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**Reno-Sparks Convention & Visitors Authority
Board of Directors Retreat and Strategic Plan Update Workshop Minutes
November 15, 2017**

The Reno-Sparks Convention & Visitors Authority Board of Directors Retreat and Strategic Plan Update Workshop met at 7:30 a.m., November 15, 2017 at the Reno-Sparks Convention Center, 4950 S. Virginia Street, Room C-1, 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 7:33 a.m.

Pledge of Allegiance led by Ms. Abbi Whitaker

Board Members Present:

Nat Carasali
John Farahi
Councilman Ed Lawson
Commissioner Bob Lucey
Rick Murdock
Mayor Hillary Schieve.....via telephone arrived at 8:02 a.m. (departed 9:20 a.m.)
Vick Wowo
Bill Wood

Board Members Absent:

John Vineyard

RSCVA Executive Staff Present:

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

B. COMMENTS FROM THE FLOOR BY THE PUBLIC

- Abbi Whitaker – Resident of Washoe County and supporter of WC1 spoke on behalf of the sale of Wildcreek to the school district for a new high school.
- Richard Jay – Resident of Reno spoke on behalf of Wildcreek remaining a golf facility.
- Rich Lawlor – Resident of Washoe County spoke on behalf of Wildcreek remaining a golf facility.
- Mike Brierly – Resident of Washoe County spoke on behalf of Wildcreek remaining a golf facility.
- Charles McCubbins – Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
- Kathleen Shupp - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
- Gretchen Bietz - Resident of Washoe County and supporter of WC1 spoke on behalf of the sale of Wildcreek to the school district for a new high school.
- June McCubbins - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
- Arlene Dempsey – Resident of Sparks submitted written comment that Wildcreek should remain a golf facility.

William Dempsey - Resident of Sparks submitted written comment that Wildcreek should remain a golf facility.
Cecilia Royce – Submitted letters to the Board and spoke that Wildcreek should remain a golf facility.
John Capurro- Suggested postpone of sale of Wildcreek until more information.
Kim Tracy – Resident of Washoe County spoke that Wildcreek should remain a golf facility.
Karly Lott – In support of selling Wildcreek to school district for a new high school.
Dr. Dana Ryan, Director of Education at Washoe County School District – In support of selling Wildcreek to school district for a new high school.
Debra Byerstorff, Chief Academic Office for Washoe County School District - In support of selling Wildcreek to school district for a new high school.
Joe Ernst, Area III Superintendent for Schools (Spanish Springs & Reed Schools) - In support of selling Wildcreek to school district for a new high school.
Christina Oronos, Principal of Hug High School - In support of selling Wildcreek to school district for a new high school.
Charlotte Kim - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
John Hesse - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
Juliana Diers - Resident of Sparks submitted written comment that Wildcreek should remain a golf facility.
Darla Lee - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
Bengt Sternberger - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
Diane Antonitsctt - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
Jolene Avera - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
George Lee - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
Nancy Hathaway - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
Ty Crawford - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
Anita Crawford - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
Wesley Griffin - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.
Liz Griffin - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.

C. APPROVAL OF THE AGENDA

MOTION: Member Vick Wowo made a motion to approve the Agenda of November 15, 2017. Seconded by Member Nat Carasali. **Motion carried unanimously.**

D. APPROVAL OF MINUTES OF SEPTEMBER 28, 2017 BOARD OF DIRECTORS MEETING & SPECIAL MEETING OF BOARD OF DIRECTORS OF OCTOBER 26, 2017

MOTION: Member Rick Murdock made a motion to approve the Minutes of September 28, 2017 Board of Directors' Meeting and Special Meeting of Board of Directors of October 26, 2017. Seconded by Vice Chairman Ed Lawson. **Motion carried unanimously.**

E. APPOINTMENT OF BOARD MEMBER PURSUANT TO NRS 244A.601(1)(d)(4) REPRESENTING GAMING ESTABLISHMENTS

Legal counsel Ben Kennedy stated John Vineyard resigned his seat on the RSCVA Board of Directors. Virginia Valentine from the Nevada Resort Association submitted a letter nominating Mr. Lee Dillard, Vice President/General Manager of Harrah's Reno to fill Mr. Vineyard's vacant spot for the remainder of Mr. Vineyard's term. The appointment would be effective immediately. Only elected officials could vote but appointments were open to discussion by the entire Board.

MOTION: Mayor Hillary Schieve made a motion to elect Mr. Lee Dillard, Vice President/General Manager of Harrah's Reno to fill the vacant spot of John Vineyard on the RSCVA Board of Directors. Seconded by Chairman/Commissioner Bob Lucey. Comment by Councilman Ed Lawson was how to reconcile this vote with the fact that the Chamber of Commerce was asked to submit three names versus just one by the NRA. Chairman Lucey indicated this was a replacement of a seat within the same organization. **Motion carried unanimously with the electeds – all present.**

F. PERSONNEL & FINANCE COMMITTEE RECOMMENDATION REGARDING CEO GOALS AND PROCESS FOR AWARDING BONUS FOR FISCAL YEAR 2017-2018

Chairman of the Personnel & Finance Committee, John Farahi, chaired several meetings. They were held to establish performance goals for the CEO for Fiscal Year 2017/2018. He read the core responsibilities of the CEO into the record. He explained that the committee discussed at length how to measure the success of the CEO and his achieving those Goals. Legal Counsel Molly Rezac referred the Board to their packets which outlined the proposed goals and process for Fiscal Year 2017-18 for the CEO. Based on the Strategic Priorities, Priority #1 is now Direct Room Night Growth at 35%, Priority #2 is now Visitation & Destination Awareness at 15%, Client Satisfaction at 10%, Facility Management at 15%, Leadership at 15%, Organizational Health at 5% and Financial Health at 5%. This document will be used to determine how the bonus will be calculated following the results of FY 17-18.

MOTION: Member Vick Wowo made a motion to accept the Personnel & Finance Committee's recommendation regarding the CEO's goals and the process for awarding the bonus for Fiscal Year 2017-18. Seconded by Member Rick Murdock. **Motion carried unanimously.**

G. CONSENT ITEMS

G1. Approval of the RSCVA to Joinder with the State of Nevada for Services of Independent Contractors for Temporary Staffing Services for an Amount Not to Exceed \$500,000 per Fiscal Year

G2. Approval of the RSCVA's Fund Policies

G3. Approval of an Agreement Between the RSCVA and TSK Architects, Ltd. to Provide Carpet Design, Bid Drawings, Bid Services, and Construction Administration Services for the Reno-Sparks Convention Center in an Amount Not to Exceed \$61,975

G4. Approval to Award a Contract to Nevada Chiller & Boiler to Procure and Install Chiller Equipment at the Reno-Sparks Convention Center for the Computer Room in an Amount Not to Exceed \$61,380

G5. Approval of an Agreement Between the RSCVA and Benchmark, Inc. to Provide Project Management and Construction Observation for a Roofing Project for the Reno-Sparks Convention Center in an Amount Not to Exceed \$55,000

MOTION: Member Nat Carasali made a motion to approve Consent Agenda Items G1 through G5. Seconded by Vice Chairman Ed Lawson. **Motion carried unanimously.**

H. HUMAN RESOURCES

Proposed Revision to RSCVA Employee Benefits Policy and RSCVA Retirement Policy

Ms. Sheri Nill, Human Resources Director, presented to the Board for discussion and potential action two HR policies:

HR Policy 600.600 Employee Benefits: This policy was approved earlier this year and recently changes were made to the Employee Benefit plan by approval of the Board. HR would like to make those changes to the policy to reflect that language and also add language to align with the City of Reno's language in regard to coordination of benefits. This new language would require employees, as they become eligible for Medicare, to register for Medicare.

HR Policy 600.605 Retirement from RSCVA: This language currently exists in the RSCVA handbook, however, it is not a formalized policy. HR would like to provide this as formalized policy not only for transparency, but for action by the HR Department to proceed as approved by the Board. In addition, the language adding the requirement of employees, as they become eligible as retirees to register for Medicare, would be added, as is consistent with the City of Reno's policies.

MOTION: Member Nat Carasali made a motion to approve HR Policy 600.600 Employee Benefits with said changes and the addition of HR Policy 600.605 Retirement from RSCVA as stated. Seconded by Member Rick Murdock. **Motion carried unanimously.**

I. RENO-SPARKS CONVENTION & VISITORS RSCVA STAFF UPDATE

President and CEO Phil DeLone said the August Year-to-Date snapshot performance scorecard is quite positive. Overall visitor growth and volume is up by 9.1% compared to prior fiscal year. This year the region has had 1,025,000 visitors compared to 939,000 last fiscal year. Room nights are up 9.3% over last year at 755,000. Washoe County overall experienced an 81.5% occupancy which is up by 7.7% compared to last year at 75.7%. The Average Daily Rate, which is a significant barometer, is up by 8% at \$119.13 compared to last year at \$110.30. Member John Farahi asked that future presentations include a national barometer for comparison versus just prior years.

Information only. Non-action item.

J. BOARD RETREAT/STRATEGIC PLAN UPDATE WORKSHOP

Public Comment

Wesley Griffin - Resident of Sparks spoke on behalf of supporting Wildcreek remaining a golf facility.

Kathy Maus – Resident of Sparks on behalf of supporting Wildcreek remaining a golf facility.

Chairman Bob Lucey closed public comment and said this portion of the meeting may be taken out of sequence and would concentrate on the workshop portion.

J3. Authorization for the Issuance of a Request for Proposal for the Professional Management and Operation of the National Bowling Stadium (NBS) and the Reno Events Center (REC), and the Reno-Sparks Convention Center (RSCC), and the Reno-Sparks Livestock Events Center (RSLEC), and for Staff to Return with a Recommendation on Management of Said Facilities

Phil DeLone provided the Board with a background on the facilities and what professional management for the RSCVA facilities would look like. He emphasized that all the key cities and convention centers across the United States are run by professional management companies. The top three professional management companies are AEG out of Los Angeles, Spectra out of Philadelphia (also known as Comcast Spectracore), and SMG. The RSCVA is looking for a firm with a proven track record, proven national references, and a large existing client base that provide a legacy of best practices. In a nutshell, professional management is to convention centers what the Hyatt or a Marriott is to the common hotel. The public knows coming in that they will receive the highest caliber of service out there. Mr. DeLone said these professional management companies not only provide everyday management of personnel, but they have years of experience with expansion and bring their own clientele in marketing the facilities. While the cost savings may not be seen immediately, at a current occupancy usage at 28%-30%, their track records show they bring occupancy to 50, 60 and even 70% in many cases. The RSCVA is requesting authorization for a request for a proposal to pursue hiring a professional management company for its facilities.

MOTION: Member John Farahi made a motion to authorize the issuance of a Request for Proposal for the professional management and operation of the National Bowling Stadium, the Reno Events Center, the Reno-Sparks Convention Center, and the Reno-Sparks Livestock Events Center, and for staff to return with a recommendation on management of said facilities. Seconded by Member Nat Carasali. **Motion carried unanimously.**

J2. Authorization for Staff to Seek a Consultant to Prepare a Feasibility Study Regarding the Market, Characteristics, Cost and Funding of Expanding the Reno-Sparks Convention Center

Phil DeLone gave a history of the destination and its unique characteristics. He explained how both Safari Club International and Interbike bring \$20 to \$21 million in economic impact per year to the destination, but both entities barely fit in the Convention Center. The RSCVA is recommending the Board entertain and consider expanding the Convention Center by 225,000 square feet of exhibit space. He said by expanding it 225,000 square feet that would bring it the magic industry number of 600,000 square feet which would enable the center host 3,000 booth shows. Statistically that would enable the convention center to host 80% of the trade shows in North America. In addition, Mr. DeLone would like to see an additional 75,000 square feet of meeting space for break out sessions, lunch, etc. That would bring the total addition to 300,000 square feet.

Mr. DeLone shared with the Board what the competition is doing. He highlighted the closest competitors being Vegas who is expanding putting \$1.4 billion into an expansion there. San Francisco's Moscone Center is spending \$500 million. Sacramento who is just 127 miles away is doubling their center to 257,000 square feet. Denver just completed a \$750 million expansion. Mr. DeLone said the ask of the Board today is not to approve anything, other than to they would like to do a feasibility study to see if the market, characteristics, and cost of funding are all favorable for expanding the RSCC. Feasibility Studies cost approximately \$80,000 to \$100,000 but are not a waste of money. If this were to go forward, the State Legislature would ask for one in order to grant permission in the Spring of 2019 and so would any public bonding agency.

Vice Chairman Ed Lawson asked if the expansion would be large enough. Mr. DeLone said the feasibility study would determine that. Member Vick Wowo asked the current occupancy of the convention center and what the ultimate goal was. Mr. DeLone said the current occupancy is 28% to 30% which is unoccupied. The goal is to bring it up to a size where it can host larger conventions and keep the existing ones as repeat customers.

MOTION: Member Nat Carasali made a motion to authorize staff to a seek a consultant to prepare a feasibility study regarding the market, characteristics, cost and funding of expanding the Reno-Sparks Convention Center. Seconded by Member Rick Murdock. **Motion carried unanimously.**

J1. Board Retreat Consisting of a Review, Discussion, and Possible Direction to Staff and/or RSCVA Strategic Planning Consultants and Possible Action on the Five Year Strategic Plan Update for the RSCVA

Reno-Sparks Livestock Events Center

Mr. DeLone said they were waiting for some additional numbers from the consultant engineer on things like the roof and cooling system, so there would not be a deep dive on the RSLEC today.

Reno Events Center

Mr. DeLone said this is a great facility, built in 2005 with 7,200-seat capacity. It serves as a concert auditorium, exhibit hall for downtown-based conventions and meetings and events. Currently the REC is undergoing a \$500,000 repair on its 13-year old retractable seating and an annual maintenance agreement will be put into place to prevent that from occurring in the future.

National Bowling Stadium

Mr. DeLone said this just went through a \$3 million unexpected repair the HVAC system which was funded by the \$2 Downtown Fund through the City of Reno. In January 2019, it will be going through a \$4 million interior renovation that is part of USBC contract on the facility. They are the biggest users on the building and it has already been budgeted and is expected to be completed by the 2020 tournament.

Destination Awareness and Perception

The RSCVA is now in the midst of a multimillion dollar marketing plan concentrating its advertising in the core markets of the Los Angeles Basin, San Francisco, the Bay Area, and Seattle. Also engaged is a public relations firm out secured by RFP out of New York City that is basically planting stories and doing photography promoting positive travel stories about the Reno, Sparks, and Lake Tahoe area. In the next 12 to 18 months, a new website will roll out that has the ability to change or personalize/adapt based on where the user is located. Also in the next 12 to 18 months our region is being China-ready. China currently has 49,000 air seats flying non-stop to the western coast of the United States every week. These Chinese visitors come to our destination looking for a unique Wild West experience. Certain things need to be done to be prepared for their arrival and that is to add Union Pay (their credit card) to our hotels, restaurants, stores and shops. It is not difficult, but something that should be done to prepare. Mr. Farahi asked if seminars or training sessions could be provided to educate the businesses and casinos to put the infrastructure in place prior to their arrival.

Growing Tourism

Mr. DeLone said educating the wholesalers, retail travel agencies and stakeholders is key. Three electronic newsletters go out monthly and keep them informed of what is happening in our region.

Direct Room Night Growth

This has been the main focus in the last few months. Mike Larragueta joined the team in February or March. In addition to the existing satellite offices in Washington DC, Denver, Southern California and Portland, now Atlanta, Vegas and Sacramento offices have been added. An additional office in Chicago is also being considered. The industry sponsorships with American Society of Association Executives, Meeting Planners International, and Professional Convention Management were big ticket items and have all been trimmed back saving the RSCVA about \$600,000. The local companies, all 400 to 500 of them in our region, are now being solicited for business through a new Corporate & Community Sales Manager here at the RSCVA, Morgan Edwards. For our convention client satisfaction, we have Jennifer Powers.

Mr. Farahi requested a comparison with the national ADR and trends of travel versus just our own region.

Organizational Stability

Mr. DeLone said it is his goal to provide a place for valued employees and management to have a good quality place to work that is transparent with good policies and procedures. Bringing a new Director of Finance, Robert Chisel on board has provided Best Practices and adherence to the Generally Accepted Accounting Principles.

Resources Used Specifically with Budget Forecast

Erica Olsen, CEO of OnStrategy reminded the Board that in August they identified the potential growth opportunities for the RSCVA and assigned a value to them in ROI. Robert Chisel elaborated in detail the financial policies and areas that have been changed and how the surcharge is being used in terms of growth for the organization. Robert Chisel also introduced Jeannine Stewart as the RSCVA's newest Senior Accountant.

Financial Policies

Mr. Chisel said the financial policies previously adopted by the Strategic Plan last year were very good. A couple of tweaks have been made as they look to the future and the potential expansion and bonding processing. The first is they added the General Fund Reserves. It adds a 10% reserve for expenditures. Part of it is for cash flow purposes that rating agencies require to handle the ups and downs of a cyclical economy. Currently the RSCVA is meeting that goal of a minimum of 10% fund balance. The next is a Capital Reserve Account where a half a percent of room tax revenues up to \$1 million are set aside. The RSCVA is meeting that policy. The third is the Debt Sinking Fund. This is required for the bond refunding of 2011 where 5% for the first 2 years where the room tax exceeded \$22 million was put in. Then it went to 10% for the next 2 years. This year it will be at 15% and remain at 15% until the bonds are retired. The RSCVA is defeasing \$1.4 million of the 2001 refunding bond. Part of the reason for that defeasement is because bond cannot be retired within 10 years of their refunding. It will save about \$750,000 total in interest.

The next item is the Rainy Day Fund account. One percent of room taxes for a goal of \$1 to 2 million. It is an additional General Fund Balance. Nevada Revised Statutes actually defined what a Rainy Day Fund is and how it to be handled. It is designed for emergencies. The RSCVA is building it into the General Fund Balances and will meet it this Fiscal Year. The goal is \$2 million.

The next is the Annual Capital Funding. Ten percent of all room tax collections up to \$2.5 million annually go to this funding. Again, the RSCVA will be meeting that. This year's budget has \$4.1 million in the Capital Budget that was approved back in May by the Board.

Air Service Fund dedicated a half a million annually to build up to \$1.5 million the RSCVA has assigned to the Assigned General Fund to support new air lift. Again, the RSCVA has budgeted a half million dollars to this year's budget.

The Discretionary Fund. If there are additional fund left over, based on the Strategic Plan, the RSCVA will come back to the Board for direction an approval as to how the money is to be spend as with all funds.

Financial Forecast

Mr. Chisel said a financial forecast has been developed. It has been created to look at 2019, 2020, and 2021 to match the Strategic Plan to see where the RSCVA is going. Several assumptions were made conservatively keeping revenue low and expenditures high. While 2018 looks like we are spending more than the revenue coming in, that is not the case. It is money that was approved but not spent in prior years. At this point 2019, 2020 and 2021 are financially sound moving forward.

Surcharge

The surcharge is a new source of revenue for the organization. While the Board approved the money to be spent on the Convention Center and the Livestock Events Center, the money has only been spent on marketing.

Board Policies and Direction

Chairman Lucey said the challenge with an everchanging and evolving Board is turnover. Membership changes and he would like to establish some policies and directions going forward to build in some consistency. Suggestions included an onboarding process for new members. A historical summary of previous motions and actions for all members to provide consistency and act as a reminder. Addressing staff with issues that are less than 2 hours in length or taking it to the Board for further approval. Utilizing subcommittees for major issues that take time and need more of a deep dive and then bringing a consensus back the Board for final action. Establishing policies that are similar to those of the LVCVA. Realizing the CEO of the RSCVA is the Board's employee, not anyone else and issues should be directed to him. Making it mandatory that every Board Member attend at least one travel sales mission a year.

Mr. Farahi questioned the \$4.5 million in bonding for the organization and where those monies were in the County. Chairman Lucey said he would look into that situation.

K. BOARD MEMBER COMMENTS REGARDING ITEMS FOR FUTURE MEETINGS

Vice Chairman Lawson requested a Legislative Platform for the group stating that in approximately 6 months they will be submitting Bills for the next Legislature in 2019. He said it is important as a group to decide what its legislative platform will be.

L. COMMENTS FROM THE FLOOR BY THE PUBLIC

Kim Tracy – Resident of Washoe County spoke on behalf of Wildcreek remaining a golf facility.

Wesley Griffin – Resident of Washoe County spoke on behalf of Wildcreek remaining a golf facility.

M. ADJOURNMENT

Chairman Lucey adjourned the meeting at 1:05 p.m.