

**Board of Directors Business Meeting**

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

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

[**https://us06web.zoom.us/j/82958593488**](https://us06web.zoom.us/j/82958593488)

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

**Participants:** Rob Spear, Bob Nitschke, Steve Vucovich, Ron Warnecke (via Zoom), Mike Carpenter, Angie Freer, Jennifer Bjornlie, Kevin Bruder (via Zoom), Mike Clements (via Zoom), Ken Wheadon (via Zoom), Erik Hudson, Mark Fuller, Rebecca Casper (via Zoom), Blake Davis (via Zoom), Kevin Greene, Chris Hall, Paul Henderson, Christian Ashcraft.

**Agenda**

1. **Action Item** - Call to Order. Vice Chair Steve Vucovich called the meeting to order at 7:02 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 – 10-11-22
	2. Review of Payables/Financials – A payables list totaling $3,456.45 was reviewed and approved. Carpenter 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. **Discussion Item –**Receive a construction update from Mike Clements of Bateman Hall and Ken Wheadon of CRSA. Clements briefed the Board on the following areas:
	* + Biggest concern will be to have the facility adequately cleaned before turnover date.
		+ Interior first level is the biggest concern as tile needs to be completed. Completion of concession stands will start on Quad 1 and continue through Quad 4.
		+ Testing of all systems continues
		+ Grease hoods are awaiting shipment of connections. Ship date 10-27-22.
		+ All paving is complete
		+ Landscaping continues and is almost complete
		+ Ice Builders completing ice system and testing will begin 10-28-22.
		+ Clements expects the exterior of the building to be completed before the 11-21-22 occupancy date with no foreseen issues.
		+ The disaster recovery exercise conducted by the City of Idaho Falls produced some good results on radio coverage in the facility. Spear said this was good news because installing an emergency radio amplifier system would cost $75-$100K.

Spear asked Clements if there could be any early occupancy of the facility. Clements explained that he was asked last week about this by Kevin Greene. Spear indicated he was unaware of such a request and said he received an email from Hudson on 10-24-22 asking about early occupancy. Greene explained that Joe Hudson of Diamond Concessions was asking, and Greene setup a tour for him. Clements stated that if early occupancy is going to be requested, something must come to him in writing and list the areas where early occupancy is requested. Clements cautioned the Board that any early occupancy was not something they want to consider because of the amount of work left to complete. In addition, this is going to require considerable coordination with the City for temporary occupancy permitting.

Spear asked Wheadon for an update on the 400 amp direct power request, instead of the current 200 amp split. Wheadon said he sent the request to VBFA and was awaiting feedback. Spear said the request is only to convert one of the panels. Depending on cost, the other panel may be converted as well.

1. **Discussion Item –** Erik Hudson of Centennial Management will discuss use of preopening service funding. Hudson presented a quote of $38,975 from Global Trash Solutions for a trash compacter that was not included in the FF&E budget. Hudson said he would like to utilize preopening services funding to make this purchase. Hudson said they evaluated a lease purchase option but that would not be cost effective. Total cash outlay at the end of the lease would exceed $45K. No objection from the Board. Compactor will be owned by the Mountain America Center and covered by a three-year parts and labor warranty.
2. **Discussion Item –** Erik Hudson of Centennial Management will discuss modifying Event Holder Insurance Language for the Blue Cross of Idaho Conference Center. Hudson explained the current language requiring coverage of “$5,000,000 for injuries, including death, sustained by one person and $5,000.000 for injuries, including death, sustained by two or more persons from a single occurrence”, is both too expensive for the conference space users and inappropriate for the types of activities being covered. Hudson recommended reducing both of those amounts to $1M. Hudson said Freer is seeing some potential loss of business for the conference space because of the current insurance requirements.

Fuller asked how Hudson expected to keep people, using the conference center, from entering the arena area. Hudson said the facility will be a secure area and people will be monitored.

Spear asked Hudson if there is a required minimum and Hudson said there is not. The proposal is consistent with insurance requirements of other city owned facilities and could be lowered below the $1M threshold. However, Hudson said reducing the limits to $1M makes it affordable.

Vucovich asked for clarification of the insurance cost per day for one-day events. Hudson explained that the cost for the number of admissions between 3,001 and 5,000 would be $850 for a class IV event. The per admission cost is just an average and the overall amount ($850) is what is charged; not the average cost per admission ($.18).

Nitschke asked where the details described in the Hazard Levels (1-4) came from? Hudson said these came directly from the insurance company.

The Board had no further questions about Centennial Management’s proposed reduction of the insurance amounts for the conference space.

1. **Discussion Item –** Erik Hudson will present the 2023 Centennial Management operations budget for Hero Arena at the Mountain America Center and Blue Cross of Idaho Conference Center. Hudson presented a detailed operating budget for 2023. Hudson stated the budget is for the period 11-28-22 to 11-30-23. Nitschke asked what data was used for the original forecast column (CSL study or Centennial pro forma)? Bruder said the revenue detail was from the required revenue budget per contract submitted as part of the pre-opening services budget. Bruder said the expenditures were from the Centennial pro forma. Hudson then explained the following budget details:
	* + Hockey & Ice Rent – Hudson said the increase ($38K) is due to the increased number of home games from 26 to 32.
		+ Building Rent – This number increased ($90K) based on the events that are currently scheduled for the arena and conference space.
		+ Concessions and catering – This amount decreased (-$107K). Spear asked why this was reduced so significantly. Hudson said this was a conservative number just because there is no historical data available.
		+ Suite/Loge/Club Seat Income – Amount increased ($67K) because the party suites were split resulting in two more suites. Spear asked about the nightly revenue from suites/loges/club seats that are not purchased by the owner. Hudson said that is reflected in the Individual/Party Suite Ticket Income.
		+ Advertising/Sponsorship – Hudson said they are on target to meet this goal and credited Greene’s group with the progress.
		+ Full-time staff – Hudson explained that this includes 4.5 additional positions (two operations positions (one has been hired), a marketing manager, admin/receptionist, and part time accounts payable person). This would bring the full-time staff to 11.5). Hudson said the marketing manager is to provide assistance to Salsbery. Spear asked if the marketing manager role would include content creation and management of social media sites. Hudson said Salsbery and this position would have those responsibilities. Spear asked if Hudson has considered hiring interns from CEI, BYU-Idaho, and ISU. Hudson said he has been in communication with CEI. Hudson provided the Board with some social media metrics over the last 3 months:
			- 77,863 people reached by social media posts
			- Social Media organic growth rate is 173.63%
			- As of 10-24-22 20,000 tickets have been sold resulting in $800K of revenue.
			- 29,247 visits to the Ticketmaster website as of 10-24-22
			- 538 unique zip codes have been reached.
		+ Part Time Staff – This amount will increase or decrease depending on the number of events and is currently based on the number of events scheduled.
		+ Hudson reviewed projected event days and attendance numbers and showed there were 136 event days resulting in 154,233 in total attendance. Nitschke asked about how this compares to the CSL study numbers. Spear displayed the numbers and stated that of the 160 projected event days, 50 were for the conference space. The study estimated 120,525 attendees. Spear asked Hudson if the event days include the conference space. Hudson said only for the events booked.

Nitschke stated that he expected a better net operating income number (projected at $44,576) because it has been communicated that ticket sales for announced events has been so positive. Hudson said that he purposely underestimated revenues and overstated expenditures. Bruder said a monthly revenue and expenditure summary will be provided. Spear said it is his expectation these monthly reports also include projections for the remaining months and after six-months of actuals, the budget be adjusted to ensure the center at least breaks even. Nitschke asked what happens if the expenditures exceed revenues. Hudson said there is flexibility in the full-time staff area and that expenditures can be reduced.

Fuller said it appears the increase in hockey home games this year is the reason the center will be profitable. Hudson said that is not the reason and again reiterated that he intentionally underestimated revenues and overstated expenses.

Spear reminded the Board that today’s agenda item was a discussion item and that the next meeting the Board would consider the FY 2023 budget as an action item. Spear asked Board members to provide any feedback on the presented budget prior to the 11-8-22 Board 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 provided the Board with grand opening week events which includes the grand opening/ribbon cutting, one concert, one family show and three hockey games.
2. **Discussion Item** – Update from Kevin Greene on Spudkings Hockey. Greene provided the following updates:
	* A change in the head coaching position was made. Marty Quarters is currently the interim coach.
	* Spudkings will travel to Minnesota to play in a four-game showcase.
	* The roster continues to evolve and change. There are currently five players injured.
	* Sponsorship sales continue to move forward and cited selling $13K in sponsorships including a deal with Select Health that Spear helped coordinate.
	* Hired a social media manager who will assume all social media posting responsibilities.

Nitschke asked for a definition on what a competitive team means. Greene said by the time the team starts playing at home, he wants them to win as many games as they lose.

1. **Discussion Item** - Executive Director Report
	* Fundraising/Cash Flow Update – Spear said he has submitted the budget changes to Wipfli, and these should be reflected in the next financial statements.
	* State Tax Commission Reports – No Update
	* Construction Update – Spear discussed the process for acquiring VIP parking signs and said he has received a bid for $4K. An estimated bid from another sign vendor estimated the costs between $42-63K.
	* Action Items
		1. Focus on brick campaign and seat plaque sales
		2. Start getting seat plaques printed and attached.
2. **Discussion Item** - Legal Report – Fuller did not have anything to report.
3. **Board Tour of Event Center –** Carpenter, Nitschke, Vucovich, Fuller and Spear toured the event center.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on November 8, 2022**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for November 8, 2022, meeting
	1. Centennial Management Operating Budget Approval for FY 2023

Meeting adjourned at 8:40 AM to tour the event center.