

**RUSHMORE PLAZA CIVIC CENTER
BOARD OF DIRECTORS MEETING MINUTES
MARCH 23, 2021**

Chair of the Board, Brad Estes, called the meeting to order at 8:15 a.m. with the following Board members present: Gary Brown, Tim Johnson, and Jason Lambert. Staff present include: Executive Director, Craig Baltzer; Deputy Director/Finance, Tracy Heitsch; Deputy Director/Events, Jayne Kraemer; Accounting Clerk, Pat Koerlin; Stage/Production Manager, David Owen; and Operations Manager, Rory Hammerbeck. Attending via tele-conference were Director of Corporate Sales and Marketing, Priscilla Dominguez; Accounting Clerk, Lori Kiehn; and Tickets Operations Manager, Sara Callaway. Others present via tele-conference include: Visit Rapid City, Julie Jensen; City Council, Greg Strommen; RC Journal, Kent Bush; and Assistant City Attorney, Jess Rogers

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

General Public Comment

None

Minutes

Motion was made by Brown and seconded by Johnson **to approve the minutes of March 9, 2021, meeting as presented.** Upon vote being taken, the motion carried unanimously.

Bill List

The 2021 Bill List for March 23, 2021 was audited.

A & B BUSINESS SOLUTIONS INC	1441.99
A&B WELDING SUPPLY CO INC	6163.31
ACE HARDWARE-WEST	4.48
ALSCO INC	481.54
AMAZON CAPITAL SERVICES	775.42
BATTERIES PLUS BULBS	186.90
BORDER STATES ELECTRIC SUPPLY	153.54
CARBONHOUSE	600.00
CASH-WA DISTRIBUTING COMPANY	12256.25
CBH COOPERATIVE	393.90
CITY OF RAPID CITY	7571.42
COCA-COLA OF THE BLACK HILLS	15282.70
CONVERGINT TECHNOLOGIES LLC	510.21
CRESCENT ELECTRIC SUPPLY CO	164.57
DAKOTA BATTERY/ELECTRIC	198.55
DENNIS SUPPLY	681.35
DIMOCK DAIRY INC	432.52
DLT SOLUTIONS	765.61
EASTMAN SOUND & MUSIC	55.00
ECOLAB INSTITUTIONAL INC	4725.28
FASTENAL COMPANY	18.58
FISHER BEVERAGE COMPANY INC	8456.85
GOLDEN WEST TECHNOLOGIES INC	160.00
JANTECH LLC	295.00
JOHNSON BROTHERS OF SD	2405.21
KNECHT HOME CENTER	200.39
KONE	4925.94
LIGHTING MAINTENANCE CO	146.44
MATHESON TRI-GAS INC	100.99
MCDONALD SUPPLY	2950.30
MENARDS	344.30
MOUNTAIN STATES SECURITY INC	185.88
NORTH CENTRAL SUPPLY INC	15.00
NORTHWEST PIPE FITTINGS INC	622.32

O'REILLY AUTO PARTS	46.26
OVERHEAD DOOR OF RAPID CITY	113.78
PIZZA RANCH RAPID CITY	454.28
PURCHASE POWER/PITNEY BOWES	420.99
QUALITY BRANDS OF THE BLACK HILLS	5191.05
RAKA	555.02
REPUBLIC NATIONAL DISTRIBUTING COMPANY	1724.70
RUNNINGS SUPPLY INC	199.96
SERVALL UNIFORM/LINEN CO INC	116.66
SIMPSON'S PRINTING	732.00
SOUTHERN GLAZER'S OF SD	1007.51
STAN HOUSTON EQUIP CO INC	229.99
SUMMIT COMPANIES	1684.98
SYSCO MONTANA INC	3920.05
SYVERSON TILE AND STONE	102.64
US FOODS	10377.10
US FOODS INC	4012.45
WATERTREE INC	69.00
WESTERN STATIONERS	112.87
WHISLER BEARING COMPANY	32.89
WICKED PETES GOURMET SNACKS	623.52
	Total 105,399.44

Motion was made by Johnson and seconded by Brown and carried **to authorize the Finance Officer to issue warrants or treasurers checks, drawn on proper funds, in payment thereof.**

Liaison Reports

Visit Rapid City

Jensen said that the Civic Center Topping Off Ceremony was incredible and everyone did a great job showing the City the progress of the new arena. Jensen also commented on their work with the State regarding the transgender bill. The SD Association of CVB as well as other economic development groups around the state are concerned that if the bill passes it will hurt South Dakota's ability to bring events into the state. Jensen said this is an uncomfortable situation that they are working hard on. She also mentioned that they have money available from the end of 2020 from the Department of Tourism. Jensen is thrilled with the occupancy numbers that are up from 2020 and 2019 in many areas. VRC is interviewing today and tomorrow for a new position to assist with bringing in conventions to the area. She welcomes any names of possible candidates.

RC Council

Strommen wanted to commend the Civic Center also on the Topping Off Ceremony. He attended several other events last week and found the Civic Center to be accommodating and ran the events well. Strommen also said that he would take any suggestions or specific requests to the City Council about the Cares Act money for distribution. Baltzer said he would be in contact.

RC Schools - None

Financial Information

Heitsch discussed the working financial papers as of and ending in the month of February 2021 YOY comparison through 2017. She commented how we survived our busiest quarter of the year, that being the first quarter. When comparing financials for the first two months of 2021 to previous years, it is important to note that the first two months of 2020 were "pre COVID." In January 2020 we hosted 6 hockey games and Paw Patrol, whereas in 2021 there were 8 hockey games. In February 2020, there were 5 hockey games, the sports show, the car show, the Korn and Breaking Benjamin concert, State Darts, Sara Evans concert, Harlem Globetrotter, and the BH Stock Show and Rodeo. Whereas in February 2021, we hosted 5 hockey games, the sports show, the youth basketball tournament, and the BH Stock Show and Rodeo. On the expense side, our senior department directors continue holding the line. While balancing for prepping of the new building it is evident, as we look at expenses, we don't have enough part time staff as we are down \$150,000 in payroll compared to last year. We took a hit the first couple months in general insurance which went up 19%, and is \$23,000 higher than 2020. We are

currently working with the City and insurance providers on what it will look like next year. The items we knew would happen are the interdepartmental charges are up 11%, with PILT having an increase also. There were a few items that are timing issues. We were able to delay our POS software payment of \$40,000 to now, that we normally would have paid in the fall of 2020. Overall, Heitsch said we are down \$135,000. Cash position is still comfortable. We continue to examine the details and moving forward we will look at all options we have. It is the nature of opening a new building, our overhead items will be large for us.

Heitsch gave a quick update on the Rushmore Hall fire alarm panel. It is coming in at \$50,000. We are still vetting the numbers and find that it does include some future things that will network with the new system.

Heitsch gave a reminder that the next Board meeting on April 13 will be the presentation of the proposed 2022 operational budget. The Board will have a couple weeks to absorb and come back at the 2nd meeting in April to ask for approval. Estes asked about the new parking lot lights where Heitsch said it is still on the list, but towards the bottom. The Board accepts this as information.

Event Update

Kraemer said we had a good past week. The State AA Basketball Tournament was different than normal. There was a no re-entry ticket. The many youth basketball tournaments have helped our event schedule. They had three basketball courts in Rushmore Hall for last Friday, Saturday and Sunday. There were two exciting Rush Hockey games Friday and Saturday night. The Home Show is setting up this week with the event taking place Friday, Saturday and Sunday. Rush Hockey hit the road yesterday. State AAU Wrestling is also this Friday-Sunday. Elevate RC is having their Board Meeting here tomorrow. Next week there is the Faith and Hope Community Breakfast with the guest speaker being Larry Luitjens, Rush Hockey Friday and Saturday, and Rimrock Church Service on Easter Sunday. The following week will be our first big concert since Covid hit last March, featuring Justin Moore and Tracy Lawrence on Friday, April 9th. Ticket sales have been decent and we expect a good walk up crowd since it is taking place on a Friday night. It will be a 180 degree half house set up in the Barnett Arena.

Executive Director's Update

Baltzer expanded upon the booking situation. He said there will be a lot of shows on the road this summer mainly playing outdoor festivals and rodeos where some artists are more comfortable in outdoor settings. We continue to work with Venue Coalition on acts that are committed to doing indoor shows. They continue to bring in decent opportunities. With COVID, speculation is it will be an odd year for concerts and touring business. We are in a much better position than a lot of venues. Baltzer also discussed the struggles with finding part time staff. We currently only have about 1/3 of our normal pool of part time staff. This means we are overworking the part time staff we do have. Our part time staff is only allowed to work 1500 hours per year. It is very possible most of our current part time staff will run out of hours before we open the new arena. This is a major issue. With the extension of unemployment benefits and Covid still in the air, it has been a real struggle and we don't see an ending anytime soon. A meeting with City HR concluded that we have some flexibility with wage ranges, and that we can improve our recruiting, hiring, and onboard training and orienting. They recommended that we hire a person to handle these roles, which might help further the morale and assist us in retention. We will need pools of people built up in all areas. Estes stated that the workforce that is out there is already employed. We need to be more competitive. Johnson asked if the City can use other City workers, where Baltzer reminded the Board that we would have to pay OT at the employee's normal rate of FT City pay.

Baltzer ask the Board to make recommendations to the City Council on the influx of money available to spend from the government. There are a number of areas that would qualify such as the debt for the Energy Plant's new green technology ice storage system. The Adams Street property is another worthy use of the funds. The building is dangerous with mold and a failing roof. Estes said he will work with Baltzer on the process.

Estes asked Johnson about his use of the H2b visa program in his hotels – are we able to share. Johnson said that there are a lot of restrictions and caps. You are required to submit an application to do the program, competing against 150,000 applications. Each year the government program changes how many are provided, and he is always waiting until the last minute to be notified. The employees are hard-working. At times you have to provide incentives, such as housing, to make Rapid City be their choice. Johnson said they are required to pay for transportation to and from their country, but the commitment for 9 months is worth the extra expense. Estes mentioned there are also internship programs out there. Baltzer said he is working on a marketing campaign to put excitement into working at our new building.

Miscellaneous

- 1) Todd Mackin, President of Rapid City Rush Hockey, wanted to spend time with the Board to have a conversation where they are at, where they are going, about the new building, and the team relationship as the new building opens. He would like to address the positives and some concerns for the future, hoping it leads to additional conversation thru the summer. Mackin said they had concerns with sponsorship impacts with the new facility and overlapping events. He said the new ownership has been doing things the right way for the team and for the community. For example, they now fly players to the distant game destinations, and provide nice apartments which has provided the Rush more talented players. All these have come with additional costs to the team. Mackin discussed the change from CHL to ECHL, the love of the fans, and how the ownership wants to bring in a winning team. He said we are the smallest market of all ECHL teams and discussion needs to take place as to where the Rush fall as far as rent, revenue share, and sponsorships. Mackin wants to re-open their lease agreement for negotiation and discuss whether or not the community wants the team to stay here. Mackin also discussed how in 2018-2019 they paid the 4th highest rent in the league, and 5th highest in 2019-2020. The Rush is only one of the two teams that receive -0- revenue for parking and concessions. They also wanted to discuss how some events, like Monster Trucks, compete against them on the same night, discuss the future impact with the new building, and how important sponsorship are to the team. The Rush value with the Civic Center ticketing system and the freedom from this Board to sell sponsorships almost anywhere in the Ice Arena is hugely important, where other buildings do not allow those things. Mackin said they try to do as much as they can the proper way, and they want to open up a conversation. Estes said since there is an existing contract in place, he wanted to acknowledge that Mackin has addressed the Board and the Board will need to speak with their legal counsel, the City Attorney's office, before discussion can take place. **Motion was made by Brown to accept this report as information and take Mackin's request under advisement. Seconded by Johnson.** Upon vote being taken, the motion carried unanimously. Baltzer said we are interested in having discussion on such items as there is no paid parking at our facility, and to talk about scheduling such as Monster Trucks, which takes place here every year on the same weekend. He commended the team on having a nice home ice winning streak of 5 games straight. It was competitive and fun to attend. Discussion followed on the emotional event of a player having a seizure during a game. Mackin thanked the Civic Center and the EMT's for their hard work. Mackin said there will be some fund raising events for the player and his family.

Mackin left the meeting at 9:18 am

- 2) Heitsch discussed the Transportation Natural Gas Bid. Over the past 5 years, the Energy Plant has used an average of 55,000 MMbtu per year. By using transportation natural gas, we are saving approximately \$17,000 per year versus buying directly from MDU. In February we received Board permission to go to bid. We received two bids – one from Sequent Energy and the other from Rainbow Gas. Sequent Energy offered a 25 cents discount off the Colorado Interstate Gas Index, and Rainbow Gas offered a 31 cent discount. By going with the low bid of Rainbow gas, we would save approximately \$3,300 this year. **Motion to accept the low bid of Rainbow Gas was made by Johnson and seconded by Brown.** Upon vote being taken, the motion carried unanimously.
- 3) Operations Software – Rory Hammerbeck is working on an operational plan for maintenance software for equipment tracking. We are working to computerize the process, rather than the current method of post it notes. All work orders would move to an electronic process, employee's knowledge could be recorded, all equipment, doors, production, F&B, etc, would be tagged with QR codes for tracking problems and maintenance schedules. The software has a map to include all items. Baltzer mentioned how Mortenson Construction is already planning on how to turn things over to us such as warranty information, etc. They feel this system would work well for us. Heitsch said we have budgeted for this system, although the cost is higher than we've budgeted, but we are comfortable we can make up the difference elsewhere in the budget. We are continuing to try to work smarter not harder – this system would help. The system is called Upkeep and costs \$10,800 per year at a discounted rate if we commit to three years. This is a cloud based system and we would retain the information. Estes asked if our intent was to set up the new arena, then move to other areas. Hammerbeck's much more aggressive plan is to have the current building in the system by July, then move to the new building after. Lambert asked if the software has capabilities of predictive analytical. Hammerbeck said yes, it is smart equipment where there are sensors in place that can indicate scheduled maintenance (although we don't have a lot of sensors currently on our equipment due to age), triggered when a brush might need to be replaced, or if we know the life expectancy of a piece of equipment would trigger a

maintenance order. We will not be adding sensors to the old building, but the new mechanized equipment can handle old legacy and the smart equipment. Heitsch mentioned how we have a 45 year old pneumatics throughout the facility, as an example. A lot of our infrastructure needs an upgrade. This system is part of that step. Motion to **approve the agreement, cost, and usage of Upkeep software was made by Johnson and seconded by Brown.** Upon vote being taken, the motion carried unanimously.

There being no further business, motion was made by Brown and seconded by Johnson **to adjourn the meeting.** Upon vote being taken, the motion carried unanimously. The meeting adjourned at 9:34 a.m.

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

Pat Koerlin, Accounting Clerk

Date