

**Board of Directors Business Meeting**

**Tuesday, October 10, 2023, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/89667553131**](https://us06web.zoom.us/j/89667553131)

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

**Room 2416**

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

**Agenda**

1. **Action Item** - Call to Order 7:00 AM
2. **Action Item** – Accept Agenda – Spear suggested moving Discussion Item A under Action Item VI in order to allow Hudson to efficiently complete his presentation. Warnecke moved to accept the agenda as amended. Ziel seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 9-26-23
	2. Review of Payables/Financials – A payables list totaling $6,162.98 was reviewed and approved. Carpenter asked if legal costs will decrease moving forward. Spear said that since IFAD is moving to one meeting per month, those costs should decrease. Warnecke asked if FJ Hahn’s costs are included in the current bill. Spear said those are not included. Spear reviewed August financials and noted TRT revenues were $33K above budget. Spear also reviewed in detail the classification of various monthly expenditures. Warnecke moved to accept the consent agenda. Carpenter 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 said the majority of the punch list items have been completed and provided the following update:
	* 1. HVAC – parts replaced
		2. Box Office window – replaced
		3. Door thresholds above Sky Deck – replaced next week
		4. Beer Coolers – Spear said this is the most pressing issue because condensing units above the coolers do not have enough clearance and have not been installed in accordance with the manufacturer’s recommendations (24-inch clearance above, 18-inch clearance below). Spear said the short distance from the kegs to the tap do not allow the glycol lines to function to capacity. Basically, because of the short distance, there is not enough beer maintained in lines for the glycol to keep cold. Spear said the ambient temperature in concession stand space cannot be kept cool enough. Representatives from CKS, CBS, Watkins and Canyon Creek Mechanical were all on site and are proposing some modifications. Spear said everyone is hopeful that the modifications will improve beer pouring, the issue with the lack of clearance for the condensing units is still a problem. Spear said he has briefed Fuller about the issue with the coolers. Mihalick said that in 3 of the concessions, the heat from the grills impacts the Co2 levels and also creates extreme temperatures in those areas. For some unknown reason, the Co2 level changes from 14 to 20 and that over carbonates the beer. CKS is going to install a Co2 and nitrogen blend. This system is installed in the Sky Deck Bar and works well. Spear also mentioned the defrost systems in the coolers just come on randomly, sometimes during the middle of an event. Hudson said Canyon Creek is going to reprogram the defrost units, install a curtain in an attempt to block the heat from the grill area and install the Co2 and gas blend. If these do not work, there is a chance the coolers could be redesigned and the condensing units installed on the sides of the coolers.
		5. Ice Plant Defrost System – Need to wait until cooler temperatures hit until the effectiveness of the system will be known.
6. **Action Item** – Approve Centennial Management 2024 operating budget, capital improvement plan, and 2024 rate card. Hudson first provided the following update on operations:
	1. Two major event announcements are coming over the next two weeks: Parker McCollum and Cody Jinks.
	2. Hudson met with Cirque du Soleil and had a positive discussion for possible 2026 dates
	3. Final voting taking place for IHSAA volleyball. Expecting an announcement soon.
	4. HERO to procure and sponsor volleyball stantions
	5. FS1 will nationally televise BSU-St. Mary’s basketball game on December 1. Game time will now be 8:30P
	6. Preparing for busy October with Disney Encanto, Tool, ECHL hockey and Spudkings hockey games this week.
	7. Enduro Cross is scheduled toward end of month
	8. Will Graham wants to come back again next year

Hudson presented August financials:

1. Only one ticketed event, REO, for August
2. Overall, August had a net loss of $4K with $164K in revenues and $168K in expenses.
3. Overall, August was a slow month
4. G&A expense increases because of additional computers
5. Hudson said September has a chance to be the best financial month ever

Gazdik questioned the $90K A/P settlement listed under current liabilities. Hudson said that is a show settlement that has not been received.

Hudson then presented the 2024 budget

1. Hudson stated there were minor changes from the original materials submitted to the Board. Specifically, an increase in sponsorships of $30K, increase in maintenance of $15K, increase in salaries because of bonuses.

Carpenter asked about the snow removal cost. Mihalick said they are currently reviewing bids and anticipates costs will be similar to last year.

Hudson presented the capital improvement plan and requested the following:



Hudson then presented an updated rate card and stated the amounts on the rate card are increasing 1% to cover the 1% increase in sales commission for the Conferences and Banquet Manager. Ziel asked how this would impact nonprofits and school districts. Hudson contracts have already been signed and will not impact those entities.

Carpenter moved to accept Centennial Management 2024 operating budget, capital improvement plan, and 2024 rate card. Warnecke seconded. Motion passed.

1. **Action Item** – Approve IFAD 2024 operating and FF&E budgets. Spear presented the following assumptions used in the 2024 budget presentation:

**Revenues**

* Hotel Revenue 2023 Base – Actual TRT revenues through September of 2023 and estimates for October and November
* Hotel Revenue – 2023 TRT plus 2% increase
* Net Back to IFAD - Lock box interest is captured in TRT revenues back to IFAD in 2024 and 2027. In order to satisfy the debt service payment and the trustee holdback schedule (for future debt service payments (50% in 23 and 24 moving to 60% starting in 25)) it is necessary to accumulate TRT revenues before IFAD can request any TRT funds back. Interest is estimated at $43K per year. Spear said he continues to work with Laura Lewis and was informed JP Morgan is not interested in refinancing due to the recent interest rate jumps. However, Lewis is asking JP Morgan if they would consider reducing the multiple layers (Debt Service Reserve Fund, Lock Box and Trustee holdback) of protection. Spear also stated that given the positive trend in TRT revenues and the operational success of the event center it is possible for the transaction to achieve an AAA rating with a positive outlook. Carpenter asked if we need to utilize JP Morgan moving forward. Spear said up until 2026 any refinancing would need to involve JP Morgan. After that time, IFAD would rely on its bond underwriter to find the best situation. Spear cautioned that any refinancing before 2028 would most likely result in IFAD paying a penalty.
* Interest Earned – This is interest that is estimated to be accrued on LGIP and Bank of Commerce FF&E. Interest from DSRF is captured in 2026. Gazdik suggested taking the excess revenue from the DSRF now and transfer it into the LGIP account because it will generate more interest.
* Donations = $608K based on donation schedule. Does not include seat plaques. Ziel requested some information on seat plaques and Spear sent on 10-12-23. Carpenter asked about how future donations can be increased and asked about the status of the Foundation. Spear suggested that there is an opportunity for a company to name the remaining seats outside the Cal-Ranch, Bingham, and individual plaque holder seats. Spear said there still remains opportunity for the establishment of Convention and Visitors Bureau (CVB) and Sports Commission to be established but some entity needs to take the lead. These entities could drive room nights, which would be a positive for IFAD TRT revenues.
* Penalty Income – Budgeted at $0 because IFAD did not receive any penalty income from the State of Idaho last year.

**Expenses**

Office Expenses

* Rent – Removed
* Utilities – Removed
* Phone/Internet – Removed
* Insurance – Represents ICRMP premium increase
* Dues – Chamber $275, REDI $250 and quarterly Rotary $185
* Computer – Symtec Support for Executive Director and Board
* Website – IE Productions monitors IFAD website and updates
* Office Supplies – Printer ink paper etc.

Employee Salaries

* Budgeted at $125K through April and then reduced to $75K.
* Payroll Taxes & workers comp – based on percentages.

Professional Fees

* Accountant – Monthly Fee of $2K to Wipfli
* State Tax Commission - $1250 per quarter is IFAD fee
* Audit – Increased to $11K because of increased audit scope due to multiple funds. May increase over $11K for 2024 when Centennial financials are included.
* Attorney Fees – Adjusted to $1800 per month assuming Board has 1 Board meeting per month

Misc Expenses

* Marketing Materials – reduced to $100 per month – Annual Board member shirts other minor advertising
* SRL Owners Reserve – Includes Owners Assessment (based on 22 acres & covers landscaping etc.) = $18,217 and Replacement Reserves (longer term replacement needs) $4,985.
* Meals and Entertainment – Reduced to $50 per month
* Travel – Reduced to $50 per month
* Irrigation District – New Sweden Irrigation District Annual assessment
* Marquee Sign – Based on negotiated $1500 per month less power cost of $168.

Capital Expenses

* Zions Payment – Placeholder for possible debt service payment if there are not enough funds in the lock box
* FF&E – Hogan – This is the monthly debt service for FF&E

Spear then presented a separate budget for FF&E, IFAD operations and an overall cash flow summary through 2028 and an updated TRT summary.

Gazdik asked for a motion to approve the 2024 IFAD operations budget. Ziel moved to adopt the IFAD 2024 operations budget as presented. Carpenter seconded. Motion passed.

Gazdik asked for a motion to approve the 2024 FF&E budget. Carpenter moved to adopt the 2024 FF&E budget. Warnecke seconded. Motion passed.

1. **Action Item –** Per Sec. 5.1(b) of Annual Appropriation (Construction) Lease, renew the Appropriation Lease for an additional Renewal Term. Gazdik explained the Board can only appropriate resources one year at a time. Warnecke moved to approve the Annual Appropriation Notice of Approval for the period of December 1,2023 through November 30, 2024. Carpenter seconded. Motion passed.
2. **Action Item –** Per Sec. 2.2 (b) of Annual Appropriation (FF&E) Lease, renew the Appropriation Lease for an additional Renewal Term. Warnecke moved to approve the Annual Appropriation Notice of Intent to Renew for the period of December 1,2023 through November 30, 2024. Carpenter seconded. Motion passed.
3. **Action Item** – Approve 2024 Audit and designate CPA auditor for Mountain America Center operations per management agreement. Spear said he has reached out to Rudd and Associates about conducting this audit. Spear then briefly reviewed the sections for the management agreement relating to the audit of Centennial Management operations. Spear said Centennial is responsible for paying for the audit with the audit completed by March 1, 2024. Spear said he is asking the Board to approve the audit and gauge Rudd and Associates interest in performing the audit. Gazdik moved to ask Centennial Management to conduct an audit of all financial records through November 30, 2023, and for Spear to identify an auditor that can complete the audit within 90 days of the close of the fiscal year. Carpenter seconded. Motion passed.
4. **Action Item –** Approve Affidavit of Legal Interest for Horrocks Engineers to pursue plat change for marquee sign lot creation. Gazdik briefed the board on request from Ball Ventures to sign an affidavit that allows Horrocks to create a separate plat for the marquee sign and submit to the City of Idaho Falls for approval. This will address the current advertising concerns because the marquee is near a collector road. Warnecke moved to authorize the Chair to execute the Affidavit of Legal Interest, allowing Horrocks Engineers to act at the sole expense of Ball Ventures to Amend the Final Plat for Snake River Landing, Division No. 9, and thereby create a new lot for the sign located at the intersection of Pioneer Road and Event Center Drive. By such motion IFAD does not agree to pay any of the expenses for this plat amendment process or to give up any of IFAD's ownership rights to the sign lot. Carpenter seconded. Motion passed.

**Report and Updates**

1. **Discussion Item –** Presentation from Erik Hudson on Hero Arena at Mountain America Center on Mountain America Center operations and August 2023 financial statements. This was discussed under Agenda Item VI.
2. **Discussion Item** - Executive Director Report
	1. Cash Flow Update – Presented as part of agenda item VII.
	2. State Tax Commission Reports – Presented as part of agenda item VII.
	3. Evacuation of Building for Board Members – Spear presented the current evacuation plan and emphasized that in the case of an evacuation, board members would need to gather at the end of the northeast lot. Gazdik suggested conducting an evacuation exercise at a future board meeting.
	4. Action Items
		1. Contact Rudd and Associates
		2. Submit appropriation renewal documents to Zions and Hogan
3. **Discussion Item** - Legal Report – There was no legal report.

**Calendar and Announcements**

1. **Upcoming IFAD Meeting** – **Next Meeting on November 14, 2023**
2. **Discussion Item** - Announcements and Minor Questions

Ziel mentioned he worked concessions for the United Way at a recent event and said it was a great experience. Ziel suggested board members consider volunteering to work concessions. Spear suggested the board find an event and use the donations to support the IFAD Foundation.

Gazdik reminded the Board that all Board members must hold themselves to the highest standard and must understand Board members are government officials and always visible and in the spotlight in the community.

1. **Discussion Item** - Agenda Items for November 14, 2023, meeting
	1. Process for moving plaque seat holders and issues created when those seats become available.

**Meeting adjourned at 8:53 AM**