

**Board of Directors Business Meeting**

**Tuesday, November 14, 2023, 7:00 a.m.**

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

[**https://us06web.zoom.us/j/81312874846**](https://us06web.zoom.us/j/81312874846)

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

**Room 2416**

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

**Agenda**

1. **Action Item** - Call to Order 7:01 AM
2. **Action Item** – Accept Agenda. Spear requested modification of the 2024 budget be placed on the agenda as an action item. Ziel moved to accept the agenda as amended. Carpenter seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 10-10-23
	2. Review of Payables/Financials. A payables list totaling $120,795.36 was reviewed and approved. Gazdik stated that the $115K expenditure was part of the development agreement for the marquee sign. Spear presented the September financial statements and stated that September TRT revenues were $318K compared to a budget of $326K, however there was one entity who did not remit. Spear said two large expenditures were posted to the month of September, the $115K for the marquee sign and the $54,377 building insurance. Spear questioned if the $115K payment should be posted in September since it was just approved by the Board. Gazdik said it was fine to post when the work was completed. Spear said interest earnings are considerably higher than 2022. $233K in 2023 compared to $67K in 2022. 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). There were no public comments.
5. **Action Item –** Approve Rudd and Associates Audit Engagement Letter for 2023 audit that will include first year operations of Centennial Management. Spear presented the engagement letter that would include Centennial Management operations and the annual IFAD audit. The fee is estimated to be $25K. Warnecke asked if Rudd and Associates can meet the March 1, 2024, deadline. Spear said Rudd and Associates could because Centennial is organized and could easily provide all of the documentation needed in order for the audit to be completed by the deadline. The audit performed on Centennial Management operations will then be rolled into the IFAD audit. Gazdik said the cost proposed is reasonable. Casper moved to approve the Rudd and Associates Audit Engagement Letter for 2023 audit. Ziel seconded. Motion passed.
6. **Discussion Item –**Receive a punch list update from Rob Spear. Spear referenced the punch list spreadsheet prepared by Bateman Hall. With the exception of some internal signage all of the items have been completed. Spear said Mountain America Credit Union is proceeding with rebranding of the entire facility that includes exterior signage, interior signage, apparel, stationery, rate cards, social media, and website. Spear said there are three items that continue to be of concern: HVAC controls, kitchen equipment and concession stand beer coolers. Spear shared recent emails received from Waylin Lewis and Spencer Howell of VBFA that attempt to identify the HVAC issues. Specifically, there have been alarms on various units for Low Oil, Discharge Pressures, and Superheat. It appears that when there is a small cooling load in the arena one of the four units will go into full cooling using all three of its cooling circuits causing different alarms. Innovative Air is looking at different sequencing and establishing new set points. Innovative Air had a tech on site last week and found some of the oil sensors on the VFD Compressors were not installed correctly. There was also an extra mode of operation in the Aaon units which throws off the specified operating sequence. Innovative Air will adjust and then Howell will ensure another control check-out once the current round of adjustments are made. This will be in the next month or two. Hudson stated the problems have moved from Innovative Air’s control system into its mechanical system. Hudson said once Lewis Mechanical’s maintenance contract expires, Centennial Management will contract with TRANE. TRANE is very familiar with Innovative Air control systems.

Another issue relates to the steamer and tilt skillet in the kitchen. The steamer was leaking and that appears to have compromised the tilt skillet. It appears those two issues are now resolved. However, there were some pieces of equipment that were not installed correctly and not properly tethered to the wall resulting in some gas lines being stretched.

The third issue is the ongoing beer cooler issue. The beer coolers are not able to maintain a consistent temperature and any adjustments to lower the temperature freeze the lines in the top of the cooler and any increases to the temperature make the cooler too warm and the beer won’t pour (too foamy). Spear indicated temperatures in the coolers are inconsistent with warmer temperatures near the bottom and colder near top. Spear indicated that this temperature variability could result from the condensing units not having enough space to operate efficiently. Manufacturer guidelines specify that 24” of clearance should be provided above the units (currently there is only 1” of clearance). There should also be 28” of clearance on the sides and there is only 8”. This issue was created when the coolers were expanded in order to satisfy the beer supplier. Spear said numerous actions have been taken which include shortening the beer lines from the keg to the glycol system, installing curtains, and installing blended gas along with Co2. Spear said the only system working correctly is the cooler in the Sky Deck area. That cooler has ample space above for the condenser and the cooler also has a floor. All the coolers installed on the first floor do not have an insulated floor. The reason is that coolers installed on grade supposedly do not need an insulated floor. CKS is researching the cost of installing floors in those coolers. Spear said he is reluctant to spend money on floors when he suspects the problem is the compromised air space impacting the performance of the condensers. In his opinion, smaller coolers need to be installed to resolve this issue. The question will arise who will pay for this transition. Hudson said operations is going to attempt to install a rack and lift the kegs off of the floor.

Warnecke commented that until the space for condensers is resolved, this issue will not go away. Hudson said he was told by CKS that it is possible to install the condenser units on the side.

1. **Discussion item –** IFAD Investment Policy. Spear asked Casper to summarize the investment policy that she provided. Casper said the document provides potential guidelines for the Board to consider when IFAD has cash to invest. Fuller asked Spear when IFAD would have extra cash to invest. Spear said while IFAD needs to refinance to generate additional cash flow, it has historically kept too much cash in its checking account and some of that cash should be invested. Spear stated in the past excess funds have been invested in the State of Idaho LGIP fund. Gazdik said currently that fund is paying 5.3% interest. Spear said the Board should consider investing the net income from operations into the LGIP. Fuller stated the LGIP was established specifically for organizations like IFAD and stated there are thousands of boards like IFADs that utilize the LGIP. Fuller said the Board would never be sued for malfeasance as long as it invests in the LGIP. Fuller said there is no upside for the Board to assume additional investment risk outside the LGIP. Gazdik said even though there may not be extra funds to invest, the Board should have a policy for how investments are handled. Gazdik said the document does reference some things the Board should consider having in an investment policy like conflict of interest and prohibitive transactions. Spear said he would customize the document and bring it back to the Board for review. In the meantime, Gazdik suggested keeping less than $50K in the checking account because funds can easily be moved from the LGIP and deposited into our checking within a 24-to-48-hour period. Casper asked Fuller if investing in anything other than the LGIP puts the Board at risk. Fuller responded that it shifts the responsibility for justifying a riskier investment plan to the Board to monitor. While there would be no individual liability for a suspect investment, the impact would be felt during the next election cycle. The LGIP provides the Board protection against public scrutiny. Hudson asked what the threshold would be to transfer operating funds to the Board and then into the LGIP. Spear said that needs to be a recommendation from Centennial Management. Gazdik suggested a transfer could be made monthly into a separate LGIP fund. Carpenter asked who has authority to access these operating funds. Spear said that he has signature authority on the operating accounts and that Gazdik has access to review those accounts. Gazdik asked if this impacted any agreement with Mountain America. Fuller did not think there is a provision that restricts IFAD from using the LGIP but would research further. Fuller suggested any action on this policy should wait until the January meeting.
2. **Discussion Item -** Process for moving seat plaque holders and issues created when those seats become available after relocation. Spear briefed the Board that when concerts initially go on sale with a ¾ house configuration and then later move to a to a full house configuration, seat plaque holders are not able to secure their plagues seats in sections 120 and 112 because they have already been relocated into backup locations. Warnecke said his seats have been relocated in the past and stated once his original location became available, they were never contacted.

Hudson said the problem with this scenario is that there is a calculated risk on how many tickets will be sold for an event. Hudson used Foreigner as an example. Hudson said he initially sent in an offer to the promoter for a full-house concert. The promoter countered and said, for the show to work, they wanted to start with a ¾ house configuration with the ability to flex into a full house depending on ticket sales. This happens for two reasons, first the promoter is not sure about our market because the venue is so new and secondly, they are not sure the concert can sell 4500 tickets. Because the Foreigner show sold so well, the agent and promoter dictated that sections 112 and 120 be opened up and wanted the tickets available within 30 minutes. Hudson this is a rare occurrence and it is unusual that this situation happened twice this year. Hudson said once someone purchases a ticket it is not possible to transfer their location but there is a mechanism to upgrade with a small upgrade fee. Cody Haggerton is working with Ticketmaster to implement this process; however, the biggest concern is the time given by the promoter to allow for this to happen. Hudson said now that he is aware of this problem, he can have a discussion with the agent/promoter to communicate that if sections are opened up, there are customers who have first priority for those seats. Carpenter asked what if the agent/promoter does not want to cooperate. Hudson said then communication would be sent to seat plaque holders indicating upgrades would not be available. Fuller stated that it was important for Hudson to communicate with the agent/promoter that our customer is the priority because they helped build the facility.

Fuller congratulated Hudson and his team for the MAC’s nomination for Pollstar’s New Concert Venue of the Year.

1. **Discussion Item –** Communication plan for first year of Hero Arena at the Mountain America Center operations. Spear encouraged the Board to prepare a statement summarizing how the venue performed financially over the past year. After much discussion the Board agreed that the positive financial performance should be communicated along with how much of the revenue generated will be invested back into the building. Any communication should also reference the numerous awards won by the building and its community economic impact. Carpenter suggested that specifics should also be provided and said the center generated a profit of $4.16 per person. Hudson said the key is the number of event days hosted by the facility. Over 280 event days were held at the center which is significant when comparing the MAC to other similar size venues. YTD over 240,000 ticketed patrons attended events. Much of the financial success can be attributed to the volume of events. Hudson said it is important to have funding available when something breaks. Hudson also noted the facility spends a lot of money maintaining the facility.

Gazdik stated that she is often asked how the facility is performing financially and she said she is very proud to communicate that it is doing well financially. She also said that when people in the community hear about the positive financial performance they are excited and proud that the community is able to support a venue like the MAC. Gazdik said she is quick to point out that the MAC is still in its “honeymoon stage” and it is important to invest in its future because there will be years when the center does not have such a positive financial performance.

Fuller asked if the Mayor may want to make a proclamation declaring Mountain America Center Day. Hudson said he would outline some ideas for celebrating first year operations.

1. **Discussion Item –** Discuss annexation of property near the Mountain America Center. Spear presented details of the proposed property annexation and the hearing scheduled for 11-14-23 at 7P. Spear also shared a site plan provided by US Development for a proposed hotel. Fuller said he would review the development agreement to see if IFAD has any responsibility for any walking bridge or road improvement as these projects move forward. Gazdik said there has never been any discussion within the Redevelopment Agency that IFAD would have any responsibility for bridge or road improvements. Gazdik also said a redevelopment district is also being pursued for this area that process will take up to 8-9 months.

Ziel asked about how this development would impact parking. Hudson said this would only help parking.

1. **Action Item –** Amend 2024 Operating Budget. Spear said the purpose of the revision is because Zions Bank is going to wire excess Debt Service Reserve Funding above the required $4.178M. This will take place on November 30th of each year. The adjustment to the Interest Line in the 2024 budget was increase by $225K. Spear said he has estimated moving forward that IFAD will receive approximately $188K every November 30th. Carpenter moved to amend the 2024 budget. Ziel 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 September 2023 financial statements. Hudson presented the following highlights for the September financial statements:

**Income**

* + 1. September was the center’s best financial month generating a net income of $255,701. This allowed the center to purchase another Zamboni.
		2. YTD net income is now $1,000,514.
		3. Community Ice rental has started and now Idaho State Hockey is renting the facility for its home hockey games
		4. The Idaho State hockey games are non-ticketed events
		5. Building rent = $162K that was generated through 25 event days
		6. Box Office And Ticketing Revenue = $52K because of the number of ticketed events hosted
		7. Parking fee income $27K and Facility Fee Income $25K are also the result of the number of event days and tickets sold
		8. Misc $12K is interest earned on the sweep account
		9. Total income earned for September = $535K
		10. YTD revenue earned is $3.2M compared to a budget of $1.88M

**Expenditures**

1. Full-time labor $77K was up because of the extra payroll in September but still $60K under budget for the year. In October there will be a bonus lump sum for staff
2. Part-time staff $16K higher because of the number of events hosted
3. Event staff reimbursable $58K was higher also because of the number of events
4. G&A $21K was mostly for conference and professional development
5. Utilities $22K but under budget by $12K
6. Building Repair $39K but $32K for the Zamboni
7. Overall expenditures are $318K over budget but actual revenue is $1.34 over budget.

Fuller asked if the snow removal issue has been resolved. Hudson said they have requested additional documentation and that Centennial Management’s attorney, Richard Catten, expects an amicable resolution. Hudson said a new provider will be under contract soon.

**Balance Sheet**

1. Accounts Receivable $508K from the Spud Kings is mostly the sponsorship and suite/loge annual rental fee.
2. Accounts Receivable Diamond $181K but a $118K payment was received 10-1-23.
3. Total Assets = $4.302M
4. Liabilities – ($58K) under AP Settlements is for 2 events that had not taken place
5. Unearned ticket sales $2.296M are for tickets sold but the event has not been actualized

Casper asked how much operating dollars would need to be held by Centennial before it could be invested. Hudson thought the number would be $2.5M.

Hudson then summarized some of the events that occurred during October: Grizzly/Steelhead hockey, Tool, Champs Heart Gala, Nate Bargatze, 2-days Enduro Cross. In November, Theory of a Deadman, Women’s Expo (attendance estimated at 2,000) youth hockey.

Hudson said Kelsey Salsbery was recognized by the Chamber at its Under 40 recognition banquet. Gazdik requested that Kelsey be recognized by IFAD and the MAC. Hudson also said the building has received 5 different awards including IBR public venue of the year for the State of Idaho and ENR Merit Award for sports and entertainment. Hudson said the facility has been nominated for Pollstar’s New Concert Venue of the Year. The award will be announced on 2-7-23.

Hudson said all current and two recent board members will be recognized at the St. Mary’s/BSU basketball game during the first year of operations celebration.

For the month of December, the facility will host basketball, Gentri, Spud Kings hockey, NCDC showcase, a figure skating event and Derek Hough. Hudson said only two dates are left for Christmas parties.

Breast cancer awareness night generated over $10K.

Hudson said a government contract has been adopted and put into place paving the way for government and state agencies to utilize the facility.

Hudson he is actively working on 12 shows from now to September. Carpenter asked how this compares to last year. Hudson said bookings are ahead of last year.

Hudson wants to present a year-end report to the Board for the December meeting.

1. **Discussion Item** - Executive Director Report
	1. Cash Flow Update – Spear presented an updated cash flow summary for 2024- through 2028. Spear indicated that for FY24 the District has budgeted a $60K increase in TRT revenue. Spear said this would require another 8,000 room nights based on an average room night cost of $150. Spear used the upcoming NCDC tournament as an example where the 6-team tournament will generate about 140 room nights. Spear said the goal for 2024 and beyond is to attract conferences and sporting events that equate to room nights. Spear said it looks promising that the Chamber is going to create a Convention Visitors Bureau (CVB) position that will aid in attracting conferences to the area. Having a contract in place for INL to use the facility will also help in adding room nights.

Gazdik asked the Board to think about ways to ensure tickets that are bought and paid for are actually used. Having open seats, suites, loges during an event is not a good look. Ziel commented that Mountain View utilizes its suite 80% of the time and suggested that he would share how their suite is utilized for employee morale and business development. Gazdik suggested asking ticket holders to donate tickets into a pool to be used as a fundraiser for non-profit organizations.

* 1. State Tax Commission Reports – Spear provided a summary of all 2023 remitters through September. Spear indicated that one entity did not remit and it appears the District is on track to exceed $3M for the first time in its history.
	2. Evacuation of Building for Board Members – Due to time constraints this was not conducted.
	3. Action Items
		1. Revise investment policy
		2. Present Bateman Hall final check
		3. Prepare for mediation
1. **Discussion Item** - Legal Report – Fuller did not have a legal report

**Calendar and Announcements**

1. **Upcoming IFAD Meeting** – **Next Meeting on December 12, 2023**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for December 12, 2023, meeting
4. **Action Item** - Adjournment to Executive Session. At 9:06 AM, Carpenter moved enter into Executive Session. Gazdik, Casper, Carpenter, Ziel, and Warnecke 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.** Casper moved to adjourn from the Executive Session at 9:31 AM. Ziel seconded. Motion passed.
7. **Action Item –**Action taken on Section 74-206 (1) (f) matter discussed in Executive Session. There was no action regarding materials discussed during the Executive Session.
8. **Action Item -** Adjournment from Public Session 9:31 AM