



Board of Directors Business Meeting

Tuesday, June 23, 2020, 7:00 a.m.

**Location: Idaho Falls Auditorium District Office/Zoom Videoconference
467 Constitution Way, Idaho Falls, Idaho 83402**

Attendees: Terri Gazdik, John LoBuono, Bob Nitschke, Steve Vucovich, Doug Swanson, Rob Spear, Mark Fuller, Kevin DeKold, Rebecca Casper, Blake Davis, Mike Clements, Chad Hammond, Kevin Greene

Minutes:

- I. **Action Item** - Call to Order – at 7:04 a.m.
- II. **Action Item** - Accept the Agenda – Lobouno moved to accept the agenda. Swanson seconded. Motion passes.
 - A. Meeting Minutes – 6-9-20 – Gazdik asked if the Board members had the opportunity to review the minutes. LoBuono suggested the minutes be moved to later in the agenda in order for him to have an opportunity to review. Gazdik wondered if the board should wait until the next board meeting to approve these minutes because the minutes were lengthy. Spear recommended that the Board have the opportunity to review the minutes and encouraged them to review in detail. No action taken.
 - B. Review of the Payables/Financials - The payables were listed in a document sent to the Board. Gazdik asked if there were any questions on the expenses. There were none. Gazdik presented the financials for the month of April and explained that hotel tax revenues came in at roughly \$40k which is a 75% decrease from the previous year. This puts the current year tax collections at 25% behind the previous period with overall revenues down 22% year to date. Gazdik asked if Spear had any comments and he stated that it was encouraging to note that current assets are higher this year than in 2019. Gazdik said there is a motion on the table. Motion passes.
- III. **Discussion Item** –Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board) - None.
- IV. **Action Item** – Review, discuss and approve annual audit – Scott Bond from Rudd & Company will present. Gazdik introduced Scott Bond from Rudd & Company. Bond said he was here to present the audit completed for fiscal year ended November 30, 2019. Bond said they are a little behind as the pandemic has slowed things down considerably. Bond appreciated the work done by Spear, Gazdik and WIPFLi in preparing information for this audit and started by reviewing pages 1 and 2 of the management letter. Bond said the management letter is basically the auditor's report and is an unmodified opinion which is a clean opinion. Nothing came to the auditor's attention that would represent a misstatement of the financial

statements. Bond explained that there were a few minor adjustments made and referenced page 14 of the audit and explained the Statement of Revenues, Expenditures and Changes in Fund balances. Bond pointed out that two items were added to revenues; Naming Rights Contributions of \$4.5M and a Private Donation of \$25k. Bond explained that the expenditures are described in two basic categories; operations and administrative expenses and capital outlay, with the most significant being the expenditures for capital outlay of \$4.686M. Revenues over expenses were \$1.507M.

Bond referred to the detail of expenditures on page 28 and pointed out the increase in professional fees over the budgeted amount was \$634k higher than the previous year due to 10% commission payment on the \$4.5M naming rights donation to Pathways. Bond then referred to page 12 of the audit report containing the balance sheet for the year ended 11-3-19. Total assets equal \$13,813,097. For liabilities \$1,002,290 in accounts payable from the early construction activities for the Event Center pad and Pioneer Road was recognized. Bond explained that the total fund balance of \$12,054,220 puts the District in a relatively strong financial position.

Bond brought some footnotes to the board's attention on page 26. The first footnote describes how expenditures exceeded the budget by \$1,612,896 primarily due to the expenses incurred from construction. Bond said the State requires that such large variances to be reported and that budgets be followed. The recommendation is that in subsequent years the Board should amend the budget during the year. The other footnote references the naming rights agreement with Mountain America for 30 years. The revenues from the naming rights agreement must be deferred over the 30-year period. So, moving forward, every year \$150k of revenue will be recognized in the government statements. The last note describes subsequent events. Audits are now required to address the impacts of any subsequent events that may impact financial statements over the next year through June 22, 2020. This footnote describes the impact of COVID-19 and how the District's hotel tax collections have been negatively impacted and that the future effects of this pandemic cannot be reasonably estimated. Although Bond expects things to improve, it is important to advise readers that some adjustments may need to be made. Bond then asked if the board had any questions. LoBuono asked why the audit is showing a decrease in revenues from the prior year due to COVID-19 when this period is before the pandemic. Bond explained that although actual revenues are higher than the previous year, these actual revenues are lower than the budgeted amount. Spear pointed out that the budget was set estimating a 5% increase in revenues, but actual revenues only increased by about 2.3%. This is another reason to monitor the budget and adjust during the year.

Mark Fuller wondered if Mr. Bond could explain to the Board the process for amending the budget during the year. Fuller said he recalled, last year during last year's audit report, that the recommendation was that the budget not be amended during the year because that had negative connotations. Fuller's recollection was the Board did amend the budget last year after the naming rights donation was received. Fuller asked, how often and what causes would determine when a budget should be amended. Bond said the budget represents a control and monitors progress made during the year in areas of revenues and expenditures. It is a guideline.

A budget can be amended as frequently as the Board determines necessary, however, the more frequent the budget is amended, the less control there is over expenditures. If the Board is constantly changing its budget to reflect its expenditures, you lose that control. From an auditor's standpoint, his recommendation is the Board should consider the effects of changes from the original budget at some point during the year. He recommends adjusting once or twice during the year if warranted. Preferably at the end of the year in October or November because the Board would be aware of all the changes. An amendment would require the same process as adopting the original budget. A hearing would need to be advertised and the Board take action on amending the budget and adopting the changes. As the Board moves forward with construction, it is possible the budget would need to be adjusted at least once, maybe twice during the year.

Gazdik asked Fuller if he recalls whether the Board went through the process of adjusting the budget last year or was it just discussed. Fuller recollection was that the budget was modified but he would check. Gazdik asked Spear if he recalled whether the budget was amended. Spear said he started in April of 2019 and does not remember that Board modifying the budget. He is quite confident in that statement because he did not see the 2019 budget until he started to prepare the 2020 budget. Fuller said he will review meeting minutes from last year.

Gazdik wondered if it would be appropriate to hold off on approving the audit report until we are sure we didn't amend the budget at some point. Nitschke said he did not have any questions, but he would like some time to review the report. Gazdik asked the other Board members if they were comfortable waiting to approve the report until we could clarify whether the budget was amended in 2019. Bond said if it was determined the Board did amend the budget it would have an effect on the footnote on page 26 and that an additional column would need to be added on page 28 to reflect any change. Bond said he read all the board minutes and did not see where the budget was amended. Gazdik said this agenda item would be pushed to the next meeting. She thanked Bond for his firm's professionalism and the comments in the audit. Gazdik said she looks forward to the discussion of using a capital fund and a debt service fund so IFAD is in better compliance.

- V. **Action Item** - Approve early payment for bond underwriting services; MSBT Law as Bond Counsel, Gilmore Bell as Disclosure Counsel, and Skinner Faucet as Underwriter Counsel. Gazdik introduced the agenda item explaining this was a request from Laura Lewis. The request was initiated during the 6-11-20 meeting with Lewis and Raymond James representatives. Spear reviewed a past proposal describing the three payments for financing services: bond counsel, disclosure counsel, and underwriter counsel. Spear said this is simply to allow early expenditure of these funds. The request is not to exceed the \$100,000 total but to expend a portion of these budgeted amounts in order to gather some additional information from these entities. These early expenditures could range from \$10-\$15k. Gazdik asked if these amounts were capped. Gazdik explained that the Board can be reimbursed for these costs once the certificates of participation are sold because the Board has already adopted an expenditure reimbursement resolution. Spear said the capped amounts are estimated to be \$21k, \$7k per entity. Spear explained that Lewis indicated that these entities may not require early payment

because normally these are paid at the time the bonds are sold. Fuller commented that this is part of what we already discussed. The budget for legal fees is \$66k. Legal fees right now are 26% below that budget. But approving this will bust the budget in regard to legal fees. If you spend \$21k you spend 1/3 of the legal budget with this additional increase. If you approve, I will probably come back and recommend you modify the budget. Spear said absolutely we need to revisit the budget this year because of the impact of COVID-19 on our tax receipts. During that process we will do a complete review on both the revenue and expenditure side of the budget and make the appropriate adjustments. Fuller said from a legal perspective he has no opinion and can't verify whether these funds are appropriate costs and that we need to rely on the experience of Laura Lewis. Nitschke responded, I guess my only question would be that we ensure we don't expend more than \$100k and that they recognize these are advance payments to their costs. Spear said Laura Lewis has assured us these would not be in addition to those amounts that you have already seen. Gazdik asked for a motion to approve the request for payment up to \$21k. LoBuono made the motion to approve to expend up to \$21k for these expenditures. Vucovich had a question, the expenditures, if we don't go to the bond market for a year is there a difference in what the \$100k will cover if we are delayed. Gazdik said this is a firm amount not based on timing. Nitschke responded, do we have something in writing or what are we basing that on? Spear interjected that we are basing that on what Laura Lewis told us during the last meeting. In fact, she was not sure whether these firms would require early payment. Nitschke said he didn't know whether we had a contract that was signed that says that or is it just an oral contract? He said he would defer to Mark on the appropriateness of that, but just wanted to understand if we have it in writing or not. Mark said we have a retention agreement with Stephanie Bonnie's firm and we probably should obtain retention agreements for the other two firms. Spear said the underwriter firm's amount was included in the Raymond James proposal. Gazdik said we have the bond counsel and underwriter counsel covered but it doesn't appear we a contract with the disclosure counsel. Spear said he will circle back and get the appropriate documentation. LoBuono said he already made the motion and Vucovich seconded. Fuller suggested that the better procedure would be to follow what we have done in the past which is the Board authorizes the Executive Director and the attorney to go forward and negotiate those agreements and bring written documents back to the Board for approval. I think we can accomplish that before next the meeting. Spear explained the intent of the agenda item is to get the Board's approval to allow Laura Lewis to pursue this avenue. The next meeting with Laura is scheduled for 6-30-20. Spear said he would like to report back to Laura at that time that the Board is authorizing payment pending agreements between these various entities. Fuller said that is exactly what he is proposing. LoBuono asked Spear to rephrase the motion. Spear said the motion is to allow Laura Lewis to proceed with engaging the three bond counsels for the performance of early work not to exceed \$21k, pending the receipt of actual agreements from those three entities. LoBuono moved to accept the motion as stated by Spear. Vucovich seconded. Motion passed.

VI. Discussion Item – IFAD Media Policy. To review the media policy adopted by the Board. Gazdik said she asked that this be placed on the agenda today. The IFAD board adopted a media policy back in 2013 for the purpose of making sure that our message to the public through the media was clear, concise, accurate, and consistent. As part of our desire to ensure that the message was

getting to the public we hired IE Productions and Chad Hammond to consult with us on presenting the message, delivery of the message, and getting the message circulated through the media whether it be newspaper, TV or forms of social media. Again, our intent was to make sure that our message was strong, unified, clear, and remained constant. This board has worked very hard to present information through one voice and keep clarity about the project.

You each have copies of that policy in the package that was sent out yesterday.

In our policy I would like to point out that there is a clause that allows board members to speak as private citizens.

Private Citizen Communications – IFAD Board Members wishing to speak with the news media as private citizens or candidates are always free to do so, provided that their remarks are prefaced with the following disclaimer or something similar “ I am speaking not as an IFAD Board Member, but as a private citizen.”

A week ago, Mr. Nitschke published an editorial in the Post Register stating his opinion about the IFAD project. It was written by him as a board member – halfway through his six-year sentence. Nowhere in it does he state that he is writing this as a private citizen. It was clear that this was intended to be an editorial written as a board member of IFAD.

Written Communication – The preparation of written communication, such as press releases, shall be completed by assignment, with the final product being subject to review by the Board Chair.

Since this editorial was written as a board member, it should have been by assignment and subject to review. This action was in violation of our policy requiring written communication to be completed by assignment and subject to review. Our policy also states,

Communication and Coordination – Whenever practical, the Board Chair will report on and circulate the nature of any media contact with other Board members to facilitate general awareness. We want Board members to stay informed of anything that is going to the media.

Because the editorial piece was not done under assignment or reviewed by the Board Chair, there was no opportunity to circulate it to the board to make them aware prior to publishing. Another violation of our policy.

Since there was no opportunity for review, this editorial contains misstatements, skewed representations, and errors. It presents an opinion that is divergent from the rest of the board and the mission of the project. It has now incited another editorial to be written by a member of the public that has incorrect information, and yet another one that was issued this morning. And so, the information starts to become muddled and unclear again with garbage flying through the media by misinformed people. We have worked so hard to squelch that kind of response in the newspaper.

It is OK to disagree in our board meetings – in fact, it is healthy to have discussion. But when the board votes and a decision is made, it is up to board members to get on board and follow the decision of the board. It is not OK to decide to split off and try to stir up support for an alternative mission. That is a clear violation of a board member’s fiduciary responsibility to serve on this board. It damages the project and damages public support which everyone has worked hard to build.

This article also discredited the hard work of all previous and current board members, employees, community leaders, and project partners. Thousands of volunteer hours have been put into making this project a reality by people that are working hard and have a common vision. It is very disappointing to have one person try and tear apart all of this work because it's not their personal vision.

I have asked Chad and our attorney to consult with us regarding this damage to determine what needs to be done. They are providing assistance and we will let you know what further action will be taken as a result. Thank you for hearing me out on this. I did write it to make sure I covered all points I wanted to cover.

Are there any questions or discussion from board members on this topic? LoBuono said he concurs with what Gazdik is saying. Quite honestly, I wasn't totally shocked but given that going back, and you remember this Terri, three years ago the media would be here with 20 people in attendance and we had a lot of interaction with Board members discussing things, it is very clear that we have discussed this in the past on numerous point in times. Unless the chair authorizes someone else to speak, the chair is our media contact to the degree that anything related to policy it can be referred to Rob and he can be delegated to represent us. But that comes from consensus of the Board. There was no consensus, the article was, I think, detrimental to the confidence of the public. Quite honestly, I was pretty irritated, and I don't understand the motivation. I guess what I would say is if really that is how you feel, why are you part of the Board. If you don't agree with its mission statement, you don't agree with its goals and its objectives, why would you do something like that? I don't understand that and honestly Bob if that's the way you feel, you should get off the Board. I am just going to say it.

Vucovich stated, personally Terri, I think you summarized very well, I am definitely disappointed, my feelings. I am disappointed, I think we've got a lot of positive things going for the Events Center. I know there have been a lot of people prior to my getting on the board who have put in tons of time not being paid and personally I think it is a slap in the face, I don't agree with some of the facts as well or the half facts. I am just disappointed overall. I would hope that every single board member is on board to get it this thing rolling. If not, that is fine too, but they shouldn't be on the Board. Everyone's got their opinions, but I think it must be a focus on getting it done as originally committed and planned. We can't put a quonset hut up. We can't afford our building at this point in time based on hotel revenues, I still think, I am looking at this thing with my glass half full, and it will come back, we will have additional revenues. But I don't think we should be building a super scaled down events center. I don't think anybody will show up, we can't program it.

LoBuono said, quite honestly, we went through this with board members, executive directors, former executive directors making comments to the press and it is pretty clear over the last three years, particularly the last two that it is inappropriate for anyone other than the chair unless authorized by the board, by consensus, to talk about anything but policy and facts. What you can't talk about are things of the nature of that editorial because it creates a negative perception with the public and it is confusing when you are speaking as "a board member." Had Bob done that as an individual, written an essay, well that is his prerogative and his right, but as a board member it was wrong. I just don't understand his motivation, if you are on the board, you said it, Terri said it and I am going to say it, if you don't believe in the project, if you are not going to basically abide

by the consensus direction of the board and past boards, then and you are going to go out and be a cowboy to the media then I am going to say, Bob you might consider resigning, but I am not going make a motion or anything but I am going to point out that it was totally inappropriate to do something like that especially, and you are right about one thing Steve, there were a lot of half facts, half-truths and that is just a horrible thing to do as a board member. What kind of message does it send? Again, that is how I feel. I would like to hear what Bob thinks.

Nitschke responded, I don't think you do. I will just make two comments. Number one it was an op-ed and that by definition is an opinion of an individual, that is what it was meant to be. And secondly all of those "half facts" were facts there is no such thing as "half facts". In an op-ed you are limited in space, but all the facts were pulled directly out of documents. So, there wasn't anything that was incorrect in the op-ed.

Lobuno responded, Bob, I hear you, but why would you go out and talk about something so negatively when you are on our board. Yes, your criticisms are welcome, your opinions are welcome, but you wrote that op-ed as a board member and the whole direction the board was not, let's say capable of really understanding the big issue. And you can say what you want but the way it was written, the way it was phrased, it was not something that was appropriate to do as a board member on this forum, we are not talking about, basically asking for public opinion, we are just asking you to abide by policy as outlined by media board policies.

Doug Swanson asked, Bob what was your goal in writing that? Was it his intention to better our position, to help us or was it his intention to kill the process? As board member he had to write it for a reason, I curious to what his goal was. Nitschke responded, I did hear that, I don't know why I am on inquisition here, I was pretty clear I was expressing my concerns about the project. Gazdik interjected and said you don't have to respond Bob. Nitschke proceeded, I have never not been supportive of an event center for Idaho Falls. I have been through this with the previous event center directors. I discussed what I considered major concerns with the project, that's what it was.

LoBuono responded, but you are a board member. This would have been appropriate in executive session, at a board meeting, but its not appropriate to go out to the public and express your individual opinion and concerns because you are a board member Bob, you have a fiduciary duty to this board and one of those things is to abide by public relations policy and interactions with the media. We had cowboys back when I first started on the board, because the media fanned that, but we got rid of that. It didn't take long to realize that we had a spokesperson and that's the chair, and that can be delegated by the Board to the Executive Director. But unless it is expressly delegated to you by the board, by talking you just don't understand, by saying what you did as a board member, it really creates a chasm in the sense that the public is getting two different types of information. You didn't discuss with us any of those concerns. You have said for a long time that we need a Plan B and we said yes at the right time. We are in a transitional phase with coronavirus but yes that could be on the board's mind, based on our receipts, but we don't see it in the long-term as basically changing our goal or mission statement. To say that you wrote it as an individual, well that would be great, if it was signed by Bob, and you never talked about being a board member or your sentence on the board. You obviously positioned yourself as a board member and that is where you were wrong. If you had written as an individual without any mention of your involvement with the board member, or your frustration or your sentence. I was

just kind of appalled that you made it sound like you are on the board and you really hate being here.

Gazdik asked Swanson if he had anything else, he wanted to discuss. Swanson responded that he doesn't understand and still wonders what his goal was. Nitschke said he would be happy to talk individually, to each Board member. I am not going to sit here and participate in Bob bashing. Swanson said, so basically our board member, Mr. Nitschke, is against the events center, correct? Gazdik said the question you are asking can be raised, and if there is a response, that is fine, but we are not required to respond. This is just a discussion item, so if there is no discussion, we will just note the question and if there is not a response we will move on. Spear restated Swanson's question. Nitschke did not respond.

Vucovich said I don't have a question but there is something I would like to restate. The items that Bob brought up, I shouldn't say half-truths, but at the same time there were a lot of things left out in explanation. I understand there is limited space in an op-ed but at the same time things Bob said that weren't in place to govern the project have since been put in place by the Executive Director. The Board hired a new Executive Director, who brought a skillset we didn't have before. The Board did a very good job in this hiring process and many of the projects have been completed but it left the public with the question mark that was not completed and hasn't been done. That is what I meant by half-truths. I should have said, not the full story. Gazdik said because of that we are now seeing additional misinformation coming through on editorials, it has incited other people to write really negative, slamming remarks. They are people who are misinformed, they only know what they read in the paper.

Lobuno said they are private citizens and they have a right to do that and had Bob done that as a private citizen, rather than as a board member, we wouldn't be having this discussion. But Bob you have to admit that you were wrong if you look at our board policy. We have been here; we have seen this happen before and I thought we were past it. But I don't hear any response, you don't take any accountability, you think what you did was ok Bob? Gazdik asked if there was any more discussion. Nitschke responded, Madam Chair, I will again extend the offer to sit down individually with people to discuss further and I will answer any questions. That I would be happy to do, but I am not going to be on trial here.

Gazdik said, well we were all slammed publicly Bob, just so you are aware, in the article that you wrote.

VII. Discussion Item – Discuss comments received from latest CRSA rendering of revised exterior.

Gazdik introduced Kevin DeKold. DeKold said they have two gray schemes. One has more contrast by making the concrete a little lighter. If the concrete did not dry to that color, they could stain it. Kevin thought board members were going to share with others. DeKold referred to the rendering with the bronze outline. Spear asked if board members received comments from others. Gazdik felt it is difficult with just a computer image. She thought having boards made up that we could share would be better. DeKold agreed. Vucovich said he would like glossy legal sized picture that would stand out. DeKold agreed and said that there are printers in Idaho Falls that could produce this and perhaps Chad Hammond could assist. Gazdik said we have time and it would be worthwhile to have something like this that we could display, perhaps at an open house at the IFAD Office and ask people for their opinions. Hammond agreed to

help. DeKold thought comparing the recent gray version to the red version would be important. Gazdik and LoBuono agreed. Gazdik suggested Spear work with DeKold and Hammond to move this forward.

VIII. Discussion Item - Discuss possible alternative design for future construction of the Event Center.

Gazdik said this has been on the agenda for the past few meetings and wanted to know if there were any new items to discuss. LoBuono said we don't really want to look at this until we get past the holding pattern we are in with the coronavirus. Gazdik said she agreed we are in a holding pattern. Spear asked if he should continue placing this on future agendas. Gazdik said we should wait awhile until we see what transpires with our collections. We only have two months of collections (since COVID-19) and that is not enough to formulate a trend.

Report and Updates

A. Discussion Item - Executive Director Report

- a. Fundraising and Budget Update – Spear shared an updated budget scenario for the remainder of 2020. It is based on hotel revenues being 40% of budget with the exception of May which is 30%. Spear indicated at this reduced collection rate; overall revenues will be down \$1.2M. Spear said he is optimistic that we can increase the donation line and expressed how important it is for the board to be rowing in the same direction and sending the same message to the community. The expenditures are holding steady and Spear calculated the outstanding amounts, including retainage, for Pioneer Road and Event Center Phase I. Spear said end of year fund balance will be around \$8.8M to \$9M. Which is down from the \$11M that was expected. Spear said he is careful to tie these projections to the actual monthly financials and referenced the ending fund balance on the latest April financials. Gazdik asked if it would be helpful to contact James West to get an idea on hotel reservations and occupancies since we have to wait a month and 10 days to receive collection information. Spear said he would do that and make it part of each board meeting. He also mentioned the information provided on a weekly basis from the Research and Business Development Center. Gazdik said she assumes there will be an action item to amend our budget at the end of the fiscal year. Vucovich asked if there could be a column of actual to budget. Spear explained that is already explained in the monthly WIPFLi reports.
- b. Pioneer Road Construction and Event Center Phase I progress report – Spear briefed the Board on Pioneer Road and explained another soft spot was discovered. It required two dump trucks of material to be removed at the intersection of Pioneer Road and Event Center Drive. The soft spot on the event center pad has dried enough that MTI approved that no removal of unsuitable soil is required. Spear said all curbs and gutters are in, sidewalks are in and that landscaping is going to start soon. Spear said paving should be complete this week and asked Mike Clements of Bateman Hall to comment. Clements confirmed that Pioneer Road was paved yesterday 6-21-20 and that is will be another 30-40 days before it is chip sealed. They are going to start landscaping which is ahead of schedule. Clements said the recent rain impacted the soft spot on the pad, but

that Knife Rover is going to re-mobilize and complete the project. Clements confirmed both projects are going well. Gazdik asked Spear to contact Ball Ventures to find out when the escrow funds will be returned. Gazdik wondered if the building committee needs to meet weekly now that the construction projects are nearing substantial completion. Spear asked Nitschke and Vucovich to comment but he feels that a standing committee meeting every Monday is not necessary and that we could schedule, as necessary. Nitschke said he trusts Spear's judgement on the appropriateness of the need for meeting. Gazdik said we will stop the weekly meetings and that Spear can call building committee meetings as he sees fit.

- c. Action Item Checklist – Spear presented an updated action item checklist. Spear referred the board to the most recently added items to the checklist that were taken from the 6-9-20 meeting minutes. Many of these items were added by Mr. Nitschke who took them directly from previous meeting minutes. Spear wanted direction on whether the entire board needed to approve the resolution to the action items. For example, the action item 20-44 asks for pro formas for the hockey club and the concessionaire. Centennial Management indicated they would not provide these pro formas. Spear said the Board needs to decide whether they want to ask Centennial Management again for the pro formas. The additional conservatisms in the pro forma is another action item that Centennial Management has indicated that they have completed and addressed. Gazdik asked about the date we expect to hear from CSL. Spear indicated July 1, 2020 is the deadline. Gazdik said we will wait and see what information we are going to get from CSL. Gazdik said she stated in the last meeting that she feels pro formas are not necessary because of the structure of the agreements. Gazdik stated that Spear was going to reach out to some hockey clubs to gather operational information. Spear referenced 20-45 and said he had a good conversation with the Great Falls club. Spear said it was a worthwhile conversation, especially in regard to the beverage prices. Gazdik says she does not feel like it is necessary to ask Centennial Management again. But that if we feel it is necessary information, we can find alternative ways to get the information. Gazdik said maybe it would be worthwhile to contact other centers. Nitschke said, Madam Chair as I stated before I understand your position on that, I look at it differently in the sense that it is going to be real close, if at all, as to whether we can operate the center in the black. It is important to know how much money somebody else is making because maybe we could get a bigger percentage of the profit that would help cover the operational deficits and without that knowledge we have seen instances of that with the city government here used before on the golf carts when they finally decided the city deserved part of that and, as a matter of fact took it over, then all of the sudden golf courses were profitable. Nitschke stated again, it has to do with not whether it's what the industry standard is, it's whether or not the Board will have enough money to cover projected operational deficiencies. Gazdik responded that we have two choices, we can hire a management company that will assess the market rate for the cost of providing these services and CSL will tell us whether this is market or isn't market. Or we have the choice of assuming the operations ourselves and manage the hockey team and provide concessions in order

to gain access to these additional profits. We can't demand the management company pay us more money than the market rate. Gazdik said we will wait and see what the CSL study comes back with.

Spear shared a pro forma comparison for the operations of the facility. Two of the projections show operational losses. Spear said he has to rely on what Centennial Management has put together, they have based a lot of this on the operations of the Maverick Center. When you look at the comparisons, Centennial Management has provided the opportunity to operate at a breakeven capacity. Gazdik requested we contact Centennial to ask that they modify the proposal for extra cleaning due to COVID-19.

B. Discussion Item - Legal Report – Fuller did not have anything to report.

Calendar and Announcements -

- A. Upcoming IFAD Meeting – **Next Meeting on July 14** – Discussion on when to resume in-person meeting. No decision was made, and we will re-evaluate closer to the July 14th meeting.
- B. **Discussion Item** - Announcements and Minor Questions
- C. **Discussion Item** - Agenda Items for July 14, 2020 meeting

Meeting adjourned at 8:50a

Action Items

Review if there was a budget amendment for 2019

Spear to contact Laura Lewis about contracts for bond counsels

Create an action item for amending the 2020 budget

Work with CRSA and Hammond to develop rendering images

Spear to contact Ball Ventures regarding the release of the funds in escrow

Spear to contact Centennial Management to update pro forma with cleaning costs

Spear to contact James West before Board meetings for occupancy updates

Spear to follow up with Zoom