

RENO-TAHOE AIRPORT AUTHORITY BOARD OF TRUSTEES
FINANCE AND BUSINESS DEVELOPMENT COMMITTEE
Minutes from the Meeting July 10, 2012

In Attendance: Mark Crawford, Chairman, Finance Committee*
Rick Murdock, Trustee*
Dr. Kosta Arger, Trustee*
Steve Katzmann, Trustee
Adam Mayberry, Trustee
Bill Eck, Trustee
Jerry Hall, Trustee
Randi Thompson, Trustee
Krys Bart, President/CEO
Dean Schultz, Executive Vice President/COO
Rick Gorman, CFO
Leah Williams, Manager of Accounting
Tony Osendorf, Manager of Finance & Budgeting
Tina Iftiger, Vice President of Economic Development
Joyce Humphrey, Manager of Purchasing & Materials Management
Dave Lazo, Manager of Engineering & Construction
Laurie Weeks, Manager of Concessions
Susan Dorr Pansky, Economic Development Specialist
Patrick North, Senior Internal Auditor
Gina Castellar, Accounting Specialist II
Tim Czarnecki, Vice President, Property Practice Leader, Wells Fargo Ins.
Lindsay Knox, Government Affairs Group, McDonald·Carano·Wilson
Cody Davenport, General Manager, Million Air Reno
Connie Gurich, Properties & Conc. Director, Hertz & Advantage Rent-a-Car
Steve Jarvis, City Manager, Hertz

*Denotes Finance Committee member

Note: The official minutes of the Finance Committee meetings are maintained on digital recorders 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 June 2012

The Finance and Business Development Committee unanimously approved the minutes from June 12, 2012.

II. Public Comment

None

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

#12(07)-47 A. AUTHORIZATION FOR THE PRESIDENT/CEO TO EXECUTE AN EXTENSION OF THE BROKER OF RECORD AGREEMENT WITH WELLS FARGO INSURANCE SERVICES USA, INC. FOR FY 2012-2013

The purpose of this action is to recommend a one-year extension of the broker services of Wells Fargo Insurance Services USA, Inc. to provide liability, property, and worker's compensation insurance coverage for the Reno-Tahoe Airport Authority (RTAA).

Due to the tragic accident that occurred at the National Championship Air Races on September 16, 2011, staff and legal counsel determined that continuity and extensive knowledge of existing insurance liability and property policies was critical to address the Authority's response. As a result, the Request for Proposal (RFP) for brokerage services was cancelled and an additional one-year extension was authorized by the Board to Wells Fargo Insurance Services USA at the November 10, 2011 Board Meeting.

Subject to reaching the two year anniversary of the Air Race accident and the Board approving the issuance of a permit to the Reno Air Race Association (RARA) to hold the 2013 National Championship Air Races, staff feels conditions may be suitable to reissue a RFP at that time. The recommendation whether to issue a new RFP will begin after the placement of insurance for Fiscal Year 2013-14.

Chair Crawford asked for confirmation that the Board had approved Wells Fargo to place the liability and property insurance program at June's Finance Committee Meeting and the Board was now being asked to approve Wells Fargo as the Broker of Record. Staff confirmed.

Trustee Katzmann voiced his concern that there was no current agreement in place and questioned if Wells Fargo was still legally bound to provide services for coverage's already placed. Staff indicated that Wells Fargo would continue to coordinate insurance coverage questions and issues associated with the policies adopted at the June 2012 meeting; however, this contract extension would secure the services to market and place insurance for the next fiscal year of 2013-14.

Trustee Katzmann inquired as to any reason Wells Fargo might merge or be sold to another company within the next year. Mr. Czarniecki, Vice President of Wells Fargo, stated not to his knowledge.

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

#12(07)-52 B. AUTHORIZATION FOR THE PRESIDENT/CEO TO EXECUTE AMENDMENT NO. 1 TO THE NONEXCLUSIVE READY/RETURN, QUICK TURNAROUND FACILITY AND SERVICE FACILITY LEASE TO RE-IMPLEMENT A CUSTOMER FACILITY CHARGE TO FUND MAINTENANCE AND CAPITAL PROJECTS FOR THE UPKEEP AND RENEWAL OF RENTAL CAR FACILITIES

Staff introduced Connie Gurich, Properties & Concession Director with Hertz & Advantage Rent-a-Car and Steve Jarvis, Local Manager with Hertz.

Ms. Gurich, Properties & Concession Director with Hertz stated she appreciated the opportunity to tell the Board that Hertz Corporation absolutely supports re-imposing the customer facility charge (CFC) to maintain and rehabilitate the rental car facilities.

Trustee Murdock inquired as to whether or not their customers minded the CFC charge. Ms. Gurich stated they did not.

Krys Bart, President/CEO stated that the CFC's was truly a user fee as it solely benefits customers who rent cars at the airport.

Trustee Katzmann asked for confirmation that the CFC's were not currently in affect. Ms. Gurich confirmed.

Staff presented information regarding the following: (1) current location, ownership and maintenance responsibilities of the rental car facilities; (2) background history of the previous collected CFCs to construct the Quick Turn-Around facility (QTA); (3) the use of excess CFC revenues to reimburse the rental car companies for the on-going maintenance at the QTA; and (4) the result of a rental car facility assessment of both the QTA and Service/Storage facilities completed by Applied Management Engineering.

A financial analysis was completed to estimate the CFC revenue needed and associated the CFC rate per transaction day necessary to fund renewal and replacement improvements, on-going operating and maintenance (O&M) costs and an administrative fee to the Authority. This analysis recommended a CFC rate of \$1.25 per transaction day.

According to an Airport Council International - North America (ACI-NA) survey, this proposed rate is very low and only one airport out of the thirty-one (31) airports surveyed registered a lower rate.

Trustee Katzmann asked if the CFC funds were going towards collecting money for the Authority for maintenance on the walls and roof or was it for the rental car companies to maintain the QTA. Staff stated it was for both.

Trustee Katzmann inquired as to why the Authority needed to get involved with what the rental car facilities needed to do to maintain their own facility. Staff stated that with the airport owning both the rental buildings and land, the proposed CFC would ensure proper on-going maintenance of the QTA as well as reinvest in the long-term viability of the QTA and Service/Storage facilities.

Trustee Katzmann noted that Enterprise did not agree with the CFC terms. Staff stated that while Enterprise did not actively oppose this proposal, it is

there corporate policy to not give public support to a CFC program for any purpose other than funding building construction.

Chair Crawford asked if a passenger rented a car away from airport property, would they be subject to the CFC fee. Staff responded any rental car within a five (5) mile radius of the airport would impose the CFC fee.

Trustee Thompson asked how the CFC fee is noted on a bill. Staff stated it would be separately identified as a CFC fee as an additional charge.

Trustee Mayberry asked for clarification that a CFC fee of \$2.00 went away in 2004 and that this is a new CFC is being re-imposed at \$1.25. Staff confirmed. Trustee Mayberry noted the tremendous convenience and ease to passengers of having a rental car facility on-site rather than taking a shuttle bus to a remote consolidate rental car facility

The Committee unanimously recommended this item for Board information, discussion and possible action at the upcoming Board meeting.

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

A. None

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

A. None

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

A. Review of Operating Results through May 2012

Staff reported on the Operating Results through May 2012.

Trustee Katzmann asked how the terminal rental rate is determined. Staff stated it is established based on the adopted budget and a mid-year review takes place around December. At the end of the fiscal year, staff reconciles the actual costs to revenues paid by the airlines. This settlement calculation establishes either a refund or generates an invoice for any cost recovery shortfall.

Trustee Arger complimented staff for being able to keep expenses under control.

B. Review of Budget Transfers (if any)

None

C. Review of Contracts and Professional Service Agreements through June 2012

Trustee Arger asked if the bulk of the expense with the Scheidt & Bachmann contract pertained to maintaining the information technology associated with the revenue control system. Krys Bart, President/CEO stated that was correct and that the existing equipment and software were nearing the end of its life expectancy.

Chair Crawford called attention to the contract award to repair hangar facilities at General Aviation- West.

D. Review of Legal Expenses through May 2012

Staff reported the Legal Budget has expended 66.3% of the budget with 92% of the budget year expired.

Trustee Arger inquired as to the legal fees submitted to insurance for reimbursement. Staff indicated that all invoices have been submitted for insurance reimbursement and that the Authority's legal counsel is actively coordinating this claim.

Trustee Thompson inquired as to the name change of Jones Vargas. Trustee Katzmann voiced his concern over approving a contract extension and all of a sudden there is a merger that could affect the level of services provided. Trustee Hall stated the timing was unfortunate; however, the principal attorney who works with the Authority has not changed. Chair Crawford stated that this key attorney was the very reason why the Jones Vargas extension was approved and feels the organizational change should have no impact on the services provided to the Authority.

E. Review of Board Budget through May 2012

Staff reported the Board of Trustee's has expended 60.2% of their budget with 92% of the budget year expired.

VII. Public Comment

None

VIII. Adjournment

The meeting was called to order at 9:00 AM and was adjourned at 9:55 AM

MC/RG/gc