

AIRPORT AUTHORITY BOARD OF TRUSTEES
FINANCE AND BUSINESS DEVELOPMENT COMMITTEE
Budget Workshop III

Minutes from the Meeting May 13, 2008

In Attendance: Larry Harvey, Chairman of the Finance and Business Development Committee*
Trustee Randi Thompson*
Trustee Lynn Atcheson
John Wagnon, Chairman of the Board
Trustee Joe Mayer*
Trustee Brooks Mancini
Trustee Mary Simmons*
Trustee Bill Newberg, Secretary
Trustee Tom Gribbin, Vice Chairman
Krys T. Bart, President/CEO
Marilyn Mora, Deputy Executive Director
Hal Bostic, Senior Director of Operations and Public Safety
Dean Schultz, Sr. Director of Planning & Engineering
Dave Pittman, Director of Facilities & Maintenance
Joan Dees, Sr. Director of Finance & Administration
Cindy Chase, Director of Human Resources
Skip Polak, Manager of Reno Stead Airport
Marty Mueller, Manager of Technology & Information Systems
Brian Kulpin, Director of Marketing and Public Affairs
Dave Lazo, Manager of Engineering & Construction
Chris Horton, Manager of Finance
Leah Williams, Accounting Manager
Joyce Humphrey, Manager of Purchasing & Materials Management
Randy Whitworth, Facilities Superintendent
Julie Sternberg, Benefits Coordinator
Trish Tucker, Customer Service Supervisor
Theresa Finley, Executive/Board Assistant
Patrick North, Sr. Internal Auditor

* Denotes Finance Committee member

Note: The official minutes of the regular Finance Committee meetings are maintained on magnetic tape used to record the proceedings. The following are the Minutes from the 2008-2009 Budget Workshop III during which no actions were decided or taken.

Topics Discussed:

I. 2008-09 Budget Workshop

Overview of the Budget Process

Staff reviewed the budget process that takes place each year prior to Board review and discussion of the annual budget. The budget process begins with a kick-off meeting, this year the meeting took place in December, 2007. The President/CEO presents a budget message that outlines the goals for the Airport Authority for the

upcoming fiscal year. Finance staff distributes a packet to all departments that contains directions and budget forms. All budget documents are to be submitted to the Finance Department by the end of January.

In February, the Finance group takes all the budget numbers that were submitted and prepares a preliminary budget for review, at which time there is no elimination of items requested. A preliminary landing fee is also calculated for review at the beginning of the budget review process.

The Executive Management team, President/CEO, and Deputy Executive Director will conduct a week long review process to look at the budget history of each department and evaluate their justifications for requested changes and/or increases from prior year amounts; for each line item within their proposed budget. Staff is advised about areas that need to be cut or looked at again.

The Strategic Planning Committee participates in the review of Capital Projects. The Capital Improvements Program that is submitted to the FAA is evaluated as part of this process.

Finance staff meets with the President/CEO and Deputy Executive Director following all budget process reviews that have been outlined above. Budget binders are then prepared and distributed to the Board of Trustees for review and start of the Budget Workshop.

Actions Subsequent to Budget Workshop II

Staff reviewed a schedule of prioritized budget cuts. The current budget numbers were reported with the Signatory Landing Fee at \$2.30, Average Rental Rate at 63.32, and the cost per enplanement estimated at \$5.53. Staff concluded their presentation with a provided summary of next actions as follows:

- Input from the Board regarding the budget as it is right now.
- Public hearing on Thursday, May 15th.
- Adoption of the budget on or before June 1, 2008, with consideration for outstanding items to be addressed before that time period.
- A meeting with the airlines on June 25th to review the rates, charges and Capital Projects.
- Staff will review operating results and enplanements on a monthly basis as compared to the budget for report to the Board, if desired.
- In January or February, 2009, staff will complete a mid-year review and meet with the airlines subsequent to that review to discuss any adjustments that are necessary at that time.

Staff clarified that the funds associated with a seal coat for the roof at Airfield Maintenance were added back into the budget per the recommendation by Benchmark, to extend the life of the roof and defer roof replacement for approximately four years.

Trustee Mayer was in favor of adopting the original budget with the caveat that all of the changes discussed would not be implemented until the next monthly processes were gone through with an opportunity for the Board to be more involved in those processes. His second suggestion was to adopt the budget as just received and add items back into the budget as the outlook improved. He recommended that consideration be given to the completion of major projects such as roofing in order to capture any savings that are evident now that may not be available in the future.

Trustee Gribbin commented that the staff had been very conservative when preparing the budget. He is confident in the approach taken by staff to put together the budget and the reservations on expenditures. He is in favor of the original budget.

Larry Harvey, Chairman of the Finance & Business Development Committee (Chairman Harvey), commented on his previous discussions with the President/CEO and John Wagon, Chairman of the Board (Board Chairman Wagon) regarding the budget and current state of the economy. He expressed his support for the decisions made regarding the budget to this point. His observation was that appropriate action has been taken to be fiscally responsible as Trustees and staff. He appreciates where we are and he is in favor of the proposed budget with some obvious possible changes in the next discussion topic on the travel policy.

Trustee Atcheson commented on her support for the third rendition of the proposed budget. Her observation was that businesses are cutting back on travel and her confidence in the numbers, given the current economy, is preceded by a sense of caution. Trustee Atcheson requested that the record reflect that she does not support Executive Physicals because she does not think that it is good policy for this Board and whatever happens with the decision is up to the Board.

Trustee Newberg commented on his support for the revised budget, proposal number three (3). His observation is that staff has worked hard on that proposal and has come up with what they feel are appropriate reductions. He supports a fiscally conservative approach given that there is uncertainty regarding the impacts of airline consolidation. He noted that fiscal restraint should be maintained so that air carriers retain confidence in the air service at RTIA.

Board Chairman Wagon reiterated the importance of the previous discussions held with Chairman Harvey and the President/CEO regarding the budget and the economy. He noted that it has been the responsibility of the organization to take into consideration the shared benefits and losses pertaining to the status of the air carriers and to maintain awareness and sensitivity to the current economic climate. His sense is that all parties have been successful in doing that. He was in favor of looking at capital projects to see where there are current savings opportunities in comparison to what the projections might be in a couple of years. He supports the current budget as revised (3rd proposal). Should there be an opportunity to add budget items back in, as the economy improves and air service picks up, then that will be an option that may be re-evaluated as part of the budget process at that time.

Trustee Simmons commented on her support for budget scenario three. Her observation is that we have a great organization where people look for opportunities and understand the current situation. If the economy should become increasingly

dire, the organization is ready to respond. If things turn out to be better than currently anticipated, flexibility exists to make necessary adjustments.

Trustee Mancini commented on the excellent job by the President/CEO and staff to prepare a very conservative budget and it was evident to him that the budget reflects that hard work. He expressed two (2) areas of concern: the first being the impact on passenger satisfaction at the airport; the second area was construction services. He was in favor of looking at construction services for capital projects while costs are down; as well as, providing work to the community through the use of local contractors.

Trustee Mayer stated that he would like to make a recommendation to the new Treasurer elect that the Board have an opportunity to look at the budget through an established quarterly review in lieu of a mid-year review.

II. Revised Travel Policy Guidelines Discussion

Board Chairman Wagnon discussed the importance to review the Board Budget to the same extent that staff reviewed the annual budget.

Chairman Harvey reviewed the recommended changes and comments that were submitted. He suggested that Trustees take advantage of all conference meals if offered and revise the phrase “per diem” to “not to exceed”. The Internal Auditor will continue to review the Board expense reports along with the Board Treasurer.

Board Chairman Wagnon was in favor of an aggregate daily per diem to provide some flexibility in meal planning.

Trustee Thompson commented on the baggage handling fees implemented for the airlines. She recommended that baggage handling fees be covered. Tips in addition to the baggage handling fee should not exceed \$2 per bag.

III. Public Comment (limited to 3 minutes).

There were no comments.

IV. Adjournment

There being no public comment or further business to discuss, the meeting was adjourned.

LH:JD:PN/fw