

**Board of Directors Business Meeting**

**Tuesday, March 14, 2023, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/82104762335**](https://us06web.zoom.us/j/82104762335)

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

**Room 2416**

**Participants:** Rob Spear, Terri Gazdik, Bob Nitschke, Steve Vucovich (Via Zoom), Mike Carpenter, Ron Warnecke, Mark Fuller, Erik Hudson, Mike Clements (Via Zoom), Blake Davis, (Via Zoom), Kevin Greene, Chris Hall, Paul Henderson, Steve Deyholos, Christian Ashcraft, Kevin Bruder (Via Zoom), Rebecca Casper (Via Zoom)

**Agenda**

1. **Action Item** - Call to Order 7:00 AM
2. **Action Item** – Accept Agenda – Warnecke moved to accept the agenda. Carpenter seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 2-28-23
	2. Review of Payables/Financials. A payables list totally $97,569.97 was reviewed and approved. Spear also reviewed the financial statements:
		1. TRT Revenues for January were $19,859.18 more than January 2022
		2. Donation Revenue needs correcting. There is a $90,992.51 preopening expense incorrectly posted in donations.
		3. Interest income is higher.
		4. Accounting Dues overstated by $650 because of a duplicate charge
		5. Office supplies include another $1,553.51 preopening expense.
		6. Budget to actual needs adjusting because the budget amounts are based on a two-month lag versus the actual month.

Gazdik said the TRT revenues should be posted as gross numbers. Currently, net amounts are posted that net out the administrative costs of the State Tax Commission.

1. **Discussion Item** – Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board). Nitschke acknowledged Spear was going to be the Grand Marshall at the Idaho Falls 4th of July parade.
2. **Discussion Item –** Update from Kevin Greene on Spud Kings Hockey. Greene and Chris Hall provided the following update:
	* 1. After losing the first 15 games, the Spud Kings finished the season with a 16-10-1 record (15-8-1 at home)
		2. 22 of the 24 home games were sellouts
		3. Spud Kings swept the first-round playoff series but lost to Utah Outliers in second round. Utah was the only team the Spud Kings did not beat during the year.
		4. Team will transition from tier III to tier II next year and the roster will be upgraded with only 4-5 current players being retained
		5. Outscored opponents by 63 goals after the 0-15 start
		6. 12-4 record after January 1 and were ranked as high as number 20 amongst 70 USPHL Premier teams
		7. Goodwin and Davis each scored over 50 points after joining the team mid-season
		8. 9 Spud King players earned player of the week honors
		9. All six 20-year-old players have college scholarship offers
		10. Raised $25K for non-profits and charities with $20K coming from the spud toss events
		11. 426 are on the season ticket waiting list
		12. Merchandise shipped to 43 states
		13. 10K social media followers and 100K monthly interactions
		14. Players families appreciative of the unique experience provided
		15. Spud Kings have taken a professional approach to operating the team. Many organizations have just one person who serves as coach, GM, salesperson, bookkeeper, etc.
		16. Next season the team will play 2 more home games and host a showcase. The showcase will provide 3 additional home games
		17. Next season starts at the end of September with the first home game in early October

Hudson confirmed a local university is starting a hockey club team and will utilize the facility.

Nitschke said the website is not very informative and does not provide timely information. Carpenter commented that local media does not provide much coverage. Greene said 75-80% of the fans attending the playoff series in Utah were Spud King fans and claimed they were able to find information. Nitschke again said that information is not on the website, and it should be straightforward to keep a website up to date. Spear brought up the website and many of Nitschke’s concerns were verified. Hall said this is fair criticism of the website and they will work on improving it for next year.

Nitschke wanted to know how well the Spud Kings did financially compared to the pro forma. Greene said the Spud Kings financial records are not a public record because they are a private business. However, Greene said no one should be concerned about the Spud Kings defaulting on any commitments to the arena. Nitschke stated the Spud Kings are a monopoly and are utilizing a public arena and there should be some oversight. Nitschke said it appears that with an average attendance of 3800 compared to the 1500 in the pro forma there is a lot more funding to cover expenses. Greene explained that next year there will be some increased costs plus lost revenue. This year each player paid $6K and that totaled over $150K from players dues. Currently there is a bylaw in the current league that you can’t sign a player for less than $5K. Next year the players do not pay.

Greene said season seat costs are going up to offset the increase in costs. Nitschke asked who is overseeing these operations. Gazdik replied that there is a contract. Nitschke questioned why the operator was continuing to only get $4K per game. Greene responded that the center gets $12K per game when you include the $1 per ticket sold and $1 for parking charges. Gazdik said if the Spud Kings were not financially successful, the center would still collect the same fees. Gazdik said there is a fixed fee identified in the contract, but Nitschke argued that number was based on only 1500 people attending hockey games. Carpenter said he was uncomfortable with members of the Board questioning the financial operations of a private entity because there is a contract in place. Spear shared the section of the contract that states, “the Arena License Use Fee shall be adjusted each July 1, to reflect the total percentage adjustment in the “West Region” Consumer Price Index (“CPI”) for All Urban Consumers, as published by the U.S. Department of Labor, Bureau of Labor Statistics, or its successor, between July of the year in which the adjustment is made and July of the immediately preceding year.” So there is an opportunity for the center to have the rental fee adjusted. Nitschke just wanted clarity on how the fee was structured and thought it was based on attendance because he thinks the center should benefit from the financial success of the tenant. Gazdik said the $4K rental came from data on what similar hockey teams would pay for rent in similar arenas. Nitschke went on record to say that he has a philosophical issue. If the return on investment is excessive, he wants the center to receive these excess profits which would enable the operator to have extra funds for facility improvements and community goodwill. Greene stated the $12K the center receives from each hockey games is at the top of the scale. Gazdik said she is thrilled we have a tenant that is doing well and it is too early to look at adjusting the contract. Nitschke said the Board never sees the expenses incurred by the hockey team. Gazdik said that is not in the Board’s purview under the existing contract. Spear added the only way the contract gets revisited is if the hockey teams moves into a professional league. Warnecke agreed with Gazdik that it is too early to look at modifying the contract. Gazdik said that since Hudson is the GM of the facility and the GM of the hockey team, he will know if there is a problem on either side and will identify any inequities. Hudson said it is important to note the hockey team is more than a tenant because they sell advertising for the facility and there is a correlation between hockey success and advertising sales. The more successful the hockey team is, the easier it is to sell advertising.

Carpenter asked if there was any data that correlated the increase in TRT revenues with the events held at the Mountain America Center. Hudson said he is familiar with a STAR report that may provide some detail. Hudson said he is working with the Chamber to gather that data and there needs to be buy-in from the hoteliers.

1. **Discussion Item –**Receive a punch list update from Mike Clements of Bateman Hall, Ken Wheadon of CRSA and Spencer Howell of VBFA. Clements explained these are there main areas needing completion:
	* 1. Roof Drains – this problem also revealed some additional leaks that occurred during last week’s storm. Clements said they are still awaiting a revised design from Payne Engineering and then pricing.
		2. Ice Plant – Evaporative cooling system programming is complete. Hudson said it appears the solution is working. Spear shared pictures of the ice plant last week that showed ice on the outside of the plant that Howell said was from the basin overflowing. Clements said they are still waiting for information on the alarm part of the system. The ladder extension is still being designed by Ice Builders. Clements advised that an extended warranty should be pursued so it covers next year’s cold season. Spear asked who was going cover the cost of modifying the evaporative cooling system and other expenses to make the ice plant functional because IFAD is not. Clements said he is complete agreement and will push back on any additional costs.
		3. Guardian System – Clements said he just received another proposal from Guardian that offers some alternative solutions. Clements said he would forward the information after reviewing. Spear reviewed photos of the Guardian System and further explained the issue with the height and issues with being able to lower the cable. Spear again questioned who would pay for this work because IFAD is not going to pay. Spear thought installing the O-rings on the cable may be how this is resolved. Clements said the new proposal appears to recommend installation of O-rings on cables. If that is to happen, Clements said there would be at least 2 O-rings per cable. Hudson thought 4 O-rings per cable was better because riggers are not supposed to attach directly to the cable.
		4. Clements said final inspection of the elevator is happening today 3-14-23. Hudson said one of the elevator #1 failed over the weekend. Hudson said this is the third time this elevator has failed because of the same issue.

Hudson said they are working through programming issues with the HVAC system. For some unknown reason, the controls have increased temperature to 110 degrees in some areas of the building during non-operational ours. Mihalick has spoken to Innovative Air, and they have not offered a resolution.

Clements said there are still a few exterior fixes that need to take place once the weather improves. Clements said an overhead door at the back of house is out of order. Hudson said the ADA door in conference center is not working.

Clements said he would have information this week on the Ice Plant, Guardian System and Roof Drains.

Vucovich asked if welding new pieces to posts rather than removing existing and reinstalling would be more cost effective. Spear said IEI indicated that they would not be able to fabricate new pieces in time for the next show requiring rigging.

1. **Discussion Item –** Steve Deyholos of Silver Star will brief the Board on Wi-Fi capabilities and solutions for better service. Deyholos asked for specific issues where the Wi-Fi was not operating as intended. Carpenter mentioned several issues like sending photos during events. Deyholos said the Events Wi-Fi is better when roaming the building. The Guest Services Wi-Fi is different because users are asked to reconnect every 3 minutes. This is to protect the load on the access points. Each access point is capable of having 8 wireless networks on them. However, Silver Star has limited wireless networks to: Event Center, Concessions, Spud Kings, and Guest. The Guest access is mostly configured for the arena bowl.

Deyholos said accessing the Guest Wi-Fi while inside the second-floor conference space is probably not the best because of the limited access points.

Deyholos said Silver Star continues to monitor the system and make modifications and will have a technician onsite for the next big event. The technician will set up in the second-floor conference space and will be available to trouble shoot any issues. Older devices have the most problems with connecting. Deyholos said there is a minimum data rate (speed) when people connect to the network. People with older devices have a limited data rate that only allows connectivity based on that data rate. In the future Silver Star will change the minimum data rate so people will have to connect to the network at a certain data rate. This will eliminate connections at a low data rate.

Carpenter asked if the issues impacted concession ordering. Deyholos said that is a different network and Hudson said since they changed operating systems, everything is working fine. Deyholos said the only network they are having issues with is the Guest Wi-Fi. Deyholos said they know people are using the guest Wi-fi because they see 100’s of gigabytes of data being transferred.

Deyholos said they have heard complaints from the customers but have also heard compliments from the artist’s staff members who said the Wi-fi was better than most arenas.

Nitschke asked if the current configuration could support esports. Deyholos said all the gaming takes place on the floor of the arena and the best thing to do is to hardwire all the devices. Gamers will not participate if Wi-Fi is the only access.

1. **Discussion Item –** Review of HB 265 and Community Values Policy/Guidelines. Gazdik asked about the status of HB 265. Fuller said that he contacted two local senators and that the bill has passed the House. Fuller indicated to the senators that IFAD is generally not opposed to the bill. Given how busy the legislative session is, Fuller commented the bill may not come out of committee. Fuller said Pat Rice, Greater Boise Auditorium District, brought this to IFAD’s attention. Fuller said the statute is designed to prevent live performances of a sexual nature where minor children are reasonably likely to be in attendance. It is designed to place the responsibility on the IFAD Board to monitor that. Fuller said this legislation applies to minors under 18 years of age but there is relief if someone lies and provides documentation that they are older than 18 years of age. Saying the parent brought them to an event does not release the Board from liability. Fuller encouraged the Board to review section 8b of the statute for a description on what sexual conduct means. Fuller emphasized this only relates to live performances but the owner has an obligation to be aware of the nature of the performance. This obligation cannot be delegated to the manager of the facility.

Carpenter asked if placing a notice on any advertisement of an event that anyone under 18 years of age is not allowed could release the Board from any liability. Fuller said the Board must have procedures in place to ensure that is actually happening. Consequences can be severe because any minor or parent or legal guardian could each recover $10K. So a full house concert with a number of teenagers could result in a considerable cost.

Hudson discussed bullet point three from the talking points generated from Pat Rice, GBAD, that states, “The facility may not always have any idea who the entertainment is or what the content may be. It is unreasonable to hold the facility accountable when it should be the promoter or event organizer” is surprising to him because he does not know of any facility that would book an event that they do not know what is coming in.

Fuller said in his opinion, this proposed legislation attempts to set the community values standard. Fuller suggested the Board not approve the community values standard document until this legislation is resolved which should be within the next 30 days. Fuller said any community standard adopted by the Board should cite this legislation. While the legislation does not set the Board’s community values standard, it establishes the bare minimum.

Nitschke suggested the legislation is too vague and has a problem with the concept that the parent is not responsible and said the parent should be fined $10K.

Gazdik asked if the Board needs to remit a response on this legislation. Fuller said in his opinion the Board should not oppose this legislation. Fuller said, if passed, the violator could face criminal charges and banned from any future public service. Gazdik suggested Spear contact Rice and say the Board is not going to take a position on this legislation.

Hudson said he does see that any events that he brings into the facility would violate this policy. Fuller suggested placing a statement in the booking agreement which references this statute if it is enacted. Vucovich asked about if private events, e.g. a wedding, would fall under this statute. Fuller said private events would be covered by the statute.

Hudson said language already exists in contracts and shared the statement contained in building control terms and conditions section in every contract that everyone must sign: “Center reserves the right of approval for any performances or exhibitions or entertainment to be offered under this agreement, the contractor agrees that no such activity or part thereof shall be given or held if center presents a written objection on grounds of character offensive to public morals, failure to uphold event advertising, jeopardize health or safety…”. Gazdik suggested Hudson reference HB 265 in contracts if it is enacted. Hudson agreed.

In the meeting materials provided to the board there were three documents: the draft Community Standard for Events prepared by the Executive Director, suggested changes by Hudson and a proposed revision by Fuller. Fuller began to discuss the three documents. Nitschke said he would like to elevate the conversation because the draft documents describe a process. Nitschke said while he is a fan of process, he would like to start by focusing on what the vision of the event center is and then generate values that support that vision. Nitschke said the phrase “community standards” is a linguistic landmine and would cause tremendous problems. He reminded the Board that the City of Idaho Falls has never specified “community standards” recognizing how difficult and problematic they would be. Nitschke suggested we prepare standards that would be specific to the Mountain America Center and its activities. Nitschke suggested starting with a vision statement such as; “enhance the quality of life for the citizens of Idaho Falls and surrounding areas.” Then we would establish principles that would support the vision such as we do no harm: physical, mental, or emotional; and then highlight the good that could be done: enlighten, enrich, engage, encourage and entertain. The focus for those should go back to the MAC values and then a process is developed. This way we could see if certain events support these values. In the short term, Nitschke said he recommends drafting a proclamation until a process is developed. Our scope should be limited to just the Mountain America Center mission and values. Nitschke suggested the proclamation read, “We the Idaho Falls Auditorium District, hereby vow we do not consent, approve, endorse, support, sanction, condone, encourage, facilitate any words or actions by the operator that put the Mountain America Center on the barbaric highway specifically, the booking of events that involve and highlight brutality and violence of humanity shall not be permitted. In a similar manner, no events that involve and encourage hatred of any kind shall be permitted.” Nitschke said regardless of the contract, the Board is responsible and will be held accountable through the election process. Nitschke suggests taking the high ground and not appealing to just the lowest common denominator of interests.

Fuller said as it’s envisioned, in all three documents, there will be three people on the committee, two board members appointed by the chair, and the Executive Director or his successor. Fuller said what is identified is a process. Spear said he approached this exercise by drafting guidelines and not a specific policy.

Fuller said he reached back into the contract and referenced the provision 4.14 because that is the only influence the board has and that is to set a contemporary community values policy. Fuller said that is almost the same language that's used in the statute. Fuller said the language is consistent throughout the industry and it’s meant to be contemporary, it can change as the board members change. Fuller said the community standards are not designed to be set by the city. The Board is often confused as being a division of the city, IFAD is not the city, and the city doesn't set IFAD standards. The Board is elected to set those standards and what is proposed is a methodology to establish those values and to give the Board guidance. If proper guidance is given to the General Manager, you will only hear from him occasionally. Nitschke said our bailiwick is developed standards that support the vision of the event center, and they should be aligned with community values, but the Board should stay away from developing community standards.

Fuller referenced the last two lines in the contract that states IFAD may provide the manager with a policy regarding the contemporary community values of the Idaho Falls region. If the applicable standard and the contemporary value community values conflict with each other, the contemporary community value shall prevail. That prevents the General Manager from coming in and saying this show was held in Salt Lake, Helena, and Boise and is fine for our venue. The IFAD standard might be different.

Gazdik stated that what Nitschke is proposing does not tie into the management contract because the contract states IFAD may set a contemporary community value standard, not just establishing values for the center. Nitschke said regardless of what the contract states, the Board is still responsible. Who has the final say on whether an event will be held? Fuller said the contract says if the applicable standard and the Board’s contemporary values conflict, the contemporary community standard applies. If the Board does not adopt the community standard it has no control.

Warnecke commented that he didn’t see, in any of the three drafts, anything that is going against the vision and values of the Mountain America center. If the drafts are melded together, it gives us some process when there is a question on what events to schedule. Warnecke said he is not sure that IFAD needs a proclamation. The drafts provide a good start to test drive the process until there is finality to HB 265.

Carpenter asked if there is a legal definition that describes the difference between a policy and a guideline. Fuller said a guideline just something that would be nice. A policy is legally enforceable, and your operator is obligated to comply with a policy. Fuller said he expects the event center to be a shining light and it is important to state there are events that won’t be scheduled.

Hudson said he agrees with everything that has been stated, but it is important for the GM to have the autonomy to do their job effectively. In the event world there is not a lot of time to make decisions. If the GM is handcuffed on making a timely decision on whether to schedule an event, the event might be lost. Hudson recommended a process used by the City of Cedar Rapids where he would write a letter to the City Manager about any questionable events. The City Manager would review and sign off. Hudson emphasized this did not happen very often.

Carpenter said there will be vulgarity in this building that people pay to see. Hudson needs the latitude to schedule these events. Fuller said this process is designed to solve the problem on whether to schedule an event. The GM simply walks down the hall and talks to the Executive Director, and he gets two Board members on the phone and a decision is made in an hour. They don't have to wait two weeks. Hudson said it is important that he not be expected to do that for every single event booked. Hudson understands that a judgment must be made by someone to determine if an event is allowable, and he thinks it should be the operator. Nitschke said he doesn’t think the center should be booking any MMA or FFC fighting events. Any man-on-man violence is not something the center should be offering. If the Board agrees, this is an event the Board could communicate to the GM that shouldn’t be scheduled. Hudson disagreed.

Fuller emphasized that if HB 265 passes it does not allow the Board to delegate decisions involving scheduling live sexual act shows to anyone. Gazdik said if HB 265 passes this can be added to the community standards and this needs further Board discussion.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson and Kevin Bruder on Hero Arena at the Mountain America Center operations. Hudson provided the following updates:
	1. There have been 12 consecutive sellouts. There were nine sellouts in February. A sellout only includes the seats in the lower bowl (not suites & loges) and happens when only 1% of the seat manifest is available or only single seats remain.
	2. Three successful monster truck shows that included fire marshals onsite. Extreme safety measures were put in place. Nitschke asked if ear plugs were available. Hudson said they were free and paid devices were also available. Hudson also said the facility also has 12 sensory devices available for people who have sensory issues.
	3. On 3-16-23 the building will host a RV show
	4. Only 400 tickets remain for Falling in Reverse
	5. A time lapse video was produced showing the conversion of the facility from hockey, to basketball, to a concert and back to hockey.
	6. Youth state wrestling tournament March 31- April 1 will host 1200 wrestlers
	7. NCDC hockey showcase is scheduled for next fall and will generate a number of hotel room nights
	8. Proposal for 2026 high school state championships has been sent to the Idaho High School Activities Association.

Nitschke asked if there were any limiting factors impacting Hudson as the GM, such as finding dates to schedule events. Hudson said he expects to have more shows than the pro forma projected and that it is important to note the facility is still in the honeymoon stage. Hudson said his niche is booking events. Gazdik asked if there is a chance to overbook. Hudson said he is very careful not to saturate the market with a certain genre. However, if a show just wants to rent the facility and there is no financial exposure to the building that is different. Most venues won’t schedule a similar genre within two weeks of one another. Hudson said he attempts to follow booking guidelines. Nitschke asked if coffee is served during events. Hudson said two concession stands serve coffee.

Carpenter asked Bruder to comment on the community standard discussion. Bruder said it is important to actively discuss, be engaged and continue the dialogue. Bruder emphasized the events that Hudson is scheduling are touring events and are active in communities across the country. The Centennial team vets these shows thoroughly before scheduling and having the Board involved in the process is the first step. The venue is accomplishing great things and he and Hudson have not had to have a difficult conversation on whether to bring in an event. As far as community standards are concerned, Bruder said the Board is on the right track and continuing conversation is necessary. A policy, standard, or principles are important, but it is also important to remain nimble on how to verify a show. That is the most critical piece for the Board. Bruder commended Hudson and his team for their efforts. Bruder suggested that Ticketmaster may assist with tracking guests and how many are traveling from out of the area. Gazdik said it would be helpful to know that data.

1. **Discussion Item** - Executive Director Report
	1. Updated Cash Flow Statement and Fundraising Update – Spear said he would present at the end of the month. For first week there were no seat plaques sold. Spear mentioned he is withholding final payment to Bateman Hall until the roof drains, ice plant and Guardian issues are resolved.
	2. State Tax Commission Reports – Covered under consent agenda
	3. IFAD Foundation – Application is pending. Nitschke asked why the delay. Spear said he would bring back updated information to the next Board meeting.
	4. IFAD Plaque Locations – Spear presented the Board with several options for installing the IFAD recognition plaque. It was decided to install them inside with one plaque near the main box office and the other inside the north entry way between the entry doors and secondary doors.
	5. Action Items
		1. Follow up with Guardian
2. **Discussion Item** - Legal Report - Fuller did not have a report.

**Calendar and Announcements**

1. **Upcoming IFAD Meeting** – **Next Meeting on March 28, 2023**
2. **Discussion Item** - Announcements and Minor Questions – Spud Kings will host a season ticket holder and jersey auction on 3-15-23.
3. **Discussion Item** - Agenda Items for March 28, 2023, meeting
	1. No Agenda items were discussed**.**

Posted on or before 7:00 a.m. on March 12, 2023