

**Board of Directors Business Meeting**

**Tuesday, October 26, 2021, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/81496440192**](https://us06web.zoom.us/j/81496440192)

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

**Participants: Terri Gazdik, Rob Spear, Bob Nitschke (via Zoom), Mike Carpenter (via Zoom), Ron Warnecke (via Zoom), Kevin Greene, Mike Clements (via Zoom), (via Zoom), Alex Oritz (via Zoom), Mark Fuller, Ken Wheadon (via Zoom), Elaine Jones (via Zoom), Blake Davis (via Zoom), Rebecca Casper (via Zoom), Kathy Wheadon (via Zoom), Vanessa Josephson (via Zoom), Chad Hammond (via Zoom), Laura Lewis (via Zoom)**

**Agenda**

1. **Action Item** - Call to Order 7:00 AM
2. **Action Item** – Accept Agenda. Nitschke asked about an insurance letter that was included in the Board Materials that was not on the agenda. Spear said it was an informational item that he will cover under the Executive Director report. Spear suggested that agenda item VI be moved to the beginning of the agenda to accommodate some individuals who can’t participate in the entire meeting. Carpenter moved to accept the agenda with the change. Warnecke seconded. Agenda approved.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 10-12-21
	2. Review of Payables/Financials. Nitschke asked about the payment for Dallas McCary. Spear said it was for putting sponsorship/fundraising proposals into a nicer format. A payables list totaling $10,462.15 was reviewed and approved. Nitschke moved to accept 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). Nitschke recognized Katie Burke of I.E. Productions for her Distinguished Under 40 recognition and thanked Chad Hammond for assigning her to IFAD’s project.

1. **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 the plan was to start the tilt process today 10-26-21. Clements said that weather will influence the tilt up schedule, especially the high winds that are forecast. Clements wanted to make sure the Board was aware of the crane operator and the circumstances behind that change in operators. Spear said the Board is aware. Clements said until the tilt panel process begins, the steel erector is on hold. Clements said he is hopeful that the tilt-up workers can make progress this week. Spear asked if there is a willingness for the tilt panel workers to work over the weekend to make up lost time. Clements said he thought they would be willing to dedicate additional hours.

Gazdik asked Ken Wheadon to comment. Wheadon said CRSA is focused on keeping the submittal process moving forward. Wheadon said he and the structural engineer will be on site next week to observe the tilt panel process.

1. **Discussion Item** – Tom Wills of Bonham Wills will update the Board on what Bonham Wills has been working on. Wills said overall progress is being made but he and Spear received disappointing news last week from WCF insurance who declined to participate at this time. Wills said the dollar amount was fine and the value is there, but WCF’s Idaho office wants to focus on more traditional media to get more immediate exposure. Wills said the deal is not dead, but because the focus is to get the mezzanine level sold, he is not waiting. Wills said he traveled to Salt Lake last week and had conversations with Homie and mattress company Purple. Wills said he knows Homie has the budget and considers them a strong prospect. Purple wants things that can give them exposure on a national level. Wills also said a local company has indicated they wanted to be revisited in October but he is doubtful they can participate at the mezzanine level dollar amount. Wills said they are now focusing on the grocery and healthcare categories.

Wills mentioned that Jason Smith, formerly the VP of Sponsorships at Mountain America has joined Bonham Wills and will focus on identifying other prospects in the Salt Lake area for the event center. Gazdik asked if Wills was just focused on selling the mezzanine level. Spear said that he keeps Wills in the loop on any sponsorship proposals and referenced a recent proposal that provided the sponsor a menu of opportunities. While Wills is focused on the mezzanine level, Spear said Wills is aware of all other naming opportunities. Especially opportunities that have a national presence.

1. **Discussion Item** – Elaine Jones and Ken Wheadon of CRSA will present 3-D views of entire floor plans and select primary spaces for the Mountain America Center. Elaine Jones shared some 2D renderings of the first level concourse, second level concourse, a suite, home team locker room and convention space. Jones also shared floor plan details that indicate colors and patterns for floor coverings, paint and other finishings. Jones said the colors were updated based on the Board’s input from the 10-12-21 meeting. Jones indicated that all the previous accent paint colors have been eliminated. Gazdik asked about the ceiling colors and Jones explained this was not the actual color. Ken Wheadon said they would go back and revise the 2D renderings to reflect the actual color of the ceiling and would have this available on 11-2-21 along with the actual samples. Gazdik said it would be helpful to have both the 2D renderings and the actual samples. Gazdik asked if it was a good idea to have a lighter carpet in the suites because of the potential for stains. Wheadon said changing it depends on the order status, because that carpet may have already been ordered but he will check.
2. **Action Item –** Review and approve lease agreement with TEQ Lease for procuring Furniture, Fixture, and Equipment. Laura Lewis to discuss. Lewis said the term sheet was distributed to over 20 different entities and only one responded. Lewis said this was extremely unusual and normally 3-4 responses would be received. Lewis said if we need additional responders she could go back to her database. Despite the lack of response, Lewis said the package proposed by TEQ Lease provides a good rate that works for IFAD. Lewis said the rate is 4.51% and the amount is $4,396,357. Lewis said she is concerned with wording in the proposal that “the lease will be a non-cancelable net lease”. Lewis said this is not normal and most leases can be paid off at any time. Fuller wanted clarification on the clause “The interest rate used to calculate the lease rate factor is 4.51%, equal to like term swaps plus 343 basis points for the 60-month rate.” Gazdik explained the 343 basis points (3.43%) is added onto the current LIBOR interest rate of 1.08%. Gazdik asked if this was a fixed interest rate. Lewis said that appears to be the case as long as the Board accepts proposal by 11-6-21 and the papering of this transaction is completed by 11-30-21. Spear said in his conversation with Chris Stout of TEQ Lease that was not his understanding, and the rate is subject to adjustment when each draw down is made. Lewis said it is her advice to sign this proposal after she receives interest rate clarification and confirmation that early payoff of the lease is allowed. Warnecke said he agrees with Lewis and wants to make sure she gets clarification on the interest rate. Lewis suggested that if TEQ Lease does not keep the interest fixed, then a capped rate be developed. Or, maybe considering drawing all the money down all at once.

Spear said to meet the proposal deadline it may be necessary to schedule a special board meeting. Spear then discussed with the Board the impact of the FF&E on future budgets including the 2022 budget. Nitschke suggested a special board meeting be scheduled. Warnecke said a special meeting is fine, but the interest rate must be clarified and did not think drawing all the money at once is a good option.

Spear briefed the Board on how the FF&E funds would be drawn down and the payment structure associated with the various draws. Spear then showed how this FF&E draw down would impact future budgets 2022 thru 2028. Spear said the long-range forecast indicates that fund balance declines over time but is sufficient to get to a refinancing period that could start in 2026. Overall, Spear stated that IFAD can afford the proposed FF&E financing plan pending information that Lewis will solicit.

Warnecke asked if the proposed scenarios include revenues from event center operations. Spear said they do not. Fuller asked if the FF&E would be paid for by 2028 and if the principal amounts listed on the summary schedule is for FF&E. Spear said those principal amounts show how much in principal will be paid on the construction financing plan. Spear then reviewed the FF&E financing spreadsheet and said that at the end of 2028 an FF&E balance of $593,350 would remain. Fuller asked if all the FF&E funds needed to be drawn down. Spear said some of IFAD’s fund balance could be used for FF&E and he anticipates getting some of the FF&E funding through “trades” where businesses may be interested in providing FF&E items for sponsorship recognition.

Nitschke asked why the 2022 budgeted dollars for payroll did not increase since the Board agreed on an additional staff person. Spear said he did not make any changes because he anticipates the duties for Executive Director will change in the future. Spear did say he has budgeted $12K per year for contingency. Gazdik said IFAD can always amend the budget when the position is filled. Nitschke said some budget for the additional staff is needed to ensure continuity.

1. **Action Item –** Approve Construction Change Order for $147,641 which identifies an updated GMP that reflects credits from rebidding and includes building permit costs and power line extension fees. Spear explained that this change order is a combination of the building permit fees ($383,584) and line extension fee ($57,984) and the net GMP savings from rebidding Steel Erection, Fire Suppression, Elevators and Finish Carpentry. It also includes VE items (bricks at entry/medallions) and Forterra Sales Tax credit because that amount was already calculated in Forterra’s base bid. This resulted in the net change order amount totaling $147,641. Spear stated that the building permit and line extension fees were the owner’s responsibility and were not part of the GMP. Spear said he worked with Clements to determine the best way to reflect these changes and it was agreed to present it in this manner which essentially keeps the GMP at the original amount. It was decided that Bateman Hall should purchase the building permits and pay for the line extension fee and offset these costs from the rebidding and VE savings.

Fuller asked if Spear was asking the Board to approved spending $147,641 of Bateman Hall’s $650K contingency. Spear said that is one option. Spear said he wanted the Board to understand that the $147,641 was IFAD’s responsibility. Spear also thinks it is important to keep Bateman Hall at the initial $650K contingency because we must expect additional change orders resulting from future supply chain issues and weather. Fuller stated that the Bateman Hall contingency was for this exact purpose. Nitschke agreed with Fuller. Davis attempted to clarify by adding that the owner becomes responsible for scope changes, and it is important that the entire $650K is available for contingency. Nitschke responded that rebids are not scope changes. Clements stated that IFAD was supposed to pay for the building permit fees and the line extension fee, but Bateman Hall covered those expenses, and those expenses were offset by the VE items and credits from rebidding. Clements said Bateman Hall needs to be made whole on this amount $147,641 because right now it is reducing Bateman Hall’s contingency and Bateman Hall needs the full contingency.

Spear indicated this was strategic because of the drain on IFAD’s cash flow at the time of finance closing. Especially because IFAD had to transfer $10M to the construction fund. Gazdik asked if Spear was asking to issue a check to Bateman Hall. Spear said he wants to get the change order approved and for the Board to understand that if Bateman Hall uses all of its contingency the owner’s contingency will need to cover this $147,641 change order.

Warnecke thought what was laid out makes sense. Ortiz stated that what Spear has laid out makes sense but there is a paper side that is missing. Ortiz said if the Board approves the savings from VE and rebidding (buyout savings) better documentation needs to be developed. Warnecke agreed and moved to accept the change order with additional documentation. Nitschke seconded. Motion passed.

1. **Action Item –** Adopt 2022 Budget. Gazdik asked if there were any changes to the budget that has been presented in addition to the concerns presented about budgeting for future administrative support. Warnecke moved to adopt the 2022 budget with the understanding that the budget may be adjusted once additional support needs are identified. Nitschke seconded. Motion passed.
2. **Action Item –** Approve quote for temporary seating and tables from Spec Seats. Spear said this quote is for the temporary seating (floor seating, conference center, barstool seating). Temporary seating was not included in the bid award to Irwin. Warnecke asked if this the temporary seating is built into the FF&E spreadsheet. Spear said the amount ($193K) for temporary seating is part of the FF&E package. Nitschke asked for clarification on the folding barstool items seats because he was unfamiliar with folding barstools. Spear provided a photo of the proposed barstool seats.

Fuller asked for clarification on what Spear is asking the Board to approve and if the Leasing Company will be actually purchasing the equipment and then leasing to IFAD or if IFAD is purchasing the equipment. Spear explained that IFAD will be purchasing some of the FF&E equipment directly and suggested that the down payment for the temporary seats could be paid by IFAD. Spear said it is important for IFAD to have flexibility when procuring FF&E items. Gazdik said IFAD is not authorized to accept a proposal without a bidding process. Fuller said a true lease, where leasing company buys all the equipment, protects IFAD from violating State procurement law. Spear said he wants to lock in the cost for these seats.

Warnecke suggested the quote be approved so that everything is lined up for when FF&E financing comes through. Spear stated that what he is asking the Board is similar to action taken when the Board approved the quote for kitchen equipment. Spear said locking the price in is important. Fuller cautioned that this is fine, but IFAD cannot use its funds for the down payment that is part of the proposal. Warnecke moved to approve the quote from Spec Seats. Nitschke seconded. Motion passed.

1. **Discussion Item** – Discuss developing a policy for assigning proxies for Board members who are unable to attend a meeting. Gazdik asked Fuller to brief the Board. Fuller said he is prepared to present materials to the Board but suggested waiting to discuss at a future Board meeting where all Board members were available to participate in the discussion. Nitschke asked Fuller to send him the documents he prepared and stated that he did not think assigning proxies was necessary. Gazdik said Fuller will discuss the pros and cons at the next regularly scheduled meeting.

**Report and Updates**

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – Spear said he covered future cash flows earlier in the meeting. Spear also said he keeps the Board informed of fundraising activities in his weekly report.
	2. State Tax Commission Reports – No Report
	3. Construction Update – Spear briefly discussed the recommendations made by the builder’s risk insurance consultant. Specifically, the consultant recommends management actions should include one of the two security controls: Installation of Electronic Surveillance Systems or Security Guard Service. The consultant also recommended procedures for Water Damage Prevention - Water Supply Control. Clements said they will implement the suggestion on Water Damage Prevention - Water Supply Control. As far as the security goes, there is a stage in the project where they will have a security guard on the premises. Clements said they do have security costs budgeted in the same line item as fencing.

Nitschke asked who has to respond to the letter. Spear said since the letter is addressed to him that he would draft a letter with input from Bateman Hall.

Clements told the Board the plan is to start the tilt panel process at one o'clock weather permitting.

* 1. Action Items
		1. Spear to draft letter to insurance consultant
		2. Schedule a Special Board Meeting for 11-2-21.
		3. Get clarification on Spec Seat proposal
		4. Lewis to contact TEQ Lease and receive clarification
1. **Discussion Item** - Legal Report – Fuller had no additional items to report on.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on November 2, 2021**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for November 2, 2021 meeting
	1. FF&E Financing
	2. For November 9, 2021, meeting the election of IFAD Officers needs to be on the agenda.

Meeting adjourned at 9:02 AM