

# Board of Directors Business Meeting Tuesday, September 10, 2024, 7:00 a.m.

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

[**https://us06web.zoom.us/j/85094089190**](https://us06web.zoom.us/j/85094089190)

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

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

**Agenda**

1. **Action Item** - Call to Order 7:00 AM
2. **Action Item** – Accept Agenda. Warnecke moved to accept the agenda. Carpenter seconded. Motion passed.
3. **Action Item** - Accept the Consent Agenda
	1. Meeting Minutes – No changes to 8-13-24 meeting minutes.
	2. Review of Payables/Financials – A payables totaling $3,981.80 was presented. Spear indicated there were no financial statements because TRT revenues for July have not been received. Casper 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** – Discuss ICRMP insurance increase and other alternatives. Spear presented a summary of the ICRMP policy changes and indicated many of the coverages were being reduced and the premium is still increasing 30%. Spear also shared an email he received early morning 9-10-24 from Spencer Monk stating that conversations with Glatfelter have gone well but Glatfelter is concerned that they can’t be competitive with ICRMP. For 2025, Monk said ICRMP’s building insurance has increased considerably but the liability insurance has gone down. Monk still recommends ICRMP as the best option.

Spear also shared an email from Nancy Roche of JDFULWILER & Co. Insurance. Roche indicated she has spoken with two underwriters. One is quoting the Property and the other is quoting the Liability and $2M Umbrella. The indication on the Property quote is around $60,000 (excludes EQ and Flood -they are checking if they can offer a $1M Sublimit), and on the Liability and Umbrella she is expecting the cost to be in the $20,000 range.

Fuller noted the ICRMP aggregate flood and earthquake coverage were both reduced from $62M to $50M. Carpenter stated $1M sublimit may be better than participating in the aggregate ICRMP program.

Bruder commented that the insurance for the Maverik Center has skyrocketed and the premium is now around $330K annually based on the current building value.

Gazdik asked about Director and Operations insurance. Spear said it is not clear if it is included under liability. Casper asked about cyber security. Hudson said Centennial Management has cyber insurance and Spear indicated IFAD does not have much exposure. Spear indicated IFAD has engaged Symtec to provide more backup of IFAD data. Warnecke said IFAD does not have any intellectual property so cyber security insurance is not that critical.

Spear said it appears there could be considerable savings by moving away from ICRMP but acknowledged some of the ancillary coverages like cyber security would not be available. Spear said he would continue to work with Nancy Roche and also would engage Hartwell in the final analysis. Carpenter commented that we do not want to borrow trouble by selecting insurance coverage based on cost alone.

Since there is a 10-1-24 deadline, Spear said a special board meeting will be necessary to approve a new insurance provider if the Board elects to move away from ICRMP. The Board did not take any action on this agenda item.

1. **Action Item –** Approve Naming Rights Agreement. Gazdik briefed the Board on the specifics of the amendment that Mountain America is assuming the arena naming rights from HERO and that Mountain America is going to take over the naming rights to the parking lot.

Fuller asked if the existing parking lot naming rights agreement could be cancelled. Spear said that Iron Horse and Rexburg Motor Sports both agreed to cancel. Spear said both entities would remain on the donor wall and would retain the first right to host an RV/Motor Sports show but the exclusivity provision is terminated. Spear said once this amendment is finalized, he would issue a formal cancellation notice.

Carpenter asked Bruder if MACU was involved with the Maverik Center. Bruder said they are not and cited a very competitive market in the Salt Lake City area.

Fuller asked if MACU gets to name the parking lots anything they want. Spear said each of the three parking lots would be named Mountain America Center but would have a directional component associated with each. Mountain America Center 1, Mountain America Center 2, etc..

Carpenter asked how the light poles would look. Spear said those would be designed and the IFAD would be covering the cost. Spear said the amendment also gives MACU the right to acquire naming rights for existing inventory if those naming right assets change parties.

Warnecke moved to approve the naming rights agreement amendment. Casper seconded. Motion passed.

1. **Action Item –** Review and approve proposals from ATS and Cator/Ruma for re-commissioning HVAC work.Spear briefed the Board on two separate proposals. The first proposal from ATS will perform a complete audit of the system network architecture. Included in that review is an audit of the graphical interface, review of control system naming standards, testing of critical alarm systems, one week support for commissioning, and retro commissioning report in conjunction with Cator Ruma.

The Cator Ruma proposal will focus on building functional test scripts to verify sequences and control points for all HAVC equipment. Cator Ruma will evaluate 9 roof top units, 82 variable air volume boxes, one heat and vent unit with gas heat, 35 exhaust fans, 2 boilers and boiler pumps, and 2 water heating distribution pumps.

Spear realizes that expending $48K for these studies is a lot but it is important to have a third party review the system. Spear also communicated that Innovative Air stated that software updates are not needed. Warnecke said this makes no sense to him because software upgrades are patches to fix problems. Without software updates, Warnecke said we are looking at a catastrophe. Carpenter agreed with the comment because he was in the initial meeting with ATS and reaffirmed ATS’s concern that software updates were not being done.

Hudson said he is concerned as the building transitions from hot season to cold because that is when the majority of the critical HVAC issues have occurred.

Carpenter asked about the amount saved by installing the canned RTU units. Spear said it was in the $3M range. Carpenter said given that number, expending the $48K to verify system performance is money well spent. Carpenter also pointed out that ATS has 5 employees based in Idaho Falls.

Casper asked if there was any recourse with the contractors to cover this expense. Spear said he is pursuing some type of recourse and is hopeful some or all of the $48K cost can be recovered.

Fuller asked if the expense is to just identify problems or fix them. Spear said it is both and that ATS and Ruma estimated that 75% of the problems identified would be fixed during this review. Warnecke said that if the review finds there were installation issues, then these should be covered by the contractors. Fuller asked when the work would be complete. Spear said if this Board approves the time to complete would be 10-14 days. Spear did not know when they could start.

Hudson said he was excited to have the external review because of the expertise already demonstrated by ATS and Cator Ruma. Hudson said he hopes that some of the resources expended for this review can be recovered. Warnecke said in the meeting he attended with Innovative Air; he has no confidence in Innovative Air’s ability to rectify problems. Again, stating software updates were not needed is a big red flag. Warnecke said there is routine and corrective maintenance but we should also ask ATS and Cator/Ruma for thoughts on predictive maintenance.

Fuller asked if ATS and Cator Ruma would be working together. Spear said that is the plan.

Warnecke moved to accept the proposals from ATS and Ruma/Cator. Ziel seconded. Motion passed.

1. **Discussion Item –** Review and discuss IFAD 2025 operating budget. Spear briefly reviewed the 2024 budget and said for the next meeting he would like to amend the 2024 budget to include the biannual debt service transaction. Spear said the purpose of recording this in the budget will avoid the audit comment that IFAD spent more than the budgeted amount. The donation amounts in 2024 will also be adjusted to account for the new naming rights amendment. Spear also budgeted an additional $150K in 2024 for all the rebranding costs and the included the retro commissioning amount of $48K. Spear then presented the following assumptions used to prepare the 2025 budget:

* Hotel Revenue Delay 2024 Base – Actual TRT revenues through September of 2024 and estimates for October and November
* Hotel Revenue – 2024 TRT plus 2% increase – For 2024 we are trending toward a 6% decrease over 2023.
* Interest Earned – This is interest that is estimated to be accrued on the LGIP investment and DSRF Reserve Fund maintained by Zions. Warnecke asked what the LGIP interest rate is. Casper said it was 5.4% at the beginning of the year and is currently 5.19%. She said the expectation is that rate will fall when the fed lowers rates.
* Donations – Based on fundraising schedule – total $1,597,500
* Employee salaries – no change
* Accountant – Monthly Fee of $2K to Wipfli
* State Tax Commission - $1250 per quarter is IFAD fee
* Audit – Increased to $25K because of increased audit scope due to multiple funds. Gazdik asked to confirm if this includes a discount from Rudd & Company.
* Attorney Fees – Adjusted to $750 per month assuming Board has 1 Board meeting per month
* 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.) = $21,800 and Replacement Reserves (longer term replacement needs) $5,649. Spear said this assessment is for 22 acres but the service provided is minimal. Gazdik said IFAD is a member of this association and should be involved in approving their budget for the year. Spear said he would check with Justin Pearson.
* Meals and Entertainment – $50 per month
* Travel –$50 per month
* Irrigation District – New Sweden Irrigation District Annual assessment
* Marquee Sign – Based on negotiated $1500 per month less power cost of $168.
* Zions Payment – Bi-annual payments and 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 said the biggest adjustment to the 2025 budget was to building insurance.

Gazdik asked board members to review the budget and then provide any comments back to Spear because the 2025 budget will need to be adopted at the October meeting.

1. **Action Item –** Pass resolution of authorization for Board President to execute amended plat. Spear explained that the platting process cannot be completed until there is proof that the IFAD Board Chair is the authorized signatory for the Board. Fuller prepared a new resolution because a previous resolution was too specific toward financing. Fuller explained this gives Gazdik the authority to approve the amended plat. Warnecke moved to adopt the resolution. Carpenter seconded. Motion passed.

**Report and Updates**

1. **Discussion Item –** Presentation from Erik Hudson
	1. Mountain America Center operations, July financial statements and 2025 budget. Hudson presented the 2025 budget and indicated FY2024 allowed for the collection of much more concrete data that allowed for a better budget process for 2025. Hudson said he is still taking a conservative approach to event load management in the 2025 budget. Here are the highlights:
		1. Maintenance contracts = $14,130 per month with Innovative Services totaling $6500 per month and Revel Media (IPTV) totaling $4500.
		2. Capital Improvements = $72K. The biggest component is a reverse osmosis system that will help the hard water issues. Specifically, prevent calcium buildup in Cooling Tower, send cleaner water through Zamboni, and improve ice clarity. There will be tinting applied to the Blue Cross Conference entry windows and to the Box Office. Hudson they will also purchase security gates, additional tables, ramps, racks, and radios.
		3. Advertising will bring in $366K through pouring rights, pillar wraps, IPTV sponsorship, and YTT grants.
		4. Suite and Loge Revenue = $266K
		5. Utilities increase by $16K to $336K
		6. Snow removal maintain at $175K
		7. Maintenance contracts $60K increase to $169K
		8. Repairs and Maintenance increase of $60K to $130k
		9. General and Administrative Expense budgeted at $183K which is $53K lower than last year because of reduced training, travel, and uniform costs.
		10. Hudson reviewed the event matrix and is anticipating 193 event days, with 75% of these event days already booked, and projected attendance of 203,705. Eight shows of Disney on Ice is already confirmed for November of 2025 and again in 2027. PBR is back as well as state wrestling for 2 more years. There are 2 trade and consumer shows.
		11. Full-time staff. Since the opening of the MAC, Hudson said they have only added one full-time salaried member to staff, an operations manager. There have been three hourly full-time staff (36+ hours per week) employees added, Asst. Box Office Manager, Security and Guest Services Manager, and Director of Housekeeping. Hudson explained these hourly employees can have 35% of their salary charged to events as reimbursable expenses which reduces the actual cost to 65% of the total hourly salary. The other reason the full-time staff budget is higher is that the Fair Labor Standard Act (FLSA) may require full-time salaried employees to be at a minimum of $58,685. This applies to five current employees. Bruder added that this is budgeted in case the federal government acts and implements these increases. Hudson said the only state opposing the implementation is the state of Texas.
		12. Hudson said his salary increase is reflected in the budget, as well as a significant increase for the Director of Marketing. All other staff members will receive a 5% pay increase.
		13. Part-time staff increased by $30K and that is based on 2024 actuals.
		14. Community ice rentals reflect an average of 40 hours of ice time rental per week.
		15. Ticketmaster marketing revenue has increased by $110K

Warnecke asked about carpet replacement. Hudson said they are now pulling it up degreasing it and power washing it, so it was removed from the CIP budget. This maintenance practice should extend the carpet’s life.

Gazdik asked the board to review the budget and send questions to Spear.

Hudson presented July financials and indicated the original budget showed a $29K deficit but actual net income came in at $71K. For the year net income is $542,908, which is below last year’s. However, Hudson said August of 2024 will have significantly more net income because of four sold out shows.

Hudson said he has met with a guitar owner who is considering donating 75 signed artist guitars to the center. Hudson said QR codes would be created for each guitar (patrons can scan the QR code and learn about the history of the guitar) and the guitars would be displayed around the facility, in the suites, outside the loge box area, box office and possibly in the upstairs conference room. The guitars would be numbered and the QR code would identify where the guitar was located in the facility. Fuller asked why the MAC was chosen. Hudson explained that the donor looked at the Museum of Idaho, Frontier Center and Colonial but selected the MAC because the plan on displaying was better. Once donated the property would become IFAD property. The guitars would be displayed in an enclosed case.

Hudson said on 9-13-24 at 6p a suite holder appreciation night will be held in the Blue Cross Center to unveil the new suite holder menu.

Spud Kings Update – 2,000 people attended the Red vs. Gold game, won by the Red in a 5-4 shoot-out. Hudson said it was the largest intrasquad game he has witnessed.

1. **Discussion Item** - Executive Director Report
	1. Executive Director Report Summary – Gazdik asked if it was necessary to send this out every week. Spear said it allows him to appropriately summarize what is going on and also allows him to plan accordingly.
	2. Building Update – Spear said there are really three main issues including the HVAC. The other two are the beer taps and parking lot sink holes. Spear indicated Atlas, the inspection firm that reviewed the parking lot installation is coming out on 9-12-24 to review the issues. Spear said Watkins may be interested in redoing the beer lines. Carpenter asked about the sub floor in the coolers. Hudson thought the problem lies in the equipment and not in the coolers. Hudson mentioned a brewery in Salmon has developed a unique beer for the MAC, called the Tipsy Tater.
	3. Cash Flow Update – Spear presented a cash flow summary through 2029 and indicated refinancing could possibly wait until 2032 or 2033 due to the new naming rights agreement with Mountain America.
	4. State Tax Commission Reports – not discussed because revenues were not received.
	5. Action Items
		1. Finalize MACU agreement
		2. Follow up on building insurance
		3. Complete 2025 budget process
		4. Determine if Rudd and Co is discounting audit costs
2. **Discussion Item** - Legal Report – Fuller did not have a report.

# Calendar and Announcements

1. **Upcoming IFAD Meeting** – **Next Meeting on October 8, 2024**
2. **Discussion Item** - Announcements and Minor Questions
3. **Discussion Item** - Agenda Items for October 8, 2024, meeting
	1. Notice of Intent to Renew
	2. Building Insurance
	3. Adopt 2025 IFAD Budget
	4. Adopt 2025 Centennial Management Budget
	5. IFAD Board Check-in

# Meeting adjourned at 9:02 AM