MINUTES FOR THE MONUMENT BOARD OF DIRECTORS
Rapid City, South Dakota
Tuesday, January 25, 2022

ROLL CALL AND DETERMINATION OF QUORUM
MEMBERS PRESENT: Charity Doyle, Vice-Chair, and via tele-conference: Gary Brown, Member; Tim Johnson, Member; and Jason Lambert, Member.

OTHERS PRESENT: Craig Baltzer, Executive Director; Tracy Heitsch, Deputy Director/Finance; Jayne Kraemer, Deputy Director/Events; David Owen, Stage/Production Manager; Teresa Dringman, Accounting Clerk; Stacie Granum, Visit Rapid City; Greg Strommen, City Councilman; Steve Sutton, Rodeo Rapid City/Sutton Rodeo; and Kim Sutton, Rodeo Rapid City/Sutton Rodeo.

ADOPTION OF AGENDA
Motion to approve agenda was made by Johnson, and second by Lambert, motion carried.

APPROVE MINUTES
1) December 28, 2021 – Motion to approve minutes as presented made by Brown, second by Johnson, motion carried.

GENERAL PUBLIC COMMENT
Steve Sutton of Rodeo Rapid City and Sutton Rodeo said he is happy to be back. They are looking forward to the new building. He was here when we put dirt in the existing building 45 years ago. The buzz about the new building is all the way across the United States. Friday night is bull riding. There is a six-time world champion entered. Kristi Noem is going to be in the building. The Suttons are really looking forward to the rodeo this year and stated they are fortunate to win Large Indoor Rodeo of the Year for the PRCA again this past year. Everybody in this room makes it happen. Kim Sutton said they are excited to be broadcast on the Cowboy Channel. It is going to be a different experience. The rodeo is going to feel and look completely different in a whole new building. Kim Sutton stated they want to promote Rapid City in the best light. We are all a team. We want people to come here, buy tickets, buy concessions, and fill hotel rooms. Rapid City is getting a lot of attention in the rodeo and western world. Stacie Granum from Visit Rapid City asked if they were going to try to capture new photos and videos to help promote.

Baltzer stated by adding the Summit we rearranged some things working with Suttons and Central States Fair. There are going to be changes in the stock show and trade show. We are mixing it up a little bit. We are saving the theatre for organized socials. We used to do that in the club of the ice arena. Cowboy Bar and the Ice Arena Club will not be used for social areas. The Barnett will be split between the Stock Show and the Rodeo. The Suttons said they might have to adjust things, but they will be using Barnett to warm up the horses. South Dakota, Wyoming, and Nebraska FFA will be having seminars there as well.

Baltzer asked the Suttons if they have been seeing mandates with other rodeos around the country with the new round of COVID. Steve Sutton said California still has been moving rodeos around to the fall. Kim Sutton stated all others have announced they are going back to their original dates. All big building rodeos are taking place so far with no mandates. Baltzer said there is more of an attempt to move forward with business with the entire industry.

FINANCIAL ITEMS REQUIRING BOARD ACTION
2) Bill List – Heitsch highlighted items greater than $5,000. Motion to approve bill list as presented made by Lambert, second Johnson, motion carried.

ITEMS NOT REQUIRING BOARD ACTION CONTINUED
3) Visit Rapid City – Granum stated today is National Plan for Vacation Day. We are waiting on December numbers, but the BBB was up 21.58% over 2019. We are gearing up for 2022 and trying to sustain. This year we are really doing an aggressive winter and off season push and are
encouraging people to come in the off season. In November and December 2020 we did winter marketing. We think there is a bigger opportunity to have people come out. We are watching trends and making sure we are aware when visitors come and what they do. We are keeping a pulse on events, meetings, and conventions. Meetings and conventions are starting to scale back nationally, but we are seeing interest. Granum said people are not canceling so far out as they did in 2020. April is such a tough month. We already have 3 conventions that are coming. It is going to be another great year. Baltzer thanked Granum for all the work she has done. Granum stated Julie Jensen retired on October 1, 2021. Granum has been the Interim President/CEO. Visit Rapid City is doing a national search and is using a search firm who is currently doing phone interviews. Virtual interviews with the search committee which is made up of our board will be next week. They will then move forward to in-person interviews on February 14 with a decision by the end of February. Granum says they have not identified all candidates yet. There are probably going to be local and national candidates. Granum has applied.

4) RC Council – Strommen said they had 7 consecutive weeks of council meetings. Nice to have a break. We are looking forward to Black Hills Stock Show and Rodeo. The vision process is complete.

DISCUSSION FROM THE PRESIDENT, BOARD MEMBERS, AND STAFF

5) Event Update – Kraemer stated that it has been busy. We had 3 hockey games this past weekend. Rush is now on the road. We have been preparing for the Stock Show and Rodeo. Planning is good but scary because new and different processes and equipment. We will likely adjust things. This is a learning year. There will be a big meeting today at 3 p.m. with our management team, Central States Fair, and Sutton Rodeo. Daily briefings will begin on Saturday at 9 a.m. with breakfast provided. Sometimes that is the only meal that we have during the day. Kim Sutton stated she appreciates all the staff’s help. We want everybody to have the best experience but will likely need to tweak things. Kraemer wants the wow factor. Baltzer stated for the most part it is not going to be an adjustment for the audience to notice but mainly for the behind the scenes type stuff. Otherwise, the next 2 weeks, we are here. Doyle said to let the board know how they can help. Reminder, the Suttons are having their VIP party on Friday. Enter through the Barnett connector or Entrance C.

6) Executive Director’s Update – Baltzer stated everyone is looking forward to Stock Show and Rodeo. He wanted to thank the Board. We spent money on big water barriers. We needed to create a foundation to hold the dirt without drilling holes into our new concrete floor. We have contracted an arena football team and some other events with monster trucks that will likely use the water barrier as well, thus we decided to purchase the barrier. We think they are going to work out. Steve Sutton said they are 5 feet long, and they should be able to make them work. If any of the board members want to walk around and look to see what is different, please just grab us and we would be glad to show you. As an aside, we are down to 4 board members. Brad Estes’ term was up the beginning of January. The mayor is taking applicants to the end of this week. Both Doyle and Baltzer have been in touch with the mayor throughout this process. If anyone has somebody in mind, please have them apply.

7) Financial Summary – Heitsch stated 2021 is in the books. It is time to look back and see how we have performed vs our budget. We knew budgeting would be a little bit of a challenge with the unknowns of the new arena. As we look at the numbers, revenues were about $1 million more than budget and expenses were about $828,000 more than budget. That includes the $1,056,250 loan revenues and corresponding capital expenditures for the center hung scoreboard and ribbon board. Heitsch stated she could not emphasize enough the department directors being cognizant of the budget. That is an ongoing concentration with the nuances of a new building. Revenues were very strong. Individual revenue line items did not necessarily each meet budget, but overall we met budget. The BBB was super strong in 2021. It is too early in 2022 to really make predictions for the year. Our food and beverage were very strong for us also. That makes perfect sense. The Summit Arena was built to sell food and beverage and additionally, our retail food & beverage prices have certainly increased as we all know what the price of food & beverage at the grocery stores have done – it is no different for us in the commercial business. Rental revenues were strong as well although we have not fully recovered from pre-pandemic levels. Historically, we have hosted 698 events per year, but last year about 430. Average event days historically have been 1538, but for 2021 we had 954. We are heading in the right direction. Receivables were strong at the end of the year. This is due to a lot of events that were not fully settled by the end of December. We had some of our larger events in November and December that paid in early January. On the expense side before capital investment, we were just over $11 million. We are seeing the impact of the rising cost of labor. Wages thru December were down as compared to the budget. Our part-time wages have increased about 35% which has helped us to secure needed part-time staff. Managers are feeling as comfortable as
they can going into stock show. We definitely still have holes to fill. We know that the 2023 budget will be severely impacted with rise in the average part-time wages. Prior to the pandemic we averaged 135,000 part-time hours per year. We are expecting that to increase 25% or more with added events and expansion. We expect 170,000 to 175,000 part-time hours per year. That will definitely impact our 2023 budget. That means we have two options: we cut our expenses or increase revenues. This is always a balancing act. Insurances are up. The last quarter of 2022, when Summit opened, our insurance cost was $43,000 for 3 months. Insurances are going to be substantial. Utilities are higher. The average for the last 5 years was $962,000. This year we were at $1.1 to $1.2 million. We made a conscious decision to pay the utilities for the new building during construction. Natural gas is up $65,000. The new building has a lot of cooking equipment that is natural gas which will increase the cost. Our interdepartmental charges have gone up. Payments in lieu of taxes were $60,000. Our cash position is solid. The capital reserve account still reflects the Save our Stages Grant. We will be cognizant of our budget with our cost of merchandise for resale and wages. There are fewer warehouses to purchase food and beverage, so there is less competition. Additionally, our traditional 2% annual increase in rental rates is moving to 3% and may have to be reevaluated. The challenge is where else can we generate revenue. We are looking for additional income sources, sponsorship, using box office in ways that is nontraditional, and looking at premium parking/paid parking. Doyle asked about sponsorship. Heitsch stated we are still in the process of finalizing contracts with a couple of our major sponsors. We are at about 50% of goal. Baltzer indicated the committed sponsors are closer to 65%. Baltzer stated we put some lofty goals in front of marketing for their first year. We have had a good response. Our community stepped out. The corporate layout isn’t big in Rapid City. Now we have to finish off a couple of those larger contracts. We are transitioning to smaller and medium sized packages. Marketing focused on larger, founding partners first. They have pretty much sold those. We are probably right where we should be with corporate sales. It takes a certain amount of fulfillment so that we honor them and treat them as they are expecting to be treated.

Baltzer stated he would like to point out that the budget for 2022 was a little bit of a challenge to follow through with the year. We had a new building and had estimates for staffing. We are working our budgets a year in advance. We did not know a lot of the costs or effects. We had to adjust for that. We are going to have to evaluate that on a regular basis. A lot of what happened in wages this year was not budgeted. We are trying to get ahead of that for the 2023 budget. That is probably one of Heitsch’s biggest challenges. Baltzer stated Heitsch really does a good job predicting our future. We have talked to our staff and had to make adjustments. We always found our way to get on budget. The increase in wages has not solved all of our labor woes. We have gotten very creative with staffing and working more with groups. A lot of that is working out for us. Right now we are feeling comfortable going into the stock show and rodeo with staffing. We will have to see and evaluate as we go forward.

ADJOURNMENT
Doyle adjourned the meeting at 9:03 a.m.

Respectfully submitted,

Teresa Dringman
Accounting Clerk
The Monument