

**BOARD OF TRUSTEES**

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**AGENDA**  
**SPECIAL MEETING OF THE BOARD OF TRUSTEES**

**Date:** Friday, June 30, 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/85713990210>; **Webinar ID:** 857 1399 0210; 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](mailto: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](mailto: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](mailto:lkolacek@renoairport.com).

**1. INTRODUCTORY ITEMS**

- 1.1 Call to Order
- 1.2 Pledge of Allegiance
- 1.3 Roll Call

**2. PUBLIC COMMENT****3. CONSENT**

- 3.1 Board Memo No. 06/2023-47: Adoption of Resolution 562 amending Resolution 374, a Resolution to Adopt a Policy Authorizing the Chief Executive Officer To Enter Into and Settle Certain Lawsuits and Legal Matters (*for possible action*)

**4. INFORMATION / POSSIBLE ACTION ITEMS**

- 4.1 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*)
- 4.2 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*)
- 4.3 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*)
- 4.4 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*)
- 4.5 Board Memo No. 06/2023-48: Proposed dedication of RTAA location in honor of Major General Robert T. Herbert, for discussion only, pursuant to Resolution No. 561 (RTAA Policy on Naming and Dedication)
- 4.6 Board Memo No. 06/2023-49: Review and discussion of President/CEO Daren Griffin's performance for fiscal year 2022/2023 and possible action on discretionary bonus for fiscal year 2021/2022 and salary adjustment for fiscal year 2023/2024 (*for possible action*)
- 4.7 Recognition of Outgoing Trustees

**4. PUBLIC COMMENT**

**5. ADJOURNMENT**

# Board Memorandum

**To:** All Board Members

**Memo #:** 06/2023-47

**From:** Daren Griffin, President/CEO

**Subject:** Adoption of Resolution 562 amending Resolution 374, a Resolution to Adopt a Policy Authorizing the Chief Executive Officer To Enter Into and Settle Certain Lawsuits and Legal Matters

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## STAFF RECOMMENDATION

Staff recommends that the Board of Trustees adopt Resolution 562 amending Resolution 374 regarding delegation of authority to manage lawsuits and other legal actions on the Authority's behalf, to the Chief Executive Officer (formerly the Executive Director).

Following discussion at the Board's June 8, 2023 meeting, the Resolution has been revised to require that the Chief Executive Officer consult with the Board before initiating litigation on the RTAA's behalf.

## PURPOSE

Resolution 374 (originally adopted in 1998) recognizes that part of the day-to-day management of the Authority's affairs involves litigation and related legal matters. Under Nevada law, certain litigation-related decisions are reserved to the client, including such things as initiating litigation or accepting a settlement proposal. In the absence of a clear delegation of authority, the Authority may not be able to act expeditiously to protect its interests. The original Resolution 374 (1998) was intended to clarify that, in certain circumstance, the Chief Executive Officer may act for and bind the Authority, in the same manner as the CEO can act for and bind the authority through contracts or other managerial decisions.

The proposed revision would update the delegated amount in controversy to \$500,000, which is equivalent to the Chief Executive Officer's delegated construction contracting authority. It would also add an explanation of how to determine the amount in controversy; require the Chief Executive Officer to consult with the Board before initiating a lawsuit (as opposed to defending or settling a case); and regularize reports to the Board on pending matters. The Chief Executive Officer would be directed to work with legal counsel in executing the duties described in the Resolution.

## FISCAL IMPACT

There is no fiscal impact.

## **RECOMMENDED MOTION**

Staff recommends that the Board adopt the following motion:

“Adopt Resolution 562 amending Resolution 374, a Resolution to Adopt a Policy Authorizing the Chief Executive Officer To Enter Into and Settle Certain Lawsuits and Legal Matters.”

## **RESOLUTION NO. 562**

### **A RESOLUTION AMENDING RESOLUTION 374, A RESOLUTION TO ADOPT A POLICY AUTHORIZING THE CHIEF EXECUTIVE OFFICER TO ENTER INTO AND SETTLE CERTAIN LAWSUITS AND LEGAL MATTERS**

WHEREAS, Chapter 474, Statutes of Nevada, grants the Board of Trustees the general power to sue and be sued (Sec. 10); and

WHEREAS, the Airport Authority routinely is subject to lawsuits and legal actions, and initiates lawsuits and legal actions; and

WHEREAS, the Board of Trustees has employed a professional staff to manage the day-to-day administration and operation of the Airport Authority, including the administration of lawsuits and legal actions; and

WHEREAS, the Board of Trustees finds that certain legal matters are part of the day-to-day administration of the Airport Authority; and

WHEREAS, the Board of Trustees recognizes that it is in the best interests of the Airport Authority if the detail and legal strategies of certain lawsuits and legal matters are best handled at the staff level; and

WHEREAS, the Board of Trustees is routinely kept informed of lawsuits and pending legal action through Administrative Reports and routine legal briefings by the Airport Authority's legal counsels; and

WHEREAS, the Board of Trustees desires to establish certain limits and guidelines authorizing staff to defend, initiate and settle certain lawsuits and legal actions.

NOW, THEREFORE, be it resolved that the Board of Trustees of the Airport Authority, authorizes the Chief Executive Officer to defend, initiate and settle lawsuits and legal actions subject to the following guidelines:

The Chief Executive Officer is authorized to defend, initiate, and settle lawsuits, legal actions, and potential claims, on behalf of the Airport Authority in cases with a maximum estimated fiscal impact of \$500,000 or less. For the purposes of this Policy, fiscal impact means the potential net expense or recovery, including such things as a potential adverse judgment, or an award or settlement in the Authority's favor.

Before initiating a lawsuit, the Chief Executive Officer shall consult with the Board of Trustees.

The Chief Executive Officer shall regularly report to the Board of Trustees on the status of pending lawsuits and legal actions.

In performing the duties described here, the Chief Executive Officer shall consult with and use the services of legal counsel to best protect the interests of the Airport Authority.

On motion by Trustee \_\_\_\_\_, second by Trustee \_\_\_\_\_, the foregoing Resolution was passed and adopted this 8th day of June 2023, by the following vote of the Board of Trustees:

Ayes: \_\_\_\_\_

Nays: \_\_\_\_\_

Absent: \_\_\_\_\_ Abstain: \_\_\_\_\_

\_\_\_\_\_  
Adam Kramer, Chair

ATTEST:

\_\_\_\_\_  
Jenifer Rose, Secretary

# 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.

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## 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, for a public-private partnership (P3) pursuant to Nevada Revised Statutes (NRS) 338.161 through 338.168 for a new Ground Transportation Center (GTC, or the Project). 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 1<sup>st</sup>, 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 might 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 ratio.

### **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 serve 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 <ul style="list-style-type: none"> <li>• ConRAC Solutions and the finance team are responsible for all aspects of financing, construction and, for an initial term, operations and maintenance</li> <li>• RTAA and PFM participate in the process to the extent necessary and helpful</li> </ul>
CFC and CFC Escalator	<ul style="list-style-type: none"> <li>• CFCs are set at financial close</li> </ul>



	<ul style="list-style-type: none"> <li>Maximum initial CFC of less than or equal to \$10 with objective of a lower initial CFC</li> <li>Implement initial CFC increase by September 1, 2023</li> <li>3-year escalator with target to keep percentage as low as possible</li> </ul>
Rate Covenant	<ul style="list-style-type: none"> <li>RTAA mandated to set and RACs will collect CFCs at levels set upon Closing</li> <li>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</li> <li>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</li> <li>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).</li> <li>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.</li> </ul>
Milestone Payments	<ul style="list-style-type: none"> <li><b>Mandatory Milestone Payment:</b> 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.</li> <li><b>Optional Milestone Payment:</b> 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.</li> <li>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.</li> </ul>
Fees	<ul style="list-style-type: none"> <li>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</li> </ul>

	<p>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.</p> <ul style="list-style-type: none"> <li>Project Company will pay RTAA a reasonable fee in an amount to be determined in accordance with Nevada procurement law.</li> </ul>
	<p style="text-align: center;"><b>Document Structure</b> (all entered into at financial close)</p>
Ground Lease	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>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.</li> <li>Project Company may grant leasehold mortgage to initial Lender. Control of GTC transfers to RTAA at DBO.</li> <li>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).</li> <li>Design of ConRAC must accommodate periodic reassignment of space and new entrants.</li> <li>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.</li> <li>RTAA will have a revenue share that is commensurate with the amount of Milestone Payments made and achieving a specified IRR threshold.</li> <li>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.</li> </ul>

	<ul style="list-style-type: none"> <li>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</li> </ul>
Financing Documents	<ul style="list-style-type: none"> <li>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.</li> <li>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.</li> <li>The construction loan will be secured by all assets of the Project Company, including its right to receive CFCs, cash in bank accounts, collateral assignment of contractual rights, a leasehold mortgage and equity pledges.</li> <li>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.</li> <li>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.</li> <li>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.</li> </ul>
Operating Agreement	<ul style="list-style-type: none"> <li>CS Operators (CSO) and Project Co. enter into Operating Agreement (RTAA approval as to form and identified as 3<sup>rd</sup>-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.</li> </ul>
RAC Lease and Concession Agreements	<ul style="list-style-type: none"> <li>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.</li> </ul>

	<ul style="list-style-type: none"> <li>• 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.</li> <li>• 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.</li> <li>• 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.</li> <li>• RACs pay concessions fee (10% of Gross Revenues or MAG) to RTAA under Concession Agreement.</li> <li>• 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 &gt; or = XX%)</li> <li>• [RACs are responsible for funding the O&amp;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&amp;M of any service sites.]<sup>1</sup></li> </ul>
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<sup>1</sup> 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.



**Reno-Tahoe  
Airport  
Authority**

- 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,

A handwritten signature in black ink, appearing to read 'Daren A. Griffin'.

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



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



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



# EXHIBIT D



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,

A handwritten signature in blue ink, appearing to read "Daren A. Griffin", is positioned below the "Sincerely," text.

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

# 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

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## 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 1<sup>st</sup>, 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
<b>Estimated Total CFC Balance at end of FY 2023-2024</b>	<b>\$25,513,674</b>

## 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.”

# 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

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## 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 1<sup>st</sup>, 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
<b>RNO NON-SIGNATORY RATES AND CHARGES (Continued)</b>	
Gate Use Charge	<p>The lesser of \$2.60 per enplaning and deplaning passenger or \$280.00 per turn.</p> <p>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).</p>
<b>RNO OTHER AIRLINE CHARGES</b>	
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	<p>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.</p> <p>Resolution No. 548 amending Resolution No. 544 updating Policy No. 600-007.</p>



FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
<b>RNO AIR CARGO LAND RENTS</b>	
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
<b>RNO MISCELLANEOUS AVIATION SERVICES</b>	
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.
<b>RNO OTHER TERMINAL RENTS (NON-AIRLINE)</b>	
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
<b>RNO T-HANGAR RATES</b>	
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
<p>** 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:</p> <ol style="list-style-type: none"> <li>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%.</li> <li>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.</li> </ol>	
<b>RNO AIRCRAFT TIE-DOWN PARKING RATES</b>	
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 (1 <sup>st</sup> 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 (2 <sup>nd</sup> and 3 <sup>rd</sup> 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
<b>RNO VEHICLE PARKING FEES (Continued)</b>	
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
<b>RNO GROUND TRANSPORTATION FEES</b>	
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
<b>RNO PARKING CITATIONS</b>	
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
<b>RNO OFF-AIRPORT PARKING CONCESSION</b>	
Off-Airport Parking Operator Fee	7% of Gross Revenues
<b>RNO AUTO RENTAL – ON AIRPORT</b>	
Customer Facility Charge	<b>\$9.00</b> ( <del>\$6.50</del> ) per transaction day on each individual vehicle rental

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
<b>RNO AUTO RENTAL – ON AIRPORT (Continued)</b>	
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 (1/5 <sup>th</sup> 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
<b>RNO AUTO RENTAL – OFF AIRPORT</b>	
Off Airport Rental Cars	10% of gross revenues
<b>RNO PEER-TO-PEER CAR SHARING</b>	
RNO Peer-to-Peer Car Sharing	10% of gross revenues plus daily long-term parking rate for any designated parking stalls
<b>RNO AIRPORT WAREHOUSING</b>	
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 5 <sup>th</sup> of each month
Returned Check Charge	\$35.00 for all checks returned unpaid
<b>RNO PARK TO TRAVEL</b>	
Outside Parking	\$10.00 per day \$60.00 per week \$95.00 per month

FEES/RENTALS/RATES AND OTHER CHARGES	AMOUNT
<b>RNO PARK TO TRAVEL (Continued)</b>	
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 5 <sup>th</sup> of each month
Returned Check Charge	\$35.00 for all checks returned unpaid
Administrative Fee - new rentals (non-refundable)	\$25.00 per new rental
<b>RNO MISCELLANEOUS FEES/CHARGES</b>	
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
<b>RNO MISCELLANEOUS FEES/CHARGES (Continued)</b>	
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
<b>*** RENO-STEAD AIRPORT (RTS)</b>	
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
<b>*** RENO-STEAD AIRPORT (RTS) (Continued)</b>	
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



Resolution No. 563 - Master Fees  
Fiscal Year 2023-24

On motion by Trustee \_\_\_\_\_, second by Trustee \_\_\_\_\_, the foregoing Resolution No. 563 was passed and adopted this 23<sup>rd</sup> 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

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## 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 1<sup>st</sup>, 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.”

# Board Memorandum

**To:** All Board Members

**Memo #:** 06/2023-48

**From:** Daren Griffin, President/CEO

**Subject:** Proposed Dedication of RTAA Location in Honor of Major General Robert T. Herbert, For Discussion Only, Pursuant to Resolution No. 561 (RTAA Policy on Naming and Dedication)

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## STAFF RECOMMENDATION

The staff recommends that the Board discuss the nomination submitted by Chair Adam Kramer (attached) for the dedication of a suitable airport facility or location, in honor of Major General Robert T. Herbert. The Board may also entertain public comment on the nomination. While no action can be taken on this first hearing, the Board may direct staff to have this matter brought back for final decision after three months.

## BACKGROUND

This is the first nomination for a naming or dedication under the Board's new Resolution 561, "A RESOLUTION ESTABLISHING A POLICY ON NAMING AND DEDICATION FOR THE RENO-TAHOE AIRPORT AUTHORITY." The nominee was previously recognized in the Board's Resolution No. 553 (2021), "A Resolution Commemorating Major General Robert T. Herbert."

## DISCUSSION

At its meeting on May 18, 2023, the Board adopted Resolution 561, "A RESOLUTION ESTABLISHING A POLICY ON NAMING AND DEDICATION FOR THE RENO-TAHOE AIRPORT AUTHORITY."

The Board's new policy recognizes the propriety of dedicating eligible locations to distinguished citizens and persons who have gained state or national prominence. Criteria to be considered include the honoree's contributions to the field of aviation or to the RTAA; importance to, or impact on, Northern Nevada; and public service. The resolution requires that the Chief Executive Officer review a nomination to determine that it has met the criteria, and if so, pass the nomination to the Board Chair. The Chair may then bring the nomination to the full Board for a discussion of the merits. No action can be taken at the first hearing. The matter may be returned for final decision after the passage of three months.

Chair Adam Kramer is the first to nominate an individual for a dedication under this new policy. His nomination letter is attached to this memorandum. CEO Griffin has reviewed the nomination and determined that it meets the applicable criteria.

That Major General Herbert meets the Policy's criteria is amply established in the Board's Resolution No. 553 (2021), "A Resolution Commemorating Major General Robert T. Herbert," which describes the nominee's many contributions to his community and country, and the RTAA.

### **FISCAL IMPACT**

None

### **RECOMMENDED ACTION**

Staff recommends that after discussion, and after hearing any public comments, the Chair direct staff to calendar this nomination for final consideration at the next public meeting which occurs three months after the date of this first hearing.

**From:** Adam Kramer <aokramer@mac.com>

**Sent:** Monday, June 5, 2023 2:42 PM

**To:** Kolacek, Lori <lkolacek@renoairport.com>

**Cc:** Whitlock, Ian <iwhitlock@renoairport.com>; Griffin, Daren <dgriffin@renoairport.com>

**Subject:** Nomination for Naming Opportunity

Dear Ms. Kolacek,

I am pleased to take this opportunity to propose that the Reno-Tahoe Airport Authority dedicate an area within the new ticketing hall to the memory of Major General Robert T. Herbert. The Board of Trustees has been privileged to recognize Major General Herbert's many contributions to the country, state, and airport, in its Resolution No. 553 (2021). I strongly believe that additional recognition is appropriate. This nomination will be the first for consideration under the Board's new policy governing the naming and dedication of airport facilities (Resolution No. 561).

The Board's new policy recognizes the propriety of dedicating eligible locations to distinguished citizens and persons who have gained state or national prominence. Criteria to be considered include the honoree's contributions to the field of aviation or to the RTAA; importance to, or impact on, Northern Nevada; and public service. That Major General Herbert meets these criteria is amply established in the Board's Resolution No. 553 (2021), "A Resolution Commemorating Major General Robert T. Herbert." Among the accomplishments listed there are the following:

The State Motto of Nevada is "All For Our Country." Major General Robert T. Herbert understood this sentiment of public service and truly lived it in his long career, starting in 1975 when, at the age of eighteen, he first enlisted in the United States Army to train as a helicopter pilot.

Major General Herbert came to Nevada as a test pilot for the Nevada Army National Guard in 1982 and, as a result, befriended and later worked for Senator Harry Reid.

In his position on Senator Reid's staff, Major General Herbert advocated tirelessly to help secure hundreds of millions of dollars in Federal grants and appropriations for, among other projects, aviation infrastructure at the Reno-Tahoe International Airport (RNO). Major General Herbert's service to our state and country has been recognized through numerous military awards, including the Nevada Medal of Merit.

The excellent service RNO is able to provide to its passengers and its service as a powerful economic engine for the local economy is in part because of the infrastructure funding Major General Robert T. Herbert worked to secure.

The Reno-Tahoe International Airport lost a long-time, valuable partner with the passing of Major General Robert T. Herbert. It is appropriate to dedicate an airport location to his name so that his many contributions will be called out to all those passing through the airport. I propose that a plaque be placed in the new ticketing hall elevator lobby.

For all these reasons I ask that the Authority staff place this matter on the Board's agenda for consideration at the earliest opportunity.

Thank you for your consideration.

# Board Memorandum

**To:** All Board Members

**Memo #:** 06/2023-49

**From:** Daren Griffin, President/CEO

**Subject:** Review and discussion of President/CEO Daren Griffin's performance for fiscal year 2022/2023 and possible action on discretionary bonus for fiscal year 2021/2022 and salary adjustment for fiscal year 2023/2024

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## BACKGROUND

Pursuant to Daren Griffin's contract (as amended on May 31, 2022), the Board is required to annually review Mr. Griffin's performance. Following that review, Mr. Griffin is eligible for a discretionary, non-mandatory cash bonus as additional compensation for his services.

The decision to award a bonus is at the Board's sole discretion and shall be up to 20% of Mr. Griffin's then applicable annual salary. The Board exercises its discretion when it sets the performance criteria and goals at the beginning of each fiscal year. The amount of the bonus, if any, is to be determined based on Mr. Griffin's achievement of those performance criteria and goals established by the Board and the weights given to each of those goals by the Board. Mr. Griffin's salary is Three Hundred and Fifty Thousand, (\$350,000.00). Twenty percent of that salary is Seventy Thousand (\$70,000.00).

The Board adopted the performance goals and weights proposed by Mr. Griffin at its September 8, 2022, meeting. It is these goals against which Mr. Griffin's performance for FY 2022/2023 is measured for purposes of considering a salary increase and a bonus, if any, beginning July 1, 2023 (which bonus shall not be prorated to account for less than a full year's bonus). A copy of the FY 2022/2023 performance goals and weights approved by the Board is attached as **Exhibit A**.

## DISCUSSION

On September 8, 2022, the Board adopted the Goals and performance measures presented by President/CEO Griffin. The proposed goals and performance measures reflected the organizational priorities received from the Board, a review of where time had been spent previously during Mr. Griffin's tenure, a review of prior CEO goals, feedback from the Executive Team, research on CEO level goals for maximum organizational effectiveness, as well as a review of the Strategic Plan.

Mr. Griffin will discuss his assessment of his performance for Fiscal Year 2022/2023 at the Special Board Meeting on June 23, 2023.



### **FISCAL IMPACT**

The maximum allowable bonus for the President/CEO is \$70,000. A 5% salary increase would be a \$17,500 annual increase to his current salary of \$350,000. Funds are sufficient within the overall RTAA operating budget.

### **RECOMMENDED MOTION**

It is recommended that the Board adopt a motion giving effect to the Board's decision regarding a bonus and salary increase, if any, subject to the contractual provisions described above. A proposed form of motion is as follows:

“It is hereby moved that the Board approve a discretionary Bonus to President/CEO Griffin in the amount of \$\_\_\_\_\_, (not to exceed the amount of \$70,000.00), and that the President/CEO receive an increase to his salary of \$350,000 in an amount of \$\_\_\_\_\_ (not to exceed 5%, or \$17,500.00).

## RTAA President/CEO FY 22-23 Performance Goals and Measures

GOAL #1: Develop and Maintain Airport Infrastructure to Meet Current and Future Demand	
Weight: 40%	Strategic Plan Initiatives Priority Nos. 3, 4, 5, 6 and 8
1.	<p>Establish a multi-year plan of program finance, communication, and human capital resources necessary to achieve the RNO infrastructure development goals. Evaluate Federal funding opportunities and submit applications as appropriate to help fund MoreRNO projects. Lead a government relations outreach effort focused on obtaining funding for MoreRNO projects through advocacy with federal, state, local and government agency officials.</p> <p><b>Completed: A plan has been established for a multi-year funding strategy for the MoreRNO projects using multiple sources including General Airport Revenue Bonds, Passenger Facility Charges (PFC) and grants from the Airport Improvement Program (AIP), Airport Infrastructure Grants (AIG) Program and the Airport Terminal Program (ATP). A plan has also been approved to augment staff to assist with project delivery by retaining Red Brick Consulting as RTAA's Executive Program Manager. Contracts are also in place for financial advisory services from PFM.</b></p>
2.	<p>Complete a Phase 2 planning assessment of long-term facility options for the RTAA Administrative and Police Department workforces. Establish the viable options, evaluate and recommend permanent space locations, space requirements, adjacencies, and high-level cost estimates. Complete by 2/28/2023 for inclusion and Board approval in the FY 23 operating budget.</p> <p><b>Completed: Board approved Planning Study April 2023 and included design cost in the FY 23 budget.</b></p>
3.	<p>Move the Ticketing Hall Expansion project forward into the construction phase. Ensure coordination with the Loop Road Reconstruction project, and establish a communication plan for customers, the community, as well as employees and stakeholders. Manage the project to adhere to strict project financial controls and in close coordination with airport operations to mitigate customer impacts.</p> <p><b>Completed: Board approved construction contract with McCarthy Construction in September 2022. Loop Road Reconstruction project approved in April 2023 with Q&amp;D Construction, a sub-contractor to McCarthy Construction on the Ticketing Hall project.</b></p>
4.	<p>Achieve Board approval of a Preferred Concept for RNO Concourse Redevelopment. Advance the design phase of the Concourse Redevelopment project to advertise, interviews and selection. Begin design of the preferred alternative by Spring 2023.</p> <p><b>Completed: Board approved Preferred Concept October 2022. RFQ advertised in Feb 2023 with design professional services agreement approved at June Board Meeting. Design to begin in June.</b></p>
5.	<p>Lead the effort to negotiate a new 2023 Airline Use and Lease Agreement. Establish an airline pre-approved capital plan, a rates &amp; charges methodology that supports the capital plan, and updated airline business terms for current and future airline tenants.</p> <p><b>Completed: Board approved April 2023. This new agreement has been structured to include the preapproval by the signatory airlines of the RNO Concourse Redevelopment project up to a budget of \$570 million. This new agreement also contains governance provisions to include signatory airline participation in scope or cost estimate changes as the project unfolds.</b></p>
6.	<p>Advance the RNO Master Plan recommendation for Air Cargo to be relocated to the SW Quadrant. Complete the RFP process by entering an Option to Develop and Lease Agreement with the selected RFP proposer. Complete due diligence and determine if the RTAA can fund the cargo apron and connector. Following Board approval, execute a long-term ground lease with successful RFP proposer.</p> <p><b>Completed: The option agreement allows for an 18-month period for due diligence, etc. per phase and the ground lease would be executed after both the RTAA and AFCA agree that it is a viable project. Just as a reminder, the ground lease language has already been negotiated and will be included as an attachment to the option agreement.</b></p>

## RTAA President/CEO FY 22-23 Performance Goals and Measures

7.	<p>Advance the ConRAC design to 60%, complete lease negotiations, establish a not-to-exceed budget and obtain Board approval for Phase 3, which includes financial close and agreement execution.</p> <p><b>In progress: Design completed April 2023; negotiations in process pending acceptance of key finance terms; and Board action is anticipated by June 30, 2023 on next steps.</b></p>
<b>GOAL #2:</b> <b>Maintain an Industry Leading Airport Operations and Public Safety Operation</b>	
<b>Weight: 30%</b>	<b>Strategic Plan Initiatives Priority Nos. 4, 6, 7 and 8</b>
1.	<p>Improve communication, cooperation and interoperability of all branches of the Operations and Public Safety division both internally and externally by conducting at minimum, quarterly training that involves all departments. Encouraging staff to take full advantage of training opportunities; training with local mutual aid agencies; and inspiring staff to pursue industry recognized certification such as AAAE's Certified Member status, Airport Certified Employee ACE- Law Enforcement Officer, ACE- Communications, ACE- Airfield Operations, or ACE- Security as appropriate.</p> <p><b>Completed/ongoing: Substantial progress was made on this goal to include establishing a daily morning briefing among all departments; regular tabletop exercises during staff meetings; training with numerous outside agencies to include the US Marine Corp, Nevada Division of Forestry, City of Reno and Washoe County among others; transitioned the dispatching of Airport Fire to the City of Reno Dispatch to ensure smooth and seamless incident response; numerous industry trainings attended to include FAR Part 139 live fire training; Airport Law Enforcement Agency Network classes; hosting an advanced Airport Safety and Operations School (6/2023) onsite for all departments to participate in. 25% of AirComm specialists are now POST certified; conducted a tri-annual full scale disaster drill that included all of our mutual aid partners and over 300 participants. See Attachment 1 for full list.</b></p>
2.	<p>Complete the reorganization of the Operations and Public Safety Department with the hiring and integration of the Airside, Landside and Terminal Manager positions, the Director of Operations position and the Emergency Manager position. Position the Operations and Public Safety team to integrate into the Ticket Hall Expansion and Loop Road reconstruction projects. Prepare for and mitigate operational impacts from construction and ensure the continuous operation of RNO. <b>Completed: Airside, Landside, and Terminal Ops Managers as well as the Director of Operations and Emergency Manager have all been hired and are currently on the job. Evaluated and then shepherded a reorganization of the Security Team into a new Terminal Operations Team that will allow for 24 hours per day, 7 days per week coverage of the terminal. Created a new compliance department that will allow the RTAA to focus on the creation and implementation of the newly required SMS and employee screening programs, as well as a review and update to the airport's rules and regulations.</b></p>
3.	<p>Provide policies, procedures and training to staff on the routine use of the Incident Command System (ICS) to include the use of unified command in response to both routine and non-routine incidents, accidents, and events.</p> <p><b>Completed/ongoing: With the hiring of the new Emergency Manager, staff now participating in ICS training as a team and now routinely responding to both simulated and actual incidents using ICS procedures. ICS 300/400 scheduled for entire team. Working with local agencies to include the County Emergency Manager to ensure seamless implementation of ICS during any airport event/incident.</b></p>
4.	<p>Meet and exceed all regulatory compliance measures to include FAA Part 139, TSA Part 1542, CBP requirements, and OSHA standards.</p> <p><b>Completed/ongoing: FAA FAR Part 139 inspection completed with only 1 deficiency noted. Commission on Law Enforcement Accreditation (CALEA) certification audit complete with a result of a perfect score. Partnering with the City of Reno to complete building and facility inspections in compliance with the board adopted fire code.</b></p>

## RTAA President/CEO FY 22-23 Performance Goals and Measures

GOAL #3:	
Lead the Development of an Organizational Culture of High Performance and Inclusion	
Weight: 30%	Strategic Plan Initiatives Priority 7 and 8
1.	<p>Diversity, Equity, and Inclusion: Work with Executive Team and a DEI facilitator to develop a strategic plan to bolster DEI initiatives. Expected outcomes include the following:</p> <ol style="list-style-type: none"> <li>1. Perform DEI awareness training for all management staff <b>DEI Plan completed and approved. Working with Angie Taylor from Guardian Quest to implement training. Awareness training is currently scheduled for October of 2023.</b></li> <li>2. Update RTAA Diversity Plan <b>Diversity Plan was updated in October of 2022. (Attachment 2)</b></li> <li>3. Update Succession Planning with focus on diversity <b>Succession Plan was updated in June of 2022. (Attachment 3)</b></li> </ol>
2.	<p>Performance Management: Initiate a review of the RTAA performance management process and meet with representative stakeholders of management and employees to develop an updated model that provides timely feedback and assistance to help each employee be successful in their airport career. Initiate an updated Performance Management System in place by April 1, 2023, to start training with a go live date of July 1, 2023. <b>Completed: System is in place to start July 1, 2023.</b></p>
3.	<p>Complete a Public Art Master Plan that includes an RFQ process for recruiting art and the establishment of an art advisory board with a goal of celebrating the region's culture and diversity. <b>Completed: Master Plan approved by the Board. Art Advisory Board has been established.</b></p>
4.	<p>Update the existing RTAA 2019-2023 Strategic Plan. Contract with a facilitator to solicit Board, RTAA employee, and key stakeholder input into RTAA strategic priorities and objectives. Achieve Board adoption of a 2023-2028 RTAA Strategic Plan by June 2023. <b>Completed: Board approved on June 8, 2023</b></p>
5.	<p>Lead the RTAA relationship with the Regional Air Service Corporation. Provide key staff support and align the two organizations on shared route market goals and opportunities. Set Air Service vision and strategy, align the team and the organization on the rolling 5-year air service roadmap. Represent RTAA to all airline partners, manage the strategic relationships with airlines, regional agencies and other community stakeholders to grow revenue and achieve stakeholder goals. <b>Completed: Air Service Development strategy alignment with RASC and RSCVA occurred in December 2022 and May 2023. Staff provided support and participated in all RASC executive committee, marketing committee, board, and strategy meetings in FY 2022-2023. EDAWN, RSCVA participated in RTAA lead airline FAM tour in May 2023. RTAA hosted Southwest Business and participated in the Reno-Sparks Chamber of Commerce Alliance event, in October 2022. RTAA presented the Air Service strategy to the RSCVA board in September 2022. Additionally, staff held several meetings with the RSCVA on air service strategic alignment during FY 2022-2023. RTAA held numerous one-on-one air service meetings with incumbent and potential new airlines at several air service conferences in FY 2022-2023.</b></p>

# **ATTACHMENT 1**

**Below is a bullet point list of items that OPS & PS has planned, is currently working on, or have recently accomplished. Also listed are MOU's and organizations that we participate in.**

Airport Fire

- Mutual Aid Agreements and non-ARFF services provided.
  - 2/2023 – Signed Agreement for City of Reno to provide Fire Inspection Services for all RTAA owned properties.
  - 6/2022 – Agreement with the City of Reno to provide RTAAFD dispatch services.
  - Agreement with City of Sparks and Truckee Meadows Fire for HAZMAT response on RTAA Properties.
  - EMS Services – Licensed by the State of NV at Basic Life Support, Advanced Life Support and Paramedic Levels of Service.
  - Fire Suppression Services - First Responder to all RTAA owned properties.
- Training
  - July 2023 - RTAAFD will be participating with US Marine Corp. ARFF training in the Osprey.
  - 5/24/23 - RTAAFD will be participating in a full-scale exercise with all agencies in Washoe County
  - 5/12/23 - RTAAFD will be performing wildland firefighting training at Stead, with NDF based on our cooperative agreement.
  - 5/8 – 5/16/23 - RTAAFD will be performing vehicle stabilization and extrication training with RFD at RNO.
  - 5/3/23 - RTAAFD assisted Air National Guard with a Hot Fuel exercise at RNO.
  - 4/24 – 4/27/23 - RTAAFD performed VHF and 800mhz radio training with RFD at RNO.
  - 4/17/23- RTAAFD performed medical training with TMCC and local police agencies at the Civil Air Patrol Building.
  - 4/12/23 - RTAAFD members performed a simulated table-top exercise with all agencies in Washoe County.
  - 2/10/23 - RTAAFD participated with RFD in vehicle extrication training at Reno Auto Wrecking.
  - 1/13/23 - RTAAFD participated in a regional rescue task force training.
  - 10/12/22 - RTAAFD performed MDT and radio communications training with RFD and Reno E-Comm.
  - 10/2022 - RTAAFD traveled to DFW to perform annual live fire training with DFW Fire Training Center
  - 9/14/22 & 9/14/22 - Reno Air Races, RTAAFD worked cooperatively with RFD, TMFPD, and ANG to respond to a fatality jet crash and wildland fire. RAFFD conducted daily training with REMSA, ANG, Washoe County Hasty Team, Washoe County Sheriff's, RPD, and APD including MCI and ARFF response.

- 9/19 – 9/30/22 - RTAAFD participated in RFD's 40-hour Engineer Academy and brought back training for the whole department.
- One RTAAFD member participated in REMSA's paramedic program fire department hybrid schedule throughout 2022 & 2023.
- RTAAFD members are currently working on grant opportunities to acquire a new crash truck and a new incident command RV.
- RTAAFD purchased Blue Card Incident Command Training program and will be implementing this to BC's, Captains and Acting Captains. RAFD intends to become the first Blue Card testing & certifying location for surrounding agencies in Northern Nevada.

### Airport Police

- Member agency of the Airport Law Enforcement Agency Network (ALEAN)
- Member in good standing of the Commission on Law Enforcement Accreditation (CALEA) which involves yearly audits of the department.
- K9 Training – The RTAA hosts this training multiple times per year with Reno PD, Washoe County Sheriff's Dept, Sparks PD, and NHP.
- Swat Training with RPD – Held at Stead multiple times per year.
- Active Shooter Training with RPD – Held at Stead
- Campus Awareness Training with UNR and Washoe County Schools
  - APD is a first responder for Wooster High School
- Customs and Border Patrol – Operational Support for all International Flights and any other needs from CBP.
- Conduct multiple drills with the TSA yearly.
- Annual Safety exercise that includes RPD, WCSO, NHP, NANG, FBI and others as available.
- ALERRT Training – Advanced Law Enforcement Rapid Response Training/Active Assailant training with multiple agencies.

### Emergency Management

- Conducting the Annual Part 139 Training – Operation Zephyr – Testing all facets of response to a large-scale aircraft accident on airport property.
  - Participating Agencies – FAA, FBI, Washoe County – (Emergency Management, Sheriff's Office, Health District, Animal Control), Reno Police, Reno Dispatch, State Police, All Local Fire agencies, REMSA, Red Cross, Several Local Hospitals, US Customs & Border Control, Medical Examiners Office, UNR, UPS and others.
- Federal Level Participation by RTAA
  - Member of the International Association of Emergency Managers
- State Level Participation

- Member of the Nevada Emergency Preparedness Association. Coordinates with other Emergency Managers throughout the state.
- Collaborates with Harry Reid Int Airport and the City of Las Vegas for their Table Top Events.
- County and City Level Participation
  - Voting member of the Joint Operation Commission (JOC) for the Nevada Public Safety Shared Radio System. EM Tracy More is the Chairman
  - Voting member of the Local Emergency Planning Committee
  - Voting member of the InterHospital Coordinating Council

#### Airport Operations

- Coordination and participation with all departments to oversee all airport operations.
- Part of the Unified Command Structure for all emergency events
- Support ANG in training missions including coordinating Special Fueling Operations - Hot Fueling drills on our movement area
- Train with APD,RPD and REMSA for active shooter drills



# **ATTACHMENT 2**

# RENO-TAHOE AIRPORT AUTHORITY

People Operations

Updated – March 2022

## RTAA Diversity Plan



# Reno-Tahoe Airport Authority

## Diversity and Inclusion Commitment

The Reno-Tahoe Airport Authority (RTAA) is committed to strengthening our workforce through diversity and inclusion. We believe that we are at our best when our workforce is comprised of people of different backgrounds who work together to enhance the services we offer.

Our goal is to ensure our workforce is diverse, with people of different backgrounds bringing a range of attributes, skills, styles, and experiences reflective of the community, customers, and stakeholders we serve. As part of this, we understand that the mere hiring of a diverse workforce is not enough. If we are to gain the maximum benefit from our increasingly diverse workforce, we must make every employee feel welcome, valued, and motivated. To that end, we are committed to building and maintaining a more inclusive workplace to enable greater diversity of thought, more informed decision making, and ultimately better business outcomes.

The Diversity Plan that follows was created and is designed to facilitate this effort by offering a cohesive and comprehensive framework for the work that is before us.

# RTAA Diversity Plan

## Forward

The RTAA seeks, values, and respects all aspects of our human diversity. As a result, the RTAA's Diversity Plan is not a one-time initiative or a short-term campaign. Rather it is an intentional, integrated set of policies, processes and practices designed to help the RTAA build and leverage the value and strength that a diverse workforce provides – which enhances both the organization's ability to innovate and our responsiveness to the customers and region we serve.

The RTAA actively seeks to recruit and retain diverse talent. While recruitment may be the beginning of the process, it is certainly not the end. The success of our employees is critical to and a measure of the RTAA's success. As a result, the RTAA has robust professional development programs designed to help our employees access the wide range of roles available within the organization.

However, as the local and national labor markets continue to tighten, it is important that the RTAA become more strategic in its overall efforts to recruit and retain a diverse, high-performing workforce. This document will serve to establish a baseline assessment of the RTAA's workforce composition, the available labor market, and regional demographics. The analysis of this information will drive the development of an aspirational workforce composition and corresponding strategies designed to help the RTAA achieve these goals. In addition, this document will identify where resources may be necessary for the successful implementation of the identified strategies.

This diversity plan is designed to be dynamic, not static. To help us understand the efficacy of our program, progress toward the aspirational composition identified in this document, much of this data will be measured annually on September 30<sup>th</sup>. Where available, we have also included data as of March 2022. As needed, this document may be revised should changes in the labor market, the organization, or other factors drive the need to revisit the aspirational workforce composition, strategies, and/or resources necessary.

# Section I

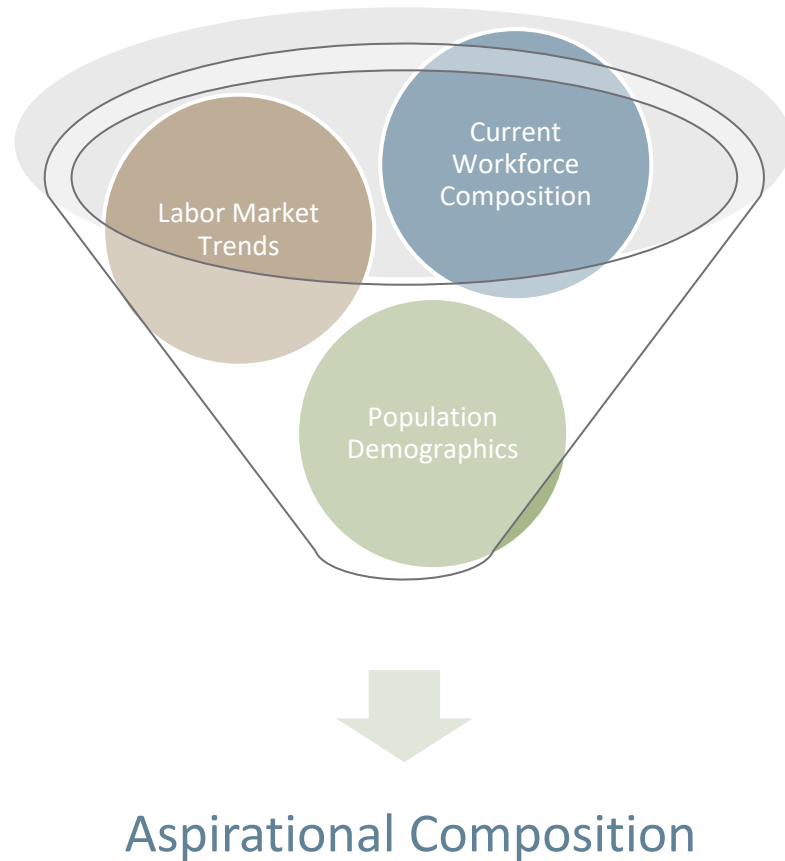
## Workforce Analysis

### IN THIS SECTION:

- Introduction
- RTAA Workforce Analysis
- Labor Market Analysis
- Population Demographics
- Summary

## Introduction

To effectively develop a plan that allows the RTAA to leverage the value and strength that a diverse workforce provides, it is critical to understand the current composition of the workforce. It is also important to understand the major trends affecting the labor market from which the organization draws when attempting to attract and retain individuals into its workforce.



## RTAA Workforce

Between 2017 and 2021, the RTAA experienced changes in its workforce composition. With a workforce composition currently averaging 31% minority and 34.8% female representation during this time, there is opportunity within the available labor force for the RTAA to improve the diversity of its workforce in each of these areas.

The charts below reflect a progressive (year-to-year) snapshot of RTAA's workforce composition for all classifications.

### 2017

Race	Percentage (N = 261)
White	73.2% (N = 191)
Black	0.8% (N = 2)
Asian	4.6% (N = 12)
Native Hawaiian / Pacific Islander	0.8% (N = 2)
American Indian / Alaskan Native	0.8% (N = 2)
Hispanic / Latino	16.1% (N = 42)
Two or More Races	3.8% (N = 10)
<b>Total Minority</b>	<b>26.8% (N = 70)</b>
<b>Gender</b>	<b>Percentage (N = 261)</b>
Male	65.9% (N = 172)
Female	34.1% (N = 89)

### 2018

Race	Percentage (N=252)	Percent Change from 2017
White	70.2% (N = 177)	-7.3% (N = -14)
Black	1.2% (N = 3)	50% (N = 1)
Asian	4.8% (N = 12)	--
Native Hawaiian / Pacific Islander	1.2% (N = 3)	50% (N = 1)
American Indian / Alaskan Native	1.2% (N = 3)	50% (N = 1)
Hispanic / Latino	18.3% (N = 46)	9.5% (N = 4)
Two or More Races	3.2% (N = 8)	-20% (N = -2)
<b>Total Minority</b>	<b>29.8% (N = 75)</b>	<b>7.1% (N = 5)</b>
<b>Gender</b>	<b>Percentage (N=252)</b>	<b>Percent Change from 2017</b>
Male	68.2% (N = 172)	--
Female	31.7% (N = 80)	-10.1% (N = -9)

## 2019

Race	Percentage (N=241)	Percent Change from 2018
White	69.7% (N = 168)	-5.1% (N = -9)
Black	1.2% (N = 3)	--
Asian	5.4% (N = 13)	-8.3% (N = 1)
Native Hawaiian / Pacific Islander	1.2% (N = 3)	--
American Indian / Alaskan Native	0.4% (N = 1)	-66.6% (N = -2)
Hispanic / Latino	18.7% (N = 45)	-2.2% (N = -1)
Two or More Races	3.3% (N = 8)	--
<b>Total Minority</b>	<b>30.3% (N = 73)</b>	<b>-2.6% (N = -2)</b>
<b>Gender</b>	<b>Percentage (N=241)</b>	<b>Percent Change from 2018</b>
<b>Male</b>	66% (N = 159)	-7.6% (N = -13)
<b>Female</b>	34% (N = 82)	2.5% (N = 2)

## 2020

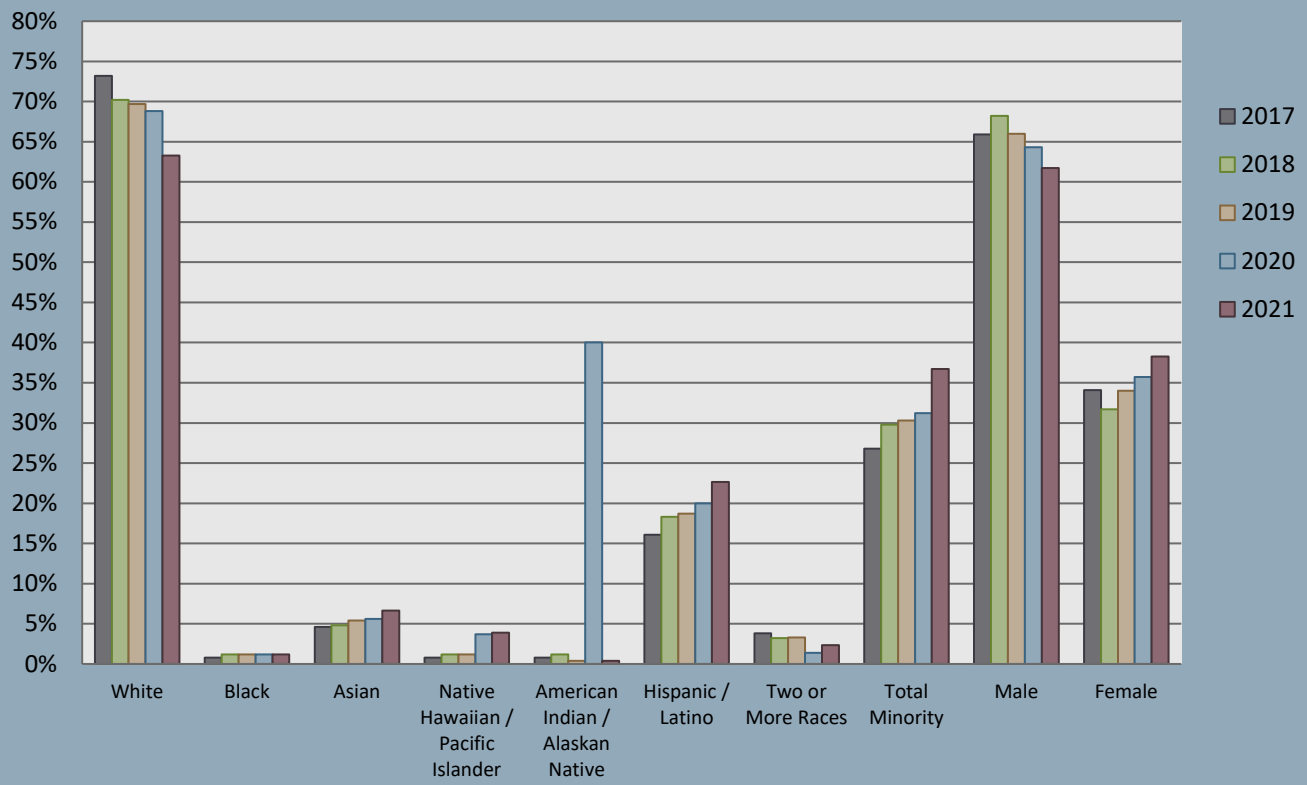
Race	Percentage (N=269)	Percent Change from 2019
White	68.8% (N = 185)	10.5% (N = 28)
Black	1.2 % (N = 3)	--
Asian	5.6% (N = 15)	14% (N = 2)
Native Hawaiian / Pacific Islander	3.7% (N = 10)	233% (N = 7)
American Indian / Alaskan Native	0.4% (N = 1)	--
Hispanic / Latino	20% (N = 54)	20% (N = 9)
Two or More Races	0.4% (N = 1)	-87.5% (N= -7)
<b>Total Minority</b>	<b>31.2% (N = 84)</b>	<b>15.1% (N = 11)</b>
<b>Gender</b>	<b>Percentage (N=269)</b>	<b>Percent Change from 2019</b>
<b>Male</b>	64.3% (N = 173)	8.8% (N = 14)
<b>Female</b>	35.7% (N = 96)	17.1% (N = 14)

## 2021

Race	Percentage (N=256)	Percent Change from 2020
White	63.3% (N = 162)	-14% (N = -23)
Black	1.2% (N = 3)	--
Asian	6.6% (N = 17)	+13.3% (N = 2)
Native Hawaiian / Pacific Islander	3.9% (N = 10)	--
American Indian / Alaskan Native	0% (N = 0)	-100%--(N -1)
Hispanic / Latino	22.7% (N = 58)	7.4% (N = 4)
Two or More Races	2.3% (N = 6)	500% (N = 5)
<b>Total Minority</b>	<b>36.7% (N = 94)</b>	<b>11.9% (N = 10)</b>
<b>Gender</b>	<b>Percentage (N=256)</b>	<b>Percent Change from 2020</b>
<b>Male</b>	65.9% (N = 158)	-9.1% (N = -15)
<b>Female</b>	34.1% (N = 98)	2.1% (N = 2)



## Total Workforce Composition



As this data reflects, composition of the workforce is an ever-changing dynamic. These changes come about as the result of new hires, separations, transfers and/or promotions. Nonetheless, this data can be used to provide a baseline from which our intentional and strategic efforts to diversify our workforce may be gauged for efficacy.

Over this five-year time period (2017 – 2021), the composition of our workforce has averaged the following distribution:

Race	Average Percentage
White	69%
Black	1.1%
Asian	5.4%
Native Hawaiian / Pacific Islander	2.2%
American Indian / Alaskan Native	8.6%
Hispanic / Latino	19.2%
Two or More Races	10.5%
<b>Total Minority</b>	<b>31%</b>
<b>Gender</b>	<b>Average Percentage</b>
Male	65.2%
Female	34.8%

The charts below reflect short-term (2-year) and long-term (10-year) industry growth rate projections – i.e., increased demand for labor-- for the State of Nevada and the Reno-Sparks Metropolitan Area.

#### Nevada Statewide Short-Term Industry Projections (2020 – 2022)<sup>1</sup>

Industry	Change (%)	Growth Rate
Transportation and Warehousing	20.1%	9.6%
Local Governments	3.9%	1.9%

#### Nevada Statewide Long-Term Industry Projections (2018 – 2028)<sup>2</sup>

Industry	Change (%)	Cumulative Annual Growth Rate
Sector		
Transportation and Warehousing	22.2%	11.1%
Local Government	10.2%	1.0%
Sub Sector		
Support Activities for Transportation	19%	1.8%

#### Reno-Sparks Metropolitan Area Long-Term Industry Projections (2018 – 2028)<sup>3</sup>

Industry	Change (%)	Cumulative Annual Growth Rate
Sector		
Transportation and Warehousing	18.3%	9.1%
Local Government	3.1%	.3%
Sub Sector		
Support Activities for Transportation	37%	3.2%

<sup>1</sup> Nevada Department of Employment, Training and Rehabilitation – Research and Analysis Bureau. *Short Term Industry/Occupational Projections*. Available at: <http://nevadaworkforce.com/Projections>. 2021.

<sup>2</sup> Nevada Department of Employment, Training and Rehabilitation – Research and Analysis Bureau. *Long Term Industry Projections State of Nevada*. Available at: <http://nevadaworkforce.com/Projections>. 2021. Air Transportation changed at 21.9% with a growth of 2%.

<sup>3</sup> Nevada Department of Employment, Training and Rehabilitation – Research and Analysis Bureau. *Long Term Industry Projections Reno-Sparks Metropolitan Area*. Available at: <http://nevadaworkforce.com/Projections>. 2021. Air Transportation changed at 29.3% with a growth of 2.6%.

The charts below reflect current and historical unemployment measures for the State of Nevada and the Washoe County area.

#### Local Area Unemployment Statistics (LAUS)<sup>4</sup>

	Nevada	Washoe County
<b>March 2022</b>	5%	2.6%

The charts below reflect U.S. labor civilian force by age, sex, race and ethnicity, 2020 and projected 2030 (percentages).

#### Labor Force Participation Rate (2020 - 2030)<sup>5</sup>

Demographic	Actual 2020	Projected 2030	Percent Change
<b>Total White</b>	<b>77.4%</b>	<b>75.1%</b>	<b>.2%</b>
Men	41.8%	40%	-0.4%
Women	35.6%	35%	-0.1%
<b>Total Black</b>	<b>12.6%</b>	<b>13.0</b>	<b>2.3%</b>
Men	5.9%	6.2%	2.2%
Women	6.6%	5.7%	2.4%
<b>Total All Other Groups<sup>1</sup></b>	<b>10.0%</b>	<b>11.9%</b>	<b>2.3%</b>
Men	5.3%	6.2%	2.2%
Women	4.8%	5.7%	2.4%
<b>Total Hispanic or Latino</b>	<b>18.0%</b>	<b>21.2%</b>	<b>2.2%</b>
Men	10.2%	11.9%	2.0%
Women	7.8%	9.3%	2.3%
<b>Total White non-Hispanic or Latino</b>	<b>82.0%</b>	<b>78.8%</b>	<b>.1%</b>
Men	42.8%	40.5%	0%
Women	39.2%	38.4%	.3%

Note: The "all other groups" category includes those classified as being of multiple racial origins, and the race categories of Asian, American Indian and Alaska Native or Native Hawaiian and Other Pacific Islanders. According to the U.S. Bureau of Labor Statistics, people whose ethnicity is identified as Hispanic or Latino may be of any race.

<sup>4</sup> U.S. Bureau of Labor Statistics- March 2022. *Alternative Measures of Labor Underutilizations*. Available at: <https://www.bls.gov/lau/stalt.htm>.

<sup>5</sup> U.S. Bureau of Labor Statistics- March 2022. *Civilian labor force participation rate, by age, sex, race, and ethnicity*. Available at: [https://www.bls.gov/emp/ep\\_table\\_303.htm](https://www.bls.gov/emp/ep_table_303.htm).

The charts below reflect the demographic composition of the U.S. population, State of Nevada population, and Washoe County population projections as of July 2016.

#### U.S. Census (2021) <sup>6</sup>

Race or Ethnicity	Percentage
<b>White</b>	<b>76.3%</b>
<b>Black</b>	<b>13.4%</b>
<b>Asian</b>	<b>5.9%</b>
<b>American Indian and Alaska Native</b>	<b>1.3%</b>
<b>Native Hawaiian and Other Pacific Islander</b>	<b>0.2%</b>
<b>Two or More Races</b>	<b>2.8%</b>
<b>Hispanic or Latino</b>	<b>18.5%</b>
Note: According to the U.S. Bureau of Labor Statistics, people whose ethnicity is identified as Hispanic, or Latino may be of any race. Data may not sum to 100 percent due to this data collection protocol.	

#### State of Nevada (2021) <sup>7</sup>

Race or Ethnicity	Percentage
<b>White</b>	<b>73.9%</b>
<b>Black</b>	<b>10.3%</b>
<b>Asian</b>	<b>8.7%</b>
<b>American Indian and Alaska Native</b>	<b>1.6%</b>
<b>Native Hawaiian and Other Pacific Islander</b>	<b>0.8%</b>
<b>Two or More Races</b>	<b>4.6%</b>
<b>Hispanic or Latino</b>	<b>29.2%</b>
Note: According to the U.S. Bureau of Labor Statistics, people whose ethnicity is identified as Hispanic or Latino may be of any race. Data may not sum to 100 percent due to this data collection protocol.	

<sup>6</sup> U.S. Census Bureau. *United States Quick Facts Population Estimates, July 2021*. Available at: <https://www.census.gov/quickfacts/fact/table/US/PST045216>.

<sup>7</sup> U.S. Census Bureau. *United States Quick Facts Population Estimates, Nevada, July 2021*. Available at: <https://www.census.gov/quickfacts/fact/table/NV/AGE115210>.

### Washoe County (2021) <sup>8</sup>

Race or Ethnicity	Percentage
White	84.6%
Black	2.8%
Asian	5.8%
American Indian and Alaska Native	2.2%
Native Hawaiian and Other Pacific Islander	0.7%
Two or More Races	3.9%
Hispanic or Latino	25.0%

Note: According to the U.S. Bureau of Labor Statistics, people whose ethnicity is identified as Hispanic or Latino may be of any race. Data may not sum to 100 percent due to this data collection protocol.

<sup>8</sup> U.S. Census Bureau. *United States Quick Facts Population Estimates, Washoe County, Nevada, July 2021*. Available at: <https://www.census.gov/quickfacts/fact/table/washoecountynevada/PST045216>.

## Summary

The changing demographics of the U.S. population will have significant implications for the labor force, the economy, and employment in the coming decade. The previous decade (2011 - 2021) was significantly influenced by the COVID-19 pandemic that affected labor, cost of goods, economic growth, employment reductions due to COVID closures and a difficulty bringing people back to work. We also saw a large segment of the working population decide to take an earlier retirement. The resulting ripple effects in the composition of the U.S. labor force will carry over into the coming decade as employers experience constraints in available labor.

Another factor influencing the labor market is the aging baby-boomer population, who, in 2026, will be between the ages of 62 – 80 years old. As this segment of the U.S. population ages and leaves the labor force, a major driver of growth over the previous decades will have come to an end. The aging U.S. population will also drive changes in the U.S. economy, increasing the demand for healthcare services and related occupations. These fields will account for more than 1/3 of the jobs added in the coming decade – changing the skill sets required of the labor force.

Further, the demographic composition of the overall population substantially affects the demographic population of the labor force. The U.S. is becoming more ethnically and racially diverse, and by 2060 the U.S. is projected to be a majority minority nation, with the population of non-Hispanic Whites dropping to approximately 44.0% of the population. The three fastest growing groups include individuals identifying as two or more races (projected to increase from 2.5% in 2014 to 6.2% in 2060), Asian (projected to increase from 5.4% in 2014 to 9.3% in 2060), and Hispanic or Latino (projected to increase from 17.0% in 2014 to 29.0% in 2060)<sup>9</sup>. Accordingly, the U.S. labor force is expected to grow increasingly more diverse as these individuals enter the labor market.

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<sup>9</sup> U.S. Census Bureau. *Projections of the size and composition of the U.S. population: 2014 to 2060*. Available at: <https://www.census.gov/content/dam/Census/library/publications/2015/demo/p25-1143.pdf>.

## Section II

### Creating Workplace Diversity

#### IN THIS SECTION:

- Introduction
- Leadership Skill Set
- Aspirational Composition

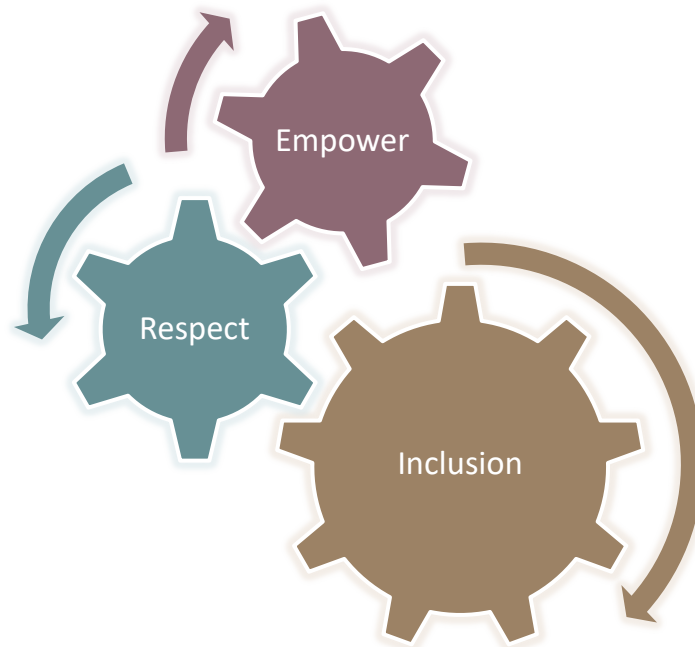
## Introduction

Employers across the nation are beginning to understand that creating workplace diversity is a multi-faceted effort that requires a systematic approach. Past efforts to build diversity were primarily focused on affirmative action, designed only to bring new faces into the workforce. In today's work environment, the concept of workplace diversity contemplates a more-inclusive approach that recognizes and appreciates the broadest concept of individual identity. This identity generates from an individual's memberships in groups such as, but not limited to:

- Race
- Age
- Religion
- Sex
- Gender Identity
- Gender Expression
- Sexual Orientation
- Veteran Status
- Economic Status
- Occupation
- Marital Status
- Family Status
- (Dis)Ability
- National Origin
- Political Affiliation
- Educational Attainment
- Upbringing
- Neighborhood

As human beings, each of these memberships plays a role in shaping our thoughts, views, outlooks and opinions. When organizations recognize that these differences do matter because they enhance organizational understanding and capacities, these differences become a competitive business advantage.

However, the hiring of diverse individuals is not sufficient to create workplace diversity. The organization must also focus on retaining diversity. Thus, to achieve and sustain workplace diversity, the onus is on the organization to create and maintain an environment that respects individuals and empowers them to contribute. Authentic inclusion in these processes is essential to help actualize workplace diversity and benefit from its correlation to organizational excellence.





## Leadership Skill Set

*“If you could get all the people in the organization rowing in the same direction, you could dominate any industry, in any market, against any competition, at any time.”*

**-Patrick Lencioni**

Leaders play an important role in building an inclusive environment that empowers individuals from diverse backgrounds to be engaged and contributing. There is substantial research to support a causal relationship between effective leadership and employee performance. While there is not one commonly held definition of what effective leadership is, there are many foundational factors that can help to create effective leadership. Some of these core factors are listed below:

- Act as a role model.
- Establish clear expectations, trust your employees to deliver, verify delivery, and forgive errors or omissions with an appropriate level of accountability.
- Provide meaningful development opportunities.
- Provide regular, informal feedback.
- Build relationships that create trust, open dialogue and transparency with repeat interactions.
- Give credit where credit is due and recognize an individual's accomplishments, either monetarily or non-monetarily.

Why are these factors important? These factors are important elements that help to cultivate the inclusive environment that is foundational to workplace diversity. These interactions should be informed by a heightened level of cultural competency. Cultural competency recognizes that every individual and/or group has the right to be respected for their beliefs, traditions, opinions, values and experiences, provided that each in turn shows respect and acceptance for others as well. Each individual and/or group comes with their own positive attributes and challenges; but these diverse identities can help to form a cohesive team that strengthens the overall capacity of the organization.

Cultural competency requires diligence on the behalf of leaders to differentiate their approach, seek to understand an employee's preferences, and earnestly strive to meet the employee where they are. For example:

- Recognize that everyone is unique.
- Individualize development opportunities by leveraging the employee's strengths and building in supports to minimize their weaknesses.
- Support individuals in finding their role and voice within the team (e.g., idea person, support role, peace maker, leader, etc.)
- Expand the concept of recognition and acknowledge accomplishments in a time and in a way that the individual best receives acknowledgment (e.g., one-on-one vs. publicly, verbally vs. written, etc.).
- Provide feedback at the end of projects, or the achievement of milestones, delivered in a manner customized to the individual.

Diligence in cultivating a culturally competent environment must be shown in larger group settings as well. The leader must act as a role model, demonstrating the behavior desirable of the team, such as:

- The importance of inclusion (e.g., continually returning to the topic, acknowledging the role each person has in creating an inclusive environment).
- Respecting the perspectives of others (e.g., focus on the strengths).
- Validating ideas and people without assigning value (e.g., avoid categorizing as better/worse, right/wrong, important/trivial, etc.).
- When the behaviors of others fail to mirror that which is desired, address that behavior early and directly; for that behavior is the greatest enemy to an inclusive environment.

In the end, an inclusive work environment fosters the sharing of a wider range of perspectives. This, in turn, leads to increased creativity, better problem definition and solution development, and ultimately an increase in productivity and effectiveness – all of which works to strengthen the organization’s ability to maintain a competitive edge.

There are formal programs in place at the RTAA that can help support leaders in cultivating this type of environment:

- The robust professional development program designed to help our employees access the wide-range of roles available within the organization—including the Airport Authority University, Tuition Reimbursement, and Scholarship program.
- Succession Planning and Talent Profiles can help create that individualized career path and intentional development opportunities.
- The performance evaluation process allows for periodic check-ins and the incorporation of individualized goals.
- The variety of recognition programs to acknowledge the contributions off individuals within the organization — including Spot Recognitions, Employee of the Quarter, THRIVE Awards.

These formal programs are value added, but much of what is vital to building an inclusive environment happens in the daily cultivation of interpersonal relationships, which is why the leadership skill set for cultivating an inclusive environment is so fundamental to achieving workplace diversity.



## Aspirational Composition

To quote Lewis Carroll, “If you don't know where you're going, any road can take you there.”

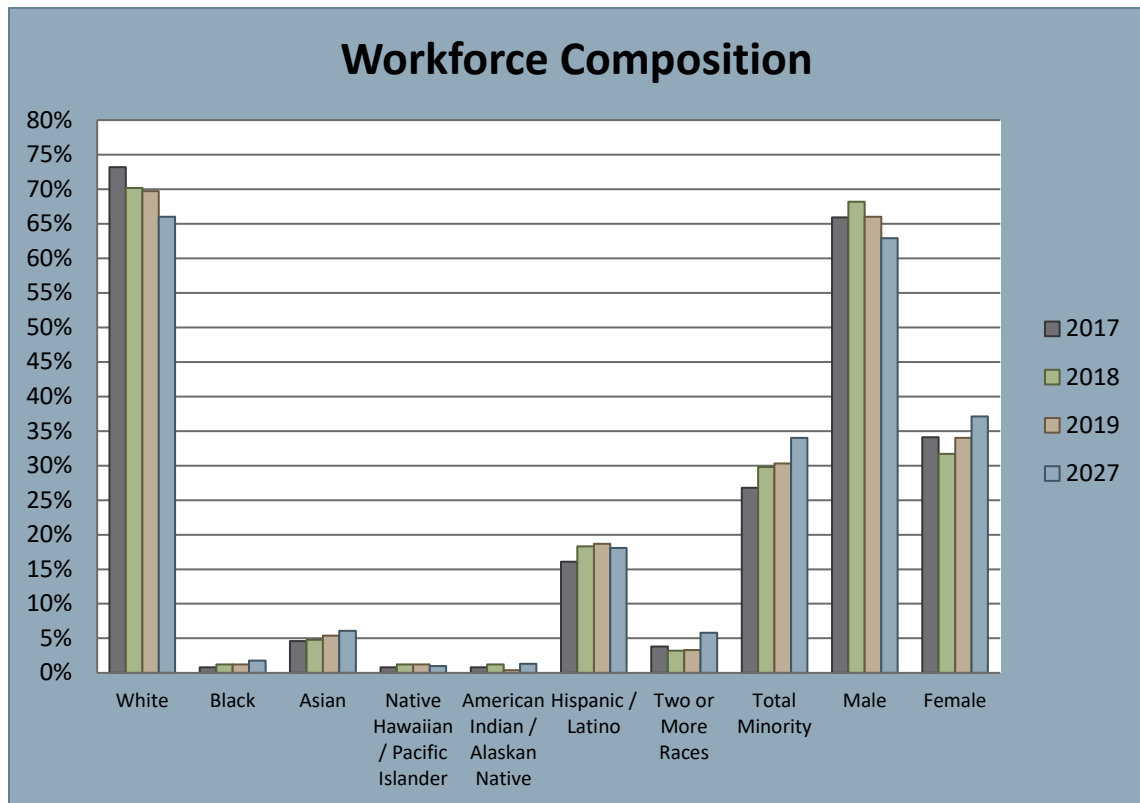
Accordingly, identifying an aspiration workforce composition is intended to serve as a directional beacon for our efforts. An aspirational composition is **not** a quota system, **nor** a value assessment. It is, however, the foundation from which our efforts and plans stem.

In constructing an aspirational composition, one must consider many fluctuating variables – current workforce composition, historical workforce composition, industry growth, labor market composition, unemployment, population demographics, and forecasts. In considering these variables, weight is given to the influence each will have on the RTAA’s ability to attract, recruit, hire and retain a diverse workforce. As a guiding philosophy, the RTAA’s goal is to move the composition of our workforce toward a more proportional reflection of our community.

### Multi-Year Aspirational Composition – Data Chart

Race	2017 %	2018 %	2019 %	2020 %	2021 %	2027 - Goal Percentage <i>(set in 2016)</i>
White	73.2%	70.2%	69.7%	68.8%	63.3	66.0%
Black	0.8%	1.2%	1.2%	1.2%	1.2%	1.8%
Asian	4.6%	4.8%	5.4%	5.6%	6.6%	6.1%
Native Hawaiian / Pacific Islander	0.8%	1.2%	1.2%	3.7%	3.9%	1.0%
American Indian / Alaskan Native	0.8%	1.2%	0.4%	0.4%	0%	1.3%
Hispanic / Latino	16.1%	18.3%	18.7%	20%	22.7%	18.1%
Two or More Races	3.8%	3.2%	3.3%	0.4%	2.3%	5.8%
<b>Total Minority</b>	<b>26.8%</b>	<b>29.8%</b>	<b>30.3%</b>	<b>31.2%</b>	<b>36.7</b>	<b>34.0%</b>
<b>Gender</b>	<b>2017 %</b>	<b>2018 %</b>	<b>2019 %</b>	<b>2020 %</b>	<b>2021%</b>	<b>2027 %</b>
Male	65.9%	68.2%	66%	64.3	65.9%	62.9%
Female	34.1%	31.7%	34%	35.7	34.1%	37.1%

## 10-Year Aspirational Composition - Graph



As previously discussed, hiring diverse individuals alone is not sufficient to achieve workplace diversity; it must be supported by a leadership skill set of culturally competent interpersonal relationships and an inclusive environment. Nonetheless, recruitment is an important part of attracting and hiring individuals from diverse backgrounds.

In efforts to attract highly qualified individuals from diverse backgrounds, it will be important to conduct outreach to the various arenas where these individuals engage in professional relationships -- and may be looking for employment opportunities -- to attract their attention to the inclusive environment the RTAA can provide, where diversity is sought, valued and respected.

## Section III

### Strategies and Resources

#### IN THIS SECTION:

- Strategy #1: Morale Building
- Strategy #2: Recruitment Outreach and Workforce Development
- Strategy #3: Individualized Employee Recruitment Incentive
- Strategy #4: Succession Planning
- Strategy #5: Active Engagement of Leadership

## **Strategy # 1 – Morale Building**

Cultivating and sustaining a healthy, inclusive environment is foundational to the RTAA's ability to realize a fuller return on investment in workforce diversity.

### **Purpose**

The Morale Building strategy is designed to provide the opportunity for each division and/or department to identify and engage in an annual activity that promotes enhanced understanding and interaction between the members, resulting in enhanced employee engagement and maximized effectiveness.

### **Process**

Using internal division and/or department teams plan an annual activity that is designed to create understanding, build respect, and improve communications between the team members; explain how the proposed activity achieves the purpose of the Morale Building strategy.

Concepts must be submitted to the Department head for approval before funds can be expended for this purpose. Report back on activity outcome and suggestions for future improvements.

### **Resources**

The Morale Building strategy requires both time and financial resources. Establish a dedicated time period, which does not interfere with business operations, to allow departments/divisions to engage in the activity. Identify funding needs and potential funding sources; set criteria for how funds can be utilized; and dedicate fiscal resources to fund the activity.

## **Strategy #2 – Recruitment Outreach and Workforce Development**

Effective recruitment outreach and ongoing employee training/retraining are essential elements in building and maintaining a workforce reflective of the community we serve and prepared to do the jobs of today and the future.

### **Purpose**

The Recruitment Outreach and Workforce Development strategy is designed to create and maintain a highly qualified, dynamic and integrated workforce responsive to the needs of the RTAA as an organization.

### **Process**

Work with supervisors and managers to identify and mitigate potential employment barriers by looking for opportunities to redesign jobs to ensure best fit with the emerging labor force.

Develop preparation tools or informational materials and provide to potential candidates as part of recruitment processes.

Widely distribute announcements on opportunities for internal promotions and ensure that sufficient time is provided to allow all employees, from all shifts and work schedules, timely access.

Expand recruitment outreach efforts, including the strategic use of social media technologies and local multicultural venues and groups, to distribute job announcements and ensure outreach to diverse populations.

Empower employee groups to promote and publicize RTAA's commitment to diversity and inclusion throughout our community.

Maintain internal employee training/retraining programs designed to ensure that the RTAA's existing workforce retains readiness to perform their jobs as tools/equipment/technology/etc. evolve.

### **Resources**

The Recruitment Outreach and Workforce Development strategy requires both time and financial resources, but a good deal of those can be implemented through increased awareness and absorbed as part of on-going operating processes. Costs that arise from activities such as job redesign and employee training/retraining may require dedication of additional resources.

### **Strategy #3 – Individualized Employee Recruitment Incentive**

The RTAA's employees are our best ambassadors. Utilize their individual community connections and personal outreach efforts, which go above and beyond their job, to help attract highly qualified and diverse talent for hard to fill positions.

#### **Purpose**

Leverage the competitive advantage that the RTAA's employees can bring to the recruitment and retention process as part of the RTAA's larger effort to recruit, hire and retain a high-caliber, diverse, and engaged workforce.

#### **Process**

The RTAA Department of Human Resources, working in conjunction with RTAA leadership and the different divisions and/or departments, would identify positions that are eligible for the Employee Recruitment Incentive. Once identified, the opportunity for an Employee Recruitment Incentive will be widely publicized within the RTAA, so that the program and its objectives can remain in the forefront of employee awareness.

#### **Resources**

The Employee Recruitment incentive strategy requires financial resources. These financial resources would fund incentives of up to \$750 (\$250 upon the hire and \$500 when the individual hired into the position successfully completes their first 12-months of employment with the RTAA).



## **Strategy # 4 – Succession Planning**

Enriching our current succession planning environment to reinforce the message that **anyone** who is talented and motivated has a pathway into the wide range of roles within the organization.

### **Purpose**

The Succession Planning strategy is designed to provide internal promotional pathways for employees. This program is a valuable tool to engage and retain diverse talent that has been brought into the RTAA organization and to provide meaningful professional growth and development for our employees.

### **Process**

Working through each supervisor, division head, and department manager, engage talented and motivated individuals in the succession planning process (e.g., create and maintain up-to-date slates and talent profiles). Mentor the individual in ways that helps them to develop their capacity to assume the identified role. Then, when the role becomes vacant, conduct an internal promotional recruitment.

### **Resources**

The Succession Planning strategy requires the RTAA to stay the course in its efforts to develop a robust succession planning program. Taking full advantage of succession planning slates and talent profiles, integrated with performance evaluations and the RTAA's existing training and development opportunities, enhances the employee's ability to assume progressively more responsible roles within the organization.

## **Strategy # 5 – Active Engagement of Leadership**

A diverse workforce has been positively associated with greater talent utilization, better employee retention, increased innovation, and higher performance. ***Leaders leading the way*** is the single most effective method to successfully accomplish the RTAA’s diversity and inclusion goals.

### **Purpose**

The Active Engagement of Leadership strategy is designed to communicate and emphasize the importance of inclusive diversity by integrating the values of inclusive diversity within all forms of agency communications, including those that cascade from senior leadership through to first line supervision.

### **Process**

Promote progress and foster a culture of inclusion and engagement by frequently communicating, accounting for, and modeling behaviors that demonstrate support for diversity and inclusion within the RTAA workforce.

Be seen within the industry and community as champions of diversity.

### **Resources**

The Active Engagement of Leadership strategy requires both an investment of time, focus, and effort, as well as dedication of financial resources for the purpose of identifying and addressing the cognitive, motivational, and/or structural barriers that may inhibit progress toward RTAA’s inclusive diversity goals.

# **ATTACHMENT 3**

# Succession Planning Update

## Current Process

1. Slates – Starting with Exec Team, develop a slate of likely successors
2. Talent Calibration – Execs meet to review slates, discuss, recalibrate if necessary
3. Vetting Conversations – Execs meet with those on slate to determine aspiration, ability, engagement
4. Talent Profiles – Execs create development plan
5. Performance Goals – incorporate development goals into performance review process

Feedback from Executive Team – Too complicated, too time-consuming, too much onus on the manager. Would like to see more engagement from the employee.

## Future Process: Targeted Succession Planning (By December 2023)

Rather than examining the entire leadership/management team, shift focus to examine at-risk positions. ET has a summit meeting in which they take a look at vulnerabilities on the leadership/management bench. What are those positions that are likely to turn over in the next three years? In reality, it may take that long to develop likely successors.

### Examples of Vulnerabilities

- Several members of the executive team are eligible to retire in 3 – 5 years
- It is well known that several retirements are imminent within the Facilities Maintenance Team (Pittman, Ohm, McNabb). What else is out there?
- Loss of institutional knowledge may impact continuity of operations.

### HOW

1. Executive Team meets and reviews the org chart and discusses which positions, if suddenly vacated, would produce holes in leadership and/or continuity of operations.
2. What are likely or known departures?
  - Each Chief develops a list of vulnerabilities and likely departures
  - Presents to ET for review and discussion
  - Priorities are decided – where do we need to focus efforts?
3. Once we know where the vulnerabilities are, Chiefs will work with their People Business Partner to discuss likely internal successors and help them create a development plan.
4. PBPs and Chiefs will have conversations with the named successors (do they have the aspiration?) If yes, PBP will assist with creating a development plan in consideration of three tiers (see below). This will be similar to the current Talent Profile.
  - a. Successor will be tasked with reviewing the class specification and interviewing the incumbent to determine their own development opportunities.

Challenge: Requires trust and transparency. Are executives and other managers going to be comfortable talking openly about retirement plans? What would make it safe? How important is it to have an internal successor?

Three Tiers:

1. Technical – what job-related skills and experiences are needed
2. Leadership/People Management – enterprise leadership, building effective teams, performance management, crucial conversations
3. Organizational competencies – budget, internal systems, divisional awareness and understanding

#### Benefits of this Plan:

This is a near term plan that creates flexibility, places more responsibility in the lap of the successor, provides assistance to the Chiefs by way of the PBP.

#### Long Term (By July 1, 2024)

*Increasingly, leaders are accountable for the economic and social welfare of the entire enterprise while simultaneously running a business, project, function, or geography.*

Develop a RTAA Leadership Academy where we capitalize on leveraging internal brilliance and outsource the rest. In creating this model, we will survey Chiefs and others to determine what skills and characteristics are universal to leadership under this model? What do people here need to know? What do successors need to develop in order to assume leadership roles with greater/different responsibilities?

Three Tracks: Technical knowledge (job related), leadership skills (people management), and organizational competencies. Technical knowledge is likely to be developed through outside education, seminars, conferences, etc. Organizational competencies can be taught by subject matter experts from within the organization, enhancing enterprise focus. Leadership/people management will be through both current leadership and outsourced with professional OD training organizations.

#### Examples of Curriculum

Leadership	Organizational Competencies	Technical
Enterprise Leadership	RTAA Budget Process	Legal Aspects of Management
Developing Strategic Mindset	Purchasing Process	Negotiation Skills
Employee Development	Interdepartmental Knowledge & Understanding	Collective Bargaining
Crucial Conversations	“Airport Math” where the \$\$ comes from & how to use	Industry certifications (ACI, AAAE)
Building Effective Teams	Community Connections	Professional Certifications
Performance Management	Board Interactions/Relations	Professional Development
Goalsetting/Benchmarking		
Coaching & Mentoring		

## Questions/Additional Considerations

Also important to ask: What's a healthy target number for internal promotions? There is a good argument for "new blood."

What happens if there is more than one likely successor?

Are there any internal candidates who are likely successors?

Need to develop conversation worksheet.

## Diversity

Diversity is an important component in developing strong leadership teams. Diversity is the practice or quality of including or involving people from a range of different social and ethnic backgrounds and of different genders, sexual orientations, etc. Diversity is also about differing thoughts and opinions that improve team conversations and challenge the norm, often leading to better products and insights.

- Does this person bring new ideas and experiences to the table?
- Are they open to new ideas?
- Are they forthcoming with their ideas and collaborative in brainstorming?

Positions that fall outside Exec Team and vulnerable positions are woven into the performance review process.

- For lower level supervisory and management positions, development occurs as a management responsibility within the performance review process.
- Once leadership academy is established, all employees interested in promotional opportunities are welcome to attend and begin the process of self-development. Classes will be offered to assist them with this process, providing tools for success (how to have conversations with your manager about your future, creating your own development plan, etc.)
- Develop a list of questions that all managers ask during the performance review process – what are your aspirations? Where do you see yourself in 3 years? 5 years?
- Create a recruitment model for internal promotions in which we closely examine the employee's commitment to the organization, to the culture, to the enterprise, to career growth, etc.

