

# Board of Directors Business Meeting Tuesday, October 8, 2024, 7:00 a.m.

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

[**https://us06web.zoom.us/j/87877918601**](https://us06web.zoom.us/j/87877918601)

# 1690 Event Center Drive, Idaho Falls, Idaho 83402 Room 2416

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

**Agenda**

1. **Action Item** - Call to Order 7:05 AM
2. **Action Item** – Accept Agenda – Spear stated that the rate card approval would not be discussed under item VI because it is not changing. Carpenter moved to accept the agenda as amended. Ziel seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
   1. Meeting Minutes – Carpenter asked if the current 6% TRT decline listed in the minutes was accurate. Spear said it was accurate based on who has remitted.
   2. Review of Payables/Financials – Spear presented a payables list totaling $14,907.77. Spear also reviewed the July financial statements that were previously sent out to the board. Spear indicated that a transfer from checking to the LGIP will need to be made once rebranding and insurance expenses are solidified. Spear said TRT revenues for July were up over July 23 but for the year TRT revenues are down 5%. Spear said this amounts to $100K. 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 made.
5. **Action Item** – Discuss ICRMP insurance and other alternatives. Spear said he is awaiting a building insurance quote from Selective Insurance. Spear said a Selective Insurance Risk Management representative conducted an extensive tour of the building on 10-2-24 and was writing up a report. Spear indicated that the first ICRMP premium may need to be paid if there is not a quote presented within the next several days. Fuller asked if there was a grace period on the due date. Spear said he was not aware of anything and did not want to take a chance on not having the payment there on time. Spear indicated ICRMP will retain a minimum of 35% of the premium if the policy is cancelled. Spear said he continues to visit with Spencer Monk and was told that Monk was exploring some other options.

Spear cautioned the Board that accepting a low building insurance quote may not be in IFAD’s best interest because the risk of that premium increasing significantly over the next several years. Spear said if he does not receive a quote by 10-9-24, he will process the first ICRMP premium.

Spear said he would consult with Monk and get his guidance on comparing the policies and said he would immediately notify the Board if a special board meeting is required. Gazdik said it is disappointing that although the process was started early, we still don’t have all the information needed to make a decision.

Warnecke stated that the Board still has a few days before a decision must be made.

Gazdik said if a quote is not received by 10-9-24, the ICRMP invoice should be processed.

No action was taken.

1. **Action Item** – Approve Centennial Management 2025 operating budget, capital improvement plan, and 2025 rate card. Hudson said the 2025 rate card was not changing and was based on his discussions with promoters and others. Hudson said those conversations indicated building rents were in line with other comparable facilities. Gazdik stated that she appreciated that rates were not increasing.

Hudson presented some minor changes to the budget discussed on 9-10-24. On the event matrix, four new shows (Megan Moroney, Weird Al, Tom Sigura, Dr. Jordan Peterson) were added. Hudson said he still has some dates to fill in June, July, and November. Hudson said now that the center has two years of operations, expenses are now stable. Hudson said General and Administrative expenses have been reduced.

Spear asked Hudson if he built in the extra mowing and snow removal costs from the boulevard that Snake River Landing indicated they won’t be servicing anymore. Hudson said those costs are built in the budget and that the snow removal costs are part of the 10 full plows covered in the snow removal contract. The grass mowing will not create a significant burden.

Hudson said the reverse osmosis system is also built into the budget at full cost.

Hudson said the center will not be adding anymore full-time employees but employees will receive 5% pay raises effective 12-1-24.

Carpenter moved to approve the Centennial Management 2025 operating budget and capital improvement plan. Warnecke seconded. Motion passed.

1. **Action Item –** Amend IFAD 2024 Operating budget. Spear presented an amended 2024 budget that included budgeting the debt service transfers and payments, rebranding costs, and retro commissioning costs. Spear said it was important to budget the debt service transactions so the audited financial statements will not show a budget deficit.

Warnecke moved to amend the 2024 IFAD operating budget. Ziel seconded. Motion passed.

1. **Action Item** – Approve IFAD 2025 operating budget. Spear presented the 2025 operating budget that was discussed in detail at the 9-10-24 board meeting. Spear said he did not make any adjustments to what was presented on 9-10-24. Spear indicated that the 2% revenue increase is still relevant because of the efforts being done to generate room nights. Spear pointed out the American Nuclear Society conference currently going on and the Hockey Showcase are examples. Hudson stated that they are looking closely at events sponsored by Sports ETA. Hudson also mentioned State Volleyball will also generate room nights. Hudson thought a Sports Commission would help facilitate tournaments coming to Eastern Idaho. Carpenter moved to adopt the 2025 budget. Warnecke seconded. Motion passed.
2. **Action Item –** Per Sec. 5.1(b) of Annual Appropriation (Construction) Lease, renew the Appropriation Lease for an additional Renewal Term. Carpenter moved to appropriate funding for the construction lease for 2025. Ziel seconded. Motion passed.
3. **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 appropriate funding for the FF&E lease for 2025. Ziel seconded. Motion passed.

**Report and Updates**

1. **Discussion Item –** Presentation from Erik Hudson
   * 1. Mountain America Center operations, August financial statements and forecast for remainder of 2024. Hudson presented an overview of the August financial statements which show a $194,573 net profit based on $444K of revenue over $219K expenses. Current YTD net profit is $737K. Hudson also presented a forecast for the remainder of the fiscal year. Hudson projects the year to end with a net profit of $856K. Hudson said that number is conservative and a lot depends on the success of October and November shows. Specifically, the success of two comedy shows, Enduro Cross and Idaho State Volleyball will determine outcome.

Gazdik asked if the event center is covering its costs when there are hockey games. Hudson said costs are covered because the facility also earns parking and facility fees totaling $180K. Those are not reflected in building rent for hockey. The actual rent does not cover the cost of hockey but adding in the ancillary revenues does cover the cost of hockey. Gazdik asked if Hudson tracks the actual costs of hockey. Hudson said that he does.

* 1. Spud Kings Update – Hudson said the hockey team has 6 wins against 1 loss.

1. **Discussion Item** - Executive Director Report
   1. Executive Director Report Summary – none provided.
   2. Building Update - Spear said there continues to be issue with beer pouring, HAVC and the parking lots. Spear stated that it is extremely frustrating that the beer system is not working. Initially it appeared the problems were fixed but when there is any volume of beer being poured, the beer ends up being foamy. Hudson said he received a text message on 10-5-24 that none of the taps were functional. Spear said he is going to contact Commercial Kitchen Supply and let them know the venue is considering moving in a different direction. Spear said Hudson is evaluating the beer sponsorship and that there may be an opportunity to have the sponsor reconfigure the lines. Spear mentioned that the patrons are now conditioned to just purchase tap beer from the satellite bars that self-contain the kegs of beer.

Hudson added that in lieu of an overall sponsorship, he is considering bringing in a variety of different beers into the venue and see how this works for a year. Although exclusivity can’t be offered, Hudson said some of the most popular brands of beverage for hockey are controlled by another distributor. Hudson said the value of a beer sponsorship should be between $50K and $100K. Current data indicates the venue is spending about $350,000 on total beer, wine and liquor and the center receives no price breaks. That is a substantial number to only sell our sponsorship for $40,000. Carpenter agreed and said it is time to take the sponsorship to market now that we have data.

Gazdik asked about moving all beer taps to satellite bars. Gazdik said people can't balance drinks and food at the same time, so they get their drinks, and they take them back to their seats, and then they get their food. People are currently going to separate places if they're drinking liquor anyway, because you can't get them from the concession stands.

Hudson said as part of the proposed beer sponsorship, there is a request to add two additional four-keg tap stands that would be located across from the El Flamingo and Coyote Country Barbecue. Hudson said he still thinks there is a path forward to correct the current system and it may involve replacing the Canadian Beverage System (CKS) lines with Perlick.

Spear asked Hudson for a count of taps that are on the satellite stands. Hudson thought each satellite stand contained four taps.

Spear indicated he wanted to continue to hold CKS accountable and that if a Perlick system was installed it could be covered in part by the $50K still owed to CKS. Hudson stated that since the beginning, the coolers were not sized correctly and any suggestion to modify has not been agreed upon by CKS. Hudson thought if the coolers and lines matched the Silver Star Sky Deck, we would have a working system. Spear said he would follow up with CKS and determine next steps.

Spear said he has put together a document on the HVAC system with input from Lewis Mechanical and Hudson’s team. Spear said the document identified equipment issues and control issues and was sent to FJ Hahn. Hahn will then put the equipment manufacturer and control company on notice. Spear said the retro commissioning is underway.

Spear said he, Carpenter and Hudson met with representatives from Bateman Hall, DePatco, and Knife River to discuss the eight sinkholes in the parking lot. Spear showed a map with pictures detailing the issues and said there may be a geotechnical issue. Spear felt confident that the entities involved would resolve the issue. Carpenter agreed and said all parties involved have a vested interest in getting the issue resolved.

Fuller asked that if there were geotechnical issues, why wouldn’t there be signs elsewhere. Spear said it appears the issues are a result of not having enough fill around the areas where the drains were placed. The final report should specifically identify any geotechnical issues.

* 1. Cash Flow Update – Spear said he spent considerable time on cash flow projections and pointed out that IFAD could hold off refinancing until possibly 2032. Spear said it should be noted that several things happen in 2032. First there will be new revenue opportunities for non-alcoholic pouring rights, the plaza, and the northside loge box area because existing naming right agreements will have expired. Also, within the first five months of fiscal year 2032, the FF&E lease will be completely paid. IFAD should also have paid about $4M in principle on the event center debt and that IFAD would refinance around $44M.

Spear said once refinancing is completed IFAD should receive $4-$5M in capitalized interest (as long as the refinancing is done by May of 2032 to ensure two summers of TRT revenues are captured). Also, the amount required to be held in a debt service reserve should be considerably less than the current $4.178M required. Spear estimates IFAD could have between $5 and 7M to invest in another project once refinancing is completed. Spear suggested it might be a good idea for IFAD to look for additional land in the future, consider expanding the boundaries of the district and reinvesting back into the current facility (expand ribbon boards, increase parking).

Fuller suggested Spear keep an annual journal of these items so his successor, and the successor of the current board, understand his thought process.

Hudson asked if the projections take into account the net revenues generated from operations. Gazdik stated that it has been a fundamental principle to not use revenues from operations in any of these projections. Gazdik suggested that Spear create a document that memorializes these fundamental principles.

Spear said the upcoming futuring exercise should assist in identifying ideas for future IFAD investments and partnerships while at the same time tying in the IFAD Foundation.

Discussion took place on the annual fees paid to Snake River Development and the need to understand what IFAD is actually paying for. Spear said he and Hudson are meeting with the new real estate person at Ball Ventures on 10-18-24.

* 1. State Tax Commission Reports – These were not received.
  2. Action Items
     1. Follow up with CKS
     2. Follow up on HAVC issues
     3. Follow up on Parking Lot
     4. Prepare document on fundamental IFAD financing principles
     5. Meet with Ball Ventures on annual fees

1. **Discussion Item** - Legal Report – Fuller did not have a legal report. Gazdik asked Fuller to research any existing CC&Rs with Snake River Landing Development.

# Calendar and Announcements

1. **Upcoming IFAD Meeting** – **Next Meeting on November 12, 2024** – Next meeting will be a planning meeting on October 29, 2024, at 7 AM. Gazdik said that it may be necessary to schedule a special meeting to discuss building insurance.
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for November 12, 2024, meeting

# Meeting adjourned at 8:50 AM