

The following is a condensed version of the TRUCKEE TAHOE AIRPORT DISTRICT BOARD OF DIRECTORS regular meeting held Thursday, January 27, 2011 at the Truckee Tahoe Airport Board Room, 10356 Truckee Airport Road, Truckee, CA 96161 at 9:00 am.

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

**DIRECTORS PRESENT:** President Kathleen Eagan  
Vice President J. Thomas Van Berkem  
Director Mary Hetherington  
Director John Jones  
Director Katie Morrison

**STAFF PRESENT:** Mr. Kevin Smith, General Manager  
Mr. Phred Stoner, Director of Operations and Maintenance  
Ms. Jane Dykstra, Director of Finance and Administration  
Mr. Kevin Bumen, Director of Aviation/Community Relations and Communications  
Mr. Hardy Bullock, Environment and Technology Specialist  
Mr. Jim Clague, District Engineer  
Mr. Brent Collinson, District Legal Counsel  
Ms. Maria Martinez, District Clerk

**VISITORS:** There were eight (8) visitors present:

**SPECIAL ORDERS OF BUSINESS**

President Eagan thanked Mr. Gerald Herrick, Mr. Rob Lober and staff for all their hard work in putting together the Santa Fly-In held on December 11, 2010. It was a very successful event and well received by the public. This is an event the District will continue to do.

**PUBLIC COMMENT:** None

**CONSENT CALENDAR**

Mr. Collinson requested that the Minutes of December 9, 2010 be pulled from the consent calendar.

- Minutes of the November 18, 2010 Special Board Meeting
- Monthly Service Fees and Bills
- Approval of Request for Qualifications (RFQ) for Pavement Management Plan and Runway 10/28 Design

**MOTION #1 JAN-27-11:** Director Hetherington moved to approve the rest of the items on the Consent Calendar. Vice President Van Berkem seconded the motion. President Eagan, Vice President Van Berkem, and Directors Hetherington, Jones and Morrison voted in favor of the motion. The motion passed.

- Minutes of the December 9, 2010 Regular Board Meeting

Corrections were requested by Mr. Collinson. The corrections were noted.

**MOTION #2 JAN-27-11:** Director Hetherington moved to approve the Minutes of December 9, 2010 as amended. Vice President Van Berkem seconded the motion. President Eagan, Vice President Van Berkem, and Directors Hetherington, Jones and Morrison voted in favor of the motion. The motion passed.

**PUBLIC COMMENT:** None

### **AIRPORT COMMUNITY ADVISORY TEAM REPORT**

ACAT Chair Andrew Terry updated the Board on the current status of ACAT. At their last meeting, ACAT continued to discuss potential projects. ACAT has done an analysis of the zip code registration to determine potential sites for upcoming Road Shows and justification for incenting partner airports to adopt WhisperTrack. ACAT contacted AMGEN TOUR representatives for possible community outreach venues. Currently there are no obvious outreach opportunities for ACAT to participate in. The Pilot Outreach program will begin this year with Members Jack Ellis and Leeds Davis taking the Road Show to Napa in February. Mr. Bullock will also attend as staff support. ACAT members will be coordinating future events without staff support. ACAT requested direction from the Board concerning the committee's participation in reviewing the development of trails on airport land. The Board discussed the initiatives ACAT is currently working on to ensure their focus is balanced between noise annoyance and community outreach. ACAT will be bringing a confirmed project list to the Board in the next few months.

### **PUBLIC COMMENT**

Mr. Rick Tavan urged the Board to consider giving direction to ACAT to investigate possible public uses of airport land. Anything the District can do to help the public will improve the District's corporate image. The District already has a golf course with little or no impact. Mr. Terry agreed with Mr. Tavan's comments.

### **OPERATIONS AND COMMENT REPORT**

Mr. Bullock reviewed the Operations and Comment Report – Q4 2010 with the Board. The camera system was operational 57% of the time in the fourth quarter. After-hour operations did not create annoyance in the community. The Board discussed the helicopter data captured for the report and recommended ACAT use this type of information to see where the District can make improvements on annoyance issues in this area. The Board also discussed insulation and retrofit programs funded at other airports in communities to help mitigate the noise. Staff discussed effective means of getting the noise mitigation procedure information to dispatch and cockpit crews. WhisperTrack may help facilitate this process in the future. The Board commended staff on their continued efforts in finding solutions to the noise annoyance in the community.

**PUBLIC COMMENT:** None

### **FLIGHT TRACKING UPDATE**

Mr. Bumen updated the Board on the current status of the Flight Tracking system. A variety of tools available on the software side of the program were reviewed. Staff has begun the system acceptance testing process. Currently the number of aircraft being tracked at any given time is between 20 to 60 aircraft and in a 24 hour period, between 1200 to 2000 aircraft. This includes aircraft that are not landing at Truckee Airport. As part of the agreement with the FAA the District has not capped the airspace. This allows the District to track all aircraft in the vicinity up to 60,000 feet in altitude. Mr. Bumen noted that there is currently very limited flight check availability on Mode S aircraft. Operational acceptance will begin in the next few weeks and completed sometime in March of 2011. Mr. Bumen thanked the Board for their patience during this process. When the system is completed it will be the first airport sponsored active interrogator multi-lateral system in the world.

**PUBLIC COMMENT:** None

## **DISTRICT ENGINEER'S REPORT**

Mr. Clague reviewed the Hangar Rows J & K Pavement Rehabilitation project with the Board. The FAA has indicated that they may fund the reconstruction of the pavement this year although it is not a guarantee. The next step in the process would be to do the design of the project and put it out to bid. If the FAA can fund the project, 95% of these costs are reimbursable. In this case, a grant will be issued based on 95% of the total project costs. If they cannot fund it this year, the design would still be valid and reimbursable in a future funding cycle. The only non reimbursable expense if the project isn't selected for funding is the bidding cost. Mr. Clague is requesting the Board's consideration on the design and bidding of this project. Mr. Smith added that the only way this project will get funded is if there are extra funds available late in the fiscal year. The Board discussed the drainage options in that area.

**PUBLIC COMMENT:** None

**MOTION #3 JAN-27-11:** Director Jones moved to direct Mr. Clague and District staff to move forward with the design and bidding process for the Hangar Rows J & K Pavement Rehabilitation. Director Hetherington seconded the motion. President Eagan, Vice President Van Berkem, and Directors Hetherington, Jones and Morrison voted in favor of the motion. The motion passed.

**BREAK:** At 10:33 AM the Board recessed for a short break. At 10:38 AM President Eagan reconvened the meeting.

## **ADMINISTRATION BUILDING CONSTRUCTION UPDATE**

Mr. Peter Beaupre of Prosser Building & Development, Inc. updated the Board on the activity on the new administration building. The project is now approximately 25% complete. The structural steel is complete with the exception of exterior stairs, railings and accessories. The favorable weather has helped with the progress of the construction. Mr. Beaupre also reviewed the Green Building Analysis for this project. The Board discussed the District's communications strategy to the public in regards to the Green Building Analysis and the project in general.

**PUBLIC COMMENT:** None

## **AD-HOC RUNWAY COMMITTEE REPORT**

Mr. Smith reviewed the pavement rehabilitation project with the Board. The District has been awarded approximately \$2.5 million dollars in FAA – AIP funding to do pavement rehabilitation for the rest of runway 10/28. This is follow up from the work that was done in 2009. The Ad-Hoc Committee reviewed all options with the Board. The District will be working to get the project completed by the end of the summer.

**PUBLIC COMMENT:** Mr. Tavan requested clarification on the options the District decided on pursuing. Mr. Smith reviewed the two options the District was considering. The ultimate decision will be determined once the design is done. The runway will remain closed during the pavement process and will be completed as quickly as possible.

## **HANGAR LEASE RATE ANALYSIS**

Mr. Collinson reviewed the guidelines under the Political Reform Act concerning potential conflicts of interest. Because the item being discussed is in reference to hangar rates, any one on the Board or staff that has a hangar is subject to the Political Reform Act. There are two potential reasons for this: (1) if the proposed action could

impact the individual's income or expenses by \$420 in a calendar year or (2) or because there is a lease hold interest if the potential action could result in the rates going up or down by 5%. Based on that analysis, it is District Counsel's recommendation that the two board members need to disclose their interest in the type of hangar they are leasing. They also have to leave the room and be able to come back during the public comment portion and make public comment on how it affects them. Mr. Bumen was no longer present at the meeting however, he would also be disqualified from participating in this discussion if he were present. The Board and District Counsel agreed to allow Directors Jones and Morrison listen to the discussion remotely via conference call from a separate part of the building.

**PUBLIC COMMENT:** Mr. Tavan stated that the Board should consider allowing Directors Jones and Morrison to remain in the room during the discussion. The rate increase being recommended by District staff is only 3% and not the necessary 5% for them to have to leave the room, until such time as any of the remaining Board members decide to take the discussion beyond the 5% threshold. Mr. Collinson noted that the staff recommendation was for an increase to the Executive Hangars by \$.03 cents and the percentage in question is 5%. There is a possibility that Directors Jones and Morrison could suggest raising the rate on the Executive Hangars in an effort to lower the T Hangar rates.

Directors Jones and Morrison left the room. Ms. Dykstra reviewed the Hangar Rate Analysis with the Board. Based on the analysis provided, staff is recommending an increase to the cost per square foot per month for Executive hangars by \$0.03, making the base rate \$0.38. There is no adjustment recommended for T-hangars. If approved, the rate increase could not be effective without a 30 day notice given to tenants. Executive hangar tenants could be notified in their February invoice that rates would increase effective March 1, 2011. A substantial explanation of the calculation and the process the Board went through before approving the rate increase would be included.

**PUBLIC COMMENT:** Mr. Jones stated he was not attacking any individual, he is attacking the methodology being used to do the evaluation that Ms. Dykstra has gone through. The evaluation came from a consultant, who is supposed to be non-biased and non-partisan. However, there are a lot of assumptions that have to be made in coming up with a methodology for the cost analysis that Ms. Dykstra is doing. Those assumptions have a dramatic impact on the final results. He noted that consultants do not always do it right. The District has a problem on 10/28 because we have consultant that did a bore sample that now we have to go back and redo. He added that consultants don't always agree. There are a lot of ways to do an evaluation. The second point is that in the analysis it emphasizes that the airport property shall be minimally set at cost recovery. On page 4 of the District's approved budget, he noted that the District's budget for revenue are good, but the budget for expenses always miss. That's because the District does not use it all in a lot of cases. Using last year's revenue as an example, last year's gross profit for the District is \$845,676. Then there is operating, general administration and repair costs resulting in a net loss of \$770,618. Other income totals \$77,448. The tax payers in this District allocated \$693,170 to the airport in full. From an operating stand point, last year, the District used \$693,170 of that funding. If you review page 13 of the 2010-2011 Budget, line number 139 – Community Outreach, the District allocated \$597,496. Then on line number 139 – Land Management, the District allocated \$145,755. In reality, this is the forecast and not last year's numbers. Mr. Jones did not have last year's numbers and he is assuming that last year and this year are pretty much the same. If you total those two numbers together it comes to \$743,251 which is clearly non-airport activity and of the tax payer money the District uses \$693,170 of their money for the District's entire budget. He would submit that there is no way the District is coming even close to using tax payer money for hangars. He is trying to call into question the methodology the

District is using and he is trying to use real numbers to do it. On page 13 of the 2010-2011 Budget, line number 139 – Hangars; the net cash flow from operations is \$853,648. In the business world Mr. Jones calls it EBITDA (Earnings before interest, taxes, depreciation and amortization). \$853,000 of interest and ~~appreciation~~ depreciation can support a huge infrastructure. He did some calculations and an FHA loan right now, a 35 year loan you can get 4.06% fixed. For that amount of money the District could borrow \$20 million dollars because that's basically cash flow to this airport. Another way to look at it is we can appreciate over 4 years \$24 million dollars worth of assets against that number. There is no way this airport is subsidizing or coming even close to subsidizing hangar tenants with tax payer money. Lastly, the information that is in the Board book on attachment A, B and C, on a comparable basis, the T hangars tenants fall right in the middle of the survey done and he hopes the Board is not taking any action. The Executive hangar tenants fall at the high end of the survey yet the District is increasing them to above the average according to the recommendation. If he was a jet guy he would say the airport has it in for the jet guys because they are inappropriately being unfair to them in increasing the rates.

The Board requested clarification from Mr. Jones on his comments on the Executive hangars. Mr. Jones stated that on attachment B the blue bar in the middle is the average range of the survey, the red bar is where the District is charging the Executive hangars today and if you go to attachment C the red bar is moved above the average and to him it doesn't seem fair.

Mr. Leeds Davis asked if the cost per square foot ~~requests~~ represents the totally amortized capital replacement cost and when might the hangars be replaced. The Board stated this question would be addressed at the end of Public Comment.

Mr. Terry stated that while there were lots of questions about the AMCG process, he would ask a lot of questions about the market analysis. The District cherry picked a few airports, then did not get very good data, or the data they did get, they were not sure what the basis of the answer they got was. This is no quality data. It's bad data. Then the District said, "this is bad data, let's take the extremes out", so the District got more scrunched up data. The market analysis data is simply data. All it does is help validate that any other process that we use to get to a per-square-foot cost comes up with something in the ballpark. To use that data to generate the price that the District is proposing to charge is inappropriate. It just gives a guide to say "Yes, the number we come up with using our allocation mechanism comes within a sensible ballpark. It just validates the AMCG process". There are many arguments about the AMCG process, but Mr. Terry believes it's a valid process. The allocation mechanisms are valid and follow a logic. The allocation mechanism comes up with a number. We can question if there is enough in that number or too much in that number. Mr. Terry stated that he would alert the Board that things are missing from that number, such as land which the Board decided not to include and profit. These are not the fully loaded costs; these are the non-fully loaded costs. So the District is eliminating a whole lot of things and even after that the District has the opportunity to discount from the number they came up with. He suggests the Board be very careful about applying statistical techniques to the market analysis as it's just a set of numbers, just some data. He would ~~abdicate~~ advocate trusting the rigor that went into the allocation mechanism that generated a cost that does form into a range supported by the market. The market analysis validates the process that AMCG did if nothing else.

Mr. Tavan stated that the AMCG process has a lot of scientific validity but as someone pointed out earlier, the numbers that go into it skew the results any way you want. No matter how you look at it the process to setting hangar rents it is purely political, you can adjust the numbers to say anything you want. That being said, the

recommendations from staff are reasonable. He agrees with Mr. Jones that there is no need or justification for the Executive hangar increase other than the political motivation of wanting to charge them more.

The Board discussed the AMCG process and the market analysis presented as they relate to the comments and questions expressed during Public Comment. An increase to both the Executive hangars and T hangars were also discussed. The Board reviewed the current incentives being offered to hangar tenants and how they relate to the hangar rate increases. They expressed their concern in accommodating the pilot interest and not forsaking the taxpayer interest. Another option considered was incremental increases on both Executive and T Hangars rather than all at once.

**PUBLIC COMMENT:** Mr. Jones stated that the Home Base program generates \$250,000 worth of property taxes to the district. That is almost a benefit to the community that should go to the community and not the hangar tenants. The other incentives are a benefit to the noise abatement program. This is not a freebee. This is a cost of structuring the practices and the policies of the pilots and that is what it is intended for. Mr. Jones added that he hopes the intent of those discounts is clearly recognized. You're trying to get the pilots to do what you want them to do and you are willing to pay for it. Mr. Jones does not think the Board should be using it as a negative for rates going forward. The second point is the Board keeps using the methodology that everyone thinks that the hangars are costing the taxpayers money. They are not costing the taxpayers money right now as he pointed out in his earlier discussion. If the Board wants it to really not cost the taxpayers, figure out what the cost of those assets are and depreciate them over 40 years for the hangars. Whatever for the asphalt that the FAA doesn't pay for and set up a capital fund. And put the money in it and set it aside so you can see where the money goes when you have to rebuild a hangar. Because right now you have this methodology that says, "If we consider all the factors, the taxpayer is paying for some of the hangar costs" and they are not. Third, Mr. Jones looks to the Board as a governance body. He stated he is fighting against himself but the District has a staff that is making recommendations and were going to figure out how to do our own analysis. So maybe that should be reconsidered.

Ms. Morrison stated she had two main points. She asked the Board to look around them. Drive through downtown Truckee. There are so many dark stores. It has been a terrible three plus years for everyone. Ms. Morrison noted that she does commercial real estate. She represents Truckee locals and businesses trying to open in Truckee. Commercial rates over the last 3 years have dropped 30 – 40% and vacancy rates have doubled or tripled. For example, the Phoenix Executive building has 20,000 square feet and rates have been dropped in half from what the rate was 3 years ago. Only 2,000 feet have been leased in it, which is 10%. That is Truckee; that is where we are, it is the economy in general. Ms. Morrison added that to talk about an \$11 increase like it is not much to the average hangar tenant or dinner at Moody's is sort of like we are talking in a vacuum because look at the economy and look at downtown Truckee and look at where we are. She stated it would be a disservice to raise rates right now for T hangars. And to not consider the economy in general as it applies to the pilots on this airport is a disservice. It is just a bad, bad time to bump up rates. The second point is about considering supply and demand. She knows that the Board has and we all have. Ms. Morrison inquired as to the vacancy rate at South Lake Tahoe airport. Mr. Smith stated that the current vacancy rate is at 15 out of 55. Mr. Morrison asked the Board to look at the District's hangar wait list which for so many years has been a couple hundred names long for the T hangars alone. Staff calls these people when a hangar comes up, and only every 3<sup>rd</sup> or 4<sup>th</sup> one takes a hangar. The real numbers may be a list of 30 people. That has dwindled from a list of around 150 to 200 in a few years. And to not take that into consideration would be a mistake. That is a list of 30 possible prospects for 207 hangars. Ms. Morrison also wanted to point out that there is a significant wait list

for the Executive Hangars and does not have a problem with staff's recommendation to increase their rate by 3 cents because of supply and demand. There is a long list of large wingspan airplanes, not all are jets. The District does not have as many Executive hangars. If you look at the pure market forces that are in effect there that that might be a reasonable thing to do. She cautioned the Board. It's ugly out there. Pilots are real people too. Taxpayers are also. A tenant next to Ms. Morrison's office moved out last week. It's hard to make it and by raising the hangar rate we are saying something that is somewhat vocal. Maybe the Board ought to notice that. It would just be a mistake.

Mr. Terry stated just to reiterate that you might be trying to leverage the market rate analysis rather more heavily than it deserves. He added that he would like to leverage the market rate analysis to observe that the vast majority of the hangar tenants take advantage of the available discounts to get way under that market rate analysis. The Board has a lot of flex room to get anywhere close to the market rate as presented. The Board can increase or decrease rates a lot before getting close to the market and the fees that are being presented.

Mr. Tavan stated that nothing the Board does will have any impact whatsoever on the taxpaying public. Their taxes are not determined by this Board and not determined by the spending of staff. They are determined solely as a fixed percentage of their real estate taxes. They will fluctuate with real estate values which are way down. Most homeowners can apply for and receive a reduction in their assessments. But nothing the Board does is going to impact the public. Mr. Tavan added that it is double talk when the Board says they are defending the public by getting as full cost recovery as we can get. Second, we are creating pseudo-science by assigning so much validity to the purple band. Although the algorithms used by AMCG are mathematically valid they are dominated by arbitrary percentages. How much of this cost should be charged to the hangar tenants? In some cases there is a tenuous relationship between some things that hangar tenants do versus things that other people do. In other cases it's largely arbitrary. So take that purple band which you are treating as such a sacred cow and move it up to make it worse or move it down to make it better, just by changing numbers. Do not take it too seriously. Yes the math is better than the market rate analysis. Market rates for hangars are inelastic. The factors at different airports are totally different. This airport does not need more money from the pilots. This airport cannot affect the public through what it charges the pilots. This airport is dealing with a huge recession in which real estate values throughout the region and throughout the country are way down and at least punitively this airport has some interest in reducing the alienation of its user base which is pretty severe. I can certainly afford an extra pizza a month on hangar rent. So can most of the tenants. Right now the Board manages the airport as a public resource. You do not do that by slapping your recession plagued tenants in the face. Katie and Tom have made some pretty reasonable comments and he appealed to Kathleen and Mary to listen to them.

The Board requested clarification from staff on their recommendation. Staff reviewed the background on how the AMCG rates were derived as well as the background on the incentive program.

**MOTION #4 JAN-27-11:** Vice President Van Berkem moved to approve the staff recommendation on Executive hangar rates. Director Hetherington seconded the motion.

President Eagan recommended increasing the Executive hangar rates \$0.03 effective March 1, 2011 in addition to the CPI increase in September 2011 an additional \$0.005 per year until the next analysis. The Board discussed taking the increase out to 1/10 of a cent (three decimal places).

**MOTION #4 - AMENDED JAN-27-11:** Vice President Van Berkem moved to approve the staff recommendation to increase Executive hangar rates to \$0.38 effective March 1, 2011 and adopt at each annual CPI measurement

point annually in September, an adjustment up or down based on what CPI is plus \$0.005 carried out to 3 decimal points. Director Hetherington seconded the motion. President Eagan, Vice President Van Berkem, and Directors Hetherington voted in favor of the motion. The motion passed unanimously.

The Board continued their discussion on T hangars. They discussed taking into consideration the current state of the economy before considering raising T hangar rates. Other options discussed included eliminating the homebase incentive as well as incremental increases to the hangar rates.

**MOTION #5 JAN-27-11:** Director Hetherington moved to raise the current base rate to \$0.333 effective March 1, 2011 then add the CPI in September plus \$0.005 carried out to 3 decimal points. President Eagan seconded the motion. Motion failed for lack of unanimous vote.

President Eagan suggested going to \$.33 with CPI in September and no additional \$.005. The Board continued their discussion on the calculation methods used in the analysis provided by staff.

**MOTION #6 JAN-27-11:** Vice President Van Berkem moved to increase T hangar rents at each of the next 4 CPI measurements in September by \$0.005 per square foot plus or minus whatever the CPI is at that time. President Eagan seconded the motion.

The Board discussed carrying out the rate to three decimal points.

**MOTION #6 - AMENDED JAN-27-11:** Vice President Van Berkem moved to increase T hangar rents at each of the next 4 CPI measurements in September by \$0.005 per square foot plus or minus whatever the CPI is at that time, carried out to 3 decimal points, effective September 1, 2011. President Eagan seconded the motion. President Eagan, Vice President Van Berkem and Director Hetherington voted in favor of the motion. The motion passed unanimously.

The Board reiterated Mr. Bumen's valid point on communicating information to the pilot community. Staff will be working on how best to communicate this information to the tenants.

**BREAK:** At 2:20 PM the Board recessed for a short break. At 2:26 PM President Eagan reconvened the meeting.

#### **CLOSED SESSION**

At 2:28 p.m. the Board entered closed session pursuant to government code sections:

- CONFERENCE WITH REAL PROPERTY NEGOTIATORS GOVERNMENT CODE SECTION 54956.8  
Property: Martis Creek Estates Acquisition, Placer County APN 110-030-040/041/042  
Agency negotiator: Kevin Smith  
Negotiating parties: Truckee Tahoe Airport District, Truckee Donner Lake Trust, ACMIS Five LLC, Watch Tower Bible and Tract Society of Pennsylvania  
Under negotiation: Price and terms of payment

At 2:46 p.m. the Board recessed out of closed session and reported the following actions:

- CONFERENCE WITH REAL PROPERTY NEGOTIATORS GOVERNMENT CODE SECTION 54956.8  
*No action taken - Board gave direction to staff. The vote was 4 – 0 in favor of that direction. Vice President Van Berkem abstained.*

#### **APPLICATION OF POLICY 621.1 – LEASE RENTS, RATES AND CHARGES**

Mr. Smith stated that various applications have come in over the last several months from businesses approaching the airport for airport utilization. This has raised some questions with staff regarding the process



to review and approve Commercial Operating Permits and some leases. The current request is from Sterling Flight, a Bay Area flight school requesting a permit to operate a Part 141 flight school out of the District's airport. Primary flight training is conducted out of their flight school located in Concord, California. Students would be completing their advanced training out of Truckee airport with most of the advanced training taking place away from the airfield.

Mr. Bumen added that one of the challenges with Policy Instruction 621.1 is the lack of clarity in the current policy. Based on the detail and content of P.I. 621.1, it is difficult to ascertain what staff should approve and what might need Board input and/or approval. Staff is proposing two remedies to address the lack of clarity currently in PI 621.1: a comprehensive Minimum Standard Policy and an Airport Facility Use Table. Staff will work closely with the FAA and legal council to assure compliance with applicable regulations and grant assurances.

The Board discussed requiring Sterling Flight to lease space on property and not non-aviation businesses. The Board also requested clarification on the need to use a Commercial Operating Permit for Sterling Flight. Because the business is conducting business out of Truckee Airport, the Commercial Operating Permit is used to facilitate that. Mr. Chris Grcevich, Chief Instructor at Sterling Flight and Mr. Rashid Yahya, Sterling Flight's Student Services Coordinator gave a short presentation on their company and request to do business out of Truckee Airport as a satellite office. This operation would not only benefit the international students they have, but also the local pilot community. There would be 10 – 15 students rotated through the training program in Truckee over 3 month blocks. The program for each student is 12 months long. Housing will be leased through Northstar-at-Tahoe's employee housing facility. Staff added that a 12 month Commercial Operating Permit will allow both the District and Sterling Flight to determine if this will be something that will work long term for both parties.

**PUBLIC COMMENT:** None

**MOTION #7 JAN-27-11:** Director Jones moved to direct staff to setup the 12 month Commercial Operating Permit for Sterling Flight. Vice President Van Berkem seconded the motion.

Director Hetherington expressed her concern regarding the increased number of flights in the area and a possible increase in noise annoyance. Staff stated that after the 12 month period, staff will be proposing that a Part 141 flight school become a conditional use and would need Board approval. The Conditional Operating Permit will constrain how big the business can grow in the next 12 months.

President Eagan, Vice President Van Berkem, Director Jones and Director Morrison voted in favor of the motion. Director Hetherington voted against the motion. The motion passed by majority.

The Board requested Sterling Flight work closely with staff and do everything possible to adhere to the District's noise annoyance procedures.

#### **RESOLUTION 2011-01 – NEW BANK SIGNATURE CARDS WITH BANK OF THE WEST**

Mr. Smith stated that this is a standard resolution to add the newly appointed Board members to the Bank of the West signature cards.

**MOTION #8 JAN-27-11:** Director Hetherington moved to approve Resolution 2011-01 of the Truckee Tahoe Airport District requesting new signature cards with Bank of the West and waive the reading. Vice President Van Berkem seconded the motion. President Eagan, Vice President Van Berkem, and Directors Hetherington, Jones and Morrison voted in favor of the motion. The motion passed.

## **FINANCIAL REPORT**

Ms. Dykstra, Director of Finance and Administration, detailed her quarterly report.

**PUBLIC COMMENT:** Mr. Bob Fink requested clarification on the liability insurance coverage for the new snow blower given its use. Ms. Dykstra stated that the snow blower is covered on the District's property policy under an equipment rider.

## **INTERNAL CONTROL REVIEW**

Director Hetherington detailed her Internal Control Review with the Board.

**PUBLIC COMMENT:** None

## **AIRPORT DISTRICT COMMUNICATION AND OUTREACH EFFORTS**

Mr. Bumen updated the Board on recent activity. Staff has begun a major content review of the static content of the website. There is a significant amount of the site that has not been reviewed in several years. Web page print outs are being circulated among staff for their input. The information will be reviewed with CLM Designs next week. A mobile version of the website has been launched which works well on mobile devices. It has the key functionalities in place.

Ms. Dykstra added that in terms of communication for the hangar rate increase to the hangar tenants, there will be an insert being sent with the invoices on February 1, 2011. The Board requested clarification on how the rate increase information will be communicated to the pilot community so that it is better disseminated. Mr. Bumen stated that it is staff's intent to create a letter for the upcoming billing cycle that will include a discussion on the hangar rate increases. Mr. Smith added that staff will also be working on putting together an airport users meeting to discuss the methodology of the fee and give the pilots an opportunity to ask questions.

**PUBLIC COMMENT:** None

## **COMMUNITY SPONSORSHIP POLICY – PI 220.0**

Mr. Smith presented the revised policy 220.0 based on the comments received. The revised draft policy has been reviewed by staff and District legal counsel. The policy is intended to provide the necessary tools for staff to review and disperse sponsorship funds in a fair and transparent process.

**PUBLIC COMMENT:** None

**MOTION #9 JAN-27-11:** Director Hetherington moved to approve the revised Community Sponsorship Policy – PI 220.0 as amended. Vice President Van Berkem seconded the motion. President Eagan, Vice President Van Berkem, and Directors Hetherington, Jones and Morrison voted in favor of the motion. The motion passed.

## **BOARD MEMBER ANNOUNCEMENTS**

Director Hetherington noted she would be absent for the February 24, 2011 Board meeting. The Board book will be delivered to her while she is out of town and she would be available via conference call if needed. President Eagan noted she would be absent for the March 24<sup>th</sup>, 2011 meeting.

## **MANAGER'S REPORT AND ACTION ITEMS**

Mr. Smith updated the Board on his outreach efforts in the community. Mr. Smith has met with representatives from North Tahoe PUD and the North Tahoe Resort Association. The District can reach 95% of

the target area constituents by utilizing these agencies to notify people of the District's Board meeting. There is a benefit in moving the off-site meeting from March to April. This will allow the District to publicize the Board meeting in customer newsletters through North Tahoe PUD and the North Tahoe Resort Association. The Board agreed to move the off-site meeting to April. Mr. Smith also discussed a proposal submitted by a local radio station to sponsor programming. The proposal from 101.5 Radio is to purchase airtime and sponsor the weather. Staff will work with the radio station representatives to develop the specific content for each of the spots purchased. Mr. Smith has received comments back from ACAT on the Strategic Plan. The Board will be receiving a copy of the comments at the February board meeting for review. Mr. Chip King from Archer Company was unable to get the Total Compensation Study information to the District in time for this meeting. A complete report will be provided at the February Board meeting. The date for the first FY 2012 Budget meeting will be determined prior to the next Board meeting. Proposed dates will be sent out to the Board to confirm availability. Mr. Smith also reviewed the Project Tracking list with the Board.

**PUBLIC COMMENT:** None

#### **ADJOURN**

**MOTION #10 JAN-27-11:** Director Hetherington moved to adjourn. Director Jones seconded the motion. President Eagan, Vice President Van Berkem, and Directors Hetherington, Jones and Morrison voted in favor of the motion. The motion passed.

At 4:24 PM the January 27, 2011 regular meeting of the Truckee Tahoe Airport Board of Directors adjourned.