

**Board of Directors Business Meeting**

**Tuesday, February 22, 2022, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/87972386862**](https://us06web.zoom.us/j/87972386862)

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

**Participants: Terri Gazdik, Rob Spear, Bob Nitschke** **(via Zoom), Steve Vucovich (via Zoom), Mike Clements (via Zoom), Mark Fuller, Kevin Greene (via Zoom), Kevin Bruder (via Zoom), Rebecca Casper (via Zoom), Bryan Laske.**

**Agenda**

1. **Action Item** - Call to Order – Chair Gazdik called the meeting to order at 7:03 AM.
2. **Action Item** – Accept Agenda - Gazdik suggested modifying the agenda to add an action item to approve the audit engagement letter from Rudd & Company. Gazdik requested Discussion Item A be moved after agenda item IV and stated agenda item VIII would not be discussed. Vucovich moved to accept the modified agenda. Nitschke seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 2-8-22
	2. Review of Payables/Financials – A payables list of $8,228.27 was reviewed and approved. Nitschke asked about the payable to Sparklight. Upon review, Spear explained the charge was for internet and phone. Nitschke moved to accept the consent agenda. Vucovich 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 –** Pre-Opening Services Report and review of Pre-Opening Services budget. Kevin Bruder started his overview by stating we are 9-months away from opening the event center. Bruder explained that the pre-opening services plan and budget is Centennial’s working punch list over the next nine months. Bruder said he worked with Spear and made some modifications to the pre-opening budget but said there is still some work to do. Bruder said the bulk of the pre-opening budget relates to onboarding staff. Remaining operational budgets will evolve after consultation with the Board. Gazdik asked if there needed to be further discussions about budget. Bruder indicated that further discussions will be necessary and probably will focus more on the philosophical to understand what should be included in the final budget. For example, there is a large number in advertising and that could be modified based on what is already being performed. Bruder said he wants to spend more time with Spear on evaluating pre-opening expenses. Gazdik asked if there are regularly scheduled meetings with Centennial and Spear. Spear said he meets regularly with Centennial but there is not a standing meeting. Spear said there is enough ongoing conversation that a standing meeting is not necessary.

Spear asked Bruder why expenditure numbers were not submitted as part of the revenue figures. Bruder explained that this was not required in the pre-opening services contract and said that the deliverables coming with the first-year plan will include both revenues and expenditures.

Nitschke stated that he did not understand why the revenue figures were included in the document because this was supposed to be a pre-opening plan. Nitschke agreed that expenditures need to be provided with the revenue figures. Nitschke also said that what has been presented is not a plan but merely a punch list of what needs to happen. There are not start or stop dates listed and it is unclear as to who is going to complete the items listed. Nitschke said the document was difficult to review and said he was confused with the listing of the pre-opening team and wondered if the individuals listed would become the full-time staff. There needs to be an explanation of the duties that will be performed. Bruder explained the pre-opening team are individuals that Centennial Management has in Salt Lake that will support the opening of the venue. They will not be part of the full-time staff. Gazdik asked if the full-time staff will be identified during this nine-month pre-opening period. Bruder said that is correct, but the onboarding process will happen quite quickly.

Spear displayed the pre-opening services contract for the Board’s reference and briefly reviewed some of the details in section 1.2 of the contract.

Bruder said Nitschke is correct in referring to this as a punch list. Gazdik said it would be helpful to have a schedule of the deliverables. Nitschke agreed that it was important to have a schedule of who was performing what tasks and when the tasks would be completed.

Fuller said the actual management contract should provide some additional information and he would review and provide feedback to the Board at its next meeting.

Gazdik asked if the General Manager (GM) would be responsible for providing the details the Board is seeking. Bruder said the GM would be responsible for developing a timeline for the deliverables.

Gazdik asked if a schedule could be provided. Bruder said he would provide this information at the March 22 meeting.

1. **Discussion Item –**Receive a construction schedule update from Mike Clements of Bateman Hall and Ken Wheadon of CRSA. Clements said good progress has been made over the last week. Only one truss remains to be placed. This week’s low temperatures and wind are impacting the decking process. Clements said they still expect to dry the facility in by the end of next month.

Clements said the beam signing is still on schedule and Spear indicated that he expects in excess of 70 people to participate.

Spear said that he has seen tremendous progress on the back of the house. Clements said back of house has been going good and will allow the subcontractors an easy transition into the bowl. Spear commended Malone Bullock for his willingness to conduct tours of the facility. Spear said it is very valuable to get prospective seat buyers up on the second level because there is not a bad seat in the event center.

Spear said it was also good to see the concrete poured on the lower roof to allow the walls to start being completed.

1. **Discussion Item –** Review and discuss CRSA design issues and the impact on construction change orders. Spear provided the Board with a list of change orders to date. The change orders show which are owner requested and those that were a result of design changes. Spear said in discussions with the Nations Group, the Nations Group reviewed the CRSA contract and didn’t find anything that addresses a limit for construction changes as a means to trigger a claim for design issues. Errors & Omissions (“E/O”) is usually measured as beyond the standard of care which is loosely defined. The usual threshold is net increase of more than 5% of construction contract value and the amount of change orders related to design issues does not come close to 5%. Contractually CRSA change orders do not quantify the standard of care threshold.

Spear asked Clements to comment. Clements said that there have been a number of Request for Information (RFI’s) that have been issued but not all of them turn into change orders. Clements said it is industry typical to operate at a 5% threshold. With this project, that percentage will be in the 2-3% range because of all the work that was completed in the bidding process. Clements said the reason for continency is to address these issues and the construction estimates have always included owner contingency.

Clements said the canal easement is one issue that the Board may consider sending back to CRSA. Spear agreed and said he is not sure how this change order, to remove and replace light pole bases, will be resolved.

Spear suggested the need to install tigerloc for the doors and windows might be another change order to push back on.

Spear said that relying on Nation’s Group and Bateman Hall’s opinions that the amount of the change orders relating to design are well below the industry standard, he suggested moving forward by continuing to monitor the change orders and finding a path forward to address the easement issue.

Nitschke said that even though the change orders may be within the 5% threshold, assuming the owner needs to cover the costs does not rest well with him. Nitschke said if CRSA has made errors and omissions they should pay for it. Nitschke said IFAD’s initial response should be to address this and ask CRSA to pay.

Gazdik said this issue has been discussed with CRSA so CRSA should not be surprised. Fuller said he was awaiting details from Nation’s Group.

Spear reviewed a response that Nation’s is planning on sending to CRSA and asked Laske to comment. Laske said this was part of Nations review of change orders and stated the design issue is more of a quality control issue. Laske said in these instances it is difficult to attribute all the change order costs to design issues. For example, maybe the design only contributed to 5% of the cost. Gazdik suggested that this be sent to the Board for review. Nitschke asked that the Executive Director keep the Board informed.

Spear said he would keep this as a standing agenda item for future Board meetings. Fuller stated that it is common that at the end of the construction to have a process where some of the costs from change orders can be discussed and possibly split.

1. **Action Item** – Approve bid from Spec Seats for Temporary Seating and Storage Carts. Spear presented the re-bid of the temporary seat package that was necessary because the temporary seat package was not formally bid. Initially the temporary seat package was part of the Irwin fixed seating package but was carved out and provided to Spec Seats. This necessitated a rebidding of the temporary seat package. Spear said Spec Seats honored its previous price quote. The current quote does not include sales tax, but Spear said he has that amount included in the FF&E number.

Nitschke asked about a delivery date. Spear said that this will be provided with the first invoice and that IFAD needs to identify when they want delivery which may be in September or October. Gazdik asked for a motion to accept the temporary seating quote from Spec Seats. Vucovich moved to accept the quote from Spec Seats. Nitschke seconded. Motion approved.

1. **Action Item –**Review and approve FF&E financing plan from Governmental Capital. This item was not discussed.
2. **Action Item –** To approve the audit engagement letter from Rudd & Company. Gazdik briefed the Board and explained this is the engagement letter for the annual audit. Gazdik pointed out that the fee is increasing from $7500 to $9000 because of the increased scope of work due to the construction process and the amount of transactions. Gazdik said this is a reasonable amount. Gazdik made the motion to accept the engagement letter from Rudd & Co. Vucovich seconded. Motion passed.

**Report and Updates**

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – Spear said he continues to work with Government Capital to provide FF&E financing and provided answers and information to them last week. Spear said Ukraine/Russia issues, inflation, and uncertainty about what the Federal Government will do with interest rates is not helping. Spear said getting FF&E finalized and identifying a final pre-opening services budget will become important items for an updated cash flow analysis. In addition, finalizing the mezzanine naming right is also critical. Spear said Bonham Wills is discussing with Red Cardinal holding on 2-22-22. Wills will inform them the exclusive negotiating period is expiring 2-26-22. Spear said it will be important to have positive TRT Revenues for the remainder of the year.

Kevin Greene said they have sold 1250 season hockey tickets.

* 1. State Tax Commission Reports – No Report
	2. Construction Update – No report
	3. Action Items
		1. Finalize FF&E
		2. Continue selling loge boxes – Spear said there are currently 3 left.
		3. Plan for Beam Signing - Event will be at noon on 2-25-22.
1. **Discussion Item** - Legal Report – Fuller said the Board may recall that a former IFAD Board member was elected to the legislature and one of the things she did was get a Central Registry bill passed that requires all state entities to annually file a copy of their audited financial report and a copy of the next year's budget. This has been a difficult process and the system was not set up very well. Fuller explained that he has worked diligently and properly filed with the registry each year to comply. However, there have been so many agencies that have been unable to comply, an exemption has been granted that states whether public entities filed or not for the last six years they are in compliance.

Fuller said they have now scheduled a seminar either later this week or early next week to instruct how audits and budgets will be filed in the future. The intent is that you can go to a single location and pull up any public entity and see a copy of their audit report and annual budget. It just hasn’t been very successful. Fuller said IFAD has always been in compliance through effort from his office. Fuller said he will listen to the seminar and be sure that IFAD is compliant in the future.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on March 8, 2022**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for March 8, 2022 meeting

Meeting adjourned at 8:14 AM