

**ELKO CONVENTION & VISITORS AUTHORITY
SPECIAL BOARD MEETING
WEDNESDAY, DECEMBER 21, 2016
ELKO CONFERENCE CENTER
LAMOILLE ROOMS 3-4, 8:30 A.M.
MINUTES**

1. Roll call

ECVA Board Members Present: Gary Morfin
Barry Bhakta
Matt McCarty

ECVA Staff Present: Don Newman, Executive Director
Juli Nelson, Marketing Coordinator
Susan Paprocki, Comptroller
Steve Wehde, Facility Manager
Kandiss Fallowfield, Events Coordinator
Amber Merz, Administrative Assistant

Visitors Doris Toothman
Teri Gage
Delynn Jones

2. Call to order and Pledge of Allegiance

Board Chairman Gary Morfin Called the meeting to order at 8:43 am.

3. Public Comments- Non- Action Item

Pursuant to N.R.S 241.020, 2(c) (3), this time is devoted to comments by the general public, if any, and discussion of those comments. No action may be taken upon a matter raised under this item on the agenda until the matter itself has been specifically included on a successive agenda and identified to be an action item.

None at this time.

4. Approval of minutes from the Board meeting of November 22, 2016 – Action Item (public comment)

Mr. Matt McCarty made a motion to approve the November 22, 2016 Board Minutes, Mr. Barry Bhakta seconded. Motion passed.

5. NEW BUSINESS:

5A-1221-16 Presentation and possible approval of the 2015/2016 ECVA Annual Financial

Audit Report as presented by Teri Gage, Eide Bailly LLP. - Action Item (public comment)

Mrs. Teri Gage of Eide Bailly introduced herself and stated that everyone should have 3 separate documents pertaining to the Audit in front of them. She asked them to refer to the larger of the documents in front of them and flip to page 1. She stated that she was happy to report that the ECVA once again has what is referred to as a Clean Opinion on their financial statements. She explained that this is the kind of opinion you want to have, it means that your financial statements are fairly stated in all material aspects. She then asked them to flip to page 10 and stated that this page is the Net Position which is very similar to a balance sheet. Mrs. Gage referenced this page and stated that the ECVA Board is responsible for about \$8.9 million in assets. She stated that the new Conference Center is probably the significant of the changes this past year, she then read off some of the other larger purchases listed. She stated that one of the numbers in the financial statement is for the Net Pension Liability, this is the unfunded liability for PERS. She stated that this did go up from the previous year and that they will be funding this as each year goes by.

Mr. Matt McCarty stated that it really concerns him that the PERS went up. He asked Mrs. Gage what can be done to prevent this from happening again in the future.

Mrs. Gage stated that there isn't anything that can be done, this is out of their control. She explained that this is based on an actuary report, how many employees are in the system, their retirement date, the market and what's going up or down.

Further discussion regarding PERS funding took place.

Mrs. Gage then stated that the unrestricted net positions, which is basically the fund balance at the end of the year, actually increased about \$400,000, even with the new facility and other expenses.

She then moved on to the next page, the Statement of Activities. She stated that property taxes went up about 2% and assessed value went up about 4%. Room taxes did go down about 7%, or \$83,000 even though room tax rates did go up 2% on July 1st.

Mr. McCarty asked if the decrease included the 2% increase in room tax rates.

Mrs. Gage stated that it did.

Further discussion on room tax took place.

Mrs. Gage continued to reference the Statement of Activities and read through it for the Board.

She then moved to page 16. She stated that this covers the General Fund, at the end of the year in the General Fund they had an ending fund balance of about \$2.1 million which is an increase from about \$2 million last fiscal year. The expenses were \$10.3 million but \$8.3 of that was for the Conference Center. She explained that in the Governmental Accounting arena they don't like to see ending fund balance fall below 8.3%, which is 1 months' worth of expenditures, the ECVA is well above that with about 109% ending fund balance.

She then moved to page 24. She stated that there was unfortunately 1 statute violation this year. She explained that it came after further review from the Department of Taxation regarding the building of the Conference Center and the way the financing was done. The Department of Taxation developed a committee to look at the sort of financing the ECVA used and based on the committee's findings they felt that this financing fell under the guidelines of a Installment Purchase Agreement.

Mr. Newman explained that these were the meetings he and Mr. Nelson were attending in Carson City. He explained that going forward all of these rules will apply to entities using this financing method.

Mrs. Gage explained that had it been looked at as an Installment Purchase Agreement to begin with, they would have to had approval from the Department of Taxation to enter into the agreement and it would have required a favorable vote of 2/3 of the ECVA Board.

Mr. Morfin asked what this statute violation entails for the ECVA.

Mr. Newman stated that they just have to respond to the Department of Taxation, which they have already done.

Mrs. Gage stated that she believes that they will have to send a letter based on the Audit and respond to the Department of Taxation.

Mrs. Paprocki stated that they would have to send a Corrective Action letter.

Further discussion took place.

Mrs. Gage then stated that the other issue was that the Capital Outlay was not budgeted for the building so it created a violation.

Further discussion took place.

Mrs. Gage then asked the Board to look at page 36, she explained that this is the General Fund cash basis. She quickly read over this page for the Board and moved onto page 37. Page 37 is the Marketing and Tourism Fund. She stated that Room Tax went from about \$457,000 to \$434,000. She stated that they did have a few grants and they decreased the amount spent on advertising. Page 38 is the Capital Project fund, this receives the majority of the Ad Valorem property taxes. She stated that in 2015 it was at \$392,000 and in 2016 it was \$597,000. The ending fund balance in 2015 was \$1.7 million and in 2016 it was at \$2.3 million. Mrs. Gage then moved to page 39, the Facility Expansion fund. She stated that this is the fund they will see the biggest drop due to room tax. She stated that she is happy to report that there were no audit findings.

Further discussion took place.

Mrs. Teri Gage then stated that she would like to move on to the next document. She explained that this contains charts referencing and comparing the various accounts. She explained that they have discussed many of these numbers in the previous document. She then referenced this document and explained each of the charts to the Board.

Mr. McCarty asked what Leisure Travel referred to.

Mr. Newman stated that this was one of Mr. Lester's accounts having to do with the different tourism markets.

Further discussion took place.

Mrs. Gage stated that the last item is just a letter, Required Communication to the Board. She explained that they have already gone over most things covered in the letter, the one item she wants to mention is covered on the second page of the letter. She stated that it is in reference to "Other Post Employment Benefits", many entities that are larger than the ECVA get an actuary study or report on their Other Post Employment Benefits. When you are so small GASBY has given you an out so that you don't have to go pay \$5000 for an actuary when your liability is so minimal. She explained that the ECVA's liability is inching up so next year they may want to get an actuary.

Further discussion took place.

Mr. Morfin asked Mrs. Gage about committed funds versus uncommitted funds and how the Board would go about committing funds.

Mrs. Gage stated that committed funds are funds that have been set aside for a purpose. To commit funds a board must put an action item on an agenda and then pass it with a majority vote. This can be undone by another board but it must be put on another agenda and voted on.

Mr. McCarty asked Mrs. Gage if it was possible to petition the City to restrict funds for the Authority's use.

Mrs. Gage stated that she believed they were already doing that with the room tax.

Further discussion on this matter took place.

Mr. Matt McCarty made a motion to approve the 2015/2016 ECVA Annual Financial Audit Report as presented by Teri Gage, Eide Bailly LLP. Mr. Barry Bhakta seconded the motion. Motion passed unanimously.

**Documents mentioned above are available to review in the ECVA business office upon request.*

5B-1221-16 Presentation, discussion and possible approval of a request for marketing support funds from High Dessert Equine Events/High Desert Bull Bash in the amount of **\$2500.00** –
As approved by the ECVA Marketing Committee - **Action Item (public comment)**

**Mrs. Linda Bunch was conferenced in by phone at 9:47 am.*

Mr. Don Newman stated that he would like it if Mrs. Bunch could just give the Board a quick recap on the event and her application.

**Mrs. Teri Gage excused herself at 9:49 am.*

Mrs. Linda Bunch stated that she will be continuing on with the event this coming year. She stated that they will keep it on the weekend that the Jamboree was on, even though there will not be a Jamboree this year. She stated that they are planning on starting it later in the evening this time. They are also hoping to find some additional support or sponsorship money so that they can continue the motorcycle performance. She stated that they are also going to have more Bulls and Riders.

Mr. Newman stated that the Marketing Committee was very happy to have an event on this weekend as the Jamboree is not taking place this summer. He stated that he believes that they supported it unanimously.

Mr. McCarty thanked Mrs. Bunch for her recap and the detailed budget in her request. He stated that some of the numbers on the attachments do not seem to be adding up to the numbers included in the request and asked her to give some clarifications.

Mrs. Bunch stated that the attachments include some of her numbers from last year.

Further discussion took place.

Mr. Matt McCarty made a motion to approve the request for marketing support funds from High Desert Equine Events/High Desert Bull Bash in the amount of \$2500.00. Mr. Barry Bhakta seconded the motion. Motion passed unanimously.

Mrs. Bunch thanked the Board for their support and disconnected the call at 9:56 am.

6. OLD BUSINESS:

7. STAFF REPORTS:

7A-1221-16 Comptroller's Report/Approval of the November expenditures and all matters related to
–
Action Item (Public Comment)

Mrs. Susan Paprocki stated that this report is for the month ending November 30, 2016. General fund room tax for October was received in November and was \$50,684 and was a 7% increase from 2015. Marketing fund room tax for October was also received in November and was \$37,346 and was also up 7% from 2015. Year to date room tax revenues are up 4%. Ad Valorem taxes received in November were for October and were \$16,820, they have decreased 74% over October of 2015. This is due to the Centrally Assessed Ad Valorem taxes which we received in October in 2015. Year to date our Ad Valorem taxes are up .21%. Total Claims for November 2016 were \$233,203.58, this includes the Conference Center lease payment, utilities, LED retrofit to Allstate Electric, Cable One for advertising and Ruby Rose for lawn and landscaping.

Mr. Matt McCarty made a motion to approve the November 2016 claims and expenditures in the amount of \$233,203.58. Mr. Barry Bhakta seconded the motion. Motion passed unanimously.

Mr. Newman stated that he did want to let the board know that we did already get the rebate for the LED retrofit.

Further discussion took place.

7B-1221-16 Convention & Tourism Report - **Non-Action Item**

Mr. Don Newman stated that Mr. Lester is in Salt Lake City today. He then passed around a publication that featured the Elko Red Lion as well as a publication featuring Elko as a Tax Friendly place to retire.

Mrs. Juli Nelson then passed around a stack of publications and stated that Mr. Lester had asked her to show these to the Board.

7C-1221-16 Marketing Report - **Non-Action Item**

Mrs. Juli Nelson stated that she and Kandiss just returned from attending AMEA. She stated that she feels this is one of the best shows to help promote our Mining Expo. She stated that they are gearing up for next years events. She stated that she is working on promoting the Cowboy Poetry Gathering, Great Basin Gear Show and various other events happening next year. She is also working on the new Experience the Unexpected brochure.

Further discussion took place.

7D-1221-16 Events Report - **Non-Action Item**

Mrs. Fallowfield stated that Festival of Trees was very successful this year. They had 16 potential Charity Partners apply. She stated that this was an increase over previous years when they would only get about 9 applicants. They had 106 trees this year, she stated that it looked like they had a lot more than that but this was due to the set up she believes. She stated that the goal was to raise \$25,000 and they were able to exceed that and raise \$30,000 for their Charity Partners. The POW*MIA did the tree delivery again this year and did a great job, she stated that we are very thankful that they have been able to do this for us over the past few years and hope that they continue. The highest bid was for the tree donated by Eide Bailly and it went for \$1,025. She stated that the 2017 Events Calendars are done and they can be picked up in the Office. Steve and the guys will be delivering those once the new Visitors Guides are in. She stated that the AMEA Conference was a great experience. She has already started

working on the 2017 Mining Expo, registration packets will be going out in January so she is busy updating information.

Mr. McCarty asked if they noticed any different outlooks or attitudes towards the mining industry with the upcoming change in presidential administration.

Mrs. Fallowfield stated that she did.

Mrs. Nelson stated that she noticed many companies are anticipating mining to do better in the upcoming years.

Further discussion took place.

7E-1221-16 Facilities Report - **Non-Action Item**

Mr. Steve Wehde stated that he doesn't have any big projects right now. This is a busy time for the maintenance crew with all of the Christmas parties and concerts but they are doing well.

Mr. Newman stated that JMF purchased a new ice machine for the Conference Center and he and Tom picked it up while they were in Carson City. The one that was originally installed in the Conference Center was moved to the Sage Lounge of the Convention Center.

7F-1221-16 Administrative Report – **Non-Action Item**

Mr. Newman stated that when he and Mr. Lester went to Carson City they took the new work truck, it runs great. They went to the TAC meeting where they awarded over half a million dollars in grants for rural Nevada. He stated that the 2017 Holiday Schedule is attached to the Board Packet, the policy is that if a holiday falls on a Saturday it is observed on a Friday, if it falls on a Sunday it is observed on the following Monday. He stated that the Nevada Broadcasters report is also attached. This continues to be a great return on our investment. Mr. Newman then passed around thank you letters from various clients. He then passed around the Catering and Facility usage report and stated that Mrs. Longleys Catering report did not make it into the packet because she is still waiting on payment from a few people so some of the numbers may change.

Further discussion took place.

8. Public Comments – Non-Action Item

None at this time.

9. Board Comments – Non-Action Item

Mr. Matt McCarty thanked Mr. Gary Morfin for his years of service to the ECVA. He stated that he appreciated Mr. Morfin for the great hires he has made during his time on the Board of Directors, the conservative fiscal approach he has taken, for all that he has done during his time with the ECVA.

Mr. Newman stated that Mr. Morfin was the lone holdout from the original Board that hired him. He then told a story about his interview and presented Mr. Morfin with a photo and plaque commemorating his time with the Board of Directors and the construction of the Conference Center.

Mr. Bhakta thanked Mr. Morfin as well.

Mr. Morfin thanked everyone and stated that he had written something for the Board and staff but he asked if someone else would please read it.

Mr. McCarty read the letter aloud for the Board.

Further discussion took place.

10. Adjournment

Meeting Adjourned at 10:30 am.

1. To change the order of agenda items; and
2. Recess the meeting and continue at another specific date and time.



Gary Morfin, Chairman