

# Board of Directors Business Meeting Tuesday, December 12, 2023, 7:00 a.m.

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

[**https://us06web.zoom.us/j/89907383119**](https://us06web.zoom.us/j/89907383119)

# Event Center Drive, Idaho Falls, Idaho 83402 Room 2416

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

**Agenda**

1. **Action Item** - Call to Order 7:00 AM
2. **Action Item** – Accept Agenda - Spear asked if an Executive Session would be held. Fuller said FJ Hahn is planning to join the Executive Session. It was agreed that the Board would move into an Executive Session at the conclusion of the business meeting. Carpenter moved to accept the agenda. Warnecke seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
   1. Meeting Minutes – 11-21-23
   2. Review of Payables/Financials – A payables list of $113,410 was reviewed and approved. The largest payment was the final $100K payment to Bateman Hall. Carpenter asked if Bateman Hall was committed to assisting with any future building issues that may arise. Spear said both Mike Clements and Rick Lawrence indicated they would continue to be a resource. Spear reviewed October financials and stated October TRT revenues totaled $244,126. This is $381 less than FY2022 and below the 2% projection. Spear said it will be important to pay close attention to future TRT revenues. Gazdik asked how this compared to the Hunden study estimates. Spear referred to the cash flow spreadsheet and said those numbers appear at the top of the page. For 2023 actual TRT revenues were $3,029,237 versus a Hunden projection of $2,996,228. Spear did not think actual 2024 TRT revenues would exceed the Hunden projections because Hunden projected a 6% increase in TRT revenues for FY2024 over FY2023. Warnecke moved to adopt 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. **Action Item** – Approve IFAD 2024 Board Meeting Dates. Spear presented three scenarios for IFAD 2024 Business Meetings. Two meetings per month on the second and fourth Tuesday’s, one meeting per month on the second Tuesday of the month and one meeting per month on the fourth Tuesday of the month. The Board agreed to one meeting per month with the ability to add additional meetings when necessary. Ziel moved to adopt the 2024 IFAD Board Business meetings to occur on the second Tuesday of each month. Casper seconded. Motion passed.
6. **Discussion Item** – Discuss IFAD Investment Policy – Spear presented a highlighted document that contained the following modifications:

* The purpose of this Investment Policy Statement ("Policy") is to assist the Idaho Falls Auditorium District (IFAD), a governmental subdivision of the State of Idaho, and the IFAD Board ("Board") in effectively supervising, monitoring, and evaluating the management of IFAD assets
* The primary investment vehicle for the IFAD Board will be the State of Idaho Local Government Investment Pool (LGIP). Any investment outside the LGIP must be formally reviewed and approved by the Board.
* On a periodic basis, review cash on hand (checking and savings) and determine what amount, if any, should be transferred to the LGIP or Portfolio. The IFAD Board and Executive Director will monitor the checking account to ensure a maximum of $50K is kept in the account for anticipated expenses. Any excess will be invested in the LGIP or Portfolio.
* IFAD is expected to operate in perpetuity; therefore, a 5–10-year investment horizon will be employed.
* IFAD will maintain a checking account with Mountain America Credit Union as required by its naming rights agreement. The IFAD Board and Executive Director will monitor the checking account to ensure a maximum of $50K is kept in the account for anticipated expenses. Any excess will be invested in the LGIP or Portfolio.
* The following transactions are prohibited: Cryptocurrencies.
* If investing outside the LGIP, IFAD will require the Investment Manager to maintain a reasonable diversification of investment assets between asset classes and investment categories at all times.

The Board requested modifying “ensure a maximum of $50K is kept in the account for anticipated expenses” to “ensure no more than $50K is kept in the account for anticipated expenses”.

The Board also requested modifying “If investing outside the LGIP, IFAD will require the Investment Manager to maintain a reasonable diversification of investment assets between asset classes and investment categories at all times” to “If investing outside the LGIP, IFAD will require the Investment Manager, when or if employed, to maintain a reasonable diversification of investment assets between asset classes and investment categories at all times”

Casper requested the Asset Allocation Table be changed to reduce Equities: International to 10% from 20% and increase Fixed Income to 35% from 25%. This helps protect against current geopolitical issues.

The Board also requested that performance be evaluated annually instead of 3-5 years.

Spear said he would make the adjustments and bring the investment policy back to the board as an action item for the next regular meeting.

**Report and Updates**

1. **Discussion Item –** Presentation from Erik Hudson on Hero Arena at Mountain America Center on Mountain America Center operations and October 2023 financial statements. Hudson presented the following income statement information:
   1. Hosted Grizzly Hockey Game, Disney Encanto, Nate Bargatze, Tool, 4 Spud King Games and 2 days of Enduro Cross.
   2. Solidified snow removal with a contract with Plow Boys. Contract is 10 plows for $14K each. After 10 services, the cost is reduced to $10K. There is also an ala cart option for removing snow around the employee lot and Blue Cross of Idaho Parking lot. That is a flat fee of $600. Last year $172K was spent on snow removal.
   3. Spud King and Ice Rental totaled $22,450.
   4. Building Rent was $73K
   5. Reimbursed expense were $73K but Event Staff reimbursable was $80K. Hudson said normally the reimbursed expenses exceed event staff reimbursable by 30-40% but in October additional cleaning was needed after Enduro Cross.
   6. Miscellaneous income was lower because cash account was reduced due to artist payments. Money market account now is over $3M.
   7. Full-time staff expense was higher due to one-time bonuses paid to staff. Gazdik asked if there are more full-time staff on the payroll. Hudson explained the budget was for 11 full-time employees and there are currently 11 full-time employees on payroll.
   8. Hudson said two part-time employees have been added. A part-time administrative position and a full-time events services position.
   9. Utilities – October higher than budget. Overall $8k less than budget for the year.
   10. Maintenance Contracts higher than budget because of filter change due to Enduro Cross
   11. Overall, for October, expenditure actuals were $102K over budget. However, revenues were $317K over budget.
   12. Net income was $222K for October and $1.22M YTD.

Spear asked if an HVAC maintenance company has been hired. Hudson said Centennial Management has until March 2024 to make a decision but they are in negotiations with TRANE. This cost is included in the 2024 HVAC budget.

Hudson reviewed the balance sheet:

1. A/R numbers for Spud Kings ($508K) will continue to decrease as events are actualized. For example, although the annual suite cost is paid upfront, suite income is recognized after each hockey game. Carpenter asked if any suites were available. Hudson said there are not and does not expect any will become available for 2 or 3 years. Currently there is a waiting list of 50. Hudson asked if a new suite holder is going to be subject to the licensing fee. Spear said that a new entity should pay the upfront fee and that the amount should be discussed. Carpenter asked if the annual fee for suites and loges will be increased. Hudson thought the annual fee should remain the same. In several years a discussion on raising the annual fee can be held. Gazdik stated that since most suite holders paid the upfront fee over 5 years, that any discussion on raising fees should be done after five years.
2. Hudson said unearned tickets sales for hockey total $244K and unearned ticket sales total $1.262K for other events.

Hudson also provided the following updates:

* Derek Hough show has been postponed because his wife is ill. Hudson said the center will still hold onto the ticket sales until the show is rescheduled.
* Gazdik asked if any November data is available. Hudson said he thinks net income for the year could be $1.4 to $1.5M. The calendar for November consisted of Theory of a Deadman, 6 Spud Kings games, ISU basketball and multiple conference center events.
* Hudson said for December Boise State basketball was held. The only glitch was that the scorer’s table provided by ISU did not work. Hudson said the cost for scorer’s tables would be in the $150K range for a 40-foot run. Hudson said both Boise State and St. Mary’s want to come back next year. Spear said there is a tremendous opportunity to grow the event. Hudson said he would like to create a jamboree.
* ISHAA has confirmed State Volleyball starting in 2024 for three years and cheer and dance for three years starting in 2026. Cheer and Dance is the second highest attended event. A press conference is scheduled for January.
* In order to host basketball, the classifications would need to be split. For example, 1,2, 3 could be held one year and 4,5,6 the next.
* For January the facility will host ISU basketball, Parker McCollum, Fierce Fighting, African American Alliance, District 91, and 5 Spud King games.
* Ziel asked if data was available for attendees by zip code. Hudson he will have a year-end summary presentation prepared for next Board meeting and will include that information.
* Hudson said Pollstar released arena tickets sales data and out of 2,000+ arenas in the world, the Mountain America Center finished #172 in tickets sold this year. 89,536 live entertainment tickets were sold for concerts and live entertainment, this does not include hockey games, sporting events, or expos. Hudson said Idaho Falls is the number one tertiary market in the country.
* Fuller asked about access into the building for the mediation on 12-14-23. Hudson stated access will be provided at the employee entrance.

1. **Discussion Item** - Executive Director Report
   1. Cash Flow Update – Spear provided cash flow projections through 2029 and explained he adjusted the calculation for excess revenue fund (lock box) amounts that IFAD will receive in 2024 and again in 2027 based on TRT revenues growing 2% per year. Spear explained $225K was recently sent by Zions as payment for excess funds held in the debt service reserve fund. Carpenter asked if refinancing could happen earlier than 2028. Spear said it is possible and it is something he will continue to monitor. Ziel asked about the possible creation of a Convention Visitor Bureau. Spear said he is hopeful that the Chamber will create this. Spear said it may be possible to create a Sports Commission under the umbrella of the IFAD Foundation.
   2. State Tax Commission Reports – Covered as part of consent agenda
   3. Board member access to building – Spear asked Board members to provide a four-digit code to Andy Birch so they can have access to the building. Spear reminded the Board that the access will not include the Spud Kings locker room.
   4. Action Items
      1. Prepare for mediation
      2. Update Investment Policy
      3. Post 2024 meeting dates
2. **Discussion Item** - Legal Report – this was presented in Executive Session.

# Calendar and Announcements

1. **Upcoming IFAD Meeting** – **Next Meeting on January 9, 2024**
2. **Discussion Item** - Announcements and Minor Questions – Be prepared for a special board meeting following mediation.
3. **Discussion Item** - Agenda Items for January 9, 2023, meeting

* Approve Investment Policy
* PJ Holm to discuss Park and Recreation future
  1. **Action Item** - Adjournment to Executive Session. Gazdik moved to enter into Executive Session at 8:25 AM. Gazdik, Carpenter, Ziel, Casper and Warnecke all voted in the affirmative.
  2. **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.
  3. **Adjournment from Executive Session**. Carpenter moved to adjourn from the Executive Session at 8:57 AM. Warnecke seconded. Motion passed.
  4. **Action Item –**Action taken on Section 74-206 (1) (f) matter discussed in Executive Session. There was no action taken regarding matters discussed during the Executive Session.
  5. **Action Item -** Adjournment from Public Session 8:58 AM