

The following is a condensed version of the TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS regular meeting held Thursday, August 22, 2013 at the Truckee Tahoe Airport District Community Room, 10356 Truckee Airport Road, Truckee, California at 9:00 am.

**CALL MEETING TO ORDER:** 9:00 a.m.

**DIRECTORS PRESENT:** President Mary Hetherington  
Vice President John B. Jones Jr.  
Director J. Thomas Van Berkem  
Director James W. Morrison

**DIRECTORS ABSENT:** Director Lisa Wallace

**STAFF PRESENT:** Mr. Kevin Smith, General Manager  
Mr. Kevin Bumen, Director of Aviation and Business Services  
Mr. Phred Stoner, Director of Operations  
Ms. Jane Dykstra, Director of Finance and Administration  
Mr. Hardy Bullock, Environment and Technology Specialist  
Mr. Brent Collinson, District Legal Counsel  
Ms. Maria Martinez, District Clerk  
Ms. Denae Granger, Administrative Clerk

**VISITORS PRESENT:** 26

**SPECIAL ORDERS OF BUSINESS:** Mr. Smith stated that there is a new art display in the building, with some aviation related artwork. Also, the son of Mr. Ketron, a District employee, has just earned the rank of Eagle Scout.

**PUBLIC COMMENT:** Mr. Charlie White reminded the Staff and Board to use their microphones for the home viewers. Mr. Andrew Terry talked about the American Fire, and how a mobile retardant plan was installed in the Blue Canyon Airport, with helicopters using the fire retardant. He stated that there is an opportunity if there is a future outbreak for the Truckee Airport to have a mobile retardant plan in place. Mr. Denny Dickinson lives in the neighborhood just 3000' from the end of the runway. He spoke for only himself, not his neighbors, in saying that the Board should take a direction with the Master [Plan](#) to purchase homes in Martis Valley. He brought a picture of Truckee from 1963. The old Truckee dump, from 1945-1962, was one of the mistakes made by the Truckee community. He is suggesting that the Board consider purchasing the homes in the Martis Valley Estates, and remove those homes for safety reasons. He would like to sell his house to the Airport District. Mr. Jack Ellis, one of the three pilot members on ACAT stated that he is not planning to stand for reappointment in favor of other qualified pilot candidates.

**CONSENT CALENDAR**

President Hetherington requested that the General Manager Employment Contract Approval be pulled from the Consent Calendar. Vice President Jones requested that the Internal Control Review Item be added to the Consent Calendar.

**PUBLIC COMMENT:** None

- Minutes: July 25, 2013 Regular Meeting
- Monthly Service Bills and Fees
- Financial Report

- Employee Cost of Living Adjustment (COLA)
- Internal Control Review

**MOTION #1 AUG-22-13:** Director Van Berkem moved to approve the items on the Consent Calendar with the exception of the General Manager Employment Contract Approval, and with the addition of the Internal Control Review. Director Morrison seconded the motion. President Hetherington, Vice President Jones, and Directors Morrison, and Van Berkem voted in favor of the motion. The motion passed.

- General Manager Employment Contract Approval

President Hetherington stated that she will be distributing the performance review form, with the idea that she needs it back by October 7 for review on October 17. The contract is a three year contract.

**PUBLIC COMMENT:** None

**MOTION #2 AUG-22-13:** Director Van Berkem moved to approve the General Manager Employment Contract Renewal. Vice President Jones seconded the motion. President Hetherington, Vice President Jones and Directors Morrison and Van Berkem voted in favor of the motion. The motion passed.

#### **GODBE RESEARCH PRESENTATION ON COMMUNITY SURVEY**

Mr. Bryan Godbe, from Godbe Research, gave the presentation on the completed survey. He stated that the purpose of the project was to conduct a survey of both residents and pilots to help validate and refine the strategic vision of the Airport and the District. The data collection was done by phone interviewing, with both cell phones, if provided, and landlines, from the list of registered voters. There was also random dial interviewing, with the known area code and exchanges, and randomly creating the last four digits. The universe was approximately 30,000 adult residents within the Truckee Tahoe Airport District, with phone calls made from May 30 through June 25, 2013. The interview length was approximately 21 minutes, with approximately 500 residents and 65 pilots that responded. Director Van Berkem questioned if the survey included second homeowners. Mr. Godbe stated that second homeowners were not contacted because the available contact number for second homeowners was a landline, instead of a cell phone number, which would be ideal. The hardest group to reach are the younger generations. There was a  $\pm 4.4\%$  margin of error for the resident sample.

Throughout the presentation, data from the 2005 and 2009 Godbe Surveys was incorporated. The cost of living and unemployment were the two highest perceived community issues in the 2013 survey. The top two reasons for living in this area were the natural beauty and the good quality of life. Director Van Berkem questioned if there was any cross correlation between people who identify annoyance issues with the Airport and those that are not aware that there is an Airport. Mr. Godbe said that he will look into it. President Hetherington questioned if it was a good thing that the people are being told about the Airport or if it makes them more aware of the annoyance associated with it. Mr. Godbe will research that. The favorability of the Airport has gone up significantly from 2009. He believes that the communication efforts, as well as the policies, have reduced the non-favorability of the people, as well as the number of people that did not know about the Airport in previous years. Mr. Bumen questioned how the use of the Airport is defined. Mr. Godbe answered that it was non-aviation uses among residents. There were 37 pilots that responded from the resident list. The other 28 pilots were from the pilot list, making a total of 65 pilots.

The Search and Rescue services, as well as the early forest fire warning were the top two choices for residents for all three survey years in terms of the importance of services and capabilities. The Board questioned why the last

84 two choices for services and capabilities, resident pilot use for transportation and business, were zero in 2013.  
85 Mr. Godbe answered that these two choices were removed from the survey. Director Van Berkem stated that  
86 even though they were removed from the survey in 2013, in the previous two year surveys, there was not a lot of  
87 support for these items. President Hetherington would like it documented why the last two choices had no  
88 responses, as well as the number of pilots that were interviewed in the 2005 and 2009 survey. For the pilots, the  
89 most important services and capabilities are the transportation for patients in need of urgent healthcare and  
90 resident pilot use for recreation. The majority of residents and pilots agree that the Airport is an important  
91 component of the area's economy. President Hetherington would like all of the information represented in  
92 tabulation form. The residents agree that the vision of the Airport should be to have the growth be consistent with  
93 the community, as well as to impose a voluntary curfew from 10PM to 7AM. The top two responses from pilots  
94 for the vision of the Airport were also that the growth be managed and consistent with the community and that  
95 the Airport should have no limitations and operations should be allowed to grow to accommodate all flights into  
96 or out of the area. President Hetherington questioned how the residential pilots were counted. Mr. Godbe  
97 stated that they were not counted twice, but tabulated twice. He said that the area's economy is a driving factor  
98 for the positive opinions for both pilots and residents.

99 In terms of the opinion of the Airport operations and policies, both residents and pilots agree that the Airport is  
100 doing the right amount to minimize noise and low-flying aircraft. Approximately 8% of the residents surveyed  
101 answered the question of how to reduce noise and low-flying aircraft. These residents agreed that it would be  
102 best to regulate flight patterns, as well as to implement or regulate curfew. Residents are very satisfied with the  
103 community events at the Airport. The majority of the residents agree that jet planes are the most responsible for  
104 the dissatisfaction of the Airport's efforts to minimize the amount of noise. The morning hours are the most  
105 common time of day when residents are most dissatisfied. For the pilots, they are very satisfied with the  
106 maintenance of the runways, as well as the information on events and operations. Mr. Godbe stated that when  
107 there is not a middle option in choices of satisfied or dissatisfied, it forces the public to have an opinion. The most  
108 important improvements the Airport could make for the pilots would be more hangars, as well as better fueling  
109 capabilities and deicing facilities.

110 In the communications part of the survey, more than three quarters of the surveyed residents were not aware of  
111 the purchase of the Tahoe City Golf Course. However, approximately three quarters of the surveyed residents are  
112 in support of a multi-use hangar, which is an overwhelming level of support. Mr. Godbe recommends moving  
113 forward with this hangar. As far as the sources of information on the Airport, the Sierra Sun newspaper was the  
114 highest, followed by television. Mr. Smith stated that local radio station ads started running approximately two  
115 years ago. For pilots, the Sierra Sun and the Truckee Airport website are the top two choices for communication.  
116 Director Morrison questioned how many pilots were in attendance in this Board meeting. There were four pilots.

117 President Hetherington questioned if there were any differences in terms of regulations and night operations  
118 between pilots and residents. Mr. Godbe stated that the differences were more divergent in past years than this  
119 year.

120 **PUBLIC COMMENT:** Mr. Terry stated that he received complaints on how long the survey was, especially from  
121 pilots. Mr. Dickinson cautioned how the Board views the survey. If someone lives closer to the Airport, they  
122 would have a more negative response than someone who lives further away.

123 President Hetherington questioned if there was a map of where the phone calls were made. Mr. Godbe answered  
124 that they do not have the GPS capability to do that. There were certain areas where representation was needed.  
125 Vice President Jones asked Mr. Godbe to define close proximity. Mr. Godbe answered that in 2005, the

126 immediate vicinity of the Airport, were 11 areas, Ponderosa, Sierra Meadows, Northstar, Lahontan, Martis Valley,  
127 downtown Truckee, Donner Lake, Tahoe Donner, Prosser, Olympic Heights, and Glenshire. Director Van Berkem  
128 questioned what percentage of people that answered the phone dropped off because of the length of the survey.  
129 Mr. Godbe stated he would have to look that up, but he agrees that shortening the survey would be best. There  
130 could be a split sample, but it would be a lot smaller sample size with a higher error rate. Vice President Jones  
131 questioned if there could be an analysis of questions and determine which questions are no longer relevant, as  
132 well as what the optimum time would be for a survey. Mr. Godbe answered that 15 minutes would be ideal, but  
133 18 minutes is good. Vice President Jones and Director Wallace will form an Ad Hoc committee and meet to  
134 reduce the survey time and the questions. Director Van Berkem questioned what happens when someone hangs  
135 up half way through the survey. Mr. Godbe answered that the person's survey is thrown out.

136 Mr. Leeds Davis, an ACAT member and a non-pilot, commented regarding the 20% of respondents with no opinion  
137 of the Airport; he is not sure what percentage of the population is included within the immediate vicinity. He  
138 suggests that the outlying areas would be more than 20%, and it is important to find out what portion of the  
139 population is concerned.

140 **BREAK:** At 10:39 a.m. the Board recessed for a short break. At 10:53 a.m. President Hetherington reconvened  
141 the meeting.

#### 142 **AIR FAIR COMMITTEE REPORT**

143 Mr. Tim LoDolce, Chairman of the AirFair, stated that the AirFair committee spent under \$105,000 of the  
144 \$115,000 that they were allotted. The lineup for next year is already prepared. Mr. Dave Pinsky, a retired Air  
145 Force Colonel, is now the air operations director. Ms. Patty Wagstaff will be a part of the air show in 2014, as well  
146 as Mr. John Melby, Mr. Dan Buchanan, and the Jelly Belly aircraft. There is an air boss lined up for next year as  
147 well, Mr. Willy Turner. Mr. LoDolce stated that in the September Board meeting, the AirFair committee will  
148 present a budget to the Board. The budget could be approximately \$125,000-135,000. There will also be a  
149 twilight airshow the night before, July 11. Director Morrison questioned the cost benefit to charities. Mr. LoDolce  
150 stated that there was approximately \$33,000 raised for three non-profits, each receiving approximately \$11,000.  
151 Ms. Lisa Krueger will come to the Board in September with the impact the airshow had on the community. Mr.  
152 Smith stated that the airshow has a ripple effect. The majority of the \$105,000 the AirFair committee spent went  
153 to local businesses. Director Van Berkem questioned if there is anything to do this early to get military  
154 involvement. Mr. LoDolce stated that if the sequestration is over in 2014, there will be a lot of military support.

#### 155 **PUBLIC COMMENT**

156 Mr. Dickinson is on the Board of the Friends of the Library, and very active with the historical Society, and he  
157 thanked the Board for a great event.

#### 158 **AIRPORT COMMUNITY ADVISORY TEAM**

159 Mr. Bullock started the presentation with the summary of ACAT's August meeting, stating that there has been one  
160 operator (Flight Options) that has signed the agreement of the RNAV departure, and another that should be  
161 signed very soon (Jet Suite). Mr. Bumen stated that the third special operator for the RNAV departure has been  
162 identified, FlexJet, and the initial coordination for the meeting has started. The Draft Chart has been completed,  
163 and is a draft only done for construction of the deeper inspection by the Regional Airspace Procedures Team  
164 (RAPT). Mr. Tom Lippert, and his wife, Ms. Laurel Lippert, have been working on the videography of the noise  
165 abatement departures and arrivals. For the enhanced UNICOM, there was a Request for Proposal sent out to

three vendors: Quadrex, Serco and Next Gen Aviation Consulting Partners. ACAT selected Next Gen Aviation Consulting Partners, with Pete Elmore, to provide the needs assessment for UNICOM in an amount not to exceed \$20,000. There have been five inquiries regarding the ACAT selection, all non-pilots. There have been no applications.

**PUBLIC COMMENT:** None

#### **ENGINEER'S REPORT**

Mr. Bill Quesnel, the District Engineer, gave a summary of the Facilities Maintenance Plan, and the pavement project. He stated that there will be an inspection on the three Part 77 towers by Day Wireless Systems within the next two weeks. As far as the coating of the hangars, Hangar row B will be done in this fiscal year as the money is already budgeted. The roof work will not start until FY2014. There has been added funding for the ADA and Warehouse code studies. Mr. Quesnel stated that the fuel farm and the self-serve island are two different projects. There were efforts made to analyze and correct the issues at the fuel farm in 2003-2004 with a sign-off letter from an electrical contractor, which Mr. Quesnel does not believe happened. For the self-serve island, the plans reference code compliance and submittal package for installed equipment, and not all installed equipment is shown on the plans. He stated that some of the contact equipment, such as the tank monitoring, credit card reader, air compressors, etc., can be retrofitted, and some of it will have to be moved. Mr. Quesnel is looking into who is responsible for the electrical issues with the fuel farm, as well as what the contract documents and plans say. He believes that the goal of completion of high priority corrections is December 1, 2013.

Director Van Berkem questioned if the issues of the items not to code are either safety issues or solely code issues. Mr. Quesnel stated that not everything is a safety issue. Before December 1, the areas with the highest safety issue will be fixed. District Counsel Collinson added that the government code provides that there is no liability to a government agency for making a negligent inspection, so there is no liability there, but the specialist hired to design and build the self-serve island the right way should be examined. Both the fuel farm and the self-serve island are in Nevada County. Ms. Dykstra stated that in terms of the plan revisions, she needs the timeline of when the changes will be made so she can prepare for the Budget Workshop on September 16. Mr. Smith stated that the pavement work was delayed for two weeks for the FAA grant agreement, but the FAA gave a notice to proceed, so the work will start this week. The risk of not having the grant agreement is that the District cannot get reimbursed for the work done before the grant agreement is received, having the Notice to Proceed from the FAA mitigates that issue.

**PUBLIC COMMENT:** None

#### **REQUEST FOR PROPOSALS FOR LEGAL SERVICES – RFP REVIEW AND AD HOC COMMITTEE APPOINTMENT**

Mr. Smith stated that the District is sticking with the current practice of periodically bidding for services such as the fuel vendor, auditor, District Engineer, etc. There is an RFP for legal services that needs approval by the Board. President Hetherington stated that there should be an Ad Hoc committee for the RFP. The Ad Hoc committee will consist of Directors Morrison and Wallace.

**PUBLIC COMMENT:** None

**MOTION #3 AUG-22-2013:** Vice President Jones made a motion that Directors Morrison and Wallace coordinate an Ad Hoc committee to review the RFPs for Airport legal counsel and make a recommendation to the Board. President Hetherington seconded the motion. President Hetherington, Vice President Jones, and Directors Van Berkem and Morrison voted in favor of the motion. The motion passed.

206 **FALL NEWSLETTER**

207 Mr. Smith stated that Staff is starting to think about the fall newsletter. He stated that there are some interesting  
208 things in the Godbe study that will help Staff craft some articles and areas that need to be targeted. Mr. Bumen  
209 stated that there have been ideas about harnessing a benefit for the newsletter reader and the Airport, such as a  
210 coupon from Red Truck.

211 **PUBLIC COMMENT**

212 Mr. Terry stated that in the survey, the newsletter, Connected, had very high results, but another part of the  
213 survey was solely newsletters, which had no results. He stated that should be added into the outreach.

214 **WEBSITE UPDATE AND PROJECT REVIEW**

215 Mr. Bullock stated that there is a milestone committee for the new website, and most of the work done for the  
216 website redesign has been through Google Analytics. There is a website mock-up showing the primary, secondary  
217 and tertiary navigation. Everything that is on the website will be available on a mobile platform. There will also  
218 be a widget toolbar on the top of the website. The pages will be color coded so the public knows where in the  
219 website they are. Mr. Bumen stated that this website will be a really good product. The life cycle of the site, from  
220 efficiency and cost of ownership, will help keep the website current, and yield benefits down the road. Mr.  
221 Bullock stated that the graphic assets the Airport uses may need to be modified for this process. Also, the  
222 milestone committee is trying to build in some business processes into the website, such as automated payments.

223 **PUBLIC COMMENT**

224 Mr. Terry stated that for the mobile part of the website, it would be helpful to know the size of a document  
225 before having to open it.

226 **CLOSED SESSION**

227 At 12:02 p.m., the Board entered closed session pursuant to government code section:

- 228
- 229 • CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (SUBDIVISION (C) OF GOVERNMENT CODE  
230 SECTION 54956.9)  
231 Name of case: Truckee Tahoe Airport District v. Gaylia Newcomb, et al., Nevada County Superior Court  
232 Case #TCU13-5538  
233
  - 234 • CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
235 Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9.  
236 One potential case, based upon the receipt of a claim pursuant to the Tort Claims Act.  
237

238 **PUBLIC COMMENT**

239 Mr. John Renwick, with members of the Joerger family, previously met with Director Van Berkem, Mr. Smith and  
240 District Counsel Collinson about the closed session matter. He would like the Board to take into consideration  
241 that the family is not a Board, just an old family. He brought a picture of a plane that landed at the Airport after  
242 the initial runway was cut by Mr. Renwick's great grandfather. He has submitted a letter outlining the conditions  
243 that the Joerger family feels would be fair to have the matter quickly resolved.

244

245 At 12:49 p.m., the Board recessed out of closed session and reported the following action:

246

- CONFERENCE WITH LEGAL COUNSEL – EXISTING LITIGATION (SUBDIVISION (C) OF GOVERNMENT CODE SECTION 54956.9)  
Name of case: Truckee Tahoe Airport District v. Gaylia Newcomb, et al., Nevada County Superior Court Case #TCU13-5538
- *The Board reported that direction was given to Staff.*
- CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION  
Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9.  
One potential case, based upon the receipt of a claim pursuant to the Tort Claims Act.
- *The Board voted unanimously by the Directors in attendance to deny the claim.*

## **MASTER PLAN UPDATE – LAND USE AND RUNWAY DEVELOPMENT ALTERNATIVES PROGRESS REVIEW**

Mr. Tony Tezla, with Mead & Hunt, stated that the goal is to assess four alternatives and to refine those to two alternatives. Two of the alternatives are affecting Runway 11-29, and the other two alternatives affect Runway 02-20. The two alternatives for Runway 11-29 include the shifting of the runway and extending the runway. Mr. Tezla stated that Runway 29 cannot be moved any further east due to trees, terrain and mountains. If the trees are removed, there could be approximately 400-500 additional feet for the relocation of the threshold. Director Van Berkem questioned if the runway were extended to the east, would the planes land approximately 1300' sooner? Mr. Tezla answered that the planes can takeoff approximately 1300' sooner, but cannot land any sooner. Director Morrison added that the Ad Hoc committee has looked at all the options, and would like to model what the impact is for the 1300' takeoff, to see what the difference in noise would be, and to make sure it would be advisable to spend the money for this alternative. The two alternatives for Runway 02-20 include extending the runway south, and widening the runway. To extend the runway south, the drainage connection would need to be rerouted to keep the connection. There are also wetlands on either side of the runway. Vice President Jones commented that this would affect landings on Runway 20 because there is a different class of airplanes at 5000'. So it would increase the landings on Runway 20, while affecting the departures on Runway 02.

Mr. Tezla stated that the four runway alternatives are an attempt to mitigate annoyance impacts. In order to fully evaluate all the alternatives, he would like to add at least one non-runway alternative to balance that out. Most likely, the FAA would have property acquisition, and sound insulation, as their default alternatives. The inclusion of a non-runway alternative may add credibility to all other alternatives as well. Director Van Berkem stated that an additional non-runway alternative would be valuable to the FAA to get traction or influence. He also stated that it would cost more to buy a neighborhood than extend a runway. Director Morrison stated that it would be a bad idea not to investigate because it is the FAA's way of looking at another way to reduce annoyance. Mr. Bumen stated that from the airspace side, the creation of procedures does not dictate use. The numbers are quantifiable on both the cost and the benefit sides. In a runway based alternative, there is the opportunity to affect every flight operation from that runway. In a neighborhood based alternative, only one household will be affected at a time. Director Van Berkem stated that a longer runway does not mean that the pilots will take advantage of it, however, the more formalized it is done, and the more publicity, pilots may utilize the entire runway. Mr. Bumen responded that any aviator would use the entire runway given the opportunity. Vice President Jones stated that the way to address noise mitigation is to take the parcels affected out of the community, or put them in the hands of the residents who do not mind airplane noise. He would like to see the Board consider a policy of making bids on homes in certain areas that are very noise sensitive and acquiring those for the Airport and putting them in a rental pool that would generate revenue for the District and have members of the community who enjoy planes in those homes to address noise mitigation. Director Van Berkem questioned if the FAA would give the Airport money to buy and rent homes. Mr. Bumen stated that he is not aware of

airports doing property acquisition and renting. Mr. Tezla is not aware of this either, however, if there was a volunteer acquisition of homes, the neighbors that did not sell their homes may feel like they are negatively impacted in terms of property values. Mr. Tezla does not believe that the FAA would pay for property acquisition because the Airport is not within the threshold that they use for that program. Vice President Jones would not like the FAA to become involved.

The second part of Mr. Tezla's presentation is about land use away from the runways. The main points from the District Master Plan include aviation growth with community growth, continuing with open space policies, support the emergency service needs, provide community and non-profit facilities, and lease land for private development. There are approximately 2600 acres owned or managed by the District. This land is between the Airport, Waddle Ranch, other open space areas and two golf courses. There are currently over 600 acres on the Airport property that are not allocated for any specific type of use. Mr. Tezla's conclusion is that the District has enough property to accomplish all of its aviation and non-aviation goals. The Board should consider the impact that the FAA has, as well as their role. The FAA will essentially be a third party in the land leasing. Federal grants were used to purchase both of the sites that Clear Capital are interested in. There is an FAA release required to develop on the land for non-aviation use, whether the District is leasing or selling the land. NEPA and CEQA will be required, however, it may be minor and the Airport will be responsible for completing those studies. The FAA "airspace review" will be needed before and during the construction. President Hetherington questioned the timing in terms of the process for the FAA. Mr. Tezla stated that if the Board selects site 3, the process can be started now. With site 2, the Master Plan will have to be finished before the process can be started with the FAA. There are several FAA land release requirements, including the effect on aeronautical facilities, and net benefit to civil aviation.

Site 2 is currently designated for aviation use and hangar development, and the FAA release is contingent on the completion of the current Master Plan and approvals to justify re-designation to non-aviation. The completion of the Master Plan could be in the first quarter of next year, with another 30-90 days on top of that for the FAA release. Site 3 is designated for non-aviation use, and the release process may begin at any time.

The current Master Plan goes through 2025, with the aviation needs forecasted to be approximately 20 acres for the 16 new executive hangars, 2 large hangars, 1 joint use hangar, and a transit facility. The large hangars are twice as large as an executive hangar. Mr. Tezla believes that both sites 2 and 3 could work for Clear Capital. In reference to the runway alternatives, if either of the options for Runway 11-29 are enacted, it would have an effect on site 2. If the runway is shifted down, site 2 would become less compatible. The conclusion is that the District has sufficient property to pursue all uses and both sites are feasible. Mr. Tezla recommends site 3 as preferable for non-aviation development for several reasons, including: the larger distance between runway centerline and runway ends, and there are fewer restrictions related to project timing and justifications.

President Hetherington stated that with site 2, there could be an issue with Clear Capital's timeline and the FAA release. Mr. Tezla stated he could not speak to the timeline of Clear Capital, but stated that there would be nothing to worry about with the FAA release on site 3.

**PUBLIC COMMENT:** None

## **CLEAR CAPITAL LAND LEASE REQUEST AND COURSE OF ACTION**

Mr. Bumen stated that Staff recommends three items: the elimination of site 2 from any further consideration, the direction for the General Manager and Board President to finalize the Letter of Intent (LOI) with JMA Ventures and Clear Capital to work towards a lease on site 3, which is a non-binding LOI, and the third recommendation is



333 to direct Staff in the negotiation of the lease agreement with JMA Ventures and Clear Capital for future  
334 consideration by the Board of Directors no later than the December 5, 2013 Board meeting and also work with the  
335 FAA for the initial release and review of the proposals. There are also a number of agencies involved if the District  
336 chooses to move forward with Clear Capital, including the Town of Truckee, Nevada County, and Placer County.

337 Mr. Gabe Nacht, CFO of Clear Capital, started his presentation with a review of the four sites proposed by the  
338 Board. Sites 1 and 4 were removed from the plan, and sites 2 and 3 were further studied by both JMA Ventures  
339 and Mr. Tezla with Mead & Hunt. After further discussion with Airport Staff about site 3, Clear Capital has  
340 decided to shift the site further away from the Airport so as to give the District more acreage for future aviation  
341 use. As previously presented, site 2 will require some significant utility extensions, as well as the requirement of a  
342 roundabout, and some zoning complexities, as this site lies within the Town of Truckee and is zoned as public  
343 space, and would need to be re-zoned as office space. If Runway 11-29 was extended, the density requirements  
344 would not be met by Clear Capital for the number of employees they would have.

345 For site 3, the recommended site, Clear Capital has decided to shift the parking acreage across Aviation Way,  
346 giving the District approximately 12 acres for future development. There will be some re-zoning required, from  
347 light industrial to office space. In staying consistent with the current Master Plan, FAA release could begin  
348 immediately for site 3. There will be a roundabout needed for this site as well. Mr. Nacht showed several site  
349 design studies for both sites 2 and 3, as well as a building design. Originally, Clear Capital looked at site 3 for  
350 seven acres for a building, and three acres across Aviation Way for parking. In wanting to give the Airport more  
351 space for future use however, Mr. Nacht stated they shrank the footprint to five acres for a building, and three  
352 acres for parking across Aviation Way, giving the Airport approximately 14 acres.

353 Mr. Nacht indicated that Clear Capital benefits the Truckee community in both payroll and spending adding up to  
354 more than \$25 million. There would be an increase in property value for the remaining Airport District land. The  
355 Clear Capital jobs are not seasonal or service work, but career jobs, which is a good balance to the other  
356 community jobs which are seasonal or service oriented.

357 The Letter of Intent (LOI) is non-binding, with the exception relating to expenses in the next phase. For the  
358 expenses, the District would fund the appraisal and any economic analyses, both to be reimbursed upon final  
359 lease agreement, and Clear Capital and JMA Ventures fund the environmental, architectural, construction, etc.  
360 The lease term would be 50 years with two extension options of 20 years each. The District will also have the  
361 right to approve architectural design, landscaping and improvements to the leased land. Mr. Nacht asked the  
362 Board for approval to move forward with the project, and move forward towards finalizing the LOI, which will  
363 hopefully be finalized by the end of August. Clear Capital would like to enter into a land lease with the District no  
364 later than November 15, 2013. Mr. Nacht would like to occupy the new Clear Capital building by November 1,  
365 2015. The timing on a final lease agreement would need to be worked on with Staff.

366 Mr. Bumen asked if there is concurrence on site 3 versus site 2, and if there was a general agreement that site 3  
367 offers a more immediate opportunity. The Board agreed. Mr. Smith stated that all of Director Van Berkem's  
368 questions about the LOI, the lease terms, the rent payment schedule, etc., are bullet points in the LOI that will be  
369 talked about during this Board meeting.

370 In terms of the lease term, Director Van Berkem does not want a 50 year building on the property if there are not  
371 contingencies in the lease for that. Mr. Smith stated that he is not sure what the answer to that would be, but it is  
372 something to work on for the LOI. President Hetherington questioned if the lease would be with JMA Ventures.  
373 Mr. Nacht stated that is essentially correct, but it may change, as ideally, the lease will be with an ownership  
374 group, which could be JMA or Clear Capital. The ownership would then enter into a lease with the Airport, and

375 Clear Capital would lease the facility from the ownership group with the option to buy the building. President  
376 Hetherington stated that her concern is what happens if and when Clear Capital decides to vacate the building,  
377 and the Airport is left with this large unoccupied building onsite. Mr. Smith stated that it could be converted to  
378 offices. The process would need to be outlined for that. Vice President Jones questioned if Clear Capital is going  
379 to obligate themselves to the 50 year term, as part of the negotiation. Mr. Nacht stated that there will be  
380 contractual commitments. Mr. Art Chapman, with JMA Ventures, stated that in the case of an early termination,  
381 that termination would include the payment of funds to the Airport to retrofit the building for use that would be  
382 acceptable to the Airport. The tenant does not get to walk away, the ownership group will not get stuck with that  
383 payment of funds either. There will be a provision in the lease that states that termination payment would be  
384 made by the tenant. Director Van Berkem would just like to make sure that the Airport is protected.

385 As far as the lease commencement, Mr. Smith stated that November 15 is a stretch for the lease with Clear  
386 Capital, and would prefer December 5 as that is the Board meeting. Mr. Nacht stated that Clear Capital is not  
387 expecting FAA approval by November 15, but they would like to submit documentation to the FAA for approval by  
388 that date. Director Van Berkem questioned if November 15 vs. December 5 is an issue for Clear Capital. Mr.  
389 Nacht answered yes, weeks matter, but it is not a deal breaker, rather the preference of Clear Capital. Director  
390 Morrison stated that the Board will not approve the lease until they are comfortable. Director Van Berkem  
391 questioned if there are plans for a specialized real estate attorney. Mr. Smith confirmed this.

392 Director Van Berkem stated that he has a lot of questions about the AMCG proposal, as well as the review and  
393 approval process for the AMCG contract. The methodology for how to do the appraisal is concerning. Director  
394 Van Berkem is not in favor of the discounting or comparing to other airports in other states. There were no issues  
395 brought up about the rent schedule. In terms of the landlord approval of design and landscaping, Director Van  
396 Berkem stated that he is concerned with the parking and traffic issue, and what the parking lot is going to look  
397 like, with either a two story garage, or an underground garage. He thinks that there should be approval on  
398 parking. Mr. Smith stated that will be discussed later on. Mr. Nacht stated that the Airport will have the right to  
399 approve any improvements on the lease, to include parking.

400 As far as use of adjacent land, the Board does not like the wording "quiet enjoyment of the leased land". Mr.  
401 Nacht stated that they are open to other language terms for the LOI. They are looking for the Board to approve  
402 the LOI, not the language. Clear Capital would like some reasonable assurance that the adjacent land be  
403 consistent with Airport uses or other Clear Capital facilities. Director Morrison stated that the land will be  
404 developed as similar use. Mr. Bumen stated that in the lease document, there will be a lot of detail in the  
405 language. In the LOI, Staff would like the Board to highlight key elements that will need to be addressed in the  
406 lease. Director Van Berkem questioned the approval process of the LOI. Mr. Smith stated that the original  
407 intention was to have Board, Staff and public input to finalize the LOI. This could be in the September budget  
408 workshop. Mr. Nacht stated that the LOI is still in draft form, and that Clear Capital is hoping to have agreement  
409 from the Board to move forward. While the LOI is non-binding, it is important in that it outlines the general terms  
410 under which Clear Capital would like to move forward. Director Morrison stated that the Board would like to be  
411 updated by all parties involved throughout the entire process to avoid being surprised by any additional costs or  
412 contingencies at the last minute. Mr. Nacht stated that it is not in anyone's best interest to surprise the Board.  
413 The last thing Clear Capital would like to do is to come to a Board meeting expecting to have the lease finalized  
414 and realizing that the Board has not approved the lease, and have it rejected as Clear Capital has made significant  
415 investments in this process. Vice President Jones questioned when the FAA process will begin. Mr. Smith stated  
416 that the FAA release can be started immediately. Vice President Jones stated that the Board will not sign a lease  
417 until the FAA has given their approval. Mr. Smith stated it will be approximately 30-90 days. Mr. Tezla stated that

418 there is no reason to not start the FAA release process now. President Hetherington questioned the FAA release  
419 of all of that area, or just what Clear Capital needs. Mr. Smith stated that they would have the FAA release all of  
420 that land that is not aviation related for future use of a possible transit facility or a library. President Hetherington  
421 questioned the multiple uses of the Clear Capital parking lot, during the night for example, or for the transit  
422 facility use. Mr. Nacht stated that the design is very conceptual and would like to be as flexible as possible for  
423 both the building and the parking areas. Clear Capital is open to any and all suggestions about how to make the  
424 area better for all parties involved.

425 Mr. Smith stated that he had a meeting with the Town of Truckee and Nevada County, and went through the  
426 proposal with them. This project is feasible in the county. The Town of Truckee is very supportive of the concept,  
427 but has several concerns. Some of the concerns include more traffic being dumped onto the Town and Placer  
428 County roads. As part of the LOI, there will be a process agreement for all of the agencies involved. The idea  
429 would be to have a process in place before a lease agreement is signed. Director Van Berkem questioned if there  
430 was any legal opinion on the prohibition of putting commercial buildings on the land. Mr. Smith stated that in the  
431 1998 Master Plan, there was an agreement with the Town of Truckee that stated the Airport would not put any  
432 non-aviation uses over 5000 square feet unless the Town agrees. There is another provision within this  
433 agreement that states that when the Master Plan is adopted, that will become the guiding document that will  
434 facilitate future development use of the property. Mr. Smith stated that the Town of Truckee still would like this  
435 coordination to make sure everyone is on the same page. District Counsel Collinson stated that there is some  
436 restrictive language, such as where it states, "The revised Airport Master Plan is recognized as the appropriate  
437 planning document to define future uses on the Airport property"; ~~Vice President Jones stated that~~ which gives  
438 the Airport ~~some sort of the~~ capability to terminate the relationship after 30 days. Mr. Smith stated that the Town  
439 is very supportive about moving Clear Capital to an appropriate facility. They are concerned about the traffic  
440 impacts because Clear Capital is not in the Town. Director Van Berkem stated that they are also concerned about  
441 the financial aspects, because the Town will not receive any of the property tax from Clear Capital. Mr. Nacht  
442 stated that it is not Clear Capital's intent to move just outside of the Town of Truckee's line, there were a lot of  
443 different options looked at within the Town, however, this option suits Clear Capital's needs best. District Counsel  
444 Collinson stated that PUD as well as both of the sewer and fire districts will want to have some involvement and  
445 give their opinion.

446 In terms of the chance of there being a dispute that requires resolution, District Counsel Collinson stated that  
447 there will be an impartial person as the mediator to get the parties together. He was concerned earlier that the  
448 decision ~~without of~~ a mediator would be an improper delegation of the Board's authority, and the language would  
449 be revised to say "subject to Board approval". The Board is not giving away their ability to approve or disapprove  
450 whatever resolution the group comes up with. Director Van Berkem questioned the use of the word "final" in this  
451 part of the LOI as it is non-binding. District Counsel Collinson stated that in terms of Clear Capital and JMA  
452 Ventures, it is final to them. Director Van Berkem stated that he would like the word "pending" in this area.

453 Director Morrison questioned the financial impacts of the Airport District. Mr. Smith stated that there is also an  
454 application process that is being developed for future land development applications. Assuming a lease  
455 agreement is signed, the District is reimbursed for all costs incurred to them, essentially the appraisal and the  
456 AMCG study. Mr. Bumen stated that the cost of the appraisal and the AMCG study would be approximately  
457 \$5,000-\$10,000. Legal costs will also have to be anticipated, with approximately \$20,000-\$30,000 for these costs.  
458 President Hetherington stated that it would be useful for Staff to track their time for future reference. Mr. Smith  
459 stated that it would be a good idea to appoint a lease negotiation Ad Hoc committee. Director Morrison

460 suggested Vice President Jones because of his commercial real estate and lease experience and Director Van  
461 Berkem because of his experience for the Ad Hoc committee.

462 **PUBLIC COMMENT: None**

463 **MOTION #4 AUG-22-13:** Vice President Jones made a motion to create an Ad Hoc committee with Director Van  
464 Berkem to work with JMA Ventures and Clear Capital on the lease agreement. President Hetherington seconded  
465 the motion. President Hetherington, Vice President Jones, and Directors Van Berkem and Morrison voted in favor  
466 of the motion. The motion passed.

467 **PUBLIC COMMENT: None**

468 Vice President Jones stated that the Board is moving forward with the LOI, to be approved on September 16,  
469 during the budget workshop. The process with the FAA release will be started immediately, with the concurrence  
470 to release site 2. Mr. Chapman added that because this is an unsubordinated ground lease, there are special  
471 provisions that are required by banks and lenders on ground lease. He assumes that Staff will want that kind of  
472 expertise as well from the legal counsel so it can be built into the document.

473 Director Morrison stated that the LOI should be finalized by the end of August, with the Board President to sign  
474 off on it. President Hetherington stated that she is not comfortable with that. Director Van Berkem stated that  
475 because all of the issues were talked through during this meeting, he is also comfortable having the LOI finalized  
476 by the end of August. Mr. Nacht stated that the FAA release is important, as well as the economic analysis. Vice  
477 President Jones stated that the LOI is the starting point for the real negotiations, being the lease. Director Van  
478 Berkem stated that he would like to have the LOI ready for signature by August 31. District Counsel Collinson  
479 stated that the Board should consider a motion to authorize the President to sign the LOI after approval by the Ad  
480 Hoc committee and Staff. President Hetherington stated that she would like to wait until September 16 due to  
481 Director Wallace's absence, and because she believes the Board has accomplished the time sensitive issues, such  
482 as the start of the FAA release process and the concurrence to release site 2.

483 **PUBLIC COMMENT: None**

484 **MOTION #5 AUG-22-13:** Director Van Berkem made a motion to authorize the President of the Board to sign a  
485 non-binding LOI upon approval of the majority of the Ad Hoc committee which consists of two Board members  
486 and the General Manager with advice on counsel by a balance of Staff and District Counsel. Director Morrison  
487 seconded the motion. Vice President Jones, and Directors Van Berkem and Morrison voted in favor of the motion.  
488 President Hetherington voted against the motion. The motion passed.

489 **PUBLIC COMMENT: None**

490 In terms of the AMCG component, Director Morrison has concerns if they are the right people to hire and what  
491 needs to be done to review the contract that the District enters into with AMCG. Director Van Berkem stated that  
492 he has a fundamental concern about the design of the study. Director Morrison stated that AMCG is basically  
493 setting up a huge part of the lease for the District. Mr. Bumen stated that he reached out to AMCG and put a  
494 professional services agreement in place to have them ready to go pending the Board's decision at this meeting.  
495 He had AMCG prepare an outline of the process they would propose to use in the event that the Board chooses to  
496 move forward. They do a lot of work in the aeronautical domain, based on the type of demands they receive from  
497 their customers. Non-aeronautical development on the Airport is less common in terms of the volume. In  
498 requesting this, the expectations were that they would provide the Board with an understanding of the market as  
499 it pertains to the questions the Board had after the Prescott, AZ example of what other airports charge for non-

500 aeronautical leasing. There is also the local market component of similar proximal properties for commercial  
501 development that would be within a defined region of the Airport. Vice President Jones questioned if there is a  
502 very specific process that is required by the FAA to determine value. Mr. Smith stated that there are grant  
503 assurances that have to be complied with that are not typical of a commercial lease, but he is not sure how  
504 specific the process is. Vice President Jones does not want AMCG to have free reins to get involved and take the  
505 Board back to where they were four or five months ago and re-do what has already been agreed to. He would like  
506 to see it defined as to how the Board is going to use AMCG. Mr. Bumen stated that there can be boundaries on  
507 this, and it does not have to be wide open.

508 Director Van Berkem stated that he rejects the focus of the AMCG study being an Airport non-aeronautical use of  
509 the land. He stated that most of the report given by AMCG was on aeronautical use of the land, as opposed to  
510 non-aeronautical use. Mr. Bumen stated that the reason why there is a market rent study in this report is  
511 because of the specific inquiry by the Board in the June Board meeting, based on the Prescott, AZ example, of  
512 having the rates of five other airports studied. Mr. Bumen made that known to AMCG that there was an interest  
513 from the Board to see what was out there at other airports. Typically, Airport property is more encumbered with  
514 restrictions than non-airport owned property. The discounting would reflect the limitations the developer would  
515 have on that property, and would not be as valuable if it was fifty miles from the Airport. President Hetherington  
516 questioned what the encumbered restrictions include. Mr. Bumen answered that it would be the density  
517 restrictions, height restrictions, Part 77, lighting, etc. Director Van Berkem stated that he does not see any  
518 discount happening because of all the places Clear Capital looked at, the Airport property is where they would like  
519 to be located. Director Van Berkem would like to understand what this kind of acreage would go for in the  
520 immediate area. Vice President Jones stated that there was a discussion of Hangar 1 and the leasing of Hangar 1  
521 to non-aviation lessees. He questioned if there is a process that is required to get a valuation on this lease, or if it  
522 is up to the Airport to determine what the appropriate rate is. Director Morrison stated that the Ad Hoc  
523 committee should meet with Mr. Smith to decide if AMCG is the right group to hire and what the proper scope of  
524 study is for them. Mr. Nacht stated that his understanding is that there is a legal process to go through. He does  
525 not want to do anything outside of what is required procedurally because it will slow the process down. He stated  
526 that just as much as this lease needs to make economic sense to the Airport, it needs to make sense to Clear  
527 Capital as well. They have looked at other areas for land leasing, but there is nothing that is comparable to a long  
528 term land lease in the area. District Counsel Collinson stated that he has done a small land lease, not comparable  
529 to this land lease, but was not aware of any required procedure for rental amounts. He did some research and  
530 found some cases where public agencies had done land leases and they were subject to renegotiation. He  
531 consulted with Mr. David Teirman, Executive Vice President of JMA Ventures, who stated that he was not aware  
532 of any specific statute or requirement, it is just the normal procedure of how it is done. The lease will be up to  
533 negotiations between the parties. Mr. Bumen stated that within the AMCG study, both Santa Maria and  
534 Monterey Airports will be part of that market study. President Hetherington stated that while the Board would  
535 like to get as much money per square foot as possible, it might be more valuable to have the square footage cost  
536 be less if Clear Capital contributes to the non-profits, such as a future library or transit facility. Mr. Smith  
537 indicated that the lease negotiation Ad Hoc committee will meet with Staff and AMC and have questions  
538 answered and decide what the best option is to do the appraisal.

539 **PUBLIC COMMENT:** None

#### 540 **GENERAL MANAGER'S REPORT**

541 Mr. Smith started the report with a recap of the upcoming training opportunities. Mr. Bumen said that he is  
542 attempting to schedule a meeting in Washington the week of September 16 regarding the efforts to secure long

543 term approval to operate the FAA provided transponder interrogator. Mr. Smith stated that the District has  
544 received the AF/D procedure approval of the Final Determination of Landing Area in late July. Mr. Stoner stated  
545 that the security of the Alder Hill tower is arranged. The contract is with Day Wireless. The parts have been  
546 ordered and should be here within the month. November 19, 2013 is the date for the Aviation Safety Seminar.

547 Director Morrison questioned if the Board had asked Staff to look into the community hangar this fall. Ms.  
548 Dykstra stated that the investigation would be in FY2014. Director Morrison would like to add the community  
549 hangar to the project tracking list. He would also like to continue working on the one in, one out Airport issue. He  
550 questioned when the new maintenance building will have oxygen service. He does not want it to be forgotten  
551 about for the next three years. Vice President Jones questioned how long the process will be for a community  
552 hangar. Mr. Smith stated that one idea would be to have the Hangar 2 site be the multi-use hangar. Director  
553 Morrison would like this to be part of the Master Plan process. Director Morrison questioned if Staff is in  
554 consensus about understanding what the cost of a large community hangar would be. District Counsel Collinson  
555 stated that a Hangar 3 will need to be put on as a formal agenda item before formal action is taken on this.  
556 President Hetherington stated that she would also like to have night operations be designated as a project and  
557 added to the list. District Counsel Collinson stated that this ~~will~~should all be put in an agenda.

558 **PUBLIC COMMENT:** None

559 **BOARD MEMBER ANNOUNCEMENTS:** Vice President Jones stated that he will be out of the country from  
560 September 12-28, and will miss the budget workshop and the next Board meeting.

561 **PUBLIC COMMENT:** None

562 **ADJOURN**

563 **MOTION #6 AUG-22-13:** Director Morrison moved to adjourn. Director Van Berkem seconded the motion.  
564 President Hetherington, Vice President Jones, and Directors Morrison, and Van Berkem voted in favor of the  
565 motion. The motion passed.

566 At 4:13 p.m. the August 22, 2013 regular meeting of the Truckee Tahoe Airport Board of Directors adjourned.