

**Board of Directors Business Meeting**

**Tuesday, May 24, 2022, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/88037254042**](https://us06web.zoom.us/j/88037254042)

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

**Participants:** Terri Gazdik (via Zoom), Rob Spear, Bob Nitschke (via Zoom), Mike Carpenter (via Zoom), Steve Vucovich (via Zoom) Mike Clements (via Zoom), Erik Hudson, Mark Fuller (via Zoom), Kevin Bruder (via Zoom), Bryan Laske (via Zoom), Ken Wheadon (via Zoom)

**Agenda**

1. **Action Item** - Call to Order 7:00 AM
2. **Action Item** – Accept Agenda. Nitschke suggested that agenda item IX be changed to a discussion item because too often the Board keeps agenda items as action items in case the Board elects to approve. Nitschke said this is the wrong course of action and an item should not be recommended for approval until a final product has been received and discussed. Gazdik said Nitschke’s point is noted but the Board can simply elect to discuss and not take action on an agenda action item. Nitschke responded that when an item is listed as an action item, the general public expects an action to be taken and this is misleading. Nitschke also asked about what happened to the tour. Gazdik said a COVID exposure has impacted the tour. Carpenter moved to accept the agenda. Vucovich seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 5-10-22
	2. Review of Payables/Financials. A payables list totaling $74,338.72 was reviewed and approved. Nitschke asked about the Centennial Management fee. Spear explained this was always a budgeted item and up until May, this amount had been offset by the $30K IFAD previously paid to Centennial. Vucovich moved to accept the consent agenda. Carpenter 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). Nitschke stated that the Mountain Brewers Beerfest will be held on June 4, 2022, and suggested Beerfest be considered as an Event Center donor because of the number of hotels room stays the event has generated over a number of years**.**

1. **Discussion Item –**Receive a construction schedule update from Mike Clements of Bateman Hall and Ken Wheadon of CRSA. Clements updated the Board and stated that the wind last week destroyed about 30 exterior wall panels. The high barrel and intermediate roof should be completed by early next week and then the facility will be officially dried in. Clements indicated all the main concourse slabs have been poured ahead of the original schedule. This allows the masonry block for the first-floor concession and restroom facilities to get started. Second flour pour back slab rough in is going well. The next critical path item is the ice rink pour that has been moved to July 22, 2022. Clements said this was moved from the July 8, 2022, date because of the overhead bowl work that must be completed. These extra two weeks were necessary because there are four trades trying to coordinate work and Lewis mechanical is not able to complete its overhead work before July 8, 2022. Clements said the electricians are working three shifts to attempt to get the bowl infrastructure in place. Painting of the bowl is happening on the weekends. Clements said the Keller concrete will begin pouring the rink apron the week of May 31, 2022.

Clements said the issue with the fire sprinkler inside the bowl area has been resolved. Clements said there is no code that explains how event centers with tall ceilings and required sprinklers interact with lapendary systems. Spear showed a diagram that shows how the lapendary panels will need to be installed to ensure they do not hang below the sprinkler heads and block water from the sprinklers. Clements said the sprinkler lines will not need to be changed; only the location of the sprinkler heads. Clements said this was the best outcome given the circumstances. Clements said hopefully these issues are running out and emphasized how important it is for everyone (Bateman Hall, all subcontractors, CRSA) to be hitting on all cylinders moving forward to meet the November turnover.

Clements said Keller concrete has poured the loading dock area and is also focusing on the outside sidewalks and landscaping areas. Clements said drywall in the banquet area should start this week.

It was decided that Board members who are available would tour the facility on 5-26-22 at 9 AM.

Fuller asked about how the fire pump issue has been resolved. Clements said the recalculations have been submitted to the State. The fire pump size has been approved and it will be housed in a room constructed inside the facility.

Vucovich asked about the lapendary panels and if sprinklers were approved by the City in advance. Clements said both were but now the lapendary panels are considered an obstruction and there is no code basis for the sprinklers. Some engineers thought the sprinklers were for the decking, some thought it was for ensuring people could safely vacate the facility and some thought sprinklers weren’t needed. Clements said the experts doubt if enough heat will ever reach the ceiling in order to set off the sprinklers.

Wheadon said CRSA is focused on providing information to Bateman Hall.

1. **Discussion Item** – Review and discuss 2022 Budget. Spear presented an updated 2022 budget and stated that it is important with the building and FF&E financing that the Board adopt a budget by October 15th of each year. Spear also reminded the Board that the auditors recommended the budget be adjusted during the year. Gazdik said from an audit standpoint, the auditors are more concerned with adjusting the expenditure budget rather than the revenue budget. Spear said on the revenue side he has included actual TRT revenues through March of 2022 and has kept remaining monthly revenues budgeted at a 2% increase over the prior year. Spear said for the first four months of the fiscal year, revenues are 34% ahead of 2021 levels.

Spear asked the Board if remaining revenues should be increased beyond the 2% estimate. Carpenter said given the unknowns with the economy he was comfortable with leaving the estimates at 2%. Gazdik said it is important to adjust expenditures, especially when expenditures are more than budgeted. Gazdik was comfortable with keeping the 2% revenue increase. Nitschke was also comfortable with the 2% but wanted to know if any increases in revenues impact IFAD’s financing interest rates. Spear said they do not because the interest rates are fixed.

Vucovich asked if there were any critical expenditure items that changed. Spear said attorney fees increased because of the additional costs for FF&E financing, the debt service fee changed to add the November payment, FF&E expenses changed because now there is an established monthly cost. Also, the Centennial pre-opening services budget changed significantly along with the owner construction contingency amount. Gazdik said we may continue to see other changes and suggested the Board wait until September or October to take action on adjusting the budget. Fuller, said budget adjustments should only be done once or twice a year.

1. **Action Item –** Approve process for purchasing remaining FF&E items. Spear referred the Board to a policy that was adjusted based on the Board’s comments from the 5-10-22 meeting. Spear said the policy is based on the State of Idaho Purchasing Guidelines. Spear then outlined the specifics of the policy.
	* + For lease purchase of personal property less than $50K Centennial should request three bids, unless lease purchase of personal property or services is from an established contract entered into by the Division of Purchasing of the Department of Administration. If Centennial Management finds that it is impractical or impossible to obtain three (3) bids for the proposed lease purchase, then Centennial Management may acquire the property in any manner it deems best from a qualified vendor quoting the lowest price. When fewer than three (3) bids are considered, a description of the efforts undertaken to procure at least three (3) bids shall be documented by Centennial Management and such documentation shall be maintained for at least six (6) months after any such lease purchase is made. If two (2) or more bids are the same and the lowest responsive bids, the authorized decision maker may accept the one (1) it chooses.
	* For lease purchase of personal property from $50K to less than $100K, Centennial Management is required to seek 3 bids.
	* For lease purchase of items over $100K require sealed bid process.
	* Sole Source: The governing board of a political subdivision may declare that there is only one (1) vendor if there is only one (1) vendor for the public works construction, services, or personal property to be acquired. For purposes of this subsection, only one (1) vendor shall refer to situations where there is only one (1) source reasonably available and shall include, but not be limited to, the situations described in Title 67, Chapter 28, Section 67-2808, 2a. Spear used the example that the StageRight package should be considered as a sole source because of its compatibility with the Maverik Center and the ability that exists to share.
	* Approval Process:
		+ IFAD Executive Director will approve any expenditure greater than $50K but less than $100K.
		+ IFAD Board will approve any expenditure greater than $100K. All items requiring Board approval must be submitted to Board members 4 days in advance.

Fuller questioned the section on sole source and wondered if the example of staging package met the requirement, “the purchase of public works construction, services, or personal property for which it is determined there is no functional equivalent.” Spear said it is his understanding that the policy did not require the purchaser to meet all the criteria and the section stating, “where the compatibility of equipment, components, accessories, computer software, replacement parts, or service is the paramount consideration,” does meet the StageRight example and would justify a sole source purchase.

Nitschke stated that he didn’t think we knew enough to state compatibility with the Maverick Center is paramount because that makes it the number one thing. Nitschke cautioned that historically you must be careful when using sole source justification to procure items. Gazdik said rather than listing examples of sole source justifications, we should just reference that sole source procurement is an alternative granted by the Idaho code. Gazdik thought the $100K threshold for Board approval was appropriate and didn’t want to delegate all procurement without oversight to Centennial.

Fuller reminded the Board that the Board was only authorizing Hogan to actually procure the FF&E items through lease funds. Gazdik asked if the title should be changed. Spear said he will change the title to lease purchase and change the sole source reference to the specific Idaho code section.

Nitschke said he would like to see the spreadsheet of remaining FF&E items attached to the policy and stated there needs to be an effective date. Gazdik said attaching a list to the policy is not applicable to adopting a policy. Because the policy will apply to all purchases made by Centennial, even after the initial FF&E purchases, going forward from the date of adoption. The start date will be the date of adoption. Nitschke said then the first sentence needs to be changed from remaining FF&E items to delegate future FF&E items.

Carpenter moved to adopt the policy to include changes to the lease purchase language, reference to State of Idaho Code and removing the wording “remaining FF&E items” to future FF&E items.” Vucovich seconded. Motion passed.

1. **Action Item –** Approve Ice Resurfacer purchase. Erik Hudson briefed the Board and said prior to the lease purchase policy being approved he wanted to take every precaution to make sure any lease of the equipment was completed in accordance with policy. Hudson said he started the lease process for the ice resurfacer in late April and ensured the request for proposal (RFP) was posted on the IFAD website. Hudson said no companies responded to the RFP, but he reached out to four companies and three responded. Two companies submitted actual bids and one company elected to not respond because they could not meet delivery time.

Hudson explained that the base price for the two proposals was very close and when he added on the necessary add-ons the proposals were within $100 of each other. Hudson said he took into consideration the reputation of the companies and his familiarity with the product along with the availability of replacement parts and inventory availability. Based on this information, Hudson recommended the lease purchase of the Zamboni 546 model.

Carpenter asked Hudson to display the itemized detail and said the numbers don’t stay close when all the add-ons are calculated. Hudson said he eliminated the unnecessary add-on items to compare the two machines more accurately. Carpenter stated it may be more economical to lease purchase a brand-new second machine instead of looking to lease purchase a used machine. Carpenter asked if there would be any discount if two new machines were purchased. Hudson said he is very concerned with only having one ice resurfacer and in his previous experiences, facilities have always had two ice resurfacers. Hudson and Spear are trying to save money in other FF&E areas in order to come up with enough funding for a second ice resurfacer. Hudson said adding a backup ice resurfacer is a priority. Gazdik asked if there was the possibility of getting a better price by lease purchasing two new ice resurfacers. Hudson said he will ask but wanted to know if funding is available? Spear said as right now there is not any additional FF&E funding available.

Vucovich asked about how quicky repair service could be provided on an ice resurfacer. Hudson pointed out that it might be possible to use a Zamboni from the Maverik Center, but it is normally a one-to-two-day timeframe to get parts. Vucovich asked who would diagnose the problem. Hudson said there is a computer plugin that will help diagnose any issues and that there is a two year or 2000-hour warranty on all parts and service. Bruder added that Zamboni’s manufactured in the US are made with Volkswagen engines and Zamboni’s manufactured in Canada have Mitsubishi engines and availability of parts and service is not an issue.

Carpenter asked about someone purchasing the naming rights to a Zamboni. Spear said Kevin Greene has given Bingham Healthcare first right of refusal for such naming for the first Zamboni. Spear said until the facility is open, and IFAD knows its final owner contingency number, it is difficult to identify any additional resources for a second Zamboni. Spear said he does not want the IFAD to overextend itself. Hudson said in the interim, he will look at ways to be creative to access a second Zamboni and once the facility is opened will look for creative ways to lease purchase a second Zamboni.

Fuller reminded the Board that only $4.6M is available for FF&E purchases and any FF&E expenditures outside of that would need to come from another source of funding.

Gazdik said the item on the agenda is to approve the agenda item but since the adoption of the lease purchase policy in agenda VII she wanted to know if Board action was necessary. Spear said the reason this item was on the agenda for approval was to allow for this lease purchase to move forward in case the Board did not approve agenda item VII. Spear said approving this lease purchase now ensures the machine will be received before the hockey season. If we wait, the machine may not be received until March of 2023. Spear said it is up to the Board to approve this agenda item or rely on the policy it just approved.

Nitschke stated the proposal from Olympia included a battery option that was more expensive but wanted to know if Hudson evaluated this option. Hudson said he believes in clean energy, and this was considered, but there are not sufficient funds to consider an electric ice resurfacer. The propane option presents significant cost savings and if a second ice resurfacer is lease purchased it should be the same model as the first for ease of maintenance and part storage.

Nitschke said that if the Board had the appetite to lease purchase an electric machine, the cost would require Board approval. Nitschke said rather than approve this agenda item, he would ask the Board to vote on an electric versus propane operated ice resurafacer. Gazdik said the agenda item is specific to approving the lease purchase of the propane ice resurfacer that was recommended by Spear and Hudson. Nitschke said the Board acts independently and does not have to accept the recommendation. Now is the time to make the decision on an electric Zamboni because if we don’t, we will be always falling into the trap of lease purchasing a propane Zamboni because of the desire to have compatible machines. Vucovich asked if the decision to go electric would require lease purchasing two Zamboni’s? Hudson said that would be the case.

Nitschke asked about the Zamboni that Centennial was supposed to donate? Spear showed the invoice of Centennial’s 2013 purchase and indicated it included a 2006 540 Zamboni, ice decking and ice resurfacing equipment. Spear said it was never purchased by Centennial to donate.

Carpenter stated it would cost $50K more per model to lease purchase electric versus propane. Vucovich said his opinion is to lease purchase a propane model because the FF&E budget is so tight and that in the future electric machines be considered. Gazdik asked if that was a motion to approve the ice resurfacer. Vucovich responded that he supports the policy that was adopted. Gazdik asked for a motion to proceed with the lease purchase of the Zamboni as recommended by Spear and Hudson. Vucovich made the motion to approve propane Ice Resurfacer purchase. Carpenter seconded. Motion passed 3-1 with Nitschke voting no.

1. **Action Item –** Approve Centennial Management Communication Plan. Spear suggested that the agenda item be changed to a discussion item because it was not clear whether the communication plan would include multiple audiences or if the document would be a guideline for how Centennial would communicate just to the Board. Spear said the document is designed to outline how Centennial would communicate to the Board. Detailing how Centennial should communicate to other audiences could be seen as micromanagement by the Board.

Gazdik asked for more clarification on the communication plan and wanted to know what outside parties should be included. Nitschke responded and stated he is a big fan of communication. Centennial Management should have a communication plan and that communication plan should describe its overall purpose and the different audiences. The plan should identify the mechanisms and assign who is responsible. For instance, in all cases you want to inform and also engage the general public because you want to excite them. But that's totally different than when you're communicating with the board. Nitschke thinks it should be more than just informing the Board every two weeks of broad things. Nitschke also did not appreciate the reference to micromanagement because that is not what it is at all. Messaging needs to be clear, timely and accurate and how the public responds is very important for the board to know. Having Centennial Management do whatever it wants, without any oversight, is an oversight by the Board.

Gazdik asked Hudson to address how this was handled in his previous employment and Hudson responded that Centennial would have its own internal communication plan for the hockey club and with Diamond Concessions that pertains to operations between all those entities. The document presented is only the guideline for IFAD and Centennial to follow.

Hudson then outlined the specifics of the guidelines and said this is a working document and he will rely on Kelsey Salsbery to prepare a communication plan for the public on announcing shows, putting things on sale, and notifying the public of other major announcements. This will be a separate document. Hudson emphasized the need to provide board members with materials by Friday prior to a board meeting. By sending out the information early, Hudson said this will allow the board time to review and come into the office, email him, or call him with any questions.

Hudson said he assumes that this is a living document that can be adjusted as needed. If things are not being communicated properly, the document can be updated and discussed.

Nitschke commented that it seems like this has become a moving target because now the title of the document states communication guidelines and that is different than a communication plan. Nitschke said you need a plan that the guidelines would support, and the guidelines fall short of a communication plan. He is interested in knowing what the public thinks and seeing press releases prior to them going out. These would be covered by a communications plan and that is important because this is a $65M facility and we need to keep the public engaged, excited, and not irritated.

Carpenter asked if these guidelines support the Centennial Management contract. Spear said the agreement is not specific to the type of communication that would be required. The only thing that is required is the adoption of an annual budget.

Spear said he was just looking for some guidance from the Board on whether focusing on the communications between Centennial and IFAD is what the Board expects.

Gazdik said the proximity of our executive director working with Hudson in the same office is a positive and that decisions won't be made in a vacuum. Gazdik said it appears all the decisions made by Centennial since Hudson has been on board have involved Spear. Hudson agreed.

Nitschke said right now things are harmonious but, in the future, they may not be and that is why it is important to have a plan that outlines procedures and standards. Carpenter stated that if people are not getting along and communication is lacking, the current document has enough detail to make any dysfunction known. Carpenter said he likes the document and it outlines exactly what should be done regardless of who is occupying the offices.

Vucovich commented that he understands what Nitschke is saying, and nobody can predict the future, but he is satisfied.

Carpenter made to motion to accept the guidelines. Gazdik seconded. Motion passed 3-1 with Nitschke voting no.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson and Kevin Bruder on Mountain America Center Operations. Hudson thanked Bateman Hall for their patience as he brings more and more people out to the site for tours. Hudson said the last two weeks have yielded some awesome and positive results. Hudson said they have received strong interest in three leadership positions: Director of Operations, Box Office Manager, and Financial Controller position. All of those positions are in line with the preopening budget that was approved by the Board.

Hudson said a hockey coach has been hired with an announcement coming soon.

Hudson said our booking of events on a national level has caught fire. Five new proposals are due this week for both arena events and conference space events. The first national touring show was also confirmed this week.

Hudson said they are working on a major touring show, and hehopes to share more details about that in the upcoming weeks. Planning is underway on opening night festivities.

Hudson said he has coordinated with Diamond Concessions about branding the concession areas and shared some information on the Chesapeake Energy arena. Hudson said the goal is to incorporate a fun concession experience for our patrons. Spear asked Hudson to elaborate on the cost for this branding activity and Hudson said Diamond Concessions is willing to expend $10K-$15K per concession stand to brand each stand. Hudson commended Diamond Concessions’ willingness to partner and expressed the desire to offer a fantastic food and beverage experience.

Hudson said that for FF&E lease purchases, he and Spear have been working on the FF&E list. Hudson was not prepared to finalize the ticketing platform but is still moving forward with that process

Bruder commented that Hudson’s efforts are paying off and that they are in discussions with three promoters interested in the same show. Although the quality and interest of these promoters create some challenges to sort through, it is a great problem to have and shows the promoters are very excited about finding the right entertainment set for the marketplace.

Bruder said going back to the communication guideline, when Centennial is working with promoters on a show announcement and on a show campaign, the promoters dictate to arenas a national plan. For example, if you have Mick Jagger playing your venue, they're going to outline the on-sale announcement, the social media campaign, and everything is going to be delivered. There will be some things we will have input on, but a promoter may call on us on Friday afternoon and dictate ticket sales will start on the next Wednesday with an announcement on Monday. So the best communication efforts will start in the office and extend to others involved.

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – Spear briefed the Board and said he is not relying on Bonham Wills to secure the naming of the mezzanine and has contacted three entities who have interest. Spear said it may be wise to consider a five-year naming opportunity versus a twenty year in order to have inventory to sell once the operations of the MAC are established. There is also one suite available.
	2. State Tax Commission Reports – No update. Spear said he is meeting with Wipfli next week to discuss incorporating the FF&E financing into our financials. This will create a more complex audit process and it will be important for Wipfli to complete future audits in a timelier manner to comply with the dates established in the lease appropriation agreements for construction and FF&E.
	3. Construction Update/Change Orders – Provided in agenda V.
	4. Action Items
		1. Interacting with the general public to secure interest and seat purchases.
		2. Mezzanine naming and suite sale
2. **Discussion Item** - Legal Report. Fuller said the Executive Director has been contacted by the Meridian Chamber of Commerce and they have asked for an IFAD Board representative to provide information on how the District was organized. Fuller said he is probably in the best position to provide this detail and asked for Board approval to engage in conversations. Gazdik said it is important to support these requests and asked if Meridian would be willing to compensate Fuller for his time. Fuller said any compensation would need to be in form of a reimbursement. Fuller said if it were just a phone call he would not bill for his services, however if they desire to have him participate in meetings, he will bill for his time. The Board was in favor of this as long as IFAD was not billed for Fuller’s services.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on June 14, 2022**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for June 14, 2022, meeting

Meeting adjourned 9:20 AM