

**Board of Directors Business Meeting**

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

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

[**https://us06web.zoom.us/j/87968627616**](https://us06web.zoom.us/j/87968627616)

**1690 Event Center Drive, Idaho Falls, Idaho 83402**

**Room 2416**

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

**Agenda**

1. **Action Item** - Call to Order 7:05 AM
2. **Action Item** – Accept Agenda Spear suggested deleting item IX and changing item X to an action item. Warnecke moved to adopt the agenda as amended.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 11-22-22 – no changes
	2. Review of Payables/Financials – A payables list of $121,879.55 was reviewed and approved. The financials were removed from the consent agenda because Spear wanted some changes made and wanted ample time to review since the financials were received late on 12-12-13. Carpenter moved to accept the consent agenda without the financials. 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). Greene thanked everyone for the tremendous start to the venue. Nitschke reported that the Board Chair Gazdik, former Executive Director Ozaki and Executive Director Spear were recognized in a Post Register column written by Jerry and Carrie Scheid thanking a few special people in the community. Spear also noted that Gazdik was recognized as a woman of influence by a local organization. Carpenter recognized the efforts of Bateman Hall and Hogan.
5. **Discussion Item –**Receive a construction update from Mike Clements of Bateman Hall. Ken Wheadon to report on research regarding fireproofing of columns and contact with the city. Clements said there are a number of open items such as restrooms need painting and columns need painting. The week of December 19th will be a big week as the columns will be painted and big lifts placed back on the ice. Clements said the first-floor concourse floors will be ground and polished. This is the reason the rubber base has not been placed on the first floor. Clements asked about how the conference room would be locked and also asked about the wayfinding signage status. Spear said the issue with signage is because the materials have not been received and there was a material order expected to be received on 12-12-22.

Clements said they continue work on completing the list of items required for the Certificate of Occupancy (C of O). Clements said the majority of the list is completed and all items will be completed by December 30, 2022. Clements said they are also working on gathering and completing all the operational manuals for the facility.

Gazdik asked about the deadline for the C of O and Carpenter asked what happens if all items are not completed. Clements said they have 30 days to complete all the items and if all items were not completed, the City of Idaho Falls would generate another list and most likely grant another 30-day extension. Clements did not anticipate asking for an additional extension.

Clements said Gray, Bullock and Prouse of Bateman Hall will be available through the end of December.

Spear asked Wheadon to comment on the status of his research regarding fireproofing of columns and contact with the city. Wheadon said he presented a concise argument to Brian Tomsett and explained the two interpretations of the code. Ultimately Tomsett said no and required the columns to be fireproofed. As far as covering the column with the fireproofing, Wheadon said he reviewed the history and stated during the plan review this issue was never brought up. Wheadon said the inspector holds a unique position and when they get on site, they can determine something different than what you went through.

Wheadon said everybody went down the path that it was readily acceptable to not fireproof beyond 20 foot above the nearest horizontal plane. Wheadon stated, CRSA laid out a concise argument, because the code clearly states primary structures above 20 feet do not need to be fireproofed because part of the primary structures are the columns.

Wheadon said there was a conflicting comment in the code that negated the primary structure part of it. That is when Tomsett decided that he wanted to see the columns fireproofed.

Gazdik asked when the plan code review took place. Wheadon that would have been when the process was stopped and before the rebid. Wheadon said it was in 2018. Spear and Gazdik said this was incorrect because the process was stopped in 2020. Wheadon said based on the information he had, the dates were 2018 and 2019 and the last thing CRSA has was dated 2020. Wheadon said when he went through the code review, he did not see any comments, unless the dates were wrong on the papers he saw.

Spear said the first time the job was bid was in March of 2020. Wheadon said the plan review and when the project was bid aren't necessarily sequential events. Wheadon explained that plan reviews are required prior to having projects go out to bid. Then during the bid process, if something changes during the code review, adjustments are made, and an addendum is sent out to contractors before the final bids are accepted. That is pretty common practice. Wheadon said he is not sure what happened with it.

Spear asked if there was enough diligence done during the rebid to ensure previously accepted value engineering (VE) items were taken. Because many of the VE items were missed, Spear asked if there was enough work done to update the plans to the 2018 code? Additionally, as we've gone through the construction process, there have been a number of design issues. Spear then asked how much time CRSA actually spent updating the plans from the initial design? Wheadon was not sure everything was caught on the plans for the rebid and that is why there were a number of Request for Information (RFI’s ) on the job.

Warnecke asked about the process CRSA used to respond to the RFI’s, and the process for feeding it back into the code of record and making sure the RFI’s synced up to what was actually in the code of record? Wheadon explained when a question on an RFI is answered, depending on the nature, CRSA puts it in the record set. Wheadon acknowledged in the beginning the process was rocky.

Warnecke asked if Bateman-Hall was in receipt of the RFI responses in a timely manner? Clements stated that over the course of the project responses to RFI’s took some time. On a regular basis Bateman Hall had to make several requests until they received adequate information to do their work. Clements provided clarification to the rebid timeline and said CRSA had three months, November, December, and January to incorporate all the addendums from the first bid set into the new bid set. So, there was plenty of time to make any changes that needed to happen.

Warnecke asked if 2015 was the basis for CRSA’s code of record and, in that version of the code what was the requirement for fireproofing?. Wheadon said the fireproofing was clarified in the 2018 or 2019 code when they specified the extent that needed fireproofiing above the nearest horizontal plane to the roof structure. It wasn’t totally clear, except for the fact that when you look at the commentary, there’s a code commentary that once you get to the twenty-foot level fireproofing was not necessary.

Carpenter asked about the timing of discussions with AHJ (authority having jurisdiction) at the time in 2015, and asked what was the City Inspector’s take on the issue at that time? And what was it in 2018? And again in 2020? Wheadon said he could not find a specific comment on the fireproofing of those columns that hold up the roof, in any of the code review comments. It wasn’t brought up.

Warnecke asked that since the 2015 code was used, if the City had no comments on the plans because the plans indicated the columns would be fireproofed to the top. Wheadon said, No, the drawings did not show the fireproofing going all the way to the top. They showed that the structures that were below the twenty-foot mark had to be fireproofed. Anything beyond twenty feet did not show on the plans as being fireproofed.

Clements said you must go to the tables associated with the 2018 code and it is clear the table gave CRSA/Perkins & Will the exception to make. When checking more code in 2018 and even 2021 code, structural members were further described and the 2021 code makes the case for an exception, only stronger.

Spear asked why the 2018 code wasn’t adopted for the plans. Wheadon said at the time of the plan review, Idaho had not adopted the 2018 code. Clements stated when the project was sent out for bid, Bateman Hall was informed Idaho Falls was still under the 2015 code. Rather than spend the money and update the plans to the 2018 code they elected to stay with the 2015 code. Updating the plans would have cost time and money.

Nitschke asked what the increased costs to the project were for fireproofing the colums? Clements said the price is going to come in between $150K and $200K, but he won’t have a final number until after the week of December 19th. Nitschke asked where that money was going to come from? Spear said he said he would provide the board with cash flow projections in agenda item VII. Spear then stated, “I do know, it should NOT and I’ll say this in this public meeting, it should NOT be IFAD. But I don’t know how we are going to resolve this.”

1. **Action Item –** Adopt amendment to Mountain America naming rights agreement. Spear reviewed the specifics of the amendment which states that Mountain America will pay $10K annually and select, in advance, 10 events they would like to attend. For any additional events, they will pay the average ticket price for each event. For events Mountain America won’t attend, the operator will have the chance to rent out the suite to another party. Gazdik asked if Centennial was involved in the negotiations. Spear indicated that Hudson was involved. Spear also stated that Fuller reviewed the amendment and that his changes have been incorporated in the final document. Carpenter moved to adopt the amendment. Vucovich seconded. Motion passed.
2. **Discussion Item –** Review and discuss updated IFAD cash flow projections. Spear updated the Board on several key areas: fundraising, debt payment, change orders, building fees, basketball court and stanchions. The construction contingency amount needed to be increased by $625,000 to $1.7M due to the column issue, overtime, and increased construction costs over the last 60 days. Clements informed the Board that the column issue alone is going to cost between $150-$200K. Spear communicated that these increases have a significant impact on the cash flow, especially in years 2027 and 2028 when fundraising dollars stabilize at $289K per year. At one time Spear received an estimate from Clements that between $400K and $450K could be “given back”. Clements said that is no longer the case and estimates zero dollars will be given back. Clements said he needs 30-60 days to determine what the total increase in costs will be.

Warnecke asked if a list of all the change orders has been kept. Spear said Bateman Hall keeps a list of all increased costs by three areas: Bateman Hall contingency items, Owner’s requests and any costs resulting from design issues. Gazdik suggested that Spear rely on Warnecke’ s expertise to review these costs.

Nitschke asked for an explanation on why the Guaranteed Maximum Price (GMP) was such a great deal especially with the cost overruns we are seeing now. It appears we have no leverage at all. Spear attempted to explain that in construction there are scope misses where something wasn’t adequately designed resulting in Requests for Information, that eventually result in change orders. Spear cited several examples: generator not covering ice system, 400 AMP direct power, fire column issue, heat tape on entry ways, etc. The GMP did not include these items. Clements said if the GMP process had not been adopted and used, this project would never have been done. Clements said the amount of change orders would have been significant had another process been used. Clements said the GMP approach allowed the project to be completed in a timely manner. Clements acknowledged the number of architectural changes that occurred during the project but emphasized the GMGC approach and GMP kept the project moving. Clements said there is another project in town that utilized a different approach, and it is not going very well. Nitschke said what is being described are design misses and should have been covered by the GMP.

1. **Action Item –** Second ice resurfacer purchase that would be paid by sponsorship funds. Hudson said they definitely need a second Zamboni. This would improve game nights operations because the augers on the Zamboni have been freezing up. Hudson said he met with a potential sponsor and the initial partnership being discussed is between two and five years at $15,000 a year for the branding of the Zamboni. Although this is inventory for the hockey team to sell, Greene has agreed to allow all the sponsorship dollars to go toward paying for the Zamboni. Once the Zamboni is paid for the hockey team would then receive the sponsorship revenue.

Nitschke asked why there is only one Zamboni when the original intent was to have two Zambonis. Spear said Centennial Management procured one in 2016 with the expectation that it be used for the event center. Bruder said Centennial has placed that Zamboni into service and based on the amount Centennial paid for the Zamboni versus today’s market value, it did not make sense to sell. Discussions have been had, but it was just too costly for IFAD.

Vucovich asked about getting a bank note. Gazdik said that would not be allowable and suggested an annual lease. Carpenter asked if the potential sponsor was asked to purchase the Zamboni outright and then given x number of years of advertising. Hudson said at least four companies were approached with this offer and none agreed. Nitschke said he thought INL was going to step up. Hudson said he and Spear met with them and now it sounds like there's been some sort of a reorganization and he and Spear are meeting with another INL representative on Thursday. Nitschke said it is important to get to the right person.

Gazdik asked if there is such a thing as an operating lease on a Zamboni? Hudson said he will do some research.

Nitschke wanted to know how a second Zamboni would help the augers not freezing. Hudson explained, when ice is made, the blade is set at a certain height to shave off the used ice. The deeper you go the more impact is placed on the auger system. The second Zamboni would be used in conjunction with the first Zamboni, thus reducing the load.

Gazdik suggested delaying this topic to the next meeting. No action was taken. Fuller said Hudson needs to come back to the Board with a sponsorship in place. Fuller said he would review whether or not it was possible to address this in an executive session.

1. **Discussion Item –** Erik Hudson to discuss tenant insurance. This item was removed from the agenda.
2. **Discussion Item –** Discuss IFAD Board meeting schedule for 2023. This was changed to an action item. Gazdik said this is just a template to follow and the schedule can be adjusted. Warnecke moved to adopt the 2023 meeting schedule. Vucovich seconded. Motion passed.

1. **Discussion Item –** Discuss IFAD Board member parking. Carpenter said only individuals working at the facility should have VIP parking.Spear said he does not see a need for a personalized parking spot. Nitschke asked how many VIP spots were currently provided. Spear said there were 72 (actually there are 74). There was no further discussion.
2. **Discussion Item –** Discussion of event center operations/pricing. Spear said Nitschke wanted to have a discussion on food and beverage prices and costs for groups to rent the facility. First, Nitschke wanted to know the mechanism for the general public to get issues resolved. Hudson said people can use the form on the contact page on the event center website or the IFAD website. Carpenter asked about some of the concerns Hudson has received. Hudson said there have been ADA seating questions and most recently concerns on double charging. Both have been rectified.

Nitschke asked how he should address any operational concerns. Hudson said they should be emailed directly to him and Bruder suggested Spear be copied.

Nitschke said he sat next to a College of Eastern Idaho (CEI) representative at a recent hockey game. When asked if CEI had paid for the advertisement on the ribbon board, the representative said yes and went on to say they were paying a great deal to hold their graduation ceremony at the event center. Nitschke cautioned the Board that despite businesses currently being willing to pay the going rate, it does not mean they are happy with the cost. Nitschke wondered if some entities, such as CEI, deserve a price break and wanted to know what discounts are being provided. Hudson addressed the CEI issue and stated that the CEI contact was misinformed. Hudson said the CEI graduation is a trade out and it is not a cash transaction. Hudson said a lot of part-time labor is coming from CEI. Greene said the ribbon board is part of the purchase of a platinum IPTV package valued at $6K. Gazdik asked Board members to direct questions to Hudson so he can resolve and respond. Nitschke said it is important to resolve issues in a timely manner and doesn’t want to wait two weeks to discuss them.

Nitschke said he also has concerns with beer sales; there is no way to know what beers are served where; there is no information about the different beers or even menu items on the Mountain America site; when the pay system was down at one of the beer stations Nitschke asked if he could pay later (Name and seat number should be sufficient) and was denied; and was concerned about beer and water prices and thought they might be characterized as an unjust enrichment. Nitschke said the price for a bottle of water is $5 and he wanted to know how the prices were set and justified. Nitschke also questioned the fillable water stations when water bottles are not allowed. Hudson said outside water bottles are not allowed because they are made of a durable substance like plastic or aluminum and when filled could become projectiles. As for beer and water prices, the facility has a much higher “hotel load (utilities, labor, etc.)” than a bar or restaurant and the industry standard for cost of goods sold is 20-25% of the retail price. Hudson said that Pepsi charges the center $1 for a bottle of water and the operator does not dictate the prices of goods but they do dictate the cost to sell those goods in order to recover their total costs. Hudson said the center’s cost of goods sold is at 22% across the board and said that is where they need to be. Nitschke said in the past he looked for industry standards and was unable to find them. Hudson said his data is from his network and he would be willing to have Nitschke participate in some phone calls.

Gazdik said the center is not depriving people of water and stated people can refill a purchased beer cup or water bottle. Nitschke said his focus is on getting people to continue to come to the center and a $5 charge for a bottle of water is an obstacle. The beer prices are an issue because no one is going to come early and have a beer. Gazdik said the reason people are coming to the center is to see an event they could not see anywhere else. Even though they may eat and drink before, when they are at the facility, they are going to pay the established price. Bruder stated that their prices are no different than a movie theatre.

Nitschke wanted to make sure the public is getting a fair price and stated the price the beer distributor charges is the same whether it is sold to a ballpark, bar or to the event center. The event center beer costs are the same. Hudson said that is not true because he has a load on the facility that is much greater than a restaurant and said his staffing is 10X the staff at a bar or restaurant. Nitschke countered and said you don’t have a mortgage. Nitschke just wanted to know how he should communicate pricing to the general public. Nitschke referenced the Mercedes Benz stadium in Atlanta that adjusted pricing downward in order to get more people to come early and eat dinner and it was successful. Hudson said it costs the center more money to sell the same beer because of the additional personnel required to operate the facility. Hudson said the cost to get a massive sandwich at one of the concession stands is $12 and includes fries which is more reasonable than a local bar/restaurant. Again, Nitschke said he just wants to be able to communicate this the right way to the general public. Bruder said as the building starts getting into its groove (it is only two-weeks in), the facility can start to variable price by event and adjust accordingly. Bruder wanted to remind everyone that any money going back to the facility is IFAD money. Bruder said when you look at the variety of food offerings it is very good, but it is always a healthy discussion to discuss pricing. Nitschke just wants to ensure that the community members of Idaho Falls are getting a fair price and does not agree that just because the average cost of goods sold is 22% that this is what it should be in Idaho Falls.

Hudson pointed out that sometimes the promoter requires the sharing of food and beverage revenue and if you are not willing to do that, they will take the show elsewhere. Nitschke said he will be watching and stated that if the center can defend the prices, he will defend the center and communicate that the pricing is what it costs to successfully operate the facility.

Gazdik said as we get more data, we will be able to make smarter decisions moving forward. Nitschke wanted to know how reported issues will be tracked.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson and Kevin Bruder on Hero Arena at the Mountain America Center opening events. Hudson explained they are learning the facility and shared the following:
2. Zamboni training will happen – 5 people will participate
3. Storage continues to be an issue as other FF&E items are received.
4. Working through food and beverage issues especially with the two stands that did not have beer lines installed. But all 105 beer taps are now operational. Hudson said all portable stands will be staffed.
5. Housekeeping – this is an area that they are learning about. Protocols and maps are being developed and revised to ensure a high level of cleanliness. Carpenter asked about how cleaning will be done between the two Mannheim Steamroller events. Hudson said they have 30 ushers that will aid in cleaning between shows.
6. In the first two weeks there have been 20 events and 31,000 people through the doors. Hockey averaged over 2900 people for six hockey events and that broke a league record. They served an 840-person prime rib dinner and had a 400-person event in the conference space. Melaleuca had 2400 people attend its Christmas show. Today 12-13-22, they expect 7,000 people to attend the Mannheim Steamroller events. These numbers are not included in the 31,000 number above. 5800 more people are expected to attend the two hockey games and there is a 250 person Depatco Christmas party. Finally there will 4200 people attending the Lindsey Stirling concert.
7. Hudson said they hosted a girls hockey tournament and in January there will be a full complement of ice activities (Spudkings, youth hockey, public skating) at the event center.
8. Continuing to work with Arts Council and between both entities they have put Idaho Falls on the map for entertainment.
9. First month financials will be presented at the second IFAD Board meeting in January.
10. There are only 400 tickets available for REO in August of 2023.
11. There will be another event announcement today 12-13-22 and three more over the course of the next two weeks.
12. **Discussion Item** – Update from Kevin Greene on Spudkings Hockey. Greene updated the Board on the following.
13. Team has won 3 and lost 3 in its first six home games and played the first place and ranked Utah Outliers tough in the first home game.
14. Fans stated the experience has exceeded expectations
15. People continue to call about season tickets
16. Hall and Henderson said it has really been fun to be part of this opening of the facility.
17. Opposing teams said the atmosphere and venue are electric
18. Greene did not think it could be going better and they are averaging 2900 people per game.
19. Nitschke stated the Spudkings website is still not functioning correctly, e.g. spelling errors, the link to the store was not working, still showing a photo of the event under construction….
20. Greene said there are three local suppliers working around the clock to provide merchandise.
21. Nitschke wanted to know when he could resell tickets. Greene said a range of $12.50 to $20 for reselling is recommended. Hall said they are working with Ticketmaster to figure this out.
22. **Discussion Item** - Executive Director Report
	1. Fundraising – Spear reviewed the fundraising spreadsheet and reported one entity has not paid.
	2. State Tax Commission Reports – Spear presented a YTD comparison and said he expects TRT revenues to exceed $2.9M. Nitschke wanted to know what the Airbnb contributions were in comparison to TRT revenues. Spear said he would present that data at the next meeting.
	3. Seat Plaque Policy – Hudson commented on the need to update the seat plaque policy and said promoters have questioned them because of the number of holds it causes. For example, REO required the seat plaque holders to purchase their seats before the pre-sale ended. Hudson also stated the Brian Reagan promoter (Live Nation) required a decision by plaque holders be made within 48 hours, this was different than the original 30-day deadline. Because tours dictate the sale, moving forward, Hudson said they will ask for a 30-day window for seat plaque holders to select their seats. If that is not acceptable, they will follow the promoters guidelines. The concern of the promoter is the seat plaque holds may not all sell. If this happens the operator may have to pay for them. Gazdik agrees the time for seat plaque holders to select their seats should be shortened. Bruder suggested using building holds to be available to accommodate some seat plaque holders who may have forgot to purchase seat plaques before the deadline. Hudson said they won’t make a policy change immediately. Warnecke said any communication needs to state the reason for the change.
	4. Branding first floor concourse columns – Spear said there is an opportunity to brand the columns on the first floor and encouraged the Board to look at the 14 columns on the main concourse. Greene said that only the first five feet above the brick would be wrapped. Hudson said it is attractive inventory and that IPTV would be required. Gazdik was concerned about having more than one company on the columns for aesthetic reasons.
	5. IFAD Naming Plaque – still waiting for a sample.
	6. IFAD Foundation – not discussed
	7. Action Items
23. **Discussion Item** - Legal Report. Fuller did not have anything additional to report.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on January 10, 2023**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for January 10, 2023, meeting
	1. TRT Revenue breakdown.
	2. Review October Financials
4. **Action Item** - Adjournment to Executive Session – Gazdik moved to convene the executive session at 9:28 AM. Gazdik, Vucovich, Warnecke, Nitschke and Carpenter all voted to convene the executive session.
5. **Executive Session -** Idaho Code Section 74-206 (1) (b) To consider the evaluation of an employee.
6. **Adjournment from Executive Session**
7. **Action Item –**Action taken on Section 74-206 (1) (b) matter discussed in Executive Session. There was an Executive Session held under IC Section 74-206(1)(b) between 9:28 AM and 10:03 AM. Return to Public Session at 10:03 for a discussion of the topic of the Executive Session. A motion was invited by the Chair regarding the matter discussed. Mike Carpenter moved to award the Executive Director a bonus for his extraordinary efforts in overseeing the successful completion and opening of the Mountain America Event Center. Motion was seconded by Steve Vucovich, a further discussion occurred and then a voice vote was taken, with the majority approving the Motion.
8. **Action Item -** Adjournment from Public Session - Without objection, the public meeting was then adjourned.