

**Board of Directors Business Meeting**

**Tuesday, August 22, 2023, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/89554260828**](https://us06web.zoom.us/j/89554260828)

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

**Room 2416**

**Participants:** Rob Spear, Terri Gazdik, Lisa Casper, Mike Carpenter, Ron Warnecke, Mark Fuller, Erik Hudson, James West (via Zoom), Rebecca Casper (via Zoom), Catherine Smith (via Zoom)

**Agenda**

1. **Action Item** - Call to Order at 7:02 AM
2. **Action Item** – Accept Agenda. Carpenter moved to accept the agenda. Warnecke seconded. Motion passed
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 8-8-23
	* Review of Payables/Financials – A payables list totaling $2,046.46 was reviewed and approved. Spear reviewed the June financials and highlighted the following current assets:
* 1020 Bank of Commerce - 9646 - FF&E $130,774.87 – Amount remaining from FF&E financing
* 1025 Bank of Commerce - 9653 - Revenue FF&E $591,778.45 – Amount for paying debt service to Hogan
* 1030 Zions Debt Service (A) $1,803.83 – Balance remaining from prior principal and interest payment.
* 1031 Zions Cap Interest (B) $0.00 – This fund is closed
* 1032 Zions Debt Service Reserve (C) $4,313,847.05 – Amount in reserve account. IFAD can request amount over $4.178M
* 1033 Zions Special Revenue Cash $182,604.76 – Lock Box revenues
* 1034 Zions Cap Reserve (I) $5,058.49 – Capital reserve for long-term maintenance
* 1040 LGIP Investment Account $640,994.69 – Amount invested in State account
* 1055 Mountain America checking $405,646.57 – Funds for IFAD operating.

Spear said all accounts are interest bearing with the exception of the Mountain America Center checking account. Spear said despite June being low TRT revenues are $76K ahead of 2022. Casper asked if IFAD had an investment policy. Spear briefly searched IFAD policies and concluded IFAD does not have an investment policy. Casper said she would be willing to share an investment policy that was developed for another organization.

Casper moved to accept the consent agenda. Carpenter seconded. Motion passed.

1. **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.
2. **Action Item** – Approve 2022 Annual Audit performed by Rudd and Company. Stacy Lemmon of Rudd & Company presented the following highlights**:**
	1. Financial statements are as of 11-30-22.
	2. Rudd & Company letter indicated significant adjustments to the capital project funds. Specifically, approximately $2M in accounts payables needed to be recorded in FY 2022 that were paid in FY 2023. Gazdik said this was discussed with Wipfli and the need to reopen FY2022 to appropriately account for capital expenditures that were paid in subsequent months.
	3. IFAD is still setting one budget and will need to establish separate budgets for operations, debt service and capital reserve. Spear said he would present three budgets to the Board for approval in October.
	4. Cash balance at the end of the 2022 fiscal year was significant and amounts exceeding the FDIC insurance threshold should be invested. Spear indicated the current balance in the checking account is well below the insurance limit.
	5. Audit is unmodified which means there is nothing materially misstated and no adjustments have been made. Lemmon said these are very good financial statements.
	6. TRT revenues, donations and interest are up over FY2021.
	7. New lease for FF&E of $4.6M was added and is described in the notes to the financial statements. This was the only new disclosure.
	8. Lemmon then reviewed statements by fund. Operations, debt service and capital project.
	9. Centennial Management expenses were higher due to the preopening services and expenses.

Warnecke moved to accept the 2022 audit report. Carpenter seconded. Motion passed.

1. **Discussion Item –** Receive a hotel update from James West, Regional Manager at InnTrusted Hotels. West provided the following update:
* Occupancy down compared to summer of 2022.
* West shared occupancy of 7 hotels, 6 that pay hotel tax: 2 Hampton Inns, Holiday Inn Express, Fairfield, Candlewood, Holiday Inn with Burger Theory. The trends show occupancy increases early in the year (January through May) and then decreases in the summer months. West said he attributes this to people traveling elsewhere with COVID not a factor, economy being down and people not resources for travel, and gas prices are up. West stated the Idaho Falls Airport needs to do a better job advertising to get people to fly into IF for travel into the parks. West said he delivers more rental RV’s (a side business) to the Jackson Hole Airport than to the IF Airport. West said Jackson Hole does a much better job than Idaho Falls with their advertising.
* Average Daily Rate (ADR) the average room night cost peaked in 2022 and have dropped slightly in 2023. The decrease in ADR and occupancy both contribute to the decrease in the summer months.
* The government per diem rate for 2024 will increase from $98 to $107 starting on 10-1-23. Carpenter said he has concerns over the transportation infrastructure in Idaho Falls and asked West if he is ever consulted on transportation infrastructure needs. West said they have never been open to this and only ask for hotelier money to advertise on boards in hotel lobbies.
* Spear stated that Boise and Sun Valley are designated as resort areas (actually allowed to charge seasonal rates) and asked how Idaho Falls could get the same designation. West indicated that he would like to see such a designation but thought that the government agencies in the area would oppose. West said in Sun Valley hotels are allowed to charge seasonal rates ($129 is standard government per diem rate increasing to $313 during ski season). Getting Idaho Falls to qualify would require IFAD, the Chamber, and the City to work together to get a seasonal rate. West said he would supply Spear with some information on the process. Warnecke said in his experience, he has paid seasonal rates and didn’t think the local government affiliated agencies would oppose it because the money is coming in from outside the area (budgeted outside the area). Warnecke said that it is common for hotels to reduce the number of rooms available at a per diem rate. West clarified that hotels do not have to offer the government per diem rate and in the summer the government rate is not offered. There is an alternate rate of $149.
* West asked if IFAD tracks the Yellowstone visitation records and indicated travel is up in Yellowstone but that is being compared to last year when there were floods. Although tourism is up, Idaho Falls has not seen the trickledown effect and West attributes that to the lack of Asian Tour buses and the Asian travel ban against the United States.
* Spear asked about the impact of the Mountain America Center on hotel occupancy. West said they have seen some increases when there are concerts and that the Holiday Inn has hosted several bands. Hockey has not generated much of an increase with the exception of the Holiday Inn and Burger Theory which has seen increased sales on hockey game nights.
* Spear asked West on how IFAD can assist hoteliers in the future. West said the biggest opportunity is the construction of an indoor sports facility to host youth tournaments. Idaho Falls is lacking in this area. If a facility (even installing a bubble over existing fields) could be built that contained a couple of soccer fields and football fields this would be a huge benefit to the youth in the community as well as the hotels. Sport tournaments ranging from youth baseball, hockey, and soccer all the way to the collegiate level are the bread and butter for hotels. When state high school tournaments are hosted in the community this is huge for the hotels and travelers participate in all aspects of the community. West mentioned they are hosting traveling collegiate football teams in Idaho Falls that refuse to stay in Pocatello because of the lack of full-service hotels. Gazdik asked if West could provide comparison data without disclosing any confidential revenue information. West shared data from the latest Smith Travel Research (STR) report and said he would share monthly reports with Spear.
* Spear asked about the Fall of 2023. West said this looks promising with occupancy exceeding or being close to 2022 levels. All indications are that government travel is back with no restrictions. West added the 2024 government travel plans are expected to be double what they were in 2023 and West expects January through April of 2024 to increase over 2023.
1. **Discussion Item –**Receive a punch list update from Rob Spear. Spear said there are three main areas to discuss:
	1. HVAC – alarms have decreased and now are for valid issues. There are component issues with two units #1 & #7. These are being covered under warranty.
	2. Cooler in Eagle Rock not holding temperature – Wrong component parts were put into the system when it was repaired. This is being addressed and components are being replaced. Ice machine in Coyote Country Barbecue is not functioning correctly because hard water build up due to a 1-inch water line being installed instead of a 2-inch water line.
	3. Generation of final punch list with Bateman Hall– this is being generated and should be complete by 9-8-23.

Carpenter asked about the status of the defrost system on the ice plant. Hudson said it has been installed and ice will start being made on 9-5-23. The success of the defrost system will not be known until we experience freezing outdoor temperatures. Gazdik asked about the parking lot signage. Spear said he continues to work with Iron Horse and Rexburg Motor Sports on finding an installer. Finding a contractor to install has been challenging.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson on Hero Arena at Mountain America Center operations and June Financials. Hudson presented the following updates:
	1. Revenue detail
		1. Actualized 5 events in July. July net income was $203,882 bringing YTD net income to $808,311
		2. Building rent – down because event center partnered with events rather than charge rent. Most of $9600 in rent from conference space
		3. Concessions and catering above budget
		4. Novelties at net zero because artists paid rent for novelty space rather than revenue share
		5. Reimbursed expenses higher because labor for shows was supplied with in-house staff. Goal is a 40% markup over Event Staff – Reimbursable.
		6. Ticketmaster marketing – will increase next month because of 50K ticket sale threshold was achieved. Center receives a bonus of $1.50 per paid ticket above 50K number. Check coming in August. For 2024, center is only 6K away from meeting $50K threshold for 2024.
		7. Suite and loge box income higher than budgeted because of the five actualized events
		8. Facility and Parking fee as budgeted
		9. Miscellaneous revenue up due to interest earnings
	2. Expense detail
		1. Full-time staff less than budgeted by $6K
		2. Part-time staff lower because shows were billed back for most of this labor
		3. Utilities less than budgeted by $4700
		4. Maintenance and repair less than budgeted
	3. Balance sheet - $167K of A/R for Diamond is because most shows occurred at the end of July and payment will be received in August
	4. Hudson provided the additional updates:
		1. Prorated salary increases for full-time employees effective on 11-30-2023 will be presented as part of 2024 budget. This will be based on months of service.
		2. Capital project list that will include a permanent prefab storage facility ($25K) and possible carpet replacement because current carpet in mezzanine and conference space shows all stains and dirt and is too light in color. Carpenter asked about the location of the storage unit. Hudson said that it may be behind event center or on north parking lot where there are 9 parking stalls that are not utilized. Fuller expressed concern of losing parking spaces
		3. Electric Zamboni delayed until October of 2024. Facility will purchase a used Zamboni for 8 months and then re-sell.
		4. An internal suite tasting was conducted on 8-18-23 and 8-21-23 and another for suite holders will be held on 8-24 at 6P.
		5. Hudson said the facility is going to offer a one-time comped event to suite and loge box holders this next year. Plus, suite and loge box holders get 5 extra hockey games at no increase in the annual cost. Suite and loge holders will be allowed to pay food and beverage charges the day following an event.
		6. 21% service fee. Hudson said 46% of this fee is for tips for servers and kitchen staff. The other 54% is for cost of goods and overhead costs to provide that service. Tips from concessions stands is distributed to non-profits along with 10% of sales.
		7. Chips will no longer be served but a more gracious supply of fries will be served with sandwiches and burgers.
		8. Hudson explained an ongoing dispute with a snow removal company. Invoices were sent without any documentation and despite repeated efforts to receive, none have been provided. Spear said invoices were sent for days where there was no request made for services and days when there was no snow. The company has since been sold.
		9. Hockey camp starting on 8-25-23 in Utah.
		10. Hudson will provide 2024 budget and projections for remainder of year at next IFAD Board meeting.
		11. Six Disney on ICE shows will announce 8-22-23
2. **Discussion Item** - Executive Director Report – Given there were no updated TRT revenues, Spear did not present any updated financial information. Spear briefed the Board on the potential for refinancing. The next step in this process is for the Board to approve an Independent Registered Municipal Advisor exemption letter. The letter is required by the Securities and Exchange Commission (SEC) to safeguard against advice and transactions that are not in the issuer’s best interest.
	1. Cash Flow Update – None provided
	2. State Tax Commission Reports – No update
	3. Action Items
		1. Follow up on punch list items
		2. Seat plaque sales
		3. Schedule meeting with the City on tourism advertising (this was a request by the Mayor based on the James West discussion).
3. **Discussion Item** - Legal Report – Fuller did not have a report for the public portion of the meeting.

**Calendar and Announcements**

1. **Upcoming IFAD Meeting** – **Next Meeting on September 12, 2023**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for September 12, 2023, meeting
	* + 1. Discuss future IFAD Board meeting schedule
			2. Punchlist update
			3. Executive Session
4. **Action Item** - Adjournment to Executive Session – At 8:35 AM, Gazdik read a motion to move into Executive Session. Casper, Carpenter, Warnecke, and Gazdik all voted in the affirmative.
5. **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.
6. **Adjournment from Executive Session –** 8:51 AM
7. **Action Item –**Action taken on Section 74-206 (1) (f) matter discussed in Executive Session. The Board did not take any action as a result of the Executive Session.
8. **Action Item -** Adjournment from Public Session – 8:52 AM