

**Board of Directors Business Meeting**

**Tuesday, April 12, 2022, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/81688939870**](https://us06web.zoom.us/j/81688939870)

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

**Participants:** Terri Gazdik, Rob Spear, Bob Nitschke, Steve Vucovich, Mike Carpenter, Ron Warnecke (via Zoom), Mike Clements, Erik Hudson (via Zoom), Mark Fuller, Kevin Greene (via Zoom), Kevin Bruder (via Zoom), Bryan Laske, Rebecca Casper (via Zoom), Chad Hammond (via Zoom), Blake Davis (via Zoom), Laura Lewis (via Zoom), Nate Roberson (via Zoom).

**Agenda**

1. **Action Item** - Call to Order 7:00 AM
2. **Action Item** – Accept Agenda. Vucovich moved to accept the agenda, Carpenter seconded. Motion Passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 3-22-22
	2. Review of Payables/Financials – Spear said the large payment to All American is for 40% of the cost of the dasher board. Nitschke asked if the I.E. Productions cost would be monthly. Spear indicated I.E. has performed additional work on the Mountain America site and will perform additional work such as adding a link to an RFP process. Spear explained that this would be an important addition because, according to State procurement policy, IFAD can purchase any personal property less than $50K but needs to solicit at least three quotes for purchases greater than $50K but less than $100K. Spear briefly reviewed the balance sheet and communicated that TRT revenues are $97K ahead the budgeted amount. Gazdik asked about donation revenue being behind budget estimates. Spear explained that several large payments (Hero, Blue Cross of Idaho, Pepsi) will come due later in the year. Nitschke asked about how much of the TRT increase can be attributed to average daily rate (ADR) increase versus occupancy rates. Spear said he did not have access to that information but indicated the ADR certainly has increased and certainly contributed to the increase in TRT revenues. Nitschke moved to accept 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). There were no public comments.
5. **Discussion Item –**Receive a construction schedule update from Mike Clements of Bateman Hall and Ken Wheadon of CRSA. Clements briefed the Board and said the weather this week was impacting progress. Clements said they are tracking two important milestones: the completion of the roof by the end of April and the completion of the precast by the third week of April. It is critical that these two items are completed because the ground floor slabs need to be poured. Those slabs will probably not start until next week due to the weather. The roofers are expected to start the high roof this week, but weather may delay starting until next week. Clements said things are picking up and over 90 construction workers are on site daily with the expectation that over 100 would be onsite in the near future. Clements said parts of the back of the house are being painted and stated how important it is for the trades working in the back of the house to complete their work and transition into the bowl.

Gazdik asked if the exterior walls are being cleaned. Clements said they started on the backside of the building, but this week’s temperatures are not allowing that work to continue. Clements said once the walls are cleaned then windows can be installed, and the joints can be sealed.

Carpenter commented that the interior framing of the suites appears to have started. Clements said the framers are awaiting an answer on the height of the loge box walls. Spear displayed a loge box rendering and described the issue and the need to have the wall height increased from 42” to 48” to better accommodate drink rails and ADA signage.

Clements said progress has been made on document control from CRSA and Clements expects CRSA will be able to keep up on Requests for Information (RFI’s) and other document control items. The project has reached the “once the facility is dried in 6 month from opening stage” and it is critical that CRSA provides timely information moving forward.

Nitschke wanted to know if CRSA can provide this support. Wheadon said they will continue to provide the information necessary and will work to get information sent as soon as possible.

Vucovich asked if the ceiling/wall attachment has been resolved. Clements said that will be decided today and explained that the track channel that was substituted as a value engineering (VE) item was not going to work because of the height of the tilt walls.

Clements recommended the Board tour the site monthly since the work is progressing quickly. The Board will plan on touring the site after its 4-26-22 meeting.

Fuller asked about the status of spraying dryfall in the bowl. Clements said they are still working through that critical path item because there is a window of opportunity from when the roof is complete, precast is complete and ground floor concrete is poured to complete the high bowl area requirements. Clements said basically they will need to complete six weeks of work in four weeks because Ice Builders is coming the beginning of June to start prep work with the pour being either July 8 or July 22nd. Both fall within the completion milestone.

Carpenter asked about the catwalk progress and Clements expects that to be completed soon and won’t interfere with hockey rink pour. The only thing that should remain once the rink is poured is the cabling for the rigging and acoustical panels.

Erik Hudson asked why the center only had rigging over 2/3rds of the bowl area. Clements said that was a value engineering item and that arena operators stated that 2/3rd’s rigging would be adequate for this size arena. Clements said he would provide Hudson the cost estimate for rigging the entire arena. Gazdik stated the Board made that decision because 2/3rd’s rigging would cover most events. Hudson stated the Cirque du Soleil shows he put on required the entire bowl to be rigged.  Nitschke expressed concern that it has been communicated from the beginning that certain events like Cirque du Soleil could be held in the center and now that may not be possible. If that is the case, we need to stop advertising that we will have the Cirque du Soleil. Bruder commented that Cirque Du Soleil has different shows requiring different rigging capacities. Vucovich asked if the facility was prepped for future expansion of the rigging. Clements stated the facility is prepped for future expansion and only the rigging system and stanchions would need to be placed. Clements said he recalled this would cost in excess of $100K. Spear asked Hudson to contact Cirque du Soleil about its rigging needs. Bruder said that Cirque du Soleil has different shows requiring different rigging configurations.

Nitschke asked if Clements was prepared to provide a date for opening. Clements said he could not commit a firm date until July and said the November 21, 2022, still stands. Hudson asked about the facility opening six months from dry-in and if supply chain issues are driving the current opening date. Clements said the facility will not be dried in until the end of April. As for supply chain issues, Clements said they still don’t have a delivery date for ice system controls, and there are still some other potential delays that could cause concern.

Hudson questioned the timeline and the amount of time (12 days) dedicated to place the ice sheet slab and slab on grade because the ice pour is completed in one day. Clements said that time includes all the prep time. Hudson asked if the pour happens on July 8, does the project recover the remaining days listed. Clements said that will help. The cure time for the ice rink slab is 28 days. Hudson asked if there was any risk to meeting the November 21, 2022, deadline. Clements said that is when the certificate of occupancy will be issued but he was hopeful to allow the convention space to be occupied before then. Hudson asked when ice was going to be installed. Clements said that would be completed during the punch list timeframe.

1. **Action Item –**Review two proposals and approve resolution and FF&E financing term sheet. Spear presented the Board two proposals for FF&E financing. The first proposal was from Government Capital and the second from Hogan and Associates Construction.

Spear summarized the Government Capital Proposal:

* Interest rate is 3.39%
* Requires 20% down payment. Current FF&E expenditures can be applied to that down payment amount.
* Requires a “lock box” concept for donation revenue
* Allows for repayment after 36 months w/o penalty

Spear then summarized the Hogan proposal:

* Interest rate of 4%. That rate is being held until 4-29-21. After that, the rate will be based on the 10-year T-Bill rate plus 1.5%. Spear said as of 4-11-22 the 10-year T-Bill rate was 2.77% resulting in an interest rate of 4.27% (2.77% + 1.5%).
* No down payment and Hogan funds $4.6M.
* No restriction on early payment
* No lock box concept.

Gazdik stated that the difference between the two proposals is cash flow and how it impacts the IFAD budget moving forward.

Spear reminded the Board that because the State Tax Commission is collecting TRT revenues, there is a 2-month lag before the District receives the revenues e.g. (February 2022 revenues were deposited in April 2022). Spear referred to the Annual Appropriation Trust Indenture dated May 18, 2021, that outlined the various funds required to be established by the Trustee, Zions Bank, and the specific language requiring IFAD to start depositing revenues in the Revenue Fund. The Trust Indenture requires TRT deposits to start being placed into the Revenue Fund beginning November 15, 2022. The Trust Indenture also states that IFAD on annual basis can withdraw excess funds by November 26 of each year.

Spear then reviewed with the Board a spreadsheet outlining the debt payments and the impact of the lock box on TRT revenues through 2028. It was pointed out that the first two payments (November 2021 and May 2022) are covered by the capitalized interest account. The third payment on November 2022 will be covered in part by the remaining capitalized interest plus $941K from IFAD. Spear explained based on the TRT revenue flow, the months from June through November will generate more cash flow than the months of December through May. So in May of 2023, IFAD will need to pay $553K from the excess revenues generated during the June 2023 through November 2023 cycle. These facts were built into both the Government Capital cash flow and Hogan cash flow scenarios. The analysis also projected the possible excess revenues available to the District every November.

Using the above information Spear then displayed the financing impact from both FF&E proposals. As a part of both scenarios Spear built in a $1.35M owner contingency for construction. The Government Capital proposal indicated that IFAD cash flows could be impacted starting in 2027. The Hogan proposal allows IFAD to continue into 2028. Spear said 2026 is the first window to pursue a possible refinance at a 1.02 premium. A 2027 refinance would require a 1.01 premium and a refinance in 2028 could be done at par. Lewis explained the refinancing process could start almost six months in advance of the May 18 date.

Spear showed the Board that in whatever year the Board decides to refinance, the June through November TRT revenues would become available to the District because of the capitalized interest concept. In summary, when refinancing occurs, the Districts cash flow will be greatly improved. Because the Hogan proposal does not require a down payment, Spear recommended that the Board consider Hogan as the FF&E financier.

Carpenter asked if the revenue projections were based on a 2% escalator. Spear said that is true and wanted to be conservative even though the first three months of the 2022 fiscal year are 30% ahead of budget.

Lewis reminded the Board that when the Certificates of Participation are refunded, any remaining FF&E debt can be rolled into a new financing plan leaving the Board with just one payment structure.

Gazdik asked if both proposals offer no penalty for early repayment. Spear said the Government Capital prohibits prepayment for 36 months and there is no penalty for early repayment in the Hogan proposal.

Spear said that there is one issue regarding insurance. The Hogan proposal wants evidence of insurance with Hogan listed as additional insured. Because IFAD is insured by ICRMP, ICRMP does not allow an additional insured. However, ICRMP will provide the following language, “If Certholder is named as party to lawsuit solely due to relationship with Insured & not as a result of its own conduct, we will accept tender of defense, until liability determination. Certholder as Loss Payee as their interest may appear.”

Fuller said he reviewed both proposals and did not see any concerns other that the insurance concern, but he did want the Board to know that the Hogan proposal is for discussion purposes only and does not reflect a commitment. The Board will need to an action item for final approval at the next Board meeting.

Carpenter asked Davis if they were on the same page. Davis said the money is available now but said the interest rate is only good until April 29, 2022. Lewis asked who was filling out IRS form 8038-G. Davis said this would need to be discussed. Lewis thought the transaction only needs the 8038-G completed and not a tax opinion.

Spear then read the following resolution.

“WHEREAS, Idaho Falls Auditorium District desires to enter into that certain Lease-Purchase Agreement (the “Lease”), by and between Hogan & Associates Construction, Inc. (“Hogan”) and Idaho Falls Auditorium District (the “District”), for the purpose of financing furniture, fixtures, and equipment related to new Mountain America Center (the “Property”). The District desires to designate this Agreement as a "qualified tax-exempt obligation" of the District for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended. In partial consideration for Hogan entering into the Lease, the District desires to provide for funds to be deposited into a segregated account. The Idaho Falls Auditorium District desires to designate the Board Chair as an authorized signer of the Agreement.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF THE IDAHO FALLS AUDITORIUM DISTRICT:

Section 1. That the District enters into a Lease-Purchase Agreement with Hogan for the purpose of financing furniture, fixtures, and equipment related to the Mountain America Center.

Section 2. That the Lease-Purchase Agreement by and between the District and Hogan is designated by the District as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

Section 3. That the Idaho Falls Auditorium District designates the Board Chair, or the Board Chair’s designee, as an authorized signer of the Lease-Purchase Agreement by and between the Idaho Falls Auditorium District and Hogan.

Section 4. The District will use finance agreement proceeds for reimbursement of expenditures related to the Property, within the meaning of Treasury Regulation § 1.150-2, as promulgated under the Internal Revenue Code of 1986, as amended.”

Gazdik asked for a motion to approve the Hogan proposal and adopt the resolution. Motion made by Board Member Ron Warnecke, seconded by Board Member Mike Carpenter, followed by a vote of 5 ayes to 0 nays the Hogan was accepted, and the resolution made effective on April 12, 2022.

1. **Discussion Item -** Discuss communication plans and responsibilities among IFAD, Centennial Management, and the Hockey Team. Spear said this was an agenda item carried forward from the previous Board meeting. Nitschke said he wanted this discussed because it was not resolved during the previous Board meeting. Nitschke suggested Centennial Management develop a communication plan that describes who will communicate what, how and when and the role of the IFAD Board. The communication plan should outline how the center’s activities will be communicated and should be reviewed by the Board.

Greene responded and stated this agenda item was a result of a one-time press conference announcing the finalists for the team’s name where the IFAD Board was not notified. Since that occurrence Greene said he has been letting Spear know of any up-and-coming events. Hudson added that he has been sending weekly updates about event center operations. Spear stated he is including these in his weekly report to the Board.

Gazdik said that since the incident, communications have been good. Carpenter questioned whether a communication plan is needed at this time. Spear asked Nitschke what his expectations are. Nitschke reiterated that communication about what is happening, when, where and how is extremely important and a formal plan should be developed. Fuller agreed a structured communication plan should be developed and weekly reports be submitted, and that Centennial Management should be present at every Board meeting. Hudson said he would draft a communication plan for discussion at the next Board meeting.

**Report and Updates**

1. **Discussion Item –** Pre-Opening Services Report, timeline for deliverables and review of Pre-Opening Services budget. Spear said he briefly reviewed the pre-opening budget with Bruder on 4-11-22. Bruder said they developed another budget based on the parameters outlined by Spear during the last meeting. Bruder indicated Centennial is delaying hiring staff until the last possible moment.

Bruder stated they have a lot to do and emphasized the synergies that exist by using Chukars staff and the corporate staff in Salt Lake City. Bruder said one of the deliverables is to provide a center operational budget by August 1. This will be the responsibility of the Controller who will also hire the part-time staff. Bruder said they are currently targeting the Christmas season and will be very busy. Hudson said he audited the pre-opening budget and said he has revised some of the employee start dates to meet the budget IFAD has provided for pre-opening services.

Warnecke said it is important that we don’t stumble out of the gate and said it is important that resources are allocated accordingly. Nitschke stated that it is important that Centennial chronologically lists when the positions will be hired and duties that will be assigned to that position. Then tie the list of activities to that schedule. Hudson shared information that listed the positions and a date in which duties should be completed by in a chronological manner. It also shows activities that have been completed. Nitschke said it was important that this be shared with the Board. Fuller commented that one of the main reasons that Centennial was selected was the synergy that could be developed between the Chukars team, Centennial, the Hockey team and the Event Center and the sharing of staff. Bruder said that is currently happening and indicated the Maverick Center is currently a training ground for the Operations Manager who has been in Salt Lake for 5 months and will transition back to work for the Chukars this summer.

Gazdik asked Hudson to share the document with Spear so he can forward to the Board. Nitschke said the document needs to be continually updated so the Board understands where things are. Nitschke asked about onboarding expenses totaling $1,000. Bruder said this is for miscellaneous expenses like sponsoring a job fair. Bruder said it is important to spend time hiring the right people because it takes one day for someone to resign and 120-50 days to rehire; plus another 120-50 days to adequately train.

It was agreed Hudson would provide information weekly to Spear to include in his report to the Board. Bruder said the Board needs to understand that sometimes information will be subject to confidentiality and information dissemination will need to be controlled.

1. **Discussion Item –** Update from Erik Hudson on Mountain America Center Operations. Hudson briefed the Board and said he has spent time getting the marketing website developed, preparing risk assessment packages, and working on the ticketing RFP. Hudson said he currently has over 40 different dates on hold on the calendar ranging from gun shows to comedy acts to Christmas shows, and community user groups. As previously discussed, he is working on preparing job descriptions. The goal is make the Mountain American Center the best place to have live entertainment in eastern Idaho.

Nitschke asked for an update on the hockey program. Greene said Hudson has been assisting with the head coach search and he is hopeful the search will be completed within the next seven to 10 days. Once the coach is introduced to the public, the schedule will be finalized and then the team name and logo will be announced. Greene said ticket sales are strong with over 1400 season tickets sold.

Nitschke asked about the price for a single game ticket. Greene said the cost will be $18 per game for adults and $14/$15 for youth tickets. Nitschke thought that was extremely high and wanted to know the justification for those prices.

Greene disagreed and stated that operational expenses for the team need to be covered and the team needs to be profitable. Green said the marketplace can handle this price because Chukar baseball box seat tickets are $16 for a Friday and Saturday game, so $18 dollars is a reasonable ticket price. Nitschke said it will be up to the marketplace to decide and stated that cost is not user friendly for a family to see teenage boys playing hockey. It seems like a lot of money. Greene responded that if people come out and enjoy themselves, they will find it is a good value. Bruder stated that prior to starting construction the attendance was estimated at 800 attendees per game and Greene and his crew have greatly exceeded that amount. Bruder agrees they need to be price sensitive but pointed out the ticket prices are creeping up and stated that it is important to have various price points. Such as, sponsors for a game night that offer reduced tickets. Greene expects sellouts for the first season and if there is a drop, they will focus on group sales where a sponsor buys 500 tickets and makes them available for clients or customers. Carpenter commented that the hockey team has already sold 1400 season tickets and this builds value into the remaining seats. Hudson said he looked up six current junior hockey programs and the individual game tickets range from $15-$30. Nitschke said the price points chosen should be based on hockey club expenses and not another entities expenses. Because we are running a facility with public dollars the ticket prices should reflect the real-life costs and a reasonable return for the hockey program. Greene said that people purchasing season tickets for $300 ($12.50 per game) commented how cheap the tickets were. Nitschke said his goal is to try and make the cost acceptable to most people and understand how he can explain the cost to members of the general public. Greene said the hockey program is paying rent of $4,000 a game and $1 per ticket and the fans get to sit in comfortable seats unlike some junior hockey facilities.

Hudson said the job search for the head coach resulted in 50 applicants and they have narrowed it down to three very qualified candidates. Greene said they hope to have coach hired within the next week because of the need to start recruiting. Hudson said that recruiting is the number one priority in junior hockey and getting a coach with connections is critical.

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – Spear did not have anything additional to present to the Board. He did say Bonham Wills was re-engaging other prospects for the mezzanine naming rights. Nitschke expressed concern that IFAD was not getting the value of its investment in Bonham Wills and wanted to discuss this again at the next Board meeting.
	2. State Tax Commission Reports – This was covered as part of the consent agenda.
	3. Construction Update/Change Orders – Nothing to additional to add
	4. Action Items
		1. Complete FF&E financing
		2. Continue monitoring Bonham Wills
		3. Individual seat sales
2. **Discussion Item** - Legal Report – Fuller said he would review the Hogan and Poll Sound contracts.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on April 26, 2022**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for April 26, 2022, meeting
	1. Tour of Event Center.

Meeting adjourned 9:14 AM