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

The Regular Meeting of the Board of Directors of the Reno-Sparks Convention & Visitors Authority met at 9:00 a.m., February 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 Chief Jason Soto

Board Members Present:

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

Board Members Absent:

RSCVA Executive Staff Present:

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

RSCVA Executive Staff Absent:

Jennifer Cunningham, Executive Vice President

B. COMMENTS FROM THE FLOOR BY THE PUBLIC

Mr. Mike Torvinen, First Vice President of the Reno Rodeo Association, spoke in support of both respondents to the facilities management request for proposal be given an opportunity to make a presentation to the full Board.

C. APPROVAL OF THE AGENDA

MOTION: Member Lee Dillard made a motion to approve the February 22, 2018 Agenda. Seconded by Member Rick Murdock. Member Vick Wowo abstained. **Motion carried with one abstention by Mr. Wowo.**

D. APPROVAL OF MINUTES OF JANUARY 25, 2018 REGULAR MEETING

MOTION: Member Vick Wowo made a motion to approve the Minutes of January 25, 2018 Regular Meeting. Seconded by Member Lee Dillard. **Motion carried unanimously.**

E. AWARD OF RFP FOR PROFESSIONAL MANAGEMENT OF FACILITIES

Chairman Lucey provided a brief summation of the RFP process and the actions by the RSCVA Board of Directors relative to the RFP process for this item. He noted that the two respondents requested time to speak today. Each are to be provided with 10 minutes to provide a brief presentation to the Board in regard to their proposals. However, he clarified that the way the item is agendaized, the consideration would only be for the SMG Worldwide Entertainment and Convention Venue Management group to be considered as that is the staff recommendation being brought forward at this time. Mr. Lucey requested the members of Spectra Comcast to come forward and present. No one came forward. He called for the members of SMG to come forward and present.

Mr. Gregg Caren Executive Vice President of SMG Convention and Exhibition Centers, started to give a presentation to the Board regarding the staff and services of SMG. Mayor Schieve, via conference telephone, asked to clarify that representatives of Spectra were not present. She asked if they were aware that they would be provided with presentation time. Chairman Lucey responded that their representatives were contacted. Mayor Schieve noted her concern over not having a comparison sheet in the Board packet for this meeting or having the opportunity to view presentations for both respondents. Chairman Lucey requested Mr. DeLone to provide an explanation of the timeline of the RFP process. Mr. DeLone reviewed the process including the January 29, 2018 meeting of the six-member panel where both respondents were asked to make presentations and to reaffirm the selection process by responding to a set of six questions. He noted that respondents acknowledged each of the six questions to the affirmative. Following the presentations and review by the panel, the panel voted unanimously to recommend to the RSCVA Board of Directors, the selection of SMG. Mayor Schieve voiced her concern over not seeing both presentations in their entirety and stated that she would not be supporting the item.

Chairman Lucey asked Mr. Caren to continue his presentation.

Mayor Schieve left the meeting (via telephone). (9:17 a.m.)

Mr. Caren gave his presentation highlighting the background, structure and operations of SMG. He presented an overview and plans for the National Bowling Stadium, including a letter of support for SMG from the United States Bowling Congress. Mr. Caren introduced Mr. Jim McCue, Senior Vice President, Live Entertainment, who gave the presentation on the Reno Events Center and reviewed the background and experience regarding the entertainment component of SMG. He presented a letter from Live Nation indicating their commitment in pursuing live entertainment programming opportunities for the Reno Events Center and the Reno-Sparks Livestock Events Center. He discussed their relationship with Ticketmaster and overall special event concepts. Mr. Caren continued the presentation introducing Ms. Lesa Williams, National Director of Equestrian Facilities. She presented a brief overview of the equestrian component of SMG and reviewed possible ways to leverage their division and relationships on behalf of the Reno-Sparks Livestock Events Center. Mr. Caren completed his presentation with a focus on the Reno-Sparks Convention Center. He presented the statistics behind their current portfolio of convention centers and conceivable ways to utilize their exclusive national relationships as prospective customers for the Center. Mr. Caren also showed a testimonial video of SMG clients and their experiences with SMG facilities and staff. He reviewed SMG's experience with convention center expansions and food and beverage/catering services. Mr. Caren presented possible value-added financial impacts of SMG facility management.

Chairman Lucey opened the discussions with the Board members regarding the agenda item. Mr. DeLone asked to make some closing comments regarding some of staff's reasons for recommending the selection of SMG and asked for an opportunity for Mr. Chisel to give a presentation on the agenda item. Mr. Chisel reiterated that the processes followed are considered the best practices for an RFP. The scoring sheets that were developed in advance were based on performance not only costs. He presented the fiscal impact and terms relative to the facilities including the current financials, elements of the fiscal impact of professional management and the term sheet. The presentation included the base management fee of \$200,000 per year for SMG. Mr. Chisel noted the base management fee for Spectra was \$180,000 per year. He continued reviewing the proposed agreement including a possible quantitative financial incentive, quantitative sponsorship incentives and a key performance indicators scorecard also to a qualitative incentive. Using some of the proposed items, he reviewed some pro forma scenarios. Mr. Chisel reviewed a list of the term sheet items that were included in the staff report. The term of the agreement would be through June 1, 2022 with option to extend for additional two (2) three (3) year terms at the Authority's option

Mr. Lucey brought the discussion back to the Board. Mr. Wowo stated that he empathized with Mayor Schieve

regarding transparency and the inability of the Board to intervene during the selection process. He commented that he thought SMG was the best company there and expressed disappointment that Spectra did not show up. Mr. DeLone asked Mr. Wowo if Spectra had met with him yesterday and if he was under the impression that they would be presenting at the meeting today. Mr. Wowo responded, yes. Mr. Caren responded to questions from Board members regarding how SMG might be able to impact the meeting/event opportunities and opportunities to assist with air service. Mr. Carasali asked why there was concern now of transparency if the panel voted unanimously and asked Chairman Lucey and Mr. Kennedy, for the legal perspective, if transparency was followed. Mr. Lucey responded that he could not answer the first question but he stated from his standpoint, that Washoe County handles many of their RFPs regarding service providers in this same manner: staff brings forward a recommendation. Mr. Carasali asked Mr. Lucey if he was comfortable with the process. Mr. Lucey responded affirmatively. Mr. Kennedy noted that he was in agreement and that the process that was put in place satisfied all of the requirements and did not create any open meeting law violations or RFP issues.

Ms. Azzi Shirazi addressed the Board with questions regarding SMG.

Mayor Schieve arrived. (10:17 a.m.)

MOTION: Mr. Sterbens made a motion to accept staff's recommendation to award Request for Proposal 2018-01 for the management and operation of the National Bowling Stadium, Reno Events Center, Reno-Sparks Convention Center and Reno-Sparks Livestock Events Center to SMG Worldwide Entertainment and Convention Venue Management. Seconded by Mr. Carasali. Mr. Lawson commented that he appreciated Mayor Schieve's comments on the telephone but also appreciated that Mr. DeLone and his team had made a recommendation and that he was in support of that recommendation to support SMG. Mayor Schieve requested to see any materials that were submitted by the respondents. **Motion carried 7 to 2 with Mayor Schieve and Mr. Wowo voting against the motion.**

Following the vote, Mr. Kennedy asked for direction for next steps in executing a contract.

MOTION: Mr. Sterbens made a motion to bring the contract back to the Board for approval prior to execution. Seconded by Mr. Carasali. **Motion carried 7 to 2 with Mayor Schieve and Mr. Wowo voting against the motion.**

F. PRESENTATIONS – DISCUSSION AND POSSIBLE ACTION

F1. Downtown Business Improvement District Presentation

Mr. Bill Thomas, Assistant City Manager for the City of Reno, was introduced. He explained that one of his responsibilities for the city is economic development. Mr. Thomas noted that a point to his presentation was the definition of the word homeless to the City of Reno, not as a class of people but as a class of behaviors that are of concern to the citizens of Reno as well as the tourists who come to the community. He explained that the core of his presentation was a new strategy and approach to deal with this re-acute and growing problem. Mr. Thomas made a presentation explaining the Business Improvement District (BID) concept. He explained the correlation between ReIMAGINE Reno, the City's Master Plan, the follow up to that which was the Downtown Action Plan and the proposed BID that is scheduled to come back to the City Council on February 28, 2018 for a decision regarding possible implementation. Mr. Thomas defined the BID as a self-imposed and self-governed property assessment, not a property tax, for a service provided. By state law it must be requested and approved by the majority of people who own property in the district. The assessment is based on the value of the property. The BID must come up with 51% (percent) of the assessed value of the property in the district to support it. He reported that currently have close to 63% percent support. He presented the goals, plan and basic concept of the BID. A core concept of the plan is use teams of Ambassadors, rather than Reno Police Department (RPD) to focus on hospitality, quality of life issues and social work. The BID would also create a private, non-profit Downtown Management Organization (DMO) to oversee BID functions and services with service to be broken out by zones/boundaries (core downtown). Mr. Thomas reviewed the year one budget and explained their request for funding support is to move away from an assessment district that pays for the police officers in the community to one that provides a different responder referred to as an ambassador. In making this change, there is an issue in backfilling approximately \$875,000 for a three-year period to get the BID up and running. The BID has currently raised \$100,000 in pledges from private businesses who are already part of the assessment and they have heard of additional support from Reno Transportation Commission (RTC) and Nevada Department of Transportation (NDOT). He introduced Chief Jason Soto, Reno Police Department, who explained the challenges region-wide relative to the issues of homelessness. Chief Soto noted the entities that

RPD has currently in place to provide assistance in various areas of support for these individuals. The average time that a police officer spends in servicing this type of call is two to three hours. The idea of the BID ambassadors is to assist with these individuals and provide help with finding the resources they need which will free up the police officer's time and allow reallocation of those resources to the rest of the city. Chief Soto thanked the Board for taking this request in to consideration.

Chairman Lucey recognized Mayor Schieve. Mayor Schieve stated that she had been advised by the City Attorney's office to refrain from any voting until the City Council officially incorporates the BID at the City of Reno and advised that she would not be making any remarks and would recuse herself.

Mayor Schieve left the room. (10:52 a.m.)

Chairman Lucey made the disclosure that he is a member of the 501c3 initial group devised to create the BID and would recuse himself based upon advice from legal counsel. He turned the discussion over to Vice Chairman Ed Lawson.

Chairman Lucey left the room. (10:52 a.m.)

Mr. Murdock disclosed that the Eldorado owns property that is located in the BID and that it would be subject to assessments from the BID but that he had no significant procuring interests or commitment which would affect independent judgment of a reasonable person to participate on this side.

Mr. Thomas responded to questions from Board members including what other entities have been asked for support, is there a plan to expand this program into other parts of Reno and Sparks and how the program would assist the individuals with shelter. He stated that this was not an ask to the RSCVA to fund police officers as an on-going program but as a three-year transition.

MOTION: Mr. Carasali made a motion for the Board to commit \$100,000 for one year to this program. The Board should be updated on a regular basis and receive an annual review on the program's progress and achievements relative to initial projections and estimates. The Board would then discuss a possible second donation at the end of that year as to if as a Board or the RSCVA would like to commit some additional funds at that time. Seconded by Mr. Wowo.

Discussion ensued regarding the impact of homelessness on tourism and the community.

Motion carried 7 to 2 with recusals from Chairman Lucey and Mayor Schieve.

Mr. DeLone thanked Chief Soto for the Reno Police Department's help in securing the Interbike convention and other groups to the destination.

Chairman Lucey and Mayor Schieve returned to the meeting. (11:15 a.m.)

F2. Reno-Sparks Convention and Visitors Authority Staff Updates

President/CEO Phil DeLone thanked the Board for their support in selection of professional management. He presented an update on the RSCVA's collaborative work with the Airport Authority on increasing air service during Interbike and the Safari conventions moving forward. They have had outreach to Alaska, Southwest and Frontier Airlines and everything is moving along on target. At the end of this month, PHG Consulting Chinese team will be here in Northern Nevada for a complete site inspection. He indicated they would report on the results of this visit at the March meeting. The RSCVA has been re-appointed to a seat on the Board of Directors for the National Automobile Museum. The Sales department is well ahead of pace and Mr. Larragueta will give a complete report.

Ms. Esther Isaac, Director of Marketing, reported that they had the RSCVA national public relations firm in last week with a media fam and have already realized some great exposure from it. The firm also had an opportunity to meet with key stakeholders and received tours of their facilities. She distributed two new collateral pieces, the Visitor Planner and 2018 events guide. The Marketing team is currently working on a social media influencer integrated marketing event planned for early summer and working with Interbike and the Sales team on their upcoming convention.

Mike Larragueta, Vice President of Sales, presented an update on the December 2017 scorecard and year to date. From an overall Tourism segment perspective, room night December production increased 14.3 %

(percent) and for the year-to-date number has increased 13.2% (percent), representing from 354,557 to 408,393 room nights. For the Convention Sales segment, for the month of December, group and meeting room nights increased 268.1% (percent) year-over-year from 25,293 to 93,102 room nights primarily because of the three out of five years of Interbike turning definite in the month of December, representing 63,000 of the 93,102 total contracted room nights. The month of December produced 20 definite group bookings from eight market segments. Year-to-date, Convention Sales has increased 8.9% (percent) over prior year from 141,654 to 155,329 room nights. Through the first six months of the fiscal year, Convention Sales is 161% (percent) of goal. For the month of January, production was 23,121 room nights against a goal of 16,942, 126.7% (percent) of goal. Through January 2018, definite room nights total 178,450 against the annual goal of 260,000, 69% (percent) to goal for seven months of the fiscal year. Mr. Larragueta announced the hiring of Mr. Charles Mullins as Regional Director of Convention Sales for the Northern California and Nevada territory. He will start March 5, 2018. Per a prior RSCVA Board member's request to provide a comparison of occupancy, average daily rate and revenue per available room (RevPar) for all room night segments, especially group, Mr. Howard Olsen of OnStrategy is here today to discuss the results of that request.

Mr. Howard Olsen presented a brief background for the above request and the resources used to obtain the data, the breakdown between the overall market comparison and the group/convention results. There were no equitable comparisons that could be used for the leisure side. He also explained the Tier 1 and Tier 2 competitive groups. This will be coming forward to the Board on a monthly basis. Mr. Larragueta provided additional explanation of the overall report contents. Mr. Olsen and Mr. Larragueta responded to questions from the Board members. The report is based on the calendar year.

Mr. Robert Chisel, Director of Finance, presented an update on the scorecard for Finance. He highlighted that cash room nights were up 6.6% (percent) to \$19 million for the year-to-date, December 2017. Taxable Revenue was up 14.3% (percent) to \$208 million compared to \$182 million for the same period last year. The average daily rate was \$105 average for the first six months of this fiscal year. He also pointed out that the average daily rate for the month of December was \$99.17, a record high. He noted the Finance department was continuing to work on developing the 2019 budget. They are also working on a differentiation of the comp rooms with fees from the average daily rate as requested by a number of the properties as a change in the room tax reporting. This should hopefully be available for implementation in the next couple of months.

There was no discussion.

Information only. Non-action item.

G. AWARD OF RFP FOR CARPET INSTALLATION AT THE RENO-SPARKS CONVENTION CENTER

Mr. Chisel discussed the bidding process for replacing the carpet at the Reno-Sparks Convention Center which is budgeted in this year's budget. There were three bidders, Shaw Contract, Durkan/Mohawk and Tandus Centiva. The lowest bidder was Shaw at \$734,335.52, followed by Durkan. The design has not been set. Staff will be working with Shaw and TSK Architects to develop a design. Mr. Chisel responded to questions from the Board members.

MOTION: Mr. Dillard made a motion to accept staff's recommendation to award Request for Proposal 2018-04 to Shaw Contract for the design and procurement of carpet for the Reno-Sparks Convention Center in an amount not to exceed \$734,335.52. Seconded by Mr. Wowo. **Motion carried unanimously.**

H. APPROVAL OF ONSTRATEGY'S STRATEGIC PERFORMANCE MANAGEMENT AND VISITOR ORIGIN ANALYSIS SCOPE OF WORK FOR FY 18/19

Mr. DeLone explained this is a renewal for OnStrategy's annual agreement and explained their role as the administrator for the RSCVA long-range plan and other management consultancies. Staff is recommending OnStrategy's agreement be renewed for a period of one year from July 1, 2018 to June 30, 2019 for \$127,000.

There was no discussion.

MOTION: Mr. Carasali made a motion to accept staff's recommendation to renew the agreement with OnStrategy for a period of one year from July 1, 2018 to June 30, 2019 for \$127,000. Seconded by Mr.

Murdock. **Motion carried unanimously.**

Mayor Schieve departed. (11:34 a.m.)

I. BOARD MEMBER COMMENTS REGARDING ITEMS FOR FUTURE MEETINGS

None

J. COMMENTS FROM THE FLOOR BY THE PUBLIC

None

K. Adjournment

Meeting adjourned at 11:35 a.m.