

**Board of Directors Business Meeting**

**Tuesday, January 25, 2022, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/87580887144**](https://us06web.zoom.us/j/87580887144)

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

**Participants: Terri Gazdik, Rob Spear, Bob Nitschke** **(via Zoom), Mike Carpenter, Ron Warnecke (via Zoom), Steve Vucovich (via Zoom), Mike Clements (via Zoom), Alex Oritz (via Zoom), Mark Fuller, Blake Davis (via Zoom), Kevin Greene, Kevin Bruder (via Zoom), Rebecca Casper (via Zoom), Chad Hammond, Katie Burke, Kevin Greene, Bryan Laske (via Zoom).**

**Agenda**

1. **Action Item** - Call to Order 7:07 AM
2. **Action Item** – Accept Agenda. Spear said agenda item VIII would not be discussed as no information was received. Carpenter moved to accept the agenda as modified. Vucovich seconded. Motion approved.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 1-11-22
	2. Review of Payables/Financials. A payables list totaling $72,647.12 was discussed. Carpenter asked about the payment to SRL. Spear explained that was the annual assessment for HOA type services based on 22 acres of land IFAD owns. Warnecke moved to accept consent agenda. Vucovich seconded. Motion approved.
4. **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 public comments.
5. **Discussion Item** – Tom Wills of Bonham Wills will update Board on Bonham Wills efforts. Wills explained that in early December XEED Farms agreed to the terms for naming the mezzanine level for a $1M upfront contribution for a 20-year term. Wills explained that XEED is funded by a private equity firm, Red Cardinal Holdings out of New York. Wills said Red Cardinal Holdings has some affiliation in the Live Nations space and Wills said that relationship could help with getting events scheduled at the Center. Wills said the agreement has been signed but not sent and noted he spent some time earlier this week answering questions from Red Cardinal’s attorneys.

Wills said according to Red Cardinal, the reason the signed agreement has not been received is simply due to timing. He mentioned the entire Red Cardinal team is in Kansas City working on purchasing a manufacturing facility. Wills said he was assured by Mark Ball and Joe Paladino that as soon as that transaction is complete the agreement will be forwarded to their legal team and completed within 30 days. Wills said he informed them he was addressing the Board and that this would be made public, and both agreed this was ok.

Gazdik asked what does Red Cardinal Holdings do? Wills said they are buying farms up throughout the country and producing produce for snack manufacturing.

Carpenter asked if this would impact the agreement with Hero. Spear said it would not because the language in the XEED contract was specific to “nonmeat snacks.”

Fuller asked about why Bonham Wills is only limiting discussions with one entity. Wills thought it was important to just focus on one entity. Wills was confident that the deal would get done.

Wills asked about creating an LOI. Fuller said that was the most logical next step and puts a timeframe around this process. After much discussion it was decided an Exclusive Negotiations agreement for a thirty (30) day term should be prepared. Wills said he would discuss an Exclusive Negotiations agreement with Red Cardinal and then get back to the Board.

1. **Discussion Item** – Receive an update from Katie Burke on social media analytics. Burke said they have learned a lot about the Idaho Falls consumer over the last several months. Specifically, Burke highlighted:
* The main Facebook page and stated:
	+ Very few negative comments have been posted
	+ A lot of excitement on the hockey team and the voting of the name and every round of voting generated 3000 unique voters
	+ Although the voting was suspended, Burke said a message was developed and shared indicating a legal review is underway.
	+ Burke showed statistics on daily engaged users. This activity spiked when hockey voting was underway and, on some days, reached 10,000 views.
	+ Construction updates average 1.2K to 1.5K views.
	+ Burke said when good content is available people engage

Burke asked about spending $300-$400 per month toward advertising. Spear said the Board did approve this during a past meeting. Gazdik said this was in the approval authority of the Executive Director. Burke showed the metric on how much you would need to spend to reach X number of people. Hammond mentioned that Facebook has become a platform that requires you to spend money in order to reach an audience.

Fuller asked if the amounts spent could change by month. Hammond said that is recommended and suggested once the interior of the center is closer to completion it may be strategic to spend more.

Carpenter asked about geographic distribution and that it should be expanded to include areas like Jackson and even southwest Montana. Gazdik referenced the Hunden study used a 450,000 populated area.

Burke referred to geofencing as a strategy to consider. Essentially, geofencing allows an entity to buy online addresses of hotels that would highlight an entity, in this case the MACU, while a person is sitting in a hotel room searching the internet for things to do in Idaho Falls.

Fuller stated that the purpose of current advertising should be for fundraising the construction of the facility and selling bricks and seats. The marketing of the facility and events is covered under the preopening services agreement. Fuller suggested the focus for selling bricks and seats should be for the Idaho Falls area. For tickets to events, a larger net can be cast.

Burke said most of the online seat and brick purchases have been organic in nature and with advertising more seats and bricks can be sold.

Hammond said he thinks up to 30% of the people in Idaho Falls still don’t realize or think the facility will be built. Hammond said it is important to start scheduling media tours but thought the process is cumbersome because of all the work going on and the need to get approvals before posting anything.

Burke highlighted the new website and said they are just awaiting the URL to be transferred from Mountain America Credit Union before it can go live. It was noted the opening date needed to be changed to Fall of 2022. Spear stated the facility picture needs to be updated to include the Hero logo on the entry way wingwalls.

Hammond mentioned the advertisement that would be placed in the NW Meeting News magazine.

Vucovich asked about contacting East Idaho News and pursuing some in-kind trade for advertising for seats or tickets for events. Hammond said this should be easy to put in place.

1. **Discussion Item –**Receive a construction schedule update from Mike Clements of Bateman Hall and Ken Wheadon of CRSA. Clements provided an update and said the last three weeks have been hard and they have probably lost some ground. Some of this is due to COVID that has really impacted the various subcontractors currently working on the site.

Clements thought his construction update would not change much over the next six weeks until the bowl is dried in. Clements said the final second floor pour will not occur until next week and trusses won’t start until February 2, 2022. Each pour requires a five-day cure time. Carpenter asked about the number of trusses to be installed and Clements said 7 trusses would be installed.

Warnecke asked about materials. Clements said everything is in good shape although they are waiting for a few submittals from some of the subcontractors.

Spear briefly reviewed the latest drone video and said that the lower roof above the entry way is incomplete and then showed the location of the last second floor pour. Clements said they needed some engineering responses before the lower roof could be completed and those responses have been received. Clements also mentioned that stairs need to be set in the stair tower before panel bracing can be removed and this is a tedious process because the need to work around the bracing.

Spear suggested that Board tour the facility as soon as possible. Fuller suggested the 2-8-22 Board meeting be continued at the site. Clements said he would be the tour guide. All Board members said they could make it with the exception of Gazdik.

Warnecke commended Bateman Hall on progressing through weather and COVID issues. Clements said in mid-April a better assessment of progress and completion date can be projected.

1. **Action Item –**Review and approve FF&E financing plan from Governmental Capital. This agenda item was not discussed.
2. **Action Item** – Review and approve Daktronics contract for video board, ribbon board, and software. Spear said the documents in front of the Board reflected changes from the discussion Spear, Oritz and Fuller had with Daktronics. Fuller said he has reviewed and said all of his requested changes were made. Specifically making all warranties two years for parts and service and changing the jurisdiction for any disputes to Idaho. Fuller cautioned Centennial Management that during the two-year warranty period only Daktronics can service the equipment.

Carpenter asked if Daktronics would be available for onsite service and repair during events. Fuller said the contract requires Daktronics to be onsite for the first two events. Fuller did say he was concerned with the language of LED pixel degradation and that Daktronics modified the contract to state the warranty does not include pixel failure less than a total of .5% of the overall display. Over a five-year period the displays are subject to normal wear and tear. Carpenter said it was important to have the measurement at the inception of operations so it can be appropriately tracked and said LED will degrade over time. Oritz said LEDs are similar to all lighting and carry a light loss factor. Ortiz said the Nits level can be determined on day 1 and then measured over time. Fuller suggested that measuring occur during the commissioning of the building to establish a baseline.

Fuller recommended that the Board approve the contract. Spear reviewed the pay application schedule and also recommended approval.

Nitschke asked why it is still called the Idaho Falls Event Center. Fuller said that should be changed. Nitschke asked about the clause under the termination by owner that states the owner can terminate if the Contractor repeatedly disregards applicable laws, statutes, ordinances, codes, rules and regulations, or lawful orders of a public authority. Nitschke said that seems too lax and would require multiple mistakes. Warnecke said it is normal to allow a contractor to correct a first mistake rather than terminate the contract. Fuller said it is a valid question but doesn’t change his recommendation.

Nitschke asked if this configuration satisfies the requirements and meets the event center needs, is adequate and the best value. Spear indicated the Board made the decision to add another video board to the event center and included the ribbon board. Ortiz said that looking at comps in the industry these are high end video boards and are maxed out for value. Fuller asked if the ribbon board can be expanded for the full arena at a later date. Ortiz said this can be done.

Carpenter moved to accept the Daktronics sales agreement and AIA contract with the amendments as presented. Warnecke seconded. Motion passed.

1. **Action Item** – Approve Idaho Electric sign proposal for all exterior building signs. Spear reviewed the proposal and showed the bid results. Spear said the IE Signs contract amount is higher than the bid amount because the contract includes the additional Hero and Blue Cross signage. Spear said considerable time was spent getting Hero and Blue Cross to sign off on the renderings. Because so much time was spent getting approvals, the dates on the proposal need to be extended. Spear said he expects he will receive an updated proposal dated 1-25-22 but asked the Board to consider approving the proposal contingent upon the changes being made. Spear said this proposal is also accepted by Mountain America.

Nitschke asked Spear if he was concerned with the wide discrepancy on the bid results. Spear said he was not and said it was not uncommon to see these spreads. Ortiz weighed in and stated that you can see some large swings in signage bids. However, Ortiz said given the scope of work, IE Signs’ proposal is appropriate, and the proposal is complete. Ortiz says sometimes these bids depend on the manpower the bidder expects to have available. Nitschke also asked about the incorrect event center name on the proposal. Gazdik said other board members expressed the same concern asked Spear to display the actual approved renderings that show the correct naming and correct locations. Nitschke said just having the proposal without the renderings made it difficult to review.

Spear recommended that the Board approve the proposal contingent upon the dates and names being updated. Warnecke moved to accept the proposal contingent upon the changes being made. Vucovich seconded. Motion passed.

**Report and Updates**

1. **Discussion Item –** Pre-Opening Services Report. Bruder said they have many things in motion including the posting of the GM position. Bruder said the number and quality of candidates has been very robust. Bruder said they have been working with the local MACU branch to open up accounts. Bruder said they have had tremendous conversations with promoters. Specifically, a local Salt Lake promoter is interested in delivering several Christmas shows that Bruder said would be a great opening event for the MAC.

Bruder said they are also getting seat maps and charts created for the various shows that will be held at the MAC. Bruder said they are on target to deliver a pre-opening services budget by the end of February.

Bruder was very complimentary of Burke’s presentation and the great job of institutional (facility) marketing that is being done. Toward the end of the pre-opening services timeframe, Bruder said the focus will turn toward the marketing of events.

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – Spear said another suite was sold and credited Kevin Greene with closing the sale. Spear also mentioned he is working with a local group on donating a basketball court. Spear said he is also working with Silver Star on the installation of fiber optic cable in the facility.
	2. State Tax Commission Reports – No update
	3. Construction Update – Spear discussed the amount of change orders up to this point. The change orders are broken down by Owner, Contractor and Architect. So far, the Owner has 7 change orders, the contractor 17 with the most significant being the paint rebid and crane overtime. The architect has 33 and are all because of design issues. Unless there is some resolution the cost for these change orders will fall back to the owner. Spear asked Ortiz to comment.

Nitschke asked if CRSA has been made aware and responded to these issues and said a formal response is needed. Ortiz explained that the Nations Group is forming a narrative around each change order and will emphasize that these are design issues. As part of the response, Ortiz said they will mention the owner is contemplating filing an errors and omissions claim. Ortiz said this is difficult to do and suggested he needs to evaluate the contract with CRSA and Perkins Will. Ortiz said it is industry standard that it is not reasonable to assume there will be no design issues on a project. It will all depend on the contract language. Ortiz said any claim would be filed with the insurance company. Ortiz said the next step will be documenting the change orders and then presenting to CRSA for response.

Fuller cautioned that IFAD still needs CRSA services and said we may ask CRSA’s subcontractors to respond and take responsibility for some of these design issues.

Carpenter asked what is normal or the standard for these type of errors or what is an appropriate percentage that is considered allowable. Ortiz thought it was based on percent of total construction costs (possibly 5-10%) that would be a threshold that falls within the standards of care.

* 1. Action Items
		1. Follow-up with IE signs
		2. Get signatures for Daktronics contract and IE signs proposal.
1. **Discussion Item** - Legal Report. Fuller did not have anything further to report.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on February 8, 2022**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for February 8, 2022, meeting

The continuation of the 2-8-21 meeting will take place at the site. Gazdik said she will not be in attendance for the 2-8-21 meeting and said Vice Chair Vucovich will chair the meeting.

Meeting adjourned at 9:09 AM