

**Board of Directors Business Meeting**

**Tuesday, May 23, 2023, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/84821933081**](https://us06web.zoom.us/j/84821933081)

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

**Room 2416**

**Participants:** Rob Spear, Terri Gazdik, Bob Nitschke, Mike Carpenter, Ron Warnecke, Steve Vucovich, Lisa Casper, Brian Ziel, Mark Fuller, Erik Hudson, Ken Wheadon (via Zoom), Kevin Bruder (via Zoom), Rebecca Casper (via Zoom)

**Agenda**

1. **Action Item** - Call to Order 7:01 AM
2. **Action Item** – Accept Agenda – Carpenter suggested tabling the Action Item on the Community Values Policy in the interest of saving time. Nitschke stated the discussion should go quickly. Warnecke moved to adopt the proposed agenda. Nitschke seconded. Motion passed
3. **Action Item** - Accept the Consent Agenda
   1. Meeting Minutes – 5-9-23
   2. Review of Payables/Financials – A payables list of $1,444.45 was reviewed and approved. March financials were reviewed and approved. Carpenter moved to accept the consent agenda. Warnecke 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 stated the Mountain Brewers Beer Fest will be held on June 3, 2023, with 1850 beers entered into the judging contest. Each brewer provides six samples for judging to the 95 judges. Nitschke said the Mountain Brewers Beer Fest has contributed over $1M to local non-profit organizations over the years.
5. **Discussion Item –**Receive a punch list update from Mike Clements/Rick Lawrence of Bateman Hall, Ken Wheadon of CRSA and Spencer Howell of VBFA. Spear presented the following punch list items and stated the only outstanding item was the installation of the ice plant defrost system. Spear also mentioned there is an issue with the cooling in the arena bowl. Spear said the system was designed to stabilize the arena bowl temperature at 68 degrees when there are 4,000 people inside and when the outside temperature is 90 degrees. Spear said Innovative Air, who supplied the controls, is reviewing the cooling problem. Gazdik asked when IFAD will be releasing the dollars it retained from Bateman Hall. Spear said once the defrost system is in place, Bateman Hall will be paid in full.

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1. **Action Item –** Review and Adopt Declaration of Official Facility/Community Values Policy for the Operation of a Multi-Purpose Event Center and process for Event Scheduling. Spear reviewed the Community Values Policy and explained that he made the changes requested by the Board; formatting into a policy form, referencing the Centennial Management Contract, referencing Idaho Code Section 67-4901, and eliminating the zero-tolerance value. Spear said this started as a facility values policy and now has morphed into the contemporary community values policy. Spear also referenced the event booking process that provides a process for the Board to formally respond to events that may not be in line with the contemporary community standards policy. Spear explained that the Board adopted communication guidelines that state Hudson will communicate weekly to the Board, via the Executive Director newsletter, all events under consideration. Any objection to an event must be raised within two business days of receiving the Executive Director report. Spear reminded the Board that any event that Hudson is considering must remain confidential. If a Board member objects to an event, a committee consisting of two IFAD Board members and the Executive Director will convene and make a decision before a contract for the said event is executed. Spear said Hudson has never executed a contract without the Board being made aware an event was under consideration.

Nitschke stated that this was an important step for the Board to take and is an example of where the Board can be more proactive. Nitschke said it was important to have these values in order to pass along to the operator and create expectations for anyone visiting the facility. Nitschke said it was important to tie the policy to the Centennial Management contract in order to give it some teeth. Spear emphasized that the Board trusts Hudson and the document was intended to protect the Board in the future when there is ever a new General Manager.

Gazdik asked if Hudson had any comments on the document. Hudson said he does not and believes the document outlines how a successful General Manager should operate a facility. Gazdik asked if Hudson had any concerns with the process outlined to review proposed events. Hudson said as long as we follow the communication guidelines adopted in April of 2022, he does not see the process being utilized very often especially if bookings are in line with the community values. Spear said he needed to update the event booking process to correctly reference the contemporary community standards policy. Hudson pointed out this is the first document of its kind that he has seen during his career and indicated that this was a topic of discussion among an international venues management group that he is a member of. Hudson asked if this document, once approved, can be shared with this venues management group.

Carpenter expressed concern that the volume and level of detail associated with values could open the Board up for unforeseen issues. Carpenter said the communication guidelines have a feedback loop incorporated in them and does not think a contemporary community values committee is needed and does not want to tie the hands of the operator. A more concise document could accomplish the same thing. Hudson said the standards must work both ways and cited the example of a newly elected board member who may have entirely different values than the ones adopted. Nitschke said, from experience, he can say that one board member will not influence the behavior of the entire Board.

Gazdik said she had concerns with the sentence, “Adherence to the values will also prevent the poisoning of the general welfare by not approving of groups/individuals or activities that foster hate, incite violence or cause harm.” Gazdik said this is the only negative statement in the entire document and suggested it be removed. Nitschke said he had removed the previous zero tolerance value and replaced it with the present wording. He felt it was important to explicitly state that hate, violence and harm were not permissible. Warnecke agreed with Gazdik to remove the sentence and suggested tying the policy to the event booking process. Spear suggested adding another “Whereas” clause to the policy that references the event booking process.

Carpenter suggested that the section in the policy containing a list of future events and activities include the statement “to include but not limited to” preceding the list of events. Ziel said what is currently stated is very specific and suggested it not be limited to what is currently stated. Nitschke stated that the items listed were only examples and showed the direct tie between the values and the planned operations of the event center.

Gazdik asked Spear to modify the document to reflect the Board’s comments. Ziel asked if the public will have the opportunity to weigh in on the values identified especially since people can have differing values. Ziel wanted to make sure the public would not be dictating the events that would be considered. Other Board members assured Ziel that this document was not intended for the general public to dictate events.

Vucovich asked Hudson if other venues had mission statements. Hudson said some did and some did not. Spear said the mission is really identified in Idaho Code Section 67-4901.

No action was taken by the Board.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson on Hero Arena at Mountain America Center operations, April financials, and year-end projections. Hudson presented the income statement and balance sheet for the month of April. He also provided revenue and expense projections for the remainder of the year. Here are the highlights:
2. April was a month to test the facility when there is limited activity. Only one ticketed event was held in April (Jeff Dunham) in the arena.
3. Revenues – Finished the month with a $1,960.79 loss which was better than the $7,500 loss projection.
4. Expenses
   1. Full-time staff costs increased due to the hiring of another operations manager.
   2. Event staff reimbursable is lower than budgeted because of the lack of ticketed events in the arena.
   3. Spent $18K on G&A expenses with the majority of the expense coming from labeling the 5 main entry ways and some additional signage around the facility.
   4. Utilities – lower than budget due to gas bill being normal and issues being resolved with heating schedule, etc. Now the cooling issue needs to be resolved.
   5. Maintenance Contracts – Activated several maintenance contracts, including generator maintenance, HVAC maintenance.
   6. Repair and Maintenance - Higher than budgeted due to a cleaning bill not processed in December of 2022.
   7. Insurance – Gazdik asked about the low insurance cost. Hudson said for the first year, insurance costs are under the Centennial Management plan and will increase next year.
5. Net Revenues – YTD total $405,110
6. Income Statement – Hudson said the biggest change is the 3.75% interest rate now being earned on the cash sweep account.
7. Projections
   1. Major changes are because there are more events confirmed and scheduled for July, August and September, resulting in a net income at the end of the year of $300,989. This is an increase of $220K from the previous $80K projection.
   2. IPTV licensing costs of $53K are added into the projections and amortized over the remainder of the year.
   3. There may be one or two more events scheduled.
   4. Hudson said a full-time ticket office person has been added and a half time administrative assistant will be hired in the coming weeks.
8. Hudson reported that over 167,000 people have attended events in the building for the first five months and anticipates over 250,000 will attend events for the entire year. This greatly exceeds the 125,000 estimated in the feasibility studies.
9. Hudson said the Centennial Management Team is looking for ways to give back to the community and identify areas where they can have a community impact.
10. Hudson briefed the Board on the following events:
    1. Aaron Lewis was a sold-out event
    2. Idaho Falls Symphony had a successful Gala, raising a record amount
    3. Department of Transportation three-day training
    4. Nuclear Group conference
    5. Graduations continuing all week
    6. US Foods using banquet hall and kitchen this week
    7. Coming events are Fierce Fighting and a car show
    8. Five events being announced in June
    9. Hudson said the location of Idaho Falls does help the venue attract events
    10. Five major touring events in July
    11. Rotary has gone well the last four weeks

Nitschke asked about the venue purchasing dirt. Hudson said they elected to not procure dirt at this time. The cost of storing the dirt was the main issue.

Casper asked why excess prepared food needs to be thrown away. Hudson said it is a health issue because chain of custody is compromised. Ziel asked why suite holders are not allowed to take home leftover food. Hudson said it is a liability issue but would research the issue.

**B. Discussion Item - Executive Director Report**

* 1. Cash Flow Update – Spear provided an update on how cash flow projections are developed. Spear explained TRT revenues are only increased 2% a year in the revenue projections and explained fundraising dollars will taper off after the four- and five-year pledge amounts are paid. Spear also briefed the Board on the current financing packages for both construction and FF&E. Gazdik pointed out that none of the revenue from operating the facility is built into the projections. Ziel asked about the revenue distribution from events. Spear said it varies. Hudson said Diamond Concessions assumes all the financial risk on food and beverage.
  2. State Tax Commission Reports – No update. Spear explained to the new Board members that there is a two-month lag from TRT remittance until IFAD receives the revenue. Spear said he received no updates from the State Tax Commission on hotels.com and other entities who should be remitting tax.
  3. Action Items
     1. Update the Declaration of Official Facility/Community Values Policy
     2. Follow-up with State Tax Commission
     3. Schedule Orientation with new Board Members

1. **Discussion Item** - Legal Report – Fuller had nothing for this meeting.

**Calendar and Announcements**

1. **Upcoming IFAD Meeting** – **Next Meeting on June 13, 2023**
2. **Discussion Item** - Announcements and Minor Questions – Nitschke provided some closing comments to the Board. Nitschke said his comments are more for the incoming Board members since the initial focus of the Board has changed from building a financial framework and the building out of the facility. Moving forward, the board now has an operating facility, and must focus on optimizing its use. Nitschke said the new Board members are very fortunate and did not want to reflect on past trials and tribulations. The Board moving forward has a new deck of cards and the Board’s job is to determine how it will play those cards. Nitschke said the community values pointed out the things the Event Center can do to promote the general welfare of the citizens. Nitschke suggested the event center is a unique tool to strengthen the general welfare and social fabric of the community through shared experiences. Nitschke suggested the Board focus more on the variety and the breadth of the events booked at the center to engage more of our community rather than just booking events for money. The second item the Board should focus on is the Board should focus on is the optimization of the visitor experience which includes paid visitors: the contractor, the staff, other employees, the performers, but also the unpaid visitors which include himself, the patrons and users of the facility who pay for most of the optimization. For many items the optimization of the experience is the same for both the paid and unpaid visitors. For example, we all like a clean facility and want to be safe and secure. Nitschke said there is one item that makes optimizing between the two groups very problematic. That is the costs. The unpaid people would like to have everything for free and the paid people would like to charge the most they possibly can. Nitschke said the obligation as a Board, because this is a public facility and the Board is the sole representative of the public, the Board must focus on proper allocation of any excess profits that may arise. The goal is for the venue to be profitable, but the Board should not want obscene profits. There are some contractual difficulties in making that happen. Nitschke stated you have an obligation as a board to represent the public and to make sure they're getting a fair value. Nitschke said this comment is no reflection on the existing situation but it should be a point of emphasis for anybody that would come and provide services. Lastly, to make this happen the Board must provide direction to the contractor and provide independent oversight. Nitschke stated the Board could have done better job on at least one contract and on parts of another. Nitschke said the Board must trust but verify. Nitschke expressed gratitude to the 3437 voters that gave him the opportunity to be a part of this event center journey and wishes the board and operator the very best and said they have his support, but with his support comes his attention. So don't mess up.

Spear presented Vucovich and Nitschke with some parting gifts. Gazdik said she appreciated the commitment by Nitschke and Vucovich and said both have their thumb print on the facility forever.

1. **Discussion Item** - Agenda Items for June 13, 23, 2023, meeting
   1. Review and Adopt Declaration of Official Facility/Community Values Policy for the Operation of a Multi-Purpose Event Center and process for Event Scheduling.
   2. Executive Session
2. **Action Item –** Swear in new Board Members – Fuller swore in Brian Ziel and Lisa Casper. Casper and Ziel then provided a brief background on their experience and reasons for joining the Board.
3. **Action Item** - Adjournment to Executive Session. At 8:31AM, Gazdik read a motion to move into Executive Session. Casper, Ziel, Carpenter, Warnecke, and Gazdik all voted in the affirmative.
4. **Executive Session -** Idaho Code Section 74-206 (1) (f) To communicate with legal counsel for the public agency to discuss the legal ramifications of and legal options for pending litigation, or controversies not yet being litigated but imminently likely to be litigated.
5. **Adjournment from Executive Session –** 9:15 AM
6. **Action Item –**Action taken on Section 74-206 (1) (f) matter discussed in Executive Session. No action was taken from the executive session discussion.
7. **Action Item -** Adjournment from Public Session 9:16 AM