wemoveyou

AGENDA
SPECIAL MEETING OF THE FINANCE and BUSINESS DEVELOPMENT COMMITTEE

Date: Wednesday, June 21, 2023
Time: 9:00 a.m.
Location: Reno-Tahoe International Airport, 2001 E. Plumb Lane, Reno
Admin Offices, Main Terminal Building, Second Floor

Public Meeting Notice: Notice is given in accordance with NRS 241.020

Public Attendance Options:
1. Attend the meeting at the address indicated above; or
2. **Watch on Zoom:** https://us02web.zoom.us/j/83188490995; **Webinar ID:** 831 8849 0995; or
3. **Dial in to listen only:** 1-669-900-6833 and enter the Webinar ID when prompted

Members of the public who require special accommodations or assistance at the meeting are requested to notify the Clerk of the Board by email at lkolacek@renoairport.com or by phone at (775) 328-6402.

Public Comment: Any person wishing to make public comment may do so in person at the Board meeting, or by emailing comments to lkolacek@renoairport.com. Comments received **prior to 4:00 p.m. on the day before the meeting** will be given to the Board for review and included with the minutes of this meeting. To make a public comment during the Zoom meeting, please make sure your computer or device has a working microphone. Use the "Chat" feature to submit a request to speak. When the time comes to make public comments, you will be invited to speak. Public comment is **limited to three (3) minutes** per person. No action may be taken on a matter raised under general public comment.

This Agenda Has Been Posted at the Following Locations:
1. Airport Authority Admin Offices, 2001 E. Plumb Lane, Reno
2. https://www.renoairport.com/airport-authority/public-meeting-information/agendas-minutes
3. https://notice.nv.gov/

Supporting Materials: Supporting materials for this agenda are available on the Airport's website at https://www.renoairport.com/airport-authority/public-meeting-information/agendas-minutes, and will be available at the meeting. For further information you may contact the Board Clerk at (775) 328-6402 or lkolacek@renoairport.com.

1. INTRODUCTORY ITEMS

1.1 Call to Order

1.3 Roll Call

2. PUBLIC COMMENT

3. ITEMS RECOMMENDED FOR APPROVAL BY THE FULL BOARD AT THE SPECIAL BOARD MEETING ON JUNE 23, 2023

3.1 Board Memo No. 06/2023-43: Authorization for the President/CEO to negotiate final terms for a public-private partnership with RNO Conrac, LLC pursuant to Nevada Revised Statutes 338.161 through 338.168 for a new Ground Transportation Center located at the Reno-Tahoe International Airport *(for possible action)*

3.2 Board Memo No. 06/2023-44: Authorization for the use of $1,440,739 of Customer Facility Charges for the Ground Transportation Center to finish negotiations and undertake work on associated enabling projects *(for possible action)*

3.3 Board Memo No. 06/2023-45: Adoption of Resolution No. 563 amending Resolution No. 560, Increasing the Customer Facility Charge Rate to $9.00 *(for possible action)*

3.4 Board Memo No. 06/2023-46: Authorization for the President/CEO to terminate the Agreement for Exclusive Option to Lease and Develop Real Estate at Reno-Tahoe International Airport between the Reno-Tahoe Airport Authority and RNO Conrac, LLC, if the Reno-Tahoe Airport Authority does not reach final terms with RNO Conrac, LLC for a transportation facility consisting of a new Consolidated Rental Car and Ground Transportation Center located at the Reno-Tahoe International Airport on or before November 7, 2023 *(for possible action)*

6. PUBLIC COMMENT

7. ADJOURNMENT

wemoveyou

Reno-Tahoe Airport Authority

Board Memorandum

To: All Board Members **Memo #:** *06/2023-43*

From: Daren Griffin, President/CEO

Subject: Authorization for the President/CEO to negotiate final terms for a public-private partnership with RNO Conrac, LLC pursuant to Nevada Revised Statutes 338.161 through 338.168 for a new Ground Transportation Center located at the Reno-Tahoe International Airport.

STAFF RECOMMENDATION

Staff recommends the Board authorize the President/CEO to negotiate final terms with RNO Conrac LLC (ConRAC Solutions) and during negotiations address concerns raised by the rental car companies during for a public-private partnership (P3) pursuant to Nevada Revised Statutes (NRS) 338.161 through 338.168 for a new Ground Transportation Center (GTC). The GTC will include a new consolidated rental car facility and accommodate ground transportation pick up operations for taxis, transportation network companies, or TNCs (Uber, Lyft, etc.), and hotel shuttles (the Project) located at the Reno-Tahoe International Airport (RNO).

PURPOSE

This is the first of four motions relating to the proposed new Ground Transportation Center at RNO. In summary, Staff is proposing that the Board consider the following four actions:

1) Authorize the President/CEO to negotiate final terms on the Project's financing and development within the framework of the Proposed Term Sheet dated June 9, 2023 (this Memo);
2) Approve the use of additional Customer Facility Charges (CFCs) to fund expert assistance through the final stages of negotiation and design (Memo # 06/2023-44);
3) Approve raising the CFC rate from the current \$6.50 to \$9.00 per transaction day, effective September 1st, 2023, to support the maintenance of existing rental car facilities and future development of new facilities (Memo # 06/2023-45)
4) Authorize the President/CEO to terminate Project negotiations and the P3 model if the President/CEO concludes in his judgment that negotiations cannot be successfully concluded in time for the Board's consideration on November 7, 2023 (Memo # 06/2023-46);

The purpose of this action is to obtain the Board's approval to negotiate final terms with ConRAC Solutions to deliver the Project as a P3 project, within the deal framework and achieving the goals outlined in the Term Sheet included as "Attachment A". The Project scope includes a new Consolidated Rental Car Facility (ConRAC) incorporating a new Quick Turn Around (QTA) car wash and fueling facility, and a Ground Transportation operations facility, and a series of enabling projects necessary to construct the Project.

This action is in support of Reno-Tahoe Airport Authority (RTAA) Strategic Priority #3 – Facilities for the Future, as identified in the RTAA FY2019-2023 comprehensive Strategic Plan.

BACKGROUND

In October 2016, the RTAA commenced a master planning process for RNO. A key finding of the RNO Master Plan process is a need for additional public parking, as well as a need for additional space to support growth of rental car operations. The preferred alternative in the RNO Master Plan, adopted by the RTAA Board of Trustees at its December 2017 meeting, recommends the construction of a ConRAC to address these issues.

Option Agreement with RACs

On September 25, 2018, the Hertz Corporation, Avis Budget Car Rental, LLC and Enterprise Leasing Company-West, LLC (collectively the RACs) submitted a letter to the RTAA (a) stating their preference for private delivery of a ConRAC as a tenant improvement, (b) advising of their selection of ConRAC Solutions to represent their interests in exploring ConRAC feasibility and development and (c) requesting an Exclusive Option to Ground Lease and Develop Real Estate for the ConRAC site identified in the RNO Master Plan.

On February 14, 2019, the Board authorized the President/CEO to enter into an Option Agreement (Option) with the RACs as Optionee, to begin a multi-phased process funded by CFCs with the end goal of constructing a Consolidated Rental Car Facility. The Option contemplates three phases: Phase 1- Feasibility Work (Phase 1); Phase 2 – Design, Development and Pricing (Phase 2), and Phase 3 – Project Delivery (Phase 3). The Option allows the RTAA to terminate the Option during the process if the RTAA elects not to proceed from Phase 1 to Phase 2, from Phase 2 to Phase 3, or if there is a breach of the Option. Upon RTAA approval to advance to Phase 2, the Option required the RACs to assign the Option to ConRAC Solutions. (This assignment was made on May 20, 2020.)

Phase 1 Feasibility Work

Phase 1 allowed the RACs, through their consultant, ConRAC Solutions, to identify a feasible project scope and concept. The Phase 1 - Feasibility Work identified the components of a ConRAC at a level of detail that could be tested and fully-priced during Phase 2. Specific deliverables associated with Phase 1 were: conceptual ConRAC drawings, a preliminary project budget, a conceptual operations plan, Ground Lease/Sublease/Concession Lease term sheet, a plan of finance including multiple scenarios modeled at various CFC levels, a preliminary project schedule, identification of delivery team, and a proposal to complete Phase 2 - Design, Development and Pricing.

On June 14, 2019, ConRAC Solutions presented to the Board the Preliminary Phase 1 Study findings, including the preliminary project budget, proposed building sites at the current QTA location, and the additional location identified in the Board-adopted RNO Master Plan. At this time, ConRAC Solutions estimated the total Project cost to be approximately $190 million with an initial CFC rate ranging from $6.36 to $7.12 per transaction day.

Phase 2 Approval

On October 10, 2019, the Board requested additional research by ConRAC Solutions and suggested the RTAA independently validate the outcomes from Phase 1, including validation of assumptions and costs, and public safety impacts. This additional work, referred to as Phase 1.1, resulted in a redesign of the loop road and a new preferred site. On March 12, 2020, the Board approved the RACs to proceed to Phase 2 of the Option as well as the use of $9,670,000.00 in collected CFCs to fund Phase 2, including advancing the design from 10% to 60% completion and the development of a financing plan. The Project estimate at that juncture for all three phases, including design, construction, project soft costs, project contingencies and fees totaled $162.4 million.

Pause for Independent Evaluation and Landside Study

On October 22, 2020, the RTAA issued a notice to ConRAC Solutions to pause design and development at 100% schematic drawings for the ConRAC and enabling projects, and to not proceed until directed by the RTAA to do so. The RTAA desired the pause to have time to validate various project assumptions and to ensure the Project considered issues impacting safety, customer service, and operations. This decision was also within the context of experiencing significant impacts from the COVID-19 pandemic and the uncertainty of the financial feasibility under those circumstances.

On January 14, 2021, RTAA Staff and ConRAC Solutions conducted a Board Workshop to review schematic drawings, the CFC balance, rental car business demand, and an updated estimated budget. At this time, ConRAC Solutions estimated the total Project cost to be approximately $207 million with an initial CFC rate ranging from $6.52 to $7.43 per transaction day.

On a parallel track, the RTAA determined that a comprehensive assessment of all landside improvements and site considerations should be developed. On February 11, 2021, the Board approved a contract with InterVISTAS Consulting, Inc. (InterVISTAS) to conduct a Landside Operations Planning Study (Landside Study) to bring forward a recommended landside development plan for review and adoption by the Board. The Landside Study was broad in scope and had several significant outcomes. After several Workshops and Meetings in which the Study was reviewed and refined, on December 9, 2021 the Board approved a comprehensive landside development plan for a variety of improvements, including a ConRAC project.

Phase 2 – Design Development and Pricing

With the new landside development plan completed, on December 22, 2021, the RTAA issued a notice to ConRAC Solutions to re-engage with Phase 2. The Project resumed and on April 14, 2022, staff presented the Project in the new location at 10% overall design to the RTAA Finance Committee. Subsequently, on May 19, 2022, the Board approved an expansion in the scope of the Project to include the new ConRAC and a GTC to accommodate all Ground Transportation Operations at RNO.

On January 23, 2023, RTAA staff met with the RACs and ConRAC Solutions to discuss design and updated estimated costs. At this time, ConRAC Solutions estimated the total Project cost to be approximately $293 million with an initial CFC rate ranging from $8.00 to $9.00 per transaction day. The dramatic increase in estimated costs is the result of a variety of factors including increases to the cost of labor in the local market, increase to the cost of construction materials due to demand and inflation, addition of contaminated soil management costs, and change in the site and scope of the Project to include a GTC and several unanticipated enabling projects.

On March 7, 2023, staff presented an update on Project cost to the Planning and Construction Committee, including alternatives through value engineering to reduce the Project cost. Alternatives to reduce costs included a reduced footprint for the customer service building portion of the ConRAC and a change to the design for the walkway from the RNO Terminal to the ConRAC (fully enclosed to open air).

Reconsideration of Private Equity Development Approach

On March 25, 2023, ConRAC Solutions submitted a Project financing proforma to the RTAA forecasting all financial inflows and outflows over the next 30 plus years. On April 18, 2023, following careful review and consideration of the financing proforma, and in consideration of such factors as cost escalation, significant projected equity returns, lack of optionality and the suggestion that RTAA contribute financially to the Project, the RTAA sent ConRAC Solutions a notice of intended decision not to proceed with Phase 3 of the Project. As required in the option agreement, the notice set forth the reasons for the RTAA's decision, and invited ConRAC Solutions to propose modifications and explanations to address the RTAA's reasonable concerns. A copy of the notice is included as Attachment B.

The RTAA financial team began to examine more economical and less complex financing alternatives to the ConRAC Solutions tenant improvement P3 proposal, including a conventional public bond funding approach. This alternative approach, however, in light of the higher project cost reaching nearly $300 million, would be a significant challenge for RTAA to execute and may impact future bonding capacity for other RTAA projects, including the Concourse Redevelopment Project and the new headquarters/public safety facility.

On April 21, 2023, ConRAC Solutions sent the RTAA correspondence in which ConRAC Solutions attempted to address the RTAA's concerns with ConRAC Solutions proposal to advance the Project to Phase 3. In the RTAA's opinion the responses failed to provide meaningful modifications or explanations that addressed the RTAA's concerns. A copy of the correspondence is included as Attachment C.

On April 28, 2023, the RTAA sent ConRAC Solutions correspondence explaining ConRAC Solution's April 21, 2023, correspondence offered insufficient detail to address the RTAA's concerns. The RTAA continued to encourage ConRAC Solutions to provide modifications to its proposal that effectively addressed the RTAA's concerns and indicated that RTAA was prepared to meet with ConRAC Solutions to discuss modifications or explanations to the ConRAC Solutions proposal. A copy of the correspondence is included as Attachment D.

Subsequently, RTAA staff and consultants have engaged in ongoing discussions to attempt to find a path forward for the Project.

DISCUSSION

In the opinion of RTAA staff and its consultant team, the ConRAC Solutions original P3 proposal to develop the Project as a tenant improvement funded solely through CFCs is not in the RTAA's best interests. Some of the shortcomings in the proposal include: a CFC rate subject to escalation at a very high rate which could result in diversion of rental car customers to other outlets besides RNO and an unreasonably high return to equity investors; no revenue sharing mechanism that offers a realistic possibility of return to the RTAA or RACs; no acceptable mechanism for sharing gains from refinancing; limited optionality to restructure debt, refinance debt, or retire bonds early; diversion of CFC revenue streams away from RNO rental car facilities; and unnecessarily high Project costs and fees. In addition, ConRAC Solutions and the RACs have suggested that the RTAA must financially contribute in some manner to the Project costs, which diverges from the original tenant improvement model's intention that CFCs cover all such costs.

With the assistance of financial advisors and outside counsel, and through consultation and negotiation with ConRAC Solutions, RTAA staff has outlined a viable path forward for ConRAC Solutions to deliver the Project with a P3 CFC Rate Covenant-Backed Private Financing plan. Under this alternative P3 plan, ConRAC Solutions will remain responsible for financing and constructing the Project and, initially, operating and maintaining the ConRAC. The RTAA will enter into a rate covenant financing model which uses the CFC to back the financing by ensuring lenders that the RTAA will increase the CFC rate as needed to maintain 1.15 debt coverage. This model is expected to ensure that the CFC rate is adequate to support payment of debt service for the Project. Under the rate covenant, which will be subject to a cap, the RTAA will raise the CFC rate in any year in which estimated CFC collections are expected to be insufficient to generate the specified debt service coverage. The RTAA will lower the CFC rate once estimated CFC collections are again sufficient to support the debt service coverage. The Proposed Term Sheet also calls for the RACs to participate financially in a meaningful way by, for example, agreeing to pay building rent if CFC revenues are not sufficient to service the debt or to achieve a higher credit rating on the debt (referred to as "contingent rent"). An alternative to contingent rent contemplated in the Proposed Term Sheet would allow the RACs to contribute to the funding of a debt service reserve fund. The final terms are pending the final negotiations over the coming months. Under this model, the CFC rates will be lower, both initially and over time, the deal structure will result in more equitable risk allocation, and the RTAA will have more flexibility, retain greater control over the facility and CFCs, and share in revenues. Key points of the P3 Rate Covenant-Backed Private Financing plan are outlined below.

Lower CFC Rates

CFC rates will be set at financial close, at a rate not to exceed $10 per transaction day, with the CFC increasing every three years by a fixed percentage. As described above, RTAA will agree to increase the CFC rate as needed to maintain 1.15 debt coverage

Risk Allocation

Under the P3 rate covenant model, the Project Company, which is the Special Purpose Entity that initially will be largely controlled by the equity investors, will take responsibility to design, construct, and deliver the Project and will take all risk to do so at a prescribed cost and by the targeted date of completion. The Project Company will also be responsible for the initial financing during construction and operating the ConRAC portion of the facility.

With a rate covenant model, debt holders will have protection from market volatility, while equity investors, who stand to benefit the most from any Project upside, will bear the full risk of transaction day volatility. Lastly, the RTAA will share in the risk of transaction day shortfalls once the RTAA makes milestone payments as explained below.

Control of Facility/Flexibility

As currently contemplated, the RTAA will take operational control of the ground transportation operations of the GTC as soon as it is constructed. ConRAC Solutions, through its ConRAC operations company, CS Operators, will initially operate and maintain the rental car portion of the GTC for a period of seven to ten years. Thereafter, the RTAA will retain rights regarding selection of a new company to operate and maintain the GTC or extend the agreement with CS Operators. The RTAA will have the right to terminate the financial transaction, on terms that will be defined during final negotiations, for convenience, subject to a prepayment of lenders or make whole requirement for equity investors, or with respect to any debt incurred in connection with the Project, assume such debt. The RTAA and ConRAC Solutions will negotiate the exact terms for termination for convenience upon the Board's approval of the Recommended Motion, but any such payments will be on economically reasonable terms. The RTAA will also retain certain control and approval rights under the documents.

Revenue Share

At an agreed upon date which will roughly align with beneficial opening of the GTC, the RTAA will make a mandatory milestone payment of approximately $16 million and have the option to make an additional milestone payment of up to $34 million. Such amounts are preliminary and may change slightly if so determined to be in the best interest of the RTAA. By making these payments the RTAA obtains a position of investor not unlike that of the equity investor. As a result, the RTAA will receive a share of CFC revenues commensurate with the amount of the milestone payments. The primary objective of the milestone payments is to reduce the CFC rate as much as possible by prepaying equity to the maximum extend allowed by bank lender.

Additionally, the RTAA will have a share of any excess cash realized from a refinancing above the amount needed to fully repay the refinanced debt and should RTAA use any of its funds, or its share of revenues, to contribute to the refinancing or early repayment of debt, an additional sharing percentage of any refinancing gain based on the amount so contributed will go to the RTAA. The RTAA will retain approval rights over proposed refinancings that do not align with specified criteria.

Public Procurement Process

NRS 338.161 through NRS 338.168 provides a process under which a third-party, such as ConRAC Solutions, may submit a proposal to a government entity, such as the RTAA, for the development, construction, maintenance, and/or operation of "transportation facilities". The statutory scheme allows public agencies to forego the traditional procurement requirements and instead utilize a single-step selection process. The Project qualifies as a "transportation facility" and the RTAA intends to move forward under this process, which will allow the RTAA to provide the milestone payments without triggering a traditional public procurement process for construction of the Project.

Next Steps

Upon the Board's approval of the Recommended Motion, the RTAA will continue to engage with ConRAC Solutions to produce final, fully negotiated terms and defined forms of agreements. Assuming final terms are reached, Staff will bring forward a Board item, in which the Board will make the final decision whether to advance the Project from Phase 2 into Phase 3 and authorize the President/CEO to execute the required instruments to achieve financial close.

COMMITTEE COORDINATION

Finance and Business Development Committee

RECOMMENDED MOTION

Staff recommends that the Board adopt the following motion:

"The Board of the Reno-Tahoe Airport Authority hereby finds that there is a public need for the Project, that the public-private partnership rate covenant model for delivery of the Project will result in the timely development and construction of the Project and/or create operational efficiencies, and that the delivery of the Project as set forth in the Proposed Term Sheet will serves a public purpose and will benefit the public. Accordingly, it is hereby moved to authorize the President/CEO to negotiate final terms for a public-private partnership with RNO Conrac, LLC pursuant to Nevada Revised Statutes 338.161 through 338.168 for a new transportation facility consisting of the proposed Ground Transportation Center, including new rental car facilities, as described in the Proposed Term Sheet, to be located at the Reno-Tahoe International Airport."

EXHIBIT A

Reno-Tahoe Airport Authority

Consolidated Rental Car Facility (ConRAC) Proposed Financing Term Sheet

Goals and Objectives:

- Successfully implement a P3 financing of the ConRAC in a way that benefits the RTAA, the public, the RACs, and ConRAC Solutions and is viable to lenders and the equity investors
- Minimize the initial CFC and the CFC escalator
- Enable the RTAA to buy out some or all of the equity participation at its election on pre-arranged terms
- Reduce the cost of debt, both the initial funding and over the long-term with an attractive security package for lenders
- Allow ConRAC Solutions to take responsibility for developing and delivering the Project
- Allocate risks to the appropriate parties at the appropriate times and allow RTAA to accept some transaction day risk when it is better situated to do so
- Maintain some flexibility for the future; allow termination for convenience on economically reasonable terms and conditions
- Reasonably compensate all parties with some performance incentives to encourage efficient and optimal Project delivery
- Create business, operating, and financial structures that work well together during an initial phase with the ability to realign over a longer-term
- Meaningful participation from the RACs that supports and strengthens the credit
- Comply with applicable law, including NRS 338.161 through 338.168 (Alternative Methods of Authorization and associated procurement requirements)
- Design facility with sufficient flexibility to accommodate periodic space reallocation and new entrants
- Assure that the ConRAC compliments and is compatible with any statewide or regional transportation plans and improvement programs
- Assure that the ConRAC is of sufficient long-term quality to provide value to the public for the expected lifespan of the ConRAC facilities

Overall Structure	Rate Covenant Private-Financing • ConRAC Solutions and the finance team are responsible for all aspects of financing, construction and, for an initial term, operations and maintenance • RTAA and PFM participate in the process to the extent necessary and helpful
CFC and CFC Escalator	• CFCs are set at financial close

	• Maximum initial CFC of less than or equal to $10 with objective of a lower initial CFC • Implement initial CFC increase by September 1, 2023 • 3-year escalator with target to keep percentage as low as possible
Rate Covenant	• RTAA mandated to set and RACs will collect CFCs at levels set upon Closing • RTAA agrees to raise the CFC in any year in which estimated collections (Transaction Days) are expected to be insufficient to generate [1.15x] debt service • RTAA will not raise CFC more than [$2/20%] above levels set at Closing in any given year. CFCs will subsequently be lowered either back to the set levels or to the amount needed to generate [1.15x] coverage • There will only be "springing" Contingent Rent at future date if it is required to either achieve a higher credit rating or is determined to provide a material decrease in the borrowing rate (as determined by the Project Company, RTAA, and their advisors). • Alternatively, the RACs can agree to fund the debt service reserve fund by the Milestone Payment Date and eliminate any potential for springing Contingent Rent.
Milestone Payments	• **Mandatory Milestone Payment:** Upon the [placed-in-service date], or such date as agreed upon by all parties, of the ConRAC, the RTAA will make a Milestone Payment to the Project Company equal to $16 million on terms to be agreed. • **Optional Milestone Payment:** Upon the same date, the RTAA reserves the right to make an additional milestone payment equal to up to $34 million. The RTAA intends to make an Optional Milestone Payment, but the ability to do so will depend on the financial position of the RTAA at the time of the payment and the status of other development projects concurrently in progress. • The parties agree that one of the primary objectives of the milestone payments is to reduce the amount of the CFC to the greatest extent possible by applying the proceeds of the milestone payments to prepay equity to the maximum extent allowable and acceptable by lenders and the rating agency. CS will use reasonable efforts to achieve this objective in negotiations with potential lenders.
Fees	• RTAA will review all of the proposed fees and reserves for the financing and development of the ConRAC to determine whether they are fair and reasonable and commensurate with the services provided or, in the case of performance based fees, with the risks allocated to the party to receive the fees. These include Developer's fee, project counsel, financial advisor, transaction management, lender's counsel, lender's fee. A pool of money will be established to provide for fees that will include a portion of the Developer's fee and other fees. A portion of the ConRAC Solutions Project

	Development's Developer's fee will be at risk and earned at DBO from funds remaining in pool, with the remaining funds divided between the Developer and other uses, including reserves. • Project Company will pay RTAA a reasonable fee in an amount to be determined in accordance with Nevada procurement law.
	Document Structure (all entered into at financial close)
Ground Lease	• Ground rent will be paid on the footprint of ConRAC and paid by the Project Company. (May be passed through to the RACs on a joint and several basis under their respective sub-leases.) Ground rent will increase by CPI escalations and marked-to- market periodically. • RTAA and Project Company will enter into a Ground Lease pursuant to which RTAA leases area of ConRAC to Project Company for a [30] year term, subject to early termination for convenience by RTAA on economically reasonable terms and conditions. • Project Company agrees to design, finance, construct and operate and maintain the ConRAC (and associated enabling work). Specifies capped development and financing fees due to all parties. • Project Company may grant leasehold mortgage to initial Lender. Control of GTC transfers to RTAA at DBO. • Project Company will be responsible for implementing a policy set by RTAA for initial space allocation in the ConRAC in accordance with market share parameters to be agreed with the RACs. In addition, the Project Company will be responsible for implementing a policy set by RTAA of periodic space reallocation (generally every 5 years). • Design of ConRAC must accommodate periodic reassignment of space and new entrants. • RTAA will have the right to terminate the Ground Lease for convenience with a termination payment calculated to make whole equity investors and prepay lenders or, alternatively, with respect to any debt incurred in connection with the Project, to assume such debt. • RTAA will have a revenue share that is commensurate with the amount of Milestone Payments made and achieving a specified IRR threshold. • RTAA will have a share of any excess cash realized from a refinancing above the amount needed to fully repay the refinanced debt. RTAA will have approval rights over proposed refinancings that do not meet specified criteria in the Ground Lease. Should RTAA use any of its funds, or its share of CFC Revenues, to contribute to the refinancing or early repayment of debt, an additional sharing percentage of any refinancing gain based on the amount so contributed will go to the RTAA.

	• RTAA will have approval rights on major decisions relating to capital expenditures (other than scheduled major maintenance), amendments to the Operating Agreement and RAC sub-leases and refinancings as described above commensurate with the amount of capital it contributes to the Project through the milestone payments
Financing Documents	• Project Company will enter into a construction loan agreement with commercial banks or other financial institutions to provide debt financing for the construction of the Facility. The maturity of the construction loan will be in the range of 5-7 years from date of initial borrowing. • Although responsible for entering into the construction loan, Project Company will coordinate with RTAA and its advisors on the terms and communications with the rating agency. • The construction loan will be secured by all assets of the Proiect Company, including its right to receive CFCs, cash in bank accounts, collateral assignment of contractual rights, a leasehold mortgage and equity pledges. • A collateral agent or a trustee will enter into a collateral agency agreement with the RTAA, the Project Company and the lenders under which the collateral agent or trustee will hold the proceeds of all revenues generated by the Project, including the CFCs, in locked bank accounts pledged to the lenders as collateral, and the collateral agent or trustee will apply the CFC revenues according to a specified flow of funds: first to debt service, second to reserves (including debt service reserve and repair and replacement reserve, and finally to distributions equity investors in the Project Company and the RTAA according to its revenue share percentage under the Ground Lease. • The repair and replacement reserve will be built up over time in accordance with the financial model and applied to repair and replacement of the ConRAC. • At DBO, all remaining reserves held for Project construction are applied in agreed upon manner to repay loan, equity holder and reduce amount of RTAA Milestone Payment, prefund reserves, etc.
Operating Agreement	• CS Operators (CSO) and Project Co. enter into Operating Agreement (RTAA approval as to form and identified as 3rd-party beneficiary) effective at closing for term of term of 7-10 years pursuant to which CSO operates and maintains ConRAC f/b/o Project Co., RTAA and RACs. Specifies management fee and other ongoing fees to be paid to CSO, as well as provisions for early termination and extension of term.
RAC Lease and Concession Agreements	• RACs sublease space in ConRAC through triple net sub-leases with Project Co. co-terminus with the Ground Lease under which RACs pay all ground rent, operation and maintenance expenses (other than major maintenance) and taxes and impositions on a joint and several basis.

	• RACs will lease space at Baggage Claim, agree to collect CFC in amount established by RTAA and pay CFC directly to the collateral agent or trustee for application in accordance with the collateral agency agreement. • Only RACs that are a party to a RAC concession agreement may operate at RNO; off- Airport RACs will be required to pick up/drop off at GTC and to pay CFCs. • Sub-lease between each RAC and Project Co. provides for periodic reassignment of RAC space based upon market share and to accommodate new entrants, RAC departures, etc. Reassignment is managed by Operator. • RACs pay concessions fee (10% of Gross Revenues or MAG) to RTAA under Concession Agreement. • New entrants: Either allow RFP or similar process for new entrants periodically (e.g., every 5 years), or establish threshold for new entrants to request entry and reallocation (e.g., national/regional/local percentage of rental car share > or = XX%) • [RACs are responsible for funding the O&M of the existing RAC facilities until ConRAC opening, then RACs are responsible for funding space return of the ready return and existing QTA plus ongoing O&M of any service sites.][1]

[1] To be discussed. Please note that project construction budget includes capex related to QTA and return of ready ready return, and RACs have agreed to pay O&M on new service sites.

EXHIBIT B

April 18, 2023

Mike Minerva
Conrac Solutions
981 Powell Ave SW, Ste 125
Renton, WA 98057

Dear Mr. Minerva,

I would like to begin by thanking you and the Conrac Solutions (CS) team for the hard work you have put into this project, and the spirit of cooperation you have brought to the table. After serious consideration, we are providing this letter to initiate the procedure called for in our Option Agreement to not move forward with Phase III of your proposal.

RNO Conrac, LLC ("RNO Conrac"), an affiliate of CS, is the assignee to, collectively, the Hertz Corporation ("Hertz"), Avis-Budget Rental, LLC ("Avis"), and Enterprise Leasing Company-West, LLC ("Enterprise") pursuant to an Agreement for Assignment and Assumption of Option Agreement effective May 26, 2020 (the "Assignment Agreement") among Hertz, Avis, Enterprise (collectively, the "RACs") and RNO Conrac, as approved by the Reno-Tahoe Airport Authority ("RTAA" or the "Authority") which assigned the rights of the RACs under the Agreement for Exclusive Option to Lease and Develop Real Estate at Reno-Tahoe International Airport effective March 12, 2019 (the "Option Agreement") among the RACs and the Authority, to RNO Conrac. Capitalized terms not otherwise defined in this letter have the meanings set forth in the Option Agreement.

The Option Agreement describes the discrete phasing of the Project, from analysis of feasibility, through design, to construction. Pursuant to the Option Agreement, the RTAA reserved the right not to advance the Project and establishes clear exit points. Section 1.3.5 of the Option Agreement provides, in part:

> "The Authority reserves the right, in its sole discretion, to not approve advancement from Feasibility Deliverables to Design Development and Pricing, or from Pricing Documents to Project Delivery, provided that the Authority shall first articulate to Optionee its reasonable basis for that intended decision and afford Optionee not less than thirty (30) days to address such reasonable basis with proposed modifications or explanations, which modifications or explanations the Authority will give reasonable considerations before making its final decision."

Furthermore, the Option Agreement provides that the ultimate decision to advance from Pricing Documents to Project Delivery (construction) remains subject to the approval of the Authority's Board of Trustees.

In recent weeks, RTAA has had an opportunity to review CS's financing pro forma, and to engage its own financial advisor. The Authority has examined a public finance approach, at a high level, as a point of comparison with CS's private equity financing model. The RTAA recognizes that, since 2020, there have been substantial adverse changes in construction and financing costs. As a result, the financing arrangements proposed in 2020 may not be viable in today's circumstances or the terms and amounts may have changed substantially.

Our specific concerns with the current state of the CS proposal include the following:

The proposed transaction differs materially from what was presented to, and approved by, the RTAA Board of Trustees in March, 2020. Examples of the divergence include:

- The project was to be entirely financed by CFCs with no exposure to the RTAA. At present, CS and/or the RACs appear to be looking to the RTAA to contribute approximately $35 million to the project in the form of cash, rent abatement, or other mechanisms.
  - In particular, Exhibit A to the Option Agreement provided that "All remediation to be paid for by CFCs."
  - Exhibit A to the Option Agreement provided that tenant relocation to be paid for by CFCs.
  - The Preliminary CFC Estimate ranged from starting rates of $6.37 to $8.29.
  - CS and the RACs have required the Authority fund elements of the Project that were to be included in and funded by the Project.
  - The form of Ground Lease CS represents as being necessary to obtain financing requires the Authority to accept substantial liabilities not originally discussed or contemplated in the terms presented to the Board.

Other aspects of the transaction also appear not to be in the best interest of the RTAA, the RACs, and the public that the RTAA serves.

- Overall, the CS private equity finance model appears to require about twice the revenue that a public finance model might require, over a longer ground lease term. The CS proposal would collect and expend approximately $1.5 billion of CFCs over the term.

- CS has proposed no revenue sharing mechanism that offers a realistic possibility of return to the Authority or RACs. Likewise, CS has proposed no acceptable mechanism for the sharing of gains from refinancing.
- The CFC will be subject to escalation at an unacceptably high rate and escalation is projected to continue for the 35-year lease term to a CFC of over $27.00 per Transaction Day. The public finance model would increase to approximately $15.00 per Transaction Days and could be reduced in later years upon debt refinancing and prepayment.
- There is no optionality to restructure debt, refinance debt or retire bonds early with surplus CFCs for cost savings or other purposes.
- Diverts the CFC revenue stream and surplus CFC collections that otherwise would be or could be used to fund major maintenance, capital improvements, or utilized as a rental car operating expense credit on rental car facilities outside the Conrac footprint.
- The proposed CS private equity funding plan implicates RTAA general revenues as the ultimate funding source to address major maintenance and capital improvements for approximately 15 acres of paved property including 4 rental car structures.

By contrast, a public finance model appears to offer several important advantages:

- A debt structure common to commercial airports for Conracs and more akin to the form and suitability of debt instruments for a public agency.
- A financial model that reduces the overall revenue required by about half, particularly if debt is refinanced or paid early.
- The ability at the RTAA's discretion to determine the debt structure, utilization of funding of reserves, inclusion of bond insurance, and other aspects of the debt not under its control in the private equity model.
- Potential for use of qualified tax-exempt debt for portions of the Project at lower rates than commercial borrowing rates.
- CFC revenue in excess of debt requirements will be available for a range of potential additional uses. These include early retirement of debt, funding unforeseen additional Conrac facility requirements, revenue sharing, O&M coverage, and funding for RAC assets located outside the Conrac.
- While the initial set-point for the CFC may be higher than in the private equity model, the average CFC over the relevant term (30-35 years) could be significantly lower. Further, the RTAA would have the ability to adjust the CFC level, in consultation with the RACs (within the constraints set by the debt instruments), with the possibility of future reductions.

For the foregoing reasons, the Authority intends not to proceed to the next phase contemplated by the Option Agreement. We invite Conrac Solutions to address these reasonable concerns with proposed modifications or explanations. Provided we receive a response by May 18, 2023, the RTAA will give the CS response reasonable consideration before making any final decision.

Sincerely,

Daren A. Griffin, A.A.E.
President/CEO
Reno-Tahoe Airport Authority

Cc: John Steiner Hain, Esq.
Stephen A. Blum, Hertz Corporation
Jackie Agan, Hertz Corporation
Robert Bouta, Avis-Budget Rental, LLC
Aaron Schwarzkopf, Avis-Budget Rental, LLC
Vincent A. LaBella, Enterprise Leasing Company-West, LLC
Robert Hunsinger, Enterprise Leasing Company-West, LLC

EXHIBIT C

CONRAC® SOLUTIONS
Value Through Innovation

April 21, 2023

Mr. Daren Griffin, A.A.E., President/CEO
Reno-Tahoe Airport Authority
PO Box 12490
Reno, NV 89510-2490

Dear Daren,

We acknowledge receipt of your letter of April 18, 2023, notifying us that the RTAA is initiating the procedure under the Option Agreement to not proceed to Phase 3 of the Project. We were surprised when we heard that you intended to initiate that process, since we believe the parties had made substantial progress in negotiations of the Master Lease, narrowing the open issues to a few items, where it appeared to us there was room to compromise. In addition, CS had not yet been given the opportunity to make a financial proposal on revenue share and refinancing gain share, or to submit a final budget for the Project. Prior to hearing that you intended to send the letter, we were operating under the assumption that the RTAA was preparing a Landlord's proposal for us to consider to resolve remaining differences on funding and repayment sources, including for remediation of the contaminated soil that was discovered on the RTAA site.

Nevertheless, we remain committed to finding solutions to the concerns raised in your letter, and appreciate your adherence to the Option Agreement's provision that provides us an opportunity to submit modifications and explanations for the RTAA to consider before making a final decision regarding proceeding to Phase 3. We attempt in this letter to be responsive to each of the concerns raised. (Defined terms in this letter follow the Option Agreement and your letter of April 18, 2023.)

Taking the concerns expressed in the April 18, 2023 letter in order:

The proposed transaction differs materially from what was presented to, and approved by, the RTAA's Board of Trustees in March 2020.

In fact, the thesis behind the proposed transaction – developing, financing, operating and maintaining the Project entirely with private equity and debt finance, with all material business and technical risks of the Project borne by the developers – remains unchanged. The RTAA and the RACs will have no exposure for repaying debt or absorbing financial losses for cost overruns for construction, major maintenance, or rental car demand below forecasts. The RACs prefer this deal structure, as it insulates them from the obligations and liabilities they would have to take on in a public finance structure.

It is also worth pointing out that the March 2020 board approval was based on a different Project site, a much smaller scope and a more benign inflation scenario than exists today. This higher inflation environment has increased construction costs and raised the cost of borrowing for projects of all types across the country. Indeed, the parties recognized some of these changed circumstances and entered into an amendment to the Option Agreement in August 2022 which, among other things, modified the provisions relating to responsibility for site conditions (which were still unknown at that time), tenant relocation, and a site that increased from approximately

981 Powell Ave SW, Ste 125
Renton, WA 98057
1 (833) CONRACS
1 (833) 266-7227
conracsolutions.com
linkedin.com/company/conrac-solutions-llc

12 acres to 23 acres, as well as caveats around final overall cost given these changes. In the eight months since the amendment was signed, the local contractor estimates that these enabling projects total over $30 million for replacement (not just demolition) of buildings 12 and 13, a pedestrian walkway and the GTC.

At present, CS and/or the RACs appear to be looking to the RTAA to contribute $35 million to the Project in the form of cash, rent abatement or other mechanism.

CS has never demanded any funded financial contribution from the RTAA to Project costs, let alone a demand for $35 million in funding. To respond to the RACs' request that the RTAA contribute to the Project to cover some of the known environmental, GTC, and shared walkway costs, CS did suggest a mechanism to fund an undetermined contribution amount toward the cost of contaminated soil remediation on site or Project components with private equity and debt, using rent abatement under the Master Lease to repay those amounts.

We have also suggested that the RTAA be entitled to a revenue share and a refinancing gain share to offset the impact of the rent abatement and to allow the RTAA to participate in the financial upside of the Project.

This proposal was made in the context of overall concerns expressed to us from the RACs and the RTAA over the amount of the CFC. Increasing the budget to cover the costs of soil remediation will increase the CFC to above $9. CS welcomes further exploration of cost savings, scope reductions, and CFC levels, as well as any other strategies to cover or mitigate costs, particularly the cost of soil remediation. As you and I have discussed, our finance team and advisors wish to engage with their counterparts immediately to reach a negotiated resolution to these concerns.

With regard to the cost increase associated with soil remediation, the RTAA had originally indicated to CS that excess soil could be disposed of at Reno Stead Airport, which we understand to have been common practice for excess soil from projects at RNO. The RTAA's withdrawal of soil disposal at Stead has created a $12+ million increase in Project costs.

The form of Ground Lease [that] CS represents as being necessary to obtain financing requires the Authority to accept substantial liabilities not originally discussed or contemplated by or presented to the Board.

We are genuinely confused by this statement. Apart from allocating responsibility for the cost of remediating known contaminated soil (which we address above), there are no open issues under the Lease of which we are aware that create substantial liability for the RTAA. The open issues relate to extensions of time (not compensation by the RTAA) for delay events, and compensation only in the event of a deliberate act of the RTAA that delay construction. We are highly confident that we will be able to negotiate final Lease terms that satisfy both parties.

Overall the private equity model appears to require about twice the revenue that a public finance model would require, over a longer ground lease term. The CS proposal would collect and expend approximately $1.5 billion over the Lease term.

This statement does not capture the entire relative economics between the approaches. Given the time value of money, it is necessary to discount the overall cash received to a net present value over the term of the ground lease. Moreover, the statement assumes that transaction days perform exactly to forecast (vs. possibly much lower revenues if activity is lower—*e.g.*, in the event of another pandemic, recession, or other such event), a risk which the private sector takes on only under the private equity model. The statement also makes assumptions about a public finance solution that are incomplete and inaccurate, which we address below.

[The private equity model] [d]iverts the CFC revenue stream and surplus CFC collection that would otherwise be used to fund major maintenance, capital improvements or utilized as a rental car operating cost credit on rental car facilities outside of the Conrac footprint.

Under the CS model, the CFC will, in fact, pay for the major maintenance of the entire joint-use facility for the entire term of the ground lease (with any cost overruns for major maintenance borne by the investors in the Project) through a repair and replacement fund that is built into the plan of finance. We understand from the RACs that they place considerable value in covering repair and replacement costs in this fashion, which also includes the first loss equity cushion provided by private equity, to a public finance model with a speculative benefit from other possible uses of CFCs in the future. As noted above, we are happy to work with the RTAA staff to define a revenue sharing and gain share regime that allows the RTAA to participate via incremental revenues from upside performance.

Please also note that CS has never refused to include tenant relocation in the Project and asked only for an estimate of any costs so that it be included in the plan of finance.

The proposed CS private equity plan implicates RTAA general revenues as the ultimate funding source to address major maintenance and capital improvements for approximately 15 acres of paved property and 4 rental car structures.

This statement ignores the fact that the RACs are paying ground and building rent on these sites, which can be readily modified as of July 1, 2023, when existing leases expire, to fully cover these costs.

The Public Finance Alternative

We are struggling with the logic of stating a preference for a public finance solution for the Project, given our understanding of the RTAA's and the RACs' priorities. If a $9 CFC is considered high, how can a $15 starting CFC be better? Rental car customers in the early years will be subsidizing rental car users far into the future by paying a much higher CFC in real terms, indeed, to our knowledge the highest in the US by far. Most importantly, however, are the following considerations that your letter does not mention:

- The prevailing market convention for public CFC-backed airport special facilities bonds is to include (1) a rate covenant requiring adjustment of CFCs to ensure adequate revenues to pay debt service, (2) a high debt service coverage ratio against forecast revenues, requiring relatively higher initial CFC rates, and (3) contingent rent backstops from the RACs to satisfy the rate covenant if CFC collections are insufficient. The private finance approach avoids each of these requirements, a major reason why the RACs strongly prefer the private equity solution to a public finance solution.

- Going to a public finance model would not eliminate the need to remediate the contaminated soil on site. The costs will still need to be funded from some source, and bond investors will insist that any residual risk around soil contamination—e.g., cost overruns or, discovery of other contaminated soil during construction—be backstopped by the RTAA or by the RACs.

- Cost overrun risk for construction and major maintenance will need to be backstopped by the RACs through contingent rent or by the RTAA via increases to CFC rates and/or issuance of 'completion bonds' for the Project.

- Bringing a public bond to market will still take several months and will necessitate considerable staff-time to manage, while in the meantime construction prices continue to increase against a backdrop of interest rate volatility.

- A public bond, even if it has no direct pledge by the RTAA beyond CFC revenues, includes an implicit RTAA "moral obligation" to protect bondholders. While delinquencies for the CFC bonds would be unlikely to directly impact RTAA's GARB ratings, it could nevertheless impact agency assessments of management strength as well as create headwinds engaging with investors. The private model, with non-recourse debt undertaken by a private entity, insulates RTAA from these concerns.

- As noted, our previous understanding with both the RACs and RTAA was that a predefined CFC rate and scheduled escalator was preferred over a rate covenant that introduces possible volatility in future CFC rates. To the extent this is no longer true, then we would request an opportunity to explore a CFC subject to adjustment under a rate covenant as a potential value driver for the private equity model, just as we assume it must be implicitly factored into RTAA's public finance analysis.

This letter attempts to clear up some misapprehensions that have crept into our negotiations. We are committed to working through the RTAA's concerns to ensure that they are all addressed. I look forward to having CS engage with your finance team as soon as possible to reach a negotiated resolution to these concerns.

Sincerely,

Michael J. Minerva
CEO
Conrac Solutions

cc: Ian Whitlock, RTAA
Bob Bouta, Avis Budget Group
Aaron Schwarzkopf, Avis Budget Group
Robert Hunsinger, Enterprise Holdings
Vincent LaBella, Enterprise Leasing Company-West
Jackie Agan, The Hertz Corporation
Joshua Blum, The Hertz Corporation

981 Powell Ave SW, Ste 125
Renton, WA 98057
1 (833) CONRACS
1 (833) 266-7227
conracsolutions.com
linkedin.com/company/conrac-solutions-llc

EXHIBIT D

Reno-Tahoe Airport Authority

April 28, 2023

Mike Minerva
Conrac Solutions
981 Powell Ave SW, Ste 125
Renton, WA 98057

Dear Mr. Minerva,

Thank you for your April 21, 2023, response to our notice of intended decision not to proceed under the rental car facility Option Agreement.

The Conrac Solutions proposal for advancing to the next phase consists, among other things, of your plan of finance, pro forma, the redlined responses to our ground lease drafts (together with associated issues lists), and positions taken in meetings over the last few months. The Option Agreement calls for us to give reasonable consideration to whatever "modifications or explanations" to this proposal that you want to offer.

Your April 21 letter opens the door on modifications but provides little detail. The bulk of the letter is devoted to criticizing a public financing approach and does very little to address our concerns. We are aware and recognize that any plan of finance has its own set of complications. At this juncture the Authority is more interested in viable alternatives that address our concerns. On some matters it appears we may be at an impasse. For example, while it may be correct that CS has never "demanded" any financial contribution from the Authority, your letter appears to confirm that this is indeed a prerequisite. (A loan from CS, to be funded through rent abatement or some other mechanism, is not a solution.)

With respect to environmental review and remediation, it is probably not productive to argue the matter in detail, but we are convinced the change in facility location did not increase overall environmental costs. In fact, it likely reduced them. Briefly, the original proposal site occupied the area of highest known contamination, and the roadway component would have required demolition and construction in areas that may be similarly contaminated. The original proposal would have triggered a lengthy and expensive NEPA process. The disposition of contaminated soil is driven by state and federal law, and the inability to put materials at Stead is not simply a matter of RTAA preference. Finally, bear in mind that the removal of contaminated soils is not an RTAA obligation at this time, but is solely a consequence of construction.

We encourage CS to provide modifications to its proposal that effectively address the concerns set forth in the April 18, 2023 notice, rather than focusing on criticism of a public financing approach. It would be helpful for us to hear your thoughts on the following:

- Our April 18, 2023 notice lays out specific concerns with the proposed private equity plan of finance, and we invite your description of how you intend to address them. The focus should not be opinions regarding public bond alternatives. However, to the extent that CS wants to incorporate aspects of a public financing, or to replicate some of the positive features of that alternative in its proposal, we would be willing to consider those ideas. We believe that the current CS proposal is unnecessarily costly.
- Specific proposals for revenue sharing and refinance gain sharing. These should be shown in the pro forma with specific outputs to illustrate the amounts these two proposals generate, based upon a stated set of assumptions.
- Modifications that would allow RTAA the option of taking out CS or its successor before the end of the term, with an explanation of terms and conditions.
- The term of 35 years and a 3% annual CFC escalator are not agreed-upon terms. Can CS provide different approaches that may better align with the Authority's goals?
- How can the CFC be maintained within reasonable bounds, based on national models, while providing sufficient funding for the necessary elements of the Project?
- How will CS finance all aspects of the Project without a contribution from RTAA and with charges to the RACs that are acceptable to them?

We are prepared to meet as early as next week virtually to discuss any modifications or explanations to the CS proposal that you wish to propose, with a view toward considering details of your best and final offer.

Sincerely,

Daren A. Griffin, A.A.E.
President/CEO
Reno-Tahoe Airport Authority

Cc: John Steiner Hain, Esq.
Stephen A. Blum, Hertz Corporation
Jackie Agan, Hertz Corporation
Robert Bouta, Avis-Budget Rental, LLC
Aaron Schwarzkopf, Avis-Budget Rental, LLC
Vincent A. LaBella, Enterprise Leasing Company-West, LLC
Robert Hunsinger, Enterprise Leasing Company-West, LLC

Reno-Tahoe Airport Authority

Board Memorandum

To: All Board Members **Memo #:** *06/2023-44*

From: Daren Griffin, President/CEO

Subject: Authorization for the use of $1,440,739 of Customer Facility Charges for the Ground Transportation Center to finish negotiations and undertake work on associated enabling projects

---

STAFF RECOMMENDATION

Staff recommends the Board authorize the President/CEO to use $1,440,739 of Customer Facility Charges (CFCs) for the new Ground Transportation Center (the Project or GTC) at Reno-Tahoe International Airport (RNO)to finish negotiations and undertake work on associated enabling projects. Due to the unanticipated length of ongoing negotiations, the previously approved budget for such costs has been depleted and additional CFCs are needed to provide a final budget augmentation to complete negotiations and ensure the Project is ready for construction, should the RTAA give final approval.

PURPOSE

This is the second of four motions relating to the proposed new GTC at RNO. In summary, Staff is proposing that the Board consider the following four actions:

1) Authorize the President/CEO to negotiate final terms on the Project's financing and development within the framework of the Proposed Term Sheet dated June 9, 2023 (Memo # 06/2023-43);
2) Approve the use of additional Customer Facility Charges (CFCs) to fund expert assistance through the final stages of negotiation and design (this motion);
3) Approve raising the CFC rate from the current $6.50 to $9.00 per transaction day, effective September 1st, 2023, to support the maintenance of existing rental car facilities and future development of new facilities (Memo # 06/2023-45);
4) Authorize the President/CEO to terminate Project negotiations and the P3 model if the President/CEO concludes in his judgment that negotiations cannot be successfully concluded in time for the Board's consideration on November 7, 2023 (Memo # 06/2023-46);

The purpose of this motion is to authorize the President/CEO to use additional CFCs for the RTAA to continue utilizing outside counsel and financial advisors to finish negotiations with RNO ConRAC, LLC (ConRAC Solutions). RTAA has engaged the Kaplan Kirsch and Rockwell (KKR) law firm and PFM Financial Advisors (PFM) and anticipates requiring their further services through November. In addition to these services, assistance will be needed for final design and the acquisition of building permits for certain enabling projects. At this point (late autumn) the Project is expected to be construction-ready should negotiations between the RTAA and ConRAC Solutions, LLC result in a viable deal structure and the Board approves advancing the Project into Phase 3 – Project Delivery.

This action is in support of Reno-Tahoe Airport Authority (RTAA) Strategic Priority #3 – Facilities for the Future, as identified in the RTAA FY2019-2023 comprehensive Strategic Plan.

BACKGROUND

The background for this action is identical to the background in the first action (Memo # 06/2023-43) and in the interest of brevity is not restated here.

DISCUSSION

Due to the unanticipated length of ongoing negotiations, the Phase 2 budget has been depleted and additional CFCs are needed to provide a final budget augmentation to complete negotiations and ensure the Project is ready for construction if the Project advances to Phase 3. The proposed Phase 2 budget augmentation budget is reflected in the table below.

Proposed Budget Augmentation	Amount
Enabling Project Design + Soft Costs	$1,185,739
RTAA Legal	$150,000
RTAA Financial Advisor	$100,000
Administrative/Printing	$5,000
Total	$1,440,739

The additional funding will cover the RTAA's expenses to keep KKR and PFM in their roles supporting RTAA Staff during final negotiations with ConRAC Solutions. Additional funding will also cover costs to finalize enabling project design and obtain permitting so the enabling projects will be construction-ready if the Project advances to Phase 3. The enabling projects that will continue to advance in design and permitting are a replacement air cargo facility for existing aeronautical tenants, a replacement RTAA storage facility, and a replacement RTAA landside snow removal facility.

FISCAL IMPACT

This item has a total fiscal impact of $1,440,739, which is funded by existing CFCs. The Board previously approved $12,225,781 for the ConRAC Phase 2-Design, Development and Pricing, for a total of $13,666,520 of funds allocated to Phase 2. The Project costs do not affect airline rates and charges, as CFCs are the sole funding source for the Project.

On May 1, 2023, available CFC funds were $15,943,015. For the remainder of FY 2022-2023, an estimated $274,624 is budgeted toward current rental car facility operating expenses, and $525,953 of previously approved Phase 2 Project funding.

Operating expenses for existing RAC facilities are budgeted at $570,000 for FY 2023-2024, and funds required to finalize Phase 2 of the Project are estimated at $1,440,739. The current CFC balance is sufficient to cover the remainder of Phase 2 of the Project, as well as capital and operating expenses through the end of Fiscal Year 2023-2024.

Based on the current CFC collection trend and assuming the Board authorizes an increase in the CFC from $6.50 per transaction day to $9.00 per transaction day, RTAA finance staff estimate that approximately $12,131,699 in CFCs will be collected for FY 2023-2024. The $2.50 per transaction day increase to the CFC will result in an estimated $3,000,000 in revenue in FY 2023-2024.

CFC Balance May 1, 2023	$15,943,015
Remaining Operating Expenses FY 2022-2023	($274,624)
Phase 2 Outstanding Expenses – FY 2022-2023	($525,953)
Operating Expenses FY 2023-2024	($570,000)
Phase 2 – FY 2023-2024	($1,440,739)
Sub Total	$13,131,699
Estimated CFC Collections – FY 2023-2024	$12,381,975
Estimated Total CFC Balance at end of FY 2023-2024	**$25,513,674**

COMMITTEE COORDINATION

Finance and Business Development Committee

RECOMMENDED MOTION

Staff recommends that the Board adopt the following motion:

"Move to authorize the use of $1,440,739 of Customer Facility Charges to fund costs associated with finishing negotiations for a P3 delivery of the Ground Transportation Center and undertaking work on associated enabling projects."

wemoveyou

Reno-Tahoe Airport Authority

Board Memorandum

To: All Board Members **Memo #:** *06/2023-45*

From: Daren Griffin, President/CEO

Subject: Adoption of Resolution No. 563 amending Resolution No. 560, Increasing the Customer Facility Charge Rate to $9.00

STAFF RECOMMENDATION

Staff recommends that the Board adopt Resolution No. 563, a Resolution amending Resolution No. 560, a Master Fee Resolution setting forth Airport Rates and Charges for Fiscal Year (FY) 2023-24 to increase the Customer Facility Charge (CFC) rate to $9.00.

PURPOSE

The purpose of this action is to amend master list of FY 2023-24 rates, charges, and fees established for specific uses of RTAA facilities and user fees related to the Reno-Tahoe International Airport (RNO) and the Reno-Stead Airport (RTS). The only proposed change is increasing the CFC from $6.50 to $9.00 effective September 1st, 2023.

BACKGROUND

The Airport Act, Chapter 474, states that RTAA may assess and collect fees, rentals, rates, and other charges. RTAA has numerous resolutions, policies, and agreements that set forth rates and fees for the various operators and customers at RNO and RTS. The purpose of the Master Fee Resolution ("Resolution") is to provide the Board, staff, and users of the RTAA one document that details the majority of rates, charges and fees in one place for easy reference.

Customer Facility Charges are user fees assessed on rental car customers for each rental car transaction day. The revenues are collected by rental car companies, restricted to the operation, maintenance, and development of rental car facilities.

DISCUSSION

The Resolution is updated on an annual basis to coincide with the budget process and may be amended during the fiscal year. The current resolution was adopted by the Board on May 18, 2023, and did not include any changes to the CFC rates. At that point in time, the amount required to support the CONRAC or "GTC" project financing plan proposed by Conrac Solutions was pending. The RTAA also collaborates with the resident rental car companies on the timing and level of CFCs. While the plan was pending, there was no consensus to raise the CFC. The proposed increase from $6.50 to $9.00, effective September 1, 2023, is a matter the RTAA is currently in discussions with the rental car companies to obtain their support.

Based on the financial analysis performed by Conrac Solutions and RTAA consultants, the minimum required starting CFC rate contemplated in the financial proforma exceeds $9.00 under all scenarios for the construction of a consolidated rental car facility. This is to allow adequate revenue collections during the construction period. Staff is proposing a CFC rate increase to $9.00 per rental car transaction day effective September 1, 2023. Depending on contract negotiations, financing terms, and final project cost estimate there is a potential for another rate increase to $10.00 or more at financial close of the transaction.

FISCAL IMPACT

The CFC rate increase from $6.50 to $9.00 per rental car transaction day will potentially generate an additional $3 million in CFC revenues for the remainder of the 2023-24 fiscal year (September through June). The collection of this funding, sooner than later, help offset the financing requirement at financial close and thereby reduces long term debt costs.

COMMITTEE COORDINATION

Finance and Business Development Committee

RECOMMENDED MOTION

It is recommended that the Board adopt the following motion:

"Move that the Board adopts Resolution No. 563 amending Resolution number 560 establishing the Airport Rates and Charges for Fiscal Year 2023-24."

RESOLUTION NO. 563

A RESOLUTION AMENDING RESOLUTION NO. 560, A MASTER FEE RESOLUTION SETTING FORTH AIRPORT RATES AND CHARGES FOR FY 2023-2024

(Note: Changes are in bold)

WHEREAS, Section 10 (10) of SB 198, Chapter 474, Statutes of Nevada 1977 provides that the Reno-Tahoe Airport Authority may charge fees, rentals, rates, and other charges:

NOW, THEREFORE, BE IT RESOLVED by the Board of Trustees of the Reno-Tahoe Airport Authority that Resolution Number 560 is amended to set forth a list of master fees for Fiscal Year 2023-2024 for the Reno-Tahoe International Airport (RNO) and the Reno-Stead Airport (RTS).

Rates and charges that are being changed are noted in **bold** with the previous amount in red.

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
RNO SIGNATORY RATES AND CHARGES	
Landing Fee	$3.99 per 1,000 lbs.
Terminal Conditioned Space	$150.76 PSFPA* *Per square foot per annum
Terminal Unconditioned Space	$75.38 PSFPA
Baggage Handling System (BHS) Charge	$1.38 per bag processed through the Baggage Handling System
RNO NON-SIGNATORY RATES AND CHARGES	
Landing Fee	$4.59 per 1,000 lbs.
Terminal Conditioned Space	$150.76 PSFPA
Terminal Unconditioned Space	$75.38 PSFPA
Baggage Handling System (BHS) Charge	$1.52 per bag processed through the Baggage Handling System
Joint Use Baggage Makeup and Handling, Baggage Claim and Tug Drives	$2.45 per Enplaned and Deplaned Passenger
Ticket Counter (Each Counter/ 2 Positions)	$41.00 per ticket counter (2 positions) per enplaning operation.

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
RNO NON-SIGNATORY RATES AND CHARGES (Continued)	
Gate Use Charge	The lesser of $2.60 per enplaning and deplaning passenger or $280.00 per turn. However, the former will only be considered upon airline request and with airline provided specific, per flight passenger totals submitted with the required monthly landing report (10 days after the end of the month).
RNO OTHER AIRLINE CHARGES	
Ramp Overnight Fee (RON)	$126.00 per day over 3 hours
Gate Overstay Penalty	$250.00 per 15-minute period exceeding initial 15 minutes after being directed to tow the aircraft.
Disposal Fees	$6,809 monthly
Customs and Border Protection Facility Use Charge	$4.50 per deplaned international passenger
Passenger Boarding Ramp Equipment Use Fee	$45.00 per enplaning or deplaning operation excluding scheduled international service.
Incentives for scheduled passenger air and air cargo carriers to increase air service to Reno	Policy guidelines for waiving certain fees including landing fees, terminal rents, or other charges as approved by the Board for a period of up to 365 days. Resolution No. 548 amending Resolution No. 544 updating Policy No. 600-007.

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
RNO AIR CARGO LAND RENTS	
Improved Land Adjacent to Air Cargo Ramp	$1.10 PSFPA
As-Is Land in Air Cargo Area not adjacent to the Air Cargo Ramp	$0.74 PSFPA
RNO MISCELLANEOUS AVIATION SERVICES	
Fuel Flowage Fees – Reno/Tahoe International	$0.07 per gallon
Commercial Aviation Ground Handlers and Support Service Operators	6% of Gross Revenues per the Commercial Aviation Ground Handling and Support Services Operating Agreement.
RNO OTHER TERMINAL RENTS (NON-AIRLINE)	
Ticket Lobby/Office Support Space	$150.76 PSFPA
Ticket Lobby/Alcove Space	$150.76 PSFPA
Baggage Claim Ground Transportation Facility	$150.76 PSFPA
Baggage Claim Ground Transportation Vestibule Counter	$427.98 per counter per month $150.00 per counter per day
Concession Office/Storage/Support Space	$10.23 PSFPA
RNO T-HANGAR RATES	
GA East E37-E57	$463.00 per unit per month
GA East E1-E36	$614.00 per unit per month
T-Hangar Storage Space (GA East)	$0.372 per sq. ft. per month

** Per General Aviation T-Hangar Leasing Guidelines adopted on May 18, 2017, and the General Aviation Rent Study (July 23, 2019) adopted by the Board on August 8, 2019, the following will apply to all RNO T-Hangar leases:

1. All existing T-Hangar lease rental rates will be adjusted by a comparative rent analysis every five (5) years as well as an annual adjustment between each comparative rent analysis equal to the March CPI-U index, not to exceed 2%.
2. The rental rates for all T-Hangar leases with less than a one-year term and all month-to-month T-Hangar leases will be adjusted by the CPI plus an additional 10% differential.

RNO AIRCRAFT TIE-DOWN PARKING RATES	
Aircraft Tie-Down Parking	$100.00 per aircraft tie-down position per month

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
RNO BOX HANGAR RATES	
GA West Hangar #2 Hangar #7 Hangar #8	$0.394 per sq. ft. per month
GA West Hangar #9 Hangar #10	$0.492 per sq. ft. per month
GA West/East Aircraft Apron Parking	$0.058 per sq. ft. per month
GA East Hangar - Building B Hangar – Building E Hangar – Building F Hangar – Building G	$0.492 per sq. ft. per month
GA East and West Hangar Office	$0.617 per sq. ft. per month
RNO VEHICLE PARKING FEES	
Short Term – Garage (1st floor)	1 - 10 min Free 11 - 20 min $1.00 21 - 40 min $2.00 41 - 60 min $3.00 $3.00 Each Additional Hour or Part Thereof up to 6 hours. Between 6 hours and 24 hours the daily maximum will be charged at the Maximum Per Day $36.00
Long Term – Garage (2nd and 3rd floors)	1 - 10 min Free 11 - 20 min $1.00 21 - 40 min $2.00 41 - 60 min $3.00 $2.00 Each Additional Hour or Part Thereof Maximum Per Day $16.00

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
RNO VEHICLE PARKING FEES (Continued)	
Long Term – Surface Lot	1 - 10 min Free 11 - 20 min $1.00 21 - 40 min $2.00 41 - 60 min $3.00 $2.00 Each Additional Hour or Part Thereof Maximum Per Day $12.00
Overflow Parking	Maximum Per Day $12.00 Will be charged per calendar day
Yellow Lot	1 - 10 min Free 11 - 20 min $1.00 21 - 40 min $2.00 41 - 60 min $3.00 $2.00 Each Additional Hour or Part Thereof Maximum Per Day $14.00
Blue Lot	1 - 10 min Free 11 - 20 min $1.00 21 - 40 min $2.00 41 - 60 min $3.00 $2.00 Each Additional Hour or Part Thereof Maximum Per Day $12.00
Oversize Vehicle Parking	Charged at the published parking rate multiplied by the number of spaces the vehicle occupies.
Lost Ticket	Minimum charge for lost ticket is $26.00
Parking Proximity Card Replacement	$25.00 for each replacement card
Non-Domiciled Flight Crew Parking Tier-1	$100.00 per month per employee
Non-Domiciled Flight Crew Parking Tier-2	$50.00 per month per employee
Tenant Employee Parking	$20.00 per month per employee

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
RNO GROUND TRANSPORTATION FEES	
Vehicle Registration Fee	$25.00 minimum annual fee per company, $5.00 per vehicle over 5 vehicles, maximum $200.00
New /Lost/ or Replacement Transponder	$25.00 for license plate version, $15 for windshield version
Non-domicile Bus (bus with no operating permit)	$25.00 per trip
Buses (>24 seat capacity)	$5.00 per trip
Shuttles (<24 seat capacity)	$3.00 per trip
Scheduled Shuttles	$2.00 per trip (companies with a minimum 16 trips per day on a set schedule.)
Courtesy Vehicles	$3.00 per trip
Pay Limousine	$3.00 per trip
Taxi	$2.00 per trip
Transportation Network Companies	$2.00 per pick-up and $1.00 per drop- off
Ground Transportation Citation	$100.00
Commercial Vehicle Overnight Parking	$10 per space per night
RNO PARKING CITATIONS	
Unattended Vehicle	$30.00
Front Curb Loading/Unloading	$25.00
Commercial Loading/Unloading	$25.00
Parking in Crosswalk	$30.00
Curb Markings	$30.00
Failure to Obey Sign	$30.00
Accessibility Zone	$250.00
Failure to Obey Officer	$30.00
RNO OFF-AIRPORT PARKING CONCESSION	
Off-Airport Parking Operator Fee	7% of Gross Revenues
RNO AUTO RENTAL – ON AIRPORT	
Customer Facility Charge	**$9.00** ($6.50) per transaction day on each individual vehicle rental

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
RNO AUTO RENTAL – ON AIRPORT (Continued)	
Terminal Counter Space	$150.76 PSFPA
Terminal Office Space	$150.76 PSFPA
Quick Turnaround Lot Premises and Common Area	$1.596 PSFPA
Quick Turnaround Building Rent (1/5th share)	$62,492.110 annual rent
Ready Parking and Return Parking	$97.00 Per space per month
Service Facility Building Rent	$9.963 PSFPA
Service Facility Land Rent	$0.903 PSFPA
RNO AUTO RENTAL – OFF AIRPORT	
Off Airport Rental Cars	10% of gross revenues
RNO PEER-TO-PEER CAR SHARING	
RNO Peer-to-Peer Car Sharing	10% of gross revenues plus daily long-term parking rate for any designated parking stalls
RNO AIRPORT WAREHOUSING	
Storage Unit– 12 ft. X 20 ft.	$125.00 per month*
Storage Unit– 12 ft. X 30 ft.	$150.00 per month*
Storage Unit– 12 ft. X 30 ft. with Loft	$175.00 per month* ($0.46 per sq. ft. per month*)
* Subject to promotions and discounts to increase business and lower specific vacancy rates. Month-to-month tenants are subject to individual rent increases at any time.	
Administrative Fee - new rentals (non-refundable)	$25.00 per new rental
Mailbox Rental – Small	$24.00 per quarter
Mailbox Rental – Medium	$30.00 per quarter
Mailbox Rental – Large	$35.00 per quarter
Storage Unit Lock Services – Cutting existing or providing a new lock	$25.00 per occurrence
Late Fee Charge	$25.00 if payment not received by 5th of each month
Returned Check Charge	$35.00 for all checks returned unpaid
RNO PARK TO TRAVEL	
Outside Parking	$10.00 per day $60.00 per week $95.00 per month

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
RNO PARK TO TRAVEL (Continued)	
Enclosed Parking – 12 ft. X 20 ft.	$125.00 per month
Enclosed Parking – 12 ft. X 30 ft.	$150.00 per month
Enclosed Parking – 12 ft. X 30 ft. with Loft	$175.00 per month
Late Fee Charge	$25.00 if payment not received by 5th of each month
Returned Check Charge	$35.00 for all checks returned unpaid
Administrative Fee - new rentals (non-refundable)	$25.00 per new rental
RNO MISCELLANEOUS FEES/CHARGES	
Photo Copying	$1.25 for the first page, $0.25 for each additional page thereafter. $10.00 if sent to outside copying service plus cost of copying.
Reimbursement for services/maintenance	Based on level of personnel ranging from $65.00 to $125.00 per hour and type of equipment ranging from $40.00 to $275.00 per hour
Late Payment Service Charge	Highest rate established from time to time – currently 18% APR; minimum charge of $5.00
Security ID Badges	Initial Identification Badge $50.00, excluding Signatory Airlines; Badge renewal $25.00, including Signatory Airlines; Badge Replacement (Lost/Stolen) $50.00, including Signatory Airlines and Airport Authority employees; Unreturned badge fee $150.00 assessed to sponsoring company. CBP Seal Fee $10.00

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
RNO MISCELLANEOUS FEES/CHARGES (Continued)	
Airport Operations Area ID Badge	Initial Air Operations Area employee/tenant identification badge $25.00; AOA ID Renewal $12.50 Per annum
Tenant Fingerprinting	$75.00 Airport processing fee per employee - original
Tenant Keys and Locks	$50.00 per key $100.00 per core $360.00 per lockset
SIDA/Driver Training Session	$25.00 per employee
Conference Room Rental	For airport tenants: - $125.00 half day - $200.00 full day - Free for hiring events. For non-tenants: - $250.00 half day - $400.00 full day IT Services $75.00 flat fee
Welcome Tables	$250.00 per day $200.00 per day if multiple days booked
Copy of Police Report	$10.00 per copy, $15.00 if mailed
Copy of Electronic Files on Flash Drive	$20.00 per unit Download on flash drive.
Brookside Lot – Remote Trailer Parking/Short Term Storage (No Terminal Access)	$50.00 per day not to exceed 15 trailers.
Special Use Permit (i.e. filming, one-time use of ramp, booths on curb, etc.)	$600.00 per day for non-aviation impacts; $900.00 per day for activity that impacts aviation
*** RENO-STEAD AIRPORT (RTS)	
Landing Fees – Bureau of Land Management (BLM)	$90.00 per landing for aircraft less than or equal to 155,000 lbs.; $240.00 per landing for aircraft over 155,000 lbs.
Fuel Flowage Fees – RTS	$0.05 per gallon

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
*** RENO-STEAD AIRPORT (RTS) (Continued)	
Commercial Aviation Operators	3% of gross revenues
Terminal Space Rent	$1.64 per sq. ft. per month plus $0.21 per sq. ft. per month common area maintenance charges
Conference Room Rental	For airport tenants: - $125.00 half day - $200.00 full day - $100.00 cleaning deposit For non-tenants: - $250.00 half day - $400.00 full day - $100.00 cleaning deposit IT Services $75.00 flat fee
Special Use Permit (i.e. filming, one-time use of ramp, etc.)	$600.00 per day for non-aviation impact; $900.00 per day for activity that impacts aviation
RTS Gate Key	$25.00 deposit
Storage Unit- 10 ft. X 20 ft.	$80.00 per month
Storage Unit- 20 ft. X 20 ft.	$125.00 per month
Aircraft Tie-Down Parking – aircraft less than 12,500 lbs. of landed weight	The lesser of $5.00 per aircraft per day or $55.00 per aircraft per month
Aircraft Ramp Parking- transient aircraft with landed weight of 12,500 lb.	The lesser of $10.00 per aircraft per day or $50.00 per aircraft per week

On motion by Trustee _________, second by Trustee __________, the foregoing Resolution No. 563 was passed and adopted this 23rd day of June 2023, by the following vote of the Board:

AYES: ____

NAYS: ____

ABSENT: ____________________ ABSTAIN: ____________________

____
Chairman Adam Kramer

ATTEST:

____
Secretary Jenifer Rose

Board Memorandum

To: All Board Members **Memo #:** *06/2023-46*

From: Daren Griffin, President/CEO

Subject: Authorization for the President/CEO to terminate the Agreement for Exclusive Option to Lease and Develop Real Estate at Reno-Tahoe International Airport between the Reno-Tahoe Airport Authority and RNO Conrac, LLC, if the Reno-Tahoe Airport Authority does not reach final terms with RNO Conrac, LLC for a transportation facility consisting of a new Consolidated Rental Car and Ground Transportation Center located at the Reno-Tahoe International Airport on or before November 7, 2023

STAFF RECOMMENDATION

Staff recommends the Board authorize the President/CEO to terminate the Agreement for Exclusive Option to Lease and Develop Real Estate at Reno-Tahoe International Airport (Option Agreement) between the Reno-Tahoe Airport Authority (RTAA) and RNO Conrac, LLC (ConRAC Solutions), companies, if, however, the RTAA does not reach final terms with RNO Conrac. LLC and is not able to resolve term sheet concerns raised by the rental car companies for a transportation facility consisting of a new Ground Transportation Center (GTC), including rental car facilities (the Project) located at the Reno-Tahoe International Airport (RNO) on or before November 7, 2023.

PURPOSE

This is the second of four motions relating to the proposed new GTC at RNO. In summary, Staff is proposing that the Board consider the following four actions:

1) Authorize the President/CEO to negotiate final terms on the Project's financing and development within the framework of the Proposed Term Sheet dated June 9, 2023 (Memo # 06/2023-43);
2) Approve the use of additional Customer Facility Charges (CFCs) to fund expert assistance through the final stages of negotiation and design (Memo # 06/2023-44);
3) Approve raising the CFC rate from the current \$6.50 to \$9.00 per transaction day, effective September 1st, 2023, to support the maintenance of existing rental car facilities and future development of new facilities (Memo # 06/2023-45);
4) Authorize the President/CEO to terminate Project negotiations and the P3 model if the President/CEO concludes in his judgment that negotiations cannot be successfully concluded in time for the Board's consideration on November 7, 2023 (this Memo);

The purpose of this action is to obtain the Board's authorization for the President/CEO to issue a final notice to ConRAC Solutions that the RTAA does not approve advancing the Project into

Phase 3 (Project Delivery), and the RTAA terminates the Option Agreement, if the President/CEO determines that RTAA and RNO ConRAC, LLC are unable to reach final terms on or before November 7, 2023.

This action is in support of Reno-Tahoe Airport Authority (RTAA) Strategic Priority #3 – Facilities for the Future, as identified in the RTAA FY2019-2023 comprehensive Strategic Plan.

BACKGROUND

The background for this action is identical to the background in the first action (Memo # 06/2023-43) and in the interest of brevity is not restated here.

DISCUSSION

In the preceding agenda item, RTAA Staff seek the Board's authorization for the President/CEO to negotiate final terms with ConRAC Solutions to pursue a P3 approach to deliver the Project. Assuming the Board's approval of that item, Staff seek a separate authorization from the Board for the President/CEO to terminate the Option Agreement if he determines that final terms cannot be reached on or before November 7, 2023.

The Option Agreement allows the RTAA to terminate the Option Agreement if the RTAA CEJO decides not to approve advancing the Project from Phase 2 to Phase 3. Prior to terminating the Option Agreement, the RTAA must first articulate to ConRAC Solutions its reasonable basis for the decision to not advance the Project and afford ConRAC Solutions at least 30 days to address the reasonable basis with proposed modifications or explanations. The RTAA must give the proposed modifications or explanations reasonable consideration. If after such consideration, the RTAA still decides not to advance the Project, the RTAA must give ConRAC Solutions a written notice of the final decision to not advance the Project. RTAA has satisfied all the requirements to terminate the Option Agreement except delivery of written notice of a final decision to not advance the Project.

Staff anticipates engaging ConRAC RNO, LLC in several months of intense negotiations to finalize delivery of the Project. These negotiations will include RTAA's outside counsel and financial advisors working with their counterparts on the ConRAC Solutions team. RTAA Staff are "all in" on trying to find a viable deal to bring before the Board for a vote to advance the Project into Phase 3 – Project Delivery, however Staff cannot continue to negotiate with ConRAC Solutions indefinitely. If a deal cannot come together by November 7, 2023, then staff recommends that the RTAA should move on from the Option Agreement and have Staff focus on other priorities. Accordingly, the President/CEO is seeking authorization to terminate the Option Agreement if he determines that the RTAA and ConRAC Solutions cannot reach a viable deal by the negotiation deadline.

COMMITTEE COORDINATION

Finance and Business Development Committee

RECOMMENDED MOTION

Staff recommends that the Board adopt the following motion:

"Move to authorize the President/CEO to terminate the Agreement for Exclusive Option to Lease and Develop Real Estate at Reno-Tahoe International Airport between the Reno-Tahoe Airport Authority and RNO Conrac, LLC, if the President/CEO determines that the RTAA will not be able to reach final terms with ConRAC Solutions for a transportation facility consisting of a new Ground Transportation Center, including rental car facilities located at the Reno-Tahoe International Airport on or before November 7, 2023."