LOGAN - CACHE AIRPORT AUTHORITY BOARD MEETING
MINUTES
April 3, 2012

The Logan-Cache Airport Authority Board convened in a regular session on April 3, 2012 at 7:30 a.m. in the Cache County Council Chambers, County Historic Courthouse, 199 North Main, Logan, Utah.

ATTENDANCE

Members of the Airport Authority Board in Attendance:
John Kerr
Dean Quayle
Gar Walton
Mayor Randy Watts
Harry Ames
M. Lynn Lemon

Members of the Airport Authority Board Absent:
Val Potter

Others in Attendance:
Lee Ivie - Airport Manager
Jeff Peterson – Logan City Fire Department
Brady Hansen – Logan City Fire Department
Zak Loosle – Utah Jet Center
Steve Miller - Utah Jet Center
Kim Hull – Leading Edge Aviation
Sean Heiner – Utah State University Aviation
Bruce Bishop – Utah State University
Kimberly Silvester – J-U-B Engineering
Lew Lott – J-U-B Engineering
Bryan Congdon – Harris Air
Jessica Parker – Mountain Ridge Helicopters
Tim Taylor - Cache Soaring
Sherm Buck - Pilot
Bill Francis – Hangar Owner
Otto Puhlmann - Hangar Owner
Larry Hansen - Hangar Owner
Brent Roberts - Hangar Owner
D.T. LaMont - Hangar Owner
Lynn Goodsell - Hangar Owner
Brad Wursten - Hangar Owner
Dale Gardner - Hangar Owner

Marc Karpowich - Hangar Renter / Mechanic
Janeen Allen

<u>CALL TO ORDER</u>

Chairman John Kerr called the meeting to order at 7:30 a.m.

<u>REVIEW AND APPROVAL OF MINUTES</u>

Kerr asked for a motion to approve the minutes of March 6, 2012.

> **ACTION: Motion was made by Walton and seconded by Ames to approve the minutes of March 6, 2012. The vote in favor was unanimous, 6-0, with 1 absent.**

<u>ITEMS FOR DISCUSSION</u>

Introduction of New Manager
Kerr introduced Lee Ivie as the new manager of the airport and asked him to take a few minutes to address the board and give his background and experience. Ivie began by saying he looks forward to working at the airport and serving the aviation public. He worked as Operations Manager for twelve years at the Friedman Memorial Airport in Hailey, Idaho, a destination airport for the ski industry and its clientele. He noted that Friedman Airport was a 139 Operations airport like the Logan-Cache Airport. He worked for two years as Airport Manager at the Heber Municipal Airport in Heber, Utah, a general aviation airport. Most recently, he was Airport Manager at the Guthrie-Edmond Regional Airport in Guthrie, Oklahoma, also a general aviation airport. Ivie concluded that he looks forward to interfacing with the public, being a part of this community, and running a transparent operation.

Civil Air Patrol Activity - David Rhodes
Rhodes said that the activity was a communications exercise designed to practice setting up remote equipment and completing requirements to receive certifications for radio operator in the Civil Air Patrol. He showed a Powerpoint presentation showing the cadets setting up antennas and practicing radio transmission and reception skills. Rhodes concluded that the exercise was very well attended and successful in training and meeting certification requirements. He appreciated the use of the airport facility in conducting the exercise.

UAOA Report - Gar Walton
Walton said they were able to meet with the FAA people from the Denver ADO Office, as well as State Aeronautics, and were updated with the current situation with the FAA. He added that these meetings are very valuable in understanding and getting funding for needed airport projects. They also attended sessions on wildlife control which were informative and useful because of the costs incurred due to wildlife-involved damage to aircraft and airports. Walton concluded that they were able to watch the Blue Angels perform at the St. George Airport.

Runway 5-23 UHP CCS - John Kerr
Kerr said the airport received a request from the Utah Highway Patrol for the use of the abandoned runway for their annual driver training on April 4th-6th.

Landing Fees - John Kerr
Kerr said that one topic at UAOA was that of Landing Fees, a means where funds can be raised from people who are not regular contributors to the airport operations. He proposed that the board consider requiring a landing fee from aircraft over 20,000 lbs at $1.25 per 1,000 lbs in order to offset some of the airport's operating costs. Kerr anticipates this will apply mainly to charter aircraft. Watts asked if this is a standard practice for smaller airports. Kerr replied that it is. Lemon suggested that the authority proceed with a public hearing and follow proper procedures in order to adopt the policy. Quayle added that USU should be made aware of it since they would probably be most impacted by the policy. Kerr said we will schedule a public hearing to receive input on the issue.

Terminal / Corporate area Development - John Kerr
Kerr said the airport has received two applications for consideration for 100' x 100' hangars in the northwest area, which is the only area available to build hangars of that size. A major problem lies in extending utilities to that area. The existing water line does not have enough water pressure to serve that area according to the fire department. One possible solution would be to run a parallel 12-inch line from approximately 850 West to that area that would give it adequate pressure. Another possible solution would be to bring water in from 10th West across the property and hook it into the end of the water line at Mountain Ridge. Kerr favored the second option because the line would be shorter and could be installed without interfering with the existing infrastructure. Kerr said that either option will take care of a problem in the existing water line where a section of the pipe decreases from 12 inches down to 8 inches and then increases back to 12 inches.

Kerr said in talking with the FAA, he could not get a commitment for reimbursement for extending the utilities into that area unless it is part of a major development such as construction of a terminal. He added that the estimated cost will be about $300,000 for the underground improvements to sewer, water, and electrical. Kerr said the funds are available in the airport reserve account, but the question for the board is whether the members support going forward with the improvements at this time. Lemon said that the project would deplete the fund balance almost completely and it's assumed we won't receive any reimbursement from the FAA, so we would have to find other ways to fund any additional improvement projects. He continued that the board may have to approach the city and county councils and ask for help with the fund balance.

Ames pointed out that it seems we are compelled to go ahead with the project because it is the only area available to construct hangars of that size, and it will open up the possibility of an additional 6 to 8 hangars once the infrastructure is complete. Watts said that whether Logan City lays the line or it is contracted out, it needs to be expedited. Quayle asked Watts if any of this project could be considered part of the existing 10th West project. However, Watts said that it is all contained within the airport property, and therefore, not a part of the 10th West project. Lemon asked Watts if Logan City is required to bid out the project if it is more than $140,000. Watts replied that the city can do any size of project internally without having to contract it out, but it comes down to what projects are already in the works for Logan City and if they can fit this one in the schedule. Watts said he will discuss the scope of this project with the Logan City Public Works director and the fire chief to see if it is something Logan City can take on, and then he will let Kerr know as soon as possible, so the board can determine how best to proceed.

Kerr asked how the board members feel about pursuing the project whether it is done by Logan City or contracted out. Ames said it will take some thought in weighing the importance of this project against others and determining if it is the best use of the fund balance money. He added that we should receive a firm commitment from the applicants that they will build hangars if the infrastructure is put in place. Lemon said that it will definitely improve the airport as a whole and everyone will benefit from it. However, he thought it would be a good idea to look at what matching funds will be needed in the coming years so we can cover our costs if we decide to go ahead with this infrastructure improvement. Quayle said we need look at the whole picture as far as what our needs are, what funds we have, and what our expectations are before we can make this decision.

Kerr suggested we get the commitments from the applicants and have Lemon and the Auditor's Office go through the Airport Improvement Plan schedule to determine what funding requirements we will have in order for the board to make a better decision regarding this project.

Land Lease – Harry Ames (Attachment A)
Kerr introduced the subject by saying that the intent of the board in revisiting the land lease issue six months ago was to create consistency and fairness in the lease language while generating some revenue to be used for capital improvements at the airport. However, through the process of attorney reviews and multiple revisions, it seems to have moved away from the original intent, and he has received negative feedback from the hangar owners and others. Kerr continued that he hoped to continue to receive input at this meeting that will help in resolving the issue.

Ames reviewed key points of the lease and its intent as shown in a handout he passed out to the members of the board. As Ames reviewed item G.a. of the handout regarding lease renewal, Lemon raised the concern that hangar owners had voiced that the airport will try to confiscate their lease at the end of 20 years. Ames replied that the practice has been followed at other airports, but it would not be done at the Logan-Cache Airport. Ivie commented that he has worked with 3 types of leases, the most common being a reversionary lease where the building becomes the property of the sponsor at the end of the 20-year lease period. Another type of lease gives the individual the option to draft a new lease at the end of the lease period or tear the building down and remove it from the premises. Ivie continued that the third type is like the current proposed lease and would require an additional lease renewal at the end of the lease period or removal of the building. Lemon said we don't want to send the message to the hangar owners that we can take their building and all improvements at the end of the lease period. Ames then quoted from the handout item G.b. which proposes that the property remain with the lessee "in perpetuity as long as the lessee continues to honor the terms of the current and future leases." The one exception would be in the case that a building needs to be relocated for the best public interest of the airport, in which case the board would reserve the right to require the relocation. However, the proposed lease would also require the airport to compensate the owner of the hangar in the event of relocation by providing equivalent space.

Ames said the other main point of debate, as covered under item H in the handout is the requirement of liability insurance by the lessee. He continued that should a hangar be damaged by a neighboring hangar, the owner of the first hangar could pursue compensation from the responsible individuals in a civil court or the airport liability insurance could be made to cover such events. Buck responded from the audience that a third option would be to give the hangar owners the option of buying insurance to cover their own hangars and keep the government out of it. Francis said that the two fires that have occurred at the airport in the past produced no liability claim against either Cache County or Logan City. Buck added that the people who own hangars at the airport are responsible people and it should be left up to them whether they will buy insurance or not.

Brent Roberts commented that liability insurance will only cover the building itself and not the content of that building. Francis added that you can't even get a 2 million dollar policy on an unoccupied hangar, anyway. LaMont pointed out the hardship of taking out a 2 million dollar policy on a hangar when his aircraft isn't worth as much as the prices of a car, and up to this point, the majority of hangar owners have been willing to live with the risk.

Buck maintained that the airport should stay out of enforcing an insurance requirement on the hangar owners, and keep the lease simple.

Kerr summarized the points of contention to be the length of the lease and the liability insurance. He asked if there were any more items of concern. Buck said that the rate increase should be made a public matter each year.

Ames recommended, based on the input received, that he work with Ivie in coming up with a more simplified draft and changing the language in the lease to be presented at the next board meeting in May. Lemon added that it would be beneficial to meet with hangar owners to receive their input as they draft the new lease. Ames reiterated that this proposed lease will not replace any current lease. It will only come into effect when the current leases expire.

Committee Reports

Audit & Finance – Lynn Lemon

Lemon said that by next meeting he will show where we stand with the current fund balance, and hopes to have a recommendation regarding what we'll need as match for the next few years.

Operations Committee - Dean Quayle

Quayle is anxious to start working with Ivie on several projects that have been put on hold while waiting for an airport manager.

Capital Improvements – Harry Ames

Ames noted that the solution to the lease issue may be as simple as a few revisions of the current lease. Also, he said that he will be taking out the old mailboxes in the next month but will notify the owners before he proceeds.

Economic Development / Public Relations – Gar Walton

Commercial and Charter Air Service – Bruce Bishop (Attachment B)

Bishop said it has been some time since we have discussed commercial air service because the economic picture has been so bleak. He has continued to work with our consultant, Fred Davis, in attempting to recruit commercial air service. According to Davis, as the economy improves, airlines are starting to look for new market opportunities. He has had discussions with Alaska, Allegiant, American Eagle, Air Mexico, Frontier, People Express, Republic, Southwest, United, US Airways, and Sky West. Bishop continued that Davis believes the best options for commercial service he sees for the Logan-Cache Airport are Allegiant, Sky West, Great Lakes United Express, and US Airways Express; and the best options for service to Denver are Sky West and United Express.

The issues are in the costs involved in bringing in the airline and starting it up. Davis said we need to have a Startup Plan that addresses these costs and provides ways of offsetting or subsidizing these startup costs. In the past, FAA grants have helped. However, Bishop said that we should consider putting together these startup packages on our own because the continued monetary support from the FAA is questionable. He noted that there might be some state funds available from the economic development side.

Bishop recommended that the board renew the professional services agreement with Fred Davis so that he can continue to work on our behalf in bringing commercial service to the airport. Kerr asked for a copy of the agreement for the board to consider and act upon at the May meeting.

Open Items

Lemon said that he and Potter will be meeting with Hyde Park to go over the agreements that were made with Logan City, Cache County, and the airport.

Kerr said that Larry Hansen has a buyer for his hangar and has requested the board's approval to reassign his lease to Living Water Property LLC. There were no objections from the board.

Next Meeting

The next meeting of the Airport Authority Board will be May 1, 2012 commencing at 7:30 a.m. in the Historic Courthouse Council Chambers, 199 North Main, Logan, Utah 84321.

Adjournment

The meeting was adjourned at 9:08 a.m.