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**Reno-Sparks Convention & Visitors Authority
Board of Directors Meeting Minutes
August 22, 2019**

The Regular Meeting of the Board of Directors of the Reno-Sparks Convention & Visitors Authority met at 9:00 a.m., August 22, 2019, 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 Andrew Diss, Director of Government Affairs, Meruelo Group

Board Members Present:

Nat Carasali
Shannon Keel
Councilman Ed Lawson
Commissioner Bob Lucey
Mayor Hillary Schieve
Ann Silver
Mark Sterbens
Bill Wood

Board Members Absent:

RSCVA Executive Staff Present:

Phil DeLone, President/Chief Executive Officer
Jennifer Cunningham, Executive Vice President
Robert Chisel, Director of Finance
Art Jimenez, Executive Director of Tourism Sales
Esther Isaac, Director of Marketing
Sheri Nill, Director of Human Resources
Ben Kennedy, Legal Counsel
Molly Rezac, Legal Counsel

RSCVA Executive Staff Absent:

Michael Larragueta, Vice President of Sales

B. COMMENTS FROM THE FLOOR BY THE PUBLIC

None

C. APPROVAL OF THE AGENDA

MOTION: Member Mark Sterbens made a motion to approve the August 22, 2019 agenda with the amendments. Seconded by member Mayor Hillary Schieve. **Motion carried unanimously.**

D. APPROVAL OF MINUTES OF JUNE 27, 2019 REGULAR BOARD MEETING

MOTION: Member Ann Silver made a motion to approve the Minutes of June 27, 2019, Regular Meeting. Seconded by Member Mark Sterbens. **Motion carried unanimously.**

E. PRESENTATIONS

E1. RSCVA Staff Update

Phil DeLone, President & CEO, gave the board a brief state of affairs at the RSCVA. He began by saying that this past week we booked and contracted the 13,000-room night convention for Moose International for June of 2023. Mr. DeLone added that he would accompany Mayor Schieve and her team tomorrow as the United States Conference of Mayors tours the city as a possible site for their Summer 2021 conference. He thanked Mayor Schieve for her solicitation of this business for the community. Mr. DeLone brought the board up to speed on a new incentive program with the RSCVA Sales Team for city-wide conventions. The RSCVA's board approved the definition of a city-wide is a group using 2,000 rooms minimum on peak night, an RSCVA public facility, two or more hotels for housing and the group must book a minimum of 12,500 room nights. Those salespeople that succeed in booking a citywide group will receive a \$10,000.00 additional bonus. Mr. DeLone stated that final numbers for FY 2018/2019 are now in and reportable. He stated that Washoe County Average Daily Rate stands at \$115.53 for the 12 months ending June 30th, this is a 10.7% increase from the year prior. He went on to say that the 41 hotel properties in the county saw an ADR of \$121.09, or an increase of 10.5% year-over-year. For the first time in the destination's history, taxable room revenue in Washoe County exceeded \$401Million. He added that air service, as reported by the RTAA, year-over-year passenger counts are up 4.1% at 4,298,555 inbound/outbound and passenger seat counts are up 3.8% at 5,379,662 inbound/outbound. Mr. DeLone said that the RSCVA Sales Team booked 289,030 room nights of future business and tourism sales secured 749,157 room nights driven from OTAs, travel wholesalers, receptive tour operators, travel agents, motorcoach, ski and golf operators. He went on to say that the destination consumed 1,218,148 room nights from our three core markets of the San Francisco Bay Area, the Los Angeles Basin, and Seattle.

Jennifer Cunningham shared with the board research on women and travel. She stated that women represent the fastest-growing segment in both leisure and business travel markets. She added that women are typically the driving force behind travel decisions, therefore necessitating adaptation by the travel industry and by tourism marketing. When it comes to travel making process, women tend to rely on social media community recommendations, reviews, and advice. According to Forbes, women make up 80% of all travel decisions, and according to the Travel Industry Association of America, that number is 82%. Ms. Cunningham gave a brief presentation on a media influencer that the RSCVA hosted this past weekend. JJ Yosh and his cat Simon a.k.a. the "Backpacking Kitty" came to our area this past weekend and enjoyed several of Reno's hottest spots. She suggested the board take a look for JJ and Simon on one of the fastest-growing social media sites, tik tok. There you can find JJ and Simon enjoying their time in the region. Ms. Cunningham added that the marketing department would recap all of the Influencers the RSCVA utilized this summer in a presentation to the board this fall. Ms. Cunningham also shared that the RSCVA, in conjunction with Chris Hoff and the team at the Baracuda Championship, hosted Tron Carter and Chris Solomon from the popular golf podcast "No Laying Up." Their combined social media followers total is approximately 900K followers. They visited several spots in the region and played in the Baracuda Pro-Am (see the Strapped trailer at <https://youtu.be/MjbX6dPcvFc>). Ms. Cunningham invited Chris Hoff, Tournament Director of the Baracuda Championship, to give the board a recap and update on the program.

Chris Hoff, Tournament Director, Barracuda Championship, gave the board an update on the 2019 Baracuda Championship. He stated that Collin Morikawa was crowned the winner on championship Sunday. It was his first PGA Tour victory, his seventh PGA start. Despite the rain on Friday, sponsorship sales, concessions, merchandise sales were all up from last year. The RSCVA partnered with the Baracuda to engage out-of-market audiences, including a co-branded promotion at the celebrity event at Edgewood. The event saw a significantly younger demographic and Mr. Hoff thanked Jennifer and her marketing team for helping to bring the RenoTahoe vibe to the event. He stated that founders of the "No Laying Up" podcast, Tron Carter and Chris Solomon, interviewed Jason Bone and Tim Herron and it was one of the top three out of over 250 podcasts. Mr. Hoff went on to discuss the decision by the Montreaux Board of Directors to cancel the contract with the Baracuda Championship. He stated that very few tournaments play at the same course year after year. He said that the Baracuda has been blessed with the Montreaux Golf Course since 1999 and the plan is to stay in the area.

Art Jimenez, Executive Director of Tourism Sales, presented the Tourism Sales update for the Fiscal Year 2019. He touched on the tourism sales & marketing programs, the China initiative and room night totals for the year. He's stated that the room nights were not what the RSCVA had hoped for; however, the ADR has increased by \$2.42.

Robert Chisel, Director of Finance, discussed the interim financials for May and June found in the board materials. He pointed out that the June financials are unaudited as Eide Baily, external auditors, are in the process of completing the 2019 audit. Mr. Chisel added that the RSCVA recently completed an audit by the Public Employees Retirement System with no significant finds. He reviewed a few of the RSCVA Capital Projects underway, stating that the repairs to the roof at the Livestock Event Center are complete, the furniture installation for the public areas of the Convention Center is nearly complete, and the LED lights for the Livestock Arena have been delivered for installation in September.

E2. President/CEO Review and Evaluation for FY 2018-2019

Molly Rezac, Legal Council, reminded the board of the employment contract with Mr. DeLone. By way of background, Mr. DeLone was recruited in 2016 when the board went through the President/CEO recruitment process. A third party headhunter recommended a base salary of between \$350,000 to \$500,000 per year with the ability of a bonus of 20% of the base salary. However, through the recruitment process, the board determined that they would rather start at a lower salary, but increase the bonus amount so that the board would have more control to set goals and objectives, to be able to monitor those goals and determine the overall CEO salary. The board agreed on a base salary of \$250,000 with the opportunity to earn a bonus incentive of up to 40% of that base salary. Ms. Rezac stated that any salary increase is at the sole discretion of the board of directors, as stated in the employment contract, specifically paragraph 2.1.1. under Salary Increases "Employee shall be eligible for increase in the salary in the sole discretion of RSCVA's Board of Directors. However, an the Board authorizes a cost-of-living increase for Employees of the RSCVA, Employee shall be entitled to receive that cost-of-living increase as well." Ms. Rezac stated that the board has not authorized a cost-of-living increase; the staff has received merit increases. She went on to say that under paragraph 2.2 "Employee may be entitled to a Bonus of up to 40% of the Salary at the sole discretion of the Board as set forth in Exhibit B."

Shannon Keel asked how the Executive/Legislative Committee arrived at the 10% merit increase.

Molly Rezac answered by saying that the E/L Committee recommended the 10% increase based on the information in the meeting materials under Item E2 FY 19-19 CEO Merit Evaluation. This included a self -evaluation by Mr. DeLone, a 360° Review by the Executive Leadership Team and Board Evaluations. Based on this information, the Executive/Leadership Committee made the recommendation of the 10% salary increase.

Nat Carasali, chairman of the Executive/Legislative Committee, added that the committee met on two separate occasions and looked at all of the information presented in the board packets. He stated that they discussed all of the information in that packet, both positive and negative, and voted on the 10% merit increase.

Chairman Lucey asked if Mr. DeLone had any remarks to the decision of the Executive/Legislative Committee.

Phil DeLone stated that the Executive/Legislative Committee met to review and discuss the CEO annual performance, through the verification of measurable performance goals. He added that the merit increase is tied to the goals and objectives in the long-range strategic plan adopted by the RSCVA Board of Directors. Mr. DeLone addressed Strategic Priority #1: Visitation/Destination Awareness. He said that a goal of 1,278,000 room nights was established for destination marketing driven room nights from our three core markets of the Los Angeles basin, the San Francisco Bay Area and Seattle. He said that the results were off slightly, by 4%, however this is arguably attributable to the properties driving a nearly 11% increase in the average daily rate (ADR). This higher ADR is a

significant increase, resulting in more than \$11million in additional taxable room revenue. He said that the resorts and hotels are sacrificing a little occupancy, for a higher room rate. Mr. DeLone addressed Strategic Priority #2: Direct Room Night growth. He stated that in convention and meeting sales, the team exceeded the goal, booking 289,030 room nights of convention business for the future. Of those room nights, 37% was completely new business having never met in the destination previously, nor having had previous contact with the RSCVA. He said that this achievement indicates that our eight sales people located remotely throughout the United States, plus our seasoned team here in Reno, are producing measurable results. He added that client site inspections, another measurable statistic, have increased, resulting in more property visits and the booking of cash room nights. Mr. DeLone then addressed Strategic Priority #3: Facility Efficiency. He said that the RSCVA facilities provide great service and have consistently been given high marks by our customers for the level of service and attention to detail that our facilities offer. He added that SMG and Savor are doing an excellent job in keeping our valuable customers happy. Finally, Mr. DeLone spoke to Strategic Priority #4: Organizational Stability. He said that the financial health of the RSCVA is excellent. The RSCVA met revenue expectations while controlling expenses. He stated that the RSCVA was nominated as "one of the best places to work" in Reno Tahoe by the Northern Nevada Human Resources Association. In order to secure this designation, the RSCVA employees themselves, through a third-party survey, had to evaluate the employer at a satisfaction rate of no less than 80%. The RSCVA received a score of 89%. Mr. DeLone went on to say that he has read the recommendation by the Executive & Legislative Committee, and while they unanimously voted to recommend a 10% annual base salary increase, he accepted a 5% increase. Mr. DeLone closed by saying that he is honored that the Committee believes in his leadership and that the RSCVA is being led in the right direction.

Chairman Bob Lucey stated that the staff reviews of Mr. DeLone are understandably anonymous, however, the board review of Mr. DeLone did not afford the board the ability to make comments or elaborate on any given question. He said that, in the future, the board should have the ability to address any issues, make a comment and voice concerns in the evaluation. He added that he felt a 10% was high, but a motion was made for the 10% and seconded. Mr. Lucey said that it is now up to the sole discretion of the board to decide if they agree with the Executive/Legislative Committee.

Shannon Keel stated that she remained fairly neutral in the board review process as she is a relatively new member of the board. Ms. Keel agreed that future reviews should give the board the ability to expand on any given answer.

Mayor Schieve commended Mr. DeLone on putting together an exceptional team together. She added that she agrees with chairman Lucey, that the board should not be anonymous and that she has no problem accounting for her answers. Mayor Schieve added that she is constantly getting compliments on the branding of the region. She asked Mr. DeLone if there is a current plan to recapture business in the wake of the Interbike and SCI cancellations.

Mr. DeLone stated that no one could have foreseen that Interbike would fulfill one year of their five-year contract before the company imploded. He added that while SCI will fulfill two of the three-year contract, he feels that they will be back in Reno very soon. He went on to say that Michael Larraguetta has assembled a reliable sales team, including eight regional sales managers strategically placed throughout the country. Mr. DeLone said that he is more than confident that the team will meet and even exceed their numbers for this year. He said that although air service is growing, it continues to be a challenge when booking the city wide conventions. Mr. DeLone stated that SMG and Savor were hired to improve efficiencies at the four facilities and lessen the losses from those buildings. SMG is entrusted to lessen those losses. He added that our concert level has increased at the event center and the food and beverage profits are higher than in previous years.

Mayor Schieve stated that her concern is having empty buildings and thanked Mr. DeLone for staying on top of the facility management.

MOTION: Vice Chairman Ed Lawson made a motion to accept Mr. DeLone's offer of a 5% Merit Increase to his current salary. Seconded by Member Bill Wood. **Motion carried unanimously**

E3. Phil DeLone, President/CEO Goals & Objectives for FY 2018-2019

Molly Rezac, Legal Council, drew the board attention to Item E3 in the board packet. She noted that Strategic Priority #1, Visitation/Destination Awareness, was not achieved. The Goal was set at 1,278,000 total room nights from 3 target markets (Bay Area, LA Basin, Seattle). For FY 2018-2019, the room nights realized from the three core markets was 1,218,148. Therefore, the goal was missed by 59,852 room nights. She said that the Committee noted that ADR was up 10.7%. Upon inquiry, it was determined that this increase produced \$11,925,614.00 more room revenue than the year prior. The Committee felt that this increase in ADR more than makes up for the decrease in total room nights from the 3 target markets. She added that the committee noted that there were other factors such as weather and wildfires that may have affected the visitation as well. She said due to this information, the committee decided that Strategic Priority #1 was achieved. Ms. Rezac moved onto Strategic Priority #2, Direct Room Night Growth. She stated that the Fiscal Year 2018-2019 Goal was to produce 280,000 room nights. The RSCVA produced 289,030 room nights, stating that the goal was achieved. That said, the Committee discussed the Interbike cancellation, noting that the team had taken credit for 45,270 room nights that will not be consumed. However, the Committee felt, due to no fault of the RSCVA team, Interbike went out of business, and that this was the reason why these room nights will not be consumed. The Committee recommends that the Board not penalize the CEO for matters outside his control regarding Interbike and not require any deduction from the produced room nights. Therefore, the Committee found that the Strategic Priority #2, Direct Room Night Growth CEO Goal has been achieved. Ms. Rezac also touched on Client Satisfaction, noting that the goal was to maintain or exceed a straight average client satisfaction of 5.5 on a scale of 1-7, or 78%. She said that SMG conducted post-event surveys that detail an overall satisfaction of 90.4% and this goal was achieved. Ms. Rezac discussed Strategic Priority #3: Facility Efficiency. She said that this priority is to achieve the highest/best use of the facilities, in line with the RSCVA mission. The RSCVA was charged with the complete onboarding of SMG & SAVOR, improving operating revenues and minimize losses. Ms. Rezac stated that the facilities realized a revenue increase of 22.1%, from \$6.18 million to \$7.54 million, noting that this is without the National Bowling Stadium due to renovations. She added that even including NBS in the accounting, revenue increased 10.5% from \$7.17 million to \$7.92 million. Ms. Rezac finished with Strategic Priority #4, Organizational Sustainability, Leadership. The Leadership goal requires the CEO to "maintain a solid Executive Management Team." The Committee noted that in the Board CEO Evaluation Survey, 100% of the responses were positive and either "agreed" (2 responses) or "strongly agreed" (6 responses) with the statement "Phil DeLone has built a solid Executive Management Team." Ms. Rezac noted that with regards to Organizational Health, the RSCVA was nominated as committee agreed that this goal was achieved as the RSCVA was nominated as one of the "Best Places to Work" by the Northern Nevada Human Resources Association with an overall score of 88.09%. (Better than required 4.0 out of 5 or 80%). Finally, the financial health of the organization was met as the unaudited budget indicates that the RSCVA was under budget. Therefore, the Committee considered this CEO Goal achieved. In review of the remaining CEO Goals, the Committee noted that all other CEO Goals had been achieved. Based upon the above, the Committee recommended that the Board find that all FY 2018-2019 CEO Goals were achieved and award Mr. DeLone his full available Bonus, or \$110,000.

Nat Carasali, chairman of the Executive and Legislative Committee, stated that he stands by the committee's recommendation to award Mr. DeLone 100% of the 40% bonus and asked Mr. Lucey and Sterbens to weight in as members of the committee.

Bob Lucey shared that RSCVA has seen tremendous success in the time that Mr. DeLone has been running the organization, despite the setbacks like Interbike and Safari Club. He added that through the review process he saw lots of good suggestions from staff and the board that should be considered moving forward. Chairman Lucey said, to the Mayor's point, the RSCVA needs to continue to grow and evolve as an organization. He also recommends that the Executive/Legislative Committee revisit the CEO Bonus structure, namely the board reviews. He feels that the board should have the ability to make comments in each section to give the CEO crucial feedback. He also suggests that the board reviews no longer be anonymous. With that, Chairman Lucey stated that Mr. DeLone did achieve all of his goals set forth by the board and that he should receive the full 100% of the

40% bonus as laid out in his contract.

Mark Sterbens stated that as a member of the Executive/Legislative Committee, he voted in favor of the full bonus. He added that Mr. DeLone consistently asks him how the RSCVA can support the Nugget and the answer is to help find a better spending profile customer. Mr. Sterbens said that he feels the RSCVA has accomplished this through the higher ADR and an increase in air travel. He added that it is evident that Phil has secured a great team of people at the RSCVA.

Ann Silver stated that, as a member of the Executive/Legislative Committee, she supports the recommendation of the committee for the full bonus of 40% of the CEO salary.

Bill Wood stated that Mr. DeLone has assembled an outstanding team and supports the full bonus amount. He added that he would like to see the addition of a comment section in each section of the CEO review.

Shannon Keel stated that she agrees that Mr. DeLone is doing a great job; however, she disagrees with the recommendation of the Executive/Legislative Committee to award 100% of the bonus. She addressed Strategic Priority #1: Visitation/Destination Awareness and stated that the upturn in ADR could also be attributed to the investments the individual properties have made, marketing and holding their ground on rates. Therefore, she does not feel that 100% of the 15% should be awarded. Ms. Keel went on to address Strategic Priority #2: Direct Room Night Growth and said that she while Interbike and SCI canceling was no fault of RSCVA, the business is not coming to our destination and has not been replaced, and as a result she does not support the full bonus on Strategic Priority #2. Ms. Keel asked for clarification on Strategic Priority #3: Facility Efficiency. She stated that in the Priority it reads "Improve operating revenues and minimize losses" however, under Goal it reads "Increase Revenue." She said that she asked for clarification if the actual goal included profit and losses or just profit. Ms. Keel finished by saying that she feels that Mr. DeLone is entitled to a bonus, however, she does not feel that the full bonus should be awarded.

Mayor Schieve shared her concerns about the facilities and added that she would like to see a plan for future business to replace the two city-wide cancellations. She went on to say that she feels the Bowling Stadium is a prime example. It is newly renovated and asked what business SMG plans to bring to that building. She stated that she is not in favor of supporting the full bonus.

Councilman Ed Lawson commended Mr. DeLone and the entire team at the RSCVA on a job well done. He added that he supports the bonus recommendation.

MOTION: Nat Carasali made a motion to accept the Executive/Legislative Committees recommendation of the full 40% bonus (\$110,000). Seconded by Member Bill Wood. **Motion passes with a 7-1 vote in favor.**

E4. E-Sports Presentation

Shelli Fine, Director of Sports Development, presented the current trends and analysis on the complicated world of E-Sports.

E5. Review of the Fiscal Year 2018-2019 Public Relations Program

Ben McDonald, Senior Communication Manager, presented a review of the Fiscal Year 2018-2019 Public Relations Programs.

F. FINANCE DIVISION

F1. Board Award and Contract RFP 2020-02 (PWP WA 2019-279)

Robert Chisel, Director of Finance, asked the board to review and approve the bid award and contract for RFP 2020-02 (PWP WA 2019-279) to West Coast Paving Inc for the Reno-Sparks Livestock Events Center Pavement Repair in the amount not to exceed Two Hundred Eighty-Eight Thousand Three Hundred Ten Dollars (\$288,310).

MOTION: Member Ed Lawson made a motion to approve the bid award and contract to West

Coast Paving Inc. Seconded by Member Mark Sterbens. **Motion carried unanimously.**

F2. Board Award and Contract RFP 2020-01 (PWP WA 2019 268)

Robert Chisel, Director of Finance, asked to review and approve the bid award and contract for RFP 2020-01 (PWP WA 2019 268) to Kodiak Roofing & Waterproofing for the Reno-Sparks Convention Center Hall 3 Roof Replacement Section A and B in the amount not to exceed One Million Two Hundred Twenty Thousand Fifteen Dollars (\$1,220,015).

MOTION: Member Ann Silver made a motion to approve the bid award and contract to Kodiak Roofing & Waterproofing. Seconded by member Ed Lawson. **Motion carried unanimously.**

G. TOURISM SALES

G1. Review and Possible Action to Redirect Funding and Terminate the Existing Contract with Preferred Hotel Group, Inc., dba PHG Consulting

Art Jimenez, Director of Tourism Sales, recommended that the Board take action to redirect funding currently allocated to marketing efforts in China, and to exercise the RSCVA's right to terminate the contract between the RSCVA and Preferred Hotel Group, Inc., dba PHG Consulting. Pursuant to the terms of the PHG Consulting contract, the termination would become effective 120 days after the notice of termination is delivered, and the RSCVA would be required to make one additional payment of \$36,000 to PHG Consulting on or before October 15, 2019.

MOTION: Member Mark Sterbens made a motion to redirect funding currently allocated to marketing efforts in China. Seconded by Shannon Keel. **Motion carried unanimously.**

H. BOARD MEMBER COMMENTS REGARDING ITEMS FOR FUTURE MEETINGS

H1. Amendment of the RSCVA Unsolicited Proposal Policy and Guidelines

Phil DeLone presented proposed amendment to the RSCVA Unsolicited Proposal Policy and Guidelines. He drew the boards attention to the Evaluation Criteria section of the document and stated that number six was added and states "The proposal meets the core mission of the RSCVA – to produce cash revenue room nights for the Reno Tahoe community. These cash room nights ideally should be in sufficient number to allow the RSCVA the ability to recoup the cash investment in the unsolicited proposal, or, provide sufficient documentable economic impact.

MOTION: Chairman Bob Lucey made a motion to amend the RSCVA Unsolicited Proposal Policy and Guidelines. Seconded by . **Motion carried unanimously.**

H. BOARD MEMBER COMMENTS REGARDING ITEMS FOR FUTURE MEETINGS

Chairman Lucey asked for an update on the progress of the new RSCVA offices.

I. COMMENTS FROM THE FLOOR BY THE PUBLIC

No public comments were presented.

J. ADJOURNMENT

Meeting adjourned at 11:24 a.m.