
DATE: August 29, 2022
TO: SAA Board of Directors
FROM: Tim Rogers and Shelli Swanson
SUBJECT: **August 31, 2022, SAA Special Board Meeting**

Enclosed are items for your review prior to the Wednesday, August 31, 2022, special meeting. Please note that the meeting will be held in the **first-floor conference room, Hangar 600, 2720 Arnold Ct.** A map showing the location of Hangar 600 is enclosed in your board meeting packet. The meeting is also available via the following GoToMeeting link.

<https://meet.goto.com/552736213> or you can dial in using your phone United States: [+1 \(872\) 240-3311](tel:+18722403311)
Access Code: 379-012-149

Public Hearing

The meeting will provide SAA staff an opportunity to update SAA board members on the SAA's preliminary 2023 budget. The 2023 budget update will include an overview of the following:

- The SAA's preliminary estimates for operating revenues and expenses for calendar year 2023.
- A review of the SAA's 2023 general obligation bond financing plan and debt service requirements. The SAA's 2022 mill levy requirement for calendar year 2023 G.O. bond debt service is 4.084 mills (\$1,982,031).
- The presentation of the SAA's 2023 airport improvements budget and matching funds requirement. The SAA's 2022 mill levy requirement for funds to match federal and state grants is 1.00 mills (\$485,340).

Following the presentation and review of the SAA's 2023 preliminary operating, G.O. bond financing and airport improvements budgets and associated 2022 mill levy requirements, a public hearing will be held to receive comments concerning the SAA's proposed 2022 mill levy. The recommended total 2022 mill levy for the SAA's 2023 budget is 5.084 which exceeds the SAA's Revenue Neutral Rate of 3.838 mills. On July 20, 2022 the SAA notified the Saline County Clerk of an intent to exceed the Revenue Neutral Rate with a proposed mill levy of 5.901 mills.

Following the public hearing the SAA board of directors will consider Resolution No. 22-08 that declares the Salina Airport Authority's intent to levy a property tax rate exceeding the Revenue Neutral Rate of 3.893 mills for tax year 2022 (2023 budget year).

To allow for additional time for publication of the details of the SAA's intent to levy a property tax of 5.084 mills that exceeds the Revenue Neutral Rate of 3.893 mills the public hearing will be continued until **4:00 PM, Wednesday, September 14**. At that time the board of directors will take final action on SAA Resolution No. 22-08.

Enclosed are the following items related to the 2023 budget and mill levy requirements for your review prior to Wednesday's meeting.

- A preliminary summary of the SAA's operating budget (revenues and expenses).
- A copy of the SAA's 2023 Bond Financing Plan
- A copy of the SAA's 2023 airport improvement priorities, estimated project costs, and local matching fund requirements.
- A copy of the SAA's July 20, 2022, **Notice of Revenue Neutral Rate Intent**
- A copy of **SAA Resolution No. 22-08**
- A copy of the public notice for the continuation of the public hearing on 4:00 PM, Wednesday, September 14.

Action Item No. 1 – Consideration of a Lease Agreement with 1 Vision Aviation Salina for Hangar H606 at the Salina Regional Airport. (Rogers and Swanson)

Enclosed is a copy of the signed leased received from 1 Vision Aviation Salina for hangar H606. 1 Vision will use H606 for the company's growing MRO business at the SLN. The business growth is due to new long-term contacts with new customers. The initial term of the lease is set at twenty (20) months to match up with the base lease term for hangar H959. The H606 lease terms are:

Hangar H606

- 1 Vision Aviation Salina
- 49,222 SF
- Initial Term: twenty (20) months effective November 1, 2022, with options for three (3) additional terms of five (5) years each
- Biennial CPI adjustments
- \$23,170 per month
- **\$278,040 per year**
- \$5.65 per SF per year

Recommendation: Approval of the proposed lease with 1 Vision Aviation Salina for hangar H606 and authorize Chair Buer to sign the Lease Agreement.

Action Item No. 2 – Consideration of a Lease Agreement with 1 Vision Aviation Salina for Warehouse B595-B at the Salina Airport Industrial Center. (Rogers and Swanson)

Enclosed is a copy of the signed leased received from 1 Vision Aviation Salina for warehouse B595-B. The company's growth has resulted in the need for a parts and inventory warehouse. The space in B595-B will also service as an aircraft interiors shop. The initial term of the lease is set at ten (10) years. The B-595-B lease terms are:

Warehouse B595-B

- 1 Vision Aviation Salina
- 10,790 SF
- Ten-years effective October 1, 2022, with options for three (3) additional terms of five (5) years each
- Biennial CPI adjustments
- \$3,690 per month
- **\$44,280 per year**
- \$4.10 per SF per year

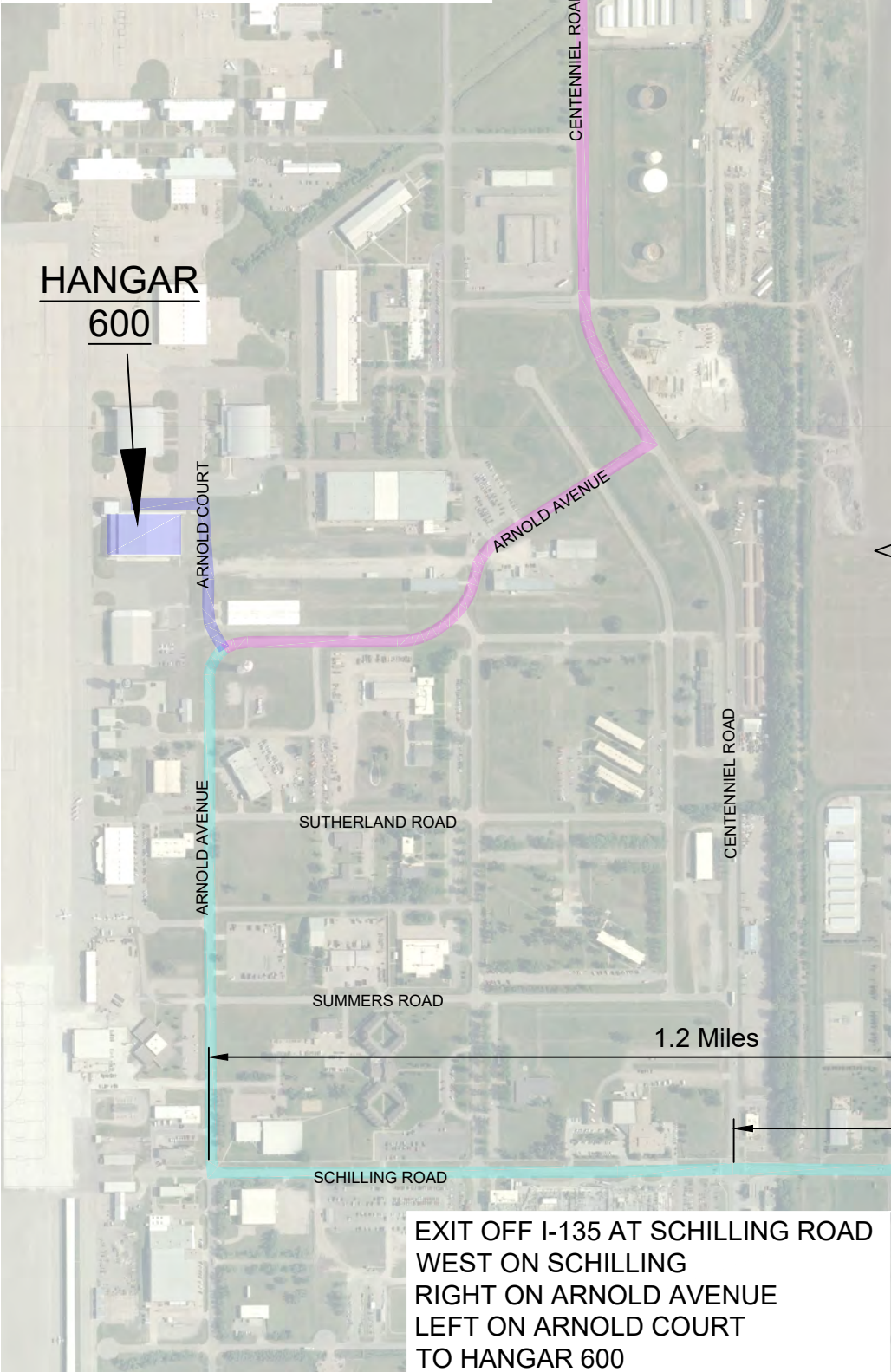
Recommendation: Approval of the proposed lease with 1 Vision Aviation Salina for warehouse B595-B and authorize Chair Buer to sign the Lease Agreement.

Updated 1 Vision Aviation Salina financial ratios will be available for review at the special board meeting.

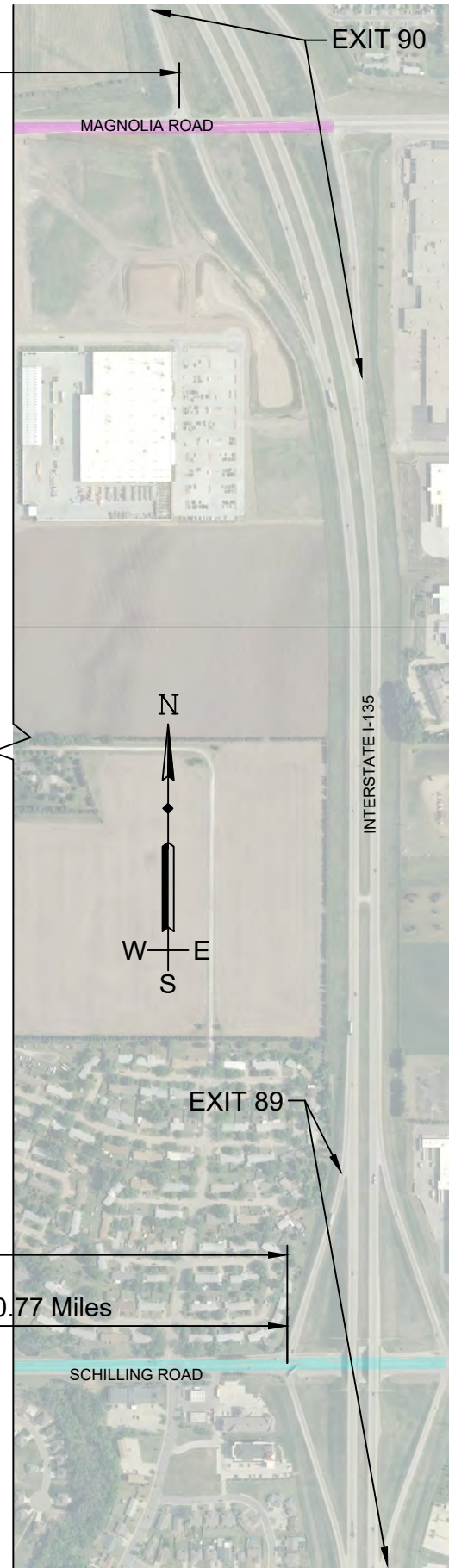
Please contact us if you have any questions or comments.

DIRECTIONS TO HANGAR 600 (2720 ARNOLD COURT)

EXIT OFF I-135 AT MAGNOLIA ROAD
WEST ON MAGNOLIA
LEFT ON CENTENNIAL
RIGHT ON ARNOLD AVENUE
RIGHT ON ARNOLD COURT
TO HANGAR 600



EXIT OFF I-135 AT SCHILLING ROAD
WEST ON SCHILLING
RIGHT ON ARNOLD AVENUE
LEFT ON ARNOLD COURT
TO HANGAR 600



SALINA AIRPORT AUTHORITY SPECIAL BOARD MEETING
Hangar H600, First Floor Conference Room
2720 Arnold Court

August 31, 2022 – 4:00 PM

AGENDA

Call to Order (Buer)

1. Call to order, determine that a quorum is present and confirm that the meeting notice has been published. (Buer)
2. Recognition of guests. (Buer)
3. Additions to the agenda and agenda overview. (Rogers)

Public Hearing

SAA Resolution No. 22-08 – Revenue Neutral Rate Hearing for Salina Airport Authority (Buer)

1. Review of the Salina Airport Authority’s preliminary 2023 budget. (Rogers and Swanson)
2. A public hearing regarding the Salina Airport Authority’s intent to exceed the Revenue Neutral Rate. (Rogers and Buer)
3. Consideration of SAA Resolution No. 22-08 – A Resolution of the Salina Airport Authority, Salina, Kansas to Exceed the Revenue Neutral Rate in its property Tax Levy for the Tax Year of 2022. (Rogers and Swanson)

Action Items (Buer)

1. Consideration of a lease agreement with 1 Vision Salina for hangar H606. (Rogers and Swanson)
2. Consideration of a lease agreement with 1 Vision Salina for warehouse B595, Unit B. (Rogers and Swanson)

Directors’ Forum (Buer)



Visitor's Questions and Comments (Buer)

Staff Reports (Rogers)

Announcements (Windhorst)

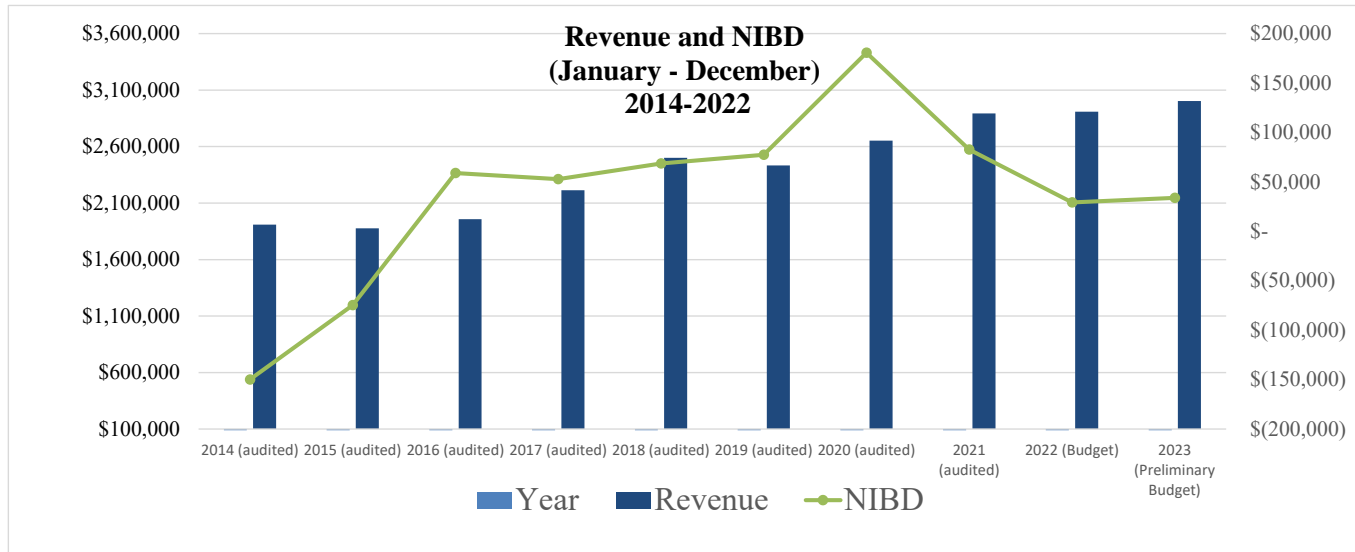
Adjournment (Buer)



10-Year Operating Revenues and Expenses January - December

2014-2021 Actual
2022-2023 Projected

	2014 (audited)	2015 (audited)	2016 (audited)	2017 (audited)	2018 (audited)	2019 (audited)	2020 (audited)	2021 (audited)	2022 (Budget)	2023 (Preliminary Budget)
TOTAL REVENUES										
OPERATING REVENUES										
Airfield	\$ 572,681	\$ 529,973	\$ 530,889	\$ 510,263	\$ 586,108	\$ 742,672	\$ 750,570	903,191	910,450	937,764
Fuel flowage fees	150,110	189,532	145,280	202,727	194,647	185,249	190,668	180,416	180,000	185,000
Building and land rent	1,136,063	1,068,335	1,174,553	1,310,833	1,383,282	1,349,788	1,543,756	1,689,044	1,701,040	1,760,576
Other revenue	50,499	88,664	106,144	189,477	335,855	155,249	167,352	121,073	118,000	119,770
TOTAL OPERATING REVENUES	1,909,353	1,876,504	1,956,866	2,213,300	2,499,892	2,432,958	2,652,346	2,893,724	2,909,490	3,003,110
TOTAL EXPENSES										
OPERATING EXPENSES										
Administrative	1,198,445	1,253,045	1,183,681	1,264,135	1,567,514	1,524,897	1,630,020	1,734,025	1,813,405	1,867,807
Maintenance	860,760	698,173	714,188	896,488	863,656	830,538	841,705	1,076,971	1,066,874	1,101,547
TOTAL OPERATING EXPENSES	2,059,205	1,951,218	1,897,869	2,160,623	2,431,170	2,355,435	2,471,725	2,810,996	2,880,279	2,969,355
OPERATING INCOME BEFORE DEPRECIATION	#####	\$ (74,714)	\$ 58,997	\$ 52,677	\$ 68,722	\$ 77,523	\$ 180,621	\$ 82,728	\$ 29,211	\$ 33,755



2023 Bond Financing Plan

Salina Airport Authority General Obligation Bonds Series 2023-A

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4801 Main Street, Suite 530
Kansas City, Missouri 64112
816-203-8733

2023 Bond Financing Plan

Salina Airport Authority

Outstanding Temporary Notes

Series	Principal Amount	Issue Date	Maturity Date	Rate	First Call Date
2020-1	2,100,000	09/01/20	09/01/23	0.48%	09/01/21
2021-1	3,545,000	11/10/21	09/01/23	0.45%	09/01/22
2022-1	1,000,000	07/07/22	07/01/23	2.25%	12/01/22
	6,645,000			0.73%	

average

2023 Bond Issue Overview

Scope of Issue:	Redeem Outstanding Temporary Notes Fund Improvements to Hangar 626
Estimated Issuance Date:	07/01/23
First Payment Due:	2024
Final Payment Due:	2043

Sizing:

Redemption of Temporary Note Principal (1)	
Series 2020-1	2,100,000
Series 2021-1	3,545,000
Series 2022-1	1,000,000
Total Principal Due on Notes	<u>6,645,000</u>
Add: Hangar 626 Project Costs (2)	3,250,000
Add: Estimated Issuance Costs (approximately 1.00%)	102,098
Less: Available Funds	<u>(82,098)</u>
Total Principal Amount of 2023 Bonds	9,915,000

(1) Assumes temporary notes are redeemed on July 1, 2023 and all interest due is paid with available cash.

(2) Borrowing amount will be based upon actual construction bids received.

Bond and Interest Fund Mill Levy Projection

Salina Airport Authority

Debt Service and Levy Requirements

Year	Annual Debt Service Payments										Estimated Series 2023-A Bonds	Aggregate Debt Service	Reductions to Levy Amount			Net Debt Service to Levy	Assessed Valuation (3)	Mill Levy
	Outstanding Bonds and Notes												Operating Revenues (1)	Motor Vehicle Taxes (2)	Total Reductions			
	Bonds Series 2015-A	Bonds Series 2017-A	Bonds Series 2017-B	Bonds Series 2019-A	Bonds Series 2019-B	Bonds Series 2021-A	Notes Series 2020-1	Notes Series 2021-1	Notes Series 2022-1	Total Outstanding								
2023	88,443	803,463	166,300	78,635	896,100	175,813	3,360	13,294	22,125	2,247,531	578,375	2,247,531	(85,000)	(265,500)	(265,500)	1,982,031	485,340,163	4.084
2024	91,043	1,705,600	165,550	77,043		175,305				2,214,540	495,750	2,792,915	(85,000)	(265,500)	(350,500)	2,442,415	490,193,565	4.983
2025	93,195	1,703,160	164,800	80,385		179,580				2,221,120	495,750	2,716,870	(85,000)	(311,843)	(396,843)	2,320,027	495,095,500	4.686
2026		1,522,598	449,050	78,530		178,455				2,228,633	495,750	2,724,383	(85,000)	(298,545)	(383,545)	2,340,838	500,046,455	4.681
2027		1,248,883	714,750	76,605		176,955				2,217,193	495,750	2,712,943	(85,000)	(299,796)	(384,796)	2,328,146	505,046,920	4.610
2028		1,245,333	717,200	79,575		175,305				2,217,413	495,750	2,713,163	(85,000)	(297,667)	(382,667)	2,330,495	510,097,389	4.569
2029		1,244,738	719,050	77,325		178,355				2,219,468	495,750	2,715,218	(85,000)	(297,061)	(382,061)	2,333,157	515,198,363	4.529
2030		1,291,875	675,300			176,030				2,143,205	495,750	2,638,955	(85,000)	(296,489)	(381,489)	2,257,466	520,350,347	4.338
2031			1,967,300			178,705				2,146,005	495,750	2,641,755	(85,000)	(288,135)	(373,135)	2,268,620	525,553,850	4.317
2032						175,985				175,985	1,030,750	1,206,735	(85,000)	(288,445)	(373,445)	833,290	530,809,389	1.570
2033						178,265				178,265	1,029,000	1,207,265	(85,000)	(143,139)	(228,139)	979,126	536,117,482	1.826
2034						180,130				180,130	1,026,000	1,206,130	(85,000)	(157,895)	(242,895)	963,235	541,478,657	1.779
2035						176,900				176,900	1,026,750	1,203,650	(85,000)	(156,079)	(241,079)	962,571	546,893,444	1.760
2036						178,500				178,500	1,026,000	1,204,500	(85,000)	(155,820)	(240,820)	963,680	552,362,378	1.745
2037						-				-	1,208,750	1,208,750	(85,000)	(155,743)	(240,743)	968,007	557,886,002	1.735
2038						-				-	1,205,750	1,205,750	(85,000)	(155,990)	(240,990)	964,760	563,464,862	1.712
2039						-				-	1,205,750	1,205,750	(85,000)	(155,483)	(240,483)	965,267	569,099,511	1.696
2040						-				-	1,203,500	1,203,500	(85,000)	(155,355)	(240,355)	963,145	574,790,506	1.676
2041						-				-	1,204,000	1,204,000	(85,000)	(154,970)	(239,970)	964,030	580,538,411	1.661
2042						-				-	1,207,000	1,207,000	(85,000)	(154,886)	(239,886)	967,114	586,343,795	1.649
2043						-				-	1,202,250	1,202,250	(85,000)	(155,020)	(240,020)	962,230	592,207,233	1.625
Total	272,680	10,765,648	5,739,300	548,098	896,100	2,484,283	3,360	13,294		20,744,886	17,624,125	38,369,011	(1,700,000)	(4,609,363)	(6,309,363)	32,059,648		

Assumptions:
 (1) Represents transfer of operating revenues into Bond & Interest Fund.
 (2) Based on Authority's estimated share of countywide motor vehicle tax collections.
 (3) Assessed valuation grows annually at rate of: 1.00%

Series 2023-A Bonds

Salina Airport Authority

Estimated Debt Service Schedule

Date	Principal	Rate	Interest	Period Total	Annual Total
3/1/2024			330,500.00	330,500.00	
9/1/2024			247,875.00	247,875.00	578,375.00
3/1/2025			247,875.00	247,875.00	
9/1/2025			247,875.00	247,875.00	495,750.00
3/1/2026			247,875.00	247,875.00	
9/1/2026			247,875.00	247,875.00	495,750.00
3/1/2027			247,875.00	247,875.00	
9/1/2027			247,875.00	247,875.00	495,750.00
3/1/2028			247,875.00	247,875.00	
9/1/2028			247,875.00	247,875.00	495,750.00
3/1/2029			247,875.00	247,875.00	
9/1/2029			247,875.00	247,875.00	495,750.00
3/1/2030			247,875.00	247,875.00	
9/1/2030			247,875.00	247,875.00	495,750.00
3/1/2031			247,875.00	247,875.00	
9/1/2031			247,875.00	247,875.00	495,750.00
3/1/2032			247,875.00	247,875.00	
9/1/2032	535,000.00	5.000%	247,875.00	782,875.00	1,030,750.00
3/1/2033			234,500.00	234,500.00	
9/1/2033	560,000.00	5.000%	234,500.00	794,500.00	1,029,000.00
3/1/2034			220,500.00	220,500.00	
9/1/2034	585,000.00	5.000%	220,500.00	805,500.00	1,026,000.00
3/1/2035			205,875.00	205,875.00	
9/1/2035	615,000.00	5.000%	205,875.00	820,875.00	1,026,750.00
3/1/2036			190,500.00	190,500.00	
9/1/2036	645,000.00	5.000%	190,500.00	835,500.00	1,026,000.00
3/1/2037			174,375.00	174,375.00	
9/1/2037	860,000.00	5.000%	174,375.00	1,034,375.00	1,208,750.00
3/1/2038			152,875.00	152,875.00	
9/1/2038	900,000.00	5.000%	152,875.00	1,052,875.00	1,205,750.00
3/1/2039			130,375.00	130,375.00	
9/1/2039	945,000.00	5.000%	130,375.00	1,075,375.00	1,205,750.00
3/1/2040			106,750.00	106,750.00	
9/1/2040	990,000.00	5.000%	106,750.00	1,096,750.00	1,203,500.00
3/1/2041			82,000.00	82,000.00	
9/1/2041	1,040,000.00	5.000%	82,000.00	1,122,000.00	1,204,000.00
3/1/2042			56,000.00	56,000.00	
9/1/2042	1,095,000.00	5.000%	56,000.00	1,151,000.00	1,207,000.00
3/1/2043			28,625.00	28,625.00	
9/1/2043	1,145,000.00	5.000%	28,625.00	1,173,625.00	1,202,250.00
	9,915,000.00			17,624,125.00	17,624,125.00

Salina Airport Authority
 Summary of Funding for Airport Capital Improvement Projects
 and Allocation of Anticipated 2023 Mill Levy Receipts for Local Match

	<u>Total</u>	<u>FAA</u>	<u>SAA</u>
<u>Fuel Farm - (MAP)</u>			
Design	\$ 369,757	\$ 332,781	\$ 36,976
Construction	5,185,992	4,667,393	518,599
Total	\$ 5,555,749	\$ 5,000,174	\$ 555,575

<u>Runway 12/30 - (BIL & Entitlement)</u>			
Design	\$ 351,646	\$ 316,481	\$ 35,165
Construction	5,525,853	4,973,268	552,585
Total	\$ 5,877,499	\$ 5,289,749	\$ 587,750

<u>Terminal Bldg. Project (BIL)</u>			
Building Expansion			
Design	\$ 1,337,421	\$ 1,203,679	\$ 133,742
Construction	7,221,579	6,499,421	722,158
Subtotal	8,559,000	7,703,100	855,900
Parking Lot Expansion			
Design	234,000	210,600	23,400
Construction	2,955,000	2,659,500	295,500
Subtotal	3,189,000	2,870,100	318,900
Total	\$ 11,748,000	\$ 10,573,200	\$ 1,174,800

Estimated 2023 Mill Levy Receipts	\$ 485,340
Local match for design	\$ (229,282)
Local match available for construction in 2023	
Phase 1 of Fuel Farm Construction	<u>(256,058)</u>
	\$ -

Saline County Clerk/Election Office



Jamie R Doss – County Clerk/Election Officer

Phone: (785) 309-5820

300 W Ash St, Rm 215

FAX: (785) 309-5826

P.O. Box 5040

E-mail: Jamie.Doss@saline.org

Salina, KS 67402-5040

www.saline.org

Notice of Revenue Neutral Rate Intent

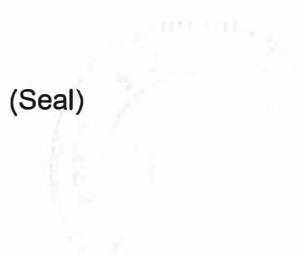
PURSUANT TO K.S.A 79-1460, 79-1801, 79-2024, 79-2925c

THE GOVERNING BODY OF Salina Airport Authority, HEREBY NOTIFIES THE SALINE COUNTY CLERK THE REVENUE NEUTRAL RATE INTENT;

X Yes, we intend to exceed the Revenue Neutral Rate and our proposed mill levy rate is 5.901. The date of our hearing is Aug. 31, 2022 at 4:00 AM/PM and will be held at Room 100, Hangar 600, 2720 Arnold Ct. address in Salina, Kansas.
4.901 GO Bond Debt Service
1.00 Grant Match

 No, we do not plan to exceed the Revenue Neutral Rate and will submit our budget to the County Clerk on or before August 25, 2022.

WITNESS my hand and official seal on July 20, 2022



Kent Buer

Clerk or Officer of Governing Body
Kent Buer, Chairman

NOTE: Notice required to be sent to County Clerk on or before 5 p.m. on July 20, otherwise Revenue Neutral Rate cannot be exceeded. Signed notice may be scanned and sent electronically.

A RESOLUTION OF THE SALINA AIRPORT AUTHORITY, SALINA, KANSAS TO EXCEED THE REVENUE NEUTRAL RATE IN ITS PROPERTY TAX LEVY FOR THE TAX YEAR OF 2022;

WHEREAS, the Salina Airport Authority is statutorily required to provide notice and hearing prior to exceeding the Revenue Neutral Rate; and

WHEREAS, the Salina Airport Authority provided notice of the hearing on the Revenue Neutral Rate on August 18, 21, and 24, 2022, and;

WHEREAS, the Revenue Neutral Rate for tax year 2022 for Salina Airport Authority was calculated as 3.838 mills by the Saline County Clerk; and

WHEREAS, the budget proposed by the Salina Airport Authority for tax year 2022 will require the levy of a property tax rate exceeding the Revenue Neutral Rate; and

WHEREAS, the Salina Airport Authority held a hearing on August 31, 2022 allowing all interested taxpayers an opportunity to be heard at the hearing; and

WHEREAS, the Salina Airport Authority having heard testimony, have determined that it is in the best interests of the Salina Airport Authority to exceed the Revenue Neutral Rate.

NOW, THEREFORE, BE IT RESOLVED BY THE SALINA AIRPORT AUTHORITY:

The Salina Airport Authority shall levy a property tax rate exceeding the Revenue Neutral Rate of 3.838 mills for Tax Year 2022.

This resolution shall take effect and be in force immediately upon its adoption and shall remain in effect until future action is taken by the Salina Airport Authority.

ADOPTED this ___ day of September 2022

Kent Buer
Chairman, Salina Airport Authority

Attested:

Alan Eichelberger
Secretary, Salina Airport Authority

NOTICE OF REVENUE NEUTRAL RATE HEARING

The governing body of

Salina Airport Authority

will meet on September 14, 2022 at 4:00 p.m. at Salina Regional Airport's Fire Station Training Room, 2040 Beechcraft Road, Salina, KS as a continuation of its public hearing, initially commenced on August 31, 2022, for the purpose of answering objections of taxpayers relating to revenue neutral rate and proposed tax rate, as required by KSA 79-2988.

SUPPORTING COUNTIES

Saline County (home county)

Revenue Neutral Rate*	3.838	Proposed Tax Rate	5.084
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Tax Rates are expressed in mills

* Revenue Netural Rate as defined by KSA 79-2988

LEASE AGREEMENT

This Lease Agreement (the “Lease”) is made and entered into this ____ day of _____, 2022, by and between the **SALINA AIRPORT AUTHORITY, a Kansas public corporation**, of Salina, Saline County, Kansas, (the “Authority”), and **1 VISION AVIATION, PLLC**, a Professional Limited Liability Company, authorized to do business in Kansas, with principal offices located at 2500 Keokuk Ave., Sioux City, IA 51111, (“Lessee”)

Recitals

- A. Lessee has operated at the Salina Regional Airport in Hangar 959 as a Federal Aviation Administration (FAA) certificated aircraft maintenance repair station (14 C.F.R. Part 145) since September 1, 2019.
- B. Since 2019, Lessee’s business has grown substantially creating emerging opportunities for expansion.
- C. Lessee desires to lease and operate a second aircraft maintenance and repair (MRO) hangar at the Salina Regional Airport.
- D. The Authority has available, beginning November 1, 2022, a large bay aircraft hangar known as Hangar 606 (the “Hangar”) suitable for MRO activities.
- E. The Lessee desires to lease from the Authority, Hangar 606.

NOW THEREFORE, the parties covenant and agree:

1. Property Description.

- 1.1. Legal Description of Leased Tract. The Authority, in consideration of the rents, covenants, agreements, and conditions hereinafter agreed to be paid and performed by the Lessee, leases unto the Lessee the following described real estate:

Hangar No. 606 (containing approximately 49,222 SF of space) located at the Salina Regional Airport, Salina, Saline County, Kansas (commonly known as 2630 Arnold Ct.),

together with any improvements constructed or to be constructed thereon and the appurtenances thereunto belonging, as depicted on the attached Exhibit A (the “Premises”).

2. Term, Effective Date and Holdover.

2.1. Term and Effective Date of Lease. This Lease shall be for a period of twenty (20) months commencing effective November 1, 2022 and terminating on June 30, 2024 (“Primary Term”), as follows and subject to the option for renewal and extension hereinafter set forth.

2.2. Holdover. If the Lessee remains in possession of all or any part of the Premises after the expiration of this Lease, without the express or implied consent of the Authority, such occupancy shall be considered to be a “Holdover Tenancy” from month-to-month only, and not a renewal or extension of this Lease for any further term. In such case, the Basic Rent for such Holdover Tenancy shall be payable in the amount of 150% of the amount specified in Section 4.1 herein. Such Holdover Tenancy shall be subject to every other provision, covenant and agreement contained herein, including any applicable rental adjustments as per Section 4.1.1 herein. The foregoing provisions of this Subsection are in addition to and do not affect the right of re-entry or any right of the Authority hereunder or as otherwise provided by law and in no way shall such provisions affect any right which the Authority may have otherwise to recover damages, to the extent permissible by applicable law, from Lessee for loss or liability incurred by the Authority resulting from the failure by Lessee to surrender the Premises, or for any other reason. Nothing contained in this Subsection shall be construed as consent by Authority to any holding over by Lessee and the Authority expressly reserves the right to require Lessee to surrender possession of the Premises to Authority as provided in this Lease, and to the extent permissible by applicable law, upon the expiration of this Lease.

3. Option to Renew. The Lessee is hereby given the option to renew this Lease for three (3) additional terms of five (5) years each at the expiration of the Primary Term. In the event the Lessee elects to exercise its option hereunder, it must notify the Authority in writing six (6) months prior to the expiration of the then current term.

4. Rent.

4.1. Basic Rent. Lessee agrees to pay the Authority a Basic Rent for the leasing of the Premises the sum of Twenty-three Thousand One Hundred Seventy dollars and no/100 (\$23,170) per month, the first of which shall be due on the Effective Date and prorated to the end of the month. The rental shall be payable monthly in advance and shall be due on the first day of each subsequent month, for that month.

4.1.1. On the second (2nd) anniversary date after the Effective Date and every two (2) years thereafter during the term of this Lease or any renewal or extension thereof, the Basic Rent shall be adjusted by increasing the Basic Rent for the prior 24-month period by the same percentage as the percentage of increase in the U.S. Government Consumer Price Index (C.P.I.) over the same prior

24-month period. If the C.P.I. over the same 24-month period has not shown a net increase, the Basic Rent for the period shall remain the same as the Basic Rent for the prior 24-month period. The C.P.I. shall be the statistical report prepared and published by the Bureau of Labor Statistics for the United States for all items for urban consumers, or such other index or report substituted therefore by the U.S. Government. The reference basis for the C.P.I. shall be 1967 equals 100 or the most current index base as established by the Bureau of Statistics. The difference between such index nearest to the first day of the prior 24-month period and the last available index to the last day of the prior 24-month period divided by such index nearest to the first day of the prior 24-month period will determine either the percentage of increase, or that the Basic Rent will remain the same as the prior 24-month period, as provided above.

4.2. Additional Rental. In addition to the Basic Rent, Lessee covenants and agrees that it will be responsible for Additional Rent, which shall include the following components:

4.2.1. Taxes. Lessee agrees to pay all real estate taxes, which may be levied against the Premises prorated to the Effective Date. Upon the Authority's receipt of a statement for taxes or assessments, the Authority will invoice the Lessee. When applicable, the Lessee may determine whether to exercise the option to pay only the first half or the entire obligation. Lessee agrees to make payment to the Authority of the full amount due under the chosen option, no later than December 15 for taxes or assessments due December 20 and no later than May 5 for taxes or assessments due May 10.

4.2.2. Late Charge. If the rental amount due hereunder is not received by the Authority within five (5) days of due date, a late charge of six percent (6%) of the total amount due and currently owing, or Seventy-Five Dollars (\$75.00), whichever is greater, will be assessed against the Lessee. Failure to pay the rent and the late charge within twenty (20) days shall be grounds for termination of this Lease, solely at the discretion of the Authority, and not as a termination right for Lessee, in addition to recovery of the unpaid rent and the late charge.

4.2.3. Security Deposit. Upon Lessee's execution and delivery of this Lease, Lessee agrees to pay a Security Deposit in the amount equal to the Basic Rent (\$23,170). The Security Deposit shall be held by the Authority without liability for interest, as security for the performance by Lessee of Lessee's covenants and obligations under this Lease; it being expressly understood that the Security Deposit shall not be considered an advance payment of rent or a measure of the Authority's damages in case of default by Lessee. The Authority may commingle the Security Deposit with the Authority's other funds. The Authority may, from time to time, without prejudice to any other remedy, use the Security Deposit to the extent necessary to make good any arrearages of rent or to satisfy any other covenant or obligation of Lessee

hereunder. Following any such application of the Security Deposit, Lessee shall pay to the Authority on demand the amount so applied in order to restore the Security Deposit to its original amount. If Lessee is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by the Authority to Lessee.

4.2.4. Keys. All keys issued to Lessee by the Authority must be returned to the Authority by 12:00 P.M., Noon, on the date this Lease expires or is terminated. If all keys are not returned or if Lessee loses a key during the term of the Lease or any extension thereof, a fee will be charged for each key lost and for each building interior and exterior lock change. The charge per key and lock change will be according to the current rates and charges schedule as adopted annually in the Authority's fiscal year budget.

4.2.5. Property Insurance. As per Section 5.10 below, the Authority agrees to notify Lessee on or before December 15 of each year as to the property insurance premium for the coming calendar year and Lessee agrees to reimburse the Authority on or before March 1 of each year of the commercial property insurance covering the improvements located on the Premises. Partial year occupancy shall result in a pro-rated premium. The 2022 monthly pro-rated premium shall be due on or before the Effective Date of the Lease and upon presentation of invoice by the Authority which shall be delivered upon execution of the Effective Date Agreement.

4.3. Rental Renegotiations. Lessee acknowledges that as required by AAIA Section 511. (a)(9), the Authority must maintain a fee and rental structure for its facilities and services, which will make the Airport as self-sustaining as possible under the circumstances. In the event that an FAA and/or DOT audit should determine that the rentals provided for herein are inadequate, the parties agree to renegotiate the rentals.

5. Insurance.

5.1. Lessee's Liability Insurance. Lessee shall purchase from and maintain in a company or companies lawfully authorized to do business in the State of Kansas such insurance as will protect Lessee from claims set forth below which may arise out of or result from Lessee's operations and for which Lessee may be legally liable, whether such operations be by Lessee or by its independent contractors or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.

5.1.1. Claims under workers' compensation, disability benefit and other similar employee benefit acts, which are applicable to Lessee's operations;

- 5.1.2. Claims for damages because of bodily injury, occupational sickness or disease, or death of Lessee’s employees;
 - 5.1.3. Claims for damages because of bodily injury, sickness or disease, or death of any person other than Lessee’s employees;
 - 5.1.4. Claims for damages insured by usual personal injury liability coverage;
 - 5.1.5. Claims for damages, other than the leased property, because of injury to or destruction of tangible property, including loss of use resulting there from;
 - 5.1.6. Claims for damages because of bodily injury including death of a person, or property damage arising out of the ownership, maintenance or use of a motor vehicle;
 - 5.1.7. Claims for bodily injury or property damage arising out of products liability and/or completed operations; and
 - 5.1.8. Claims involving contractual liability insurance applicable to Lessee’s obligations under Section 17.1 of this Lease.
- 5.2. The insurance required by Section 5.1 and Section 5.2 shall be written for not less than the limits of liability specified below or as required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of this Lease. All insurance policies must be issued by an insurance carrier which has a Best’s general policyholder’s rating (as published in the most recent issue of Best’s Key Rating Guide, Property-Casualty) of not less than A- and a financial size category of V or greater (which equates to an adjusted policyholders’ surplus of \$4-\$25 million). Coverage from Lloyd’s of London and Industrial Risk Insurance (IRI) is also acceptable only if there is 100% reinsurance with an acceptably rated company. The reinsurance agreement must have a total value (100 percent) assumption of liability endorsement. In addition, reinsurance agreements must have at least 90-days prior notice of cancellation provisions.
- 5.2.1. Commercial General Liability, which is no more restrictive than ISO Form CG0001 1/96 or any revision thereof with minimum limits of liability of:

\$ 2,000,000	General Aggregate
\$ 2,000,000	Products-Completed Operations Aggregate
\$ 1,000,000	Personal & Advertising Injury
\$ 1,000,000	Each Occurrence
\$ 100,000	Fire Damage (Any one fire)
\$ 5,000	Medical Expense (Any one person)

The policy shall be endorsed to provide the required limits on a "per location" basis.

5.2.2. Comprehensive Auto Liability for owned, non-owned and hired vehicles with combined single limits of liability of \$1,000,000 per occurrence.

5.2.3. Workers' Compensation with statutory limits.

5.2.4. Employer's Liability coverage with limits of at least:

\$ 500,000	Each Accident
\$ 500,000	Disease-Policy Limit
\$ 500,000	Disease-Each Employee

5.2.5. Commercial Umbrella / Excess Liability providing excess coverage with limits no less than \$5,000,000 each occurrence / \$5,000,000 annual aggregate.

5.2.6. such other coverage as is appropriate to the operations of Lessee's business, e.g., hangarkeeper's legal liability, pollution liability, etc.

5.3. Certificates of Insurance acceptable to the Authority shall be filed with the Authority prior to commencement of this Lease. These certificates and the insurance policies required by this Section 5 shall contain a provision that coverages afforded under the policies will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the Authority. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by Lessee with reasonable promptness in accordance with Lessee's information and belief.

5.4. Lessee agrees that its insurance policies will be amended to be primary without right of contribution from the Authority or its insurance policies, that Lessee's insurance policies will be amended to state that its insurer agrees to waive its right of subrogation against the Authority and that the above insurances will not be invalidated for the Authority by any action, inaction, or negligence of the insured. All amounts of claims, losses or damages resulting from deductible clauses or self-insured retentions shall be for the account of the Lessee.

5.5. Lessee agrees that all liability policies, except workers' compensation, will be amended to name the Authority, its subsidiaries, parent, affiliates, executive officers, directors and employees as additional insureds.

5.6. All independent contractors hired by Lessee will be held to the same insurance requirements as the Lessee. The Authority will be named as an additional insured

on independent contractors' policies, and Lessee will provide the Authority, upon request, with copies of such independent contractors' Certificates of Insurance.

5.7. The requirement of Lessee to purchase and maintain insurance shall not, in any manner, limit or qualify the liabilities and obligations otherwise assumed by Lessee under this Lease.

5.8. Claims Made Insurance

5.8.1. Lessee shall, to the extent reasonably possible, obtain the liability insurance required hereunder on an occurrence basis. If any insurance required herein is to be issued or renewed on a claims made basis, the retroactive date of such insurance shall be no later than the commencement date of this Lease and shall provide that in the event of cancellation or non-renewal of the insurance, the discovery period for insurance claims (tail coverage) shall be for a period of not less than two years.

5.9. Authority's Liability Insurance

5.9.1. The Authority shall be responsible for purchasing and maintaining the Authority's usual liability insurance.

5.10. Property Insurance

5.10.1. The Authority shall secure and maintain in force at all times during the term of this Lease or any extensions thereof, Commercial Property Insurance with Special Clause of Loss Perils coverage on the buildings and improvements owned by the Authority which are located on the Premises in an amount of not less than 100% of the full replacement cost of the Improvements, as determined by the Authority on an annual basis, using Boeckh, Marshall/Swift or another comparable commercial building cost estimating guide. Lessee agrees to reimburse the Authority annually for the premium paid by the Authority for such insurance. Authority will advise Lessee annually of the insurance premium on or before December 15 of each year and the premium, shall be paid in advance and due March 1. Should the Lease term result in a partial year occupancy, the Authority shall bill the Lessee on a pro-rata basis.

5.10.2. Loss of Use Insurance (rent loss/business income/extra expense).

5.10.2.1. The Authority, at the Authority's option, may purchase and maintain such insurance as will insure the Authority's property due to fire or other hazards, however caused, and the cost thereof shall be paid by the Authority. The Authority waives all rights of action against Lessee for

loss of use of the Authority's property, including consequential losses due to fire, theft or other hazards however caused.

5.10.2.2. Lessee, at Lessee's option, may purchase and maintain such insurance as will insure Lessee against loss of use of the Leased Premises due to fire or other hazards, however caused, and the cost thereof shall be paid by Lessee. Lessee waives all rights of action against the Authority for loss of use of the leased Premises, including consequential losses due to fire, theft or other hazards however caused.

5.10.3. Waivers of Subrogation. The Authority and Lessee waive all rights against each other, for damages caused by fire or other causes of loss to the extent covered by property insurance required pursuant to this Section 5.10 or other property insurance applicable to the leased Premises, except such rights as they have to the proceeds of such insurance held by Lessee as fiduciary. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though (1) that person or entity would otherwise have a duty of indemnification, contractual or otherwise, (2) did not pay the insurance premium directly or indirectly, (3) and whether the person or entity had an insurable interest in the property damaged.

5.10.4. Damage to Building Contents Owned by Lessee. Lessee acknowledges that it shall be fully responsible for any loss or damage to its personal property located on or about the Premises, that it shall be solely responsible for such personal property, and Lessee releases the Authority and its current and former officers, directors, employees, and agents from any liability therefore, unless such damage is caused, in whole or in part, by the willful misconduct or gross negligence of the Authority or its current or former officers, directors, employees, or agents.

6. Use of Premises. Lessee agrees to use the Premises for the sole purpose of aircraft modification, maintenance, repair, overhaul (MRO), avionics activities, aircraft charter operations, and other activities normally associated therewith. All activities will comply with SLN Airport Rules and Regulations and all other applicable law or regulations.

6.1. Lessee agrees that the Premises shall not be used or occupied for any purpose that constitutes a nuisance or may be objectionable to adjacent property; that it will not allow the escape from the Premises of any fumes, odors, smoke, obnoxious gas, gases or other substances which are offensive, or which constitute a nuisance or interfere with the conduct of other business in the area. Lessee will provide adequate devices to control excessive noise, vibrations, or electromagnetic emissions.

7. Environmental Concerns.

7.1. Defined Terms. The following terms are defined in the Lease Agreement and shall mean:

7.1.1. **“Environmental Law”** means any now-existing or hereafter enacted or promulgated federal, state, local, or other law, statute, ordinance, rule, regulation or court order pertaining to (i) environmental protection, regulation, contamination or clean-up, (ii) toxic waste, (iii) underground storage tanks, (iv) asbestos or asbestos-containing materials, or (v) the handling, treatment, storage, use or disposal of Hazardous Substances, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act and The Resource Conservation Recovery Act, all as exist from time to time.

7.1.2. **“Hazardous Substances”** means all (i) “hazardous substances” (as defined in 42 U.S.C. §9601(14)) (ii) “chemicals” subject to regulation under Title III of the Superfund Amendments and Reauthorization Act of 1986, as amended from time to time (iii) natural gas liquids, liquefied natural gas or synthetic gas, (iv) any petroleum, petroleum-based products or crude oil or any fraction, or (v) any other hazardous or toxic substances, wastes or materials, pollutants, contaminants or any other substances or materials that are included under or regulated by any Environmental Law.

7.2. Authority’s Responsibility. The Authority is party to a settlement reached with the United States of America to complete the cleanup of environmental contamination caused by the Department of Defense at the Salina Regional Airport and Airport Industrial Center, formerly the Schilling Air Force Base. The Authority shall be responsible for the cleanup and removal of any Hazardous Substances which are determined to have been present on the Premises prior to the Effective Date of Lease. Authority agrees to indemnify and hold Lessee harmless from and against all claims, expenses, loss, or liability arising from the presence of any such contamination which occurred prior to the Effective Date of Lease.

7.2.1. The Authority shall be responsible for any contamination caused by or during the performance of Authority’s work as landlord, even if it occurs after the Effective Date of Lease.

7.3. Lessee Responsibility. The Lessee shall be responsible for the cleanup and removal of any Hazardous Substances, petroleum products, and petroleum additives released on the Premises at any time Lessee occupies the Premises from and after the Effective Date of Lease. Lessee agrees to indemnify and hold the Authority harmless from and against all claims, expenses, loss, or liability arising from any such contamination which occurs at any time Lessee occupies the Premises from and after the Effective Date of Lease.

- 7.3.1. Lessee agrees to comply with all storm water and waste collection requirements of any federal, state, or local governmental laws, rules, and regulations.
 - 7.3.2. Lessee agrees that it will comply with all federal, state, and local regulations regarding the handling, storage, and dispensing of Hazardous Substances, including petroleum products, on the Premises.
 - 7.3.3. Lessee agrees that it will immediately notify the Authority in the event of any spills or leaks of Hazardous Substances, including any liquid hydrocarbon materials, on the Premises, and to clean up the affected area in accordance with Kansas Department of Health and Environment standards.
- 7.4. Non-waiver. Any acknowledgement or undertaking of responsibility by either party to this Lease in relation to the other party, as set forth above, shall not be regarded as a release or waiver of any right by the responsible party to seek recovery against or contribution from any person or entity not a party to this Lease.
8. Improvements to Premises. Lessee may, with the written consent of the Authority, which consent shall not be unreasonably withheld, build and construct improvements on the Premises; provided, however, that prior to commencement of any such work the Lessee shall submit construction and site plans thereof to the Authority for its approval and secure the necessary building permits from the City of Salina. Any repairs, improvements or new construction shall conform to the following:
 - 8.1. Any improvements on the Premises shall be restricted to commercial, industrial or warehouse use.
 - 8.2. All construction shall conform to the applicable Building Code.
9. Ownership of Fixtures. It is understood and agreed by and between the parties hereto that any fixtures attached to the Premises or placed on or about Premises by Lessee shall be considered personal property and shall remain the property of the Lessee, who shall have the right to remove the same from the Premises upon the expiration of this Lease so long as such removal does not impair the structural feature of the improvements presently on the Premises. Provided, however, in the event of termination of this Lease due to a breach of covenant by the Lessee, then all fixtures and improvements shall become the property of the Authority and may not be removed from the Premises.
10. Removal of Fixtures. On or before the date of expiration or termination of this Lease, or any extension thereof, the Lessee shall vacate the Premises, remove its personal property and movable fixtures therefrom and restore the Premises to as good an order and condition as that existing upon the commencement of the term of this Lease, damages beyond the control of the Lessee and due to normal wear and tear excepted.

If, however, the Lessee fails to remove the personal property and movable fixtures and/or to restore the Premises to substantially the same condition as existed at commencement of the Lease, then the Authority may remove the personal property and movable fixtures and restore the Premises and may retain the fixtures until such time as Lessee reimburses the Authority for all its expenses connected therewith.

11. Default.

11.1. Lessee shall be in default of this Lease if it:

- 11.1.1. Fails to pay the Basic Rent or Additional Rental when due or to comply with any substantial term, condition or covenant of this Lease within ten (10) days after written notice;
- 11.1.2. Abandons or surrenders the Premises or the leasehold estate;
- 11.1.3. Attempts to assign or sublease the Premises other than in accordance with the terms of the Lease;
- 11.1.4. Is adjudicated bankrupt or insolvent, makes a general assignment for the benefit of creditors takes the benefit of any insolvency act, or is unable to meet its obligations as they become due; or
- 11.1.5. Violates any of the other terms and conditions of this Lease.

11.2. In the event of default by Lessee, the Authority shall have the following cumulative remedies:

- 11.2.1. Terminate the Lease;
- 11.2.2. Reenter and repossess the Premises;
- 11.2.3. Relet the Premises or any part thereof;
- 11.2.4. Accelerate and collect rentals remaining to be paid under the Lease;
- 11.2.5. Seize and hold Lessee's onsite property for the satisfaction of the deficiency;
- 11.2.6. Bring a suit for damages against Lessee; or
- 11.2.7. Pursue any other remedy available to the Authority under Kansas law.

11.3. Waiver by the Authority of any breach of this Lease shall not be construed as a continuing waiver of a subsequent breach nor imply further indulgence.

12. Attorney Fees. In the event legal action must be taken because of the breach of any agreement or obligation contained in this Lease on the part of the Lessee or Authority to be kept or performed, and a breach shall be established, the prevailing party shall be entitled to recover all expenses incurred thereof, including reasonably attorney fees.

13. Repairs to Improvements on Premises. During the term of the Lease, Authority will keep roof and exterior of the Premises in a good state of repair. Lessee covenants that during the term of this Lease it will properly care for the demised Premises and appurtenances and suffer no waste or injury, make all interior repairs in and about the

demised Premises and fixtures and appurtenances, necessary to preserve the same in good order and condition, which repairs shall be in a class equal to the original work.

13.1. Lessee shall be responsible for all routine maintenance and repairs necessary to keep the heating and/or cooling system, in a good state of repair and in good working condition. In addition, the Lessee shall be responsible for the first \$1,000 per year in the costs and expenses of repairing any portion of the HVAC system. The Authority shall be responsible for the replacement of any fixtures, appliances or other portions of the heating, air conditioning which are not repairable, and which must be replaced to keep the systems in good working condition. In addition, Lessee will pay for a semi-annual maintenance contract on the HVAC system with a reputable HVAC contractor approved by the Authority during the entire term of this Lease. Should the Lessee fail to maintain the semi-annual maintenance contract at all times during the term of this Lease then the Lessee shall automatically be fully liable for ALL maintenance, major repair including up to replacement of the HVAC system at the sole discretion of the Authority.

13.2. Lessee shall be responsible for all routine maintenance and repairs necessary to keep the plumbing, electrical systems, and doors in a good state of repair and in good working condition. Maintenance to be performed by the Lessee includes but is not limited to janitorial services, supply and replacement of lighting fixtures including light bulb and ballast replacement, cleaning of stoppages in plumbing fixtures, drain line and septic systems, replacement of floor covering, building interior painting, repairing, and replacing building and overhead door motors, chains and belts and landscaping as originally approved and installed. The Authority shall be responsible for the replacement of any fixtures, appliances or other portions of the plumbing and/or electrical systems which are not repairable, and which must be replaced to keep the systems in good working. The Authority shall provide and install the initial supply of hand fire extinguishers as required by applicable building code for the interior of the Premises and the Lessee shall maintain and replace the extinguishers as necessary to comply with applicable building code including annual inspections. Lessee is responsible for maintaining electric loads within the design capacity of the system. The Authority shall be responsible for maintaining the outside aircraft parking apron and the employee parking lot including pavement, striping and signage.

13.3. In the event Lessee fails to keep said Premises in good order and repair then the Authority may perform all repairs which may be necessary in about the demised Premises and the cost of such repairs shall be and constitute additional rental.

14. Utilities and HVAC System. The Lessee shall, at its own expense, obtain and pay for all electricity, water, gas, sewer use fees, or other utilities used by Lessee during the term of this Lease, including the cost of maintenance and operation of the HVAC system for the Premises.

15. Liens. The Lessee shall pay, satisfy and discharge all liens and obligations of any nature and kind whatsoever created by or the obligations of the Lessee which shall attach to or be imposed upon the Premises and shall indemnify, save and hold harmless the Authority from such payment and from all resulting damages and expenses.
16. Assignment of Lease. The Lessee shall not assign this Lease or any interest therein and shall not sublet the Premises or any part thereof, or allow any person to occupy or use the Premises or any portion thereof, without the prior written consent of the Authority. A consent to one assignment or subletting for use by any other person shall not be deemed to be a consent to any subsequent assignment.
17. Indemnification and Hold Harmless.
- 17.1. To the fullest extent permitted by law, the Lessee shall indemnify and hold harmless the Authority, its affiliates and its officers, directors, employees, agents, representatives, guests and invitees (“Authority Indemnitees”) from and against all claims, damages, losses, liabilities, fines, penalties, costs, and expenses (including attorney’s fees, consultant costs, environmental investigation, remedial or removal costs and natural resource damages) arising out of, relating to or resulting from (i) Lessee’s occupancy and or use of the Premises; (ii) any breach of this Lease by the Lessee; (iii) any leak, spill or other release or disposal of or exposure to (A) any goods while being transported or delivered by Lessee or (B) any other materials, substances or chemicals that Lessee or any of its independent contractors bring onto the Premises; and/or (iv) the acts, omissions, negligence or willful misconduct of any persons used or employed directly or indirectly by the Lessee or any independent contractor. The indemnification obligations under this Subparagraph shall not be limited in any way by the limits of any insurance coverage or limitations on the amount or type of damages, compensation or benefits payable by, for or to the Lessee, any independent contractor, or any other person under any insurance policy, worker’s compensation acts, disability acts or other employee benefit acts.
- 17.2. In claims against any person or entity indemnified under this Section 17 by an employee of Lessee, an independent contractor of the Lessee’s, or anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under Section 17.1 shall not be limited by limitation or amount or type of damages, compensation or benefits payable by or for Lessee, or an independent contractor under workers’ compensation acts, disability benefit acts or other employee benefit acts.
18. Inspection of Premises. The Lessee agrees that the Authority, the Federal Aviation Administration, or its agents may, at all reasonable times, have free access to the Premises for the purpose of examining or inspecting the condition of the Premises and

any improvements thereon, or exercising any right or power reserved to the Authority or Federal Aviation Administration under the terms and provisions of this agreement.

19. Notices. All notices to be given pursuant to this Lease shall be addressed to the parties as follows:

Authority Salina Airport Authority
Salina Airport Terminal Building
3237 Arnold
Salina, KS 67401

Lessee 1 Vision Aviation, PLLC
2500 Keokuk Ave.
Sioux City, IA 51111

20. Damage by Casualty.

20.1. If the Premises are destroyed or damaged by fire or other casualty, the Lessee may, at its sole option terminate this Lease. If this Lease is so cancelled, rent shall be paid only to the date of cancellation and the Lessee shall surrender the Premises to the Authority after being allowed a reasonable time to locate a substitute site, remove its personal property and otherwise conclude its affairs at the Premises

20.2. If the Lessee does not elect to terminate this Lease in case of destruction or damage by casualty, this Lease shall continue in full force and effect and the Authority shall restore the Premises to at least its previous condition, and to Lessee's satisfaction, within a reasonable time. For that purpose, the Authority and its agents and contractors may enter the Premises. Rent shall totally abate during the period of such restoration.

21. General Clauses.

21.1. The Lessee shall comply with all applicable laws, ordinances and regulations of the state, county, and municipality in which the Premises are located with regard to construction, sanitation, licenses or permits to do business and all other matters.

21.2. The Lessee shall pay to the proper governmental agencies and as they become due and payable, all taxes, assessments, and similar charges, which at any time during the term of this Lease may be taxed, except those which the Authority has in this Lease agreed to pay.

21.3. Any property of the Authority damaged or destroyed by the Lessee, incident to the Lessee's use and occupation of the Premises, shall be promptly repaired or

replaced by the Lessee to the satisfaction of the Authority or in lieu of repair or replacement, the Lessee shall, if so required by the Authority, pay to the Authority money in the amount sufficient to compensate for the loss sustained by the Authority by reason of damage or destruction of the property.

- 21.4. The Lessee acknowledges that it has inspected and knows the condition of the Premises and it is understood that the Premises is leased without any representation or warranty by the Authority whatsoever and without obligation on the part of the Authority to make any alterations, repairs, or additions to the Premises.
- 21.5. The Lessee shall not use, or permit to be used, any portion of the Premises under its control for signs, billboards, or displays, other than those connected with its own operations on the Premises. Advertising signs must be located on the buildings on the Premises and shall not contain more than 120 square feet in the area. Flashing or illuminated signs in which the light is not maintained constant and stationary in intensity and color are prohibited.
- 21.6. All loading docks for buildings or warehouses located on the Premises shall be maintained only on the side or rear of the building or warehouse.
- 21.7. The Lessee shall not be the agent of the Authority in making repairs or other improvements to the Premises and no materialman's liens or claims thereunder shall be valid against the Authority or against the interest of the Authority in the Premises.
- 21.8. All materials, supplies, or equipment stored outside of the buildings located on the Premises shall be stored in an orderly manner so as not to create a nuisance or fire hazard and shall be in compliance with all applicable governmental regulations.
- 21.9. The Lessee must at all times keep the Premises and buildings in a safe, clean, wholesome condition and comply in all respects with all government, health, and police requirements. The Lessee will remove at its own expense any rubbish which may accumulate on the property.
- 21.10. The Lessee shall be responsible for snow removal on the Premises as required by Lessee's occupancy and shall keep unpaved areas grassed and landscaped to present a pleasing appearance. Such grass and landscaping shall be kept reasonably mowed and trimmed.
- 21.11. The Authority reserves the right (but shall not be obligated to Lessee) to maintain and keep in repair the landing area of the Airport and all publicly-owned air navigational facilities of the Airport, together with the right to direct and control all activities of the Lessee in this regard.

- 21.12. The Authority reserves the right to further develop or improve the landing area and all publicly-owned air navigation facilities of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.
- 21.13. The Authority reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the Airport which in the opinion of the Authority would limit the usefulness of the Airport or constitute a hazard to aircraft.
- 21.14. During time of war or national emergency the Authority shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly owned air navigation facilities, and/or other area or facilities of the Airport. If any such agreement is executed, the provisions of this Lease, insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.
- 21.15. It is understood and agreed that the rights granted by this Lease will not be exercised in such a way to interfere with or adversely affect the use, operation, maintenance, or development of the Airport.
- 21.16. There is hereby reserved to the Authority, its successors and assigns, for the use and benefit of the public, a free and unrestricted right of flight for the passage of aircraft in the airspace above the surface of the Premises together with the right to cause in the airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using the airspace or landing at, taking off from, or operating on or about the Airport.
- 21.17. This Lease shall be subordinate to provisions of any existing or future agreement between the Authority and the United States of America or any agency thereof relative to the operation, development or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.
- 21.18. If Lessee defaults in its payment of rent or fails to substantially comply with any of the other items of this Lease then, if requested by the Authority, the Lessee agrees to provide the Authority with a financial statement covering Lessee's latest fiscal or calendar year, which financial statement shall be in such form as accurately discloses the assets, liabilities, and net worth of the Lessee. If, in the opinion of the Authority, the financial statement provided is incomplete or fails to accurately indicate the financial condition of the Lessee, the Lessee agrees to provide the Authority such further financial information as the Authority may in writing request.

22. Nondiscrimination Assurances.

- 22.1. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, covenant's and agrees as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Premises, for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities or benefits 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 the regulations may be amended.
- 22.2. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, covenants and agrees as a covenant running with the land that (i) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities; (ii) that in 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; and (iii) that the Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR, Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation, and as the regulations may be amended.
- 22.3. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participation in any employment activities covered in 14 CFR, Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered sub organizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, as required by 14 CFR, Part 152, Subpart E, to the same effect.
- 22.4. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958.
- 22.5. The Lessee agrees to furnish service on a fair, equal and not unjustly discriminatory basis to all users thereof, and to charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that the Lessee may make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

23. Binding Effect. This Lease shall be binding upon the heirs, beneficiaries, personal representatives, successors, and assigns of the Authority and the Lessee.

The Authority and the Lessee have each caused this Lease to be executed by its duly authorized officers on the date shown.

SALINA AIRPORT AUTHORITY

Date _____

By: _____

Kent Buer
Chairman of Board of Directors

ATTEST

Date _____

By: _____

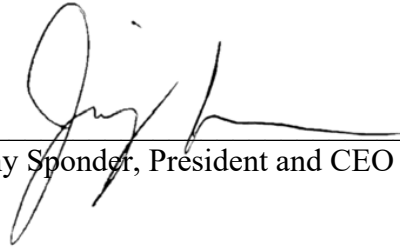
Alan Eichelberger
Secretary of the Board of Directors

1 VISION AVIATION, PLLC

Date 08/25/2022 _____

By: _____

Jimmy Sponder, President and CEO



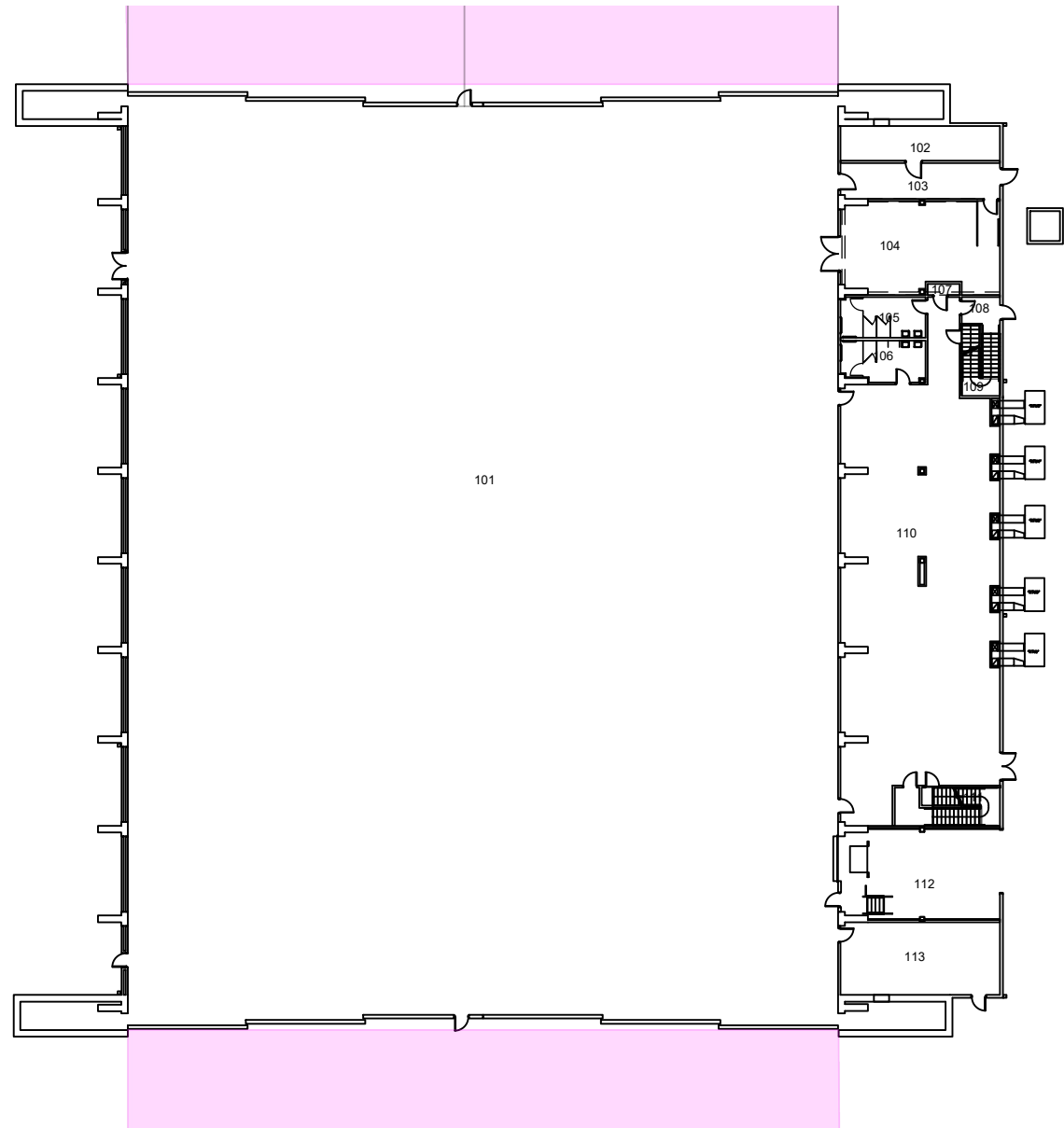
ATTEST

Date _____

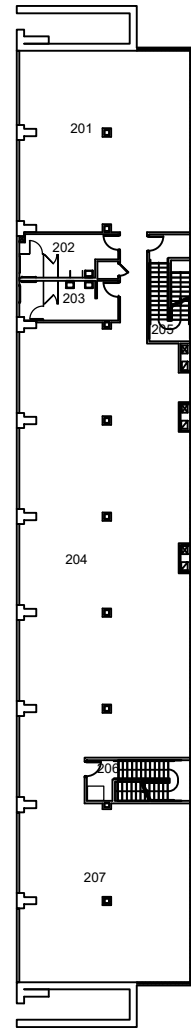
By: _____

Name

Title

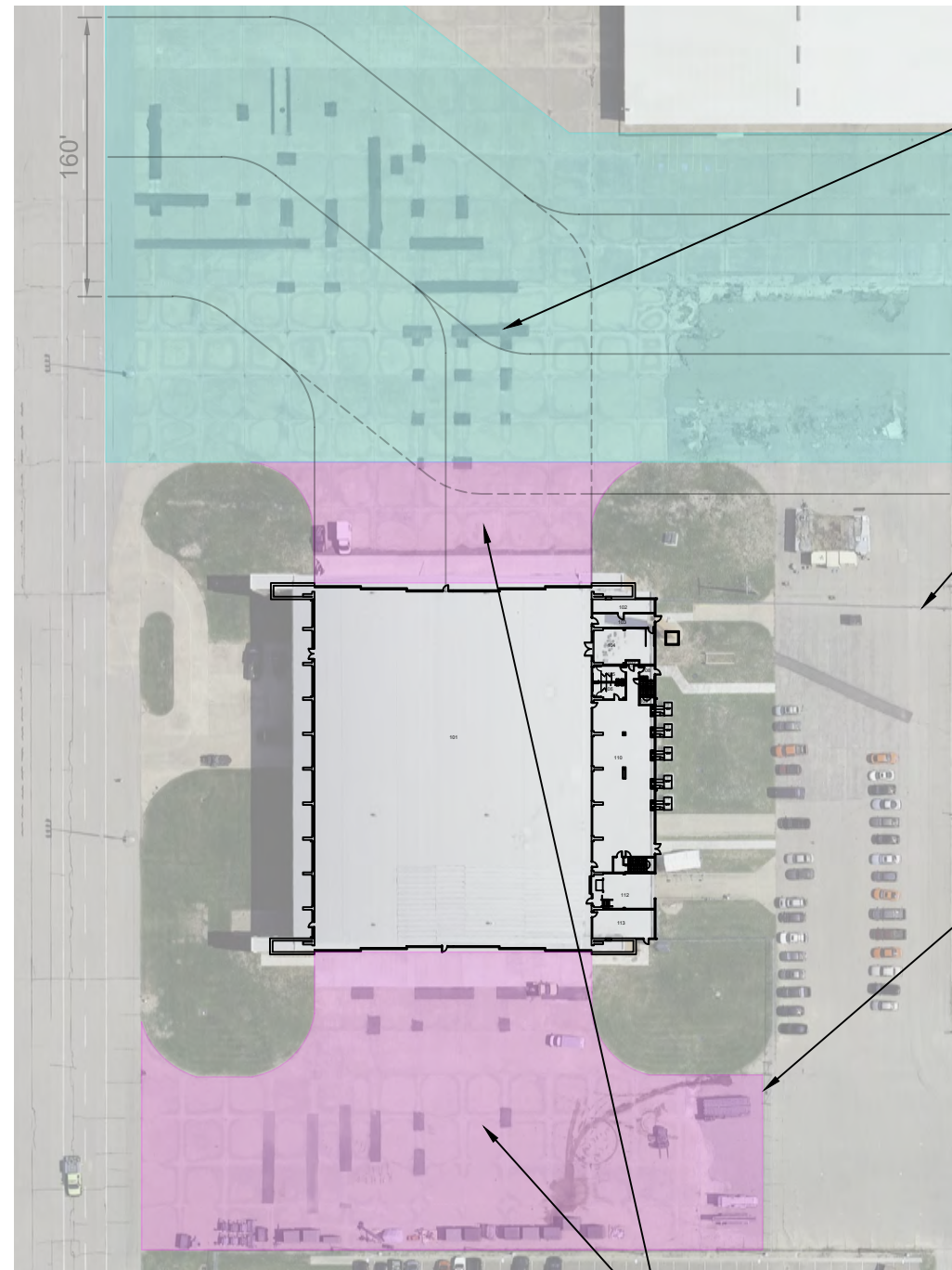


Hangar 606 First Floor Layout
Scale: 1" = 40'



Hangar 606 Second Floor Layout
Scale: 1" = 40'

Hangar Area..... 34,932 S.F.
 1st Floor Office Area..... 7,145 S.F.
 2nd Floor Office Area..... 7,145 S.F.
 Total Lease Area..... 49,222 S.F.



Hangar 606 Site Layout
Scale: 1" = 100'

Hangar 606 Exclusive Use Area

Drawing Number 3042-08-22



3237 ARNOLD, SALINA, KS 67401
 (785-827-3914 FAX: 785-827-2221)
 None : REVISIONS
 MWC : DESIGNED BY
 MWC : DRAWN BY
 As Shown : SCALE
 08/16/22, 9:25 : DATE

LEASE AGREEMENT

This Lease Agreement (the “Lease”) is made and entered into this ____ day of _____, 2022, by and between the **SALINA AIRPORT AUTHORITY, a Kansas public corporation**, of Salina, Saline County, Kansas, (the “Authority”), and **1 VISION AVIATION, PLLC**, a Professional Limited Liability Company, authorized to do business in Kansas, with principal offices located at 2500 Keokuk Ave., Sioux City, IA 51111, (“Lessee”)

Recitals

- A. Lessee has operated at the Salina Regional Airport in Hangar 959 as a Federal Aviation Administration (FAA) certificated aircraft maintenance repair station (14 C.F.R. Part 145) since September 1, 2019.
- B. Since 2019, Lessee’s business has grown substantially creating emerging opportunities for expansion including the need for warehouse and shop space to accommodate aircraft parts, components, and interiors.
- C. Lessee desires to lease and operate an aircraft warehouse and shop facility at the Salina Airport Industrial Center.
- D. The Authority has available, beginning October 1, 2022, a warehouse facility commonly known as Bldg. 595, Unit B, suitable as an aircraft parts storage and interiors shop.
- E. The Lessee desires to lease from the Authority, Unit B, Bldg. 595.

NOW THEREFORE, the parties covenant and agree:

1. Property Description.

- 1.1. Legal Description of Leased Tract. The Authority, in consideration of the rents, covenants, agreements, and conditions hereinafter agreed to be paid and performed by the Lessee, leases unto the Lessee the following described real estate:

Unit B of Bldg. 595, 2761 Berschel, Salina Airport Industrial Center, Salina, KS 67401 and containing 10,790 sq. ft. +/-, together with any improvements constructed or to be constructed thereon and the appurtenances thereunto belonging, as depicted on the attached Exhibit A (the “Premises”).

together with any improvements constructed or to be constructed thereon and the appurtenances thereunto belonging, as depicted on the attached Exhibit A (the “Premises”).

2. Term, Effective Date and Holdover.

2.1. Term and Effective Date of Lease. This Lease shall be for a period of ten (10) years commencing effective October 1, 2022 and terminating on September 30, 2032 (“Primary Term”), as follows and subject to the option for renewal and extension hereinafter set forth.

2.2. Holdover. If the Lessee remains in possession of all or any part of the Premises after the expiration of this Lease, without the express or implied consent of the Authority, such occupancy shall be considered to be a “Holdover Tenancy” from month-to-month only, and not a renewal or extension of this Lease for any further term. In such case, the Basic Rent for such Holdover Tenancy shall be payable in the amount of 150% of the amount specified in Section 4.1 herein. Such Holdover Tenancy shall be subject to every other provision, covenant and agreement contained herein, including any applicable rental adjustments as per Section 4.1.1 herein. The foregoing provisions of this Subsection are in addition to and do not affect the right of re-entry or any right of the Authority hereunder or as otherwise provided by law and in no way shall such provisions affect any right which the Authority may have otherwise to recover damages, to the extent permissible by applicable law, from Lessee for loss or liability incurred by the Authority resulting from the failure by Lessee to surrender the Premises, or for any other reason. Nothing contained in this Subsection shall be construed as consent by Authority to any holding over by Lessee and the Authority expressly reserves the right to require Lessee to surrender possession of the Premises to Authority as provided in this Lease, and to the extent permissible by applicable law, upon the expiration of this Lease.

3. Option to Renew. The Lessee is hereby given the option to renew this Lease for three (3) additional terms of five (5) years each at the expiration of the Primary Term. In the event the Lessee elects to exercise its option hereunder, it must notify the Authority in writing six (6) months prior to the expiration of the then current term.

4. Rent.

4.1. Basic Rent. Lessee agrees to pay the Authority a Basic Rent for the leasing of the Premises the sum of Three Thousand Six Hundred Ninety dollars and no/100 (\$3,690) per month, the first of which shall be due on October 1, 2022. The rental shall be payable monthly in advance and shall be due on the first day of each subsequent month, for that month.

4.1.1. On the second (2nd) anniversary date after the Effective Date and every two (2) years thereafter during the term of this Lease or any renewal or extension thereof, the Basic Rent shall be adjusted by increasing the Basic Rent for the

prior 24-month period by the same percentage as the percentage of increase in the U.S. Government Consumer Price Index (C.P.I.) over the same prior 24-month period. If the C.P.I. over the same 24-month period has not shown a net increase, the Basic Rent for the period shall remain the same as the Basic Rent for the prior 24-month period. The C.P.I. shall be the statistical report prepared and published by the Bureau of Labor Statistics for the United States for all items for urban consumers, or such other index or report substituted therefore by the U.S. Government. The reference basis for the C.P.I. shall be 1967 equals 100 or the most current index base as established by the Bureau of Statistics. The difference between such index nearest to the first day of the prior 24-month period and the last available index to the last day of the prior 24-month period divided by such index nearest to the first day of the prior 24-month period will determine either the percentage of increase, or that the Basic Rent will remain the same as the prior 24-month period, as provided above.

4.2. Additional Rental. In addition to the Basic Rent, Lessee covenants and agrees that it will be responsible for Additional Rent, which shall include the following components:

4.2.1. Taxes. Lessee agrees to pay all real estate taxes, which may be levied against the Premises prorated to the Effective Date. Upon the Authority's receipt of a statement for taxes or assessments, the Authority will invoice the Lessee. When applicable, the Lessee may determine whether to exercise the option to pay only the first half or the entire obligation. Lessee agrees to make payment to the Authority of the full amount due under the chosen option, no later than December 15 for taxes or assessments due December 20 and no later than May 5 for taxes or assessments due May 10.

4.2.2. Late Charge. If the rental amount due hereunder is not received by the Authority within five (5) days of due date, a late charge of six percent (6%) of the total amount due and currently owing, or Seventy-Five Dollars (\$75.00), whichever is greater, will be assessed against the Lessee. Failure to pay the rent and the late charge within twenty (20) days shall be grounds for termination of this Lease, solely at the discretion of the Authority, and not as a termination right for Lessee, in addition to recovery of the unpaid rent and the late charge.

4.2.3. Security Deposit. Upon Lessee's execution and delivery of this Lease, Lessee agrees to pay a Security Deposit in the amount equal to the Basic Rent (\$3,690). The Security Deposit shall be held by the Authority without liability for interest, as security for the performance by Lessee of Lessee's covenants and obligations under this Lease; it being expressly understood that the Security Deposit shall not be considered an advance payment of rent or a measure of the Authority's damages in case of default by Lessee. The Authority may commingle the Security Deposit with the Authority's other funds. The Authority may, from time to time, without prejudice to any other

remedy, use the Security Deposit to the extent necessary to make good any arrearages of rent or to satisfy any other covenant or obligation of Lessee hereunder. Following any such application of the Security Deposit, Lessee shall pay to the Authority on demand the amount so applied in order to restore the Security Deposit to its original amount. If Lessee is not in default at the termination of this Lease, the balance of the Security Deposit remaining after any such application shall be returned by the Authority to Lessee.

4.2.4. Keys. All keys issued to Lessee by the Authority must be returned to the Authority by 12:00 P.M., Noon, on the date this Lease expires or is terminated. If all keys are not returned or if Lessee loses a key during the term of the Lease or any extension thereof, a fee will be charged for each key lost and for each building interior and exterior lock change. The charge per key and lock change will be according to the current rates and charges schedule as adopted annually in the Authority's fiscal year budget.

4.2.5. Property Insurance. As per Section 5.10 below, the Authority agrees to notify Lessee on or before December 15 of each year as to the property insurance premium for the coming calendar year and Lessee agrees to reimburse the Authority on or before March 1 of each year of the commercial property insurance covering the improvements located on the Premises. Partial year occupancy shall result in a pro-rated premium. The 2022 monthly pro-rated premium shall be due on or before the Effective Date of the Lease and upon presentation of invoice by the Authority which shall be delivered upon execution of the Effective Date Agreement.

4.3. Rental Renegotiations. Lessee acknowledges that as required by AAIA Section 511. (a)(9), the Authority must maintain a fee and rental structure for its facilities and services, which will make the Airport as self-sustaining as possible under the circumstances. In the event that an FAA and/or DOT audit should determine that the rentals provided for herein are inadequate, the parties agree to renegotiate the rentals.

5. Insurance.

5.1. Lessee's Liability Insurance. Lessee shall purchase from and maintain in a company or companies lawfully authorized to do business in the State of Kansas such insurance as will protect Lessee from claims set forth below which may arise out of or result from Lessee's operations and for which Lessee may be legally liable, whether such operations be by Lessee or by its independent contractors or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.

5.1.1. Claims under workers' compensation, disability benefit and other similar employee benefit acts, which are applicable to Lessee's operations;

- 5.1.2. Claims for damages because of bodily injury, occupational sickness or disease, or death of Lessee’s employees;
 - 5.1.3. Claims for damages because of bodily injury, sickness or disease, or death of any person other than Lessee’s employees;
 - 5.1.4. Claims for damages insured by usual personal injury liability coverage;
 - 5.1.5. Claims for damages, other than the leased property, because of injury to or destruction of tangible property, including loss of use resulting there from;
 - 5.1.6. Claims for damages because of bodily injury including death of a person, or property damage arising out of the ownership, maintenance or use of a motor vehicle;
 - 5.1.7. Claims for bodily injury or property damage arising out of products liability and/or completed operations; and
 - 5.1.8. Claims involving contractual liability insurance applicable to Lessee’s obligations under Section 17.1 of this Lease.
- 5.2. The insurance required by Section 5.1 and Section 5.2 shall be written for not less than the limits of liability specified below or as required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of this Lease. All insurance policies must be issued by an insurance carrier which has a Best’s general policyholder’s rating (as published in the most recent issue of Best’s Key Rating Guide, Property-Casualty) of not less than A- and a financial size category of V or greater (which equates to an adjusted policyholders’ surplus of \$4-\$25 million). Coverage from Lloyd’s of London and Industrial Risk Insurance (IRI) is also acceptable only if there is 100% reinsurance with an acceptably rated company. The reinsurance agreement must have a total value (100 percent) assumption of liability endorsement. In addition, reinsurance agreements must have at least 90-days prior notice of cancellation provisions.
- 5.2.1. Commercial General Liability, which is no more restrictive than ISO Form CG0001 1/96 or any revision thereof with minimum limits of liability of:

\$ 2,000,000	General Aggregate
\$ 2,000,000	Products-Completed Operations Aggregate
\$ 1,000,000	Personal & Advertising Injury
\$ 1,000,000	Each Occurrence
\$ 100,000	Fire Damage (Any one fire)
\$ 5,000	Medical Expense (Any one person)

The policy shall be endorsed to provide the required limits on a "per location" basis.

5.2.2. Comprehensive Auto Liability for owned, non-owned and hired vehicles with combined single limits of liability of \$1,000,000 per occurrence.

5.2.3. Workers' Compensation with statutory limits.

5.2.4. Employer's Liability coverage with limits of at least:

\$ 500,000	Each Accident
\$ 500,000	Disease-Policy Limit
\$ 500,000	Disease-Each Employee

5.2.5. Commercial Umbrella / Excess Liability providing excess coverage with limits no less than \$5,000,000 each occurrence / \$5,000,000 annual aggregate.

5.2.6. such other coverage as is appropriate to the operations of Lessee's business, e.g., hangarkeeper's legal liability, pollution liability, etc.

5.3. Certificates of Insurance acceptable to the Authority shall be filed with the Authority prior to commencement of this Lease. These certificates and the insurance policies required by this Section 5 shall contain a provision that coverages afforded under the policies will not be canceled or allowed to expire until at least 30 days' prior written notice has been given to the Authority. Information concerning reduction of coverage on account of revised limits or claims paid under the General Aggregate, or both, shall be furnished by Lessee with reasonable promptness in accordance with Lessee's information and belief.

5.4. Lessee agrees that its insurance policies will be amended to be primary without right of contribution from the Authority or its insurance policies, that Lessee's insurance policies will be amended to state that its insurer agrees to waive its right of subrogation against the Authority and that the above insurances will not be invalidated for the Authority by any action, inaction, or negligence of the insured. All amounts of claims, losses or damages resulting from deductible clauses or self-insured retentions shall be for the account of the Lessee.

5.5. Lessee agrees that all liability policies, except workers' compensation, will be amended to name the Authority, its subsidiaries, parent, affiliates, executive officers, directors and employees as additional insureds.

5.6. All independent contractors hired by Lessee will be held to the same insurance requirements as the Lessee. The Authority will be named as an additional insured

on independent contractors' policies, and Lessee will provide the Authority, upon request, with copies of such independent contractors' Certificates of Insurance.

5.7. The requirement of Lessee to purchase and maintain insurance shall not, in any manner, limit or qualify the liabilities and obligations otherwise assumed by Lessee under this Lease.

5.8. Claims Made Insurance

5.8.1. Lessee shall, to the extent reasonably possible, obtain the liability insurance required hereunder on an occurrence basis. If any insurance required herein is to be issued or renewed on a claims made basis, the retroactive date of such insurance shall be no later than the commencement date of this Lease and shall provide that in the event of cancellation or non-renewal of the insurance, the discovery period for insurance claims (tail coverage) shall be for a period of not less than two years.

5.9. Authority's Liability Insurance

5.9.1. The Authority shall be responsible for purchasing and maintaining the Authority's usual liability insurance.

5.10. Property Insurance

5.10.1. The Authority shall secure and maintain in force at all times during the term of this Lease or any extensions thereof, Commercial Property Insurance with Special Clause of Loss Perils coverage on the buildings and improvements owned by the Authority which are located on the Premises in an amount of not less than 100% of the full replacement cost of the Improvements, as determined by the Authority on an annual basis, using Boeckh, Marshall/Swift or another comparable commercial building cost estimating guide. Lessee agrees to reimburse the Authority annually for the premium paid by the Authority for such insurance. Authority will advise Lessee annually of the insurance premium on or before December 15 of each year and the premium, shall be paid in advance and due March 1. Should the Lease term result in a partial year occupancy, the Authority shall bill the Lessee on a pro-rata basis.

5.10.2. Loss of Use Insurance (rent loss/business income/extra expense).

5.10.2.1. The Authority, at the Authority's option, may purchase and maintain such insurance as will insure the Authority's property due to fire or other hazards, however caused, and the cost thereof shall be paid by the Authority. The Authority waives all rights of action against Lessee for loss of use of the Authority's property, including consequential losses due to fire, theft or other hazards however caused.

5.10.2.2. Lessee, at Lessee's option, may purchase and maintain such insurance as will insure Lessee against loss of use of the Leased Premises due to fire or other hazards, however caused, and the cost thereof shall be paid by Lessee. Lessee waives all rights of action against the Authority for loss of use of the leased Premises, including consequential losses due to fire, theft or other hazards however caused.

5.10.3. Waivers of Subrogation. The Authority and Lessee waive all rights against each other, for damages caused by fire or other causes of loss to the extent covered by property insurance required pursuant to this Section 5.10 or other property insurance applicable to the leased Premises, except such rights as they have to the proceeds of such insurance held by Lessee as fiduciary. The policies shall provide such waivers of subrogation by endorsement or otherwise. A waiver of subrogation shall be effective as to a person or entity even though (1) that person or entity would otherwise have a duty of indemnification, contractual or otherwise, (2) did not pay the insurance premium directly or indirectly, (3) and whether the person or entity had an insurable interest in the property damaged.

5.10.4. Damage to Building Contents Owned by Lessee. Lessee acknowledges that it shall be fully responsible for any loss or damage to its personal property located on or about the Premises, that it shall be solely responsible for such personal property, and Lessee releases the Authority and its current and former officers, directors, employees, and agents from any liability therefore, unless such damage is caused, in whole or in part, by the willful misconduct or gross negligence of the Authority or its current or former officers, directors, employees, or agents.

6. Use of Premises. Lessee agrees to use the Premises for the sole purpose of warehouse and shop space for aircraft parts, components, and interiors, and other activities normally associated therewith. All activities will comply with SLN Airport Rules and Regulations and all other applicable law or regulations.

6.1. Lessee agrees that the Premises shall not be used or occupied for any purpose that constitutes a nuisance or may be objectionable to adjacent property; that it will not allow the escape from the Premises of any fumes, odors, smoke, obnoxious gas, gases or other substances which are offensive, or which constitute a nuisance or interfere with the conduct of other business in the area. Lessee will provide adequate devices to control excessive noise, vibrations, or electromagnetic emissions.

7. Environmental Concerns.

7.1. Defined Terms. The following terms are defined in the Lease Agreement and shall mean:

- 7.1.1. **“Environmental Law”** means any now-existing or hereafter enacted or promulgated federal, state, local, or other law, statute, ordinance, rule, regulation or court order pertaining to (i) environmental protection, regulation, contamination or clean-up, (ii) toxic waste, (iii) underground storage tanks, (iv) asbestos or asbestos-containing materials, or (v) the handling, treatment, storage, use or disposal of Hazardous Substances, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act and The Resource Conservation Recovery Act, all as exist from time to time.
- 7.1.2. **“Hazardous Substances”** means all (i) “hazardous substances” (as defined in 42 U.S.C. §9601(14)) (ii) “chemicals” subject to regulation under Title III of the Superfund Amendments and Reauthorization Act of 1986, as amended from time to time (iii) natural gas liquids, liquefied natural gas or synthetic gas, (iv) any petroleum, petroleum-based products or crude oil or any fraction, or (v) any other hazardous or toxic substances, wastes or materials, pollutants, contaminants or any other substances or materials that are included under or regulated by any Environmental Law.
- 7.2. Authority’s Responsibility. The Authority is party to a settlement reached with the United States of America to complete the cleanup of environmental contamination caused by the Department of Defense at the Salina Regional Airport and Airport Industrial Center, formerly the Schilling Air Force Base. The Authority shall be responsible for the cleanup and removal of any Hazardous Substances which are determined to have been present on the Premises prior to October 1, 2022. Authority agrees to indemnify and hold Lessee harmless from and against all claims, expenses, loss, or liability arising from the presence of any such contamination which occurred prior to October 1, 2022.
- 7.2.1. The Authority shall be responsible for any contamination caused by or during the performance of Authority’s work as landlord, even if it occurs after October 1, 2022.
- 7.3. Lessee Responsibility. The Lessee shall be responsible for the cleanup and removal of any Hazardous Substances, petroleum products, and petroleum additives released on the Premises at any time Lessee occupies the Premises from and after October 1, 2022. Lessee agrees to indemnify and hold the Authority harmless from and against all claims, expenses, loss, or liability arising from any such contamination which occurs at any time Lessee occupies the Premises from and after October 1, 2022.
- 7.3.1. Lessee agrees to comply with all storm water and waste collection requirements of any federal, state, or local governmental laws, rules, and regulations.

- 7.3.2. Lessee agrees that it will comply with all federal, state, and local regulations regarding the handling, storage, and dispensing of Hazardous Substances, including petroleum products, on the Premises.
- 7.3.3. Lessee agrees that it will immediately notify the Authority in the event of any spills or leaks of Hazardous Substances, including any liquid hydrocarbon materials, on the Premises, and to clean up the affected area in accordance with Kansas Department of Health and Environment standards.
- 7.4. Non-waiver. Any acknowledgement or undertaking of responsibility by either party to this Lease in relation to the other party, as set forth above, shall not be regarded as a release or waiver of any right by the responsible party to seek recovery against or contribution from any person or entity not a party to this Lease.
8. Improvements to Premises. Lessee may, with the written consent of the Authority, which consent shall not be unreasonably withheld, build and construct improvements on the Premises; provided, however, that prior to commencement of any such work the Lessee shall submit construction and site plans thereof to the Authority for its approval and secure the necessary building permits from the City of Salina. Any repairs, improvements or new construction shall conform to the following:
- 8.1. Any improvements on the Premises shall be restricted to commercial, industrial or warehouse use.
- 8.2. All construction shall conform to the applicable Building Code.
9. Ownership of Fixtures. It is understood and agreed by and between the parties hereto that any fixtures attached to the Premises or placed on or about Premises by Lessee shall be considered personal property and shall remain the property of the Lessee, who shall have the right to remove the same from the Premises upon the expiration of this Lease so long as such removal does not impair the structural feature of the improvements presently on the Premises. Provided, however, in the event of termination of this Lease due to a breach of covenant by the Lessee, then all fixtures and improvements shall become the property of the Authority and may not be removed from the Premises.
10. Removal of Fixtures. On or before the date of expiration or termination of this Lease, or any extension thereof, the Lessee shall vacate the Premises, remove its personal property and movable fixtures therefrom and restore the Premises to as good an order and condition as that existing upon the commencement of the term of this Lease, damages beyond the control of the Lessee and due to normal wear and tear excepted. If, however, the Lessee fails to remove the personal property and movable fixtures and/or to restore the Premises to substantially the same condition as existed at commencement of the Lease, then the Authority may remove the personal property and

movable fixtures and restore the Premises and may retain the fixtures until such time as Lessee reimburses the Authority for all its expenses connected therewith.

11. Default.

11.1. Lessee shall be in default of this Lease if it:

- 11.1.1. Fails to pay the Basic Rent or Additional Rental when due or to comply with any substantial term, condition or covenant of this Lease within ten (10) days after written notice;
- 11.1.2. Abandons or surrenders the Premises or the leasehold estate;
- 11.1.3. Attempts to assign or sublease the Premises other than in accordance with the terms of the Lease;
- 11.1.4. Is adjudicated bankrupt or insolvent, makes a general assignment for the benefit of creditors takes the benefit of any insolvency act, or is unable to meet its obligations as they become due; or
- 11.1.5. Violates any of the other terms and conditions of this Lease.

11.2. In the event of default by Lessee, the Authority shall have the following cumulative remedies:

- 11.2.1. Terminate the Lease;
- 11.2.2. Reenter and repossess the Premises;
- 11.2.3. Relet the Premises or any part thereof;
- 11.2.4. Accelerate and collect rentals remaining to be paid under the Lease;
- 11.2.5. Seize and hold Lessee's onsite property for the satisfaction of the deficiency;
- 11.2.6. Bring a suit for damages against Lessee; or
- 11.2.7. Pursue any other remedy available to the Authority under Kansas law.

11.3. Waiver by the Authority of any breach of this Lease shall not be construed as a continuing waiver of a subsequent breach nor imply further indulgence.

12. Attorney Fees. In the event legal action must be taken because of the breach of any agreement or obligation contained in this Lease on the part of the Lessee or Authority to be kept or performed, and a breach shall be established, the prevailing party shall be entitled to recover all expenses incurred thereof, including reasonably attorney fees.

13. Repairs to Improvements on Premises. During the term of the Lease, Authority will keep roof and exterior of the Premises in a good state of repair. Lessee covenants that during the term of this Lease it will properly care for the demised Premises and appurtenances and suffer no waste or injury, make all interior repairs in and about the demised Premises and fixtures and appurtenances, necessary to preserve the same in good order and condition, which repairs shall be in a class equal to the original work.

13.1. Lessee shall be responsible for all routine maintenance and repairs necessary to keep the heating and/or cooling system, in a good state of repair and in good working condition. In addition, the Lessee shall be responsible for the first

\$500.00 per year in the costs and expenses of repairing any portion of the HVAC system. The Authority shall be responsible for the replacement of any fixtures, appliances or other portions of the heating, air conditioning which are not repairable and which must be replaced to keep the systems in good working condition. In addition, Lessee will pay for a semi-annual maintenance contract on the HVAC system with a reputable HVAC contractor approved by the Authority during the entire term of this Lease. Should the Lessee fail to maintain the semi-annual maintenance contract at all times during the term of this Lease then the Lessee shall automatically be fully liable for ALL maintenance, major repair including up to replacement of the HVAC system at the sole discretion of the Authority.

13.2. Lessee shall be responsible for all routine maintenance and repairs necessary to keep the plumbing, electrical systems and doors in a good state of repair and in good working condition. Maintenance to be performed by the Lessee includes but is not limited to janitorial services, supply and replacement of lighting fixtures including light bulb and ballast replacement, cleaning of stoppages in plumbing fixtures, drain line and septic systems, replacement of floor covering, building interior painting, repairing and replacing building and overhead door motors, chains and belts and landscaping as originally approved and installed. The Authority shall be responsible for the replacement of any fixtures, appliances or other portions of the plumbing and/or electrical systems which are not repairable and which must be replaced to keep the systems in good working condition. The Authority shall provide and install the initial supply of hand fire extinguishers as required by applicable building code for the interior of the Premises and the Lessee shall maintain and replace the extinguishers as necessary to comply with applicable building code including annual inspections. Lessee is responsible for maintaining electric loads within the design capacity of the system. The Authority shall be responsible for maintaining the parking lot including pavement, striping and signage.

13.3. In the event Lessee fails to keep said Premises in good order and repair then the Authority may perform all repairs which may be necessary in about the demised Premises and the cost of such repairs shall be and constitute additional rental.

14. Utilities and HVAC System. The Lessee shall, at its own expense, obtain and pay for all electricity, water, gas, sewer use fees, or other utilities used by Lessee during the term of this Lease, including the cost of maintenance and operation of the HVAC system for the Premises.

15. Liens. The Lessee shall pay, satisfy and discharge all liens and obligations of any nature and kind whatsoever created by or the obligations of the Lessee which shall attach to or be imposed upon the Premises and shall indemnify, save and hold harmless the Authority from such payment and from all resulting damages and expenses.

16. Assignment of Lease. The Lessee shall not assign this Lease or any interest therein and shall not sublet the Premises or any part thereof, or allow any person to occupy or use the Premises or any portion thereof, without the prior written consent of the Authority. A consent to one assignment or subletting for use by any other person shall not be deemed to be a consent to any subsequent assignment.

17. Indemnification and Hold Harmless.

17.1. To the fullest extent permitted by law, the Lessee shall indemnify and hold harmless the Authority, its affiliates and its officers, directors, employees, agents, representatives, guests and invitees (“Authority Indemnitees”) from and against all claims, damages, losses, liabilities, fines, penalties, costs, and expenses (including attorney’s fees, consultant costs, environmental investigation, remedial or removal costs and natural resource damages) arising out of, relating to or resulting from (i) Lessee’s occupancy and or use of the Premises; (ii) any breach of this Lease by the Lessee; (iii) any leak, spill or other release or disposal of or exposure to (A) any goods while being transported or delivered by Lessee or (B) any other materials, substances or chemicals that Lessee or any of its independent contractors bring onto the Premises; and/or (iv) the acts, omissions, negligence or willful misconduct of any persons used or employed directly or indirectly by the Lessee or any independent contractor. The indemnification obligations under this Subparagraph shall not be limited in any way by the limits of any insurance coverage or limitations on the amount or type of damages, compensation or benefits payable by, for or to the Lessee, any independent contractor, or any other person under any insurance policy, worker’s compensation acts, disability acts or other employee benefit acts.

17.2. In claims against any person or entity indemnified under this Section 17 by an employee of Lessee, an independent contractor of the Lessee’s, or anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under Section 17.1 shall not be limited by limitation or amount or type of damages, compensation or benefits payable by or for Lessee, or an independent contractor under workers’ compensation acts, disability benefit acts or other employee benefit acts.

18. Inspection of Premises. The Lessee agrees that the Authority, the Federal Aviation Administration, or its agents may, at all reasonable times, have free access to the Premises for the purpose of examining or inspecting the condition of the Premises and any improvements thereon, or exercising any right or power reserved to the Authority or Federal Aviation Administration under the terms and provisions of this agreement.

19. Notices. All notices to be given pursuant to this Lease shall be addressed to the parties as follows:

Authority Salina Airport Authority
Salina Airport Terminal Building
3237 Arnold
Salina, KS 67401

Lessee 1 Vision Aviation, PLLC
2500 Keokuk Ave.
Sioux City, IA 51111

20. Damage by Casualty.

20.1. If the Premises are destroyed or damaged by fire or other casualty, the Lessee may, at its sole option terminate this Lease. If this Lease is so cancelled, rent shall be paid only to the date of cancellation and the Lessee shall surrender the Premises to the Authority after being allowed a reasonable time to locate a substitute site, remove its personal property and otherwise conclude its affairs at the Premises.

20.2. If the Lessee does not elect to terminate this Lease in case of destruction or damage by casualty, this Lease shall continue in full force and effect and the Authority shall restore the Premises to at least its previous condition, and to Lessee's satisfaction, within a reasonable time. For that purpose, the Authority and its agents and contractors may enter the Premises. Rent shall totally abate during the period of such restoration. The Authority's obligation to restore the Premises shall be absolute and shall not be limited by the amount of available insurance proceeds.

21. General Clauses.

21.1. The Lessee shall comply with all applicable laws, ordinances and regulations of the state, county, and municipality in which the Premises are located with regard to construction, sanitation, licenses or permits to do business and all other matters.

21.2. The Lessee shall pay to the proper governmental agencies and as they become due and payable, all taxes, assessments, and similar charges, which at any time during the term of this Lease may be taxed, except those which the Authority has in this Lease agreed to pay.

21.3. Any property of the Authority damaged or destroyed by the Lessee, incident to the Lessee's use and occupation of the Premises, shall be promptly repaired or replaced by the Lessee to the satisfaction of the Authority or in lieu of repair or replacement, the Lessee shall, if so required by the Authority, pay to the Authority money in the amount sufficient to compensate for the loss sustained by the Authority by reason of damage or destruction of the property.

- 21.4. The Lessee acknowledges that it has inspected and knows the condition of the Premises and it is understood that the Premises is leased without any representation or warranty by the Authority whatsoever and without obligation on the part of the Authority to make any alterations, repairs, or additions to the Premises.
- 21.5. The Lessee shall not use, or permit to be used, any portion of the Premises under its control for signs, billboards, or displays, other than those connected with its own operations on the Premises. Advertising signs must be located on the buildings on the Premises and shall not contain more than 120 square feet in the area. Flashing or illuminated signs in which the light is not maintained constant and stationary in intensity and color are prohibited.
- 21.6. All loading docks for buildings or warehouses located on the Premises shall be maintained only on the side or rear of the building or warehouse.
- 21.7. The Lessee shall not be the agent of the Authority in making repairs or other improvements to the Premises and no materialman's liens or claims thereunder shall be valid against the Authority or against the interest of the Authority in the Premises.
- 21.8. All materials, supplies, or equipment stored outside of the buildings located on the Premises shall be stored in an orderly manner so as not to create a nuisance or fire hazard and shall be in compliance with all applicable governmental regulations.
- 21.9. The Lessee must at all times keep the Premises and buildings in a safe, clean, wholesome condition and comply in all respects with all government, health, and police requirements. The Lessee will remove at its own expense any rubbish which may accumulate on the property.
- 21.10. The Authority shall be responsible for the parking lot snow removal on the Premises, excluding handwork. Lessee shall be responsible for snow removal on sidewalks as required by Lessee's occupancy. The Authority shall keep unpaved areas grassed and landscaped to present a pleasing appearance. The Authority shall keep grass and landscaping reasonably mowed and trimmed.
- 21.11. The Authority reserves the right (but shall not be obligated to Lessee) to maintain and keep in repair the landing area of the Airport and all publicly-owned air navigational facilities of the Airport, together with the right to direct and control all activities of the Lessee in this regard.
- 21.12. The Authority reserves the right to further develop or improve the landing area and all publicly owned air navigation facilities of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.

- 21.13. The Authority reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the Airport which in the opinion of the Authority would limit the usefulness of the Airport or constitute a hazard to aircraft.
- 21.14. During time of war or national emergency the Authority shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly owned air navigation facilities, and/or other area or facilities of the Airport. If any such agreement is executed, the provisions of this Lease, insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.
- 21.15. It is understood and agreed that the rights granted by this Lease will not be exercised in such a way to interfere with or adversely affect the use, operation, maintenance, or development of the Airport.
- 21.16. There is hereby reserved to the Authority, its successors and assigns, for the use and benefit of the public, a free and unrestricted right of flight for the passage of aircraft in the airspace above the surface of the Premises together with the right to cause in the airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using the airspace or landing at, taking off from, or operating on or about the Airport.
- 21.17. This Lease shall be subordinate to provisions of any existing or future agreement between the Authority and the United States of America or any agency thereof relative to the operation, development or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.
- 21.18. If Lessee defaults in its payment of rent or fails to substantially comply with any of the other items of this Lease then, if requested by the Authority, the Lessee agrees to provide the Authority with a financial statement covering Lessee's latest fiscal or calendar year, which financial statement shall be in such form as accurately discloses the assets, liabilities, and net worth of the Lessee. If, in the opinion of the Authority, the financial statement provided is incomplete or fails to accurately indicate the financial condition of the Lessee, the Lessee agrees to provide the Authority such further financial information as the Authority may in writing request.

22. Nondiscrimination Assurances.

- 22.1. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, covenant's and agrees as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the Premises, for a purpose for which a Department of

Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, the Lessee shall maintain and operate such facilities or benefits 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 the regulations may be amended.

- 22.2. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, covenants and agrees as a covenant running with the land that (i) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities; (ii) that in 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; and (iii) that the Lessee 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, and as the regulations may be amended.
- 22.3. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participation in any employment activities covered in 14 CFR, Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered sub organizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, as required by 14 CFR, Part 152, Subpart E, to the same effect.
- 22.4. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958.
- 22.5. The Lessee agrees to furnish service on a fair, equal and not unjustly discriminatory basis to all users thereof, and to charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that the Lessee may make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

23. Binding Effect. This Lease shall be binding upon the heirs, beneficiaries, personal representatives, successors, and assigns of the Authority and the Lessee.

The Authority and the Lessee have each caused this Lease to be executed by its duly authorized officers on the date shown.

SALINA AIRPORT AUTHORITY

Date _____

By: _____
Kent Buer
Chairman of Board of Directors

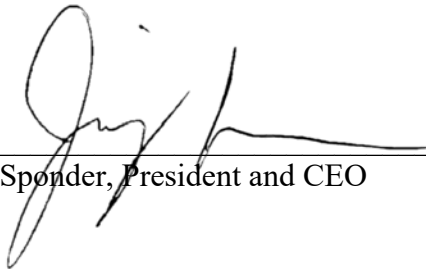
ATTEST

Date _____

By: _____
Alan Eichelberger
Secretary of the Board of Directors

1 VISION AVIATION, PLLC

Date 08/25/2022 _____

By:  _____
Jimmy Sponder, President and CEO

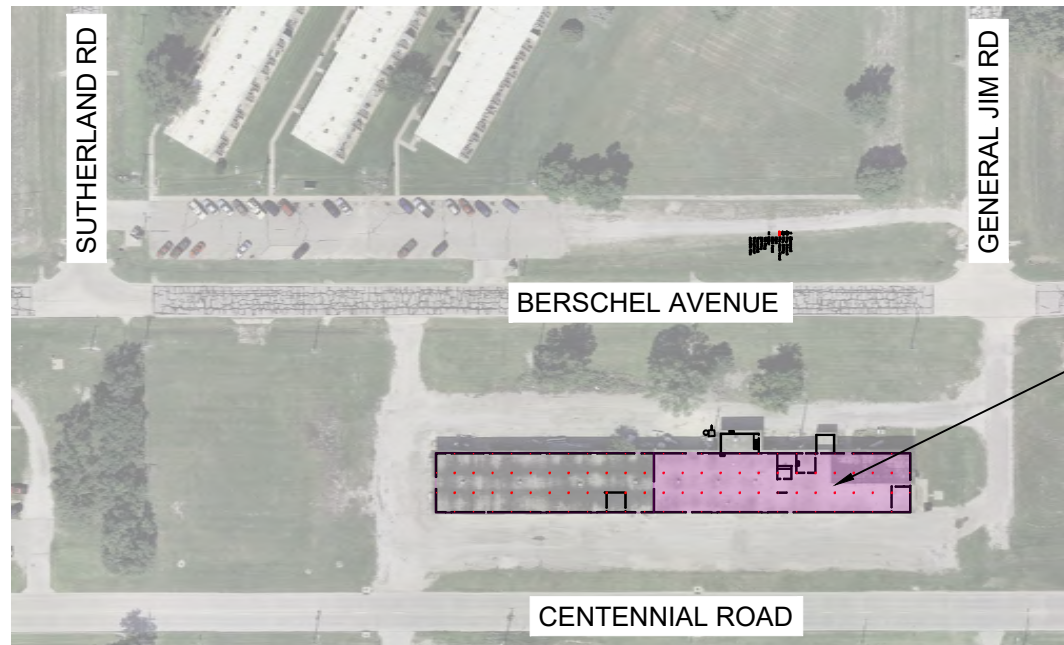
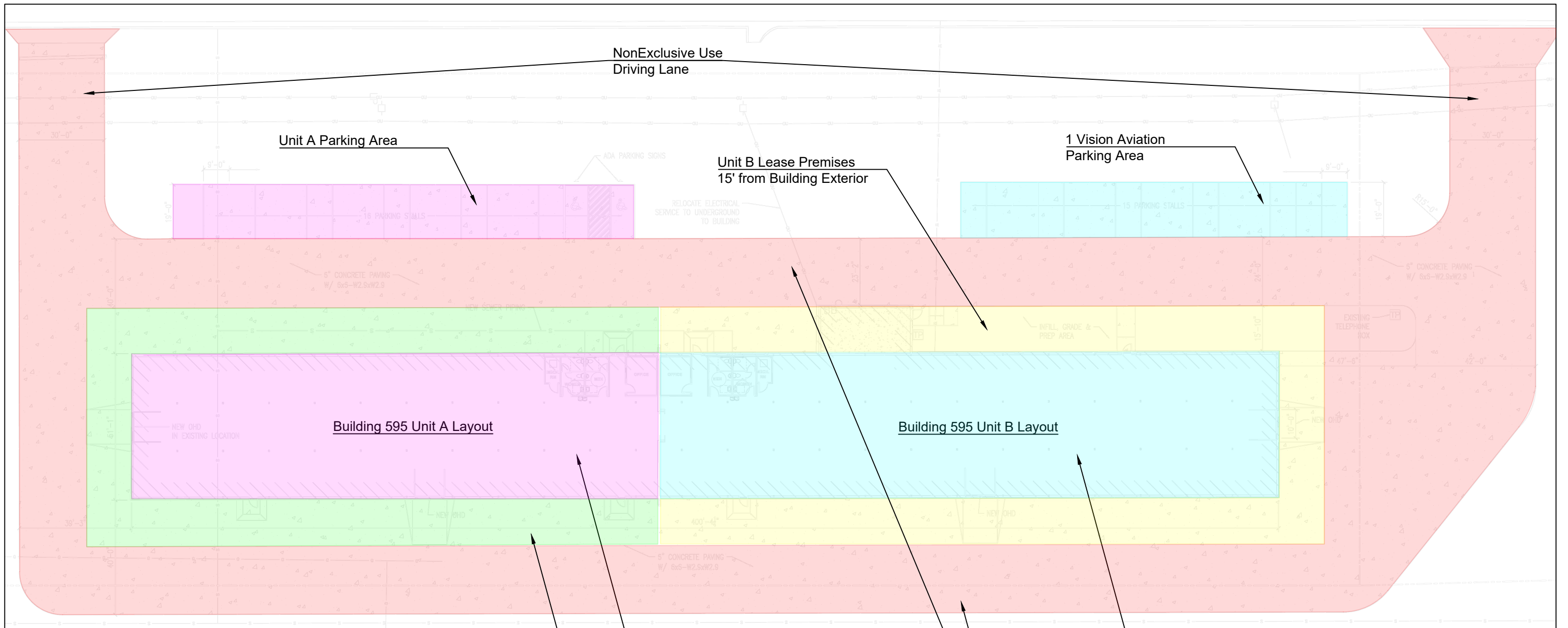
ATTEST

Date _____

By: _____

Name

Title



Unit A Lease Area = 9,175 S.F.

1 Vision Aviation
Unit B Area = 10,790 S.F.

Unit A Lease Premises
15' from Building Exterior

Building 595

NonExclusive Use
Driving Lane



Drawing Number 3085-08-22



3237 ARNOLD, SALINA, KS 67401
(785-827-3914 FAX: 785-827-2221)

None : REVISIONS
MWC : DESIGNED BY
MWC : DRAWN BY
As Shown : SCALE
08/23/22, 17:00 : DATE