RENO-TAHOE AIRPORT AUTHORITY BOARD OF TRUSTEES
FINANCE AND BUSINESS DEVELOPMENT COMMITTEE
Minutes from the Meeting August 9, 2010

In Attendance: Mary Simmons, Madame Chair, Finance Committee*
               Randi Thompson, Madame Chair, Board of Trustees
               John Wagnon, Vice Chair, Board of Trustees
               Brooks Mancini, Secretary, Board of Trustees
               Rick Murdock, Trustee*
               Joe Mayer, Trustee
               Jerry Hall, Trustee
               Bill Eck, Trustee
               Marily Mora, Executive Vice-President/COO
               Rick Gorman, CFO
               Dave Gotschall, Vice President of Operations & Public Safety
               David Pittman, Director of Facilities & Maintenance
               Tina Iftiger, Airport Economic Development Director
               Joyce Humphrey, Manager of Purchasing & Materials Management
               Ted Ohm, Facilities Project Manager
               Danette Bewley, Assistant Director of Airport Economic Development
               Romona Fisher, Manager of Airport Security
               Leah Williams, Manager of Accounting
               Laurie Weeks, Airport Concessions Program Manager
               Dean Schultz, Vice-President of Planning Engineering & Environmental Mgt.
               Mária Nucci, Airport Economic Development Specialist
               Tony Osendorf, Manager of Finance & Budgeting
               Alex Kovacs, Financial Analyst
               Patrick North, Senior Internal Auditor
               Fritzi Witsoe, Senior Internal Auditor
               Gina Castellar, Administrative Assistant II
               Susan Clark, TSA, Federal Security Director
               Tom Hegge, Reno Tahoe Aviation Association
               Burnham Moffat, Trustee Advisory Services
               Mr. Thomas J. Hall, Principal, Hall Bonanza Investments, LLC

*Denotes Finance Committee member

Note: The official minutes of the Finance Committee meetings are maintained on magnetic tape used to record the proceedings. The following is provided as a reference to the subject matter and conclusions reached from the discussion.

Topics Discussed:
I. Review of meeting minutes from July 2010

The minutes from the meeting of the Finance and Business Development Committee July 12, 2010, were approved by the Committee.

II. Items to be presented to the Finance and Business Development Committee for review and recommendation to the Board:

#10(08)-47  A. AUTHORIZATION FOR CHANGE ORDER NO. 7 TO PUBLIC WORKS PROJECT (WA-2009-72) FOR DESIGN AND INSTALLATION OF AN ACCESS CONTROL AND ALARM MAINTENANCE SYSTEM (ACAMS) WITH
ADESTA, LLC IN THE AMOUNT OF $316,809.50 FOR A TOTAL CONTRACT AMOUNT OF $5,424,706.55 AND FOR AMENDMENT NO. 2 TO THE PROFESSIONAL SERVICES AGREEMENT WITH CTI CONSULTING IN THE AMOUNT OF $98,500 FOR A TOTAL CONTRACT AMOUNT OF $1,188,150

Staff summarized the history of the Access Control & Management System (ACAMS). The Federal Aviation Authority (FAA) awarded the Reno-Tahoe Airport Authority (RTAA) $9.3 million for security system upgrades between 2006 & 2008. In August of 2006, CTI Consulting (CTI) was awarded a Professional Services Agreement (PSA) which was to be completed in early 2008. In June of 2009, Adesta, LLC was awarded the facility construction contract.

Staff provided an overview of Adesta’s change orders that were previously awarded administratively, per Resolution No. 462 which authorizes the President/CEO to award contracts that are $100,000 or less.

Staff continued with a review of Amendments 1&2 to CTI’s Professional Service Agreement (PSA). On February 14, 2008, the Board approved Amendment No. 1 to the CTI PSA, in the amount of $306,100, which changed the scope of work to include associated time and expense required for the additional Request For Proposal period for contract bid and utilized CTI for construction installation oversight and contract administration. Amendment No. 2 is part of the proposed action to approve Change Order No. 7 to Adesta’s contract. Amendment No. 2, in the amount of $98,500, would authorize CTI to provide additional design and construction oversight services as a result of Change Order No. 7 to Adesta’s contract.

The scope of work relevant to this change order was outlined as follows:

- Hardware and access control reader changes to support a secure Security Identification Display Area (SIDA) line, as defined by TSA regulations;
- Inclusion of critical facility (Telecom, HVAC, etc.) locations within the system; and,
- The addition of a remote system for emergency and operational vehicle access to secured areas through vehicle gates.

Staff anticipates coming back to the Board in the near future to present Change Order recommendations for both Adesta and CTI that will complete the Southwest Quadrant and related infrastructures to conclude the project within budget.

Funding for Change Order No. 7 to Adesta’s contract and Amendment No. 2 to CTI’s contract will be paid for by FAA Airport and Improvement Grant Numbers 3-32-0017-75 and 3-32-0017-77. Staff recommended authorization for the President/CEO or her designee to approve Change Order No. 7 to Adesta’s contract, in the amount of $316,809.50, for a total contract amount of $5,424,706.55; and authorization to exercise the same for approval of Amendment No. 2 to the Professional Service Agreement with CTI Consulting, in the amount of $98,500, for a total contract amount of $1,188,150.

Board Chairwoman Thompson asked staff if the Change Order was a result of under bidding the original scope of work or if it was driven by security mandates. Staff confirmed that the Change Order was the result of staff’s review of the overall project, whereby consideration was given to various changes within the airport’s structure that were not part of the original design of the ACAMS; as well as, shifting federal security priorities.
Chairwoman Simmons inquired about the inclusion of critical facility locations into the system and why that aspect was not originally anticipated to be a necessity in the original scope of work. Staff responded that when looking at the budget and comparing what was originally budgeted for and what potentially might be included, the budget supported an additional review of several items for consideration which could now be included.

The Committee unanimously recommended this item for Board approval on the Consent Agenda at the upcoming Board meeting.

#10(08)-48 B. AWARD OF BID 10/11-01 FOR PARKING STRUCTURE TOP DECK COATING PROJECT WITH TNT CONSTRUCTION, INCORPORATED IN THE AMOUNT OF $488,898

Staff stated that the parking structure has been in operation since June of 1997 and the upper deck of the parking structure has remained open to typical elements that contribute to surface degradation and requires normal preventive and corrective maintenance. A competitive bid process took place in June 2010, whereby, twenty-two (22) bids were received with fourteen (14) bids received in good order. Pro-Tech Coatings was the initial low bidder; however, they did not possess a current and valid manufacturer certification to install a Neogard® Auto-Guard® vehicular traffic-bearing coating system, resulting in a non-responsive bid. Manufacturer certification is required as it directly impacts the manufacturer’s warranty obligation for the integrity of the product. Staff recommended TNT Construction, Inc. (TNT) as the low, responsive and responsible bidder.

The scope of work was outlined as follows:

- Application of a Neogard® Auto-Guard® vehicular traffic-bearing coating system on 126,544 square feet (Phases 2 and 3 and Alternate Phase 4) in the middle of the upper deck;
- Application of a Neogard® Auto-Guard® vehicular traffic-bearing coating system on 30,000 square feet based upon the quoted per square foot price;
- Re-striping of 8,000 lineal feet of the top deck following the completion of the sealing;
- Materials and workmanship are guaranteed on a single document by the Neogard® Corporation and TNT Construction, the licensed applicator, for a period of five years against water penetration from external sources and defects in workmanship performed and for materials applied; and,
- Work will commence seven (7) days following issuance of Notice to Proceed and completed twenty-one (21) days thereafter.

Staff reported that Phase I was completed in 2007 and included application of approximately 46,769 sq.ft. of Neogard® Auto-Guard®. TNT is a Reno-based company having been in business for 16 years. Their contract would be awarded on the base bid price of $391,991 for 103,624 square feet (phase 2&3). Phase 4 was included as an alternate area along with additional sealing on a square footage ($3.07) basis for 30,000 sq.ft. Restriping on a linear foot basis ($0.50) for 8,000 feet would bring the awarded contract amount to $488,898. The project was budgeted in the FY2010-11 Capital Projects budget in the amount of $500,000, leaving an $11,102 variance between the cost of the project and the amount budgeted and will be used as a contingency fund.

Trustee Mancini inquired about Pro Tech submitting a manufacturer installation certificate. Staff confirmed that a grace period was provided; however, the company did not follow-through to submit the required documentation. Staff also
confirmed for Trustee Mancini that there are specific training requirements for a contractor to receive relevant manufacturer certifications.

Chairwoman Thompson inquired about the significant variation in pricing. Staff responded that the economy is a factor and the cost per square footage was actually 25% less than what the Authority paid in 2007 and is similar to what is occurring in the roofing market when you research costs.

Trustee Mayer inquired about the remaining 94,456 square feet required to complete the entire project and whether that portion could be accelerated for completion as well. Staff confirmed that funding was not budgeted for that portion in this current fiscal year; however, discussions are leaning toward revisiting this portion in the upcoming fiscal year. Trustee Mayer recognized the benefits in evaluating working materials at this current time when they might be considerably less. Staff will continue to monitor pricing in relation to this recommendation.

Staff confirmed that Sierra Waterproofing, TNT’s listed sub-contractor has a local office in Reno and it is anticipated that local staffing will be provided for this project.

The Committee unanimously recommended this item for Board approval on the Consent Agenda at the upcoming Board meeting.

#10(08)-49  C. AUTHORIZATION FOR THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE FINAL TERMS AND EXECUTE A NON-COMMERCIAL HANGAR DEVELOPMENT LEASE AT RENO-STEAD AIRPORT WITH HALL BONANZA INVESTMENTS, LLC.

Staff provided background information relevant to Hall Bonanza Investments, LLC, (HBI) as follows:

- HBI’s Principal, Mr. Thomas J. Hall, has been a lessee at Reno-Stead Airport since 1994. Presently, Mr. Hall serves as the President of the Stead Airport Users Association. In addition, Mr. Hall acts as legal counsel for several general aviation tenants at Reno-Tahoe International Airport.
- HBI currently leases Site E-1 in the West End Development area and Parcel F, located near the flight line; and,
- HBI has interest in 10,625 square feet at Parcel B-1, located between the Lan-Dale Company and RESC, LLC and across to the East from Hangars 5 and 6, leased to the Reno Air Racing Association (RARA).

Staff stated that the intent of this lease is for the development and management of the hangar facility for the dry storage of aircraft that may include facilities and amenities consistent with general aviation usage. Development will improve this area of the Reno-Stead Airport by providing an attractive, new, state-of-the-art hangar on an undeveloped site between two existing hangars. The design and construction will be pursuant to the Tenant Improvement Permit process and must be completed within two (2) years of the lease commencement. Sub-leasing is granted in the agreement with prior written consent.

Staff requested Board authorization for the President/CEO to negotiate the final terms and execute a thirty (30) year non-commercial hangar development lease with Hall Bonanza Investments, LLC. The Authority may elect to have the hangar revert to it or have the Lessee remove it at the Lessee’s cost at the end of the thirty (30) year term.

Upon final negotiation, the initial rent will be $0.25 psfpa for the first year rent of $2,656.25. This rental rate is comparable to that of other similar leases at Reno-
Stead Airport. There will be annual CPI-U adjustments; however, not to decrease rent. Rent will be adjusted by appraisal at the fifteenth Lease Year. Over the thirty-year term, excluding projected CPI-U and appraisal increases, minimum rent will be $79,687.50.

The Committee unanimously recommended this item for Board approval on the Consent Agenda at the upcoming Board meeting.

#10(08)-50 D. AUTHORIZATION FOR THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE FINAL AGREEMENT TERMS FOR A SINGLE COMMERCIAL AERONAUTICAL SERVICE PROVIDER (S-CASP) AT THE RENO-TAHOE INTERNATIONAL AIRPORT WITH DEESIDE TRADING COMPANY, LTD.

Staff reviewed definitions pursuant to the discussion, noting the differences between a Single-Commercial Aeronautical Service Provider (S-CASP), a Limited-Commercial Aeronautical Service Provider (L-CASP), and a Full Service Fixed Base Operator (FBO). Staff offered to provide a description of the nine (9) proposed commercial services to the Board at the Board’s request.

Historical information relevant to Deeside Trading Company, LTD., (DTC) was provided as follows:

- DTC is a privately owned company based in Sparks, Nevada and Mr. Mr. Robert M. Lee is the current President;
- Given that the International Game Technology (IGT-hangar) is moving to Las Vegas to be closer to corporate executives, DTC will relocate from the Jet West Common Hangar 9 to the former IGT hangar (Hangar G) at the General Aviation East Complex (former Sierra Air Center FBO); and,
- Proposes to operate as a Single Commercial Aeronautical Service Provider (S-CASP), a private use and charter operation for its Gulfstream III aircraft.

Staff stated the key lease terms of the proposed agreement as follows:

- Leased premises includes 10,000 square feet of building space consisting of office and aircraft storage and associated land;
- A proposed five (5) year term with one two-year option to extend at Authority’s discretion;
- A rental rate of $4.80 psfpa or $0.40 psfpm; total annual rent would be approximately $48,000 per year or $240,000 over the term of the lease; and,
- After the initial two-year period of the lease, the land and building rent would be adjusted annually and during any extension year based upon the percentage of change in the published Consumer Price Index for all Urban Consumers.

The Committee unanimously recommended this item for Board approval on the Consent Agenda at the upcoming Board meeting.

#10(08)-51 E. AUTHORIZATION FOR THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE FINAL AGREEMENT TERMS FOR A LIMITED COMMERCIAL AERONAUTICAL SERVICE PROVIDER (L-CASP) AT THE RENO-TAHOE INTERNATIONAL AIRPORT WITH RENO FLYING SERVICE

Staff provided background information relevant to Reno Flying Service (RFS) as follows:

- RFS has been serving the community for 70 years. Mr. Dawson purchased the company in 1983 and converted to an Employee Stock Option program in 2007. Mr. Dawson is the current Trustee;
• Proposes to continue its lease in Hangar B at the General Aviation East Complex (former Sierra Air Center); and,
• Proposes to operate as a Limited Commercial Aeronautical Service Provider (L-CASP), offering flight school, aircraft maintenance services, and American MedFlight Operations.

Staff stated the key lease terms of the proposed agreement as follows:

• The initial square foot rate for 16,875 sq. ft. is proposed at $4.80 psfpa or $0.40 psfpm;
• Hangar rent will be $6,750 per month or $81,000 per year;
• Eight (8) tie-down spaces at $75.00 per month per space ($7,200/year);
• A proposed five (5) year term with one two-year option to extend at Authority’s discretion. Value at the end of the five years is estimated at $441,000 for annual building rent and tie-down spaces. If the one two-year option were to be exercised the lease term value amounts to $617,400; and,
• After the initial two-year period of the lease, the land and building rent would be adjusted annually and during any extension year based upon the percentage of change in the published Consumer Price Index for all Urban Consumers.

Trustee Mayer inquired about the aerial photo in the presentation that identified one small area as excluded. Staff identified that small area to be a facility that was previously used, and continues to be used at this time, as storage for FBO services.

Chairwoman Thompson inquired about historical rental rate information and wanted to know if there had been a rental rate increase relevant to this item. Staff stated that they did not have that specific exhibit on hand to confirm the rental rate figures in response to the question. However, they would follow-through to provide the accurate information.

The Committee unanimously recommended this item for Board approval on the Consent Agenda at the upcoming Board meeting.

#10(08)-52 F. AUTHORIZATION FOR THE PRESIDENT/CEO TO NEGOTIATE AND EXECUTE FINAL TERMS FOR A NON-EXCLUSIVE SPECIALTY VENDING CONCESSION LICENSE WITH NEWZOOM, INC., DBA ZOOM SYSTEMS

Staff reported that Zoom Systems has been operating at the Reno-Tahoe International Airport (RNO) since September 2006 with small-format robotic kiosk “stores” located on the concourses and, for a short time, in the pre-security areas. Their current license agreement expires August 31, 2010. Throughout the initial two-year term and extension periods, Zoom Systems had added Best Buy and Rosetta Stone units and they have removed Motorola, iPod and most recently, Rosetta Stone products from their inventory. There is only one (1) remaining Best Buy kiosk unit located on the B Concourse.

Staff reported that the Best Buy unit at RNO was averaging just under the minimum requirement. Zoom Systems had notified staff in June 2010 of their intent to terminate Best Buy at RNO, which would result in non-renewal of their lease and lost revenue. As a result, staff presented a business case to Best Buy and Zoom Systems which reported current Airport news and statistics, including the addition of 17 new flights this year, and the upward trends in both enplanements and concession revenue since January 2010. This business case, along with the excellent sales records for Apple products sold on Concourse C, contributed to Best Buy and Zoom Systems decision to retain their unit on Concourse B and expand their business to Concourse C. Staff stated the key lease terms as follows:
● Two Best Buy units, one on each concourse;
● Two-year term, with 30-day mutual cancellation privileges; and,
● Concession Fee set at 5% for each unit.

Zoom Systems’ FY2009-10 annual gross revenue for its B Concourse Best Buy unit was $88,560 with $6,200 in net revenue to the Authority, with a 7% Concession Fee. Using the 2010 figure as a base and doubling the gross revenue figure with the addition of a second Best Buy unit on the C Concourse, the proposed new License Agreement may provide approximately $177,120 in annual gross revenue with $8,856 in net revenue to the Authority at the 5% Concession Fee.

Trustee Mancini commended staff on their work to present a case study that was attractive to Best Buy and Zoom Systems and staff’s success in retaining this particular business relationship within the airport for the traveling public.

The Committee unanimously recommended this item for Board approval on the Consent Agenda at the upcoming Board meeting.

III. Items presented to the Finance and Business Development Committee for Approval:
A. Annual Review of the Reno-Tahoe Airport Authority Investment Policy

Staff provided an overview of the governing legislation and Airport Authority Resolutions that guide the Authority’s Investment Policy. The original Investment Policy was adopted in August 2008 and Amendments were made to the policy in May 2009. Staff noted that all key financial decisions are weighed against the definition of the Prudent Person Standard, which is to exercise prudence, discretion, and intelligent management of the investments portfolio. The definition in its entirety was shared with the Committee members.

Staff communicated the key objectives of the Investment Policy to be Safety, Liquidity, and Yield. The Authority seeks to ensure the preservation of capital in the overall portfolio which should remain sufficiently liquid to meet all operating requirements that may be reasonably anticipated, while attaining a market rate of return throughout budgetary and economic cycles. Staff will continue to take into account potential investment risk constraints and liquidity needs.

Staff reviewed the Standards of Care exercised when managing investments which involves ethical decision making, identifying and mitigating conflicts of interest, and delegation of authority, whereby the Board of Trustees delegate authority for investment of funds to the President/CEO and the Chief Financial Officer (CFO) oversees the investment of funds.

Airport Authority staff works with authorized financial institutions, depositories, and broker/dealers which qualify under the SEC Rule 15C3-1 (Uniform Net Capital Rule). Additionally, as a priority, staff works to ensure safekeeping and custody of all accounts by establishing custodial safekeeping accounts with the trust department of a third party bank insured by the Federal Deposit Insurance Corporation. A summary of suitable and authorized investments was reviewed with the Committee.

Staff concluded by stating that the investment report is submitted to the Finance Committee on a quarterly basis and the Investment Policy is reviewed annually with any changes reported to the Finance Committee. Internal controls and independent audit reviews provide integrity to the Investment Policy and reporting processes. There were no proposed changes to the Investment Policy at this time.

Chairwoman Simmons inquired about the delegation of authority responsibilities in relation to the Board of Trustees. She wanted to confirm with staff the means by which each Board member
would be kept apprised of the investment relationships to ensure that each member of the Board exercises due diligence in recognizing potential conflicts of interest and/or potential unidentified business relationships. Staff confirmed that they would put together information to confirm the Authority’s banking and investment relationships with the Board of Trustees and keep them updated with any changes. The expectation that all Board members would disclose personal or business relationships that might present conflicts of interest, in relation to any given subject matter presented before them, would remain.

Chairwoman Thompson asked staff if they had a chance to research any legislative guidelines that might be new that would possibly reflect on this policy. Staff was unaware of new legislation that would have an impact on the Authority at this time, however, staff will follow-up to research the possibility and report on anything new.

The Committee unanimously recommended this item for Board approval at the upcoming Board meeting.

IV. Items presented to the Finance and Business Development Committee for Discussion:

A. Central Security Checkpoint Update

As follow-up to the prior update which took place in June 2010, staff provided the Committee new information relevant to discussion involving a centralized security checkpoint in anticipation of the requirement for Advanced Imaging Technology (AITs) and the realization that the airport has limited space, particularly at “B” Concourse for the equipment. To date, on-going discussions with TSA have resulted in a tentative agreement to defer implementation of AITs, pending evaluation of the concept for a centralized security checkpoint. Staff seeks conceptual Board buy-in to hire a team to evaluate a centralized checkpoint which will incorporate the potential for new food court development.

Staff stated that initial discussions with SSP America were positive when proposing to move food services beyond the security checkpoints. A negotiation on a contract term extension beyond the current expiration date September 30, 2016, is likely. The proposed centralized checkpoint may impact the current retail stores located near the food court. It was noted that staff has not entertained any discussions with Paradies Shops or IGT at this time. Consideration in relation to several components & entities would include, but not be limited to, the Transportation Security Administration operations, SSP/food court, structural capability of terminal, impacts on airline gates, and cost. Staff stated that the centralized checkpoint is not a new concept; it was originally discussed as a concept in January 2007, in lieu of concourse elbow build-outs for future TSA security needs. The discussion was brought forward again at the October 2009 Retreat. Eventually, the discussions with TSA for construction funding and agreement on leasing office space fell through.

Staff provided an overview of the new conceptual design ideas that support enhanced customer service through better passenger flow and more efficient security checkpoint processing. The design would incorporate increased opportunities for post-security concessions and revenue generation, as well as increased efficiency for TSA. Staff’s next steps relevant to this discussion were outlined as follows:

- Define centralized security checkpoint and new food/retail concession concept;
- Cost is estimated at $10M - $12M;
- Staff will continue to refine project cost/revenue opportunities; and,
- Continue the partnership and discussions with TSA re: AIT equipment and funding.
The Members of the Planning & Construction Committee were present at the Finance Committee meeting for this presentation. The item was not repeated at the Planning and Construction meeting.

Trustee Wagnon stated that this was a much better strategy compared to previous discussions given that it offers an opportunity to generate additional revenue with the proposed food area expansion beyond the checkpoints. In addition, the conceptual plan increased passenger efficiency through the checkpoints. His perspective was that the concourses continue to be an issue; however, it is practical to view the proposed concept as a necessary step prior to addressing the concourse issues. His viewpoint was that the proposed concept would extend the life of the building significantly and he supported continuing further discussions.

Trustee Mayer concurred with Trustee Wagnon. He inquired about the existing food concessions on the concourses and whether those would remain or be removed. Staff anticipated that there would remain a need for food concessions near the gates and the whole concept would be looked at to minimize or negate loss of concessionaire activity and space. The result may involve shifting of the concession areas more than anything and SSP America was willing to look at everything with fresh eyes.

Trustee Mayer inquired about whether TSA office space needs were a consideration during the development of the concept plan. Staff indicated that it was still early in the planning; however, the lower level of the building expansion may allow for additional office and operations space. It was noted by staff that the opportunity for office/administrative space would be driven by cost, whereas the centralized security checkpoint is driven more by space requirements for equipment and passenger efficiency.

Chairwoman Thompson concurred with both Trustees in that the new concept was a much better strategy. She was seeking clarification regarding the driving factor, whether it resulted from a push for imaging and technology or a tie into a necessity to build new concourses as well, looking at if from an overall timing perspective. She could see the practicality in doing all of the construction at one time. Staff foresees the concourse planning as something closer to five or ten years out and more driven by passenger demand.

Staff responded to Chair Thompson’s inquiry about the AIT equipment and her statement that misinformation may be contributing to her apprehensions about the imaging technology, as well as, influencing her concerns about how it might impact the passenger experience. Staff stated that TSA stands behind both methods of image technology, Back Scatter technology being the most negatively talked about method over the second option which is L3-millimeter wave technology. The Authority continues to hold strong on the preference to use L3 technology which uses the millimeter wave technology as opposed to the Back Scatter x-ray technology, which also lends to more significant body visibility in the walk-through.

Susan Clark, Federal Security Director for TSA, responded to the discussion by stating that TSA is not driving the centralized check point, however, in discussions with Ms. Bart and Ms. Mora, the conversation was that the equipment is coming and at what level will everyone be ready for it. TSA can put into place either technology right now, however, there’s an array of additional equipment (podiums, viewing screens, etc.) that accompanies the installation of the technology. What is being looked at as a primary concern is the impact on passenger efficiency and passenger experience.

Trustee Wagnon weighed in on the due diligence to seize the opportunities as they present themselves and to not miss out on a capital improvement project that makes practical and budgetary good sense. He would like to see TSA step up as well and assist with funding given
that it appears to be creating significant TSA operating efficiencies. It appeared to Trustee Wagnon that this entire concept is the logical next step in providing customer service beyond the checkpoints and increasing customer and operating efficiency for travel expectations that are prevalent now and in the future.

Trustee Mayer asked Ms. Clark to confirm funding availability from TSA at this current time. Ms. Clark confirmed TSA is not providing funding to date but will continue its partnership with staff to pursue funding opportunities as they present themselves. Staff confirmed that this item will be on the agenda at the upcoming Board Retreat in November.

V. Items presented to the Finance and Business Development Committee for Information:

A. Investment Portfolio Report for the Quarter ending June 30, 2010

Staff provided a brief market update which reaffirmed that the Federal Funds target rate will stay in the zero to 0.25% range. There were no major economist reports predicting interest rate increases in 2010. It was forecasted that initial tightening would be no sooner than second quarter in 2011. The goal for the Authority would be to maintain ample cash and keep investments under a two year horizon, while trying to add yield when opportunities present themselves.

Staff stated that it’s a challenging environment when looking at ways in which to diversify its investment types and maturities. The Authority currently has an investment portfolio of approximately $62M, which is an estimated decrease of $2M from last quarter. It was noted that the $62M in this quarter does include the successful defeasance of $4.4M as of June 30, 2010. In addition, one day after June 30th, the $62M immediately dropped by approximately $11M as a result of the annual debt service payment.

Quarter ending June 30th, the Authority earned 0.64% on the investment portfolio. In comparison, the State of Nevada Investment Pool earned 0.22% on its investments and the treasury money market that the Authority invests in earned 0.08%.

Staff reviewed the portfolio maturity distribution data noting that the large concentration of 74.6% of the funds in the 0-3 month range as of March 31, 2010 were to facilitate the close out of the ABC Project and to fund the debt service defeasance of $4.4M the investment portfolio was more diversified over a long term horizon than the previous quarter.

B. Review of Operating Results through June 2010

Staff reported that the airport is 2.3% under budget in operating revenues and 10.7% under budget in operating expenses through June. Total landed weights for the twelve-month period ending on June 30, 2010 are 1.2% above budget. Landing fees were budgeted for signatory airlines at $3.52 per 1,000 lbs and reduced to $3.15 effective November 1, 2009. Based on actual activity through June, the landing fee rate should be $2.97 per 1,000 lbs. resulting in an over collection of $812,443, if adjusted to actual. The budgeted cost per enplaned passenger is $7.76, and based on actual activity through June 2010, the cost per enplaned passenger is $6.35. Airline rents are under budget by 7.2% based on activity through June 2010. The budgeted average rental rate is $49.83 psfpa, and based on the actual requirement, the average rental rate should be $46.22 psfpa, which is an over collection of $362,277, if adjusted to actual. Non-airline revenues are 1.6% under budget. Staff noted that non-operating revenues were 53.9% under budget primarily attributed to lower interest rates and accounting recognition of bond investment premiums that were expensed in the current year that should have been taken in the prior year.
C. **Review of Budget Transfers (if any)**

   Staff reported two (2) transfers:
   
   1. Director of Facilities and Maintenance transferred $300,000 from Capital Project to Capital Project - 09/10 Carryover to correct improper water line connections off the fire main lines.
   
   2. Director of Facilities and Maintenance transferred $16,760 from Capital Project to Capital Project - 09/10 Carryover for the Gate K9 Dog Park expansion items.

D. **Review of Contracts and Professional Service Agreements through July 2010**

   Staff reviewed the Administrative Award of Contracts pursuant to Resolution #462. Chair Thompson asked about the Adesta items and staff confirmed that those items were the items that were reviewed earlier. There were no further questions.

E. **Review of Legal Expenses through June 2010**

   Staff reported that payments made toward legal costs were at 78% of the budget through June 2010.

F. **Review of Board Budget to date June 2010**

   Staff reported that the Board of Trustee’s has expended 80% of their budget with 100% of the budget year expired.

**VI. Public Comment**

Mr. Burnham Moffat inquired about the new hangar agreements that were put into place for two years and whether those hangars would be in competition with the new Fixed Base Operator (FBO) for hangar space for small planes. If so, this might be a point of public interest. Additionally, Mr. Moffat was asking if the planning process had resulted in any projected data for small hangar demand at the Reno-Tahoe International Airport and at Stead. Staff confirmed that the most appropriate time for public comment on these inquiries would be at a point where the items are an official agenda item.

Chairwoman Simmons stated that the Request for Proposal that was sent out by the Authority identified the services that were expected of the FBO’s, who were responding to that RFP, to provide. She concluded by informing Mr. Moffat that there is a general aviation working group of the Board looking at policy and feedback from general aviation tenants and the public will be encouraged to provide input as part of this committee’s efforts. She anticipates that there will be agenda items for the Board in the near future that would lend to public comment opportunities.

**VII. Adjournment**

The meeting began at 1:30PM and was adjourned at 3:15PM.

MS:RG/fw