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**Reno-Sparks Convention & Visitors Authority
Board of Directors Meeting Minutes
March 22, 2018**

The Regular Meeting of the Board of Directors of the Reno-Sparks Convention & Visitors Authority met at 9:00 a.m., March 22, 2018 at the Reno-Sparks Convention and Visitors Authority, 4001 S. Virginia Street, Reno, NV. The meeting was properly noticed and posted in compliance with the Nevada Open Meeting Law.

A. OPENING CEREMONIES

Call to Order

Chairman Bob Lucey called the meeting to order at 9:00 a.m.

Pledge of Allegiance led by Member Rick Murdock

Board Members Present:

Nat Caraseli
Lee Dillard
Councilman Ed Lawson
Commissioner Bob Lucey
Rick Murdock
Mayor Hillary Schieve (via telephone)
Mark Sterbens
Vick Wowo

Board Members Absent:

Bill Wood

RSCVA Executive Staff Present:

Jennifer Cunningham, Executive Vice President
Robert Chisel, Director of Finance
Sheri Nill, Director of Human Resources
Esther Isaac, Director of Marketing
Ben Kennedy, Legal Counsel

RSCVA Executive Staff Absent:

Phil DeLone, President/CEO
Mike Larragueta, Vice President of Sales
Molly Rezac, Legal Counsel

Chairman Lucey introduced Corie Carlsen the RSCVA's new Board Clerk and Executive Assistant to the President and CEO. Mrs. Carlsen served as the Executive Assistant to the president and CEO of the San Francisco Convention and Visitors Bureau and moved to Reno in 2006.

B. COMMENTS FROM THE FLOOR BY THE PUBLIC

Mr. Jeff Church announced that he is running for the Washoe County School Board. He stated he is a retired Sergeant from the Reno PD and a retired Lieutenant Colonel from the Air Force. Mr. Church told the board he was speaking because he is very concerned about the students and Washoe County.

C. APPROVAL OF THE AGENDA

MOTION: Member Lee Dillard made a motion to approve the March 22, 2018, Agenda. Seconded by Member Rick Murdock. **Motion carried unanimously.**

D. APPROVAL OF MINUTES OF FEBRUARY 22, 2018 REGULAR MEETING

MOTION: Member Vick Wowo made a motion to approve the February 22, 2018 Minutes. Seconded by Member Lee Dillard. **Motion carried unanimously.**

E. AWARD OF CONTRACT FOR PROFESSIONAL MANAGEMENT OF FACILITIES

Chairman Lucey asked Jennifer Cunningham to discuss this item.

Ms. Cunningham recognized that Mayor Hillary Schieve was present via conference call.

Ms. Cunningham provided the SMG selection highlights. SMG currently manages more convention space than any other company in the country. An important fact is that SMG operates the nation's largest rodeo with a solid understanding of equestrian business. Ms. Cunningham acknowledged two members of the of the SMG executive staff; Lesa Williams, National Equestrian Director, and Gregg Caren, Executive Vice President. She mentioned that SMG manages 13 athletic stadiums, 67 theaters and performing arts centers, as well as 70 concert arenas. Ms. Cunningham referred to SMG's extensive experience with renovations, remodeling, and expansions. They have developed 30 new or expanded convention centers in the past 15 years. She stated that this would be advantageous to the RSCVA, should the board choose to move forward with the Convention Center expansion at some point.

Ms. Cunningham touched on the SMG contract highlights assuring the board that the RSCVA continues to maintain control of the Facilities. SMG will report to the RSCVA and take direction from the RSCVA board of directors. She stated that SMG is an agent for the RSCVA. Ms. Cunningham emphasized that SMG will expressly honor existing contracts with the City of Reno, Washoe County, Reno Rodeo Association and others. Adding that existing contracts with customers will also be honored. The term of this contract will run through June 2022 to coincide with our contract with the City of Reno for the Event Center and the Bowling Stadium.

Ms. Cunningham discussed the financial portion of the SMG contract. She stated that the Management Fee of \$200,000 includes all four Facilities with a Quantitative Incentive Bonus capped at \$244,000. She added that the Sponsorship Bonus of 20%, capped at \$60,000, is based on any additional Sponsorships above the current benchmark of \$370,000. Ms. Cunningham discussed the Qualitative Bonus written into the contract that ensures proper service levels, based upon a scorecard of key performance indicators, capped at 2.5% of facility revenue. Finally, she discussed the Food & Beverage Revenue that will result in a management fee to SMG of 6% of the gross revenue from F&B, with a bonus earned after SMG exceeds the benchmark of \$800,000 (historical profit), then 20% of the profit over and above this benchmark.

Ms. Cunningham assured the board that all 39 existing employees would become SMG employees and retain their seniority. She added that they would immediately receive benefits, a competitive benefits package and a 401(K)-retirement plan.

As an oversight and reporting structure, SMG and the RSCVA will take part in monthly Operational and Financial reports and meetings, as well as annual budget meetings. The RSCVA will be working closely with SMG on Capital Improvement Plans and Recommendations for all four Facilities.

Ms. Cunningham opened the floor for questions.

Chairman Lucey emphasized the fact that SMG has been a phenomenal partner through this process. Working with the RSCVA staff and the board of directors to finalize the contract for Professional Management of the Facilities. He thanked Gregg Caren and his team for all the time they put into the process.

Chairman Lucey opened the floor for questions asking Ben Kennedy if he had anything that he wished to add.

Mr. Kennedy seconded Chairman Lucey's sentiments and drew the boards' attention to Section 3.2 of the agreement which provides for a hard date of July 1, 2018, for SMG to assume management. He stated that there had been some discussions on the date that SMG would assume management after the board materials posted with the July 1, 2018 date. Mr. Kennedy asked the board, should the contract be approved today, to give some flexibility for Mr. DeLone to change that date as necessary should SMG be in the position to assume management

at an earlier date. Mr. Kennedy stated that he had no further comments and opened the floor for questions.

Mr. Dillard asked Greg Caren, Executive Vice President, SMG, if the contract is approved today, did SMG have any time frame to when SMG would be able to add events to the existing Events Center calendar

Mr. Caren stated that he has already had conversations with Facilities personnel to discuss potential business, regardless of the contract is approved. Mr. Caren expressed that SMG is already invested in the partnership with the RSCVA.

MOTION: Member Carasali made a motion to approve item E and execute the contract for Professional Management of Facilities to SMG, including the flexibility for Mr. DeLone to execute the contract start date as needed. Seconded by Member Mark Sterbens. **Motion carried unanimously.**

Ms. Cunningham asked Mr. Caren to speak on behalf of SMG.

Mr. Caren stated that he has been tracking Reno's progress for 20 years. He added that SMG had been a part of many extraordinary convention center stories in cities like Cleveland, Detroit, and Providence. Mr. Caren gave three key elements for the board to take away from this meeting. He stated that first and foremost is the fiduciary responsibility, SMG's accountability as a contractor to the RSCVA, and lastly, but most importantly, is SMG's responsibility to the employees. Mr. Caren closed by saying that SMG is very excited to come to Reno.

F. PRESENTATIONS – DISCUSSION AND POSSIBLE ACTION

F1. Reno-Sparks Convention and Visitors Authority Staff Updates

Ms. Jennifer Cunningham, Executive Vice President, presented an update on the January 2018/Year-to-Date scorecards. For the Convention Sales segment, the year-to-date Visitor Volume number has increased 5.6 % (percent). Year-to-date Market Performance/Cash Occupied Room Nights are up 5.9% (percent), and year-to-date Taxable Revenue is up 13.9%. For January, Gross Produced Room Nights are at 23,000 with a goal of 16,000. The month of January produced 25 definite group bookings. Convention Produced Room Nights are at 22,781 with a goal of 23,000, while Sports received 140 room nights and Bowling received 200 room nights. Ms. Cunningham referred to the Convention Monthly Snapshot: Year-Over-Year February 17/18 handout. She stated that production was 21,103 room nights against a goal of 21,055 for February. She added that definite room night totals are 199,553 through February 2018, against the annual goal of 260,000, which is 77% (percent) of the fiscal year. Ms. Cunningham stated that Mr. Larragueta, Vice President of Sales, is confident that Convention Sales will surpass their goal of 260,000 Room Nights.

Mr. Art Jimenez, Executive Director of Tourism, reported on the Tourism segment of the scorecard and gave an update on where the RSCVA is with PHG Consulting for China programming. For the month of January, there were increases in three of the six measurable tourism marketing segments. Those increases occurred in Travel Wholesaler, Online Travel Agent, and Travel Agent. The decrease represented on the scorecard is due to seasonal travel. Year-to-date is trending very well in five of the six categories at 90% to goal year-to-date. Mr. Jimenez gave an update on PHG. He stated that the PHG team was here for a destination audit. They visited February 27th through March 2nd, 2018. They visited ten properties and experienced everything that Reno Tahoe has to offer. Currently, the tourism team is working on some infrastructure in China by building our Mandarin language website, social media programs and tour operator contact list for all of our properties. Mr. Jimenez stated that we have the Reno Tahoe destination video translated into six different languages. He presented the video translated in Mandarin.

Ms. Esther Isaac, Director of Marketing, announced that the RSCVA received 17 awards from American Advertising Federation Reno including 2017 Overall Best of Show for the Great Contrast campaign. These awards will move on to a district and regional competition. Ms. Isaac passed around books from the awards show for the board to review. She also referred to two separate handouts. One is an article about Reno in the Washington Post and the other in Barron's. Ms. Isaac announced that the RSCVA is forming a partnership with Big Truck Hats. Stating that Big Truck Hats will be selling the Reno Tahoe hats on their website. Lastly, Ms. Isaac brought the board's attention to the Local Legend handout that appeals to our community to bring meeting and convention business to the area.

Member Mr. Murdock asked the RSCVA Marketing staff if they had plans to leverage local US Olympian, David

Wise, in future ad campaigns. Ms. Cunningham stated that Mr. Wise took part in the Interbike ad campaign as well as advertising for the Safari Club 2019 convention. She stated that the RSCVA plans to keep him in mind for future promotions.

Ms. Cunningham drew the boards attention to the handout regarding the Reno Air Races. The Reno Air Races Associations will partner with the NBC Sports Network to air three one-hour shows from the 2017 Reno Air Races on March 31, April 8 and April 21, 2018.

Chairman Lucey reported very positive reviews for the convention center and local business staff from attendees of the recent Mary Kay Convention held at the Reno-Sparks Convention Center. He went on to say that another exciting event coming to Reno is the 2018 National High School Mock Trail put on by the Nevada Bar Association. He stated that in the past this event had been held in larger urban cities such as Washington D.C. and Philadelphia. Mr. Lucey commended the sales and marketing team for their work to continue to bring events and groups of all size to Reno Tahoe.

There was no further discussion.

G. BOARD MEMBER COMMENTS REGARDING ITEMS FOR FUTURE MEETINGS

None

H. COMMENTS FROM THE FLOOR BY THE PUBLIC

Mr. Jeff Church stated that he has a plan for Reno's homeless issue. He stated that he would be happy to share his plan with members of the board.

I. Adjournment

Meeting adjourned at 9:48 a.m.