



IDAHO FALLS
AUDITORIUM DISTRICT

Board of Directors – Special Business Meeting
Hampton Inn, 645 Lindsay Blvd.
Tuesday, 17, July 2018, 7:00 a.m.

In Attendance: Board members Chair Terri Gazdik, Jill Kirkham, John LoBuono, Doug Swanson, Bob Nitschke, Executive Director Chip Scott, Legal Counsel Mark Fuller, Mike Clements (BH), Chad Hammond (IE), Eric Isom (BV), Rebecca Casper (CIF), James West (Inntrusted), Salem Thomas, Kevin Dekold (CRSA), Isabella Alves (Post Register), Debbie Scott (North Wind Group), Blake Davis (Hogan Const.), Chip Swarze (Chamber of Commerce), Kevin Greene (Chukars Baseball), Liza Leonard (Ball Ventures), Laura Lewis (Lewis Young Robertson and Burningham), Ray Gordon (Apple Athletic Club), Steve Vucovich (Apple Athletic Club), Kaitlin Loukides (Local News 8).

- I.** Call to Order – Meeting is called to order at 7 a.m.
- II.** Motion to accept consent agenda by Swanson. Seconded by Kirkham. Passed.
- III.** Public comment - None.
- IV.** CSL Report - Bill Kruger
 - A.** This is a draft, and shows all CSL has been doing. All CSL wants to do is show the progression of IFAD's efforts and give suggestions for what may occur on the high, low, and base cases. CSL showed phase one of the report and previewed phase two last time. All CSL is showing is a verification of whether this auditorium is feasible. Some ideas of "feasible" may be different. Some may think that it needs "x" amount of revenue while others note that it may need to create so many jobs or help the public in a needed way. This draft is 98% done, but if IFAD has other things CSL needs to do, they will adjust and provide.
 - B.** Ninety percent of buildings this size in an area the size of Idaho Falls are likely to run with deficit. However, there may be some special cases in this instance that will help the building run with net income instead of deficit, such as Centennial Management or having the Chukars help out.

- C.** Conclusions: There is an unmet demand for an event center here. Your design matches 60% of what is needed in this area. From a market and programming standpoint, there are special events you can attract. If we consider a NA 3 HL tenant, it changes the amount of attendance and ticket and concession revenue in comparison to having an amateur team.
- D.** Utilization: Base case; anchor tenant, ticketed events, sports events, non ticketed events (conference hall). Rental income discussed. CSL's objective is to do a conservative look at what performance could be. One suggestion to generate revenue is just add \$1 per ticket sold as cover charge.
- E.** Gazdik asked, "so this is your capital reserve fund, so you're assessing an additional \$1 per ticket to set aside for capital reserve improvements?" A: No, you could increase this revenue to level the books at the end of the year. It is \$1 on average, but could be increased as necessary.
- F.** LoBuono asked, "where are you assuming our population of 229,000 is based?" A: It is a core base within the census, which is Idaho Falls and one surrounding area (Pocatello or Rexburg).
- G.** The base case would result in a deficit. It could be offset by working with Centennial and using the naming rights. Kirkham mentioned that the naming rights will all be used up by Pathway for fundraising in the first year of building the center, so the number would actually be about \$600,000 in the first year, not the number shown.
- H.** Indirect benefits include full and part time jobs, increase in amount of traveler spending. Base case shows \$10 Million annually in total economic impact per year over 5, 10, and 30 years. There may be a cost in the investment, but there are quantitative benefits from the Center. New people will gain exposure and it may cause more people to visit and improve the city.
- I.** In order to answer the question who should run the Center: Centennial may have a small portfolio, but they will cost less and they are willing to work with you. They may just want to get their portfolio out there. The option of the CM is attractive from IFAD's standpoint.
- J.** LoBuono asked: Are you doing any cost allocation sharing in terms of revenues and deficits with CM because if they manage they will get all the income? In the typical scenario, is this a case where there is revenue and loss sharing? A: Normally when you have a private operator come in, they keep all the revenues and cover all the expenses.
- K.** Further Questions and Revisions:
- 1.** As discussed previously, CSL will look at high, base, and low scenarios on expense line and make sure all those numbers are correct for the report. They will set up revised version of this or draft folder.
 - 2.** Kirkham: can we see it without naming rights included in annual income? The naming rights will be sold in a one time deal and won't be an annual income. A: yes. It will be in phase one.

3. LoBuono: is the number of seats we have the right size for our city? A: The seating level is probably appropriate in regards to the desire for the size of hockey team: NA 3 HL.
4. Public comment: You're looking at the local market to see how close you are to the local market, right? A: Yes, we have lots of benchmarking data that we get from event planners and sports tenants which is what I am trying to show to end up with these financial numbers in the end of the financial impact. This is supposed to show what could happen, and what could be beat.
5. LoBuono: Looking at our Eastern Idaho market, you included, the conference center at BYU, Holt Arena, Art Auditorium, and Pocatello Auditorium. These are our competition, right? A: yes, and we looked through all these venues, what niche they are serving, and the size of the impact they are serving.
6. Nitschke: I have seen things that state that one measure of "success" for an event center is that the seats are all filled. I only saw one number that would fill the center and that was wrestling. Do we need to downsize? A: This is an average of what will probably happen for this area. You are likely to exceed the given numbers depending on the events you hold.
7. Kirkham: The last time we met you said the average ticket sales was around 400 and I asked how you got that number. You said it was because there wasn't other hockey in this area. A: We chose that number because last time we showed the average was less than 700. We changed it to average paid attendance to 700. The averages are related to the frontier division. Normally when you don't have any other minor league sports teams, you will see better than average for the first 10 years. After that it is still likely to hit the average number.
8. LoBuono: You are talking about the lowest tier of professional hockey right? A: yes NA 3 HL is the right league.
9. Swanson: I would like to go through and crunch some numbers myself to understand what's happening with wages.
10. Gazdik: In your report, you will be listing your assumptions for the high and low reports, right? A: Absolutely. There will be a lot more information in terms of assumptions in the final report.
11. When can we have the draft report? I want to review it before the next meeting. A: I can have it to you by the end of next week.
12. Fuller: Can we schedule to have it Friday at noon? A: I will do whatever I can to make that happen.
13. Nitschke: I want to see the narrative with full explanations.
14. LoBuono: How many pages is the document? A: less than 100.

V. Calendar and Announcements

- A. Lobocono made a motion to move next meeting from July 24, 2018 to July 27, 2018 at 7:00 am, Friday, in order to have more time to review

written draft from CSL. Kirkham seconded. Passed.

B. Agenda Items for July 27,2018 - Construction Management costs

VI. Motion to adjourn. Made by Kirkham. Swanson seconded. Passed.