

**RUSHMORE PLAZA CIVIC CENTER
SPECIAL BOARD OF DIRECTORS MEETING MINUTES
MAY 21, 2020**

Chair of the Board, Gary Brown, called the meeting to order at 8:19 a.m. with the following Board members present: Brad Estes, and via tele-conference: Charity Doyle, Tim Johnson and Mike Diedrich. Staff present include: Executive Director, Craig Baltzer; Deputy Director/Finance, Tracy Heitsch; Deputy Director/Events, Jayne Kraemer; Accounting Clerk, Pat Koerlin; and Stage/Production Manager, David Owen. Others present included: City Human Resource Director, Nick Stroot and City Human Resource Manager Brandi Christensen. Also present via tele-conference included: RC Journal, Kent Bush; KOTA, Jack Caudill; Assistant City Attorney, Jess Rogers; RPCC Director of Corporate Sales and Marketing, Priscilla Dominguez, and RPCC Event Services Manager, Tanya Gray.

After review of the meeting agenda, motion was made by Estes and seconded Doyle **to approve the agenda as presented.** Upon vote being taken, the motion carried unanimously.

Miscellaneous

2020 Budget Reduction Plan – Craig Baltzer discussed how the COVID pandemic has dramatically affected our business. Our country is trying to open in some areas, but with strict limitations on businesses. This has affected a lot of people. For RPCC the affect was immediate and continues today. Venues across the nation have lost all their events. We lost half of March, and all of April and May which are some of our largest revenue generating months. Events for June have cancelled, with July and August pending. He reminded everyone present that indoor venues are usually slow during the summer due to outdoor activities taking precedence. We have tried to adjust and solve budget issues by completely removing all 450 part-time staff from our schedule, which is significant. We also had a lot of success in re-negotiating service contracts, and asking for extensions or pausing some monthly expenses. Our food and beverage department was able to return many items for credit, the marketing department has suspended all programs, and we have enacted a hiring freeze on the four positions we currently have open. Since we do not know the time frame for return to “normal” business, we need to consider opening some events with clear guidelines, following current city ordinances and CDC guidelines.

Baltzer mentioned that we are looking at significant shortages in our 2020 budget. Based on current prediction models, we have to be responsible and make some very difficult business decisions. When we look at what is left for large expenditures in our budget, what remains is salaries, wages, and benefits, utilities, the annual \$375,000 bond payment from the FFE from the ice arena, and interdepartmental charges (which are services from the City to the RPCC). The RPCC does not have direct control over any of those expenses, except salaries, wages, and benefits. Therefore, we are proposing a salary reduction program. Baltzer wanted to thank City HR for helping us design a program that is a best case scenario for both the employee and the Civic Center. We are proposing a robust furlough program which will affect all 41 full time employees. Approximately 40% of the employees will be furloughed for 66 days (June 1 thru August 31). The remaining 60% based on work load, will vary from 15-30 days. This is difficult, but we think it is necessary. All of our employees are valuable, and we need them available as soon as we can reopen. In talking to industry leaders and partners, we plan to be prepared to open in September according to the prediction models. Timing is important and we need this program to start and finish before the potentially busy time. A furlough program will be flexible enough for employees to apply for Reemployment benefits (formerly known as Unemployment Insurance), and for RPCC to call the team back earlier if needed. Sioux Falls is opening with PBR in July, and we support that. We will still need staff to help manage the construction site, operate the venue and lawn maintenance, take care of our tenants, and the homeless shelter operations in Rushmore Hall. We are looking at restricted and small events later this summer, and we need employees to take care of those. This program, however, will get us approximately 1/3 of the way to covering the losses. The RPCC self generates 2/3 of its own revenue, with the remaining 1/3 covered by the BBB tax, which is taking a disastrous hit. We have spent years developing the staff we have and all employees are vital to our success. Our team understands the fact that business has dropped and therefore are not seeing any revenue coming in, therefore, drastic moves are necessary.

We asked for this special meeting so the employees can get their paperwork in line. This will save a significant amount of money, however, there is still more work to be done in examining our remaining costs. We will need our management team and the Board to work together to solve these issues.

Charity Doyle asked for the magnitude of the projected losses. Baltzer said we are looking at a worst case scenario of \$1 million dollars. There are some projections that the BBB will not be hit as hard as projected and that business may come back sooner. Doyle asked if this furlough gets us 1/3 of the way to cover losses, what other options exists to cover the remaining 2/3rd. Baltzer said that utilities have been cut back, but we need to continue to look into relief options for the \$325,000 bond payment that has already been paid. We need to have discussion about the interdepartmental charges. Heitsch said we made the bond payment in May, and the interest payment of \$50,000 is due in November. Doyle asked about the City fees for services and our need for the services under the current conditions. Those may need to be adjusted accordingly. Estes agreed that the Civic Center operates more as a normal business than other City entities. The interdepartmental charges need to be re-negotiated due to the current situation with no events in the facility. Estes mentioned that the Mayor is talking about making adjustments to City budget. Baltzer said the Civic Center is not part of the \$6.6 million reduction the City is working on. Estes stated the \$1 million is only covering our financial obligations. He said the amount of revenue we are missing is a lot more than that. Heitsch agreed, stating our budgeted revenues for 2020 were at \$10,800,000. With hopes of getting back to somewhat normal business by the 4th quarter of 2020, our current projections have us only generating ½ of that budgeted revenue. Baltzer challenged the Board members to help with the City investment into the new arena. We can't open without a plan. We have to know our options and what tools are available to us.

Tim Johnson gave an update on his opinions on the BBB tax for 2020. He feels there will be a rebound in 3rd quarter, with 4th quarter looking even better. He feels the best plan is to go forward planning to reopen in September. The initial prediction was 75% down, but they feel it will be better than that. Looking back at times of uncertainty, such as 911, our area performed well. People feel safe in South Dakota and many tourists can travel here within a day or two driving. The flying markets will still be short for a while. People want to get out and do something for a day or a week, and we are a good area for a drive market. They are seeing a lot of interest. Johnson said that July thru September are seeing hits on the sites that are up 50% from last year. As long as there is not a resurgence in cases, we should be ok. We are also a budget friendly area to visit. We are never shoulder to shoulder and not congested, and Johnson feels we will be one of the first markets to rebound.

Jess Rogers stated that she sent each board member an email yesterday afternoon, and asked if we needed to go into a brief executive session to discuss. Diedrich felt it would be appropriate to go into executive session for about 15-20 minutes with a motion.

Executive Session

As permitted by SDCL 1-25-3, the Board went into Executive Session to discuss Contractual Matters.

Motion was made by Diedrich and seconded by Estes **to go into executive session for purposes as permitted by SDCL 1-25-3**. Upon vote being taken, the motion carried unanimously.

Motion was made by Estes and seconded by Doyle **to come out of executive session**. Upon vote being taken, the motion carried unanimously.

Motion was made by Diedrich and seconded by Doyle **to approve the 2020 Budget Reduction Plan as presented, including the temporary furlough of all 41 full time staff of the Rushmore Plaza Civic Center. This plan is the best for both the RPCC and the employee by retaining all employees and ensuring their health insurance coverage and benefits stay intact while the employee is on furlough. It ensures the employees will return to work when needed and will avoid a layoff (permanent employment separation) situation**. Upon vote being taken, the motion carried unanimously.

There being no further business, motion was made by Estes and seconded by Doyle **to adjourn the meeting**. Upon vote being taken, the motion carried unanimously. The meeting adjourned at 9:25 a.m.

I certify a true and accurate accounting of the minutes of the meeting.

Pat Koerlin, Accounting Clerk

Date

