



Facility Management Term Sheet SMG Worldwide Entertainment and Convention Venue Management

The following Term Sheet is provided with this staff report that reflects points for the agreement between SMG and the Authority. Upon review, discussion and approval of the term sheet by the Board staff will finalize an agreement.

Party: SMG Worldwide Entertainment and Convention Venue Management

Facilities: National Bowling Stadium
Reno Events Center
Reno-Sparks Convention Center
Reno-Sparks Livestock Events Center

Terms: Agreement through June 1, 2022, with option to extend for additional two (2) three (3) year terms at the Authority's option.

- 1. General Conditions:**
2. Responsible for all day to day operations of the Authority Facilities and shall operate the Authority Facilities at all times in the public interest and in accordance with the highest professional and ethical standards.
3. Manage and/or assume all existing operations, management and support services contracts in place at the Authority Facilities, including, but not limited to, Customer Event contracts (license contracts and service contracts with shows/associations/corporations), Event Service contracts (audio-visual, event security, housekeeping & set-up) and Building Service contracts (landscaping, building utilities, maintenance, building security), and shall include, but are not limited to:
 - 3.1. Advertising/sponsorship
 - 3.2. Booking/scheduling within an agreed upon window
 - 3.3. Box office operations/ticketing
 - 3.4. Custodial and building maintenance services
 - 3.5. Electrical services, excluding tradeshow electrical
 - 3.6. Event production services
 - 3.7. Event services

- 3.8. Event setup and take down, excluding tradeshow drayage and decorating
- 3.9. Financial and administrative services such as accounting, budgeting, purchasing, personnel, and contracting of outside services related to events, buildings, operations and management
- 3.10. Event technology services
- 3.11. Food service
- 3.12. Grounds keeping
- 3.13. Information technology services
- 3.14. Labor Supplier Services
- 3.15. Parking
- 3.16. Sales and marketing
- 3.17. Security
- 3.18. Staff scheduling
- 3.19. Staff training
- 3.20. Website updates coordination with the Authority
- 3.21. Hotel Partner rates will be honored

4. Employee Transition

- 4.1. At transition, full time employees will be provided the following:
 - 4.1.1. Employee will be provided a comprehensive medical, pharmacy, dental and vision care plan.
 - 4.1.2. Employer basic life insurance to employees.
 - 4.1.3. Employees who are part of the transition will retain their original hire date with the Authority for purposes of seniority and benefits eligibility with SMG.
 - 4.1.4. 401(K) eligibility for employees.
 - 4.1.5. Vacation time by years of service for full time employees will be: (1-5 years) 2 weeks, (5-10 years) 3 weeks, (10-15 years) 4 weeks, (15-20+ years) 5 weeks, (20+ years) 6 weeks.
 - 4.1.6. Employees will be provided paid time off for ten (10) Holidays annually and two (2) personal days annually
- 4.2. All transitioning employees with original hire dates more than (60) days ago would begin benefits coverage on day one.
- 4.3. Employees may be eligible for additional benefits to include, short-term disability, long-term disability, flexible spending accounts, dependent care accounts, and employee assistance programs.

5. Financial Management:

- 5.1. SMG will be responsible for all financial functions related to operations/events and customer billing, payroll, monthly financial statements related to a selected costs of operations, and shall manage its operations with appropriate fiduciary responsibility over its operations including, but not limited to, appropriate risk management and insurance, cash management and auditing of its operations.
- 5.2. Prepare and submit annual capital and operating budgets for the Authority Facilities' operation.
- 5.3. Maintain full and accurate accounting records relating to its activities at the Authority Facilities, in accordance with generally accepted accounting principles.
- 5.4. Manage the administrative aspects of the Authority Facilities, such as payroll, billing systems, procurement, information technology functions for event/building functions, and maintain systems in state-of-the-art conditions.
- 5.5. Maintain Authority Facilities Furniture, Fixtures and Equipment (FF&E) in the same condition in which they were provided, except for normal wear-and-tear and depreciation.
- 5.6. The Authority will maintain ultimate responsibility with reporting financial statements, cash and debt management functions, and financial obligations.
- 5.7. The Authority shall have the right to inspect and audit such books and records at reasonable times during normal business hours and upon reasonable prior notice to a selected Proposer.
- 5.8. All such books and records shall be maintained in accordance with the Authority's record retention policies.
- 5.9. Reports will be required to include the following monthly reports/information:
 - 5.9.1. Financial statements;
 - 5.9.2. Booked and licensed events;
 - 5.9.3. Major issues encountered and proposed solutions; and
 - 5.9.4. Future problem areas and recommended countermeasures.
- 5.10. Authority will be notified in writing of any substantial change in key personnel, major problems or inability to fully comply with any Agreement provision.
- 5.11. SMG will inform the Authority within five days after it learns of a likely litigation or receives notice of claim, report of litigation or serious personal injury to any person at the Authority Facilities.

- 5.12. SMG must inform the Authority upon learning of any material damage to Authority property at the Authority Facilities.
- 5.13. The Authority will be allowed to make periodic inspections of the Authority Facilities and equipment to determine that they are being maintained in a neat and orderly condition.
- 5.14. Abide by all applicable local, county, state, and federal laws pertaining to its operation and shall secure all licenses and permits necessary for the operation of the Authority Facilities. The selected Proposer shall be responsible for, and pay all appropriate taxes.
- 5.15. Execute all license agreements for use of Authority Facilities space for events.
- 5.16. Shall not employ any person who does not conduct themselves in a business-like and professional manner and shall promptly take appropriate disciplinary action against employees who do not meet this standard, up to and including termination.
- 5.17. Assure the continuation of the tax-exempt status of outstanding bonds that financed and refinanced the Authority Facilities, to include those bonds issued by the Authority or the City of Reno, by agreeing to Agreement terms that are consistent with the requirements of IRS Revenue Procedure 2017-13.
- 5.18. Shall thoroughly train, closely supervise, and provide annual evaluations for all employees.
- 5.19. Provide advice and consultation on Authority Facility renovations, expansions, and other capital improvements.

6. Event/Show-Related Services

- 6.1. Existing obligations and bookings will be honored.
- 6.2. SMG will be responsible for all show related services such as utility services, telecommunications and information technology services, audio-visual, housekeeping and set-up services, and security services.
- 6.3. SMG will be responsible for planning, coordination and technical requirements for facility events. These services include event planning, event time and attendance tracking, overseeing event set up and tear down and event settlement.
- 6.4. Authority shall approve all rental rates, fees, and charges for services provided throughout the Authority Facilities.
- 6.5. The Authority shall have the right to reject the character of services and require that undesirable practices be discontinued or remedied.

- 6.6. The Authority will maintain the ability to provide discounts or incentives for shows and events.

7. Building Operations

- 7.1. SMG will be responsible for all building systems, utility operations and maintenance. These services include, but are not limited to: building safety and security, building housekeeping, retail space development and leasing, landscaping, exterminating, locksmith, snow removal, window cleaning, waste removal, and Headhouse operations and maintenance.

8. Operations Development

- 8.1. SMG will be responsible for planning proper maintenance of the Authority Facilities and facility equipment in addition to improvements in operations. These services include, but are not limited to; working with the Authority to develop a capital plan, recommending changes to policies procedures, operating standards and guidelines, and developing sponsorship and revenue opportunities to be approved by the Authority Board.
- 8.2. SMG will then be responsible for implementing any approved suggestions and proposals.
- 8.3. SMG will be responsible for 100% of the risk and expense to transition management of operating responsibilities. Transition expenses shall be identified and further defined, but are generally expected to include travel, lodging, legal fees, training, and other similar expenses.

9. Authority Facilities Marketing

- 9.1. Will be responsible for working with the Authority, area associations, hotels, and other appropriate agencies to develop and engage in advertising, solicitation and promotional activities, as required to develop the full potential of the Authority Facilities. The Marketing Department of the Authority to have final approval on all advertising and printed materials.
- 9.2. The marketing responsibilities shall consist primarily of those activities performed to attract events and to support the Authority.
- 9.3. Responsible for sponsorships and building branding, including the sale of said sponsorships and naming rights, and sale of suites and in-house advertising.

- 9.4. Authority will have final review and approval of naming rights of Authority Facilities.

10. Maintenance and Repair

- 10.1. Shall be responsible for all preventative maintenance and repair of the Authority Facilities.
- 10.2. Shall provide timely reporting to the Authority of asset conditions.
- 10.3. Maintain the validity of all warranties and will be responsible for ensuring that repairs to any part of the Authority Facilities or FF&E, which is under warranty is accomplished under the warranty.
- 10.4. Shall maintain a neat and orderly operation at all times, and shall be responsible for, or shall oversee, vendor contracts pertaining to the necessary services to maintain the Authority Facilities.
- 10.5. No alterations or additions to the physical layout of the Authority Facilities shall be made to the Authority Facilities, or any part thereof, without first having obtained the written consent of the Authority.
- 10.6. Authorized alterations or additions shall become the property of the Authority at the expiration date/or termination of the Agreement.
- 10.7. The services included in providing maintenance and repair include, but are not limited to: site maintenance; housekeeping (including janitorial and custodial services); furniture, fixtures and equipment coordination; equipment maintenance; waste disposal; heating, ventilating and air conditioning (HVAC); exterior landscaping; OSHA compliance and review; and emergency plan administration.
- 10.8. The Authority Facilities shall be maintained to be clean, orderly, attractive, and sanitary at all times and in strict accordance with the applicable laws, ordinances, rules, and regulations as well as the standards of the Authority

11. Signage and Advertising

- 11.1. No signs or advertising identifying a selected proposer or its subcontractors shall be placed on the premises unless provided by written approval by the Authority.
- 11.2. Any signage and advertising will need to comply with any existing signage agreement for the Authority Facilities.

12. Capital Improvements

- 12.1. Capital Improvements shall consist of alterations or renovations of items that would be considered capital costs pursuant to the Internal Revenue Code of 1986, as amended and which would be subject to a depreciation schedule of five (5) years or more pursuant to the Code. Capital Improvements specifically include, but not limited to, the non-routine repair and replacement, not covered by any insurance policy, of the Authority Facility foundation, roof, exterior walls, utilities, sidewalks, curbs, parking areas, doors, windows, glass, interior walls, ceilings, and other structural portions of the Authority Facilities, carpeting, other floor coverings, painting, other wall coverings, heating and ventilation, air conditioning, refrigeration, plumbing, mechanical, elevator, sprinklers, fire/life/safety equipment, security and energy management systems, and any alterations or renovations required under the Americans with Disabilities Act of 1990. Capital Improvement will be conducted in accordance with NRS 332 and 338.
- 12.2. Capital Improvements for the National Bowling Stadium and the Reno Events Center are funded from the City of Reno and is derived from a \$2 surcharge (Surcharge) for the rental of hotel rooms in the Reno Downtown District.
- 12.3. The United States Bowling Congress (USBC), the Authority and the City of Reno have an agreement that stipulates certain improvements that need to occur to the NBS, and include: Fourth Floor Improvements of expanding the lane staging space, the demolition of the existing stadium seating and replacement with flexible space, and construct and establish a new food and beverage outlet by February 1, 2020; and refurbish of the exterior by February 1, 2022.
- 12.4. Capital Improvements at the Reno Sparks Convention Center and the Reno Sparks Livestock Events Center are funded by the Authority.

13. Existing Agreements

- 13.1. The SMG management agreement will be subject to and will comply with all existing terms, conditions and obligations of the agreement between the City of Reno and the Authority for the operation and management of the National Bowling Stadium and Reno Events Center and the agreement between Washoe County and the Authority for the operation and management of the Reno-Sparks Livestock Events Center.