

**Board of Directors Business Meeting**

**Tuesday, March 28, 2023, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/82513386042**](https://us06web.zoom.us/j/82513386042)

**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 (via Zoom), Mark Fuller, Erik Hudson, Rick Lawrence, Don Potter, Blake Davis, (Via Zoom), Spencer Howell (via Zoom/Phone), Rebecca Casper (Via Zoom)

**Agenda**

1. **Action Item** - Call to Order 7:00 AM
2. **Action Item** – Accept Agenda – Carpenter moved to accept the agenda. Nitschke seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 3-14-23
	2. Review of Payables/Financials – Spear reviewed a payables list totaling $327,532.04 and noted the large payment to Zions Bank was for the last TRT transfer. Gazdik suggested not having the transfers on the payables list. Spear said the TRT revenue transfer to Zions was the final transfer because all TRT revenues are now going directly to Zions. Carpenter asked about the insurance payment to Bateman Hall. Spear said that was for the damaged precast and that the Travelers Insurance sent a check directly to IFAD. Nitschke asked about our plan for resolving the expenses incurred from the column issue. Fuller said that he sent a letter to CRSA’s attorney and confirmed that it has been received. Spear said the January financials were updated and then he highlighted the changes:
		1. Donation detail corrected
		2. Preopening service expenses are now accounted for in a separate expenditure account under miscellaneous expenses.
		3. Budgeted TRT revenue numbers were updated to reflect the current month. Gazdik pointed out donation amounts are all lumped into one month. Spear said he would get that corrected and will display the donation revenue collections by month.

Nitschke moved to accept the consent agenda. Vucovich seconded. Motion approved.

1. **Discussion Item** –Public Comment (Any member of the public is welcome to take three minutes and share concerns or questions with the Board). Hudson congratulated Spear for being recognized as a 2023 CEO of Influence honoree by the Idaho Business Review.
2. **Discussion Item –**Receive a punch list update from Mike Clements of Bateman Hall, Ken Wheadon of CRSA and Spencer Howell of VBFA. Rick Lawrence represented Bateman Hall and provided the following update on seven outstanding items:
	* 1. Heat Trace roof drains and mats on northside – awaiting information from CRSA (received late 3-27-23) on direction and then need pricing from subcontractors. Carpenter asked about the heat mats and Lawrence said those were on hold because of the excessive cost and that they are not necessary. Getting heat trace on the drain by the north box office is the most critical. Hudson asked about the south stairwell and the recent flooding issue. Spear said that was a result of a pipe not being insulated appropriately and that the issue has been resolved. Carpenter asked about the snow on the northside lower roof that prevents the door from opening. Lawrence stated there could be mats placed or an awning constructed. Hudson said they will review all snow removal protocols before next year and will include snow removal on the north facing lower roof areas. Hudson mentioned a significant leak in the kitchen in the administrative offices that occurred last week. Spear said that the problem was fixed.
		2. Clear east lot – Bateman Hall to clean lot and rough grade the area once the weather improves.
		3. Depatco parking lot dips – Lawrence said once the weather improves Depatco will come in and heat areas in the parking lots that are low, place new asphalt and then roll the area.
		4. Guardian System – awaiting Perkins Will comments in order to proceed. CRSA sent comments in on 3-27-23. Once the structural engineer places his stamp on the recommended fix, Lawrence said he would schedule a meeting. Spear displayed the document that outlines how the rings will be attached to the existing cables. Lawrence said IEI removed all the hand bars and loose materials last week. Gazdik asked about the integrity of the cables once they are spliced. Lawrence indicated that the engineers stated that the cables would not be weakened and could be stronger. Lawrence said Guardian will hire a third-party engineer to review and certify. Bateman Hall will verify there is no prior relationship.
		5. Condenser Belt Freezing – Lawrence said he received a cost estimate from Ice Builders, but he needs detailed cost information in order for Spencer Howell to evaluate. Cost currently exceeds $10K for hardware and software changes. Spear indicated he did not think IFAD should have to pay for this fix. Lawrence agreed but pointed out the evaporative condenser was not part of the original design. Hudson said whoever designed the system should be held accountable and reminded all the parties how close they were to losing the ice prior to a hockey game. Lawrence said it is a combination of parties: CRSA, VBFA and Perkins Will who designed the system. Hudson said the current design has placed the operator and Bateman Hall in a tough spot and had the system been designed correct at the beginning, we wouldn’t be facing this issue. Lawrence agreed if the fix was included in the original design, the cost would be less.

Nitschke stated that an ice plant was not delivered that will function in our environment and IFAD should not be on the hook for paying to correct this faulty design issue. Lawrence said this proposed fix has been incorporated in other ice plants. Spear said Rich Reeder was the consultant hired by CRSA to oversee the ice plant design and installation. Hudson said he expects some type of accountability either financial or at least a guarantee that the issue will not happen again.

Carpenter suggested contacting other arenas who implemented this fix by EVAPCO to see who paid for it. Gazdik agreed that contacting other facilities seems reasonable. Spear asked Wheadon to comment on what facilities implemented this fix. Wheadon said he was not aware of the specific facilities where this fix was implemented. Gazdik said she expects to receive this information before the fix is implemented.

Warnecke suggested that CRSA coordinate with EVAPCO to determine where the fixes were implemented and the results and report back to the board. Wheadon said he would consult with VBFA and Lawrence said he would discuss with Ice Builders. Vucovich said he thought the system had failed when the ambient temperature was well above the lower temperature threshold. Spear said that is correct.

Spencer Howell joined the conversation and Spear asked him to elaborate on the installation of the evaporative system, the cost, and what other facilities have implemented this system. Howell said he had not received a cost from Ice Builders. Spear said the cost estimate for installing the defrost system was $10,600 which was considerably more than Howell thought it should be. Howell said he wanted to see the breakdown. Howell said this was not installed initially because this fix has never been done before on any ice plants that VBFA has installed. Howell said if this was included in the original specifications, there would have been an increased cost.

Nitschke said the root cause has not been identified and now there is this novel concept to correct the design flaw and hope that it works. Howell said it is not a novel concept, it is being implemented from the published manufacturers operations manual. Howell said moving forward they will incorporate this defrost system into every ice plant they install. Nitschke countered that it is not a good design to wait until something breaks before it is fixed. You should be able to predict which systems will fail and which ones won’t. Carpenter added that especially since freezing of the ice plant has happened before. Howell said he is willing to fall on his sword and say he is sorry, but this is first time VBFA has seen this problem. Howell said if you have not encountered this problem before, it is difficult to design for it.

Gazdik said the question is why is our facility experiencing this problem and no one else’s is? Howell frankly responded and said he doesn’t know the answer. Lawrence said the location and position of the condensing tower could be the problem.

Spear asked Howell to review the cost proposal and report back to the board. Spear said the Board does not believe it should be responsible for any cost to install the defrost system.

Warnecke asked who is responsible for paying for additional solutions if this one does not work because the current solution feels like a science project. Howell said it will work because this was implemented on 2-17-23 when the fan was reversed. Howell is not aware of any other facilities that have installed a defrost unit on the tower. Wheadon asked if EVAPCO knew of any other facilities where this was installed. Howell said he assumes since EVAPCO has this in their operations manual it must be installed at other places. Howell said he would reach out to EVAPCO to find some examples where this has been implemented.

Spear asked about an extended warranty for the ice plant. Nitschke said he is concerned about the number of variables involved (temperature, time of the year, etc.). Spear also asked why there was ice coming out of the vent of overflow pipe even after the fan reversal process was put in place. Howell said the overflow is a separate issue that requires the heater to be working properly (and equipped with the right AMPs) and did not know if it had been checked to see if the float valve was working. When water is coming out of the overflow pipe that is an indication something inside the tower is not working correctly. Lawrence said there was a temperature sensor installed just below the float, in the basin, that will speak to the Building Management System (BMS) and tell it to run the defrost sequence when the water temperature in the basin reaches a low temperature.

Spear said none of this was checked because there is no ladder to access the plant to check it. Spear said cost to add a ladder was

$13K from EVAPCO and $3400 from Idaho Steel. Lawrence said there is an opportunity for an extended warranty but there is a cost associated with it.

Warnecke asked if all the issues are isolated or are they interrelated. Hudson said they are all separate issues.

Howell agreed to update the Board at the 4-11-23 meeting.

* + 1. Yesco – awaiting the final two signs in banquet hall bathrooms.
		2. Ice Plant Ladder – going to install a $3400 ladder from Idaho Steel versus a $13K solution from Ice Builders.
1. **Discussion Item -** Community Values Policy/Guidelines. Fuller indicated that HB265 has not yet passed the Senate. Spear said until there is more clarity on HB265, any further discussion on Community Standards should be deferred.
2. **Discussion Item –** Update on IFAD Foundation and Next Steps. Spear said he confirmed the IFAD Foundation is registered with the IRS and suggested the first IFAD Foundation meeting be held after the 4-11-23 IFAD Board meeting.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson and Kevin Bruder
	1. Presentation of February Financials and Future Projection. Hudson highlighted the following revenue details:
		1. 10 events in the arena were actualized and another six actualized in the conference space. Overall the center generated $189K in net profit for the month of February.
		2. Ice Rental – $11K generated from ice rental to the public
		3. Building rental – This includes Spud Kings rental plus all the other events. The initial budget was based on less than 10 events for February, so the budget was exceeded by $67K.
		4. Equipment Rental – FF&E purchases (tables, chairs) have allowed rental of equipment and exceeded the budget by $6k because of the number of events.
		5. Concessions/catering – Exceeded the budget by $36K. The quality of food is improving and Hudson cited the recent flyfishing expo where participants were pleased with the food.
		6. Novelties – Shared revenue from artists exceeded budget by $6K
		7. Advertising/Sponsorship – Exceeded budget by $17K due to Fierce Fighting and Ice Racing sponsorships
		8. Reimbursed Expenses – Exceeded budget by $30K because of the number of events but this is a pass through and offset by Event staff reimbursable expenses. Normally there is more revenue realized than the cost for event staff reimbursable expenses but the number of events required more staff to turnover the facility.
		9. Ticket Income – Exceeded budget by $28K because of sold out events. Nitschke asked if this number includes future sales. Hudson said no this is only for the month of February.
		10. Ticketmaster Marketing – Ticketmaster pays a $75K sponsorship fee and in July the center will realize a rebate of $1.50 per ticket sold when more than 50,000 tickets are sold. Hudson said more than 50,000 tickets have already been sold.
		11. Parking Fee and Facility Fee – Exceeded budget by $17K and $23K because of the number of attendees at events.
		12. Miscellaneous income is money from interest earned on sweep account. Gazdik suggested looking for other liquid and high interest rate accounts.
		13. Operating Expenses – Actual expenses were below budget, but Hudson expects to add positions in marketing, accounting, and operations.
		14. Event Security – Hudson is reviewing utilizing event security staff to contract for outside services because of the demand in the area.
		15. Event staffing for hockey was $16K higher because of the number of Spud King games and three additional hockey tournaments
		16. Utilities – February costs were $4K less than budgeted but the recent rate increase of 13 cents per therm (20% increase) will require an adjustment. Plus control malfunction caused certain areas of the building to heat up to 110 degrees. The issue appears fixed but added to the increase cost of gas.
		17. Repair and Maintenance - $46K higher than budget because of snow removal.
		18. Preopening – Expense is $57K because of some of the FF&E requirements needed to be covered by operations. Fuller asked if that was in excess of the budgeted amount. Spear said it was $90K over the $532,500 budget and was because of equipment covered by event center operations.
		19. Hudson said the budget success is due to the volume of events and not price gouging.
		20. Hudson expects March to breakeven and April to be close to a breakeven month. May through October will be good because of the number of events.
	2. Update on Hero Arena at Mountain America Center operations.
		1. HVAC Filters changed for first time at a cost of $8800
		2. Deep cleaning of bowl area complete. Nitschke asked about the cost and Hudson said it was $8500.
		3. April and May will give the center time to review and discuss operations. In April in-depth discussions will be held with Spud Kings about game day policies and procedures.
		4. Reviewing heavy metal concert policies and procedures
		5. Working on college basketball game and a professional hockey exhibition game for next year
		6. Reviewing procedures for taking care of green space around the building
		7. Electric Zamboni has been procured and Centennial Management is now responsible for all maintenance.
2. **Discussion Item** - Executive Director Report
	1. Final Pre-Opening Budget Reconciliation – Spear provided the Board a summary of preopening expenses. As discussed, IFAD will be reimbursed for the $90K overage.
	2. Updated Cash Flow Statement and Fundraising Update – Spear highlighted the contingency line item contained in the budget

 

Spear then provided a cash projection through 2029 and stated as long as TRT Revenues stay strong, IFAD will be in a solid financial position. Nitschke commented how resilient TRT revenues have been and how they have persevered through the pandemic, Yellowstone Park closure and other events. Hudson said he and Salsbery are putting together a survey to help track hotel nights and will incentivize the participants.

Nitschke asked Hudson what the criteria was for winning the Event Center of the Year contest and if there is anything the Board could do to help. Hudson said every aspect the facility is evaluated, and he consistently provides information to the appropriate entities.

* 1. State Tax Commission Reports – No update
	2. Action Items
		1. Continue to monitor Ice Plant fixes
		2. Continue monitoring Guardian System fix
		3. Make sure all other punch list items are complete
1. **Discussion Item** - Legal Report – Fuller reported that the elections for the Board seats number 1 and 2 are on May 16th. Don Potter and Brian Ziel are candidates for Seat 1 and Lisa Casper is running unopposed for seat 2. Fuller said Nitschke has withdrawn from consideration. Nitschke said he had filled out the form but until he delivers it to the Clerk of the District it is not official. He said he has until 3-31-23 to formally withdraw.

**Calendar and Announcements**

1. **Upcoming IFAD Meeting** – **Next Meeting on April 11, 2023**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for April 11, 2023, meeting
	1. Update from Spencer Howell on EVAPCO discussions
	2. Update from Wheadon on VBFA discussions
	3. Update from Lawrence on Ice Builder discussions
	4. Community Values policy/guidelines based on HB265 outcome in Legislature.

Meeting adjourned at 9:01 AM