

**Board of Directors Business Meeting**

**Tuesday, September 13, 2022, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/84861373976**](https://us06web.zoom.us/j/84861373976)

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

**Participants:** Terri Gazdik, Rob Spear, Bob Nitschke, Mike Carpenter, Ron Warnecke (Zoom), Brennan Mihalick, Kevin Bruder (via Zoom), Mike Clements (via Zoom), Erik Hudson, Angie Freer, Mark Fuller, Ken Wheadon (via Zoom), Bryan Laske, Rebecca Casper (via Zoom), Blake Davis (via Zoom), Kevin Greene (via Zoom).

**Agenda**

1. **Action Item** - Call to Order 7:04 AM
2. **Action Item** – Accept Agenda. Nitschke moved to accept the agenda. Carpenter seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 8-23-22
	2. Review of Payables/Financials. A payables list totaling $174,440 was reviewed. Spear highlighted some of the payables:
		* $4006.51 to Angie Freer – reimbursement for 14 suite mini refrigerators that Freer was able to purchase at Sam’s Club. These were hard to find.
		* $6400 to East Idaho Hockey for transfer of funds for a loge box annual payment made to IFAD, 4 hockey seats for Silver Star sponsorship, and 10 hockey seats as part of the Cal Ranch sponsorship.
		* $57,526 to Revel Media for donor wall equipment.
		* $4706 for computers as part of Centennial start up costs. Nitschke asked why IFAD was paying for these. Spear indicated these were part of FF&E budget and that he will seek reimbursement from the FF&E budget. Spear indicated he was waiting for other FF&E expenditures to clear before making this request.
		* $8,952.71 to I.E. Productions for Mountain America Center website support. Spear said this was for three bills because he questioned some of the expenses in prior months before making payment. Nitschke asked why IFAD was paying for these costs. Spear said this is part of the preopening services costs.
		* $4248 for MAC facility advertisement for VenuesNext magazine that honored Hudson as a Next Generation Impact honoree.
		* $275 to Spear for reimbursement of a payment to the IRS for the IFAD Foundation submission.

Gazdik introduced the July financials and pointed out that July TRT revenues were down $107K from July 2021. Gazdik said IFAD’s TRT revenues are still 10% ahead of budget for the year. Spear said he reviewed hotel occupancy and travel with James West and West indicated July 2021 was an anomaly because of low gas prices, low inflation, stimulus money and the urge of people to travel post COVID. West also said the negative press from the Yellowstone Road closures did not help the July 2022 numbers.

Spear reviewed some specifics in the financial statements and stated all preopening services expenses are now being accounted under a Centennial Management category. Spear said he would cover changes in expenditure categories during the budget presentation.

Carpenter moved to accept the consent agenda. Nitschke seconded. Motion passed.

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 public comments.
2. **Discussion Item –**Receive a construction schedule update from Mike Clements of Bateman Hall and Ken Wheadon of CRSA. Clements briefed the Board on construction and said the overall schedule is on track. Despite some unexpected issues occurring each week, Clements said the team has been able to navigate through the issues and keep the project moving forward. Clements provided updates in the following areas:
	* 1. Site work. Currently working on north sidewalks and bollards then will proceed to the eastside of the building and will pour curbs and gutters in the north parking lot. The north lot is scheduled to be paved next week. The first week of October the main lanes into the entry of the building and the area around the back of the house (loading dock) will be paved. The building will be completely paved out the first week of October.
		2. Landscaping will begin on the south lot.
		3. The glass company will begin installing locks on all the exterior doors in order to secure the building. This is necessary because as landscaping continues the exterior construction fence will come down.
		4. Interior back of house the mondo floor is down with the exception of the staff locker room area. Floor and wall tiling continues.
		5. First floor. Drywall continues and elevator install starts next week. Each elevator will take one week to install. The grease hoods are installed in the three concession areas, but the placement of controls needs to be determined because of space issues. Rough in and finish prep will continue with the subcontractors starting in Quad 1 and continuing clockwise around the facility.
		6. Second Floor. Ceiling grid continues and will be followed by carpet installation.
		7. Arena Bowl. All lapendary is installed in the ceiling and the damaged pre-cast section is poured and requires 7-day cure time. Telescopic seating should be complete by the end of the month. The black poly, sound resistant insulation, around the upper bowl is proceeding well. The fixed seating is scheduled to start next week.

Gazdik asked if there are any concerns with supply chain issues. Clements said there is a significant list but nothing that is going to impact the schedule long term. Gazdik asked about the caulking between the precast. Clements said most of it is done but is awaiting the fixing of the precast before bringing the caulker back.

Nitschke asked about the hood controls. Clements said this an issue because there is not enough space to house the equipment and controls. They are currently working with CKS (Kitchen Supplier) and supplier to find a solution. Carpenter asked about the damaged overhead door going into ice mechanical room. Clements said this will be part of the remaining work of the overhead door company. Fuller asked if the concrete pillar outside the secondary exit was repaired. Clements said it was.

Gazdik asked Wheadon to comment on the grease hood issue. Wheadon said they are working with the manufacturer on a solution.

Clements said a solution for removing the residue on the concrete portion of the tilt up panels was provided by Steve Keller. Spear showed a picture of the panel. The preferred version will require an application of acid and light sanding.

Gazdik informed Clements that the Board would be touring after its next Board meeting on September 27, 2022.

1. **Action Item –** Hero Arena at Mountain America Center and Blue Cross of Idaho Conference Center Rate Card approval. Hudson presented an updated rate card that only had one minor change on the cost of renting the banquet room. Because ½ the space cannot be rented due to how the space is broken up, Hudson removed that rate and adjusted the rent for renting 1/3 or 2/3 of the space. Hudson said Freer already has 28 confirmed events in the conference space. Nitschke asked if these were one day or multiple day events. Hudson said 12 are single day and 16 are multiple day with a diverse mix of groups using the space. Hudson said there is no better way to test a rate card than to take it to market. Gazdik entertained a motion and Carpenter moved to accept the rate card as presented. Nitschke seconded. Motion passed.

1. **Discussion Item –** Discussion on amendments to 2022 IFAD operating budget. Spear first presented a summary of the budgets for FY2022 through FY2028. Spear indicated fund balance declines in FY27 and FY28 because higher donation amounts come in over the first four to five years. Starting in FY2027 donation amounts will remain at $285K per year. The FY2022 through FY2028 donation revenue amounts were established from the donation spreadsheet. Nitschke asked for clarification on the Pepsi contribution. Spear said he is tracking it at $500K over ten years with ½ of that going to IFAD and ½ to the operations budget. Spear also compared the annual debt service payment to the estimated TRT revenues for the period of FY2022 through FY2028. Spear reminded the Board that each year IFAD can request the release of excess TRT revenues over the debt service requirements be returned to IFAD. Spear said the FY2023 through FY2028 budgets were developed based on these TRT revenues. Spear then detailed the FY2022 changes:
	* 1. TRT revenues for August and September were reduced from original budget projections based on the recent decrease in July TRT revenues.
		2. Website expenses increased due to the extra work on the Mountain America Center website.
		3. Salary expenses were adjusted from May through November.
		4. Establishment of a pre-opening services budget
		5. Attorney fees were increased due to the costs associated with FF&E financing.
		6. Marketing costs adjusted to include ticket payments for CAL-Ranch (two years) and Silver Star.
		7. A debt service payment was budgeted because there is not enough capitalized interest to cover the entire November 2022 payment.
		8. FF&E expenditures were budgeted for 2022 because FF&E expenditures were not initially part of the 2022 budget.
		9. A construction contingency number was budgeted because a construction contingency was not part of the initial 2022 budget.
		10. Inspection expenses need to be adjusted.

Gazdik asked if the Board could wait until October to make a final determination on the 2022 budget adjustments. Fuller said that would not be a problem and recommended the budget adjustments only be made once.

1. **Discussion Item –** Discussion on proposed 2023 IFAD operating budget. Spear said given the recent volatility of TRT revenues he estimated 2023 revenues to be flat (same as current 2022 TRT levels) and not increased at the 2% rate. Spear said if TRT revenues for the remaining months (August, September, October, November fall short of projections, he is still comfortable with keeping the 2023 budget at current projected 2022 levels because of the room nights that the MAC will generate once the facility is open. Spear reminded the Board the Hunden study estimated a $58K increase in TRT revenues for 2023 due to the opening of the facility. Spear highlighted the following changes to the 2023 budget:
	* 1. TRT revenues kept at 2022 levels.
		2. Rent and utility costs removed.
		3. Property insurance added in
		4. Salaries and benefits will be held constant
		5. Marketing costs increased by $4200 for CAL-Ranch and Silver Star tickets.
		6. A final debt service payment budgeted because lock box payments will not be sufficient to cover May payment.

Nitschke stated the budget was conservative and wondered if phone and internet would be covered by MAC operations. Spear said these costs will be absorbed by the event center but there may be a cost associated with IFAD maintaining its current phone number.

Spear also informed the Board that in his opinion, the salary line for the District starting in 2024 should be adjusted downward because the responsibilities of the position will change. Spear said even if he were to stay in the position, he would be in agreement with the salary reduction. Nitschke commended Spear for recognizing that the responsibilities of the position moving forward will change. Warnecke said he sees the Executive Director position duties moving from a design and construction focus to an operations focus and there will be new opportunities to come. He suggested keeping this conversation open.

Nitschke commented the TRT revenue estimates starting in 2024 increase by 2% a year. Spear said that is correct and that is easily adjusted.

Gazdik encouraged the Board to review the budget materials and be ready to take action at the October 11, 2022, meeting.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson and Kevin Bruder on Hero Arena at the Mountain America Center operations and pre-opening activity. Hudson introduced Brennan Mihalick, Assistant General Manager and Director of Operations. Mihalick said he has been in event center management for 13 years at facilities in Pennsylvania and Minnesota.

Hudson discussed the decision to go to a cashless facility and said they have debated the decision for over two months. A lot of venues across the country are moving to cashless or starting as cashless facilities. Hudson said they conducted a brief survey and consumers preferred to use Apple Pay, digital wallets, debit, or credit cards. Over 96% of the respondents preferred these payment methods. Hudson said he understands that some consumers use cash, and the MAC will have mechanisms in place for those consumers. Hudson then explained the advantages of a cashless facility:

* Eliminating the opportunity for theft during an event
* Confidence in data analytics increase
* Eliminates the need for biweekly bank deposits and costs associated with heavy armored car pickup.
* Eliminates the need for cash handling equipment, like safes, cash counters. This saves approximately $15K worth of Point of Sale equipment.
* Quicker transactions on the register for a better customer experience

Hudson has tasked Kelsey Salsbery with making sure the cashless facility information is communicated to the public. Hudson said there will be three kiosks (reverse ATM’s) inside the facility that will issue debit cards. Two kiosks will be stationed at each entryway prior to coming through security. Hudson said a customer will be able to purchase a debit card by using cash and that the debit card can be used anywhere. There will not be a fee charged to the customer and the plan is to cover costs through sponsorship. Fuller asked about the cost of the kiosks or reverse ATM machines? Hudson responded that there is no cost for the kiosks. Spear commented that Mountain America, although it is in their contract, does not want to provide ATMs. Hudson said Mountain America does not want to service and maintain them and they are seeing less and less use of ATMs.

Hudson said before he presented this to the Board, he wanted to make sure that all the bases were covered for the customer. Hudson said they are excited about the cashless operation, and it is something they can hang their hat on to go along with the other technology in the facility.

Hudson then briefed the Board on other pre-opening activities. The Lindsey Stirling announcement was a success, and the social media response has been tremendous. Lindsey Stirling is a world class musician and brings a performance element that will enhance the reputation of the facility. Hudson expects Stirling to sellout. Gazdik said she has been seeing a lot of questions about rock concerts. Hudson said there are some of those in the pipeline. There are several classic rock concerts that are confirmed but are not ready to be announced to the public, including the rock show of the year.

Hudson said the venue is completely sold out for the first Mannheim Steamroller show and they have begun releasing some artists holds (tickets held for artists and their families). Currently there are only single tickets left. So a second Mannheim Steamroller show was opened, and they are quickly approaching 1000 tickets sold. Hudson said the first show is a matinee at 3pm on a Tuesday. That show will go until 5:30pm and then they will flip the venue, clean the seats, clear everyone out, and secure the building. Then they will bring in people for the 7pm show. Hudson is hoping for over 6,000 people to attend both Mannheim Steamroller shows.

Spear showed a breakdown of tickets sold by location and asked if some of these tickets could have been purchased by brokers. Hudson said he is sure there are brokers on the list but will not be able to identify them until the event is actualized.

Spear asked Hudson to comment on the breakeven analysis for the Mannheim Steamroller shows. Hudson said the breakeven for the first Mannheim Steam roller show was about 1600 tickets sold and they greatly exceeded that. The reason that a second show was offered is the overhead cost to actualize a second show was very minimal with the breakeven point at 450-500 tickets.

Hudson said there will be additional show announcements coming next week, again in October and mentioned February of 2023 will be the busiest month that he has been involved with in his career with hockey, concerts, comedy, and athletic events.

Nitschke asked Hudson about the conversation he had with the mayor on grant funding? Hudson responded that they were just brainstorming ideas about how to draw people from around the region and how best to work with organizations like YTT and the Chamber of Commerce.

Greene offered a report on Spudkings hockey and said the team has been working out together down in Salt Lake City for about three weeks. The team will be traveling for its first regular season games this weekend. They will be in Greeley, Colorado, Friday, Saturday, and Sunday. Greene said people can go onto the Idaho Falls Spudkings website and subscribe to hockey TV. All the teams in the league are required to video stream the games. Greene said they hope to have a jersey reveal this week. Over 1900 season tickets have been sold with the goal to cap them at 2000.

Hudson said the hockey team was able to tour the facility last Saturday and the kids really loved it. Gazdik asked about the roster size and Hudson said they were at 21 and are looking to add a couple more.

Fuller asked if the Spudkings website is more functional. Greene said the website is improved and is providing more information. The next step is to work with I.E. Productions to allow Chris Hall to have access to the website to update and add content. Nitschke asked about the cost of Hockey TV. Greene said Hockey TV is required by the USPHL League and the link on the website will provide that information. Carpenter asked how many road games will be played. Greene said 19 out of the 24 road games will be played before the first home game. The first home game will be December 2, 2022.

1. **Discussion Item** - Executive Director Report
	1. Fundraising/Cash Flow Update – This was covered in agenda items VII and VIII.
	2. State Tax Commission Reports – Covered in agenda items VII and VIII.
	3. Construction Update/Change Orders – Spear said the installation of video board and ribbon board will start next week. Spear said Poll Sound is seeing some long lead times on some items, but they will provide missing components from its rental inventory. Carpenter asked how the Daktronics schedule has been impacted. Laske said the delay actually helped because it will alleviate the number of workers and pressure of working in the bowl area. Most of the technical install has been pushed back and will actually allow Daktronics more room to do its install. Laske said the biggest issue is finding enough lay down space and storage for materials (Daktronics, CKS (kitchen equipment), Poll Sound). Weather could play an issue over the next two months. Nitschke asked how Spear was able to lower the Diamond Concessions kitchen equipment request from $140K to $25K and if any significant items are missing. Spear said none of the items were identified by Diamond at the time the kitchen equipment was reviewed. Spear said had this information been known at the time, the LED donor wall may not have been considered, or three more offices framed, or additional power for artists buses. Spear said Diamond Concessions asked if IFAD could reimburse them at a later time and Spear said there would be no additional funding available. Spear said that he had an open discussion with Hudson about what was actually needed, and that amount is $26K from IFAD. Spear said Diamond Concessions would provide the remaining equipment. Spear said with all the concession branding provided by Diamond and additional equipment, Diamond is approaching a $250K investment into the building. Gazdik said this should be memorialized and Spear said he has offered to place Diamond Concessions on the donor wall. Hudson said it is important that the right equipment is available for opening of the event center. Gazdik asked about the status of the Executive Chef. Hudson said one has been hired and a Concessions Manager will start next week. Hudson offered to bring Rob Martin of Diamond Concessions to the next board meeting to discuss food and beverage operations.

* 1. Action Items
		1. Continue selling seat plaques
		2. Update 2022 and 2023 budgets
1. **Discussion Item** - Legal Report – Fuller said he will contact Richard Catten, Centennial Attorney, about the need to amend the subrogation and indemnification sections of the management agreement based on the review conducted by Idaho Counties and Risk Management Program (ICRMP). Idaho statute does not allow IFAD to have an additional insured. Fuller does not anticipate any issues with making these adjustments.

 **Calendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on September 27, 2022**
2. **Discussion Item** - Announcements and Minor Questions

Gazdik announced that she would not be able to attend the 9-27-22 Board meeting. Carpenter also said he would not be attending.

1. **Discussion Item** - Agenda Items for September 27, 2022, meeting
	1. Presentation from Diamond Concessions
	2. Board Tour of the Event Center

Meeting Adjourned 8:50 AM