

**IDAHO STATE BUILDING AUTHORITY**  
**MINUTES OF THE SPECIAL MEETING OF THE**  
**BOARD OF COMMISSIONERS**

**DATE: March 8, 2018**

**LOCATION: 950 W. Bannock Street**  
**2<sup>nd</sup> Floor Conference Center**  
**Boise, Idaho 83702**

**Commissioners Present**

V.L. "Bud" Tracy, Chairman  
James Hammond, Vice Chairman (via telephone)  
John Ewing  
Greg Schade  
Shelly Enderud  
Candice Allphin (via telephone)  
Tim Anderson (via telephone)

**Others Present**

Wayne Meuleman, Executive Director  
Nancy Cunningham, Administrative Assistant  
Joe Meuleman, Meuleman Law Group PLLC  
Ben Strobl, JE Dunn Construction  
John McDevitt, Skinner Fawcett LLP  
Rick Skinner, Skinner Fawcett LLP  
Eric Heringer, Piper Jaffray  
Bobby Lawrence, Eide Bailly  
Ken Fisher, Paradigm Inc.  
Van Briggs, Battelle Energy Alliance  
Zane Mickelson, Battelle Energy Alliance  
Misty Benjamin, Battelle Energy Alliance

**1. Call To Order**

Chairman Tracy called the meeting to order at 9:35 a.m.

**2. Review ISBA FY2017 Audit**

Wayne Meuleman introduced Bobby Lawrence of Eide Bailly to present and discuss the audit for the fiscal year ending June 30, 2017. Mr. Lawrence expressed that the FY2017 audit went smoothly, that the addition of Harris CPAs as independent accountant worked well, and that he had no questions or

concerns to address. He reviewed the contents of the audit and explained certain changes required for Generally Accepted Government Accounting Standards that will be implemented in 2020, primarily relating to the presentation of facility leases with the State. Chairman Tracy requested consideration accepting the FY2017 audit.

**MOTION TO APPROVE:**

Commissioner Enderud moved to accept the FY2017 audit. Commissioner Schade seconded the motion and, upon vote, the motion was unanimously adopted.

**3. Presentation and Consideration of Transaction Documents**

Because representatives of the Idaho State Board of Education (SBOE) were unable to attend the meeting, Wayne Meuleman presented a memorandum from the SBOE ("SBOE Memo" and attached hereto) outlining its interests and long term plan for the project and the subleases between SBOE and INL. Mr. Meuleman briefly reviewed the basis terms of the sublease agreements between SBOE and INL.

Each building (Collaborative Computing Center and Cybercore Integration Center) will be separately subleased to Battelle Energy Alliance, LLC (BEA), the Operating Contractor for INL, for fixed terms of fifteen (15) years. During the sublease terms, BEA and SBOE will engage in educational collaborative programs with Idaho universities and other Idaho educational institutions. ISBA will own the two facilities and lease the facilities to SBOE until the bonds are paid in full. Mr. Meuleman explained that the facilities will be constructed on land now owned by SBOE, and an additional parcel to be purchased by SBOE from Idaho State University Foundation with funds provided from bond proceeds.

Mr. Meuleman presented renderings of the facilities along with a site map and a construction logistics plan of the two facilities.

Mr. Meuleman then presented a preliminary project budget for the two facilities. He stated that the project budget will be finalized upon receipt of a Guaranteed Maximum Price from the construction manager. To the extent funds remained unexpended when the project is completed, SBOE has agreed that BEA would be reimbursed for its design and other costs it has advanced, and any excess funds would be deposited into the debt service fund.

Mr. Meuleman then presented the Development Agreement, Ground Lease and Facilities Lease. Mr. Meuleman explained the basic terms of each document, noting that each document is based upon standard agreements ISBA has used for prior projects. Mr. Meuleman noted that unlike prior projects, ISBA will be funding a maintenance and repair reserve account and a general reserve account from bond proceeds.

Mr. Meuleman introduced Resolution No. 2018-001 which approves and authorizes execution of the Development Agreement, Ground Lease and Facilities Lease in substantially the form presented and recommended the Board's approval of Resolution No. 2018-001.

**MOTION TO APPROVE:**

Commissioner Ewing moved to approve Resolution No. 2018-001. Commissioner Enderud seconded the motion and, upon vote, the motion was unanimously adopted.

Mr. Meuleman presented a Nondisturbance and Attornment Agreement and Agreement Regarding Special Funding Account and Deposit Account, both agreements are between ISBA and BEA. The Nondisturbance and Attornment Agreement essentially provides that ISBA will not disrupt BEA's rights under its subleases so long as it is not in default, and that BEA will recognize ISBA rights to the benefits of the subleases in the event SBOE fails to renew its Facilities Lease. The Special Funding and Deposit Agreements provide for deposit of BEA's additional funding of approximately \$13,000,000.00 to supplement the construction and development costs funded from the bond issue, and the authority of ISBA to withdraw funds from the special account to pay costs as they are incurred. Mr. Meuleman introduced Resolution No. 2018-002 which approves and authorizes execution of the Nondisturbance and Attornment Agreement and Agreement Regarding Special Funding Account in substantially the form presented.

**MOTION TO APPROVE:**

Commissioner Enderud moved to approve Resolution No. 2018-002. Commissioner Schade seconded the motion and, upon vote, the motion was unanimously adopted.

**RECESS:** At 10:15 a.m. the meeting was temporarily adjourned for a brief break.

Chairman Tracy called the meeting back to order at 10:25 a.m.

**4. Presentation of Financing Documents**

Chairman Tracy introduced John McDevitt with Skinner Fawcett LLP to discuss the financing documents. Mr. McDevitt presented Bond Resolution No. 2018-003 and the parameters of the bond issue as set forth in the Terms Certificate. Rick Skinner with Skinner Fawcett LLP added that although the interest on the bonds are federally taxable, they are exempt from state income tax.

Mr. Meuleman recommended the Board adopt Bond Resolution No. 2018-003.

**MOTION TO APPROVE:**

Commissioner Schade moved to approve Resolution No. 2018-003. Commissioner Enderud seconded the motion and, upon vote, the motion was unanimously adopted.

**5. Consideration and Approval of Architect Agreement**

Mr. Meuleman presented the Architect Agreement with designer Flad & Associates, Inc. The facilities are fully designed by Flad under its contract with BEA and are compensated for the design by BEA. Mr. Meuleman reported that ISBA's Architect Agreement includes only professional construction administration scope of services for a fixed fee of \$250,000.00. Mr. Meuleman recommended approval of the Architect Agreement and authorize its execution in substantially the form presented.

**MOTION TO APPROVE:**

Commissioner Enderud moved to approve the Architect Agreement and its execution in substantially the form presented. Commissioner Ewing seconded the motion and, upon vote, the motion was unanimously adopted.

**6. Consideration and Approval of Construction Management Agreement**

Mr. Meuleman discussed the basic terms of the Construction Management Agreement to be entered into with JE Dunn/Engineered Structures Inc. Compensation under the agreement will be based upon the actual cost of construction plus a fee equal to 2.95% of the cost of work and includes a Guaranteed Maximum Price for the construction. Mr. Meuleman explained that the contract requires the construction manager to competitively bid on-site construction work to provide opportunity for Idaho contractors to participate. He explained that three (3) critical subcontractors were selected based on competitive best value selection in order to achieve overall cost control.

Mr. Meuleman acknowledged the experience and qualifications that the team comprised of architect, construction manager and engineers bring to the project. He then introduced Ben Strobl from JE Dunn for questions relating to the Construction Management Agreement. Mr. Meuleman recommended the Board approve the Construction Management Agreement and authorize its execution in substantially the form presented with the understanding that the GMP and construction schedule is still under review and consideration, and will be added by amendment to the Agreement.

**MOTION TO APPROVE:**

Commissioner Ewing moved to approve the Construction Management Agreement and its execution in substantially the form presented with the understanding that the GMP and construction schedule will be added by

amendment to the Agreement. Commissioner Schade seconded the motion and, upon vote, the motion was unanimously adopted.

Chairman Tracy acknowledged the collaboration efforts between all the parties and thanked them all for their diligence in working together for this project.

## **7. Consideration and Approval of Owner's Representative Agreement**

Mr. Meuleman addressed the need for an Owner's Representative and discussed the contents of the Owner's Representative Agreement. Mr. Meuleman introduced Ken Fisher with Paradigm of Idaho, Inc. to discuss the services he will provide as Owner's Representative and to answer any questions. Mr. Fisher provided his background as an Owner's Representative in prior projects and his past experience in construction. Mr. Fisher confirmed he will be the principal representative on the project.

### **MOTION TO APPROVE:**

Commissioner Schade moved to approve the Owner's Representative Agreement and its execution in substantially the form presented. Commissioner Allphin seconded the motion and, upon vote, the motion was unanimously adopted.

## **8. Minutes of November 28, 2017 Meeting**

Chairman Tracy requested consideration of the meeting minutes.

### **MOTION TO APPROVE:**

Commissioner Ewing moved for approval of the meeting minutes as presented. Commissioner Enderud seconded the motion and, upon vote, the motion was unanimously adopted.

## **9. Minutes of January 29, 2018 Meeting**

Chairman Tracy requested consideration of the meeting minutes.

### **MOTION TO APPROVE:**

Commissioner Ewing moved for approval of the meeting minutes as presented. Commissioner Enderud seconded the motion and, upon vote, the motion was unanimously adopted.

## **10. Other Business**

Mr. Meuleman discussed Senate Concurrent Resolution No. 140 sponsored by the Idaho Department of Health and Welfare and currently being considered by

the legislature seeking authorization to enter into agreements with ISBA to finance a new skilled nursing facility at State Hospital South in Blackfoot, Idaho. The estimate cost for design and construction is approximately \$35 million. SCR No. 140 is now in the House and is being favorably received.

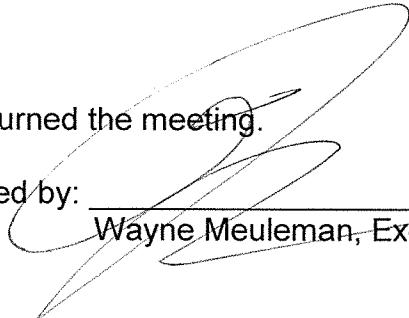
Mr. Meuleman discussed House Concurrent Resolution No. 52 which is currently being considered by the legislature to create a study group to assess State property currently used by State agencies in southwestern Idaho to determine whether better utilization can be achieved. The Resolution states that the Executive Director of ISBA will serve on the committee.

There was no other business.

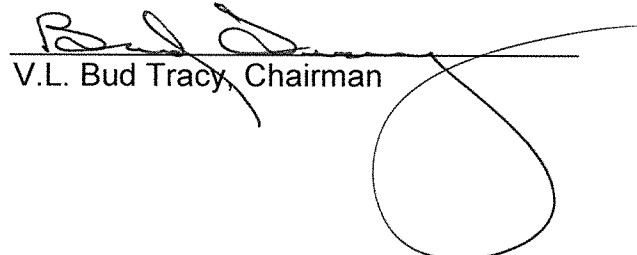
**ADJOURNMENT:**

At 11:14 a.m. Chairman Tracy adjourned the meeting.

Submitted by:

  
Wayne Meuleman, Executive Director

Approved by:

  
V.L. Bud Tracy, Chairman