



IDAHO FALLS
AUDITORIUM DISTRICT

Board of Directors Business Meeting
425 N. Capital Ave., Idaho Falls, ID 83402
Friday, 27, July 2018, 7:00 a.m.

Location: The large conference room in Offices of Fuller & Beck
410 Memorial Drive
Suite 201, Idaho Falls, Idaho 83402

Attendance: *Chairman Terri Gazdik, Board Members Doug Swanson, Jill Kirkham, Bob Nitschke, John LoBuono, Executive Director Chip Scott (FaceTime), IFAD Legal Counsel Mark Fuller, Mike Clements, Blake Davis, Kevin Greene, Kevin Dekold, Tana Barney (Ball Ventures), Chad Hammond (IEP), Marc Basham (Post Register), Mark Young (Raymond James Fin.), Steve Vucovich*

Agenda

- I.** Call to Order - 7:03 a.m.
- II. Action Item** - Motion to accept the Consent Agenda. Seconded. Passed.
 - A.** Meeting Minutes – 6/26/2018 & 7/17/2018 not accepted. Need review as stated by Kirkham and Nitschke.
 - B.** Motion to approve IFAD Payables and financials. Seconded. Passed.
- III. Discussion Item** - Public Comment – Steve Vucovich was happy with the CSL report. Wants to see “the gas pedal pushed down even more.” Kevin Greene was also pleased. It validates all the efforts of the last few years. Particularly pleased with the economic study. It
- IV. Action Item** - CSL Feasibility Study Report - Gazdik asked a few questions and got responses:
 - A.** Positive items from the report:
 - 1.** Swanson: Economic study did what it should. CSL’s response to seating number showed positivity for the size IFAD has outlined. Feel like there is potential with the help of Kevin Greene. Think there is a lot of potential.
 - 2.** Nitschke: I am a big fan of what this can do for the economic development.

3. Kirkham: Answering the question of whether event centers can work at this size and can be financially stable is a positive outcome.
 4. LoBuono: the study was realistic and met expectations.
 5. Gazdik: recognized that having a third party operator (CM) direct the building is a good idea because they already have an idea of the economy in this town. Things that aren't tangible but will be recognizable like business opportunities, spin off development, quality of life for residents, impact on community, community reputation, and pride. Financing really matched what we are trying to do: portion from public moneys and private donations.
- B.** What input will we have for CSL that will strengthen the report?
1. Swanson: He should make it more clear in the report how necessary it is to utilize Centennial Management.
 2. Nitschke: Didn't do things they said they would in the contract like sensitivity studies and did a very skimpy job on Monte Carlo. It needs to be completed. Issues with high and low scenario. The high should only have amateur hockey league. The low scenario should not keep the idea of losing \$1 million a year for 30 years. Things would change before the building went under that far. Fuller invited Nitschke to meet with him and Scott next week in order to get CSL to do what they were contracted to do.
 3. Fuller: the last page talks about having a contract for 15 years vs. 5 years and says that would be a greater risk.
 4. Kirkham: There needs to be discussion on naming rights, the distribution table, and the hockey league. Pathway will be using the naming rights to fundraise. Public comment: could we make it a hybrid contract where we let them use the naming rights for x amount of years, then get them back? LoBuono suggested it should be possible based on other city's cases. Fuller mentioned that IFAD will need initial naming rights, and we will have to contract that in with whomever we work. Greene mentioned that if we let others buy naming rights, then suites and free tickets start coming out of the revenue from IFAD. Swanson asked if anyone had talked to Laura Lewis since we got the study results. No one has. Last year they had a long discussion on the naming rights. Kirkham continued with discussion on distribution and hockey levels. She explained very clearly that we should not be using upper level hockey in their report if we are sure we are not going to host professional hockey. The high case should only include "amateur" hockey in order to have accurate calculation for our proposed building. The current high case is very high; in the upper 5%. The low case is barely below the mean. Not comparing the same thing is causing the distribution to skew. We need some more things that explain the likely outcomes. If we don't have naming rights then all this

- information will shift.
5. LoBuono: Also wants a correct statistical report similar to what Kirkham explained. Fuller mentioned that they had provided a copy of the draft report to Chamber of Commerce, and suggested that the board deliver a copy to Centennial Management so they too can go over the draft and offer things that CSL doesn't understand about them. Nitschke explained that he is concerned about having only one company want to run the building. We shouldn't necessarily be catering our study to CM. Kirkham explained that we need an income proforma from CM to see how they think they will cover the annual costs. We don't want them to see what the building cost and then back out. Gazdik clarified that we have to stick with whatever the contract says, signifying that if the contract was in terms with a general contractor, then we can't make CSL redo the study with CM in mind. Kirkham agrees that Centennial will be the best shot to keep the center profitable. Discussion on the negative capital improvement fund. Scott suggested we invite Kevin Bruder from Centennial to our next meeting. Gazdik suggested we get with CSL first to correct any thing we have discussed today.
 6. Kirkham reminds us that we need to include BYUI's competition. Public comment says that the number 130 events in the event center is not unreasonable, even if we include BYUI. Kirkham is also concerned about including event centers that have failed and aren't in operation anymore. Page 44 shows concert sales tickets, but they don't have a discussion on sports ticket sales and the trend over time. Public comment noted that if the study included event centers that have failed it will completely change the outcome of the study. Fuller said that he would like to at least ask.
 7. Fuller noticed that one of the headers is missing and it makes the statistics look a little far off, and thinks it is a mistake.
 8. Fuller wants to meet with Nitschke and Scott in order to make a list of corrections and questions for CSL. Gazdik questioned when contact with CSL was expected, and Scott said there was no set time. It was decided that any questions and concerns will be sent to Scott in order to be forwarded to Krueger.

V. Discussion Item - Construction Management Costs - Hogan Construction made some forecasts for this year, which now seem to be right on point thus far. It will be about a 5.7 increase over last year, and looks to continue to improve next year. There is a tariff coming soon to the steel industry across the nation. This will likely affect IFAD with a 4% inflation since building won't happen for at least 9 months. That could be a \$2.2 million increase per year the building is delayed. Banks are getting worried that plans from more than 4 years ago are not going to be feasible much longer because of the inflation. Finding someone to contract this project shouldn't be too difficult because it

is large and sought after. Numbers as far as direct cost are still the same as they were in 2016. The only real change is some of the owner's cost. Changes were made for street improvements. In a sense, we are working on an estimate with some review. Kirkham asked if we wouldn't be losing at least \$1 million with our revenue, even if we are "making money" simply due to interest. Someone suggested using an excel model that gives an opportunity to plug in various numbers until IFAD comes out on top. It could become more expensive to build the longer the board waits.

VI. Discussion on Newspaper Article - Bob Nitschke

- A.** Nitschke explained that the title of the article about the CSL report is misleading. Fuller acknowledged that the author of the article doesn't create the title. A manager does who creates a clickbait title. Nitschke noted that the article is making it more difficult for the board because it makes it sound like the board is ready to build, and they're not. The board is losing credibility with the public. Hammond said that there needs to be a decision about the direction to take before the board can take a stand and all get on the same side. It is too hard when there is still a lot of discussion.

VII. Report and Updates

- A. Action Item** - Executive Director's Report - Post-Feasibility Study Plan of Action has been sent out. We have been contacted by three new banks who are wanting to support the building of the event center. There is still a lot to do, and in order to do that the board needs to be unified. There are some concerns that the board is not unified.
- B. Discussion Item** - Legal Report. Released a draft report to chamber of commerce. Requested opportunity from the board to release the draft to CM. Everyone was agreed. All hotels are 100% paid. Made contact with Mark Popplar who is in the process of creating a draft MOU. The board is moving forward with using their services at the very earliest of July 1, 2019. Draft will be presented in about a month.

VIII. Calendar and Announcements

- A.** Upcoming IFAD Meeting/Events - **Next Meeting on August 14, 2018**
- B. Discussion Item** - Announcements and Minor Questions -
- 1.** Will we have the CSL final draft by next meeting? Unlikely.
 - 2.** Swanson will not be in attendance due to family matters.
- C. Action Item** - Agenda Items for August 14 meeting

IX. Adjournment - motion to adjourn. Seconded. Passed.

Posted on or before 7:00 a.m. on July 22, 2018