

**Board of Directors Business Meeting**

**Tuesday, February 7, 2023, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/85290181149**](https://us06web.zoom.us/j/85290181149)

**1690 Event Center Drive, Idaho Falls, Idaho 83402 - Room 2416**

**Participants:** Rob Spear, Terri Gazdik, Bob Nitschke, Steve Vucovich, Mike Carpenter, Erik Hudson, Jennifer Bjornlie, Andy Birch, Mike Clements, Ken Wheadon (via Phone), Spencer Howell (via phone), Waylin Lewis, Chance Prouse, Mark Fuller, Chris Hall

**Agenda**

1. **Action Item** - Call to Order 7:02 AM
2. **Action Item** – Accept Agenda. Mike Carpenter moved to accept the agenda. Nitschke seconded. Motion accepted.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 1-24-23
	2. Review of Payables/Financials – A payable list of $515,824.15 was reviewed and approved. Spear summarized the payables list and explained the payment to Zions is for the November and December tax revenues that needed to be placed in the lockbox. Spear also explained the payment to Centennial is for pre-opening services and he is still awaiting final invoices before the pre-opening costs can be finalized. Spear indicated that Hudson must stay within the $532,250 budgeted amount. Vucovich moved to approve the consent agenda. Carpenter seconded. Motion approved.
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 referenced a Post Register article that featured the Spud Kings.
5. **Discussion Item –** Update from Kevin Greene on Spud Kings Hockey. Chris Hall represented the Spud Kings and provided the following updates.
	* 1. Spud Kings are 7-2-1 in the month of January and sold out every hockey game.
		2. Davis and Mitrovic were recognized as players of the month.
		3. Season ticket waiting list consists of 350 people wanting 1300 tickets.
		4. Staff is starting to reach out to current season tickets about next year but are still capping the number of seats at 2000.
		5. Tater toss has raised $20K for eight local charities.
		6. Playoffs start in March and all teams make the playoffs. Only the top four seeded teams host games in the playoffs.
		7. Need to evaluate good anytime vouchers especially since businesses held on to those until the end of the year.
		8. Group sales have been instrumental in selling out games. For next year, the number of group sale nights may need to be adjusted and limited to 300-400 people.
		9. Hall noted Spud Kings players visited some local elementary schools.

Nitschke asked if Spud Kings players have any interest in performing other community service activities. Hall said that interested parties should contact the Spud Kings office. Nitschke asked if there are tickets held for opposing teams. Hall said it requires planning, but they can offer tickets.

Spear asked if season ticket prices have been set for next year. Hall said they are increasing $75 per season ticket in the lower bowl and $50 dollar in the mezzanine level. There are two additional home games next year that justify the increase. Hall expects the season ticket cost will remain constant for the next few years. Nitschke stated that if the mezzanine level prices are increasing the service provided needs to improve. Nitschke explained that service in the mezzanine was not very good and said he was not able to order from his seat as promised. Hudson said they have received good comments about service in the mezzanine level.

1. **Discussion Item –**Receive a punch list update from Mike Clements of Bateman Hall and Ken Wheadon of CRSA. Prouse provided an update and said the punch list and Requests for Information (RFI’s) have been narrowed down to about 25 items and summarized the following:
* Flooring – baseboard needs completing
* Ice Builders need to address RFI on the belt freezing
* NuVu glass – Need to install 3-4 pieces of glass in storefront
* Guardian system needs to be completed in the bowl – scheduled for March 27th-30th.
* Depatco will complete asphalt work in the spring
* Canon Sales will complete all bathroom partitions by 2-7-23
* Bingham Mechanical has few remaining items
* Mountain West will be installing new light pole by February 10th.
* Yesco – still awaiting shipment of interior wayfinding signs
* ABS – door cores and keys still awaiting shipment. Scheduled to be complete by 2-17-23
* IEI – Intermountain Erectors – complete work by 2-17-23

Gazdik asked about NuVu and delivery dates. Clements said the lead times for windows and glass is long. Spear asked about the exterior card access reader on the westside of the conference center that can’t be used because there is no handle on the door to open. Spear recommended the card access pad be relocated to the second floor, southside office door, because he thinks the door is already wired. Clements said he would have Prouse research.

Howell discussed the progress on the HVAC systems. Howell stated:

* Building had been operating 24/7 since startup. The system is now programmed based on operating hours. This will stop the system from taking in outside air during non-operating hours and should reduce gas utility costs.
* Controls were not properly programmed which resulted in the boiler plant not operating efficiently. The boiler was only running at half capacity and only allowed the system to heat water to 140 degrees versus the required 180 degrees. All coils in the building were not getting heat and this resulted in some spaces in the building being cold.
* Found control wiring issues in some of the air handling units that kept dampers open that let heat out and outside air in.
* UV lights were not being controlled properly. These have now been corrected.
* Issued an RFI to gather information on why north ticket booth was not heating efficiently. It appears the consequences of all the exterior walls caused the space to cool down much more rapidly than anticipated. Howell suggested installing radiant baseboard heat in that space. That will keep the system from kicking on during non-operating hours to heat just one room. Wheadon said a response has been issued.
* One of the two motors in the heating unit at the receiving dock was burned out. This is reason that area was so cold last week.

Spear asked about the screen in the commissary kitchen. Howell said due to a cost savings measure taken during design they elected to not install a dedicated makeup air damper in the commissary kitchen. Instead they designed to allow air from other systems to be pulled to the commissary when cooking operations were underway and exhaust hood was in use. However not all the exhaust hoods run during cooking operations, so food smell is being pulled from the commissary area back into the concourse area. Recommendation is to install a backdraft damper in the transfer opening that will prevent air from the commissary from being pulled into concourse when the exhaust fans are not running. Howell said an RFI has been issued and thought this fix was underway. Clements said they are still awaiting pricing for about a dozen items.

Waylin Lewis provided the following update on the HVAC system:

* Lewis said they have addressed all the deficiencies in the air handlers.
* There are two outstanding items that need control parts. One is the C02 sensors in lieu of temperature sensors in the air handling units. The other is the UV lights (inside air handling units) come on when the fan comes on and this greatly reduces the life expectancy of the UV lights (9000-hour life expectancy). They should be replaced only once per year. Once controlled properly the life expectancy will increase.
* Some motors have failed in the air handling units. All parts are currently under warranty for one year. Lewis is asking the manufacturer to extend the warranty to two years because of all the problems. Gazdik asked if there was an issue with lead time on the motors. Lewis cited a recent example in the loading dock where the manufacturer sent an entire heat exchanger burner because they could not find an individual motor. Instead of shipping a five-pound motor the manufacturer shipped a 700 lb. component and Lewis then removed the motor from that unit and replaced the faulty motor.
* Extra attic stock exists for HVAV filters and UV bulbs. Vucovich asked about the cost of a UV bulb. Lewis estimated about $300-$400 per bulb.
* Lewis said they are evaluating whether they will submit a maintenance contract.
* Lewis said there is control support (Innovative Air) for one year and said that things can be resolved with a phone call.

Clements then summarized the issues with the ice plant:

* The heater was fixed but the belt keeps freezing from condensation that accumulates and freezes when the system is not running. The system is not designed to run constantly.
* Other recent installations in similar climates have the same issue
* CRSA and its consultants must find a solution to resolve the issue.

Nitschke asked about the design requirements for the ice plant and the operating temperature range? Howell said the ice plant tower was designed to handle temperatures down to negative 20 degrees. The design was based off of engineering weather data published by ASHRE and used the Idaho Falls airport location. Howell said the data indicated temperatures go below negative 20 degrees only .006% of the time. Based on historic data Idaho Falls has had an unusually cold period that exceeded design criteria. Howell concluded the ice plant was designed appropriately for this climate.

Hudson asked why ice needed to be removed when the temperature was 8 degrees? Howell explained he spoke to Rich Reeder who designed the ice plant and Reeder has never experienced this issue in his career. Howell said he also spoke to Dan Krawzyck of Ice Builders and with Evapco to see it the tower controls can be modified. Currently the evaporative condenser has a basin of water that is used spray on the coil to eject heat out of the ice plant. Howell said the problem is not the plant, it is the evaporative condenser, and this is not indicative that the entire plant is not functioning properly. The heater inside the evaporative condenser area is designed to keep the water basin at 40 degrees when the temperature is minus 20 degrees. Howell hopes to get an answer in the next few days. Hudson said he does not want the solution to be that the system runs constantly. Howell said it is not feasible to run the system constantly but it could run at a lower speed during these extreme temperatures. He also said something needs to be done to prevent the water from condensing on the belt.

Hudson asked why the ladder from the ice plant does not extend to the ground. Howell said he will review why the ladder does not extend all the way down.

Nitschke commented that typically when you are designing for these environmental conditions, using averages is not very good because you want to cover the extremes. Nitschke asked for a solution for the extreme situations and asked what the design changes would have been if the system was designed to negative 40 degrees and if the current system could be modified. Howell explained the tower was actually designed for extreme hot conditions in the summer and not the winter. It is easier to eject heat during the winter than during the summer. The only difference to designing to -20 to -30 is how much heat is put into the basin. No building is ever designed to 100% of the operating conditions and engineers are required to design to reasonable conditions and not oversize the mechanical systems per code. One thought is to drain the water out of the basin during cold temperatures. However the system was not designed this way because there is no way to drain the water. The manufacture needs to say whether the system can be dry (no water in basin).

Nitschke referenced ice rinks in Canada and said that a design for Idaho Falls should be straight forward. Howell responded that Rich Reeder has designed the same system for ice plants in Canada and said there have been no problems. Spear referenced an email from Ice Builders who claim that they have installed the same ice plant system in New York, Minnesota and North Dakota and all those plants experience the same problem when there is extreme freezing temperatures. Ice builds up on the shroud and causes the belt to freeze. Ice Builders is not aware of a solution and heat tape is not an option.

Fuller suggested Howell report back to the Board at its 2-28-23 meeting. Howell agreed.

Clements asked Wheadon about when he was going to respond to the RFI for the snow and ice building up on the north roof soffit and the need to eliminate water from the roof drain. Wheadon claimed he completed it. Clements said this is urgent.

Spear said the beer system is an issue because it can’t cool the beer appropriately because the refrigeration unit does not have enough space to operate and there are CO2 leaks. Evidently the manufacturer warranty is jeopardized because of this space issue. Hayden Beverage has fixed the CO2 Leaks. Wheadon claims this was a value engineering exercise done between Nations Group and Commercial Kitchen Supply (CKS) and that CRSA was not a participant. (This is inaccurate, there was never a value engineering exercise. Only an exercise to increase the size capacity of the coolers). Wheadon claims a larger unit Canadian Beverage Systems (CBS) unit was placed in the space from what was originally specified (Perlick) and CRSA was not consulted. Spear then displayed the email from Wheadon that states the beer system was changed from Perlick to Canadian Beverage Systems. The email states the CBS system is 5 inches taller that the Perlick system and the space requirements should have been verified by CKS. Spear said it is very unlikely this system would have been approved if anyone knew there wasn’t enough space and that it would violate the manufacture warranty. Spear said as the architect of this building he expects CRSA to help find a solution. Wheadon said when you specify something and then something else is provided, and all you are asked to do is provide the connections, and you were not part of the value engineering exercise, it handicaps us, but we are willing to step up to the plate to assist and bridge the gap from what was specified to what was installed. Spear said he would work with CKS to try and find a solution.

**Discussion Item –** Financial statement presentation from Erik Hudson on first month of operations and projections for next eleven months.

Hudson provided the Board with the December revenue and expense detail and said the center experienced positive financial results and provided a great experience for the patron. Hudson said he would provide forecasting when he presents the January data at the 2-28-23 Board meeting. The following details were presented:

* Budget presented was for 40 days
* $41K in revenue from hockey games
* Almost met revenue forecasts for building rent
* Concessions and catering slightly under budget
* Advertising/Sponsorship revenue exceeded budget
* Reimbursed expenses (billings back to events) were above budget
* Ticketmaster revenue above budget
* Parking and facility fee above budget due to the amount of tickets sold
* Building was at 86% of total occupancy for all the events in December
* Full-time staffing under budget but will increase to $60K next month
* Part-time staffing under budget
* Cleaning of facility is now being done in-house
* Event staff for hockey and ice rentals was high because of the number of home games and tickets sold. Spear asked if hockey for the month lost money because expenses seem higher than revenues. Hudson said that is deceiving because $2 dollars ($1 for parking, $1 for facility) a ticket is collected from hockey on top of rentals. Spear asked if utility costs are allocated to hockey games. Hudson said that is built into the $4K rental number. Hudson believes the current hockey contract is advantageous to the facility. Carpenter asked if Hudson has seen contracts that float based on attendance. Hudson said the rent cost is always a fixed number, but the ticket revenue adjusts accordingly.
* Security costs are expected to decrease because of less contracted labor.
* G&A expenses came close to budget, but credit card fees were higher because of the number of tickets sold.
* Utilities came it as budgeted despite an abnormally high gas bill for the first month because system was not programmed correctly.
* Repair and maintenance was high because of cleaning and snow removal ($32K for November and December). Gazdik asked if the $19K in cleaning was in this line item. Hudson said it was mostly in the preopening services budget and only $7500 was allocated to the operating budget. Hudson said the level of detail needed to clean the facility from fireproofing the columns was extreme.
* Net revenue for the month was $208K. Spear cautioned that this was a good month but there will be months where expenses exceed revenues because the number of events would be less.

Hudson said he is confident that good financial results will continue for the remainder of the year. Hudson said the consensus in the community is that the facility is wonderful.

Spear asked Hudson about the hockey per capita number for food and beverage. Hudson said it averages between $16-$20 dollars and the highest attendance number for hockey was 3500. Spear said that it appears the food and beverage sales for hockey game can range between $50K-$70K. Hudson said that is correct. Spear reminded the Board that the center does not receive a share of hockey food and beverage sales.

Carpenter asked when Hudson foresees months where revenues do not exceed expenditures. Hudson said that will be presented during the next Board meeting but stated that he originally projected the month of January to lose approximately $15K but now thinks January will be a profitable month because of hockey ticket sales, the number of bookings for the conference space and booking over 100 hours of public ice time.

Hudson said all February shows are almost sold out and his goal is to receive award-winning recognition for this facility compared to other venues of this size by next December.

1. **Discussion Item –** Wi-Fi service at Hero Arena in the Mountain America Center. Spear introduced the topic and said the Wi-Fi experience in the facility has not been as robust as expected. Nitschke stated that he is unable to send photos in the facility and suggested that a walk about take place to test the functionality. Hudson said he has exhausted every one of his options, including having the CEO, CFO, chief operating officer on site and numerous technicians on site to observe. It is a frustrating situation, and the patrons are not being served appropriately. Hudson asked the Board what his options are for improving the situation Silver Star.

Spear suggested he reach out to Silver Star to discuss the situation.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson and Kevin Bruder on Hero Arena at the Mountain America Center operations. Hudson briefed the Board on the following items:
* Commended Bateman Hall for their assistance with accessing the ice tower.
* Said Salsbery is contacting the donor wall entities to get graphics and the main partners are putting together materials. Hudson said they will also provide some fun facts about the facility and start making the donor wall more interactive.
* Beer map has been sent back to designer based on input received.
* Addressed issue that happened at a hockey game and wanted the Board to know that standard operating procedures have been updated. Birch then commented that the guest experience is a priority, and his staff is trained to confront individuals who exhibit inappropriate behavior and issue a warning. Depending on the severity of the situation the police may be involved. If there is any push back from the individual when first confronted, that individual will be immediately removed. After the first warning and if behavior does not improve the individuals will be removed. Nitschke said any bad behavior should not be tolerated. Hudson added more personnel have been added.
* Youth hockey tournament had 10 teams of which 6 were from out of state.
* Fire and Ice show is coming in March.
* 40 events are already confirmed for the rest of the year for the conference space. Many are multiple day events. Hudson said there are 30 pending events just waiting for confirmation. Hudson credited Freer with executing these events to perfection. Carpenter suggested a background be provided for the conference space for photo opportunities. Hudson said a background has been ordered.
* More events will be announced this week. Spear reminded the Board to keep the events confidential until announced.
*
1. **Discussion Item** - Executive Director Report
	1. IFAD Cash Flow and Fundraising Update – Spear provided the Board with an updated cash flow projection that included:
		1. Column issue has negatively impacted the 2023 budget and cash flow.
		2. ICRMP will not bill monthly for building insurance.
		3. Owner’s contingency increased to $1.8M to cover construction contingency, building fees, new change orders, final preopening services costs, basketball floor and stanchions, donor wall, ice plant alarm and miscellaneous costs for seat plaques and bricks.
		4. Last Bateman Hall pay application shows $642K remaining to be paid and does not include additional cost for columns and pending change orders. Nitschke asked if the projections include any dollars given back from entities involved in the column issue. Spear said it does not.
		5. Spear indicated projections do get IFAD to 2028 where refinancing can be considered without penalty.
		6. Fundraising dollars are actual and do not include any projections. Fundraising numbers do include some 2022 contributions.

Gazdik indicated that a new hotel will be opened, and these additional room rentals will generate additional revenues. Fuller asked if there are any additional things to sell. Spear said seat plaques and bricks are the only things left. Carpenter asked about the progress on securing a second Zamboni. Spear and Hudson said the idea was pitched and they are awaiting a decision from the entity.

* 1. State Tax Commission Reports – December reports have not been received.
	2. IFAD Foundation Update – Spear said status is still pending.
	3. Action Items
		1. Contact Silver Star
		2. Follow up with CKS
1. **Discussion Item** - Legal Report. Fuller did not present a legal report.

 C**alendar and Announcements**

1. Upcoming IFAD Meeting – **Next Meeting on February 28, 2023**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for February 28, 2023, meeting
	1. Silver Star Presentation
	2. Hartwell presentation on quake and flood insurance
	3. VBFA update on ice plant

Meeting adjourned at 9:15 AM