

**Board of Directors Business Meeting**

**Tuesday, October 13, 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, Rob Spear, Mark Fuller, Rebecca Casper, Mike Clements, Kevin Greene, Chad Hammond, Trenton Saxton, Kevin DeKold**

**Agenda**

1. **Action Item** - Call to Order 7:02a
2. **Action Item** - Accept the Agenda – Spear suggested removing agenda item X from the agenda. LoBuono moved to accept the agenda as amended. Nitschke seconded. Motion passes.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 9-22-20 – minutes approved
	2. Review of the Payables/Financials – Spear explained the reimbursement to him was for the annual MS-365 software license, for IFAD, that was not processed because the invoice was sent to the former administrative assistant’s email and the change in accountants. Spear reviewed the financial statements and indicated the balance sheet shows the District is in a strong financial position. Spear also explained that tax revenues are 37.50% behind last year tax collections. Gazdik asked if Spear had an update from James West. Spear said he had not talked to West since early September. At that time West indicated he was concerned the government travel lockdown would have an impact on hotel occupancy. LoBuono moved to approve the consent agenda, Vucovich seconded. Motion passed.
4. **Discussion Item** –Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board). No Comment.
5. **Discussion Item –** Review Centennial Management contract changes and discuss additional exhibits for signature. Gazdik said IFAD had a very good meeting with Centennial Management and asked Spear to review the changes. Spear referred the Board to a document that showed the changes to article 6 in the management agreement. Spear said Article 6 was expanded to include the revenue details for hockey and concessions. This was important in order for CSL to complete its analysis on the fair market value of the hockey and concessionaire agreements. Spear then briefed the Board on additional questions raised by Krueger. Krueger suggested an escalator clause be placed in 6.3, Hockey rental, similar to what is in article 7.1. that is tied to the CPI. Spear referred to Krueger’s email, “The concessions and catering split to IFAD is good; however, there is no sharing of F&B from hockey games. The language in 6.3 specifically excludes F&B revenue sharing for hockey tenant games. CM’s original proforma was like this, too. We're probably talking about around $50,000 per year in net F&B revenues that would go to IFAD if they had the same concessions and catering revenue sharing percentages for hockey games as they do for all other events. Since their assumed per game rent amount is a favorable amount for IFAD (especially if a CPI inflator is added), the F&B sharing exclusion of hockey games isn't a deal breaker in my opinion, but it could be an item that you could ask for clarification on from Centennial.” Spear informed Krueger that this was a negotiated item and that the hockey team needs all the revenue from food and beverage sales to pay for its operations. Gazdik stated the $2k for ice rental was removed because that was not tied to the hockey team. Spear recommended that Centennial Management be contacted and discuss an escalation clause for section 6.3. Gazdik asked Fuller about the assignability clause. Fuller said there will be one additional exhibit prepared by bond counsel which will specifically address the assignment issue. Fuller expects the exhibit to include language that transfers the control of operations to the Bond trustee in the event of a default. Fuller will ensure the document is drafted. Gazdik asked for other Board member comments. Nitschke stated that he is still concerned that IFAD is not getting any concession revenue from hockey games. Nitschke explained that the hockey team is a junior hockey team and not a minor league team and the expenses are much less. Because the expenses are much less, Nitschke does not agree that a junior hockey team should collect all the concession revenue. Nitschke said one of his comments on the CSL report is that the revenue distributions are based on a minor league team not an amateur team and the costs associated with each are vastly different. Nitschke suggested that Centennial Management provide the details and show why they need the full concessions. Nitschke would like to see the Board request the same revenue sharing as other events. Gazdik asked if there had been any discussions with Centennial Management about including hockey concession revenue in the pro forma. Spear indicated there have been no such discussions. Spear reviewed some specifics of the Great Falls NA3HL team and the associated revenues and expenses. Spear said Great Falls generates about $330k in revenue and has $270k in expenses. For concessions, the caterer pays the venue $5k and then keeps all the profits. Spear pointed out the hockey ice rental was $60k (compared to $108k for the Centennial agreement), Spear indicated this is the reason Krueger indicated the revenue generated from hockey is fair. The Great Falls hockey team nets about $60k in beer sales. Nitschke said he wants to see the arithmetic of why Centennial needs 100% of the concession revenues. If they need 100% of the revenues to achieve a reasonable profit, that is one thing, but it should be demonstrated. Vucovich suggested that if a minor league team becomes the hockey team, and attendance significantly increases, the Board should have the ability to receive a portion of the food and beverage sales if attendance is greatly increased. Gazdik asked if there was a trigger in the agreement that allowed the management agreement to be modified if there was a change in hockey leagues. Spear said the current management agreement is specific to a junior hockey team or a minor league team, and if it changed, the contract would need to be renegotiated. Fuller agreed and said he would draft a provision to make this clear. Nitschke said he had one other question. Why are the revenues for b and c partitioned, but not for d, e, and f? Spear said these are different calculations. Gazdik stated the facility gets 100% of d, e, and f. Fuller suggested adding a line to 6.1 which states that the following amounts come directly to IFAD. Spear wanted to make sure the Board was clear on the changes because the information in the management agreement is the basis for the CSL study which will be provided to Gilmore Bell for IFAD’s financing package. Nitschke said he would still like to see the distinction clarified between junior A and a minor league team. A minor league team may need all the food and beverage revenue to operate and that may not be the case for a junior hockey league team. Spear said he wasn’t sure how to collect that information because the Board has repeatedly asked Centennial Management for hockey and concession pro formas and we have consistently been told this is proprietary information. Nitschke referenced the public decree that the Board adopted indicating this is a public facility and we need to make sure an entity managing the facility is appropriately compensated. It doesn’t seem right that the compensation IFAD receives would be the same for a junior hockey league and a minor league team. Gazdik referenced the CSL study which states the compensation is of fair market value. Nitschke said the revenue splits are for a minor league team and not a junior hockey league team because CSL couldn’t find any comparable junior hockey league facilities to compare. Nitschke suggested finding a comparison of costs for someone operating an amateur league versus a junior hockey league. Spear said he would reach out to other NA3HL franchises. Nitschke said that if we could find the ratio of what it costs to run a minor league team versus a junior hockey team that would help alleviate the uncertainty we have. Spear stated that if IFAD went back to Centennial Management and asked for a share of food and beverage revenue, Centennial Management would want to negotiate down the $4K per game rental fee. LoBuono said he didn’t think the Board should push this issue now but should renegotiate if a professional team is added. Spear suggested reviewing the CSL study and that may help resolve some of these questions.
6. **Action Item –** Review and discuss CSL study and approve for final distribution to Gilmore Bell. Spear shared the CSL document and reviewed the last two pages of the agreement in detail. Spear stated the last two bullets contain the significant changes and are new material:
	* + While it is recommended to add an annual inflator (i.e., tied to the Consumer Price Index) to hockey tenant game rent, in general, the terms added to the October 6 Arena Management Agreement concerning hockey tenant revenues (via Section 6.3) are consistent with industry standards and fulfill the recommendation to memorialize key hockey team revenue sharing terms. Section 6.3 adds specific terms for revenue sharing (and expense responsibility where applicable) related to hockey tenant rent, premium

seating, advertising and sponsorships, and fees related to ticket service, facility use surcharge, and parking. It is typical in the industry for 100% of certain revenues to be retained solely by the tenant, while other revenues are shared pursuant to various split percentages. Which revenues are solely retained by the tenant tends to vary among individual lease arrangements at comparable facilities. It is important to recognize that sports tenants require the retention of a certain level of game-day related revenues to sustain ongoing, viable operations. For the hockey tenant at the Mountain America Event Center, the majority of retained game-day revenues would be expected to originate from gate receipts (ticket revenue) and food and beverage. With all terms considered collectively, the revenue sharing terms specified in the October 6 Arena Management Agreement related to the hockey tenant are considered reasonable and would not be expected to be disadvantageous to IFAD or any of the involved parties.

* + - In conclusion, it is CSL’s opinion that the terms added to the October 6 Arena Management Agreement via Sections 6.3 and 6.4 are consistent with industry standards, do not unduly disadvantage IFAD or other involved parties, and represent a fair market value of food and beverage services and hockey tenancy.

Gazdik asked if the Board needs to approve the document in order for Gilmore Bell to receive a copy. Fuller indicated CSL has given permission to distribute drafts to Gilmore Bell. Gazdik stated the CSL report has provided the Board with good information and recommendations and it allowed us to go back to Centennial Management and strengthen the agreement. Gazdik suggested sending the report to Gilmore Bell to ensure they have all the information they need. Nitschke offered some additional comments. He said the one thing he likes about the CSL study is that the revenue splits are now incorporated into the management agreement. However, what is still unnerving are the revenue splits. Centennial Management has not provided that information to support our particular situation and justify receiving all food and beverage revenue. Gazdik said Nitschke’s concerns are noted and if the Board can get that additional information, we will. Fuller indicated he would forward the report to Gilmore Bell.

1. **Action Item –** Review and adopt revised HVAC Scope of work from VBFA and CRSA. Spear presented three separate HVAC scopes of work:

**$3k proposal**

* + - Increasing design outside airflows at the central air handling units
		- Installation of higher efficiency filters (minimum MERV 13) at the central air handling units
		- Installation of UV-C lights in the central air handlers
		- Modifying control sequence of operation to include building flush-out pre- and post-occupancy

The narrative will be in the form of an executive summary and will include a description of impacts on current design including potential changes to equipment size, equipment capacities, any additional equipment accessories required plus order-of -magnitude costs associated with the strategies described above.

**$6k proposal**

Provided 5 options:

* + - Option A: Installation of higher efficiency filters (minimum MERV 13) at the central air handling units
		- Option B: Modifying control sequence of operation to include building flush-out pre- and post-occupancy
		- Option C: Installation of a peroxide-based misting/fumigation system at the central air handling units.
		- Option D: Increasing design outside airflows at the central air handling units
		- Option E: Installation of UV-C lights in the central air handlers

The narrative will be in the form of an executive summary and will include a description of impacts on current design requirements including potential changes to equipment size, equipment capacities, any additional equipment accessories required, plus order-of -magnitude costs associated with the strategies described above. The narrative will also describe relative improvements to indoor air quality of each option framed as a percentage increase over IAQ resulting from code required ventilation.

**$12k proposal**

The same five options identified in the $6k proposal will be evaluated. However, an engineering analysis will be prepared in the form of a written report and will include:

• Review of current IAQ requirements of code and industry best practices.

• Review of current recommended best practices relating to IAQ and airborne infection spread

• Description of impacts of proposed preventative and mitigative strategies on current design requirements including potential changes to equipment size, equipment capacities, any additional equipment accessories required

• Preliminary cost estimates associated with the five strategies

LoBuono suggested adopting the $12k proposal. Gazdik asked a recommendation from Vucovich as the scope has dramatically increased. Vucovich suggested we need this information for the rebid and the engineering piece of the $12k proposal is very important. Gazdik asked if the timing is right. Kevin DeKold and Trenton Saxton responded and said CRSA has been in discussion with Bateman Hall and Spear. CRSA would like this information to help them determine a direction for HVAC and to ensure these changes/recommendations are included in the bid specifications and construction documents. Spear reminded the Board that the current air handling units are no longer available and there is a need to redesign. Saxton said he expects it to be the same air handling system with just a different unit. Nitschke said he prefers the $12k option and indicated it is important that we do all we can to ensure a safe environment for the public, staff, and performers. Once the study is complete, the Board can then decide exactly what to do. LoBuono moved to approve the $12k proposal. Nitschke seconded. Motion approved unanimously.

1. **Action Item –** Approve new exterior rendering. Spear presented the Board with renderings of the two newest designs. DeKold said the only difference between the two is the color. After some discussion and input from members of the general public, LoBuono moved to accept the grey brick rendering, Vucovich seconded. Motion passed unanimously.
2. **Action Item –** Discuss and approve timeline for Bateman Hall/Hogan to move forward with conducting a new bid process for the Event Center Phase II. Spear shared a timeline and discussed the key triggers. Spear said the key is to have fundraising success and to get tax receipts back to 2019 levels. Spear relayed that Raymond James can develop creative financing plans that have lower debt payments during the early years and more aggressive payments toward the end of the 30-year period. Spear identified several key triggers:
	* + Raise $1M by 12-31-20
		+ Raise Add. $1M by 2-28--21
		+ CARES Funding 12-31-20
		+ 75% of 2019 revenues by 12-31-20 (November)
		+ 80% 0f 2019 revenues by 3-30-21 (February)
		+ Raymond James draft docs & materials 2-28-21
		+ Bid Documents 11-11-20
		+ Issue Bid packages 1-31-21
		+ Bids Due 2-28-21
		+ GMP to Board 3-15-21
		+ Financing Plan 4-15-21
		+ Construction Start 5-1-21

Gazdik said this provides the Board with direction and includes some lofty goals. Spear agreed and stated there is a lot of fundraising that needs to happen and that he is ok with these stretch goals. There needs to be a sense of urgency to move the project forward. LoBuono said he is hopeful $2M can be raised. Nitschke asked Gazdik about her earlier concerns of going out for bid again and that this should be the last time. He also noted that financing may not be solidified until March and that the schedule states we will already have completed the rebid. Nitschke said he is more familiar with looking at projects where all events are integrated and not looking at specific items alone. things based on events, rather than something that is piecemealed together. This timeline doesn’t show what events are dependent on other events and we run the risk of needing rebid yet again. Gazdik said and Chris Nations confirmed there is some danger in rebidding the project. Gazdik said this is a circular problem, we need to know how much the project is in order to see how much we need to finance and fundraise. Gazdik said we can get the whole rebid ready, but we need to review the financing mechanism before the bid packages are sent out. Nitschke asked Spear what are the triggers for financing? Spear said identifying key triggers right now is difficult but it is important for him to focus on fundraising and work with bond counsel to develop financing plans that will: take advantage of IFAD’s ongoing revenue stream; the attractiveness of high yield paper; and the opportunity to have lower debt payments on the front end and larger payments on the back end. Gazdik suggested asking Raymond James to prepare a financing plan that is built on 75% of revenues for a few years and then increasing to 100%. Spear said he will contact Raymond James and that once this information is available, it should become clear exactly what needs to happen to secure financing and identify key triggers. Gazdik asked if we are in the process of preparing bid documents. Clements said they are planning a November 1 start date. Clements said the plan is to send the bids out at the end of January and receive them back at the end of February. Clements said this still gives the District several key stop points. Gazdik said she is comfortable with moving forward with putting together the bid packages but would not want to send them out until there is clarity on the financing package and fundraising. Vucovich agrees with the process but we shouldn’t rebid this more than one more time. Vucovich said he would like to see several different financing scenarios from Raymond James. Clements said there is value in preparing the bid documents now because it is the same work that would need to be done if the project started in the fall versus the spring. Fuller recommended approving the timeline similar to a budget and then allow for modifications, as necessary. LoBuono moved to adopt the scheduling parameters as discussed. Vucovich seconded. Nitschke said he would like to see an overall project schedule. Spear said an overall project exists and that he will incorporate the key trigger dates into the overall schedule. Motion passes.

1. **~~Action Item –~~** ~~Review and discuss short-term rental information and approve entering into an agreement with Host Compliance~~
2. **Action Item –** Approve consultant agreement for fundraising administrative support. Spear explained to the Board that the next several months are critical to IFAD’s fundraising success because businesses are setting budgets for next year. Spear explained that it is critical to have someone, who is connected with the community, dedicated to setting up meetings with prospective donors. The request is to allocate $1500 per month for the next four months to assist with fundraising coordination. Having a dedicated individual to coordinate meetings and review proposals will ensure IFAD is getting the required meetings to meet our fundraising goals.

Duties to be performed:

* Weekly consultation and strategy meeting with the Executive Director.
* Monthly consultation with the Business Advisory Committee
* Identification of naming rights prospects
* Contacting naming rights prospects and establish meetings for the Executive Director
* Review and development of specific marketing materials and proposals for naming rights prospects
* Attendance at key meetings including Board meetings when requested to do so

LoBuono stated he was in favor of doing this because it makes sense to have more than one person involved in fundraising. Gazdik stated that as the Executive Director, it is Spear’s purview to hire and fire administrative support as he sees fit. As long as it is in the budget, Gazdik said she is not sure that the Board needs to approve this request. Since there has been no administrative support for the last few months, Gazdik suggested that as long as the budget is available, it is within Spear’s authority to hire for these services. Spear said that there is funding available from the vacant administrative support position. He also said he appreciates the Board’s delegation of this authority but also wants to be transparent to the Board before taking any action. Nitschke said the scope didn’t include a metric for number of visits. Spear said his goal is to have three meetings and proposals a week. Spear said he will continue to inform the Board through his weekly Executive Director report.

**Report and Updates**

1. **Discussion Item** - Executive Director Report
	1. Fundraising and Budget Update. Spear briefed the Board on fundraising and said he has been following up on contacts suggested by Jason Smith of MACU. Spear also provided the Board with a budget forecast for the remainder of 2020. The budget included actual revenues and expenditures through August and projections through November 2020. Spear said he estimates the Board will have $9M in fund balance by the end of November. Expenditures have been consistent with budgeted amounts.
	2. Pioneer Road and Event Center Construction progress report. Spear said the sack finishing of the light poles was concluded last week and that the projects are now both substantially complete.
	3. Pepsi Announcement – Spear explained that he has been communicating the Pepsi contribution to prospective donors. Spear then asked Chad Hammond to advise the Board on a Pepsi announcement. Hammond stated that in his opinion that the election cycle will dominate the news over the next few months and that any announcement would be minimized. Hammond also thought there were too many unknowns that the Board can’t address (e.g. tax collections, donations) right now. Hammond felt it may be better to communicate the Board’s progress when the election cycle is over. A better time may be during the Board’s yearly review. Hammond recommended doing the year in review shortly after January 1.
	4. State Tax Commission reports. Spear said he is still working with the State Tax Commission on Airbnb collections. He also shared the most recent tax collection reports and highlighted the lack of Airbnb receipts, the collections from marketplace facilitators, and delinquencies.
	5. Action Items
		1. Follow-up with Centennial Management on contract changes
		2. Contact Raymond James for a financing plan
		3. Snake River Landing
		4. Follow up with VBFA on HVAC
		5. Get administrative support hired
2. **Discussion Item** - Legal Report. Fuller reminded the Board and Spear of the Pepsi non-disclosure clause in the Pepsi contract. Fuller said he advised the Board that working with the State Tax Commission on collections would be challenging and that delinquencies may not be aggressively enforced.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on October 27, 2020**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for October 27, 2020 meeting
	1. Review of Centennial Management Contract

**Meeting adjourned 9:16a**