

**Board of Directors Business Meeting**

**Tuesday, January 11, 2022, 7:00 a.m.**

**Location: Idaho Falls Auditorium District Office/Zoom Videoconference**

[**https://us06web.zoom.us/j/81079842164**](https://us06web.zoom.us/j/81079842164)

**467 Constitution Way, Idaho Falls, Idaho 83402**

**Participants: Terri Gazdik, Rob Spear, Bob Nitschke** **(via Zoom), Mike Carpenter (via Zoom), Ron Warnecke (via Zoom), Steve Vucovich, Mike Clements, Alex Oritz, Mark Fuller, Ken Wheadon (via Zoom), Kathy Wheadon (via Zoom), Blake Davis (via Zoom), Kevin Greene, Kevin Bruder (via Zoom), Stephanie Bonney (via Zoom), Laura Lewis (via Zoom).**

**Agenda**

1. **Action Item** - Call to Order 7:00 AM
	1. **Action Item** – Accept Agenda. Gazdik suggested moving agenda item VIII after the public comment agenda item. Vucovich moved to accept moving agenda items. Warnecke seconded. Motion passed.
2. **Action Item** - Accept the Consent Agenda
3. Meeting Minutes – 12-14-21
4. Review of Payables/Financials – Payables totaling $90,589.21 was approved. Nitschke asked if the payment to Sheetz was the final payment. Spear confirmed this was the last payment. Nitschke also asked about the payments to I.E. Productions. Spear explained that this is for services rendered and for social media advertising and it is understood that I.E. Productions would be donating amounts expended back to IFAD because I.E. Productions wants to be recognized on the donor wall as an events center builder. Nitschke also asked about receiving results from I.E. Productions social media advertising efforts. Spear said this would be an excellent agenda item for the next board meeting.

Gazdik briefly reviewed the financial statements and pointed out the district’s revenues were $3.174M for the year ended 11-30-21 and puts the district in a strong financial position. Spear said revenues exceeded estimates and even exceeded the Hunden study revenue projections. Gazdik said the LGIP statement must be reconciled and asked Spear if the statements were ready for audit. Spear said the financial statements were ready for audit.

1. **Discussion Item** –Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board). There were no comments from the public.
2. **Discussion Item** – Review and discuss FF&E financing plan. Spear introduced the topic and referenced the draft term sheet that was included in the board materials as well as the draft lease agreement. Spear explained that Stephanie Bonney expressed a concern the lease requires the District to pay for the equipment in full, in the future, if it’s stolen or damaged regardless of insurance proceeds. Spear said it has been proposed that IFAD enter a 10-year lease.

Laura Lewis addressed the Board and provided some of the financial details and said the result is very positive for the district. Lewis said Governmental Capital has provided the district with everything it requested, with the exception of being allowed to draw down the funds as needed. Governmental Capital is requiring all the funds to be drawn down at once. Lewis said the interest rate of 2.25% is very favorable and the lease can be prepaid at par at any time. Payments will start in November of 2022. The lease is only secured with the value of the FF&E. Lewis said it is in her opinion that the district move forward with this agreement.

Bonney then addressed the Board and asked if all the equipment would be purchased in 2 years. Spear affirmed that all the equipment would be procured within the next year. Bonney stated that she did not love the first sentence of Number 2 because it’s fairly vague about what does it mean to take reasonable steps to ensure appropriation? While she preferred the sentence be deleted, she does not think that it could be construed to require action that is unconstitutional so she can live with it. Bonney also said that section number 9 could be construed to violate Article 8, Section 3 as it requires the District to pay for the equipment in full in the future if it’s stolen or damaged regardless of insurance proceeds. Bonney said this creates a future liability, which is prohibited. Bonney said number 9 should be amended to provide Lessor with the insurance proceeds rather than a commitment to pay the lease purchase agreement in full. Bonney said the District should also earmark the money for the deductible (if there is one) each year as part of the year’s appropriation for the lease so it is not committing to pay for a future deductible without an appropriation for that deductible. Gazdik asked if IFAD should reopen the 2022 budget and make that adjustment. Bonney said that would be advisable and that each year the deductible should be budgeted. Gazdik asked about next steps. Spear said the details still need to go before Governmental Capital’s credit committee. Lewis confirmed that was the case but that Governmental Capital is very familiar with the credit as the term sheet outlines it very well and we are not expecting any concerns. Fuller asked when the district could see the money. Spear was hopeful this could happen within the next several weeks but explained the District has enough cash to fund the early FF&E payments and then reimburse the District from the lease funds.

1. **Action Item –**Receive a construction schedule update from Mike Clements of Bateman Hall and Ken Wheadon of CRSA. Mike Clements provided an update and said the weather over the holidays really slowed down progress. Specifically, Clements said the mason has not been able to complete the stair tower and this has impacted the ability to complete the lower roof and second floor pours. Clements said they expect to do two pours this week on the second level. Clements said weather has impacted the project about 8 days. Clements said the steel erector is spending time putting together the large trusses that will go over the bowl area and it is possible to start placing the large trusses, before the entire second level is poured, but this will require a lot of coordination. Clements said the back of house was not entirely closed in before the weather hit and this required some additional snow removal. Clements said the back of the house is progressing well and interior walls, duct work, fireproofing and fire sprinkler work continues and should allow a lot of work to be completed this winter.

Ortiz agreed with Clements and stated that about half of the 15-day bad weather allotment has been used.

Spear asked that if the convention space could be available by October 2022. Clements said there would be useable space where things could be stored. However, hosting events in the convention space will not be possible. Ortiz said the commissary is in the back of the house and could allow for training to begin earlier. Clements said any event requiring advance notice could not be accommodated but events requiring a short notice may be accommodated but this would need to wait until the end of April. Clements stated by the end of April, he would have a better understanding of when the facility would be ready. Clements said completely drying in the building is the key and once that is done a better opening estimate can be provided.

Spear asked about the paint bid. Clements said they have received one bid and are awaiting one more.

Spear emphasized the need to sign the All-American contract and the Daktronics contract. Spear said he and Ortiz had an opportunity to visit with Revel Media and relayed the meeting was positive and it appears the AV price will be within budget. Ortiz said it was confirmed that only a junction box is required behind the TV’s and that is great news. Oritz said the cabling will need to be worked out.

Vucovich asked, weather permitting, whether subcontractors are willing to work overtime to catch up. Clements said that is a possibility but it will be mid-April before the effects of that would be known.

Warnecke asked about the fire coating and paint availability because he has seen an impact on projects on which he is working. Clements said they are aware of that and said Google has bought up all the Dryfall (fire coating) and is looking at alternate products. Clements said that once a painting contractor is selected the first thing is to get product ordered.

Gazdik asked if we should be consider purchasing these products now. Clements said a painter contractor should be selected in two weeks and that they are better positioned to order product because of their relationship with suppliers.

Gazdik asked about lead times on AV equipment. Ortiz said these are typically long lead items but thought the Revel was in a good position to secure these items.

1. **Action Item –** Approve the Pre-Opening Services start date of 1-11-22 for Centennial Management. Spear briefly reviewed the pre-opening services highlights that was provided by Fuller:
	* 1. The $30,000 sum paid to Manager for the previously rendered services and updated pro forma will be credited against future payments ($120,000) for the Pre-Opening Phase.
		2. Throughout the construction of the Arena, make regular tours of the Site with the Owner representatives as reasonably required, to advise the Owner of potential operational problems; and make recommendations for corrections or alternatives.
		3. Assist with the procurement, installation and coordination of all necessary furniture, fixtures, and movable equipment (the "FF&E").
		4. Oversee delivery and installation of FF&E
		5. Use reasonable efforts to ensure that the FF&E factory/product representatives will be on-site for grand opening to oversee reliable initial performance and perform emergency repairs if necessary.
		6. Prepare the Arena for operations on and after the Arena Opening Date. This includes Booking, Marketing, Advertising, Policies and Procedures
		7. Not later than 30 days after the start of the Pre-Opening Phase, Manager shall prepare and submit for review by IFAD a business plan and budget.
		8. Manager to provide proof of insurance.

Fuller said he just wanted to be sure the Board understood what was included in the pre-opening services contract and to select a date when the facility would be hockey ready. That date is currently set at August 15, 2022 in the contract.

Gazdik asked what the new date is going to be. Fuller said this needs to be decided and agreed upon by Centennial and the purpose of today’s agenda item is to certify that date with input from Bateman Hall. Ortiz stated the current schedule indicates the date is 11-21-22 assuming the entire 15 bad weather days are used up.

Kevin Greene asked about his understanding that the building could be ready six months after it was completely dried in. Clements said that was a past estimate before the current building environment. Ortiz said the six-month estimate is the tightest it could be and explained that with current manpower issues and supply chain issues that is not reasonable and cannot be guaranteed.

Clements thought that it would be the middle of March or beginning of April before the facility would be dried in. However, with the current building environment a six-month completion, once the bowl is dried in, is just not possible. Clements said in April a realistic start date could be provided.

Bruder said he is hoping to hire a general manager within first quarter of 2022. Bruder said even with the opening scheduled for November of 2022, that is only 11 months away and there are many things that need to start happening. Bruder said Centennial will be budget conscious but thinks they do need to move forward with pre-opening services. Ultimately it will come down to when the facility is going to start generating revenue and that is dependent on the schedule. For example, if the facility is ready by November 21, 2022, can we be able to host Christmas concerts that December? If hockey is moving forward with a 2022 season, it will mostly be back loaded for home games which could impact scheduling evergreen type events.

Fuller asked Bruder to explain the shakedown period and whether Centennial needs the entire 90-day period before revenue generating events are held. Bruder said this is not necessary because Centennial will be monitoring construction simultaneously as it begins pre-opening services. Bruder said during the pre-opening phase, Centennial will be addressing punch list items. Clements agreed that there can be a lot of overlap during the test and balancing period when they are bringing things online and expects the shakedown period to only be 30-45 days maximum.

Bruder said that not all of the items will be identified in the shakedown period and even some of the identified items will not be completed when the facility opens. However, this will not impact the opening.

Gazdik asked if the new general manager would have the task of monitoring construction activities during the pre-opening services phase. Bruder said that is correct but pointed out that he and Greene would also be involved.

Fuller explained that the contract states Centennial will have the full 90-day shakedown period commencing on the opening of the facility although they may not need it.

Oritz said it is common for the new general manager to be involved in monitoring construction during the pre-opening services phase.

Fuller reviewed the contract and stated shakedown starts on the possession date and four things need to happen: the jurisdiction issues a certificate of occupancy permitting it to be used by the public, the architect and contractor have delivered certificates to IFAD and the manager certifying that the arena has been constructed in substantial accordance with the plans and specifications, the arena is hockey ready, and all FF&E has been delivered and installed.

Gazdik asked Ortiz if some of the commissioning can be accomplished before possession. Ortiz said that is how it is usually done. As soon as GM is on board, the operator starts going through the plan and understanding the building they're receiving. If there are any issues discovered, they are discussed.

Ortiz asked how the shakedown period was defined, is it the time after the operator takes possession? Fuller explained the shakedown period is “to ensure the proper function of all systems, and that IFAD shall correct all incomplete malfunctioning and deficient items. Although the manager may conduct events in the arena during the shakedown.”

Fuller said he understands that IFAD has to certify when the facility will be ready, and that Centennial has to say they will accept it on those terms.

Bruder said Centennial wants to work within the current best estimate of the opening date. If the date is November 21, 2022, we could look at the first hockey game sometime mid-December. For special events, the same thing, we push to November 21, 2022 or later. It is just critical for us to know when programming can begin, and the facility is ready for some events. Bruder said Centennial needs a period of time to familiarize themselves with the building because they have only one chance to open the building.

Gazdik said that it is necessary for IFAD to approve this preopening services agreement sooner rather than later so Centennial can have the lead time it needs to get things done and ready. Bruder agreed.

Clements stated that after Thanksgiving for big events with the possibility of a reevaluation again in April, makes sense. Although there is the possibility that it can be ready sooner, it is hard to commit to an earlier date at this point in time.

Warnecke said it looks like there is opportunity to reduce that 90-day punch list period and if somebody is on the ground, they can be addressing punch list items in real time. This should allow the number of punch list items to be minimized and prioritized as critical or non-critical for the startup date.

Oritz stated there is the construction side punch list and the operational punch list and having the GM on board now to start checking off on the systems and controls will assist the Nations Group.

Gazdik stated that it sounds like we need to move forward with the preopening services agreement and asked for a motion to move forward with the pre-opening services agreement with a hockey ready date of November 21, 2022. Carpenter moved to move forward with the pre-opening services agreement, Warnecke seconded. Motion passed. Fuller wanted the Board to understand that it is asking the Executive Director to certify to Centennial Management that the facility will be hockey ready by November 21, 2022. Bruder and Greene said they will accept certification of November 21, 2022, as the date for the start of a hockey season.

1. **Discussion Item –** Review response to IRS for establishing the IFAD Foundation. Spear referred to the document provided to the Board that addresses questions asked by the IRS. Spear said Fuller and Greg Crockett have reviewed and that he also had a long discussion with the IRS before answering the questions. Spear explained the biggest addition was for the IFAD Foundation to expand its mission to serve “under resourced” members of the community and provide access to events by subsidizing event fees.

Gazdik asked if there was a percentage that needed to be spent toward serving under resourced individuals. Spear said in his conversation with the IRS there was no mention of percentages.

Fuller asked for an explanation of the Board’s vision for helping under resourced individuals. Spear said that at one time Board member Nitschke mentioned that he wanted an event center that was going to be affordable to people. Spear said he thinks this is a step in that direction. Gazdik agreed that this is a good use of the Foundation’s resources but stated that guidelines will need to be established to determine who is eligible.

Nitschke stated that he has not had a chance to review the document but thinks the Foundation could also offer subsidies to worthwhile non-profit groups to use spaces in the event center. Nitschke said he would provide some suggested wording.

Gazdik suggested it could be done through a grant application process similar to the CHC Foundation. Spear said he supports the idea that IFAD wouldn't be asking Centennial to cut their rates, it would be saying the Foundation is contributing x amount in order to make rental of the facility affordable.

Warnecke asked who would provide day to day administration of the Foundation. Spear suggested that this become part of the IFAD Executive Director responsibilities.

Nitschke suggested that the Foundation budget include administrative costs. Spear said right now he was trying to keep it simple. Gazdik agreed and said when presenting information to the IRS, it's better to be simple in terms of your presentation.

Warnecke supported the additions to the mission and agreed with Gazdik that simpler is better.

Spear said that once he receives comments from Nitschke he will include in the document and fax to the IRS.

**Report and Updates**

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – Spear presented a fundraising update and future budget forecasts that take into consideration the potential new FF&E payment structure. Spear said IFAD continues to show fundraising progress every week and said that there are only three loge boxes and one suite available.
	2. State Tax Commission Reports – Spear said the revenue numbers for November were very strong and 40% higher than November 2019. There was some discussion of where FF&E funding would be deposited before use. Fuller suggested utilizing a separate LGIP account to hold the FF&E funds until spent. Warnecke agreed that it was important to have the funds insured.
	3. Construction Update – Covered in agenda item V.
	4. Action Items
2. **Discussion Item** - Legal Report. Fuller asked the Board Chair if she has had a chance to review the property tax exemption application.
3. **Discussion Item –** Pre-Opening Services Report. Covered in agenda item VI.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on January 25, 2022**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for January 25, 2022, meeting
	* + 1. FF&E Financing
			2. Update from Katie Burke on social media analytics

Meeting adjourned 8:40 AM