this together, they will do a presentation. Clements asked that samples be left for the Board to review. Clements also requested that paint colors be finalized so that the painting package can be sent out for rebid. Wheadon said they can easily take colors out and make sure the selected paint colors match the finishings and will get this done as soon as possible. Gazdik asked if they could provide such for the 10-26-21 meeting. Wheadon said for physical samples 10-26-21 is a good date. Paint colors need to be decided much earlier.

1. **Action Item –** Review and approve process for procuring Furniture, Fixture, and Equipment. Spear said he had nothing to report and is waiting to receive information from Laura Lewis. Spear did provide the term sheet that was sent out to potential lenders.

**Report and Updates**

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – Spear did not have anything to add beyond what he already reported under the 2021 and 2022 thru 2028 budget scenarios. Spear requested the Board respond back with comments on the 2022 budget because approving the 2022 budget will be an action item for the next Board meeting. Spear said his fundraising focus is on selling the remaining loge boxes and getting a plan for the mezzanine area.
	2. State Tax Commission Reports – Spear had nothing to report other than reporting for August was completed more timely.
	3. Construction Update – This was covered in agenda item X.
	4. Action Items – Nitschke wanted to make sure the Board was made aware of the date of raising of the first tilt panel.
2. **Discussion Item** - Legal Report – Fuller presented on an annexation hearing scheduled for 10-14-21. Fuller explained that the City is annexing a piece of the property near the portion of Pioneer Road that the Board reconstructed. Fuller explained that area identified shows the property that the City is annexing includes a portion of Pioneer Road going toward Pioneer Drive. This means that the City is now responsible for future improvements of Pioneer Road. Fuller said he views this as an advantage and emphasized that this is not a rezone but moves the property from county jurisdiction to the city.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on October 26, 2021**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for October 26, 2021, meeting – Spear said the discussion of having proxies should be on the agenda.

Meeting adjourned at 9:00 AM