

**Board of Directors Business Meeting**

**Tuesday, August 8, 2023, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/83135339673**](https://us06web.zoom.us/j/83135339673)

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

**Room 2416**

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

**Agenda**

1. **Action Item** - Call to Order 7:02 AM
2. **Action Item** – Accept Agenda – Spear suggested moving the tour to a later meeting since Casper was not present. Warnecke moved to accept the agenda as modified. Carpenter seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 7-11-23
	2. Review of Payables/Financials – A payables list of $5,553.10 was reviewed and approved. Spear said the $2,591.20 expense was for a water softener for the dishwasher that was necessary for the dishwasher warranty. Gazdik asked about Wipfli fees and Spear said once the audit is complete, he will discuss it with Fred Goodworth. The May financials were reviewed and approved. The June financials will be presented at the 8-22-23 Board meeting. Carpenter moved to accept the consent agenda. Warnecke 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). Ziel said as a patron who has attended many events, he wanted to congratulate Hudson and his team on a job well done. Food, service, and access to the building were all phenomenal over the last four concerts. Spear also commended Hudson on how he handled issues that arose during the Volbeat and Falling in Reverse concerts.
5. **Discussion Item –**Receive a punch list update from Rob Spear. Spear presented the following punch list update:

|  |  |  |
| --- | --- | --- |
|   | **Punch List**  | **Issue** |
| 1 | HVAC | Still Working through multiple issues with controls and operations  |
| ~~2~~ | ~~Glycogen leak~~ | ~~VAV valves - leaking above ticket office~~  |
| 3 | Parking Lot Signage | Continue to work with Mike Vickers |
| ~~4~~ | ~~CKS - Coolers~~ | ~~Eagle Rock is not holding temperature. Need to replace some components~~  |
| 5 | ~~Ceiling Tile~~ | ~~Need Fire Company to install around sprinkler heads~~ |
| ~~6~~ | ~~Co2 Alarms~~ | ~~Concessions and Sky Deck~~ |
| ~~7~~ | ~~Sink Hole~~ | ~~Should be filling in today~~ |
| 9 | One-year Warranty Period  | BH 1-year punch list will start September 8  |
| 10 | Ice Plant Defrost | Arco installed Power on 6-27-23. Waiting for JRG to install system this week |

1. HVAC – Spear said it appears things are trending in a positive direction with the HVAC operations but it is important that Centennial Management hire HVAC expertise to be able to appropriately monitor the system and also ensure the controls are functioning correctly. A separate IP address has been established that should assist in the control functionality. Spear indicated that Aaon, Lewis Mechanical and Innovative Air have all agreed to extend warranties through July of 2024. Hudson agreed the venue will contract with an HVAC company to monitor the system moving forward. Spear said Idaho Falls Power removed the event center from a residential circuit and that seems to have eliminated the power surges. Gazdik asked if there was a way to test the building to see if it can handle these power surges. Hudson said this was done before the building opened to test the generator. Idaho Falls Power is coming on 8-9-23 to test the system again to see if the center will handle a power outage.

3. Spear said it has been difficult to find a contractor to provide a price on exterior gates that will have Iron Horse and Rexburg Motor Sports branding. Spear said he continues to work with Mike Vickers to find a solution. The next step is to gather cost estimates. Carpenter asked about access for staff and board members. Hudson said they will most likely keep the gates in the back of the house open to allow access to the building.

9. Final punch list will be produced starting September 8 for completion by 11-30-23.

10. Defrost installation for ice plant will be this week (August 7-11). Ice install will start on September 7, 2023. Gazdik asked how much retainage is being held from Bateman Hall. Spear said it was $100K.

1. **Action Item –** Approve the Ball Ventures Development Agreement for the marquee sign. Spear referred the Board to section 3.1 of the contract and stated the confusing language was removed and now reflects that Ball Ventures is 100% responsible for the video board and all the maintenance. IFAD will pay a $1500 monthly rental fee for the video board that will be offset by the electrical costs. Spear stated the sentence “Notwithstanding the foregoing, the parties acknowledge that the electrical meter for the Pylon Sign and all charges arising from the Pylon Sign’s power usage shall become a credit to IFAD for any amount dues hereunder to Owner” gives IFAD the ability to reduce the monthly rental fee by the electrical usage. However, the methodology for calculating this electrical cost has not been determined. Fuller suggested that determining how the electrical calculation will be performed be completed before the document is signed. Gazdik stated she would like to see IFAD pay one monthly amount that would include the electrical credit and not have fluctuating monthly amounts. Spear said he would work with Idaho Falls Power to find a solution. Fuller suggested the power credit issue be resolved and the address updated but said the board could adopt the contract in principle. Ziel asked about the statement that tenant cabinets will be modified at a later date and asked if this means the document would be modified. Spear said whether or not tenant advertising could be added is still under discussion because for the arterial versus collector road issue and the ability for Ball Ventures to advertise. Smith said she checked with Wade Sanner from Community Development Services and will follow up again. Carpenter moved to approve the agreement contingent upon the address being changed and the electrical cost calculation methodology be determined. Ziel seconded. Motion passed.

Ziel suggested the graphics on the marquee video board be reviewed to ensure clarity when driving by at freeway speed. Hudson said he would work with Salsbery on a solution.

**Report and Updates**

1. **Discussion Item –** Update from Erik Hudson on Hero Arena at Mountain America Center operations and June Financials. Hudson presented the June financials and highlighted the following:
	1. Income Statement
		1. June Net Income $1,458.45. This was $71K better than budget
		2. Sponsorship income was $59K versus budget of $20K. This was due to the Fierce Fighting Championship sponsorship sales.
		3. Building rent was low
		4. Interest Income was $10K
		5. Full-time labor was higher with the hiring of an admin assistant but still under budget.
		6. Part-time labor was lower than budgeted by $3K because of the lack of ticketed events in June.
		7. Utility costs were $13K less than budget due to less gas usage. For the year utility costs are normalizing to what was budgeted.
		8. Repair and Maintenance higher due to the purchase of 6 new vacuums.
		9. Overall expenses were $22K less than budgeted
		10. Hudson said maintenance contract costs will increase. Currently, there are contracts for the elevator, HVAC, and generator. In the future ice plant maintenance costs will be added.
		11. YTD profit is $602K versus a budget profit of $53K.
	2. Balance Sheet
		1. Cash money market has $2.8M with goal of $4M which should generate $14K per month in interest
		2. Current assets total $3.085M
	3. Monthly Update
		1. Food and Beverage Manager hired. Meghan Wescoat recently worked for the Pappas Restaurant Chain and Pappadeaux Seafood Kitchen. She also worked for Sysco who is the food provider for the center.
		2. Food and Beverage Suite/Loge Holder meeting will be held on August 24 at 6P. Included in the meeting will be a food tasting, VIP entrance discussion and listening to input from suite and loge box holders.
		3. Moving forward there will be 1 suite server for every three suites
		4. Catering Director will be hired this week
		5. 18,000 people attended the last five shows and all were profitable
		6. July has the opportunity to be the best financial month to date for the event center
		7. Volbeat was 1 hour and 20 minutes late because of the facility issue
		8. Koe Wetzel was first show with significant pyrotechnic show
		9. Announced BSU vs. St. Mary’s basketball game that will be televised by Fox and CBS Sports
		10. Ludicrous was announced
		11. ECHL Hockey game to be announced
		12. Country Concert announcing next week
		13. Facility should approach top 100 venues in the world for tickets sold
		14. Ice install starts on 9-2-23
		15. Community Spotlight is starting. First was Champs Heart. Facility will recognize 1 per month.
		16. Disney on Ice will go on sale in two weeks
		17. Gazdik asked about Cirque Du Soleil. Hudson said this is still two years out.
2. **Discussion Item** - Executive Director Report
	1. Cash Flow Update – Spear presented an updated 2023 budget and a cash flow projection through 2029. Spear said he is expecting a phone call from Laura Lewis who has been contacted by JP Morgan which has expressed interest in refinancing. Spear said if the refinancing could occur without penalty, then he would suggest the Board consider. Also, the refinancing would need to release IFAD from the strict requirements associated with the current transaction.

Spear said the successful performance of the building, growth in Eastern Idaho and the positive increases in tax revenues have generated a lot of interest. This event center is a beacon for many of the entities associated with bringing this facility online.

* 1. State Tax Commission Reports – Spear presented a handout of TRT revenues for the year and noted that June revenues were $29K less than budgeted. Spear said three entities did not remit and there were also $8K in refunds. This accounted for about $25K of the $29K shortfall. Spear also presented a comparison of June 2022 revenues to June of 2023 and pointed out the entities that had less remittances than in 2022. Carpenter asked who Spear relies on to identify and discuss impacts on TRT revenues. Spear said he discusses with James West of Inntrusted several times a year. Gazdik asked if there were any third-party groups rentals IFAD is missing. Spear said he is certain that rentals through Airbnb, VRBO, Travelscape are being captured.

Spear said he receives calls weekly from individuals wanting information on how to rent out rooms in their residence. Spear also said he has been receiving calls from renters indicating they are having difficulty completing State Tax Commission forms online. Fuller suggested that Spear create a list of individuals contacting IFAD and then follow up with the State Tax Commission to ensure that these individuals have been signed up. Spear expressed concern on the difficulties of getting information from the State Tax Commission. Fuller and Gazdik emphasized that IFAD is a customer and a political subdivision of the State of Idaho and that information from the State Tax Commission shouldn’t be so difficult to obtain. Spear said he would continue to work with the State Tax Commission on getting relevant TRT information.

* 1. Action Items
		1. Contact Wipfli on accounting fees
		2. Continue monitoring punch list items
		3. Continue information gathering on TRT revenues.

1. **Discussion Item** - Legal Report. Fuller indicated that FJ Hahn was unavailable for this meeting and an Executive Session should be planned for the 8-22-23 meeting.

1. **Tour** - Board Member Tour of Mountain America Center – this was not conducted.

**Calendar and Announcements**

1. **Upcoming IFAD Meeting** – **Next Meeting on August 22, 2023**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for August 22, 2023, meeting
	1. Punch list update
	2. TRT update
	3. Executive Session

Meeting adjourned at 8:35 AM