

**Fallon Convention and Tourism Authority  
Meeting Minutes  
May 6, 2014**

Present: Chairman James Richardson, Councilman Bob Erickson, Councilwoman Kelly Frost, Board member Pranav Morar, Board member Scott Tate, Executive Director Rick Gray, City Clerk Gary Cordes.

Chairman Richardson called the meeting to order and asked if the posting requirements have been met. Cordes said they have.

Chairman Richardson said approval of the April 22, 2014 meeting minutes is next on the agenda. Gray said it will need to be tabled for the next meeting because the minutes are not prepared. Chairman Richardson tabled approval of the meeting minutes.

Chairman Richardson said the next item on the agenda is for public comments. There were none.

Chairman Richardson said the next item on the agenda is item #4, Discussion of Fiscal Year 2015 budget. He said we are here today because this board did not approve the Fallon Convention & Tourism Authority budget and agreed to meet again to see if there is a resolution or another budget for possible action.

Chairman Richardson said after a discussion with the City Attorneys there appears to be some conflict or potential legal issues with approving budgets tied under the City umbrella which requires City Council action. He said this meeting is therefore strictly to talk about the budget and the other matters would have to be placed on a City Council agenda to discuss the issues. He said he believes the items that would be discussed are, what the scope of this board is, what is the ordinance back in 1978 and how is it tied to what the City Council's authority is relative to approving finances and budgets. Chairman Richardson said the matter, based on open meeting law, cannot be discussed at this meeting but we can discuss the budget. He asked if there are any questions. Gray said he has extra copies of the budget for review.

Board member Tate asked what exactly can't be discussed at this meeting but at a City Council meeting. Chairman Richardson said the issue of whether the City Council has responsibility of controlling the budget relative to the finances involved here which are tied under the City umbrella, and the budget that the City submits under NRS could not be discussed here. Board member Tate said the issue is, if it can be approved exclusively by the City Council as opposed to by the Convention and Tourism Authority Board. Chairman Richardson said that is correct and would have to be on the City Council agenda and we cannot discuss it here. He said that we are here today to discuss the tourism budget which is on the agenda and that has been thoroughly discussed in previous meetings. He asked if there were any other questions.

Gray said he would like to add a little historical background to the document the board had received over a number of years with the exception of Councilwoman Frost. Gray said the process has been honed and refined with the help of our City Clerk Treasurer who has been very helpful in showing me how to look at our revenues, understanding what our fixed costs are and from there pulling out what our discretionary income is so that I could plan our Fallon tourism marketing effort. He said over the years the budget you have seen includes all of these accounts

under the Fallon Tourism fund and Convention Center fund and it's important to understand why the document has come to look the way it does and why it's presented to you in that fashion. Gray said he doesn't think this budget was ever presented in this detail nor was it ever presented with a narrative before he came on board and he takes a lot of pride in it. Perhaps the bottom line is all of this detail may not be necessary. However, it allows him to show the total revenues generated minus the fixed costs to arrive at an amount for the tourism effort, discretionary funding that receives input and direction from the board. He said he offers this as some comment relative to really understanding what our marketing dollars equal.

Chairman Richardson said that is where some of the confusion is and those are questions that have to be answered, not at this level but at council level in an open meeting because it may require a review of the ordinance. He said it may require a review of the ordinance because historically this board has evolved what they are reviewing and approving and it may need to be clarified and cleaned up. Chairman Richardson said this hasn't ever happened before, where the board is opposing the special funds within the budget and said it has brought to light, does this board have qualified authority that doesn't conflict with NRS. He said the City Attorney, at another level, can provide the council guidance in an open meeting where it can be discussed.

Councilman Erickson said a little historical perspective is in order. He said room tax was first proposed in 1977 with the understanding from behind the scenes overtures to the Fleishman Foundation there could be some funds available to help build a community center but they wanted to make sure there would be funds available to operate it. He said room tax as a designated fund to operate the community center/convention center was proposed and over a period of eighteen months was enacted. Councilman Erickson said the City attorneys at the time struggled with how to build consensus among the industry as well as staying in compliance with the NRS that requires the City Council to approve all expenditures of tax money and that's why all three councilmen and two members from the motel industry are on this board.

Councilman Erickson said the voting requirements kind of mitigate that statute and that is what the City Attorneys are now trying to deal with and in addition, there have been a number of changes to the statute over the last thirty five years including the three eighths of one percent collected that goes to the department of tourism and for promoting rural tourism. He said there have been some questions from the City's legal counsel as to whether the provisions of that ordinance are in compliance and they are working on a legal opinion. He said that is what is being eluded to when the board was told it needed to be addressed at the council level because it is an ordinance and only the Council can make changes to ordinance. Councilman Erickson said along with what James said, the Council is charged with overseeing the entire City financial affairs and ultimate approval by state statute of the budget and spending plan lies with the three council people. He said his interpretation from legal counsel is when a budget comes forth, the Council acting as the Council has the ultimate authority and this board is more of an advisory role.

Chairman Richardson said he agreed and thought the same. He asked Councilwoman Frost if she had any input. Councilwoman Frost said when she was on the Churchill County Parks & Rec. Commission they submitted their budget to the County Commission who had the final approval.

Board member Morar said in 2004 the board voted to raise the room tax. If that scenario came up today it wouldn't be up to this board to approve because it would be advisory and the City Council would have to approve it.

Councilman Erickson said in 2004 it was advisory, the issue of a room tax increase began at this board because this board wanted to increase tourism and this board took action which advised the City Council the tourism board was in support of an increase, and then the City Council implemented the increase. He said this board has no taxation powers and that's very clear.

Board member Morar said he misunderstood and has had extensive conversations with Rick as to how this board was created and what the limitations are. He said after talking to Rick he understands that this board has no authority in City budget decisions, just of finances for grants and some discretionary tourism funds.

Councilman Erickson said the process is the majority of those funds are budgeted except for some discretionary funds so basically what the board is doing is recommending grants in a budget that is already approved by the City Council.

Board member Morar said until a few weeks ago he thought the board was independent of the City Council but misunderstood. He understands the process is for the City Council to approve spending for new, big events. Councilman Erickson explained that an augmentation process would take place and those require posting and open meetings.

Board member Tate said he never understood the role of the board was to approve grants only, and when we take out the chapter that formed the Convention & Tourism Authority and read it, and have brought this up before, under 5.48.100 2b says all action of the Authority and disbursements shall require approval of at least four members of the Authority. He said there is nothing in here that leads me to believe this is an advisory board and I don't see where it says it is advisory to the City Council. He said he struggles to see where this is an advisory board, we have agendas that are posted and we take action on, affirmative or not and that's the final action. He said he doesn't see this board being advisory when all three council members are on this board and that is what is confusing and when we look at it that's why a super majority is required for action: to include one of the two board members from the industry and that is an important development of the Authority when it was originally conceived. Board member Tate said he feels like we have a responsibility and a duty to evaluate the situation and the things that we review and discuss and take action on. Board member Tate reiterated that it is grossly confusing to say that this is an advisory board when all three members of the City Council that approve the budget are on this board.

Councilman Erickson said confusion is in part why our attorneys are taking such a strong look at it to make sure the provisions we provide for in our ordinance, in light of subsequent statutory and interpreted-through-court-cases precedents, are in line with what the state statutes provide.

Board member Tate asked if the city attorneys are concerned that the code that developed the tourism authority is no longer in accordance with state regulation.

Councilman Erickson said the issue is the super majority provision. Statute requires elected officials to approve a City budget.

Board Chairman Richardson said that this matter will have to be discussed at the City Council level. There are conflicting issues and questions as to whether this board can override the City Council.

Board member Tate asked when that discussion would take. There was no indication of when the City Council may take the matter up.

Board member Morar asked if the City has the ability to confiscate room tax revenue or does it have to go through the tourism authority? What authority does the board have? We need clear guidelines.

Board Chairman Richardson said that the 1978 ordinance that a City Council created may need to be updated in 2014. He stated that if there is no specific discussion about the 2015 budget, the board should move on to agenda item #5, Public Comments. Seeing there were none, the meeting was adjourned.