

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

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

**ATTENDANCE**

**Members of the Airport Authority Board in Attendance:**

John Kerr  
Dean Quayle  
Gar Walton  
Mayor Randy Watts  
Harry Ames  
M. Lynn Lemon

**Members of the Airport Authority Board Absent:**

Val Potter

**Others in Attendance:**

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

Marc Karpowich - Hangar Renter / Mechanic  
Janeen Allen

### **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 March 6, 2012.

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

### **ITEMS FOR DISCUSSION**

#### **Introduction of New Manager**

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

#### **Civil Air Patrol Activity - David Rhodes**

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

#### **UAOA Report - Gar Walton**

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

### **Runway 5-23 UHP CCS - John Kerr**

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

### **Landing Fees - John Kerr**

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

### **Terminal / Corporate area Development - John Kerr**

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

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

Ames pointed out that it seems we are compelled to go ahead with the project because it is the only area available to construct hangars of that size, and it will open up the possibility of an additional 6 to 8 hangars once the infrastructure is complete. Watts said that whether Logan City lays the line or it is contracted out, it needs to be expedited. Quayle asked Watts if any of this project could be considered part of the existing 10th West project. However, Watts said that it is all contained within the airport property, and therefore, not a part of the 10th West project. Lemon asked Watts if Logan City is required to bid out the project if it is more than \$140,000. Watts replied that the city can do any size of project internally without having to contract it out, but it

comes down to what projects are already in the works for Logan City and if they can fit this one in the schedule. Watts said he will discuss the scope of this project with the Logan City Public Works director and the fire chief to see if it is something Logan City can take on, and then he will let Kerr know as soon as possible, so the board can determine how best to proceed.

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

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

#### **Land Lease – Harry Ames (Attachment A)**

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

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

proposed lease would also require the airport to compensate the owner of the hangar in the event of relocation by providing equivalent space.

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

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

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

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

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

## **Committee Reports**

### **Audit & Finance – Lynn Lemon**

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

### **Operations Committee - Dean Quayle**

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

### **Capital Improvements – Harry Ames**

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

### **Economic Development / Public Relations – Gar Walton**

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

Bishop said it has been some time since we have discussed commercial air service because the economic picture has been so bleak. He has continued to work with our consultant, Fred Davis, in attempting to recruit commercial air service.

According to Davis, as the economy improves, airlines are starting to look for new market opportunities. He has had discussions with Alaska, Allegiant, American Eagle, Air Mexico, Frontier, People Express, Republic, Southwest, United, US Airways, and Sky West. Bishop continued that Davis believes the best options for commercial service he sees for the Logan-Cache Airport are Allegiant, Sky West, Great Lakes United Express, and US Airways Express; and the best options for service to Denver are Sky West and United Express.

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

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

### **Open Items**

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

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

### **Next Meeting**

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

### **Adjournment**

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

LOGAN – CACHE AIRPORT AUTHORITY BOARD  
APRIL 3, 2012

# ATTACHMENT A

April 3, 2012

Some notes about the intent of the Logan/Cache hanger land lease currently under consideration for revision.

- A. The lease must contain adequate, legally defensible language to stand up when there is a dispute among lessee neighbors and between the Lessor and lessee regarding compliance with the terms of the lease.
  - a. Consequently, the new lease contains language that has been created by and or reviewed and recommended by city and county attorneys and has also been reviewed by a specialist in airport legal issues.
- B. The lease must contain reasonable language to protect the quality and usefulness of the airport for a wide variety of users as well as protect the interests of the much larger number of citizens who do not directly use the airport, but who provide much of the critical funding to assure on-going operation through federal, state and local tax authorities.
  - a. Hundreds of hours have been expended in meetings with local community leaders to convince and assure that the airport is a good neighbor, but is also a key neighbor in the current and future financial prosperity of the airport service area. This has been difficult at best because the vast majority of those who, from their points of view, are often reluctant supporters of a facility from which they see no direct benefit.
- C. The lease must place reasonable limits on the use of hanger space to assure that there is no cause for federal support to be withheld due to the use of space for non-aviation related activities.
- D. The lease must contain reasonable language to assure that hangers are maintained in such as way that the overall look to the airport is consistent with the need to keep all public facilities in the valley well maintained.
  - a. It is understood that hangers are not architectural wonders, but missing siding, falling down doors and unpainted plywood patches here and there just don't contribute to the pleasant place that most users would like to move about it.
- E. The lease should support all reasonable non-commercial aviation activities such as legal owner maintenance of aircraft, building and or restoration of hobby aircraft and general collegiality of the airport community.
  - a. This would include the ability to park ground vehicles such as cars and motorcycles in or around the hanger areas as necessary to conveniently use and enjoy the aircraft related activities of the hanger and airport.
  - b. Also included is the ability to use excess hanger space beyond that used by a single aircraft for the storing of other aircraft or aircraft components or other reasonable storage of items of a personal nature by the lessee.
- F. The lease must clearly define the financial relationship between the lessor and lessee in terms of fees and length of use of the leased property.



- G. The lease must accommodate the need for many users to finance the improvements placed on the leased ground.
  - a. Currently the lease provides 20 years of assured renewal in five year increments to accommodate information provided to the airport board by banks. (Provided that the lessee complies with lease terms during each 5 year renewal period.)
  - b. Further unlike many airports in the country that take possession of the property improvements at the end of the lease term, the intent of this lease is that the improvements remain as the property of the lessee in perpetuity as long as the lessee continues to honor the terms of the current and future leases.
- H. The lease must assure neighboring hanger owners that should any single incident with any hanger user cause damage to a neighbor, that the person who's hanger is the genesis of the incident can fully remedy the damage to the neighbors property.
  - a. Current language in the lease agreement proposes to do this by requiring liability insurance to cover such incidents. The level of such insurance is being debated, but some mechanism to remedy this kind of issue is a reasonable requirement and must be handled by the lessee or if possible by a general liability policy provided by the airport, but funded by the lessees.
- I. The lease must contain adequate language to assure the safe and continuing operations on the airport by all lessees by reasonable control of activities such as self fueling and other potentially risky activities.

In summary, the lease language must be constructed to be useable in the unlikely, but possible event that would result in legal actions on the part of the lessee or lessor.

This, "intent summary" has frequently used the word "reasonable." That is a difficult word to get complete consensus on, but the airport board is committed to make the appropriate compromises to assure a pleasant environment for the lessees and the other airport users while protecting this great asset for current and future generations of citizens within the airport user area.

Harry Ames-Logan/Cache airport board member

435 757 7695

hames57@gmail.com

LOGAN – CACHE AIRPORT AUTHORITY BOARD  
APRIL 3, 2012

# **ATTACHMENT B**

## PROFESSIONAL SERVICES AGREEMENT

This Agreement is made effective May 1, 2012, by and between Logan-Cache Airport located in Logan City, Utah (hereinafter "Logan Cache Airport" or "Airport") and Tri-Star Marketing Company located at 58 Tesla, Irvine, CA 92618.

### WITNESSETH:

Whereas, the Logan-Cache Airport is the regional airport dedicated to meeting the air transportation needs of the residents of Logan City and Cache County Utah and residents from other communities in its catchment area, and Tri-Star Marketing Company is an aviation consulting company engaged in the development of business plans, marketing plans, operating plans, air service development, regulatory applications, and economic analysis; and

Whereas Logan-Cache Airport is interested in adding scheduled passenger air service at the Airport and Tri-Star Marketing is proposing to help the Airport recruit new air service; and

Whereas, Logan-Cache Airport has now requested Tri-Star Marketing Company to continue providing consulting services for the Airport in its bid to attract new scheduled passenger air service;

Now, therefore, in consideration of the promises and mutual obligations hereinafter set forth, the Logan-Cache Airport and Tri-Star Marketing Company agree to the following;

1. **Scope of Services.** Tri-Star Marketing Company shall perform the services set forth in the scope of services attached hereto as Appendix A.
2. **Term.** This Agreement shall endure from the date of execution to December 31, 2013. The term may be renewed for an additional one year term, by each party giving written notice of renewal to the other party before the end of the initial term.
3. **Support.** Logan-Cache Airport agrees to support the consulting effort of Tri-Star Marketing Company by providing any documents or data that it is in possession of that may be needed by Tri-Star Marketing Company to complete its assignment.
4. **Payment for Services.**
  - a. For the recruitment of new air service performed by Tri-Star Marketing Company pursuant hereto, Logan-Cache Airport agrees to pay Tri-Star Marketing Company the following: (1) a success fee of \$20,000.00 for each airline recruited by Tri-Star Marketing Company during the term of this agreement and implementing scheduled air service within three years of the date of execution of this agreement (2) a \$5,000 fee for each nonstop scheduled passenger route implemented by such airlines at the airport within two years of the original air service provided by such new airline. Tri-Star Marketing Company shall also be entitled to reimbursement of its actual

reasonable expenses incurred in furtherance of this Agreement for travel, production of presentations, telephone and fax, and mail and express. These expenses will be payable 30 days after receipt of billing. Expenses incurred representing multiple clients will be billed to Logan-Cache Airport on a pro-rata basis.

- b. For providing other consulting services such as market studies, grant applications, business plans, and sales programs by Tri-Star Marketing Company, Logan-Cache Airport agrees to pay Tri-Star Marketing Company a fee of \$150.00 per hour or a set fee agreed upon by the two parties in advance. Tri-Star Marketing Company shall also be entitled to reimbursement of its actual reasonable expenses incurred in furtherance of this Agreement for travel, production of presentations, telephone and fax, and mail and express. These expenses will be payable 30 days after receipt of billing.
- c. **Termination of Agreement.** Either party may terminate the Agreement at any time by giving written notice to the other and specifying the effective date thereof, at least thirty (30) days before the effective date of such termination. In the event of termination, Tri-Star shall be entitled to receive the pro rata share of the total compensation which is equal to any satisfactory work completed as of the date of termination and all expenses will be paid by Airport.
- d. **Confidentiality.** Except in any proceeding to enforce the provisions of this Agreement, Tri-Star Marketing Company and its employees, officers, directors, and agents shall not publicize or disclose to any third party any of the terms of this Agreement without prior written consent of the Logan-Cache Airport.
- e. **Force Majeure.** Neither party shall be liable for failure to perform under this Agreement when such failure is caused by accidents, illness, strikes, lockouts, and/or natural acts.
- f. **Use of Work Product.** Any and all written reports or work product prepared for the Airport shall be the sole and exclusive property of Logan-Cache Airport upon receipt of full payment by Tri-Star Marketing Company.
- g. **Independent Contractor.** Tri-Star Marketing Company is independent of Logan-Cache Airport and shall perform all services according to his own methods without being subject to the control of the Airport, except as to the results obtained. Tri-Star Marketing Company is not and shall not be considered an employee of Logan-Cache Airport, Logan City, or Cache County. Tri-Star Marketing Company, as an independent contractor, shall provide and be responsible for any and all of Tri-Star Marketing Company, and its employees or agents, federal and state withholding, unemployment compensation contributions and social security tax withholding, etc. Tri-Star Marketing Company agrees to report and pay any contributions for taxes, unemployment insurance, Social Security, or other benefits that may be due as a result of this Agreement.

- h. **Indemnification.** Each party shall indemnify and hold the other party harmless from any and all claims and liabilities of or to third parties which may arise from the negligent performance or nonperformance of its respective obligations under this Agreement.
- i. **Exclusive Agreement.** Tri-Star Marketing Company will be the only consulting firm retained by Logan-Cache County Airport to recruit air service during the term of this agreement.
- j. **Complete Agreement.** This Agreement contains the entire agreement between the parties hereto with respect to the matters contained herein.
- k. **Governing Law.** The Agreement and any disputes arising or in connection with this Agreement, including any actions in tort, shall be governed by the law of the State of Utah.
- l. **Notice.** Any notice, or notices, required or permitted to be given pursuant to this Agreement, may be personally served on the other party by the party giving such notice, or may be served by certified mail, return receipt requested, to the following addresses:

Airport:           To be Named  
                           Airport Director  
                           Logan-Cache Airport  
                           199 N. Main Street  
                           Logan, UT 84321

Tri-Star:           Frederick R. Davis  
                           President  
                           Tri-Star Marketing Company  
                           58 Tesla  
                           Irvine, CA 92618

In witness whereof, the parties have executed this Agreement this \_\_\_\_\_ day of April, 2012.

TRI-STAR MARKETING COMPANY:

LOGAN-CACHE AIRPORT:

\_\_\_\_\_  
 Frederick R. Davis, President

\_\_\_\_\_  
 Logan-Cache Airport

Appendix A

**TRI-STAR SCOPE OF WORK FOR RECRUITING AIR SERVICE FOR  
LOGAN-CACHE AIRPORT**

- 1) Recruit new scheduled passenger air service routes to Logan-Cache Airport.
- 2) Identify the key markets (cities) for air service and the target airlines for this air service.
- 3) Develop a presentation package(s) to be sent to target airlines, in cooperation with Logan Cache Airport.
- 4) Set up presentation meetings between Airport and community officials and target airlines and participate as part of the presentation team.
- 5) Provide follow up data and information if requested by the target airline(s).
- 6) Attend meetings and make presentations to community groups in Logan, if requested.