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**Reno-Sparks Convention & Visitors Authority
Board of Directors Meeting Minutes
August 24, 2017**

The Board of Directors of the Reno-Sparks Convention & Visitors Authority held a Board meeting at 9:00 a.m., August 24, 2017 at the Reno-Sparks Convention and Visitors Authority, 4001 S. Virginia Street, Reno, NV.

A. OPENING CEREMONIES

Call to Order

The Chairman Bob Lucey called the meeting to order at 9:01 a.m.

Pledge of Allegiance led by Mayor Hillary Schieve

Board Members Present:

Nat Carasali
John Farahi
Councilman Ed Lawson – acting chairman in Bob Lucey’s absence
Chairman Bob Lucey – arrived 10:47 a.m.
Rick Murdock
Mayor Hillary Schieve – arrived 10:22 a.m., left at 11:37 a.m.
John Vineyard
Bill Wood – left at 11:37 a.m.

Board Members Absent:

RSCVA Executive Staff Present:

Phil DeLone, President/Chief Executive Officer
Robert Chisel, Director of Finance
Jennifer Cunningham, Executive Vice President
Ben Kennedy, Legal Counsel
Mike Larragueta, Vice President of Sales
Molly Rezac, Legal Counsel

B. COMMENTS FROM THE FLOOR BY THE PUBLIC

Andy Chapman – President of Incline Village/Crystal Bay Visitor’s Bureau. Commended the Board and the efforts of the RSCVA staff on Interbike.
Kim Tracy - Spoke in support of maintaining Wildcreek Golf Course as a golf course.
Jeff Church – RenoTaxRevolt.com. Spoke in opposition to AB375 room tax bill.
John Capurro – Spoke in support of maintaining Wildcreek Golf Course as a golf course.
Darlene Hesse - Spoke in support of maintaining Wildcreek Golf Course as a golf course.
John Hesse – Spoke in support of maintaining Wildcreek Golf Course as a golf course.
Bengt Sternberg - Spoke in support of maintaining Wildcreek Golf Course as a golf course.
Wesley Griffin - Spoke in support of maintaining Wildcreek Golf Course as a golf course.
Liz Griffin - Spoke in support of maintaining Wildcreek Golf Course as a golf course.
Darla Lee - Spoke in support of maintaining Wildcreek Golf Course as a golf course.
Kathleen Shupp - Spoke in support of maintaining Wildcreek Golf Course as a golf course.
George Lee - Spoke in support of maintaining Wildcreek Golf Course as a golf course.
Charlotte Clem - Spoke in support of maintaining Wildcreek Golf Course as a golf course.
Douglas Clem - Spoke in support of maintaining Wildcreek Golf Course as a golf course.
Rayne Niehaus - Spoke in support of maintaining Wildcreek Golf Course as a golf course.

C. APPROVAL OF THE AGENDA

Acting Chairman, Ed Lawson, stated that Mayor Schieve requested that the update on Wildcreek be delayed until she arrived at the Board Meeting (approximately 10:00 a.m.).

MOTION: Mr. Vick Wowo made a motion to approve the agenda. Seconded by Mr. Nat Carasali. **Motion carried unanimously.**

D. APPROVAL OF MINUTES OF JULY 27, 2017 BOARD OF DIRECTORS MEETING & JULY 28, 2017 SPECIAL BOARD OF DIRECTORS MEETING

MOTION: Mr. Nat Carasali made a motion to approve the Minutes of July 27, 2017 Board of Directors' Meeting and July 28, 2017 Special Board of Directors' Meeting. Seconded by Mr. John Vineyard. **Motion carried unanimously.**

E. FACILITIES UPDATE

E1. Update on Wildcreek High School Project

Ben Kennedy, legal counsel, gave a brief history of Wildcreek. Wildcreek consists of 212 acres. It was purchased in 1974 by the RSCVA. RSCVA at the time took title as the County of Washoe, State of Nevada, acting through Reno-Sparks Convention Authority. The RSCVA paid approximately \$979,000 for Wildcreek and the associated water rights. Those were RSCVA funds. Since purchased, the improvements to construct the golf course, maintenance of the golf course, and ongoing operations of the golf course have always been paid by RSCVA funds.

There are no deed restrictions on the 212-acre Wildcreek parcel that the RSCVA owns. There have been no significant capital expenditures at Wildcreek in the past few years. There has been no deferred maintenance undertaken. All of the assets at Wildcreek are fully depreciated. Wildcreek currently operates at a loss of approximately \$270,000 a year, not including the ongoing capital needs and expenses. Wildcreek is served by approximately 500-acre feet of affluent water that the RSCVA acquires from the City of Sparks. That affluent service is supported by 449-acre feet of Truckee River Water Rights that are currently held by the City of Sparks with a reversionary interest in those waters rights. That means when the Affluent Agreement expires or terminates, those water rights go back to the RSCVA and the County. In addition to the 449-acre feet of Truckee River Water Rights, there are approximately 506-acre feet of Wells Creek water rights considered aesthetic value only meaning they are not water rights that can be diverted for use or taken to a different location. As far as the Affluent Agreement with the City of Sparks, it is a \$300,000 a year fee that the RSCVA pays for the affluent service and it runs through 2022. The approximate balance is \$1.2 to \$1.5 million. It is important to note that per NRS 244A.624 any sale or lease of Wildcreek by the RSCVA is subject to County approval.

As far as the history of Wildcreek and how the Board has dealt with Wildcreek and its possible disposition, those on the Board will recall in February 2016, the Board visited the potential of developing Wildcreek or selling Wildcreek to a developer. The Board was not opposed to keeping Wildcreek a golf course but made it clear that it no longer desired to own or operate a golf course. Shortly thereafter, there were informal discussions with local governments, at the staff level, regarding those local governments taking over Wildcreek. Those never came to fruition due to lack of interest.

Pete Etchart, Chief Operating Officer for Washoe County School District, gave an update on the proposed high school at the Wildcreek project. He mentioned the May 25th Letter of Intent the Board signed and approved. The school district took a Professional Services Agreement to their Board of Trustees on June 6th based on that Letter of Intent to hire Wood Rogers and Traffic Works to begin a detailed engineering analysis of the site they are calling their "due diligence" on the property. Currently, the surveying work and the geotechnical field work is completed. The environmental field work, the hydrologic analysis, the utility investigation, and the traffic study are all underway. They also have authorized a detailed review of the water rights associated with the property, the Affluent Agreement, and have ordered a preliminary appraisal of the property. They are continuing their work with the Airport Authority staff and upon the airport's request, provided their Board

of Trustees an update two weeks ago. The school district's hope is to have all this work finalized by November 2017.

In addition to the due diligence, they are continuing with the preliminary design of the prototype high school. A team of design professionals, industry experts, community members, school administrators, teachers, and students are working to develop specifications for the 21st-century high school. They are also going forward with the selection of their contractor for CMARK (Construction Manager at Risk) for the project. The selection panel comprised of district and community representatives shortlisted four firms to be interviewed: Clark & Sullivan Construction, CORE Construction, Q&D Construction, and United Construction.

In conjunction with the high school project at Wildcreek, Mr. Etchart said they are also discussing the renovation and repurposing of the existing Hug High School. That high school will be turned into a Career and Technical Academy.

Mr. Etchart answered the Board's questions regarding location saying that Wildcreek is a great location compared to other building sites considered. There are already existing roads surrounding the property providing infrastructure that virgin ground elsewhere does not provide. Their goal is to break ground for the new high school December of 2018, opening the new school in August of 2021. Cost is a tricky issue he said. It could be \$110 to \$180 million. It would be pretty much the same regarding of where they build the school. He should have a comparison of the sites from the professionals by November of 2017 in a due diligence report.

Rick Murdock said that it is really the County of Washoe that will be making the decision on Wildcreek, not the RSCVA. He would like to see a win-win for everybody and asked if there was a Plan B in the feasibility study. Mr. Etchart said there were lots of options for the property, but finding 70 to 80 acres in an urban environment was difficult. He said even the existing Hug High School site was extremely small. Its existing 1,400 students would need to be relocated to Wildcreek that could accommodate 2,500 students, gaining 1,000 seats. Then the Hug site could be turned into a Career and Technical Academy gaining over 2,000 seats. Mr. Etchart said Hug is in desperate need of revitalization. Right now, the only career and technical academy is the Academy of Arts Careers & Technologies (AACT), but it has a waiting list.

Mr. Murdock said he understood that Wildcreek was Plan A and Plan B was to get the County to approve it, but what other school sites did they have in mind? What would happen if it was over budget and did not make sense for the school district? Mr. Etchart said they would know after talking to their engineers next month.

Vick Wowo said that everyone on the Board had voiced the same concern that it really came down to whether the County approved the project or not. He wanted to make sure the due diligence was done properly and thoroughly for not only this project but all the schools. Mr. Etchart said that was the beauty of WC1. It provided a sustainable funding source to actually deal with not only the repair needs in the existing schools, but the overcrowding and future growth. It is their intention to build all 15 schools that were on the ballot for WC1.

Nat Carasali asked that if the school district came forward in 30 days and made the RSCVA an offer, and all of a sudden the land transfers title, and then something comes up and the school district says it does not make sense to build it at Wildcreek, then what? Mr. Etchart said that on September 28, 2017 they were going to have a Capital Funding Protection meeting. He did not anticipate the cost of the school being different at Wildcreek than in any other location. He stated he was confident the school could be built in the timeline and under the cost projected. He encouraged everyone to come to the open meeting on September 28, 2017.

E3 taken out of agenda sequence.

E3. Update on the National Bowling Stadium (NBS) and Reno Events Center (REC)

Robert Chisel, Director of Finance, gave a quick update on the NBS and REC. The City of Reno owns those two facilities and is responsible for funding the capital improvements and maintenance and funds those through a separate \$2 surcharge specifically for tourism improvement. The RSCVA is responsible for the operation of the REC and the NBS through an agreement ending April 2022. At the last Surcharge Committee meeting on August 1, 2017, they directed staff to start working on the 4th floor remodel of the NBS and

entrance refresh on the ground floor. The 4th floor remodel is required through an agreement between the RSCVA, the City of Reno, and the USBC that goes through 2026. Other capital improvements in that agreement are demolition of the stadium seating on the 4th floor, a sports café on the 4th floor, and movement of the settees where the bowlers are back to allow additional space. The project is to be completed by February 1, 2020. The City of Reno City Council approved the agreement with the MBA, the architects yesterday and work to begin that design. The first floor refresh is primarily making the doors ADA compliant and cleaning up some of the carpet area. That should be done by February 2018 in time for the women bowler's arrival.

The one big project at the REC is the repair and maintenance of the flexible seating.

Information only. Non-action item.

E2. Facilities Committee Update and Recommendations on the Reno-Sparks Livestock Events Center (RSLEC) Capital Expenditure

George Combs, General Manager of the Reno Rodeo, shared that working with the RSLEC has been positive and the rodeo is 98 years old now. They also work with OnStrategy and the rodeo's 5-year Strategic Plan is to build a new facility and outdoor arena for the next 100 years. Despite rumors, the Legacy Committee Meeting of the Reno Rodeo, wants to continue to partner with the RSCVA once ratified by their Board of Directors. One of their plans is to remove the existing Armory building. Discussion was had by Nat Carasali, John Farahi, and Rick Murdock on the Board with George Combs regarding the \$2 million in expenditures to bring the RSLEC to where it should be and would that be a good Return on Investment (ROI) as well as the Reno Rodeo being a heritage to the region. Vick Wowo applied an analogy of putting the RSLEC back in a resalable condition. Further discussion was had to table action on the RSLEC until the Board Retreat.

MOTION: Mayor Hillary Schieve made a motion to table the recommendations of the Facilities Committee on the Reno-Sparks Livestock Events Center (RSLEC) capital expenditure until the Board Retreat. Seconded by Mr. Rick Murdock. **Motion carried unanimously.**

F. FINANCE

F1. Fiscal Year 2017-2018 Tourism Surcharge Report

Robert Chisel, Director of Finance, said in 2015 the Legislative Session passed an additional \$2 per night surcharge on hotels outside the downtown area and \$1 for downtown hotels. In Fiscal Year 2016, the surcharge generated \$4.2 million and there were no expenditures. In the most recent Fiscal Year 2017, the unaudited numbers show the surcharge generated about \$5 million and there were expenditures of about \$3.2 million in sales and marketing. That provided an estimated balance of \$6.2 million as of the beginning of this Fiscal Year. Based on the Strategic Plan and the approved budget for Fiscal Year 2018, the surcharge is anticipated to have revenues of \$5 million and expenditures of \$8 million in 2018. The expenditures are segregated into the areas of air service at \$500,000, \$4.5 million for marketing, \$1.9 million for capital improvements at the Convention Center, and a potential of \$1.8 million for the Reno-Sparks Livestock Events Center. This would leave an estimated balance of \$2.4 million in the surcharge.

This is an information item. Not an action item.

F2. Review of Fiscal Year 2016-2017 Transient Lodging Tax Audit Results

Robert Chisel reported on the auditing performance of the room tax section. He recognized Karen Barnes and Robert Douglas for their excellent work. There were 42 audits in Fiscal Year 2017 which resulted in additional findings of \$189,000 and collected assessments of \$65,000. Their goal is to perform audits on hotel casinos on a 3-year cycle and other properties on a 5-year cycle. These are not to find errors but to ensure compliance.

F3. RSCVA June 2017 Report of Operations and Transient Lodging Statistics

Robert Chisel said these were the unaudited results for the Fiscal Year 2017. The auditor Eide Bailly was currently performing the audit but to date room tax revenues were 6.5% above budget at \$30 million resulting in an additional \$1.8 million in tax revenue for the RSCVA. This is a \$2.6 million increase from the prior year and interestingly is the highest room tax revenue for the RSCVA. The next prior record was back in FY 2000 at \$28.5 million. Total tourism surcharge was \$5 million or 7.5% above budget. Facility revenues were also

up \$400,000. Operating expenditures were below budget at \$1.8 million and non-operating expenses were \$4.2 million below budget.

MOTION: Mayor Hillary Schieve made a motion to accept the Review of Fiscal Year 2016-2017 Transient Lodging Tax Audit Results and the RSCVA June 2017 Report of Operations and Transient Lodging Statistics. Seconded by Mr. Rick Murdock. **Motion carried unanimously.**

G. PRESENTATIONS – DISCUSSION AND POSSIBLE ACTION

G1. Review and Evaluation of President/CEO's First Six Months

Phil DeLone, President and CEO, provided the Board with a summary of his first six months of goals and objectives since starting with the RSCVA on January 3, 2017. He divided those into the 4 distinct areas provided by the Board:

Visitation & Destination Awareness: All three of the subsets in this goal were met: 1) evaluate and determine the revised destination brand and begin implementation; 2) implement the design phase of a new exhibit booth incorporating new branding; and 3) launch a new website.

Direct Room Night Growth: Mr. DeLone identified this as the most important. He has made contact to mentor each of the regional sales force staff to engage not only the core strategic customers, but to meet and engage every customer coming to the community. In addition, sponsorships that were not productive have been cut back or severed saving the RSCVA a total of \$610,000 already.

Facility Efficiency: Facility resources and staffing is being cross-utilized between RSCVA facilities. Trent LaFerriere now runs the REC and NBC facilities and a new Director of Customer Satisfaction, Jennifer Powers, has been brought on board.

Organizational Stability: In prior years the RSCVA went through a rollercoaster of management. Now, a new HR Director of Human Resources, Sheri Nill, has been hired. Also onboarded is Vice President of Sales, Michael Larragueta, and Art Jimenez as Executive Director of Leisure Sales.

Mr. DeLone went on to discuss the financial review, meeting and developing meaningful relationships with community partners, and meeting with RSCVA departments and facilities. In addition, communications has been expanded to include 3 new e-newsletters to travel executives, professionals & CEOs, and local executives.

Another goal is to expand the RSCC as we secure contracts such as Interbike that barely squeeze into our existing facility.

G2. Phil DeLone, President/CEO Goals and Objectives for FY 2017-2018

Mr. DeLone said his proposed goal for this Fiscal Year is 260,000 convention room nights. For Visitation and Destination Awareness through the marketing campaign he wants to see at least 15 tourism stories in high-profile national and regional publications. Client Satisfaction is a metric that Jennifer Powers has been hired to ensure every customer or client coming to town with a convention is well taken care of in our facilities. Organization Health is key to have employees engaged, enjoying work, and Mr. DeLone believes in an open-door policy and engagement with his employees. Financial Health is obvious. Hiring Robert Chisel was an obvious choice and he will also be putting into place Generally Accepted Accounting Principals (GAAP) to meet the Policies and Procedures goal.

Discussion was had amongst John Farahi and Nat Carasali regarding a bonus for Mr. DeLone. They concurred that it was not about him personally but more about the process. Molly Rezac, Legal Counsel, said under the contract, Paragraph 1.2.1, the 6-month evaluation, there was not an obligation for bonus, but it was fully within the discretion of the Board if any bonus were to be awarded.

Ms. Rezac added that with respect to Fiscal Year 2017/18, those goals were to be set and then upon completion of the Fiscal Year 2017/18, the Board would do an evaluation at that time, and again, fully at the

discretion of the Board, they may award a bonus. The contract allotted a bonus pool of up to 40% of the salary at its discretion.

Rick Murdock commended Phil on his excellent so far and his incredible team. He said he did not know a organization awarding a 6-month bonus. Mr. Farahi said he did not vote for a 6-month bonus but did feel up to 40% was appropriate. He recommended to the chair that a small committee put measuring tools in place and bring this matter back to the Board. He also suggested that Mr. DeLone provide a Comprehensive Plan for next 5, 7, and 10 years of where the organization is going for the Board to approve.

Chairman Lucey apologize for his late arrival and said he did agree that Mr. Carasali and Mr. Farahi made some valid points with respect to the process and clearly outlined bonus plan should be put into place.

MOTION: Chairman Bob Lucey made a motion to delay the item of actual bonus at this time and refer a compensation style package or policy to be conducted or some foundation to be conducted by the Personnel/Finance Committee and be brought to the Board with a better structure of policy. Seconded by Vick Wowo. **Motion carried unanimously.**

G3. Reno-Sparks Convention and Visitors Authority Staff Update

Vice-Chairman Ed Lawson accepted the staff update as presented.

This is an information item. Not an action item.

H. BOARD MEMBER COMMENTS REGARDING ITEMS FOR FUTURE MEETINGS

Mr. Lucey requested an update on the monies the City of Reno and City of Sparks requested for signage with respect to the Arch and the City of Sparks signs. Mr. Chisel answered his question saying the City of Reno presented a contract to the Council yesterday to begin development of the refreshing of the Arch but it will probably not start construction until January or February of 2018. Mr. Lawson said the Sparks signs are currently out for bid.

I. COMMENTS FROM THE FLOOR BY THE PUBLIC

None

J. ADJOURNMENT

Vice-Chairman Ed Lawson adjourned the meeting at 11:40 a.m.