

**Board of Directors Business Meeting**

**Tuesday, June 27, 2023, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/81110920716**](https://us06web.zoom.us/j/81110920716)

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

**Room 2416**

**Participants:** Rob Spear, Terri Gazdik, Mike Carpenter, Brian Ziel, Mark Fuller, Erik Hudson, Jennifer Bjornlie, Rebecca Casper (via Zoom), Catherine Smith

**Agenda**

1. **Action Item** - Call to Order 7:07 AM
2. **Action Item** – Accept Agenda – Carpenter moved to accept the agenda. Gazdik seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 6-13-23
	2. Review of Payables/Financials – A payables list totaling $4,188.53 was reviewed and approved. Gazdik asked about the expense for Spec Seats. Spear indicated it was for 12 more bar stool seats. April financial statements were reviewed and approved. Carpenter moved to accept the consent agenda. Ziel 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). There were no public comments.
5. **Discussion Item –**Receive a punch list update from Rob Spear. Spear reviewed the following punch list and other outstanding items.



Spear indicated for item 1; Innovative Air had a person onsite on 6-26-23 to troubleshoot the entire system to identify why units are shutting down. There are still issues with the controls running the system. Spear said long-term (once warranty period expires) the operator will need to enter into a maintenance contract to ensure the expertise is available to immediately diagnose and rectify any HVAC issues. Hudson said he has already built maintenance contracts into the budget, but will send that contract out for bid.

Gazdik asked how close the canal is to the sink hole because in her past experience, at another site, she recalled a sink developed because of an old, uncapped line from the canal that ran underneath a parking. Spear said Season’s West is replacing all shrubs and trees that died at no cost to IFAD.

Carpenter asked what the actual date is when the one-year warranty expires. Spear said it is November 28th which is the date of the grand opening.

1. **Discussion Item –** Discuss the Ball Ventures Development Agreement for the marquee sign. Spear reviewed the proposed development agreement for the video board installed in the marquee sign. Spear stated this is a separate development agreement from the 2018 development agreement. The 2108 development agreement only covered the construction of the marquee sign. Spear said section 3.1 of the new development agreement had language that was not discussed. Spear said IFAD agreed to pay $1500 per month and that should cover IFAD’s share of the costs for maintenance of the video board. Spear said he needs to find out how to determine the cost of the electrical usage of the video board in order for IFAD to bill back the cost of electricity to SRL Development. Spear reminded the board that IFAD had previously agreed to split the costs for constructing the marquee.

Fuller said the terms of the new development agreement need to be further negotiated. Fuller suggested that the original development agreement be amended to include the new language for the video board, instead of a separate agreement.

1. **Discussion Item –** Presentation by Rob Spear on future direction of IFAD. Spear presented the following information:
* Mission of IFAD described in Idaho Code Section 67-4902. DEFINITIONS. An auditorium or community center district is one to build, operate, maintain, market and manage for public, commercial and/or industrial purposes by any available means public auditoriums, exhibition halls, convention centers, sports arenas and facilities of a similar nature, and for that purpose any such district shall have the power to construct, maintain, manage, market and operate such facilities.
* Whatever IFAD chooses to pursue in the future, it must generate room nights because room nights generate income.
* Spear said in the future revenue opportunities could come from the following sources:
	+ IFAD Foundation – need to get this up and running in order to pursue grant opportunities only available to 501 © 3 entities.
	+ Increase Tax Revenues – Room night generation is the key.
	+ Capitalized Interest – Assuming interest only could be negotiated in closing costs for 12-18 months.
	+ Debt Service Reserve Fund – IFAD is eligible to receive any excess over the maximum annual debt service amount calculated at $4.178M. Currently there is $4.31M in the DSRF. Spear said the amount in the reserve account may transfer over when new financing is pursued (at a lessor amount) or a new debt service reserve could be established as part of the closing costs. Spear said either scenario should provide IFAD with cash. Gazdik stated that Laura Lewis cautioned that any interest earned above (arbitrage) the 5.25% (current COPS rate) would need to be paid back to the US Treasury.

Carpenter asked if the par period could be moved up. Spear said this may be negotiable and said it is important that a future call date not be extended beyond eight years. Preferably it should be shorter than eight years.

* Spear said there could be several investment opportunities and that creating partnerships is important. Spear discussed the following strategies:
	+ The building needs to be the number one priority and efforts must be made to invest in a capital reserve in order for capital improvements to be completed. Hudson will provide a Capital Improvement Plan during each budget cycle. Spear suggested IFAD invest in a ribbon board that would expand to the entire bowl. The infrastructure is in place to accommodate a full ribbon board around the bowl. Ziel asked about the cost and Spear said it would be around $300K.
	+ Possible new facility investments could include:
		- Performing Arts Center
		- Sports Fields
		- Indoor Sports Complex
	+ Spear said in order to pursue other facility projects, partnerships with other entities should be considered (e.g., City, Chamber of Commerce, and outside parties who could donate/sell land).
	+ Spear said as an example, IFAD could partner with the City to establish or relocate soccer fields. Mayor Casper cited costs as a big issue in developing soccer fields. Spear said that if IFAD could partner, it is possible more fields could be developed and some artificial turf fields could be constructed that would allow usage during inclement weather.
	+ Establish an Eastern Idaho Sports Commission that could pursue and attract sports tournaments.
	+ Chamber is considering establishing a Convention Visitors Bureau (CVB). This is important to get conferences to Eastern Idaho.
	+ Spear said within the next two years there could be an attractive construction window due to a projected commercial building slow down.
	+ Ziel suggested a partnership with the Zoo and the construction of a 300-seat outdoor amphitheater. Spear said that would be an IFAD Board decision but cautioned that every decision must be viewed through the lens of increasing room nights. Spear was not sure this concept would be a huge room night generator.
	+ Smith asked if there is enough hotel capacity to accommodate tournaments. Spear referenced the Hunden study that IFAD commissioned that provided good data on occupancy rates. Given the results of that study and the two additional hotels currently under construction, Spear concluded there are enough rooms.

Gazdik suggested a future planning session be conducted by the IFD Board to develop a long-range plan for future investment.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson on Hero Arena at Mountain America Center operations and May financials. Hudson presented the May financials with the following highlights:
* Overall, the month of May was better than expected because of 2 sold out concerts, ZZ Top and Aaron Lewis, and 16 other non-music events (three graduations, Symphony, INL, DOT and Rotary) hosted in the arena and conference space. Hudson also cited the controlling of expenses as another factor in the month of May, especially by performing maintenance in-house. Hudson said Aaron Lewis was profitable because the facility bought the show and did not share in any net income with a promoter. Net income for the month was $196k.
* Hudson provided the following additional highlights:
	+ Building rent $77K primarily from graduations and conference space rental. 18 total events
	+ Reimbursed expenses trending at 40% of the expected markup
	+ Concessions and catering $29K mostly from conference space
	+ Box Office revenue $40K from two concerts
	+ Miscellaneous Income at $8K from interest earnings on clearing account. This should increase with ticket sales from Tool and Skillet and Theory of a Deadman.
	+ Team worked 17 event days and that does not include setup and takedown days
	+ Two staff members added. Sydney Taylor in Box Office full-time and a part-time accounts payable and receptionist Kayla Hunter
	+ Part-time staff costs lower because lawn care added to repair and maintenance
	+ G&A low because supply ordering was limited
	+ Utility bill cut in half with the gas bill less than $10K
	+ Total expenses were $135K and lower than the $176K budgeted amount
	+ Overall net income for the year is $601K.

Gazdik commended Hudson on a job well done but suggested a review of prepaid expenses and prepaid show advertising that show a negative amount on the balance sheet.

Hudson said the building has shown a variety of ways to generate revenue. Some months it has been hockey heavy, other months concert heavy and, like the month of May, conference center heavy. Hudson is anxious to see how the building performs in concert heavy months like July and August.

Hudson said budgets for operations and capital improvements will be presented at the first IFAD Board meeting in September with approval by October 15th.

Ice will be put down September 4th with an exhibition game scheduled for September 10th

Community ice usage is expected to increase by 15-20% next year. Rates range from $215 to $250 per hour.

Food and Beverage will allow suite and loge box holders to take home any extra food that was ordered. Hudson said a revised menu for the mezzanine level is being developed and a focus session will be scheduled in August for suite and loge box holders.

Ziel advised the Food and Beverage team to consult with Chukars group because Ziel stated the costs and food quality were exceptional.

1. **Discussion Item** - Executive Director Report – Spear did not present any updates for the following areas:
	1. Cash Flow Update
	2. State Tax Commission Reports
	3. Action Items
2. **Discussion Item** - Legal Report. Fuller indicated CRSA has agreed to mediation. Mediation will be scheduled once FJ Hahn has a chance to review all the documentation and a mediator is selected, with Board approval.

**Calendar and Announcements**

1. **Upcoming IFAD Meeting** – **Next Meeting on July 11, 2023** – The July 25th IFAD Board is tentatively cancelled with the understanding a special board meeting could be scheduled if needed.
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for July 11, 2023, meeting
	1. Approve SRL Development Agreement for video board
	2. Hudson to provide information to the Board on how he projects revenues from events.

**Meeting adjourned at 8:26 AM**