

LOGAN - CACHE AIRPORT AUTHORITY BOARD MEETING
MINUTES
June 5, 2012

The Logan-Cache Airport Authority Board convened in a regular session on June 5, 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
Val Potter
Harry Ames
M. Lynn Lemon

Members of the Airport Authority Board Absent:

Mayor Randy Watts

Others in Attendance:

Lee Ivie - Airport Manager
Kymber Housley – Logan City Attorney
Justin Maughan – Logan City
Brady Hansen – Logan City Fire Department
Sean Heiner – Utah State University Aviation
Bryan Congdon – Harris Air
Kim Hull – Leading Edge Aviation
Ryan Pritchett – Armstrong Consultants
Lorina Bishop – Sterling Ascend Insurance Resources
Kirk Nelson – UDOT Aeronautics Division
Zan Murray – J-U-B Engineers
Sherm Buck - Pilot
Bill Francis – Pilot
Dan Boston – Hangar Owner
Dale Gardner – Hangar Owner
Marc Karpowich – Hangar Owner
Russ Kirkham
Janeen Allen

CALL TO ORDER

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

REVIEW AND APPROVAL OF MINUTES

Kerr asked for a motion to approve the minutes of May 1, 2012.

ACTION: Motion was made by Quayle and seconded by Potter to approve the minutes of May 1, 2012. The vote in favor was unanimous, 6-0 with 1 absent

ITEMS FOR DISCUSSION

Kerr changed the discussion items order and moved the update on the proposed utility service to the commercial hangars (3.d.) to be the first item for discussion. All other agenda items remained the same.

Update on Proposed Utility Service (Water & Sewer Lines) to Commercial Hangar Development Area Southwest of Runway 28/10 – Justin Maughan (Attachment A)

Maughan indicated that the existing 6-inch water line through the airport is not adequate to supply fire protection for future development. After sending out an RFP to look at the possibility of putting a water pipe straight from 10th West as indicated in the Master Plan, Maughan was informed that the wetland area that the proposed pipeline would have to go through is a significant area and cannot be disturbed even if the pipeline is buried. Upon hearing this, he developed 3 different options for the water pipeline:

1. Bore under the wetland area as per the original plan
2. Shift the pipeline to skirt the edge of the wetland area
3. Move the pipeline to where the existing airport road goes into the airport

Looking at the projected costs of these options, Maughan said the first two options would be very expensive. He said his preferred option is the third because it goes along the existing road and will save a lot of time and headache by not having to deal as much with the wetland area. Even the third option has some wetland to deal with, but the corps will allow, without a permit, temporary impact with a water utility if it is less than 500 linear feet. Maughan said they then shifted the line in one area to avoid the wetlands and keep the proposed length of disturbed wetlands less than 500 feet. He estimated the cost of the third option to be around \$115,000 for materials.

Maughan said the sewer line presents a bit of a problem because the land slopes to the west while the flow needs to go east. Because of that, he proposes installing a lift station to gravity-flow to a certain point and then pump into the existing sewer line. The estimated cost for the project is about \$80,000.

Quayle asked Maughan if there is a timeline for the projects to be started. He said the materials shouldn't be too hard to procure, and then it would just be waiting for permission from Logan City to begin.

Manager's Report – Lee Ivie (Attachment B)

Renewal of FBO Contract with Utah Jet Center (Attachment C)

Ivie referred to the letter submitted by Utah Jet Center for FBO renewal. He said that they have completed all tasks to be compliant with Minimum Standards.

ACTION: Motion was made by Lemon and seconded by Quayle to renew the contract with Utah Jet Center as an FBO. The vote in favor was unanimous, 6-0 with 1 absent

Proposed Property Lease at Logan-Cache Airport – Kymber Housley (Attachments D & E)

Housley said that in light of the concerns that were raised at the last meeting particularly over the insurance requirements with the proposed lease, he invited Lorina Bishop from Dewald Aviation Insurance to come and talk about insurance issues and answer any questions the board might have.

Bishop referred to a handout that covers typical questions in regards to liability coverage when a tenant is trying to secure a lease. She then went over the questions and answers on the handout. Lemon asked for clarification on having it as part of overall coverage at no cost. Bishop responded that in general, aircraft hull and liability policy does not automatically include premises liability. However, most carriers will add it by broad form endorsement at no cost; you just have to ask for it. She added that if the tenant does not have overall coverage, he can pick up premise liability insurance for around \$250 a year that can be attached to the actual property coverage on the hangar itself.

Hangar owner, Dan Boston, asked if getting full coverage is dependent on the value of his plane. Bishop responded that the insurance is not related to the value of a plane; the liability is a separate, complete coverage. Hangar owner, Marc Karpowich, asked what factors determine whether he gets one or two million coverage. Bishop said that it depends on the type of aircraft and flying record. She added that it basically depends on the written requirement that the airport has on the lease agreement; if the lease says that you must carry this coverage, the insurance underwriters understand it as being part of operating an aircraft and will usually add it to the insurance policy at no extra cost.

Bill Francis commented that he had heard from the AOPA that a two million dollar policy for a hangar owner is virtually impossible to get. Bishop responded that it simply is not true. She said her company writes the policies all the time. Bishop said she would be happy to provide a list of those companies who provide coverage, as well as a copy of the broad form endorsements that are available from the different carriers.

Housley referred to the proposed lease agreement noting that the changes made to it reflect good dialogue with Harry Ames, John Kerr and Dale Siler since the last Airport Authority board meeting. Key areas that were addressed include:

- Use restrictions: Eased from first draft
- Fuel storage: Up to 20 gallons can be stored outside fuel tanks

The rest of the corrections are mainly minor language adjustments and clarification of intent. Quayle asked about the 8-year period of the lease. Housley replied that the FAA doesn't want us to have the lease any longer than is necessary for the tenant to recoup his investment. For most of the leases, that is a 15-year period. So rather than put 7½, he rounded it to 8 years. Housley said we could certainly go longer if the board members wish. He noted, however, that 30 years should be the maximum length for an airport our size, and reiterated that the whole purpose of the length of term is to allow the tenant to recoup his investment. Discussion followed regarding the length of the term. It was agreed by the board members that 20 years would be the best term length, and Housley said he would make that change in the proposed lease agreement.

Ames brought up a number of items that were of concern to him from previous meetings and noted that the majority of them have been resolved. He asked about a \$1000 utility hook-up fee that had been previously mentioned by members of the board. Housley said that the lease leaves that up to the provider. Otherwise, the airport would have to assume the costs. Kerr clarified that the \$1000 hook-up fee previously mentioned is actually in addition to normal hook-up fees that the utility companies would charge. It is a charge the airport would have to impose in order to recoup the costs of expansion. Housley suggested that the airport utility fee be charged up front and not be part of the lease. Lemon agreed that it was what they had previously discussed.

A few more items were brought up by Kerr that needed changing of wording to clarify meaning. Housley agreed to make those changes. Kerr then asked Housley how the implementation process of the lease should proceed. Housley said once it's approved by the board, it should be effective for new leases and expiring old leases. It will not replace the existing leases with their extension options. Lemon asked if the hangar owners have had a chance to review the proposed lease agreement. Housley said that only the board has seen the revised version. He agreed to have it posted on the website so anyone who wishes can review it.

Kerr said that as the billing is now going out, he wants to confirm what the lease rate is. He recalled that the board had agreed for it to be 17 cents per foot for a basic hangar, and 22 cents per foot for a premium location hangar. He reiterated that this would only pertain to the 2% escalation leases. Previous fixed-rate leases with no escalation clause will not be affected.

ACTION: Motion was made by Ames and seconded by Walton to approve the lease rates of 17 cents per foot for a basic hangar and 22 cents per foot for a premium location hangar for leases containing a 2% escalation clause. The vote in favor was unanimous, 6-0 with 1 absent.

Committee Reports

Audit & Finance – Lynn Lemon

No report.

Operations Committee - Dean Quayle

The committee has met and begun the process of reviewing rules and regulations, particularly those unique to the Logan-Cache Airport and its location.

Capital Improvements – Harry Ames

No report.

Economic Development / Public Relations – Gar Walton

No report.

Commercial and Charter Air Service – Bruce Bishop

No report.

Open Items

Next Meeting

The next meeting of the Airport Authority Board will be July 3, 2012 commencing at 7:30 a.m. at the airport with a brief meeting followed by a tour of the facility.

Adjournment

The meeting was adjourned at 8:44 a.m.

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ATTACHMENT A

Logan Cache Airport Utilities

Water







Water w/ Bore Op1	Put water line straight out 1000 North			
Utility Easement	?	?	?	?
Wetland Permit	1	1	\$ 3,500.00	\$ 3,500.00
Wetland Restoration	1	1	\$ 5,000.00	\$ 5,000.00
12" WL	1788	lf	\$ 55.00	\$ 98,340.00
Bore	800	lf	\$ 135.00	\$ 108,000.00
12" Butterfly Valve	5	ea	\$ 2,200.00	\$ 11,000.00
Fire Hyd	1	ea	\$ 5,500.00	\$ 5,500.00
Loop Under Canal	1	ea	\$ 6,500.00	\$ 6,500.00
Contingency	0.15			\$ 35,676.00
				\$ 273,516.00

Water Option 2	Avoid wetland on debernoki property			
Utility Easement	?	?	?	?
Wetland Permit	1	1	\$ 3,500.00	\$ 3,500.00
Wetland Restoration	1	1	\$ 5,000.00	\$ 5,000.00
12" WL	2700	lf	\$ 55.00	\$ 148,500.00
12" Butterfly Valve	5	ea	\$ 2,200.00	\$ 11,000.00
Fire Hyd	1	ea	\$ 5,500.00	\$ 5,500.00
Loop Under Canal	1	ea	\$ 6,500.00	\$ 6,500.00
Contingency	0.15			\$ 27,000.00
				\$ 207,000.00

Water Option 3	Put water line in airport property			
12" WL	3225	lf	\$ 55.00	\$ 177,375.00
12" Butterfly Valve	8	ea	\$ 2,200.00	\$ 17,600.00
Fire Hyd	2	ea	\$ 5,500.00	\$ 11,000.00
Loop Under Canal	1	ea	\$ 6,500.00	\$ 6,500.00
Connection to exist buildings	2	ea	\$ 2,500.00	\$ 5,000.00
WMA	89.54	ton	100	\$ 8,954.00
Contingency	0.15			\$ 31,871.25
				\$ 258,300.25



Imagery Date: 6/11/2011

© 2012 Google
41°46'45.81" N 111°51'18.28" W Elev: 4454 ft

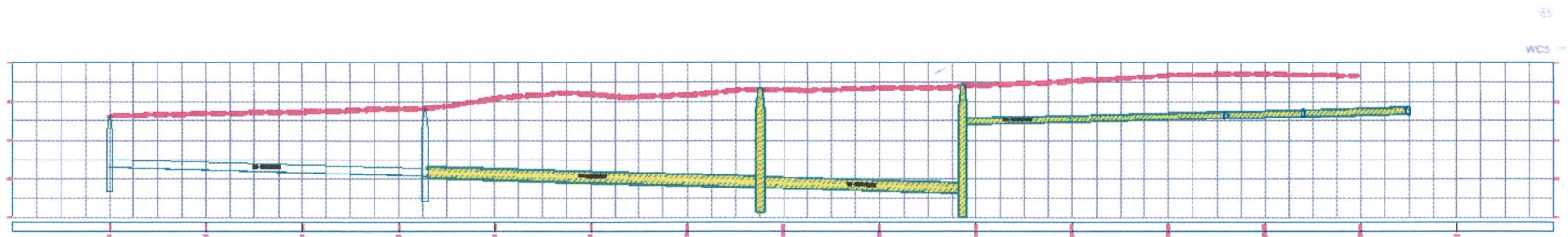
Eye alt: 5833 ft



Estimated Materials Cost for Option 3

\$115,000.00

Sewer



Sewer				
10" Sewer Line	325	lf	\$ 60.00	\$ 19,500.00
4" Force Main Line	350	lf	\$ 12.00	\$ 4,200.00
5' Manhole	2	ea	\$ 4,500.00	\$ 9,000.00
8' Manhole	1	ea	\$ 15,000.00	\$ 15,000.00
Connect to Exist MH	1	ea	\$ 1,500.00	\$ 1,500.00
Lift Station System	1		\$ 10,000.00	\$ 10,000.00
Power	1		\$ 8,000.00	\$ 8,000.00
Contingency	0.2			\$ 13,440.00
				\$ 80,640.00



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ATTACHMENT B



May 2012 Manager's Report

- **AIP Projects:** The fog seal/restriping of the movement areas on or near runway 35/17 and the pavement overlay on the south portion of the airport ramp next to taxiway Alpha are scheduled to go out to bid in the latter part of June. The panels for all airport signs located in the movement areas that do not meet the standards for our 139 certification have been ordered. The specification for the ARFF vehicle to be purchased is nearly complete, and the bid process for this vehicle should be forth coming.
- **139 Inspection:** The annual 139 inspection is scheduled to take place beginning June 11th. I have been busy trying to make sure our files are up to date, and that the necessary certificates and documents are in these files, and that all items of noncompliance from the inspection last year have been addressed, or are in the process of being completed. Some of the items of noncompliance include the following:
 1. Signage and pavement markings in the airport movement areas.
 2. Certificates of ARFF training
 3. Certificates of training for personnel operating in the airport movement areas.
 4. Daily airport inspections and certificate of training for personnel conducting daily airport inspections.
 5. Certificates of training for FBO fueling operations personnel.
 6. Fuel farm and mobile fuel vehicle inspections.
 7. Annual review of the Emergency Procedure Plan.
 8. Review of the Airport Snow and Ice Control Plan.
 9. Certificates of training for Wildlife Management, and wildlife assessment criteria.
 10. Ruts and erosion in the safety areas/object free zones.
 11. Designated parking spaces for mobile fueling vehicles.
 12. Documentation of NOTAMs issued at the Airport.
- **Police Department Training:** The the Logan City and Cache County police departments will be completing their training exercises this month, and the Utah State Police Department will be using the abandoned runway at the airport for similar training sessions the first week in June.
- **Wildlife Management:** The number of large water fowl sightings at the airport has decreased the last two weeks. Every morning I see an average of one to three birds whereas ten to twenty were sighted every morning earlier this month. This month Utah Wildlife Management Services sent us our depredation permit, so we have authorization for the remainder of this year to control certain species of birds at the airport. On June 6th Mike Linnell from USDA Wildlife Management Services will be conducting a training session at the airport for all personnel who need to be trained and certified for the 139 inspection.

- **Airport Grounds, Buildings, and Fences.**

1. The damaged slab in front of hangar C6 has been removed and a new slab was poured in May. This building is owned by the airport but is used by Hugh VanOrden.
2. The emergency shut switch at the fuel farm owned by the airport was relocated to the outside of the security fence in order to comply with the 139 inspection. Additionally we relocated one fire extinguisher to the outside of the fence.
3. All fire extinguishers located in buildings or vehicles owned by the airport were inspected last month.
4. We have leased a Case tractor from Valley Implement for the summer mowing season, and mowing operations have begun at the airport.
5. Custom Fence is the low bidder on the four fencing items that need to be done at the airport. Their estimated cost was about \$1,800.00 and they will be starting work on these tasks in mid-June.
6. Ground sterilization around the lights and signs in the airport movement areas has been completed, and weed spraying around the hangars and airport NAVAIDs and landing system buildings have been completed.
7. A small section of the southeast security fence at the airport has been torn down to allow for the construction on 2500 north. A temporary fence has been erected until this construction is complete, and the previously mentioned fence can be put back at the proper location.
8. One sizable area of erosion in the safety area between runway 35 and taxiway bravo has had rocks and fill dirt added to the area to elevate the area around a drainage grate. There are still two areas next to taxiway delta that have a similar problem.

- **Airport Lighting, NAVAIDs, and Weather Station:** All lights and lighted signs are operable. The landing systems, weather station, MALSR, Rotating Beacon, and PAPIs are functioning properly. The light fixture that was missing from the wind sock located in the center of the segmented circle was replaced, but now the fixture next to the one that was replaced no longer works, and it will need to be replaced. The windsock at the segmented circle had a large tear in the fabric so I replaced it with a new sock. As soon as the panels arrive for the lighted taxiway/runway direction, position, and hold signs, we will begin replacing the old panels. Some signs will need to be replaced completely, so this will be completed by the contractor that the bid is awarded to as part of our AIP project.
- **Airport Vehicles and Equipment:** There were no major expenses related to airport vehicles or equipment. Minor expenses entailed a new head and blade for the weed trimmer, a new router for the office computer, lumber to form up the area for the concrete slab, and a service call on the airport ARFF vehicle. This vehicle still has some problems with the air system that might need to be dealt with since our new truck is still about a year away from delivery.
- **Upcoming Events:** Every second Saturday of the month Leading Edge Aviation hosts a Community Breakfast / Fly-in. The next date for this event is June 9, 2012.

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ATTACHMENT C

5-30-2012

Utah Jet Center
2500 North 900 West
Logan, UT 84321

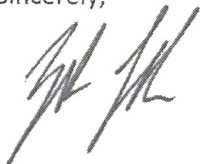
Cache County – Logan / Cache Airport
2500 North 900 West
Logan, UT 84321

Dear Sir:

This letter serves as a formal application for renewal of our FBO contract. Our company known as Utah Jet Center will have its base of operations and facilities located at 2500 North 900 West Logan, UT 84321 KLGU. Our mailing address is 2500 North 900 West Logan, UT 84321. The key management people are: Steve Miller CEO, and Zak Loosle Manager. We intend to continue operation of our FBO, meeting the current airport minimum standards. As per minimum standards we will provide all "Required FBO Basic Services" and the required (2) "Commercial Services" – Aircraft Rental, and Ground Handling of Air Carrier / Charter Aircraft. We currently meet and will continue to meet the minimum standards set by the Logan / Cache Airport Authority Board.

If you have any questions please contact: Zak Loosle, Utah Jet Center Manager at 435.753.2221

Sincerely,

A handwritten signature in dark ink, appearing to be 'Zak Loosle', written over a horizontal line.

Zak Loosle
Manager - Utah Jet Center

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ATTACHMENT D

AIRPORT GROUND LEASE AGREEMENT

THIS AIRPORT GROUND LEASE AGREEMENT ("Agreement") is made and entered into by and between the Logan-Cache Airport Authority, which shall be called the "Lessor" in this Agreement, and _____, a _____, the "Tenant" in this Agreement and whose mailing address is _____, UT 84319 (Telephone (435) _____ (Work) _____), for space at the Logan-Cache Airport ("Airport").

In consideration of the mutual terms and conditions contained in this Agreement and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereto do hereby agree as follows:

1. Leased Premises.

A. **Agreement to Lease Premises.** Lessor hereby leases to Tenant and Tenant hereby leases from Lessor the Airport hangar site described at Exhibit A (the "Premises") for the purposes set forth in this Agreement. Tenant agrees to accept the Premises "as is," and Lessor makes no warranty as to the condition of the Premises or their suitability for any particular purpose.

B. **Purpose of Agreement.** Tenant agrees that it shall use the Premises on a non-commercial basis only for the following purposes (and for no other purposes) for Tenant's Aircraft (as defined below) and for no other Aircraft: parking, storage, operations, and maintenance consistent with Federal Aviation Administration standards. An "Aircraft" shall be any aircraft that Tenant owns or leases (or that is subject to an authorized sublease) when approved in writing in advance by Lessor. Tenant shall provide proof of the ownership or lease of any Aircraft upon Lessor's request. The Aircraft identified at Exhibit B are the Aircraft approved by Lessor upon entering this Agreement, and Tenant shall provide the same information to Lessor in writing when requesting approval for any subsequent Aircraft. A Tenant may store additional aircraft not owned or leased by Tenant upon approval by the Lessor and providing adequate Hangar-Keeper's liability insurance.

C. **Access.** Lessor agrees that if Tenant is not in breach of this Agreement, Tenant and Tenant's employees, officers, directors, subtenants (that are approved by Lessor pursuant to this Agreement), contractors, subcontractors, suppliers, agents, invitees, and other representatives ("Tenant's Associates") are authorized to ingress and egress across the common areas of the Airport (in the areas designated by Lessor, for the purposes for which they were designed, and as permitted by applicable Laws and Regulations as defined in Section 5.A) on a non-exclusive basis and to the extent reasonably necessary for Tenant's use, occupancy, and operations at the Premises.

D. **Right of Flight and Other Reserved Rights.** This Agreement conveys only a leasehold interest in the Premises on the terms and for the purposes provided herein, and it conveys no other rights, title, or interests of any kind. Among the rights reserved to Lessor,

Lessor reserves in the Premises a right of flight for the passage of aircraft in the air, a right to cause such noise as may at any time be inherent in the operation of aircraft, and all other rights, including, but not limited to, water, minerals, oil, and gas.

2. Rent and Payment.

A. **Amount Due.** Tenant covenants to pay annual rent to Lessor for Tenant's lease of the Premises in the amount of _____ Dollars and NO/100 (\$_____.00) based on a ____ cent per square foot rate commencing on the Commencement Date (as defined in Section 3.A). Lessor and Tenant agree that Tenant's annual rent shall increase each year (or fraction of a year) when this Agreement is in effect, and the amount of such increase shall be two percent (2%) of the annual rent due in the previous year. Once timely paid, annual prepaid rent shall not be adjustable and shall be considered rent paid in full for the annual period. The rent for any fraction of a year shall be prorated.

B. **When Due.** Annual rent payments shall be payable in advance and due on or before July 1st of each year during the term of this Agreement.

C. **Additional Rent.** Any sum (other than the rent required in 2.A) that Tenant is obligated to pay to Lessor arising from or relating to this Agreement or Tenant's use, occupancy, or operations at the Airport constitutes additional rent, which may include, but is not limited to, fees, fuel flowage fees for self-fueling activities (at the rate and on the terms imposed by Lessor), fines, civil penalties, damages, claims, interest, charges, and utility charges.

D. **Past Due Amounts.** If Tenant fails to pay when due any amount required to be paid by Tenant under this Agreement, such unpaid amount shall bear interest at the rate of twelve percent (12%) per annum from the due date of such amount to the date of payment in full, with interest. In addition, Lessor may also charge a sum of ten percent (10%) of such unpaid amount as a service fee, which the parties agree is a reasonable estimate of and liquidated damages for Lessor's additional costs for billing and collection arising from Tenant's failure to make payment in a timely manner.

E. **Payment.** Any amount due in connection with this Agreement or the use of the Airport shall be due without prior notice or demand, except when notice is necessary to make Tenant aware of an amount due, and shall be paid without offset, abatement, or deduction. Lessor shall first apply any sum paid to past due rent (beginning with the most recent amount due). No statement on any check or elsewhere shall be deemed to create an accord and satisfaction. Lessor may accept any payment (including, but not limited to, past due amounts and related charges) without prejudice to Lessor's rights to recover any sum or pursue other remedies provided by this Agreement or by law and without waiving any default under this Agreement. If any check paid on behalf of Tenant is dishonored by a bank, Tenant shall pay all charges that the bank may assess to Lessor plus a service charge of Fifty Dollars (\$50.00) per occurrence. If Lessor pays any amount on behalf of Tenant (including, but not limited to, civil penalties assessed in connection with Tenant's use of the Airport), such amount shall constitute an advance by Lessor to Tenant and Tenant shall promptly reimburse Lessor upon demand by Lessor. Lessor has the right to apply any sum paid by Tenant to any obligation that Tenant owes

to Lessor (whether or not in connection with this Agreement). Tenant shall make payments to Lessor at the following address (or such other address as Lessor may designate in writing from time to time):

Cache County Auditor
179 N. Main Ste. 202
Logan, UT 84321

3. Term.

A. **Initial Term.** The term of this Agreement shall be for a period of Ten (10) years commencing on _____ (the "Commencement Date") and ending on _____ (such period being the "Initial Term").

B. **Renewal.** Tenant may renew this Agreement for one (1) additional period of Ten (10) years if Tenant is not in breach of this Agreement and delivers a written notice of renewal to Lessor at least ninety (90) days before the expiration of the Initial Term. After any such renewal, Lessor, in its sole discretion, may determine to permit any subsequent extensions of this Agreement on terms offered by Lessor when agreed to by both parties in writing.

C. **Expiration Date.** The date on which this Agreement expires under the terms of Section 3.A or Section 3.B shall be the "Expiration Date".

D. **Termination for Convenience for Sale of Hangar.** Tenant may sell all of Tenant's interests in the improvements that Tenant owns on the Premises to a third party who is approved by Lessor (in Lessor's sole discretion, which approval shall not be unreasonably withheld) and who enters a lease agreement with Lessor on terms offered by Lessor, and this Agreement shall automatically terminate at the time when such third party's lease for the Premises commences.

4. Tenant's Improvements.

A. **Authorized Improvements.** Subject to the terms of this Agreement, Tenant has the right to construct or maintain a hangar and other aviation-related improvements on the Premises. Tenant shall not make or cause to be made to the Premises any alteration or improvement without Lessor's prior written consent (in Lessor's sole discretion). All construction shall comply with the requirements of Exhibit C. Tenant shall not alter or improve any area of the Airport that is not leased by Tenant.

B. **Title to Improvements.** During the term of this Agreement, all portions of the hangar and any other improvements that are constructed or acquired by Tenant shall be and remain the personal property of the Tenant.

5. Tenant's Uses and Privileges.

A. **Comply with All Laws.** Tenant and Tenant's Associates shall comply at all

times, at Tenant's sole cost, with any and all laws and regulations (as amended or otherwise modified from time to time) that are applicable to Tenant's use, occupancy, or operations at the Premises or the Airport (the "Laws and Regulations"), which include, but are not limited to, all laws, statutes, ordinances, regulations, rules, orders, writs, judgments, decrees, injunctions, directives, rulings, guidelines, standards, codes, policies, common law, and other pronouncements of any kind having the effect of law including, but not limited to, the Airport Rules and Regulations, Logan City master plans and zoning codes, and all Laws and Regulations pertaining to the environment (the "Environmental Laws"); any and all plans and programs developed in compliance with such requirements (including, but not limited to, any Airport Security Plan); and all lawful, reasonable, and nondiscriminatory Airport policies and other requirements. Upon a written request by Lessor, Tenant will verify, within a reasonable time frame, compliance with any Laws and Regulations.

B. No Unauthorized Use. Tenant and Tenant's Associates shall use the Premises and the Airport only for purposes that are expressly authorized by this Agreement and shall not engage in any unauthorized use of the same. Unauthorized uses include, but are not limited to, damaging, interfering with, or altering any improvement; restricting access on any road or other area that Tenant does not lease; placing waste materials on the Airport or disposing of such materials in violation of any Laws and Regulations; any use that would constitute a public or private nuisance or a disturbance or annoyance to other Airport users; any commercial activity; driving a motor vehicle in a prohibited Airport location; the use of automobile parking areas in a manner not authorized by Lessor; the storage of fuel in excess of 20 gallons (except that Tenant may store fuel on the Premises in engine-driven equipment with regular built-in fuel tanks such as aircraft fuel tanks or automobile fuel tanks); any use that would interfere with any operation at the Airport or decrease the Airport's effectiveness (as determined by Lessor in its sole discretion); and any use that would be prohibited by or would impair coverage under either party's insurance policies.

C. Permits and Licenses. Tenant shall obtain and maintain in current status all permits and licenses that are required under any Laws and Regulations in connection with Tenant's use, occupancy, or operations at the Premises or the Airport. In the event that Tenant receives notice from any governmental entity that Tenant lacks, or is in violation of, any such permit or license, Tenant shall provide Lessor with timely written notice of the same.

D. Taxes and Liens. Tenant shall pay (before their respective due dates) all taxes, fees, assessments, and levies that relate to Tenant's use, occupancy, or operations at the Premises or the Airport and all other obligations for which a lien may be created relating thereto (including, but not limited to, utility charges and work for any improvements). Within thirty (30) days, Tenant shall remove any such lien that may be created or commence a protest of such lien by depositing with Lessor cash or other security acceptable to Lessor in an amount sufficient to cover the cost of removing such lien. When contracting for any work in connection with the Premises, Tenant shall include in such contract a provision prohibiting the contractor or any subcontractor or supplier from filing a lien or asserting a claim against Lessor's real property or any interest therein.

E. **Damage to Property and Notice of Harm.** In addition to Tenant's indemnification obligations set forth in this Agreement, Tenant, at Tenant's sole cost, shall repair or replace (to Lessor's reasonable satisfaction) any damaged property that belongs to Lessor or Lessor's other tenants to the extent that such damage arises from or relates to an act or omission of Tenant or Tenant's Associates. Tenant shall promptly notify Lessor of any such property damage. If Tenant discovers any other potential claims or losses that may affect Lessor, Tenant shall promptly notify Lessor of the same.

F. **Signage and Advertising.** Tenant is not authorized to install or operate any signage outside of enclosed structures on the Premises (other than a hangar number), or at the Airport, except with the prior written approval of Lessor (which may be given or withheld in Lessor's sole discretion). Any approved signage shall be at Tenant's expense and shall comply with Laws and Regulations (including, but not limited to, Airport signage policies and standards and Logan City's ordinance and permit requirements). Tenant shall not advertise or permit others to advertise at the Airport by any means, whether or not such advertising is for profit.

G. **Security.** Tenant is responsible to comply (at Tenant's sole cost) with all security measures that Lessor, the United States Transportation Security Administration, or any other governmental entity having jurisdiction may require in connection with the Airport, including, but not limited to, any access credential requirements, any decision to remove Tenant's access credentials, and any civil penalty obligations and other costs arising from a breach of security requirements caused or permitted by Tenant or Tenant's Associates. Tenant agrees that Airport access credentials are the property of Lessor and may be suspended or revoked by Lessor in its sole discretion at any time. Tenant shall pay all fees associated with such credentials, and Tenant shall immediately report to the Airport Manager any lost credentials or credentials that Tenant removes from any employee or any of Tenant's Associates. Tenant shall protect and preserve security at the Airport.

H. **Removal of Disabled Aircraft.** When consistent with Laws and Regulations, Tenant shall promptly remove or cause to be removed from any portion of the Airport not leased by Tenant the Aircraft or any other aircraft that Tenant owns or controls if it becomes disabled. Tenant may store such aircraft within Tenant's enclosed improvements or, with Lessor's prior written consent, elsewhere at the Airport on terms and conditions established by Lessor. If Tenant fails to comply with this requirement after a written request by Lessor to comply, Lessor may (but is not required to) cause the removal of any such aircraft at Tenant's expense by any means that Lessor determines, in its sole discretion, to be in Lessor's best interests.

I. **Maintenance, Repair, Utilities, and Storage.** Tenant's use, occupancy, and operations at the Premises shall be without cost or expense to Lessor. Tenant shall be solely responsible to design and construct all improvements and to maintain, repair, reconstruct, and operate the Premises and all improvements at Tenant's sole cost and expense, including, but not limited to, all charges for utility services (and their installation and maintenance), janitorial services, waste disposal, and ramp repair. Tenant shall at all times maintain the Premises and all improvements in a condition that is equal to the level of maintenance by Lessor in comparable areas and that is clean, free of debris, safe, sanitary, and in good repair. Tenant shall perform all

work in accordance with Laws and Regulations and in a good and workmanlike manner. Tenant shall promptly remedy any condition that fails to meet this standard. Without limiting the foregoing obligations, Tenant shall not store on the Premises any inoperable equipment, discarded or unsightly materials, or materials likely to create a hazard; shall not use areas outside of enclosed buildings for storage; and shall store trash in covered metal receptacles. Any substance or material that is regulated by any Environmental Law ("Hazardous Materials") shall be governed by Section 8.

J. Operations and Personnel. Tenant shall occupy the Premises at all times and shall operate in a manner that promotes effective airport operations. Among other things, Tenant shall use its best efforts to immediately notify the Airport Manager of any condition that Tenant observes at the Airport that may create a hazard or disruption, shall promptly remedy deficiencies in Tenant's operations, and shall promptly respond to Lessor's complaints, requests for information, and requests for reasonable assistance in connection with planning and other operational matters at the Airport. Tenant shall refrain from annoying, disturbing, or impairing Airport customers, tenants, or employees, and Tenant shall control the conduct, demeanor, and appearance of Tenant's employees and Tenant's Associates to prevent them from doing so. If Lessor, Logan City, or Cache County, for good and sufficient cause, deems any of Tenant's employees or Tenant's associates to be objectionable, Tenant shall take all steps necessary to remove such persons from the Airport. Tenant's employees shall possess adequate training and qualifications to carry out their assigned duties. If Lessor determines for any reason that emergency conditions exist at the Airport, Tenant shall participate in any emergency response as directed by Lessor or other agency in charge and shall operate in a manner that protects safety and the interests of the public. Lessor may, but is not obligated to, stop Tenant's operations if safety Laws and Regulations or other safe work practices are not being observed. Tenant shall participate in and cooperate with the lawful, reasonable, and nondiscriminatory programs implemented by Lessor, including, but not limited to, programs addressing common areas; services provided for use by multiple tenants; programs to implement cost efficiencies and economies of scale; and security-related measures.

6. Lessor's Authority.

A. Nature of Lessor. Lessor is a governmental entity and the proprietor of the Airport, and Lessor has all lawful rights, powers, and privileges to act in those capacities.

B. Access to Premises. Lessor for itself and its employees, officers, directors, agents, contractors, subcontractors, suppliers, invitees, volunteers and other representatives ("Lessor's Associates") reserves the right to enter the Premises as provided in this Section 6.B, and the same does not constitute a trespass upon the Premises or a violation of any rights. Lessor and Lessor's Associates shall have the right to enter the Premises (except the interior of any building) at any time and without prior notice. Lessor and Lessor's Associates shall have the right to enter the interior of any building on the Premises at any time and without prior notice for any purpose relating to any emergency, security, or safety concern, or to investigate or remediate potential threats or hazards. Lessor and Lessor's Associates shall have right to enter the interior of any building on the Premises for any other purpose relating to the Airport (including, but not

limited to, in order to conduct any inspections, determine compliance with this Agreement, and conduct Airport work) upon providing reasonable notice to Tenant. Tenant agrees that Lessor may discuss with Tenant's employees any matters pertinent to Tenant's use, occupancy, or operations at the Premises and the Airport.

C. **Lessor's Right to Work Within, Alter, or Recover Premises.** Lessor has the right at the Airport to perform or cause to be performed any work (including, but not limited to, constructing improvements, surveying, performing environmental testing, removing any hazard or obstruction, and implementing any plan, program, or action), that Lessor (in its sole discretion) determines to be in Lessor's best interests, including, but not limited to, within the Premises. Lessor has the right to recover all or any portion of the Premises from Tenant in connection with any such work as Lessor may determine in its sole discretion. If Lessor determines to recover all or any portion of the Premises, Lessor shall provide Tenant with ninety (90) days prior written notice specifying what areas will be recovered. If any portion remaining after such recovery is not tenantable in light of the purposes of this Agreement (as determined by Lessor in its sole discretion), Lessor, in its sole discretion, shall either:

i. Purchase the Tenant-owned improvements on the Premises and terminate this Agreement for convenience. In connection with any such purchase and termination, Lessor shall pay only the following amount: the remaining value of such Tenant-owned improvements (so long as such improvements are not in breach of this Agreement), which shall be determined as provided in Section 12.A.ii. This Agreement shall terminate at the time specified by Lessor in writing. OR:

ii. Relocate such Tenant-owned improvements to another location on the Airport that is determined by Lessor. In connection with any such relocation, Lessor shall pay the reasonable costs to relocate such improvements (so long as they are not in breach of this Agreement), and the parties agree that they shall amend this Agreement to substitute such new location as the Premises herein.

iii. Nothing under this Section 6.C shall be construed to waive Lessor's right to pursue any remedy for a breach of this Agreement arising from or relating to Tenant's use, occupancy, or operations at any portion of the Premises or at the Airport.

7. Indemnity, Insurance, and Letter of Credit.

A. **Indemnity by Tenant.** Tenant agrees to indemnify, hold harmless, and defend Lessor and its officers, agents, and employees from and against losses of every kind and character (including, but not limited to, liabilities, causes of action, losses, claims, costs, fees, attorney fees, expert fees, court or dispute resolution costs, investigation costs, environmental claims, mitigation costs, judgments, settlements, fines, demands, damages, charges, and expenses) that arise out of or relate to: (i) any use, occupancy, or operations at the Premises or the Airport by Tenant or Tenant's Associates; or (ii) any wrongful, reckless, or negligent act or omission of Tenant or Tenant's Associates. Tenant shall use attorneys, experts, and professionals that are reasonably acceptable to Lessor in carrying out this obligation. The obligation stated in this Section 7.A shall survive the expiration or other termination of this Agreement with respect

to matters arising before such expiration or other termination. These duties shall apply whether or not the allegations made are found to be true.

B. **Waiver.** Tenant assumes all risk of the use of the Premises and the Airport, and Tenant hereby knowingly, voluntarily, and intentionally waives any and all losses, liabilities, claims, and causes of action, of every kind and character, that may exist now or in the future (including, but not limited to, claims for business interruption and for damage to any aircraft) against Lessor and its officers, employees, and volunteers arising from or relating to Tenant's use, occupancy, or operations at the Premises or the Airport.

C. **Insurance.** At Tenant's cost, Tenant shall procure the following insurance coverage prior to entering the Premises, and Tenant shall maintain its insurance coverage in force at all times when this Agreement is in effect in compliance with and subject to Lessor's insurance requirements as they exist from time to time (including, but not limited to, the terms provided in Exhibit D):

i. Aviation Liability with Additional Coverage. Aviation liability insurance that includes premises liability, and, if applicable, mobile equipment coverage with a combined single limit for bodily injury and property damage of not less than two million dollars (\$2,000,000) per occurrence, including, but not limited to, contractual liability coverage for Tenant's performance of the indemnity agreement set forth in Section 7.A. If any such coverage is not available to Tenant in the form of an aircraft liability policy, Tenant shall obtain substantially similar coverage through a commercial general liability policy.

ii. Property. All risk property insurance coverage in an amount equal to the replacement cost (without deduction for depreciation) of the improvements constructed on the Premises. Tenant may purchase insurance for Tenant's personal property as Tenant may determine.

iii. Automobile. If Tenant drives any automobile other than in the roadways and automobile parking areas at the Airport (e.g. Aircraft Movement Area), comprehensive automobile liability coverage for claims and damage due to bodily injury or death of any person or property damage arising out of Tenant's ownership, maintenance, or use of any motor vehicles, whether owned, hired, or non-owned, of not less than five hundred thousand dollars (\$500,000) single combined limit "per accident" for bodily injury and property damage.

iv. Pollution. Tenant is responsible for environmental losses. Any pollution legal liability insurance obtained by Tenant shall comply with the requirements for insurance that are stated in this Agreement. If Tenant engages in self-fueling, Tenant shall comply with Lessor's self-fueling requirements, including, but not limited to, any pollution legal liability insurance requirements.

v. Aircraft. Tenant is responsible for any damage or loss to the Aircraft. Tenant shall obtain insurance coverage for the Aircraft as Tenant may determine.

vi. Business Interruption. Tenant is responsible for all costs of business

interruption, however incurred, and Tenant may purchase business interruption insurance as Tenant may determine.

D. **Performance Security.** Lessor reserves the right to require a performance security in a form and amount acceptable to Lessor upon any material default by Tenant under this Agreement.

8. **Hazardous Materials.**

A. **No Violation of Environmental Laws.** Tenant shall not cause or permit any Hazardous Materials to be used, produced, stored, transported, brought upon, or released on, under, or about the Premises or the Airport by Tenant or Tenant's Associates in violation of applicable Environmental Laws. Tenant is responsible for any such violation as provided by Section 7.A of this Agreement.

B. **Response to Violations.** Tenant agrees that in the event of a release or threat of release of any Hazardous Material by Tenant or Tenant's Associates at the Airport, Tenant shall provide Lessor with prompt notice of the same. Tenant shall respond to any such release or threat of release in accordance with applicable Laws and Regulations. If Lessor has reasonable cause to believe that any such release or threat of release has occurred, Lessor may request, in writing, that Tenant conduct reasonable testing and analysis (using qualified independent experts acceptable to Lessor) to show that Tenant is complying with applicable Environmental Laws. Lessor may conduct the same at Tenant's expense if Tenant fails to respond in a reasonable manner. Tenant shall cease any or all of Tenant's activities as Lessor determines necessary, in its sole and absolute discretion, in connection with any investigation, cure, or remediation. If Tenant or Tenant's Associates violate any Environmental Laws at the Airport (whether due to the release of a Hazardous Material or otherwise), Tenant, at Tenant's expense, shall have the following obligations, which shall survive any expiration or termination of this Agreement: (i) promptly remediate such violation in compliance with applicable Environmental Laws; (ii) submit to Lessor a written remediation plan, and Lessor reserves the right to approve such plan (which approval shall not be unreasonably withheld) and to review and inspect all work; (iii) work with Lessor and other governmental authorities having jurisdiction in connection with any violation; and (iv) promptly provide to Lessor copies of all documents pertaining to any environmental concern that are not subject to Tenant's attorney-client privilege.

C. **Obligations Affecting Permits.** To the extent that Tenant is a co-permittee with Lessor in connection with any permit relating to the environment at the Airport, or to the extent that any of Tenant's operations in connection with this Agreement or otherwise may impact Lessor's compliance with any such permit, Tenant shall work cooperatively with Lessor and other tenants and take all actions necessary to ensure permit compliance, and minimize the cost of such compliance, for the benefit of Airport operations.

D. **Obligations upon Termination and Authorized Transfers.** Upon any expiration or termination of this Agreement (and this obligation shall survive any such expiration or termination), and upon any change in possession of the Premises authorized by Lessor, Tenant shall demonstrate to Lessor's reasonable satisfaction that Tenant has removed any Hazardous

Materials and is in compliance with applicable Environmental Laws. Such demonstration may include, but is not limited to, independent analysis and testing to the extent that facts and circumstances warrant analysis and testing, such as evidence of past violations or specific uses of the premises. The obligations of this Section 8 shall survive any termination of this Agreement.

9. Assignment and Subleasing.

A. **Assignment by Tenant.** Tenant shall not assign any of its rights under this Agreement, including, but not limited to, rights in any improvements, (whether such assignment is voluntarily or involuntarily, by merger, consolidation, dissolution, change in control, or any other manner), and shall not delegate any performance under this Agreement, except with the prior written consent of Lessor to any of the same. Lessor shall not unreasonably withhold such consent, and as a condition of obtaining such consent, the transferee receiving any such right shall be required to execute a new lease agreement provided by Lessor. Regardless of Lessor's consent, Tenant shall not be released from any obligations for matters arising during the time when this Agreement was in effect. Any purported assignment or delegation of rights or delegation of performance in violation of this Section 9.A is void.

B. **Assignment by Lessor.** Lessor shall have the right, in Lessor's sole discretion, to assign any of its rights under this Agreement (and in connection therewith, shall be deemed to have delegate its duties), and upon any such assignment, Tenant agrees that Tenant shall perform its obligations under this Agreement in favor of such assignee.

C. **Encumbrances.** Tenant shall not encumber or permit the encumbrance of any real property at the Airport. Tenant shall not encumber or permit the encumbrance of any of Tenant's rights under this Agreement without Lessor's prior written consent, in Lessor's sole discretion. Tenant shall not record this Agreement or any document or interest relating thereto. Any purported encumbrance of rights in violation of this Section 9.C is void. In connection with Lessor's consent to any encumbrance, at a minimum the following shall apply: (i) such encumbrance shall only encumber Tenant's leasehold interest for the purpose of securing financing for Tenant's authorized improvements (no other encumbrance shall be permitted); (ii) such encumbrance shall be subordinate to Lessor's interests; (iii) the lienholder must agree to maintain current contact information with Lessor and provide Lessor with concurrent copies of any notices or communications regarding a default; (iv) the lienholder must certify to Lessor that it has reviewed this Agreement and accepted provisions that may affect the lienholder, and that no loan requirements conflict with or materially erode any provisions of this Agreement; (v) any default relating to such encumbrance shall be a default of this Agreement; (vi) the lienholder must agree that upon any default, Lessor shall have a lien with first priority on all Tenant-owned improvements and other property at the Premises; and (vii) such encumbrance shall terminate prior to the Expiration Date and the lienholder must agree to promptly remove such encumbrance when the obligation that it secures has been satisfied. If (while such encumbrance is in effect) Tenant defaults under such encumbrance or this Agreement, and if such lienholder is in compliance with the provisions set forth in this Section 9.C and cures Tenant's defaults of this Agreement within twenty (20) days after the first such default, Lessor will permit such lienholder to provide a substitute tenant (which must be acceptable to Lessor in its sole discretion) for a

period of up to twelve (12) months after the date when such lienholder cured all defaults so long as such lienholder fully performs this Agreement during such period. If such lienholder fails to comply with any of the foregoing requirements, such failure shall be a default of this Agreement and Lessor may at any time (but is not required to) terminate this Agreement and exercise any rights hereunder, including, but not limited to, those set forth at Section 12.A.i. Lessor shall have no obligation to provide any notices to any lienholder, and Lessor shall have no liability of any kind to any lienholder.

D. **Subleasing.** Upon obtaining Lessor's prior written consent, which Lessor may provide or withhold in Lessor's sole discretion, Tenant shall have the right to sublease portions of the Premises for the storage of Aircraft in the areas approved by and subject to the terms required by Lessor. Tenant shall impose on all approved subtenants the same terms set forth in this Agreement to provide for the rights and protections afforded to Lessor hereunder. Tenant shall reserve the right to amend Tenant's subleases to conform to the requirements of this Agreement, and all such subleases shall be consistent with and subordinate to this Agreement as it is amended from time to time. Such subleases shall include an agreement that the sublessees will attorn to and pay rent to Lessor if Tenant ceases to be a party to this Agreement. Lessor shall have the right to approve any sublease in Lessor's sole discretion, and Tenant shall provide to Lessor a copy of every sublease executed by Tenant (which shall include the make, model, and identification number of all Aircraft making use of such space). No sublease shall relieve Tenant of any obligation under this Agreement.

10. **Damage, Destruction, and Condemnation.**

A. **Damage or Destruction of Premises.** If any portion of the Premises or the improvements on the Premises is damaged in any manner, Tenant shall promptly remove from the Airport all debris and cause repairs to be made to restore the same to an orderly and safe condition. All work shall be performed in accordance with plans and specifications that are approved by Lessor as being consistent with or better than the original improvements. Tenant shall apply all proceeds that are made available from Tenant's insurance policies (or those of any subtenant or assignee) to performing such work. If Lessor performs such work pursuant to Section 11.B, such insurance proceeds shall be paid to Lessor. If the Premises or any improvement on the Premises are tenantable despite such damage, Tenant shall not receive any abatement of Tenant's rent obligations. To the extent that any portion is rendered untenable by such damage in light of the purposes of this Agreement (as determined by Lessor in its sole discretion), rent shall continue if Tenant has business interruption insurance, or if Tenant does not have such insurance, Lessor may abate Tenant's rent proportionately until repairs have been substantially completed (as determined by Lessor in its sole discretion).

B. **Condemnation.** In the event of any condemnation proceeding in which all or any part of the Premises is taken (by a condemnor other than Lessor), all compensation from such proceeding shall be paid to Lessor, except that Tenant may pursue a claim against the condemnor for the value of the improvements on the Premises that are owned by Tenant and Tenant's leasehold interest, and any subtenants may pursue a claim against the condemnor for the value of their subtenancy interests. In the event of a partial taking, Lessor shall reduce the ground rent

payable by Tenant on a pro rata basis for portions of the Premises so taken. If Lessor determines in its sole discretion that all or a material portion of the Premises will be (or has been) rendered untenable as a result of such taking, Lessor may terminate this Agreement by giving Tenant a written notice of termination, and this Agreement shall terminate at the time specified in the notice (which shall not be less than thirty (30) days after the date of such notice).

11. Default.

A. **Tenant's Default.** The occurrence of any of the following events shall constitute a default by Tenant under this Agreement unless cured within thirty (30) days following written notice of such violation from lessor: (i) Tenant fails to timely pay any installment of rent or any additional rent; (ii) Tenant violates any requirement under this Agreement (including, but not limited to, abandonment of the Premises); (iii) Tenant assigns or encumbers any right in this Agreement, delegates any performance hereunder, or subleases any part of the Premises (except as expressly permitted in this Agreement); (iv) Tenant files a petition in bankruptcy or has a petition filed against Tenant in bankruptcy, insolvency, or for reorganization or appointment of a receiver or trustee which is not dismissed within sixty (60) days; (v) Tenant petitions for or enters into an arrangement for the benefit of creditors, or suffers this Agreement to become subject to a writ of execution and such writ is not released within thirty (30) days; or (vi) Tenant defaults in constructing any improvements that are required to be constructed under this Agreement.

B. **Remedies.** Upon any default by Tenant under this Agreement, Lessor may (at any time) pursue any or all remedies available to Lessor, including, but not limited to, the following: (i) perform in Tenant's stead any obligation that Tenant has failed to perform, and Tenant shall promptly pay to Lessor all costs incurred by Lessor for such performance, together with interest and service fees for any past due amounts (as provided in Section 2.D) and an administrative charge equal to ten percent (10%) of the cost incurred by Lessor (which the parties agree is a reasonable estimate of and liquidated damages for Lessor's overhead expenses associated with such performance); (ii) terminate Tenant's rights under this Agreement upon delivering a written notice of termination; and (iii) re-enter and take possession of the Premises by any lawful means (with or without terminating this Agreement). Tenant shall pay all costs and damages arising out of Tenant's default, including, but not limited to, the cost of recovering possession of the Premises, the cost of improving and reletting the Premises (including, but not limited to, any real estate broker fees or marketing costs), and attorneys' fees and costs. Notwithstanding any termination or re-entry, Tenant shall remain liable to pay the rent and additional rent required under this Agreement for the remaining term of this Agreement, and Tenant shall pay Lessor on demand for any deficiency in the same. No action by Lessor or Lessor's Associates shall be construed as an election by Lessor to terminate this Agreement or accept any surrender of the Premises unless Lessor provides Tenant with a written notice expressly stating that Lessor has terminated this Agreement or accepted a surrender of the Premises. Following a default by Tenant under this Agreement, Lessor shall exercise commercially reasonable, good faith efforts to mitigate its damages as required by applicable Utah law.

C. **Default by Lessor.** Lessor shall not be in default under this Agreement unless Lessor fails to perform an obligation required of Lessor under this Agreement within thirty (30) days after written notice by Tenant to Lessor. If the nature of Lessor's obligation is such that more than thirty (30) days are reasonably required for performance or cure, Lessor shall not be in default if Lessor commences performance within such thirty (30) day period and thereafter diligently prosecutes the same to completion.

D. **Survival.** The provisions of this Section 11 and the remedies and rights provided in Section 7 shall survive any expiration or termination of this Agreement.

12. Expiration or Termination of Agreement.

A. Disposition of Tenant's Improvements.

i. Disposition If Agreement Terminates Due to Default. If this Agreement terminates before the Expiration Date due to a default pursuant to Section 11.A, within ninety (90) days after such termination Lessor, in its sole discretion, may determine to accept title to all or any portion of the Tenant-owned improvements on the Premises. Upon Lessor accepting any such title, all of Tenant's rights, title, and interests in the same shall be terminated and title thereto shall vest in Lessor automatically. Tenant shall surrender such improvements and the Premises upon termination of the Agreement in accordance with Section 12.B and Exhibit E, Section E.13. If Lessor rejects any such title, or if such ninety-day period expires, Tenant shall (within sixty (60) days of such rejection or expiration) remove all improvements that were not accepted by Lessor at Tenant's sole expense in a manner acceptable to Lessor (and the obligations of Section 7.A shall apply to such removal). If Tenant fails to remove any such improvements, Lessor may do so in any manner acceptable to Lessor pursuant to Section 11.B.

ii. Disposition Upon Expiration. If this Agreement expires at the Expiration Date, Tenant agrees that Lessor shall have (and hereby grants to Lessor) the option to purchase all or any of the Tenant-owned improvements on the Premises. Lessor shall exercise such option by giving Tenant written notice of such exercise thirty (30) days before the Expiration Date. The purchase price for such improvements shall be the fair market value of the same, which shall be determined by a mutually agreed upon appraiser. If the parties cannot agree on an appraiser, each party shall choose a competent appraiser within twenty (20) days, and those appraisers shall choose a competent, impartial appraiser to act as an umpire. The parties' appraisers shall then determine fair market value, and if they cannot agree within a reasonable time, the umpire shall choose between the two appraised values. If Lessor does not exercise such option to purchase (or if when exercising such option Lessor does not acquire a Tenant-owned hangar), Tenant may either: (a) transfer its interests in the improvements owned by Tenant to a party who, prior to the Expiration Date, has been accepted by Lessor, in its sole discretion, and has entered an agreement for the Premises that is acceptable to Lessor; or (b) Tenant shall surrender the Premises (in accordance with Section 12.B) and, within sixty (60) days after the Expiration Date, shall remove all improvements owned by Tenant (and the obligations of Section 7.A shall apply to such removal). If Tenant fails to perform either such alternative, Lessor shall have the rights set forth in Section 12.A.i and may exercise them at any time.

B. Surrender of Premises. Upon any expiration or termination of this Agreement, Tenant, at Tenant's sole cost, shall (i) promptly and peaceably surrender to Lessor the Premises (and any improvements accepted by Lessor pursuant to Section 12.A) "broom clean," free of debris, and in good order and condition; (ii) repair in a good and workmanlike manner any damage to the Premises or the Airport (other than that which resulted from ordinary wear and tear during the term of the lease) that arises from or relates to Tenant's use, occupancy, or operations under this Agreement (including, but not limited to, while removing any property upon expiration or termination); (iii) deliver to Lessor all keys and access credentials relating to the Airport; (iv) perform Tenant's environmental obligations as provided in Section 8; and (v) remove all movable personal property and trade fixtures (including signage) that are not owned by Lessor, (except that Tenant must obtain Lessor's prior written consent to remove any such property if Tenant is in default under this Agreement or if such removal may impair the structure of any building). Upon any expiration or termination of this Agreement (which includes, but is not limited to, termination for abandonment of the Premises), all property that Tenant leaves on the Premises shall conclusively be deemed to have been abandoned and may be appropriated, sold, stored, destroyed, or otherwise disposed of by Lessor without notice to, and without any obligation to account to, Tenant or any other person (except that improvements owned by Tenant shall be as provided in Section 12.A). Tenant shall pay to Lessor all expenses incurred in connection with the disposition of such property in excess of any amount received by Lessor from such disposition. Tenant shall not be released from Tenant's obligations under this Agreement in connection with surrender of the Premises until Lessor has inspected the Premises and delivered to Tenant a written acceptance of such surrender.

C. Holding Over. If Tenant remains in possession of the Premises after any expiration or termination of this Agreement, such occupancy shall not waive any default under this Agreement and Lessor may terminate such occupancy as a tenancy at will in accordance with state law. During such occupancy, Tenant shall comply with all provisions of this Agreement that are applicable to an at-will tenancy, and Tenant shall pay the following rent: ground rent at the highest rate then charged at the Airport and rent for the improvements at fair market value based on Lessor's survey of rent for similarly situated facilities at the Airport and at other western airports (which Lessor shall determine in its sole discretion).

D. Survival. The provisions of this Section 12 shall survive any expiration or termination of this Agreement.

13. General Provisions.

A. General Provisions. This Agreement is subject to the General Provisions set forth at Exhibit E.

B. Notices. Any notice, demand, written consent, or other communication required to be in writing under this Agreement shall be given in writing by personal delivery, express mail (postage prepaid), nationally recognized overnight courier with all fees prepaid (such as, by way of example, Federal Express or UPS), or certified mail (return receipt requested and postage prepaid) when addressed to the respective parties as follows:

If to Lessor:

If to Tenant:

Airport Manager
Logan-Cache Airport Authority
199 North Main
Logan, Utah 84321

with a required, simultaneous copy to:

with a required, simultaneous copy to:

City Attorney
Logan City
290 North 100 West
Logan Utah, 84321

Either Lessor or Tenant may change its notice address by giving written notice (as provided herein) of such change to the other party. Any notice, demand, or written consent or communication shall be deemed to have been given, and shall be effective, upon compliance with this Section 13.B and delivery to the notice address then in effect for the party to which the notice is directed; provided, however, that such delivery shall not be defeated or delayed by any refusal to accept delivery or an inability to effect delivery because of an address change that was not properly communicated.

C. **Incorporation.** All exhibits referred to in this Agreement, as they may be amended from time to time, are incorporated in and are a part of this Agreement. Any proposal materials submitted by Tenant in response to a solicitation by Lessor, to the extent accepted by Lessor, shall also be incorporated in this Agreement. Tenant hereby acknowledges receiving Exhibits A – E to this Agreement.

D. **Binding Obligation.** Tenant warrants and represents that it has the right, power, and legal capacity to enter into and perform its obligations under this Agreement as a legal, valid, and binding obligation of Tenant.

IN WITNESS THEREOF, the parties have executed this Agreement in duplicate, each of which shall be deemed an original, as of the date first written above.

LESSOR:

TENANT:

Logan-Cache Airport Authority

_____, a
_____.

_____, Airport Manager

By: _____
Its: _____

EXHIBIT A

PREMISES

Description of the Premises:

Hanger Site _____ as depicted in the attached diagram.

Tax No. _____

Consisting of _____ X _____ = _____ Sq. Ft.

EXHIBIT B

APPROVED AIRCRAFT

Tenant hereby certifies that the Aircraft hereon will be stored on the Premises that have been leased from the Lessor at Logan-Cache Airport and that the Tenant will notify the Lessor of any change in the status of said Aircraft.

LESSEE

Signature

Address

City/State/Zip

Telephone

Logan-Cache Airport

Airport Manager

AIRCRAFT

AC NO N _____

MAKE _____

MODEL _____

YEAR _____

ATTACH COPY OF A/C REGISTRATION

EXHIBIT C

TENANT CONSTRUCTION REQUIREMENTS

C.1 Authorization. Tenant shall not commence any construction on the Premises without Lessor's prior written consent for all work to be conducted. Tenant shall submit plans, a schedule, and a budget to Lessor when making any request to construct improvements. Lessor may request any information, request modifications, consent to, or deny Tenant's request in Lessor's sole discretion. For any authorized project, Tenant shall provide Lessor with copies of all plans, specifications, and construction documents during the progress of the work, and the matters contained therein shall be subject to Lessor's consent. Tenant shall make no changes to the work without Lessor's prior written consent.

C.2 Required Construction Standards and Permits. All work shall be performed in a good and workmanlike manner, and shall be equal to or greater than the quality of the original materials, workmanship, and appearance of similar work performed by Tenant, or by Lessor elsewhere at the Airport. Work shall be performed by qualified and properly licensed personnel. All work shall conform to Laws and Regulations, including, but not limited to, the Uniform Building Code, Uniform Fire Code, and other codes, standards, permits, and plan check requirements as the same may be adopted by Logan City or Cache County, as well as any applicable federal or state laws (or Airport standards) relating to airport improvements. Tenant shall not commence construction for a hangar or other authorized improvement without first obtaining a Logan City building permit and an FAA determination pursuant to FAA Form 7460-1 that is acceptable to FAA and Lessor. Work shall be performed in a safe manner, and Lessor shall have the right, but not the duty, to stop any work until safety conditions can be investigated and implemented. The work site shall be secured consistent with industry standards at Airports during the performance of the work.

C.3 Coordination. Tenant shall coordinate all work with Airport activities, and shall minimize any disruption to Airport activities, tenants, and users. Lessor shall have the right, but not the duty, to direct that Tenant and Tenant's Associates cease activities or revise work plans to avoid disruption. Tenant and Tenant's Associates shall meet with Lessor as requested by Lessor as the work progresses and provide Lessor with information as Lessor may require. Lessor may require Tenant to comply with other measures that are in Lessor's interests in connection with any construction activities.

C.4 Indemnification, Insurance, and Bonds. Tenant shall cause Tenant's Associates who are performing any work relating to constructing improvements to provide the following:

a. Indemnity. Tenant shall require such associates to indemnify Lessor in connection with Lessor's interests consistent with the indemnity obligation of Section 7.A.

b. Insurance. Tenant shall provide or shall require such associates to provide builder's risk coverage to insure the improvements constructed on the Premises to the extent of not less than one hundred percent (100%) of such improvements' full insurable value using the all risk form of protection, as well as general liability, auto, and workers compensation insurance

coverage as set forth in Section 7 to cover such work. Tenant shall also require design professionals to provide errors and omissions coverage in an amount not less than one million dollars (\$1,000,000). All such insurance shall comply with and be subject to Lessor's insurance requirements including, but not limited to, those set forth at Exhibit D.

c. Bonds. Tenant shall provide or shall require such associates to provide construction payment and performance bonds in amounts covering not less than one hundred percent (100%) of the contract price of such improvements and in a form acceptable to Lessor. All such bonds shall name Lessor as a co-obligee.

C.5 Agreement Applicable to Work. The provisions of this Agreement shall apply to all work pursued by Tenant to construct improvements, regardless of whether such work commences or concludes before the Commencement Date or after any expiration or termination of this Agreement (including, but not limited to, Tenant's indemnity, waiver, and insurance obligations under Section 7 and repair obligations under Section 5.E, provisions prohibiting liens, and provisions requiring compliance with all Laws and Regulations). Tenant shall provide for compliance with this Agreement's requirements by Tenant's Associates who are performing any work relating to constructing improvements.

C.7 Default for Failure to Complete. Tenant shall comply with the construction schedule approved by Lessor. If such construction is not completed materially within any times required by Tenant's approved schedule, or if for any reason Tenant fails to complete construction within forty-five (45) days of Tenant's approved date for substantial completion, Tenant shall be in default under this Agreement and Lessor shall have all of the rights set forth in Section 12.A.i regarding a forfeiture in addition to all other remedies. Upon any default, Tenant shall turn over to Lessor copies of all records associated with the work and shall work cooperatively with Lessor.

C.8 Final Submittals. Tenant shall submit the following to Lessor within ninety (90) days of beneficial occupancy:

a. Certified Financials. Tenant shall submit a statement of construction costs certifying the total construction cost of any improvement in a form reasonably required by Lessor.

b. Free of Liens. Tenant shall submit a statement that the Premises and Tenant's improvements are free and clear of all liens, claims, or encumbrances (except when specifically authorized in the manner permitted under this Agreement).

c. As-Built Drawings. Tenant shall submit at its expense a complete set of accurate "as-built" plans and specifications for Tenant's improvements constructed at the Airport. Such plans and specifications shall include one set of bond paper "record" drawings and electronic drawings that conform to a format and to standards specified by Lessor.

C.9 Initial Tenant Improvements. Lessor has authorized and Tenant shall construct the initial improvements that are summarized at Exhibit C, Attachment 1, and such obligation

includes, but is not limited to, the plans, schedule, and date for access to the Premises in connection with such improvements.

C.10 Release by Previous Tenants or Users. If Tenant was previously a tenant or user at the Airport, Tenant agrees that as of the Commencement Date, all agreements and other interests between Tenant and Lessor regarding the Airport shall terminate (if not terminated sooner); provided that Tenant shall remain liable to Lessor for any matter arising from or relating to Tenant's use, occupancy, or operations at the Airport prior to the Commencement Date. Tenant hereby releases, acquits, and forever discharges Lessor and its officers, employees, and agents from and against any and all losses, liabilities, claims, and causes of action, of every kind and character, that Tenant may have against Lessor arising from or relating to the Airport, whether the same are presently known or unknown and whether or not the same have been or could have been discovered as of the date of this Agreement.

EXHIBIT C

ATTACHMENT 1

REQUIRED TENANT IMPROVEMENTS

Tenant shall construct the improvements specified in this Exhibit C, Attachment 1. Tenant agrees to obtain the required building permit within thirty (30) days from the date when Tenant signs this Agreement. Tenant also agrees to commence building within ninety (90) days from the date when Tenant signs this Agreement. The Tenant is responsible for securing the construction site to assure that it is safe for Tenants and visitors and does not obstruct or interfere with business activities at the Airport. Tenant shall remove all construction waste, debris, earth, or rocks from the construction site and the adjacent taxiway or aircraft movement area, on a daily basis during construction and upon completion of construction. Tenant shall asphalt all surfaces from the existing Airport taxiway to the front of Tenant's hangar and all adjoining improvements, as well as area required for vehicle parking, as required by Lessor and Logan City. All improvements must obtain required approvals from Lessor and Logan City Planning and Building Department prior to commencing construction.

Date for Tenant's Access to the Premises: _____

Schedule for Construction:

Commencement of the Work: _____

Substantial Completion: _____ (which shall be within 180 days of commencement of the work).

Other schedule requirements shall be as approved by Lessor.

Tenant shall cause the construction of the plans and specifications for the improvements as submitted to Lessor, which may be summarized as follows:

EXHIBIT D

INSURANCE REQUIREMENTS

D.1 General Requirements. At all times when this Agreement is in effect Tenant shall maintain in force all required insurance coverage and shall have on file with the Lessor Certificates of Insurance evidencing the same. Ratings for the financial strength of the companies providing Tenant's insurance policies shall be disclosed in such certificates and shall be "A-:IX" or stronger as published in the latest Best's Key Rating Guide (or a comparable rating from a comparable rating service). If a lower rating is proposed, Lessor may examine the financial strength of the insurance company proposed to provide coverage and may consent to a lower rating in the Lessor's sole and absolute discretion, and Lessor may also require additional assurances from Tenant. All certificates shall be signed by a person authorized by the insurer and licensed by the State of Utah. All policies (except any policies required for workers' compensation or errors and omissions) and the certificates evidencing coverage shall name Lessor, Logan City, Cache County, and their officers, employees, and volunteers as additional insureds (or in the case of property coverage, Logan-Cache Airport Authority shall be named as a loss payee). Tenant shall provide for a renewal of all insurance coverage on a timely basis to prevent any lapse in coverage. Lessor retains the right to approve any deductibles, and Tenant shall notify Lessor of any material erosion of the aggregate limits of any policy. Tenant's policies shall be primary. Such policies shall extend insurance to cover Tenant's contractual obligations under this Agreement.

D.2 Minimum Requirements. Lessor's insurance requirements are minimum requirements, and Tenant is responsible to obtain adequate insurance coverage as Tenant may determine. Except as otherwise expressly set forth in this Agreement, Tenant assumes all risk under this Agreement (including, but not limited to, business interruption claims) whether or not insured.

D.3 Waiver of Subrogation. Notwithstanding any other provision contained in this Agreement, each of the parties hereby waives any rights of subrogation it may have against the other party for loss or damage from any risk that is covered by insurance (including, but not limited to, claims for business interruption). Each of the parties shall obtain a clause or endorsement providing for such waiver of subrogation in any policies of insurance required under this Agreement.

D.4 Terms Subject to Change. Lessor, in its sole and absolute discretion, reserves the right to review and adjust at any time Tenant's required insurance limits, types of coverage, and any other terms applicable to insurance to insure against any risk associated with this Agreement or Tenant's use, occupancy, or operations at the Airport. Among other things, Lessor may review any or all insurance coverage on a periodic basis and in connection with any specific activity or event associated with the Airport or proposed by Tenant.

D.5 Reimbursement for Increased Costs to Lessor. If any insurance carrier providing coverage to Lessor increases its charge of any policy of insurance carried by Lessor as a result of this Agreement or Tenant's use, occupancy, or operations at the Airport, Tenant shall pay the

amount of such increase within ten (10) days after Lessor delivers to Tenant a certified statement from Lessor's insurance carrier stating the amount of the increase attributable to Tenant.

D.6 Stopping Operations. Among Lessor's remedies, if at any time Tenant's insurance coverage is not in effect as required herein, Lessor may (but is not required to) stop all or any portion of Tenant's operations without liability to Lessor until Tenant fully restores such coverage.

EXHIBIT E

GENERAL PROVISIONS

E.1 Governmental Provisions.

a. Nondiscrimination Regarding USDOT Programs. Tenant for itself, successors in interest, and assigns (to the extent successors and assigns are permitted by this Agreement), as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the property described in this Agreement for a purpose for which a U.S. Department of Transportation program or activity is extended, or for another purpose involving the provision of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said regulations may be amended.

b. Nondiscrimination Regarding Facilities, Improvements, and Federally-Funded Activities. Tenant for itself, successors in interest, and assigns (to the extent successors and assigns are permitted by this Agreement), as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, creed, color, national origin, sex, age, or handicap shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities or any activity conducted with or benefiting from Federal assistance, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that Tenant shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as said regulations may be amended, and other applicable Laws and Regulations, and shall obtain such compliance from any sublessees or other parties holding lower tier agreements (to the extent the same are permitted by this Agreement).

c. No Exclusive Rights. Nothing in this Agreement shall be construed to grant to Tenant any exclusive right or privilege for the conduct of any activity on the Airport (except to lease the Premises for Tenant's exclusive use as provided herein).

d. Agreement Preserves Authority's Compliance. This Agreement shall be interpreted to preserve Lessor's rights and powers to comply with Lessor's Federal and other governmental obligations.

e. Subordination to Authority's Government Commitments. This Agreement is subordinate to the provisions of any agreement between Lessor and the United States or other governmental authority (regardless of when made) that affects the Airport, including, but not limited to, agreements governing the expenditure of Federal funds for Airport improvements. In

the event that the Federal Aviation Administration or other governmental authority requires any modification to this Agreement as a condition of Lessor entering any agreement or participating in any program applicable to the Airport (including, but not limited to, those providing funding), Tenant agrees to consent to any such modification. If a governmental authority determines that any act or omission of Tenant or Tenant's Associates has caused or will cause Lessor to be non-compliant with any of Lessor's government commitments (including, but not limited to, any assurances or covenants required of Lessor or obligations imposed by law), Tenant shall immediately take all actions that may be necessary to preserve Lessor's compliance with the same. Without liability to Lessor, Lessor shall have the right to terminate this Agreement and reenter and repossess any portion of the Premises if the U.S. Department of Transportation or other governmental authority having jurisdiction expressly requires any such action, subject to any review that may be afforded to Tenant by such authority.

E.2 Subordination to Financing and Matters of Record. This Agreement is subordinate to the provisions of any agreements or indentures entered by Lessor (regardless of when entered) in connection with any debt financing applicable to the Airport and is subordinate to any matter of record affecting the real property of the Airport.

E.3 Force Majeure. No act or event, whether foreseen or unforeseen, shall operate to excuse Tenant from the prompt payment of rent or any other amounts required to be paid under this Agreement. If Lessor (or Tenant in connection with obligations other than payment obligations) is delayed or hindered in any performance under this Agreement by a force majeure event, such performance shall be excused to the extent so delayed or hindered during the time when such force majeure event is in effect, and such performance shall promptly occur or resume thereafter at the expense of the party so delayed or hindered. A "force majeure event" is an act or event, whether foreseen or unforeseen, that prevents a party in whole or in part from performing as provided in this Agreement, that is beyond the reasonable control of and not the fault of such party, and that such party has been unable to avoid or overcome by exercising due diligence, and may include, but is not limited to, acts of nature, war, riots, strikes, accidents, fire, and changes in law.

E.4 Rights and Remedies. Except as expressly set forth in this Agreement, the rights and remedies set forth in this Agreement are not intended to be exhaustive and the exercise by either party of any right or remedy does not preclude the exercise of any other rights or remedies that may now or subsequently exist.

E.5 Attorneys Fees. If any action is brought to recover any rent or other amount under this Agreement because of any default under this Agreement, to enforce or interpret any of the provisions of this Agreement, or for recovery of possession of the Premises, the party prevailing in such action shall be entitled to recover from the other party reasonable attorneys fees, court costs, the fees of experts and other professionals, and other costs arising from such action (including those incurred in connection with any appeal), the amount of which shall be fixed by the court and made a part of any judgment rendered. Tenant shall be responsible for all expenses, including, but not limited to, attorneys fees, incurred by Lessor in any case or proceeding involving Tenant or any permitted assignee of Tenant under or related to any

bankruptcy or insolvency law. The provisions of this Section E.5 shall survive any expiration or termination of this Agreement.

E.6 Governing Law, Venue, and Waiver of Jury Trial. This Agreement and the respective rights and obligations of the parties shall be governed by, interpreted, and enforced in accordance with the laws of the State of Utah. Venue for any action arising out of or related to this Agreement or actions contemplated hereby may be brought in the United States District Court for Utah or the District Court for the State of Utah sitting in Washington County, Utah so long as one of such courts shall have subject matter jurisdiction over such action or proceeding, and each of the parties hereby irrevocably consents to the jurisdiction of the same and of the appropriate appellate courts there from. Process in any such action may be served on any party anywhere in the world. LESSOR AND TENANT EACH KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVES ITS RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY EITHER OF THEM AGAINST THE OTHER FOR ALL MATTERS ARISING OUT OF OR RELATING TO THIS LEASE OR ANY USE, OCCUPANCY, OR OPERATIONS AT THE PREMISES OR THE AIRPORT. The provisions of this Section E.6 shall survive any expiration or termination of this Agreement.

E.7 Amendments and Waivers. No amendment to this Agreement shall be binding on Lessor or Tenant unless reduced to writing and signed by both parties. No provision of this Agreement may be waived, except pursuant to a writing executed by the party against whom the waiver is sought to be enforced.

E.8 Severability. If any provision of this Agreement is determined to be invalid, illegal, or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect if both the economic and legal substance of the transactions that this Agreement contemplates are not affected in any manner materially adverse to any party. If any provision of this Agreement is held invalid, illegal, or unenforceable, the parties shall negotiate in good faith to modify this Agreement to fulfill as closely as possible the original intents and purposes of this Agreement.

E.9 Merger. This Agreement constitutes the final, complete, and exclusive agreement between the parties on the matters contained in this Agreement. All prior and contemporaneous negotiations and agreements between the parties on the matters contained in this Agreement are expressly merged into and superseded by this Agreement. In entering into this Agreement, neither party has relied on any statement, representation, warranty, nor agreement of the other party except for those expressly contained in this Agreement.

E.10 Confidentiality. Tenant acknowledges that Lessor is subject to legal requirements regarding the public disclosure of records. Tenant shall comply with such laws in connection with making any request that Lessor maintain a record confidentially, and if Tenant complies with the same Tenant shall have the right to defend any such request for confidentiality at Tenant's expense.

E.11 Relationship of Parties. This Agreement does not create any partnership, joint venture,

employment, or agency relationship between the parties. Nothing in this Agreement shall confer upon any other person or entity any right, benefit, or remedy of any nature.

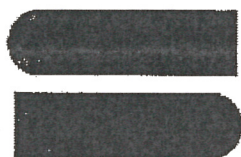
E.12 Further Assurances. Each party shall execute any document or take any action that may be necessary or desirable to consummate and make effective a performance that is required under this Agreement.

E.13 Miscellaneous. The headings in this Agreement are provided for convenience only and do not affect this Agreement's construction or interpretation. All references to Sections are to Sections in this Agreement. Each provision to be performed by Tenant shall be construed as both a covenant and a condition. This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the drafting party. If Tenant consists of more than one individual or entity, the obligations of all such individuals and entities shall be joint and several. References in this Agreement to any period of days shall mean calendar days unless specifically stated otherwise.

E.14 Time of Essence. Time is of the essence of this Agreement.

LOGAN – CACHE AIRPORT AUTHORITY BOARD
JUNE 5, 2012

ATTACHMENT E



STERLING & STERLING, INC.
— I N S U R A N C E —

Hangar Liability Options



Presented by:

Lorina Bishop, CIC, CAIP – Vice President

REDUCE
RISK
E
SOUND
LOSS



STERLING & STERLING, INC.
— I N S U R A N C E —

General Q&A



Is Premises General Liability coverage available to private hangar owners?

- YES!
- Coverage is usually added by endorsement to other policies:
 - Broad Form Aircraft Hull & Liability Policy
 - Commercial Aviation Property Policy

I heard that most insurance companies don't offer this coverage. Is that true?

- It is true that most "non-aviation" insurance companies will not provide this coverage
- However, there are more than a dozen aviation specialty companies that can include this coverage in an aircraft hull & liability policy, and several that will include in an aviation property policy.

Why can't a non-aviation insurance company write this coverage for me?

- Insurance companies have "treaties" or contacts with markets that share their book of risk. Most have treaty agreements that prohibit the insurance company from extending coverage to anything aviation related.
- Aviation specialty markets do not have these treaty restrictions as their underwriting and rating is more specialized.

Isn't this specialty coverage VERY expensive?

- Every situation is unique, but no, for a typical private hanger, a \$1,000,000/\$2,000,000 limit is available for a minimum \$250 annual premium when included in a property policy, AND...
- This coverage can be included a NO COST on an aircraft hull & liability policy, with the correct endorsements.

General Q&A



Does it take a long time to quote and issue one of these policies?

- No. If a complete submission is made to the markets, a quote can be generated in a day or two and coverage bound as soon as quoted.

The airport authority wants to be “named” as an “additional insured” on my policy. Can I do that and what impact does this have on my insurance?

- This is a very common request made by airport authority boards and airport owners throughout the country.
- You can easily add them to your policy, if you have a written contract that requires that you do so.
- Adding the airport authority as an “additional insured” to your policy means that your policy will extend to the airport defense for your acts. It does not give them coverage for what they do, it’s limited to what you do.
- This is usually provided at no additional cost.

Can I call you if I have more questions?

- YES!

Lorina Bishop
435-604-9721 (office)
435-647-6462 (mobile)



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LESS



STERLING & STERLING, INC.
INSURANCE

Additionally, here are some carriers that either include incidental premises liability in their aircraft hull & liability policies in their policies automatically or that add it, generally at no cost by an enhancement endorsement:

Starr Aviation
Chartis
Global
U.S. Specialty
W. Brown

We can also add this coverage to a hangar property policy using Chartis, Travelers and One Beacon. This option often results in some additional premium but it's usually very small.

It's important that the hangar/aircraft owner contact an aviation broker for these products.

Lorina Bishop, CIC, CAIP
Vice President | Sterling Ascend Insurance Resources
A Sterling & Sterling, Inc. Company
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lbishop@sterlingrisk.com | www.sterlingrisk.com