SLIDE #1

Airport Hangar Leases

Using Complete Information
To Find a Win-Win Solution

by Barry Hancock and Paul Boyer

Presented to the Heber City Council
February 6, 2014

OVERVIEW

- 67 Privately Owned Hangars

Built on land leased from the City

- A Collage of Agreements

31 Hangar Row Reversionary
5 Commercial Apron Reversionary
22 Daniel Non-reversionary
8 Daniel Reversionary
1 CAF Museum

There are at least five different types of ground leases, all with end-of-lease uncertainties that affect hangar sales, re-sales and assessed tax values.

THE PROBLEM

End-of-Lease Issues

History

- Without a comprehensive and equitable policy that gives the city guidance as to how to deal with end of lease issues, change in hangar ownership, capital improvements, etc., leases have been dealt with on an individual and arbitrary basis.

- The City and hangar owners have wrestled with these issues since at least 2007, despite hiring two different consulting companies that each produced their own ground lease analysis:

  - Airport Business Solutions
    - Feb 9, 2007 *Lease Analysis*
      - *No Policy adopted*

  - Jviation Inc.
    - Aug 8, 2013 *Lease Rates and Policy Analysis*
      - *Problematic from the start*

Hangar Owners' Concerns

- During the City's engagement with Jviation over the past 10 months, there has been misunderstanding about Hangar Owners' concerns.

- We do <u>not</u> oppose:

    - Ground Lease market-rate fees that are updated for inflation.

    - The current (0.012%) real estate tax rate applied to hangar assessed values.

- We also <u>support</u> 36U being a vibrant, self-sustaining, successful airport.

- Where we <u>disagree</u> with Jviation, however, is how to best accomplish this.

Discussion Items

- We will discuss the following five issues that are problematic in Jviation's ground lease analysis:

1. Airport stakeholders.

2. Economics of reversionary vs. non-reversionary ground leases.

3. Jviation's Aug 8, 2013 Lease Rates and Policy Analysis document.

4. Comparable airports.

5. A competing ground lease analysis that differs with Jviation's recommendations.

1. Airport Stakeholders

- The City has a fiduciary responsibility to protect the interests of all stakeholders: The City, it's Citizens, Airport Businesses, and Hangar Owners.

- For one stakeholder to win, another stakeholder does <u>not</u> have to lose.

- We believe there are win-win scenarios for stakeholders that Jviation has not explored.

- Question: What is the best policy to ensure a fair and equitable path for the Airport's Hangar and Business Owners, while maintaining the Airport's fiduciary responsibility to the City and its Citizens?

2. Economics of Reversionary versus Non-reversionary Ground Leases

Which does the City want going forward:

- A higher risk, higher liability, property ownership and real estate management strategy that might or might not provide larger returns sometime far in the future.

or

- A lower risk, long-term, immediately increasing revenue stream that is assured now and into the future without the above inherent liabilities?

City Benefits and Liabilities

During Lease:	**Reversionary Lease**	**Non-reversionary Lease**
End-of-Lease Value	- End-of-Lease values are zero ($0.00)	- Normal market forces determine value
Assessed Value	- Depreciating values falling rapidly in the last 10 years	- Increasing assessed values
Property Taxes	- Decreasing taxes as assessed values fall	- Increasing taxes as assessed values rise
Ownership % *Legal Issue*	- Decreases yearly (i.e. 1/25th per year for 25-year lease) - Pay 100% of taxes despite only partial ownership	- Private Ownership remains 100% - No legal issues regarding tax payments
Demand/Resale	- Decreasing demand, difficult to sell in last 10 years	- Steady or increasing demand, easier to sell
End-of-Lease:		
Ownership	- City owns hangar	- Private Ownership with lease extension
Unknowns preventing long-term rental projections	- Condition of hangar at end-of-lease - Currency of old design vs. future technology - Desirability/demand for older hangars - Projected occupancy rates for City-owned hangars	- Extend lease if hangar is in good condition and land not needed for other development
Liabilities	- City pays for hangar repairs - City pays for hangar removal, whether due to hangar condition or land needed for other development	- Private owner pays for repairs - Private owner pays for hangar removal
City Income:	- Rental income, but City pays for landlord services - Lost property taxes - City exemption - Lost ground lease payments - City exemption	- Private owner pays for own services - Private owner pays property taxes - Private owner pays ground lease fees
City Expenses:	- Ownership/Landlord liabilities and insurance - Increased Property-Management City staff	- Private owner assumes liabilities - No additional City staff required

<u>40</u> Comparable Airports Selected For Grand Junction Regional Study

1. Centennial, Englewood CO
2. *Aspen/Pitkin County, Aspen CO
3. Boulder Municipal, Boulder CO
4. Billings Logan, Billings MT
5. Rocky Mountain Metro, Broomfield CO
6. Bellingham, Bellingham WA
7. Galatin Field, Bozeman MT
8. Cedar City Municipal, Cedar City UT
9. Cortez-Montezuma County, Cortex CO
10. Coeur D'Alene, Coeur D'Alene ID
11. Durango/La Plata County, Durango CO
12. Pangborn Municipal, Wenatchee WA
13. *Eagle County, Eagle, CO
14. Mahlon Sweet Field, Eugene OR
15. Ft. Collins/Loveland Muni, Loveland CO
16. Front Range, Watkins, CO
17. Fort Worth Intl, Fort Worth TX
18. Grand Junction Reg., Grand Junction CO
19. Glacier Park Intl, Kalispell MT
20. Great Falls Intl, Great Falls MT
21. Gunnison Crested Butte, Gunnison CO
22. Helena Regional, Helena MT
23. Idaho Falls Intl, Idaho Falls ID
24. Jackson Hole, Jackson Hole WY
25. Lewiston-Nez Perce Co., Lewiston ID
26. Vance Brand Muni, Longmont CO
27. Nampa Muni, Nampa ID
28. Minden-Tahoe, Minden NV
29. Missoula Intl, Missoula Mt
30. Montrose Regional, Montrose CO
31. Juneau, Juneau AK
32. Phoenix Mesa Gateway, Chandler AZ
33. Pueblo Memorial, Pueblo CO
34. *Provo Muni, Prove UT
35. Rooks Co. Regional, Rooks Co. KS
36. Roberts Field, Redmond OR
37. Renton Municipal, Renton WA
38. St. George, St. George UT
39. *South Valley, Salt Lake City UT
40. Telluride Regional, Telluride CO

<u>10</u> Comparable Airports Selected For Heber Russ McDonald Field Study

1. *Aspin-Pitkin County, Aspin CO
2. Driggs-Reed Memorial, Driggs ID
3. *Eagle County Regional, Eagle CO
4. Friedman Memorial, Hailey ID --- **NO DATA**
5. Garfield County, Rifle CO
6. Grand Junction Regional, Grand Junction CO --- **INCORRECT DATA**
7. Montrose Regional, Montrose CO
8. *Provo Municipal, Provo UT
9. *South Valley Regional, Salt Lake City UT
10. Yampa Valley, Hayden CO

*indicates airports used by both Grand Junction and Jviation's Heber studies

3. Jviation's Aug 8, 2013 Lease Rates and Policy Analysis document.

Heber City Airport/Russ McDonald Field

Lease Rates and Policy Analysis

August 8, 2013

Prepared by Jviation Inc.

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SECTION 2 – SURVEYED AIRPORTS

In order to collect and review lease rates for airports similar to Heber City Airport, criteria were developed to determine a list of comparable airports. The following criteria were used to develop the list of airports shown in Table 1:

- Similar airports located within 50 miles of Heber;
- Airports of similar size and scope in terms of ownership and use, type, and based aircraft;
- Airports in similar type of communities: aircraft operations and resort towns.

Table 1
Airports Considered for Comparison

Airport	Distance	Ownership /Use	Airport Type	# of Based A/C	Operations	Comparable Criteria
Heber City Municipal		City	GA	73	19,468 (2011)	Resort Town
South Valley Regional	50 miles	City	GA	165	75,000 (2011)	Competitor
Provo Municipal	30 miles	City	CS	104	172,014 (2011)	Competitor
Driggs-Reed Memorial	285 miles	City	GA	81	7,600 (2006)	Resort Town
Aspen-Pitkin County	340 miles	County	CS	77	36,900 (2013)	Resort Town
Grand Junction Regional	270 miles	City	CS	99	50,987 (2013)	Similar Size
Friedman Memorial (Hailey)	320 miles	City	CS	147	44,237 (2012)	Resort Town
Garfield County Regional (Rifle)	280 miles	County	GA	52	8,129 (2011)	Resort Town
Montrose Regional	330 miles	County	CS	81	26,460 (2012)	Resort Town
Yampa Valley (Hayden)	270 miles	County	CS	4	9,677 (2011)	Resort Town
Eagle County Regional	330 miles	County	CS	78	36,401 (2012)	Resort Town

Source: U.S. Department of Transportation Federal Aviation Administration, Airport Master Record, Accessed 2013

Surveys were sent to each airport requesting relevant lease information not provided on their public airport master record. If a response was not received, the airport was contacted and information was gathered over the phone.

The airports were provided with a matrix designed to gather information in five areas of interest with respect to leases, fees, investments, lease clauses, inflators, and any additional information that the airport could provide that would assist with the analysis. The survey results are provided in Table 2.

Table 2
Survey Results

Airport	Hangar Information					Lease Information			Lease Terms		Escalation Clauses			
	No. Hangars	No. Sponsor owned Hangars	Hangar Built in 2012	Hangars Built 2009-2011	Waiting List	Ground Lease Type	Lease Amount per sqft/yr	% Gross Revenue	Initial Term-Yrs	Extensions available	Y/N	Basis	Freq.	Reversionary Lease
Heber City Municipal	67	3	0	9	No	Improved	$0.30		20	two 5yr	Yes	CPI	Annual	Yes
						Non-improved	$0.15		20	two 5yr				
South Valley Regional	140	140	0	0	Yes	Commercial/Improved	$0.18		15+	Yes	Yes	Chart	5 yrs	Yes
Provo Municipal	97	47	3	18	Yes	Improved	$0.28	55%	30	two 5yr	Yes	CPI	2 yrs	Yes
Driggs-Reed Memorial	71	1	0	6	No	Improved	$0.22		20	infinite 5 yr	Yes	CIP	Annual	No
Aspen-Pitkin County						Improved	$0.47		3-5					Yes
Grand Junction Regional						Improved	$0.18		20	one 10yr		CPI		Yes
Friedman Memorial (Hailey)														
Garfield County Regional (Rifle)						Improved	$0.21					CPI	Annual	Yes
Montrose Regional	33	5	0	1	No	Private Hangar	$0.19		20	10 years	Yes	CPI	Annual	No
						Commercial Aeronautical	$0.10		Negotiable	Negotiable	Yes	CPI	Annual	Negotiable
Yampa Valley (Hayden)	7	1	0	0	Yes	Private Hangar	$0.15	5%	35	5 years	Yes	CPI	Annual	Yes
						Commercial Aeronautical	$0.26	5%	35	5 years	Yes	CPI	Annual	Yes
						Other Aeronautical	$0.26	5%	5	No	Yes	CPI	Annual	Yes
						Commercial Non-Aeronautical	$0.26	10%	5	No	Yes	CPI	Annual	Yes
						Industrial	$0.26	10%	5	No	Yes	CPI	Annual	Yes
Eagle County Regional	15	9	0	1		Private Hangar	$0.35		25	yes	Yes	CPI	Annual	Yes

Source: Jviation Inc., 2013

SLIDE #13

PRESS RELEASE
FOR IMMEDIATE RELEASE

GRAND JUNCTION REGIONAL AIRPORT

Contact:
Denny Granum
Chairman, Grand Junction Regional Airport Authority
Phone: 970-623-8688

LEASING GUIDELINES ADOPTED FOR GRAND JUNCTION REGIONAL AIRPORT

February 14, 2013, Grand Junction, CO:
The Board of the Grand Junction Regional Airport Authority adopted aeronautical use lease guidelines at its monthly board meeting on February 12, 2013. The meeting was held at the University Center building in Room 221 at Colorado Mesa University.

The Airport's former aeronautical lease provided a term of 30 years, consistent with those at most other airports. The newly adopted aeronautical use guidelines allow for leases of up to 50 years, the maximum allowed by FAA.

"With our primary commitment to the strength and efficiency of Grand Junction's aviation community, I believe the adopted aeronautical use lease guidelines promote fairness and opportunity for Airport ground lessees," says Denny Granum, Chairman of the Authority Board.

The Guidelines would be applicable to all new leases at the Airport. In addition, once the Authority Board has approved a new standard form of lease which is consistent with the Guidelines, tenants will have the opportunity to review that new form and determine if they would like to replace their existing lease with the new lease form. "Existing tenants will have until August 12, 2013 to deliver a letter to the Authority requesting a new lease. If converted to the new form of lease, existing tenants could have the advantage of up to four additional 5-year options to renew, which would take their potential lease terms out to 50-years" said Granum..

"Extending the potential lease terms should help attract new businesses to Grand Junction's aviation community," said Granum. "Under the new guidelines, at the end of the potential 50-year lease term the improvements will revert to the Airport or be removed. This is consistent with ground leasing practices at the vast majority of other airports surveyed." said Granum, "This should not hurt our competitiveness, since at Grand Junction the reversion would not be likely to occur until 20-years later than at most other airports."

In September 2011, the Grand Junction Regional Airport Users and Tenants Association (GJRAUTA) requested that the Airport Authority Board adopt formal guidelines concerning airport ground leases, in particular, lease duration and what happens to improvements at the end of the lease term. In January 2012, the process began with a 30-day public comment period. Upon completion of the public comment period and prior to the first draft of the guidelines, comparative research of leasing practices at 40 similarly sized airports was conducted, as well as Federal Aviation Administration (FAA) grant assurance requirements. After changes to the first draft were made, a 60-day comment period was opened, and a public hearing was held on August 21, 2012. An additional two-week comment period was opened following the release of the final draft of the guidelines in January 2013. After review and incorporation of many of the public and user's recommendations, the final lease guidelines were ready for review and adoption.

The new lease agreement and background information is available on the Grand Junction Regional Airport's website at www.gjairport.com.

##END##

Grand Junction 50-year Ground Lease

- The correct ground lease data for KGJT is a 50-year lease comprised of:

    - An initial term of 20-years,

    - One 10-year extension,

    - And four 5-year extensions.

- Grand Junction has also given the option to all existing Hangar Owners to replace their old lease with the new 50-year lease using the start date from their old lease.

- Additionally, Grand Junction selected 40 comparable airports for their analysis that are listed at the bottom of the first two pages of their Feb 12, 2013 *Aeronautical Use Lease Guidelines*.

- Contrast that to Jviation's selection of 10 comparable airports, one with no data and another with bad data.

4. Additional Comparable Airports

- Our Hangar Owners have compiled a list of 10 additional comparable airports to balance Jviation's selections.

- Of our 10 comparable airports:

    - 3 had recent ground lease revisions in past 3 years

    - 4 are reversionary and 6 are non-reversionary

    - 1 has a 50-year lease, another has a 45-year term, 3 have 40-years, and two more exceed 30-years

    - 2 have changed their leases in the last two years from reversionary to non-reversionary.

- The trend in these more recent leases is towards:

    - 40-50 year terms

    - Non-reversionary

ADDITIONAL COMPARABLE AIRPORTS TO RUSS McDONALD FIELD

*Of particular note as comparable airports are those with the most recently updated leases over the past three years:
Grand Junction Regional Airport (approved Feb 12, 2013), Billings Logan Airport, and St. George Municipal Airport

1. *Grand Junction Regional Airport, CO Reversionary	20-year initial term + one 10-year extension + four 5-year extensions (**50 years**) ****Existing lessees** > Can keep current lease <u>OR</u> Convert to 50-year lease using original start date for current lease Contact: Director of Finance & Business Gary Schroen 970-244-9100
2. *St. George Municipal Airport, UT Non-reversionary	30-year initial term + may negotiate new lease agreement after that (> **30+ years**) Contact: Airport Operations Supervisor Brad Kitchen 435-627-4080 X24 ****Note:** See Mr. Kitchen's email explaining their conversion from reversionary to non-reversionary leases
3. *Billings Logan Airport, MT* Non-reversionary	20-year initial term + first right of refusal for new lease offered to any other person or entity (> **20+ years**) Contact: Airport Business Manager Marita Herold 406-237-6284 ****Note:** See Ms. Herold's email explaining their conversion from reversionary to non-reversionary leases
4. Cedar City Regional Airport, UT Reversionary	20-year initial term + five 5-year extensions (**45 years**) Contact: Airport Manager Russ Volk 435-867-9408
5. Fort Collins-Loveland Airport, CO Non-reversionary	25-year initial term + three 5-year extensions + may negotiate new lease agreement after that (> **40+ years**) Contact: Operations Manager Larry Mack 970-962-2850
6. Page Municipal Airport, AZ Non-reversionary	15-year initial term + two 5-year extensions + may negotiate new lease agreement after that (> **25+ years**) Contact: Airport Administrator Lona Shugart 928-645-4240
7. Spanish Fork-Springfield Airport, UT Non-reversionary	Initial term thru Dec 2015 + first right of refusal for multiple 15-year renewals after that (> **32+ years**) Contact: Airport Manager Chris Child 801-420-8888
8. Steamboat Springs Airport, CO Reversionary	35-year initial term + one 5-year extension (**40 years**) Contact: Contracts/Risk Analyst Shelly St. Pierre 970-871-8269
9. Gunnison - Crested Butte Airport, CO Reversionary	20-year initial term + one 20-year extension (**40 years**) Contact: Airport Manager Rick Lamport 970-641-2304
10. Ogden Hinkley Regional Airport, UT Non-reversionary	15-year initial term + renewable every 5 years (> **20+ years**) Contact: Senior Office Assistant to the Airport Manager Vasati Ulii 801-629-8251 #1

From: Bradley Kitchen <brad.kitchen@sgcity.org>
To: Paul Boyer <pebo@boyaire.us>
Sent: Thursday, January 16, 2014 9:44 AM
Subject: RE: Our conversation regarding non-reversionary leases

Good morning Paul,

As your aware, the City of St. George has been operating out of a new airport facility for the past 3 years. We spent several years planning the new facility which included drafting and approving new documents such as; land/hangar leases, the ACM, AEP, ASP, Minimum Aeronautical Standards, Rules and Regulations, and other plans that are required to operate a commercial Part 139 airport. In regards to SGU's land and hangar leases, the City never supported a reversionary clause in any of the leases at the old airport. For the past 15 years, the City planned and new they were going to build a new airport facility so as these old leases started to expire, the city decided to renew these old leases but to have an expiration date of January 11, 2011, as this was the date to move into the new airport facility and close down the old airport. At this time, a hangar owner had to remove their hangar from the old airport property and was given the opportunity to move it over to the new airport under the new regulations and lease agreements. Up until this time, SGU never supported the reversionary clause.

One year prior to moving into the new airport, the city started working on a new lease agreement to implement for the new airport. At this time the reversionary clause was added to the new lease with a 30 year term. After 30 years, the building or hangar would revert back to the city for ownership. This did not go over well with the people who wanted to invest in the new airport or move their hangars from the old facility to the new. After two years working and planning with the airport users, the city decided to remove the reversionary clause from the new lease. It's my opinion if the reversionary clause was implemented into the new lease agreement, over half of our airport tenants at the old airport would not have made the move to the new airport. With this being said, 95 % of the hangar owners who held a lease on the old airport made the move and signed the new lease agreement at the new airport.

So as of this date, there is no airport lease that has the reversionary clause.

I hope this helps you in your decisions. Feel free to call with any other questions you might have.

Sincerely,

Brad Kitchen, C.M.
Airport Operations Supervisor/ASC
4508 S. Airport Parkway, Suite 1
St. George, Utah 84790
435-705-0748
Brad40@sgcity.org

From: "Herold, Marita" <HeroldM@ci.billings.mt.us>
To: 'Paul Boyer' <pebo@boyaire.us>
Sent: Friday, January 10, 2014 4:38 PM
Subject: RE: Hangar information

Hi Paul:

In regard to the hangar lease reversion matter that we discussed on the phone, please note that these are perhaps the key reasons that our airport decided to stop writing leases with a reversionary clause:

- The clause was very unpopular with our tenants. Tenants often spoke of the difficulty getting financing for construction of hangars if the lease had a reversionary clause, and many opted not to build here because they could not get the financing for the construction.

- The Airport is municipally owned so all the land is zoned public, and is therefore tax exempt from county real estate taxes. The hangars constructed by tenants were considered "improvements" and were taxed separately to the tenant as a non-exempt entity. When the hangar ownership reverted to the Airport, it took a few years of working with the County to get the change made in all of the County's property records. This took a lot of administrative staff time to complete.

- The reversionary clause often resulted in delayed maintenance to the hangars as the deadline for the ownership reversion neared. This meant that by the time the Airport took ownership of the hangars, expensive items like overhead doors needed replacement and roofs often needed work, not to mention other deferred maintenance on the ramps, etc.

I hope this information is of assistance to you. If you have any questions, please give me a call.

Marita Herold
Aviation & Transit Business Manager
City of Billings Logan International Airport
1901 Terminal Circle, Room 216
Billings, MT 59105
Phone: (406) 237-6284
FAX: (406) 657-8438
Email: heroldm@ci.billings.mt.us

5. Competing Ground Lease Analysis that Differs with Jviation Recommendations

- Heber City previously paid the consulting firm Airport Business Solutions for a nearly identical study of Russ McDonald Field, dated Feb 9, 2007.

Airport Business Solutions

Airport Business Solutions
"Valuation and Consulting Services to the Aviation Industry"
10014 N. Dale Mabry Highway, Suite 101, Tampa, Florida 33618-4426
Phone (813) 269-2525 Fax (813) 269-8022

SLIDE #~~19~~ 20

February 9, 2007

Mr. Mark K. Anderson
Heber City Manager
75 North Main Street
Heber City, Utah 84032

RE: Airport Lease Analysis
Heber City Municipal Airport - Russ McDonald Field
Heber City, Utah

Dear Mr. Anderson:

Per the request by Heber City, we are pleased to present this document, which represents an Airport Lease Analysis for the Heber City Municipal Airport - Russ McDonald Field in Heber City, Utah. The following report provides our assessment and analysis of various and potential lease issues and policies for ground leases at the Airport, as well as our recommendations for consideration.

In the development of this document, *Airport Business Solutions* researched many sectors of the local, regional and national airport market, expanding as necessary to gain sufficient and comprehensive data to yield adequate and supportable conclusions. Moreover, we reviewed the hangar row agreements, hangar leases, and the FBO lease and hangar agreements. We met with the tenants and the FBO owner/manager and interviewed City Officials and Airport Staff. In addition, *ABS* has provided Heber City with a sample RFP document and a sample lease agreement.

We appreciate the opportunity to provide our professional services to Heber City. If you should have any further questions, please advise.

Sincerely,

Randy D. Bisgard
Senior Vice President

Solutions as Unique as the Problems . . .

Office Locations: Tampa, FL * Fort Myers, FL * Denver, CO * Boston, MA * Jacksonville, FL

Comparison of Airport Business Solutions and Jviation Analysis Recommendations

- Daniel 25-year Non-reversionary leases at end-of-lease:

  - Jviation Report (Page 9): At expiration of the 25-year lease, a 5-year reversionary lease with hangar ownership reverting to the City after that. Owners that don't accept the reversionary extension will be required to remove the hangar at the end of the original 25-year lease.

  - ABS Report (Section IV Page 3): Original 25-year lease plus an additional 20-year new lease (total of 45-year lease) unless the City exercises its first right of refusal to purchase the hangar at the prevailing fair market value. The additional 20 years, coupled with the remaining term on the current leases, should provide the hangar owners with sufficient time to amortize their investment.

- Hangar Row Reversionary leases at end-of-lease:

  - Jviation Report (Page 8): None of these leases should be extended. Depending on the economic conditions at the time of reversion, the City can either, remove the hangars or rent them month-to-month.

  - ABS Report (Section IV Pages 2-3): Multiple 1-year extensions with the Owners' first right of refusal on any new hangar constructed by the City. Increase rental rates to prevailing market rents for land.

Conclusions

1. City needs to treat all airport stakeholders fairly without discrimination.

2. Reversionary leases are higher risk with uncertain rewards not realized until far into the future. Non-reversionary leases are lower risk with immediate, long term, increasing revenue streams that reversionary leases don't have.

3. Jviation's Aug 8, 2013 *Lease Rates and Policy Analysis* is problematic at best with missing and inaccurate data and only 2 of the remaining 8 comparable airports having Non-reversionary leases.

4. Additional comparable airports are needed to balance the Jviation's selectiveness and mistakes. Their list is too narrow and skewed to airports with shorter terms and reversionary leases, even though there are many comparable airports available with longer terms and non-reversionary leases.

5. The City paid for 2 competing analyses that have significantly different recommendations. The data and recommendation discrepancies need to be reconciled.

Conclusions & Recommendations

- Quotes from the July 19, 2012 City Council Work Meeting Minutes:

  "Anderson ... explained he took some preliminary information from Grand Junction Airport since they were experiencing a similar situation [as Heber]. In speaking with officials at the Salt Lake Airport, as well as Grand Junction Airport, there was hesitancy to have reversionary hangars because the owners were less likely to maintain them, knowing that after a certain time period, they would revert ownership back to the city." "In Grand Junction, some hangars were so deteriorated that they needed to be removed."

1. Ground Lease discussions need to start anew in consideration of the new information that has come to light. This includes reconsidering Jviation's new policy recommendations for future leases that the Airport Advisory Board is close to recommending to the City Council.

   - *As Grand Junction has shown, it is possible to establish a new lease for all current and future Hangar Owners alike.*

2. Considering the City Manager's statements about Grand Junction, it is logical to use the new Grand Junction Regional Airport *Leasing Guidelines* as a starting point, along with the recently new Non-reversionary leases that replaced previous Reversionary leases at St. George Regional Airport and Billings Logan Airport.

3. Consider Airport Board Chairman Rowland's proposal to establish a Working Group if the appointment of members can be agreed upon. The positions require stakeholders with an understanding of the issues prior to being appointed so the Group doesn't waste time getting them up to speed. Selections from Hangar Owners and Airport Advisory Board members are preferable.

We believe that a better course for all parties involved is for the council to authorize a path to policy that utilizes the wisdom, experience, and precedents set by other similar airports and communities in the region to come up with our own solution that provides an equitable outcome and guiding light for the growth of the airport that best suits the particular circumstances of all stakeholders.

We firmly believe that it is in best interest all the stakeholders to not have a cycle of degeneration and repair, but rather a continually well maintained, attractive asset to the community that invites community members and businesses alike.

About the 36U Hangar Owners Group: Over the past few years owners have become increasingly concerned about the direction of the airport, hangar leases, and representation of the various groups of leaseholders. This is an informal group that is interested in promoting the voices of hangar and business owners at the airport with local officials and in the community to promote fairness and transparency in policy making.

About Barry Hancock: Barry is an experienced business owner, pilot, and hangar owner at 36U. He owns a hangar with a commercial apron reversionary lease. His involvement in the Owners Group rises out of his experience in trying to negotiate a new lease with the purchase of the hangar for the purposes of operating two businesses at 36U. Barry is passionate about preserving aviation history, promoting aviation in the community, and desires to be at 36U for the long haul.

About Paul Boyer: Paul is longtime pilot with more than 17,000 flying hours and owner of 36U Daniels hangar #19. He is retired from dual careers, one as an Air Force Lt. Colonel and Phantom pilot and the other as a Captain flying 30 years for American Airlines. Paul's concerns currently involve preserving affordable General Aviation for younger generations, particularly at Russ McDonald Field where so many Heber Valley residents learned to fly over the years, with Hangar Row as the heart and soul of the airport.