RENO-TAHOE AIRPORT AUTHORITY BOARD OF TRUSTEES
FINANCE AND BUSINESS DEVELOPMENT COMMITTEE
Minutes from the Meeting October 8, 2013

In Attendance:    Dr. Kosta Arger, Trustee*
                  Steve Katzmann, Trustee*
                  Adam Mayberry, Trustee*
                  Rick Murdock, Trustee*
                  Bill Eck, Trustee
                  Dr. Bob Larkin, Trustee
                  Dean Schultz, Executive Vice-President/COO
                  Ann Morgan, Fennemore Craig Jones Vargas
                  Anthony B. Golden, Fisher & Phillips LLC Attorneys at Law
                  Rick Gorman, CFO
                  Tina Iftiger, Vice President of Airport Economic Development
                  James McCluskie, VP of Planning, Engineering & Environmental Management
                  Leah Williams, Manager of Accounting
                  Tony Osendorf, Manager of Finance & Budgeting
                  Joyce Humphrey, Manager of Purchasing & Materials Management
                  Laurie Weeks, Manager of Concessions
                  Mike Dikun, Manager of Reno-Stead Airport
                  Dave Lazo, Manager of Engineering & Construction
                  Dan Bartholomew, Manager of Planning/GIS
                  Patrick North, Senior Internal Auditor
                  Paula Murphy, Internal Auditor
                  Stacy Huggins, Economic Development Specialist
                  David Mieding, Real Estate Supervisor
                  Lois O’Neill, Economic Development Specialist
                  Chrissy Gonzales, Administrative Assistant II
                  Lindsay D. Knox, Government Affairs Group, McDonald Carano Wilson
                  David Brunckhorst, Forever Heather
                  Heather Brunckhorst, Forever Heather
                  Rick Murray, Land Agent III, State of Nevada Division of State Lands
                  Kevin Olsen, Land Agent III, State of Nevada Division of State Lands
                  Clair Clift, Real Estate Specialist, Nevada Army National Guard
                  Linda Sheils, Program Manager, Atkins
                  Cathy Erskine, Public
                  John Howitt, Public

*Denotes Finance Committee member

Topics Discussed:
I.  Review of meeting minutes from September 10, 2013

The minutes from the meeting of the Finance and Business Development Committee September 10, 2013 were approved by the Committee.

II.  Public Comment
Mr. John Howitt made a public comment suggesting a change in the solicitation process for Legal Services. Staff is recommending a Request for Proposal (RFP) process, which includes firm qualifications and service delivery approach along with a fee proposal. Mr. Howitt stated a Request for Qualifications (RFQ) process, which excludes a fee proposal, instead of a RFP will level the playing field and provide for a more open and versatile government process.

III. Presentations

A. Staff presentation on the timelines for the award of construction contracts

Staff gave a presentation on the timelines for the award of construction contracts.

Trustee Arger asked for clarification on the no escalation clause. Staff stated that some construction contracts include an escalation clause. An escalation clause allows a contractor to increase costs to a customer for material costs, such as concrete and asphalt, based on an index such as the consumer price index (CPI). This clause is provided for commodities that may have significant price variability over time. The Authority currently does not include escalation clauses in its contracts.

Trustee Katzmann inquired whether there is a difference between the Federal Aviation Administration (FAA) Grant offers and the funding provided to the RTAA based on an Airport Improvement Program (AIP) Project. Staff stated they are basically the same. The RTAA submits a grant application for a certain amount of funding, which is based on a formal bid. The FAA reviews that application and, if acceptable, issues a grant offer to the Authority, which is AIP funded.

B. Staff presentation on the status of the Reno-Stead Airport Terminal/Emergency Operations Center Project Construction and Budget

Staff gave a presentation on the status of the Reno-Stead Airport Terminal/Emergency Operations Center Project Construction and Budget.

Trustee Arger inquired about the IT interim cost of $25,000 and whether the budget covered all necessary costs. Staff stated “yes” that the estimate to complete column reflected actual costs.

Trustee Arger also inquired about the Construction Contingency being represented as a cost not a savings. Staff stated the contingency is available to accommodate the gaps in bids between subcontractors. If these funds are not needed as the closeout process proceeds, eventually this line item would be reduced and the total project costs lowered for any savings.

Trustee Arger also requested clarification on the potential change order for architectural, civil and electrical changes in the amount of $7404.84. After walking though the various elements, staff stated that this item was a culmination of quite a few changes in different items.

C. Staff presentation on the status of the Gateway Program Construction and Budget

Staff gave a presentation on the status of the Gateway Program Construction and Budget.

Trustee Arger asked for clarification on the contingency split between the RTAA and Construction Manager at Risk (CMAR). Staff stated that the RTAA gets 75% and CMAR gets 25%. The 25%
CMAR share of potential project savings has a firm dollar cap established with the Authority receiving any savings above this established limit.

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

#13(10)-48  A. AUTHORIZATION FOR THE PRESIDENT/CEO TO AWAR D BID 13/14-01, TO CASHMAN EQUIPMENT COMPANY, FOR ONE LOADER-MOUNTED SNOW BLOWER AT THE RENO-STEAD AIRPORT IN THE AMOUNT OF $180,000

Staff made a presentation requesting approval of one loader-mounted snow blower for the Reno-Stead Airport in the amount of $180,000.

The Committee unanimously recommended this item for Board approval on the Consent Agenda at the October 10, 2013 Board meeting.

#13(10)-50  B. AUTHORIZATION FOR THE PRESIDENT/CEO TO EXECUTE A NEW FIVE-YEAR NONEXCLUSIVE SPECIALTY RETAIL CONCESSION LEASE WITH THE FOREVER HEATHER, INC. FOR THE EXISTING RETAIL STORE AND THE EXPANSION OF A NEW RETAIL STORE AT THE RENO-TAHOE INTERNATIONAL AIRPORT

Staff made a presentation requesting approval of the nonexclusive specialty retail concession lease with the Forever Heather, Inc. for the existing store and the expansion of a new retail store at the Reno-Tahoe International Airport (RTIA).

Trustee Arger inquired about the advantages of being in a post security location. Staff stated that being post security has several advantages primarily due to customers being more relaxed. Once the time commitment of clearing security is complete, a customer is more ready to eat and buy merchandise.

Trustee Katzmann inquired as to if the store down stairs will stay Forever Heather. Staff stated “yes” the existing store will remain open along with the second store post security on Concourse C.

The Committee unanimously recommended this item for Board approval on the Consent Agenda at the October 10, 2013 Board meeting.

#13(10)-51  C. AUTHORIZATION FOR THE PRESIDENT/CEO TO EXECUTE A NEW 30-YEAR LAND LEASE AND AIRPORT JOINT USE AGREEMENT AT THE RENO-STEAD AIRPORT BETWEEN THE STATE OF NEVADA, NEVADA ARMY NATIONAL GUARD AND THE RENO-TAHOE AIRPORT AUTHORITY

Staff made a presentation requesting approval to execute a new 30-year land lease and airport joint use agreement at the Reno-Stead Airport (RSA) between the State of Nevada, the Nevada Army National Guard (NV-ARNG) and the Reno-Tahoe Airport Authority (RTAA).

Trustee Arger inquired about the abandoned runway 17/35 being used by NV-ARNG. Staff stated the abandoned runway is not in serviceable condition, with the exception of the portion that has been slurry sealed five to six years ago to hold it together and currently serves as a taxi lane for NV-ARNG’s King Air aircraft.
Trustee Arger asked if there were any plans in the future to have more use of the abandoned runway. Staff stated the Air National Guards C-130 aircraft have used the Reno-Stead Airport on occasion, but the operations have been on the two fully functional runways and not the abandoned runway.

Trustee Arger wanted clarification as to the meaning of the minimum AJUA total contract value. Staff clarified that AJUA is Airport Joint Use Agreement. The contract value of $1.4 million represents $46,908 annually multiplied by 30 years.

Trustee Mayberry inquired about what kind of facilities the NV-ARNG may want to construct on the expanded land lease. Staff stated NV-ARNG discussed the possibility of expanded maintenance facilities, training facilities, administrative offices, and additional employee parking as being considered. Once formal plans are established, any site improvements will be submitted to the Authority for review.

The Committee unanimously recommended this item for Board information, discussion and possible action at the October 10, 2013 Board meeting.

#13(10)-52 D. AUTHORIZATION TO ISSUE A REQUEST FOR PROPOSAL IN SOLICITATION OF A LEGAL FIRM OF RECORD FOR THE RENO-TAHOE AIRPORT AUTHORITY

With Fennemore Craig Jones Vargas being an interested party to this solicitation, Ann Morgan recused and removed herself from serving as legal counsel regarding this item. Instead, staff introduced Anthony Golden with Fisher & Phillips LLP who has been retained by the Authority to provide legal advice on this effort.

Trustee Larkin inquired as to if Fisher & Phillips had plans to submit a bid for the RFP. Legal Counsel stated “no”. While his firm has provided outside legal services related to collective bargaining, Fisher & Phillips will not be submitting a proposal under this solicitation for legal services.

Staff made a presentation requesting approval for a Request for Proposal (RFP) in solicitation of a legal firm of record for the Reno-Tahoe Airport Authority (RTAA)

After long discussion, the committee recommended the following changes to the process as originally outlined by staff;

1. The process should be changed from a Request for Proposal (RFP) to a Request for Qualification (RFQ) process. This change will remove the submission of fee proposals from the solicitation.
2. The time schedule should be modified to allow more time for the legal firms to submit their responses. Instead of having the submission date of November 1, 2013, the submission date was recommended to be November 15, 2013.
3. The Finance/Business Development Committee, along with the President/CEO, will perform the initial screening/short listing of firms down to 2 to 3 finalists. The finalists will be interviewed by the full Board of Trustees in a public meeting.
4. With the delay in the submission schedule and the desire to allow for a more flexible evaluation period, the President/CEO should be authorized to extend the existing legal service contract with Fennemore Craig Jones Vargas for a period of up to two months ending February 28, 2014.
Subject to the changes outlined above, the Committee unanimously recommended this item for Board information, discussion and possible action at the October 10, 2013 Board meeting.

#13(10)-57 E. RECOMMENDED PERFORMANCE CRITERIA AND GOALS FOR RENO-TAHOE AIRPORT AUTHORITY PRESIDENT/CEO, MARILY MORA, FOR FY 2013-14

Ann Morgan, Legal Counsel, made a presentation on the recommended performance criteria and goals for Reno-Tahoe Airport Authority President/CEO, Marily Mora, for FY 2013-14.

Trustee Mayberry wanted clarification as to why President/CEO Marily Mora was absent from the meeting. Staff stated that President/CEO Marily Mora was participating in the World Routes conference in Las Vegas. This conference presents the opportunity for the Authority to market air service to a large number of passenger and cargo airlines.

Trustee Katzmann wanted clarification that the goals to be accomplished reflect a remaining time period of approximately eight and a half months. General Counsel stated that the remaining time period outlined by Trustee Katzmann is correct. The performance goals are for the fiscal year 2013-14, which runs from July 1, 2013 to June 30, 2014.

The Committee unanimously recommended this item for Board information, discussion and possible action at the October 10, 2013 Board meeting.

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

None

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

None

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

A. Review of Operating Results through August 2013

Staff reported on the Operating Results through August 2013.

B. Review of Budget Transfers

Staff reported two (2) budget transfers: (1) Technology Information Systems in the amount of $12,711 from Fixed Asset Credit Memo to Capital Project to repair the Public WiFi System; and (2) Facilities and Maintenance in the amount of $14,494 from Fixed Asset to Fixed Asset for a second Cardboard Compactor/Baler.

C. Review of Contracts and Professional Service Agreements through September 2013

Staff reviewed the Administrative Award of Contracts pursuant to Resolution #462.

D. Review of Legal Expenses through August 2013
Staff reported the Legal Budget had expended 13.4% of the budget with 17% of the budget year expired.

E. Review of Board Budget through August 2013

Staff reported the Board of Trustee’s had expended 10.9% of their budget with 17% of the budget year expired.

F. Review of Legislative Consultants Budget through August 2013

Staff reported the Legislative Consultants Budget had expended 14.0% of their budget with 17% of the budget year expired.

Trustee Arger inquired whether the legislative consultants are being fully engaged despite the state legislature not being in session and the federal government currently facing a partial shut down. Staff stated that while the contracts provide a month retainer, not subject to whether the governmental entities are currently in session, the Authority currently has a number of state initiatives under way including the sales tax abatement on aircraft parts, establishment of funding for air service development, and attracting unmanned aerial vehicles. On the federal government side, a visit to Washington D.C. is being scheduled and coordinated to address issues associated with the Transportation Security Administration and Federal Aviation Administration funding. The Authority is receiving full value under these contracts.

VIII. General member comments, questions and items for future Committee meetings

Trustee Mayberry stated that the Trustees have a travel budget to attend conferences. Should any Trustee have interest in attending an Airport or Aviation related conference, please contact him to discuss this opportunity.

IX. Public Comment

John Howitt made a public comment thanking the President/CEO, staff, and the Board of Trustees for the enhanced level of transparency and willingness to work with tenants and customers

X. Adjournment

The meeting was called to order at 9:03 AM and was adjourned at 11:38 AM

KA:RG/cg

*** These draft minutes have not yet been approved and are subject to revision at the next regularly scheduled meeting. ***