

RAPID CITY HOTEL
BUSINESS IMPROVEMENT DISTRICT

MINUTES FOR THE BOARD OF DIRECTORS Special MEETING
TUESDAY, February 6, 2018
11:00 a.m. – 12:30 p.m.
Grandstay Suites Conference Room

PRESENT

ABSENT

VOTING MEMBERS

G. Fawbush
L. Steffens
C. Arceneaux
M. Lamphere
S. Hull
M. Gustafson

VOTING MEMBERS

NON-VOTING LIAISONS

J. Jensen
C. Johnson

NON-VOTING LIAISONS

Mayor Allender
B. Drury

VRC STAFF: Carol Bancroft, Todd Tucker, and Julie Jones-Whitcher

VRC BOARD: Gwyn Wathen and Debbie Ketel Speas

Call to Order

G. Fawbush called the BID Board meeting to order at 11:01 a.m. in the Grandstay Conference Room.

Approval of Agenda

C. Arceneaux made a motion to approve the agenda as submitted. M. Lamphere seconded the motion. Motion carried.

Approval of Minutes

L. Steffens made a motion to approve the January minutes as submitted. C. Arceneaux seconded the motion. Motion carried.

Financial Statements

L. Steffens, Treasurer, requested C. Bancroft provide the Financial Reports. Bancroft reported on the Cash Memo with a cash position of \$857,077 at the end of January.

Bancroft reported the Statement of Activities has been revised for the start of the new fiscal year to reflect the budget breakdown of BID, VRC, and Partnership Revenue/Expenses as separate columns for tracking monthly activity back to the appropriate revenue stream through the year. This revision is in support of the BID Board's request to see these revenues sources identified separately. She explained there are no unusuals to report for January expenses or revenue.

Bancroft presented the Dashboard reflecting BBB tax through November trend is a 3.5% increase year over year. The BID tax through December is 1% increase year over year. The STR report shown on the bottom of the Dashboard includes May 2016 through October 2017. The back side of the Dashboard includes the

definitions for each of the graphs.

L. Steffen made a motion to approve the January Financial Statements as submitted. S. Hull seconded the motion. Motion carried

Board Business:

VRC/BID Board Discussion

G. Fawbush thanked the VRC Executive Board members who were present for attending the meeting to present their response to the BID Board proposal made a few months ago. C. Johnson, VRC Board Chair, expressed he is pleased to report a decision has been made by the VRC Board and he is optimistic about how the BID Board will receive the response. Johnson requested C. Bancroft report to the board members the response.

Bancroft distributed copies of the revised VRC Bylaws and the revised section of the VRC Accounting and Financial Policy. She shared the VRC Board has approved the first two requests of the BID Board as follows:

- Bylaws, Article 3: Board of Directors, Section 3.1 Composition – The Hotel BID Board shall have 2 voting members; including the Hotel BID Board Chair and a member appointed by the Hotel BID Board Chair.
- Bylaws, Article 3: Board of Directors, Section 6.4 Finance Committee – The VRC Board Treasurer shall be Chair of the Finance Committee, which will include the VRC Board Chair, other VRC Board members appointed by the VRC Board Chair, the Hotel BID Board Chair, 1 other Hotel BID Board member appointed by the Hotel BID Board Chair, the President and Staff.

Bancroft explained the last two requests are better addressed in the VRC Accounting and Financial Policy, as legal counsel explained when the Bylaws were drafted it is best to keep this level of detail in Operating Procedures. Based on this legal guidance the VRC Board approved the following policy revisions:

- VRC Accounting and Financial Policy, Section VIII. Cash Disbursements and Expense Allocations – Budget/Disbursements Policy: It is the policy of VRC staff to propose the annual BID budget to the Hotel BID Board for input and approval, no later than the October BID Board meeting. ...Once the budget is board approved, the President, the VRC Board Chair, and the BID Board Chair submits the annual budget to the Rapid City Council for approval.
- VRC Accounting and Financial Policy, Section VIII. Cash Disbursements and Expense Allocations – Budget/Disbursements Policy: The budget line items will be listed with individual account codes and in 3 categories to separately identify the Municipal Gross Receipts Tax, the Hotel BID Occupancy Tax, and the Partnership revenue and expenses.

L. Steffens asked procedural question on what it takes to change the Bylaws and what does it take to change the Accounting and Financial Policy. Bancroft replied it is the basically the same process. If there is a major change in the Bylaws, then the Bylaws need to be resubmitted to the Secretary of State and the IRS. She clarified these revisions are not considered major changes.

Bancroft presented the Organization Chart explaining the VRC Board believes this is an important document to clarify the VRC and BID Board are strong partners to oversee the expenditure of the revenues. The President reports directly to the VRC Board with the BID Board having dotted line access to Julie.

There being no further questions, G. Fawbush clarified the BID Board does have approval process of the BID funds. C. Arceneaux expressed appreciation for the time the VRC Board has put into discussions and decision to vet this to lay the foundation for the working relationship between the two boards. Fawbush shared his appreciation on behalf of the BID Board.

D. Ketel Speas clarified the BID Board new members on the VRC Board will be included in the February VRC Board.

Discussion ensued on the format for reporting the budget to the Rapid City Council. Jensen stated rather than presenting the budget the council would rather have a brief periodic report, possibly a quarterly report on activities. This would be conducted by a spokesperson, the President, with the VRC and BID Board Chairs attending in a united spirit.

C. Johnson thanked the BID Board for allowing the VRC Board the time to process these decisions and documents. He requested a formal response from the BID Board accepting the VRC Board decision. Fawbush agreed the BID Board would provide this.

Firefighters Grant Request

G. Fawbush explained to the board T. Tucker had emailed the Fire Fighter's Challenge grant request. Tucker provided the background of prior requests by this group and their request to use the funds to sponsor local team to compete for the World Challenge. He explained this is more of a public relations request than "heads in beds". They are requesting \$5000.

Discussion ensued in regard to the event, the historical decisions on why this event was funded, and whether this request should be approved or if there is a better usage of these funds. Fawbush explained to the board there is potential for providing sponsorship funding to South Dakota High School Activities to encourage them to bring tournaments to Rapid City on a regular basis.

M. Lamphere made a motion to approve \$2000 in sponsorship of the Fire Fighter's Challenge with understanding we pursue requesting they move the dates to off-season for future years and bring nationals to Rapid City. L. Steffens seconded the motion. Motion carried.

Hotels Outside RC Receiving Leads

G. Fawbush opened the discussion in regards to hotel properties outside the Rapid City municipality receiving leads. He shared C. Arceneaux brought this before the board a few months ago recommending board consider a plan for operating together with properties outside the BID so they can receive the leads.

L. Steffens shared this structure lends itself to the Partnership Plan, especially if it is Box Elder. He expressed concern going out beyond that scope and suggested an option could be to put limits on distance from Rapid City.

Arceneaux expressed preference for Visit Rapid City seeking opportunities to partner with the city of Box Elder for the Hotel BID monies currently being collected. Discussion ensued with the feasibility of working with Box Elder. Jensen recommended Arceneaux set up a meeting with Box Elder. Arceneaux agreed to request this meeting for J. Jensen and him, as well as any other board members who can attend, to start the discussion.

Presidents Report

HB 1206 Update

J. Jensen reported on her trip to Pierre to meet with House State Affairs committee on HB 1206. There was great attendance from people in the visitor industry. Jim Hagen put together templates of tourism presentations by industry leaders so all parts of the state were covered. To prevent redundancy each individual spoke on specific topics.

At the end of the presentations and discussion there was an amendment by the original sponsor of the bill to raise the tax to 2% which would not be paid by South Dakota residents. This raised serious concerns about whether this was legal and the ramifications it would have on visitors wanting to come to South Dakota.

After discussion, they tabled the bill to the 41st day which means the bill died in committee. It could be resurrected at a later date.

Partnership Development Plan

J. Jensen shared the timeline for rollout of the Partnership Development Plan has been postponed towards the end of summer or early fall due to current and upcoming leave time for four (4) staff members. Jensen stated she may work on some of the Corporate Sponsorships prior to fall.

Mayoral Appointment to BID Board

Jensen reported C. Connelly did submit his letter of resignation to the Mayor. The Mayor has a list of three applications he is reviewing. Jensen requested if the board knows of any other qualified candidates to please share. The Mayor is accepting applications and will be making a decision soon.

Adjournment

There being no further business to come before the Board, C. Arceneaux moved to adjourn at 12:10 p.m. M. Lamphere seconded motion. Motion carried. Meeting adjourned.

Respectfully submitted,
Carol Bancroft, Sr VP of Finance & Operations
Visit Rapid City