

**Board of Directors Business Meeting**

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

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

[**https://us06web.zoom.us/j/81961784405**](https://us06web.zoom.us/j/81961784405)

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

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

**Agenda**

1. **Action Item** - Call to Order 7:00 AM
2. **Action Item** – Accept Agenda. Nitschke requested to move agenda item VI to agenda item V. Carpenter moved to accept the agenda as modified. Warnecke seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 6-28-22
	2. Review of Payables/Financials – Spear stated the financials are incomplete because they did not include the statement from Bank of Commerce. Nitschke asked about the lunch reimbursement for the airport personnel. Spear said this was for seeking their assistance in naming the mezzanine area with a possible airline partner and a discussion with the airport about a future partnership. Gazdik asked about the replacement reserves expenditure from SRL. Spear explained the replacement reserves are calculated based off of IFAD’s acreage (22 acres) within Snake River Landing. The reserves are to pay for long term capital expenditures within the development. The Owners Assessment estimate that is billed in January covers the general landscaping and short-term annual expenses. The assessments have an annual reconciliation each year based on the actual costs vs. the estimate billed in January. This is the reconciled amount or “true up.” Spear briefly reviewed the revenues and stated that TRT revenues remain strong with May revenues 23% ahead of 2021 and 15% ahead of 2019. Warnecke moved to accept the consent agenda. Nitschke 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. **Action Item** – Approve 2021 Annual Audit performed by Rudd and Company. Scott Bond to present to the Board. Scott Bond presented the audit packet that included the audit ending November 30, 2021, and the management letter. Bond explained some of the differences from the prior year and said as the scope of the District expands, the financial statements will become more complex. Bond referenced the two management letters that are part of the audit. The first, is the opinion of Rudd and Company that this is an unmodified, clean position and the second is a letter required by governmental accounting standards that allows the auditors to explain any compliance or internal control issues. There were none. Bond specifically referenced pages 14 and 16 of the audit report and explained the District had three funds for 2021; the general fund (operating fund), capital project fund (construction costs associated with the project) and debt service fund (payments for Certificates of Participation). Bond explained that the capital project and debt service funds are restrictive (funds can only be expended for the intended purpose). In the past the District only had a general fund (operating fund). Bond reviewed the purposes of each fund (described on page 29), the fund balances for each fund and the activities in each fund.

Bond explained that in 2023, the audit will not reflect any TRT revenues as these will be captured in the lock box at Zions Bank to cover future debt service payments.

Bond reviewed some of the new notes on pages 25 and 26 of the audit report that outline the District’s commitments to Zions Bank for the Certificates of Participation (total amount, interest rate, maturity date and payment structure). On page 27 of the audit, Bond explained there were no payments to principal and all expenditures were from the capitalized interest account.

Bond said governmental accounting standards normally require a budget be adopted for each fund. The District has only adopted a budget for the general (operating) fund and recommends the District adopt budgets for each fund (general, capital project, and debt service). Bond explained the auditors are required to note when actual expenditures exceed budgeted amounts. For 2021, even though the District had enough fund balance, actual expenditures exceeded budget by $76,403. Bond emphasized a budget is a control mechanism and recommended IFAD amend its budget in September of each year to avoid this type of disclosure.

Bond said Rudd and Company is sending corrected journal entries to Wipfli and explained governmental accounting requires two sets of financial statements. A set for the funds and another that contains all of the District’s fixed assets as well as the fund information.

Bond said he would provide recommendations in a letter and briefly explained the three recommendations: 1) recommends Wipfli devote more time on the fund accounting process; 2) recommends IFAD amend its budget in September of each year to avoid expenditures being over budget; and 3) recommends IFAD closely monitor the cash in financial institutions above the $250K insured amount by institution to minimize any risk.

Spear said IFAD does have a significant amount in the State’s LGIP fund. Bond said the LGIP is backed by government securities and recommended the District periodically transfer funds into the LGIP.

Spear said the financing agreements and control accounts established at Zions and Bank of Commerce require the audit to be completed before June 30th of every year. Gazdik suggested some preliminary testing could be completed before the books are closed. Bond said meeting the deadline would not be a problem.

Warnecke moved to accept the 2021 audit report from Rudd and Company. Carpenter seconded. There was discussion on how often the budget should be adjusted. Gazdik said the budget is a management tool and it should only be adjusted once. Adjusting more frequently takes away the control a budget needs to provide. Motion passed.

1. **Discussion Item –**Receive a construction schedule update from Mike Clements of Bateman Hall and Ken Wheadon of CRSA. Clements briefed the Board on the exterior of the building and said the south entry way is being framed and bricked, bollards are being placed on the southside with sidewalks being framed. Clements said Depatco is mobilizing to begin work on the south lot parking and landscaping is taking place on the east parking lot. The goal is to complete parking lots by end of September.

For the interior, the acoustical ceiling is being installed in the conference room and drywall installation continues on the second level and around the first floor. Clements said the ice pour is on track and once poured there is a 14-day cure period. After that, the lapendary and overhead work can resume in the bowl. Irwin is scheduled to install seating in late August.

Spear asked Clements to comment on the fire pump and the entry way soffits. Clements said both pumps (regular and jockey) have been ordered for the fire system. Spear asked Wheadon and Clements to comment on the soffit issue and the estimated cost. Wheadon said the specifications had a certain criteria that had to be met and there was a disconnect between the soffit installer and vendor. Wheadon said the structure is more akin to framing in a drywall ceiling. Clements said he does not have a cost estimate and said the seismic information was always available, but nothing was designed for the ceiling attachments. Nitschke said any additional costs should come out of the design fees and should not be a responsibility of the Board. Wheadon claimed it wasn’t a design error and CRSA was bridging the gap from what the roofer provided to actually attaching to the structure. Nitschke said a gap is a design error. Wheadon used the walk-in cooler as an example where CRSA provided a solution to where skirting was required, and the structure needed to attach the skirting. Wheadon also cited the fire pump issue as another example and the time CRSA spent reviewing. Spear stated that using the skirting and fire pump examples were not comparable comparisons. Clements agreed.

Nitschke restated that interface problems between the vendor and the installer are design control failures and the fault resides with CRSA and not the Board. Wheadon said you cannot anticipate all those situations and there are issues that arise on who makes the final connections between subcontractors. Nitschke reiterated that IFAD should not be responsible for any additional costs. Wheadon said CRSA is not charging additional costs for this issue. Spear said he has been briefing the Board for over six weeks on this issue and the length of time it took to get an answer to the contractor was concerning. Wheadon acknowledged the time it took and explained that it took time to identify the issue between when the soffit installation started and stopped.

Gazdik asked if the soffit issue was creating any scheduling issues. Clements said they should have been further along on these entryways and that materials still need to be ordered. Clements said he doesn’t see that any materials have any long lead times.

Hudson asked how much extra IFAD is paying because the issue was not part of the original design. Wheadon said the costs for the soffit installation would have been the same however there are some material escalation costs. Clements said the installation of the steel studs will be an additional cost.

Clements requested that everyone carefully consider all requests for tours because of the impact to the project schedule.

1. **Discussion Item** - Centennial Management to enter into an agreement with Ticketmaster as the operational ticket platform for the Mountain America Center. Hudson briefed the Board on the contract with Ticketmaster and explained six ticket platforms were vetted and outlined the specifics of the Ticketmaster proposal:
* Five-year agreement with renewals.
* Compensation to Ticketmaster based on consumer convenience fee. Hudson said this fee is the lowest he has seen from Ticketmaster ($1.75 for sporting events and $3.25 for concerts). Nitschke asked about the calculation of these fees. Hudson explained Ticketmaster sets the fees. Convenience fees are not charged when customers come into the box office.
* Ticketmaster will provide a $75K annual marketing allowance based on a 50,000-ticket volume. If ticket volume is not met, a $1.50 per ticket would be “kicked back” to Ticketmaster by Centennial Management.
* Ticketmaster will provide a hardware credit of $50K. Hudson believes this should be enough to equip the two box offices at the MAC, a satellite office at Melaleuca Field, and ticket scanners.
* The software will provide exceptional programming for season tickets to purchase, and trade. Ticketmaster allows consumers to resell tickets safely and securely. This is a $40K fee that Ticketmaster has waived. Additional platforms (soccer, indoor football) can be purchased for $10K per platform.
* The Maverik Center also uses Ticketmaster and Hudson said Ticketmaster has an office in Boise.
* Geofencing and data tracking are available, and Ticketmaster has waived up to 2M emails per year. It is common for ticket platforms to charge per email. This allows Centennial to blast out a number of emails promoting shows.

Nitschke asked what precautions are in place to prevent someone from purchasing all the tickets for an event and then selling them on a ticket broker like StubHub. Hudson said that remains the biggest issue in ticketing. Bruder said a show can dictate a ticket limit and only allow a credit card to purchase 4 to 8 tickets. Nitschke stated bots can purchase all the tickets to an event and cited an example where all the Chicago Cubs spring training tickets get immediately bought up after going on sale. Nitschke said if a platform is available to prevent this from happening, Centennial should invest in it.

Gazdik asked Bruder how the sale of tickets can be restricted by show. Bruder said the box office manager can program restrictions into the ticket sale. Bruder said Ticketmaster’s software is the leader in the industry for this programming. The goal is always to sell to end user and Ticketmaster has the ability to track the transaction. Fuller said the issue is not tracking but preventing the tickets from being sold to inappropriate purchasers. Bruder said the ability exists to track by zip code and cancel tickets that have been unscrupulously sold. A ticket is a revocable license. Nitschke reiterated that Centennial must take every precaution to prevent this misuse in the entertainment industry. Citizens of the community must have the opportunity to purchase tickets at face value directly from the MAC.

Vucovich asked if the Maverik Center use of Ticketmaster helped in this transaction. Hudson stated that it did provide the MAC more buying power.

Nitschke suggested that the Board be sensitive to geofencing activity and targeted promoting that infringes on someone’s privacy and recommended this be a future topic of discussion. Hudson explained Ticketmaster allows for a user to opt out of any correspondence or advertising.

1. **Discussion Item –** Discuss the type of events and the distribution of events by category (sporting events versus community events) to be held at the Mountain America Center. Hudson presented the Board a breakdown of the number of events projected to be held at the MAC. Hudson stated the following questions are evaluated and are key factors when considering an event.

1) Does the event calendar cover the annual expense budget, while providing fair market value to user groups?

2) Does the event calendar allow each user group to promote and host their event to the fullest extent possible?

3) Does the event calendar allow for fiscally sound, safe, and time sensitive procurement of events?

4) Does the event calendar satisfy the demand of our consumers?

5) Are we maximizing the space to its full potential when booking an event?

Hudson listed the number of event days and the percent breakdown of each event.

Hudson said a lot of ice time will be available for the community. Fuller asked about the profitability and Hudson explained at $200 per hour, the MAC will generate additional revenues.

Nitschke said he is interested in the last table titled Community Demand Data and wondered where the data came from. Hudson said an opinion-based survey was hosted and then blasted out over all the MAC social media sites. It generated over 1200 responses on events people from the Idaho Falls Community want to see. Nitschke asked the Board if they had seen that survey and stated that he is leery of actions taken based on limited surveys. Hudson said he is using this as a guide for him to understand what the community demand is.

Nitschke said he was interested in how Hudson was going to establish the sequence of events. Hudson said understanding the consumer is important to him and is confident that the shows he has scheduled will be successful.

Nitschke said the two events we have hung our hat on are Cirque Du Soleil and Disney on Ice and wanted an update. Hudson said there are holds on the calendar for both.

Hudson said he doesn’t target one specific event at a time and frequently juggles seven different genres at a time and is calendaring out to 2027 right now. This helps in sequencing events.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson and Kevin Bruder on Mountain America Center Operations and discuss pre-opening quarterly budget reports from Centennial Management as required by the Pre-Opening Services Agreement. Hudson presented updates on the preopening budget. Hudson said pre-opening expenses are currently tracking less than budgeted and he would like to use the surplus for additional FF&E or for the grand opening event. Hudson said the majority of the surplus is from the personnel side and that he is taking time to hire the right people. Hudson said he recently hired a Box Office Manager and filled the Controller position.

Hudson said for the look ahead he is focusing on hiring a Banquet Sales Manager, Director of Operations, Operation Managers, and Guest Services Director. Hudson expects these positions to be filled by the end of September. As the MAC gets closer to opening, other expenses will increase. Bruder said the original budget was established with the possibility of the opening date being earlier which would have required the onboarding of staff earlier. One of the next steps is to fund the pre-opening services budget per the operating agreement since the Controller is starting soon. Hudson said all the accounts are ready.

Hudson said the first event will go on sale July 25, 2022, and that Salsbery is preparing a marketing plan for that event as well as other events that will be announced in August. The goal is to constantly create momentum as we get closer to opening. Hudson wanted recommendations for a keynote speaker for the grand opening and is looking for someone that has ties to the community. Carpenter suggested the Governor.

Hudson recently finalized a contract for a fly-fishing expo and is working on contracts for a rodeo type event, a few ice related events, and an event that gives back to the community. Gazdik suggested contacting Hero because of their interest in recognizing community heroes. Warnecke asked Hudson if he has been in contact with the youth hockey association and Hudson confirmed he has met with them and representatives from the City of Idaho Falls.

Carpenter asked Hudson to expand on the recent item in his weekly report about coordinating with media for exclusive tours guided by Hudson and suggested the Board be involved. Spear said it is important to have himself or a Board member participate in these media encounters.

Fuller asked if there were any issues from the 4th of July fireworks. Hudson said there were none.

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – Spear focused on the seat naming process and communicated the obstacles for attempting to name all the fixed seating in the MAC. Spear said he received the manifest from Kevin Greene two weeks ago and spent time reconciling seat plaque sales. Spear said it is critical that communication be clear when marketing seat plaque sales. Spear then explained some issues on the location of seat plaques. The first issue will arise when a half house show is scheduled. This would not allow individuals, who purchased seat plaques on the west-side of the facility, to sit in those seats during a half house concert. Spear said this is why the facility was designed with most all the suites and loges on the east half of the facility. Another issue is that three sections of fixed seating and the seats in those sections will have the names of the sponsors (Cal-Ranch 1 section and Bingham Healthcare, 2 sections.). The third issue is the first two rows of telescopic seating will be collapsed for shows requiring all the floor space (e.g. rodeo). So seat plaques should not be sold for these sections. Spear indicated there were only a few seat plaques in the lower bowl that would need to be addressed. However, people who purchased seat plaques in the Southwest loge section would need to be relocated for half house events.

Spear said in conversations with Hudson, the wording for the seat plaque agreements is important because it is possible an event will require control of the seating manifest (1% chance) and seat plaque holders would not get the right of first refusal for those seats. So it is important in the agreement to state the right of first refusal is for events controlled by the MAC.

Nitschke said the MAC could choose not to book an event that requires complete control of the seating manifest. Nitschke asked if two names could be placed on seats in the Cal-Ranch and Bingham sections. Spear explained it is very specific in the agreement that those two entities have the company names on the seats.

Spear recommended marketing seat plaque sales be limited to 1200 seats around the eastside of the facility and individuals who have hockey season tickets on the west-side be offered seat naming on the eastside. Spear said it could be possible to offer seat naming without the right of first refusal for a lessor amount. Nitschke suggested that right of first refusal could still be offered for all full house events for $500. Gazdik suggested focusing on seat plaque sales on the eastside and if there is more demand, we can decide what to do on the west-side. Spear said in working with Matt Dopp, the digital donor wall along with a 65” interactive monitor could allow for people to donate using a QR code. Spear said fundraising will continue past the opening of the facility via this setup. Warnecke agreed with Gazdik to focus on the eastside.

Hudson restated the importance of having the correct language in the agreement that gives the MAC flexibility in scheduling events where an entity wants control over the manifest. Once the Ticketmaster agreement is finalized, an online manifest will be created.

* 1. State Tax Commission Reports – Spear provided a YTD update of TRT receipts by remitter.
	2. Construction Update/Change Orders – no additional discussion.
	3. Action Items
		1. Finalize seat plaque sale communication
1. **Discussion Item** - Legal Report. Fuller did not have anything to report on.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on July 26, 2022**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for July 26, 2022, meeting
	1. Board to tour the facility

Meeting adjourned at 9:04 AM