

# Board of Directors Business Meeting Tuesday, February 13, 2024, 7:00 a.m.

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

[**https://us06web.zoom.us/j/81098697137**](https://us06web.zoom.us/j/81098697137)

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

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

**Agenda**

1. **Action Item** - Call to Order 7:02 AM
2. **Action Item** – Accept Agenda - Warnecke moved to accept the agenda. Ziel seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – 1-9-24
	2. Review of Payables/Financials – A payables list totaling $9,540 was reviewed and approved. Spear said the list included a $153 payable to Kelsey Salsbery to renew her notary license. Spear said it is convenient to have a notary in the building. Spear said $6,534.04 of the payables were costs from the recent mediation. Gazdik asked if all of those costs were paid in full. Spear said they were. Warnecke moved to accept the consent agenda. Ziel 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). Spear recognized Ziel for assuming a new position at the INL.
5. **Action Item** – Approve Board Access Policy. Spear indicated that he had received feedback from most of the Board, Hudson, and Andy Birch. Ziel asked if the policy allowed a board member to bring a guest up to the mezzanine level, during an event, for a brief tour. Hudson stated that this action is consistent with the policy. Gazdik said the policy has worked well and has allowed her and a guest to accompany her to the mezzanine level for a tour.
6. **Action Item** – Approve New Merchandise Area located on first floor concourse. Hudson reviewed the plan and discussed the location of the merchandise area on the east side of the first-floor concourse. The cost is $64,600 to construct and another $3,180 for electrical. Hudson said the Spud Kings would like to split the cost. Gazdik said the space is needed because the current setup is not good. Spear stated the he understands the project would be managed by the Spud Kings and that Centennial Management would reimburse the Spud Kings for ½ of the cost. Spear said this is consistent with the way Event Center Drive was constructed with Ball Ventures carrying the contract and IFAD paying ½ of the costs when invoiced. Spear also said the recently approved Capital Improvement Plan is being implemented by Centennial Management and not IFAD. Spear asked Fuller to comment. Fuller stated that as long as TRT revenues are not being used for the construction of the merchandise area, he does not see a need to competitively bid the project.

Spear asked if the Spud Kings would be interested in sharing a percentage of profits on merchandise sales so there would be some ROI on the investment. Hudson said he would visit with the Spud Kings about a revenue share. Ziel stated it was important to have a strong anchor tenant and was not sure if charging percent of sales would make a huge difference because our focus should be on merchandise sales for concerts.

Gazdik suggested separating the construction from negotiating a percentage of sales. How the building is reimbursed for its investment in the merchandise area can be discussed at a later date.

Hudson stated that parking and facility fees can be raised without having to amend the existing hockey team contract that is for 10 years (after this season there will be 8 years left) with the option to extend for three five-year renewals. Fuller asked if this just increases the cost to the customer. Hudson said this depends on how it is structured. If hockey season ticket prices don’t increase, then the cost would not be passed onto the customer.

Gazdik asked Spear if he thought the construction and potential percent of sales discussions should be separated. Spear explained that IFAD should focus on some kind of ROI for the capital improvement because although the facility is financially successful now, that may not be the case in the future. Spear said there is an opportunity now to do something different as it relates to generating more revenues from hockey games. Gazdik said if the space were improved, there would be an ROI from that because other events would have a nice space to sell merchandise. Ziel said it is a different conversation but not receiving any benefit from food and beverage sales at hockey games is an area that could be revisited.

Fuller said it is important to not lose the opportunity to negotiate when the hockey team or any entity utilizing the facility wants something.

Discussion ensued about the possibility of bringing a professional minor league hockey to the facility. Spear questioned the financial viability and incentive for bringing a professional team to the facility. Spear said, right now, it appears the junior hockey team is a huge financial success and that the same financial success may not carryover to bringing in a professional team. Hudson said travel alone would add $1M to the budget and there would be a minimum of $15K in payroll expense per week. Hudson said a professional team would struggle financially if there was any drop off in attendance.

Fuller suggested sending a proposal to the Spud Kings that list options for receiving some compensation back to the facility. Gazdik suggested maybe sharing additional profits above current merchandise sales is a possibility. However, that calculation would be difficult to determine because IFAD does not have access to Spud Kings financial information. Hudson said the building is IFAD’s and any tenant approval is subject to the terms and conditions that IFAD wants.

Spear suggested an annual lease payment for that space until the building recovers its investment. Warnecke and Gazdik said they would support this concept. It was decided that a $4250 annual lease payment would be proposed over the remaining eight years in the base period. At the time of the extension, the contract provisions could be adjusted (e.g., rent) to account for future merchandise sales. Hudson said he would draft an addendum and discuss it with the hockey team. Gazdik pointed out the current construction estimate is expired. Gazdik wanted assurance that any improvements made by the tenant would remain as part of the event center. The item was tabled until the next meeting.

1. **Discussion Item** – Concession Stand Volunteer Organizations and liability concerns. Casper briefed the Board and said another non-profit that she is affiliated with is volunteering to work the concession stands. Casper explained Diamond recently revised its contract and this creates liability concerns for the organization. Casper stated Diamond updated the contract but they don’t enforce it. Casper said volunteering organizations require TIPS (Training and Interventions Procedures for Alcohol Servers) training. Casper stated this is not being enforced and if volunteers overserve someone, and they get into an accident, who is liable? Hudson stated there is an indemnification clause and hold harmless language in contracts that protects Diamond, IFAD, and Centennial. Hudson said he will discuss TIPS training with Diamond Concessions. Ziel explained that in his experience he did not see experienced people behind the concession stand to provide direction. Ziel said when he volunteered, he was never informed to check IDs for people buying alcohol and ended up doing this on his own. Hudson said the facility uses secret shoppers to monitor concession sales and said each stand has a stand manager. Hudson said he would visit with Diamond about TIPS training.

Casper said clear expectations need to be communicated to volunteers when working the concession stands because in the past they have been asked to perform duties like cleaning out grease traps. Casper also said the percentage of tip sharing and profit sharing has changed to provide less incentive to the non-profits.

Gazdik asked if an agreement was signed that holds the non-profit harmless. Casper said the contract does not contain such a provision. Hudson agreed the agreement does not contain that language. Ziel also expressed concern about the lack of training provided.

Hudson said he would visit with Diamond Concessions and report back to the Board.

**Report and Updates**

1. **Discussion Item –** Presentation from Erik Hudson on Hero Arena at Mountain America Center on Mountain America Center operations and December financial statements. Hudson provided the following information to the Board and the following discussions took place:

Revenues:

* Total Revenues for December = $445,335 – The postponement of Derek Hough impacted revenues but the number of events held in the Blue Cross of Idaho Conference Center made a positive financial contribution to the bottom line.
* Total Expenditures = $178,476 – Utility costs under budget, snow removal over budget, repair, and maintenance over budget.
* Net Income for the month = $132,671
* Hudson said Derek Hough is rescheduled for May, 2024
* Angie Freer is leaving the organization but Hudson said they have a very viable candidate to replace her
* Casper said she attended the Idaho Falls Market and stated it was wall to wall people and wondered about fire code issues. Hudson first explained the event was late opening due to some vendors being located in areas impacting traffic flow and because some vendors (knife) not having approval to be in the facility. Hudson stated that the organizer over allocated space but the facility was within fire codes limitations. Gazdik wondered in the future if the event should be ticketed to help control the crowds. Hudson said free events are always the most difficult to monitor. Spear asked about total attendance and Hudson said he did not have final numbers. His estimate was 4000 people.
* Provo has a scheduling conflict for hosting the Spud Kings for the last two regular season games and there is a possibility those games may be held at Hero Arena. Those games most likely would be an additional cost to the season ticket holder.

1. **Discussion Item** - Executive Director Report
	1. Executive Director Report Summary – Spear provided the following summary
* HVAC – Spear explained the all of the RTUs are packaged RTUs rather than custom units which means they all have their own individual controls. The Innovative Air controls are expected to override the controls in each RTU, however they continue to fail due to programming issues. (The recent coil freeze was a result of one of the switches inside the RTU not being turned off which did not allow the Innovative Air controls to function.) This is the main reason for not being able to get all the controls in sync. The decision to have packaged RTUs was a Value Engineering decision that saved the project $2M.

Spear said he thought the recent meeting with George Masing, Tom Laird, Brian Fitzpatrick (Innovative Air), Waylin Lewis (Lewis Mechanical), Spencer Howell (VBFA), Mike Clements and Rick Lawrence (Bateman Hall), Brennan Mihalick (CM), Mike Carpenter and Ron Warneck (IFAD) and Mark Fuller (IFAD Board Attorney), was productive. However, a programing error made by Tom Laird resulted in the temperature in the visitors’ locker to be 77 degrees on 2-9-24. Fortunately, Waylin Lewis was in attendance and was able to shut off a valve. Spear stated Laird was supposed to be available but event center staff was unable to contact him. Spear said they were finally able to contact George Masing. Spear said Laird’s response to the situation seemed very dismissive. Spear said it time to issue a letter of cure that identifies all the deficiencies and a timeline for resolving.

Spear also discussed the issue with concession stand smoke infiltrating the arena during events. The cause is when the kitchen fan, located on the lower east side roof, exhausts concession stand smells. When the wind blows from the south, the RTU located to the north picks up the exhaust and brings it into the arena. The solutions are as follows:

1. Install carbon filters in OA intake for AHU-2 for the sum of: $1,270.00. After discussions with Spencer Howell this option may resolve the smoke and odor issues without option #2. Lewis recommends this option until a decision is reached on option #2.

2. Replace existing fan with Utility Fan, requires ductwork changes, 10’ exhaust stack extension, electrical changes and roof patch. The cost is $21,380.00. The fan would need to be approved by the Engineer of Record (VBFA). The fan will take 10-12 weeks for delivery. Gazdik asked if this would impact the aesthetics of the building. Spear said although it would be painted to match the exterior color, it definitely would impact the aesthetics.

Mihalick expressed his frustrations with Innovative Air and its programming miscues, lack of training provided and failure to recognize the need to turn over a fully functional building. Mihalick said all of the HVAC issues can be attributed to either programming errors and/or equipment malfunctions that were covered under warranty. None of the issues can be attributed to operator error. Mihalick said it is inexcusable for a company to promise that a person will be available and then they are not.

Spear said he is awaiting a cost to wire the RTU units to a computer so external monitoring can take place just like the main Innovative Air controls.

Hudson stated that the issue with the concession stand smells is a design issue. Spear said the concept of “betterment” could be used as a reason that the designer and/or installer would not cover the costs.

Warnecke provided two observations. One, as part of the letter of cure, to quantify the costs/damages that the building has incurred because of Innovative Air failures, and two, the Innovative Air owner does not have control over Tom Laird. Laird is a single point failure.

Spear said another issue occurred with the relief fans randomly turning on. Spear said this was a result of Laird making programming changes to attempt to address pressure issues. Spear said Masing is supposed to investigate the pressure issues in the building.

* Beer Coolers – Spear said there are now 4 taps in Eagle, Topo and El Flamingo and we are waiting for 4 taps to be reconfigured in Crafty Pete’s and Coyote Country Barbecue. Spear said he is still awaiting floor installation costs for all the first-floor concourse coolers. Spear said while it is nice to have four taps working in the each of the concession stands, there are still twelve that are not working. Each stand is supposed to have 4 towers with 4 taps each for a total of 16 taps.
* Cable Wires – still awaiting attic stock to replace stretched and broken cables. The tool that was promised is no longer being made.
* Laura Lewis -Spear said Lewis finally heard back from Stephanie Bonney and the plan to remove some of the restrictions (lock box) on the current financing transaction. The next step is to get a simple majority approval of all the current investors. Lewis is going to contact Zions to find out who the investors are.
* Spear said the plan again is to brand the parking lot light poles with flags instead of installing gates. The cost of gate installation is prohibitive. Spear said IFAD’s financial responsibility is $5K for the flags.
	1. Cash Flow Update – Spear presented a cash flow through 2029 and indicated that as long as TRT revenue grows at 2% annually, IFAD is well positioned to wait until 2028 to refinance.
	2. State Tax Commission Reports – Spear explained that December 2023 TRT revenues were down from December 2022. The primary reason was in December of 2022 a remitter paid over $28K in delinquent TRT revenues. This skewed the month-to-month comparison. When backing out the large one-time payments, December 2023 TRT revenues were close to 2022 but a little behind.
	3. Action Items
1. **Discussion Item** - Legal Report – Fuller did not present a legal report.

# Calendar and Announcements

1. **Upcoming IFAD Meeting** – **Next Meeting on March 12, 2024**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for March 12, 2024, meeting – Gazdik asked if the Board would consider moving the March 12 meeting because she has a conflict. After discussing, the Board agreed to reschedule to March 19, 2024.
4. **Discussion Item –** IFAD Foundation Board of Directors and Bylaws. Spear indicated the current and past IFAD Board members, based on the IFAD organizational meeting, make up the current board members. This discussion item was listed to notify IFAD Board members that an IFAD Foundation meeting would take place immediately following this meeting.

**Meeting Adjourned 8:50 AM**