

CEDAR CITY REGIONAL AIRPORT  
BOARD MEETING  
AUGUST 11, 2016

A regular meeting of the Cedar City Regional Airport Board was held on Thursday, August 11, 2016 at 8:00 AM in the Conference Room of the Airport located at 2560 West Aviation Way, Cedar City, Utah.

PRESENT:

Jyl Shuler, Chairperson	J.J. McGuire, Sphere One Aviation
Scott Truman, Member	Kirt McDaniel, Jviation
Bill McVay, Member	Jeremy McAlister, GDA Engineers
Dale Brinkerhoff, Member	Scott Jolley, ULA
Burt Poulsen, Member	Ann Marie Allen, SUU
Karl Hugh, Member	Mike Mower, SUU
Mark Leavitt, Member	Ryan Pritchett, Armstrong Consultants
Terri Hartley, Member	Marvin Dodge, SUU
Jeremy Valgardson, Airport Manager	Joshua Cannon, Ray, Quinney, Nebeker
Kathy Dahl, Executive Secretary	-representing ULA via telephone

Shuler welcomed everyone, thanked the board members for their service and called the meeting to order. On a personal note, she reported that the new Beverley Taylor Sorenson Center for the Arts at SUU opened on July 7, 2016. She brought several dedication booklets for anyone that would like one, and invited everyone to tour the new center.

APPROVAL OF MINUTES

Truman moved, Poulsen seconded and motion carried unanimously that the minutes from the June 9, 2016 meeting be approved.

INFORMATIONAL ITEMS

- SkyWest – No one was present
- TSA – No one was present
- BLM – No one was present
- FBO

J. J. McGuire from Sphere One Aviation reported that they are 8 months into their new ownership and doing well. There is quite a large fire in Nevada between here and Ely. The winds are playing havoc with trying to fly on it, but there will be some military C-130's coming into the tanker base today with a briefing scheduled for 9:30 AM.

- MSC Aerospace – No one was present
- Upper Limit Aviation

Scott Jolley from Upper Limit Aviation didn't have anything to report today and deferred any comments to Mr. Cannon. Mr. Cannon had nothing to report and stated he was just listening for the lease assignment agenda items.

- Aviation

Kirt McDaniel from Aviation reported to the board that their electrical engineer came up for a site visit to check the airfield electrical. We are looking at a possible future project to upgrade some of the system. He is doing an inventory and will work with Valgardson to try and get this in the CIP in the next year or so. With regard to the snow removal equipment, the logos were placed on the broom in July and the plow was delivered June 16, 2016. There were a few deficiencies on the plow and parts have been ordered and will be here next month and these will be corrected. The project on the ramp will start on Tuesday, August 16, 2016 and is scheduled to be completed September 20, 2016. There was a preconstruction meeting with the contractor on June 20, 2016.

- GDA Engineers

Jeremy McAlister from GDA Engineers reported on the master plan process. GDA is sending off monthly updates to the board. They received approval on the forecast section of the plan from the Airport Board and from FAA without any comments. They conducted a public meeting in June to go over the forecast chapter. They completed the facility requirements in July, 2016 and started work on the next section of the master plan which is the alternatives. Now that they have defined the need, they look at the different alternatives available to meet that need. McAlister stated that they understand there are some changes coming in the near future that may have an effect on the airport for the 5 to 10-year outlook, and so instead of moving on this next section, they would like to make sure they have all the information and correct assessment of these changes to make sure the master plan is done correctly, so this is on hold for the moment. Shuler stated that the public meeting in June, 2016 was not attended by a large group of people, but there were some excellent visuals and graphics. These have been placed on the City's website and can be viewed there. She also wanted to publicly thank Mayor Wilson for highlighting the Airport master plan in her latest newsletter.

- Enplanements for SkyWest

June, 2016 enplanements were 1,165 compared to 1,187 for June, 2015. July, 2016 enplanements were 1,077 compared to 1,258 for July, 2015. Skywest should still be on track to reach the 10,000 mark by October or November.

Before entering into the items listed under the Airport Manager's Report, Shuler invited the representatives from SUU to take an opportunity to address the board. Mr. Marvin Dodge, Vice-President for Financial Services for SUU addressed the board relative to the status of the aviation program. SUU has been working with ULA for the past 4 years on the aviation program and due to a change in funding regulations by the Veteran's Administration (VA), for the last 2 years the flight instruction has been provided by SUU employees. SUU and ULA have been operating under a damp lease with ULA providing the maintenance, parts and support for the program. SUU has reassessed their ability

to lease aircraft on their own and sent out a Request for Quotes (RPO) several weeks ago for leasing aircraft independent of the relationship they now have with ULA. They have given ULA notice that SUU will end their relationship with ULA and bring the entire aviation program in-house. Their agreement with ULA expires at the end of August, 2016. SUU is also working through contract negotiations to try and hire the ULA mechanics and ground support. There is a strong commitment on the part of SUU to continue the aviation program and continue to add students to that program in both rotor and fixed wing. SUU is negotiating with ULA to purchase the 2 ULA hangars and the 2 simulators that have been ordered for the Cedar City program. SUU is working with Colonel Matheson on a sub-lease of part of his existing facilities on the airport to house the simulators for student use. Also, ULA has been purchasing their fuel from Parowan, but purchasing their fuel trucks is not part of SUU's negotiations with ULA. SUU is planning to purchase fuel from the FBO on the airport and is working with them for terms for fuel purchase. In answer to query Dodge stated that ULA could maintain a presence on the airport, they have a contract for firefighting, and they have the potential to use the hangars for aircraft storage and maintenance if the negotiations between SUU and ULA don't come to fruition, but they would not be providing aviation training. Ann Marie Allen, legal counsel for SUU reiterated that SUU is in the process of negotiating a lease transfer of the ULA hangars and SUU will continue to work through that, but one way or another, SUU will be ready for students August 22, 2016. Dodge expressed his appreciation for the wonderful airport and the opportunity it presents to the students. SUU and Cedar City are lifelong partners and we need to make sure we get along and that we are friends and that we continue to keep each other informed as we move forward with this smooth transition. There was a question as to the validity of ULA's existing SASO Agreement. Joshua Cannon, representing ULA stated that this is something that would have to be addressed if there are continuing obligations for ULA under this agreement.

#### AIRPORT MANAGER'S REPORT

- SASO Agreement for SUU Aviation Program

Valgardson reported to the board that the first item is approval of the SASO Agreement for SUU's aviation program. A SASO is a specialized aviation service operator agreement that allows someone to run an aeronautical business on the airport without being a full-fledged FBO. This SASO is similar to the other SASO agreements that are currently in place. The services SUU will conduct at the airport are:

- Operator expressly agrees to provide flight training
- Operator also agrees to provide aircraft repair services
- Operator hereby agrees to store aircraft in facilities leased and/or owned by operator
- Operator does hereby agree to provide on-demand air carrier services

- o The Operator agrees to provide aircraft tours

We are required to have a SASO agreement by FAA to ensure we are meeting all our grant assurances. This agreement will have to be approved by the City Council, so we are looking for a recommendation from the Airport Board requesting that the City Council grant this SASO Agreement to SUU on the Cedar City Airport. Shuler stated that prior to any vote being taken, she disclosed that she works for the Shakespeare Festival and so technically for SUU, but feels she can be objective and will derive no financial advantage from this action. Hartley also disclosed that she has a relationship with Wells Fargo and SUU, but also feels she can be objective and will derive no financial advantage from this action. It was pointed out that there are several typographical errors in the document, including showing Joe Burgess as the Mayor of Cedar City. Valgardson said the document will be corrected prior to being taken to the City Council. Leavitt moved, Brinkerhoff seconded and motion carried unanimously that the board recommend to the City Council that they approve the SASO Agreement for Southern Utah University to operate on the Cedar City Regional Airport.

- Lease Transfer from Upper Limit Aviation to SUU

Valgardson reported to the board that there are 2 hangars that SUU is looking at acquiring from ULA. The first one sits on land that was initially leased by Clayton Cheney in 2007. ULA assumed that raw land lease in 2014 and currently owns the hangar on that parcel. SUU is looking to assume that lease. Because the transaction between SUU and ULA is not official yet, Valgardson stated that he is asking that the board give its consent to the transfer and instruct City staff not to have the City's consent signed until we receive the attached documents with both party's signatures, signifying they have completed their transaction. McVay moved, Truman seconded and motion carried unanimously that the board approve the raw land lease assignment contingent upon final separation between Southern Utah University and Upper Limit Aviation.

- Lease Transfer from Upper Limit Aviation to SUU

Valgardson reported to the board that this is the second hangar that SUU is looking to acquire from ULA. The raw land lease was originally for Jeff Obering and was executed in 2005. It was assumed in 2015 by Payson-Dixon Holdings LLC, a Utah Limited Liability Company, which is an entity of Upper Limit Aviation. SUU is looking to also assume this lease. Again, Valgardson is asking that the board give its consent to the transfer and instruct City staff not to have the City's consent signed until we receive the attached documents with both party's signatures, signifying they have completed their transaction. McVay moved, Poulsen seconded and motion carried unanimously that the board approve the raw land lease assignment contingent upon final separation between Southern Utah University and Payson-Dixon Holdings, LLC/Upper Limit Aviation.

- Sub-Lease of Hangars for SUU Aviation Program

Valgardson stated that we have talked about SUU sub-leasing hangars from Colonel Matheson, and there are some other hangars on the airport that SUU could potentially sub-lease. We do allow sub-leases if both parties agree to the terms of the lease. The lessor would still be responsible to uphold all the rules, regulations and standards in the lease agreement, and then, in turn, they would hold the sub-lessor to those same standards. We require anyone who enters into a sub-lease to be an aeronautical user, which ensures that they are paying the same fees as all other users. The conditions of this sub-lease would be that this is an aeronautical use, which it is. Leavitt moved, McVay seconded and motion carried unanimously that the board approve Southern Utah University entering into a sub-lease agreement with any willing airport tenant contingent on written consent from both parties, and based on verification by the Airport Manager that the sub-lease terms meet all Federal, State and Local regulations.

#### OTHER BUSINESS

Valgardson reiterated that construction is scheduled to begin on August 16, 2016 and will be phased so it won't hinder airport operations.

We are having a lot of issues with prairie dogs. The lights on Bravo are out because they have chewed through them. We are still blading and grading as required by FAA, but will continue to have problems with the prairie dogs until there is a resolution.

Valgardson is working on the bid specifications for the terminal building staining and the HVAC system. The funding is in place and several companies have come to look at the building. Both projects are scheduled for this fall.

As there was nothing further, meeting adjourned at 8:40 AM.