

DATE: May 12, 2015
TO: SAA Board of Directors
FROM: Tim Rogers and Shelli Swanson
SUBJECT: **May 20, 2015 SAA Regular Board Meeting**

Enclosed are items for your review prior to Wednesday's board meeting. **Following the meeting, SAA board photos (group and individual) will be taken.** Business attire is suggested.

There will be an executive session at the end of the SAA board of directors meeting following the board's action items.

Please note the following agenda item comments.

50 Years Ago – April 28, 1965

The Salina Airport Authority and City of Salina took steps to retain Robert McAuliffe of Wilson and Company to act as coordinator for the Airport Authority. Mr. McAuliffe's first priority was to begin preparation of an application for land, buildings, improvements and equipment to be donated by the U.S.A. to the Airport Authority for the establishment of the Salina Regional Airport and Airport Industrial Center.

Agenda Item #5 – Review of airport activity and financial reports for the month ending April 30, 2015
(Rogers and Swanson)

Airport Activity – Air Traffic (Rogers)

Salina air traffic controllers recorded 8,870 aircraft operations during April 2015 which was a 5% increase over the April 2014 total of 8,426. As of April 30, 2015 the year-to-date total for operations was 31,478 which was an 8.7% increase over the April 2014 YTD total of 28,967. The overall increase in KSLN air traffic includes increases in the itinerant sub-categories of air carrier, air taxi, general aviation and military operations which contribute to improving fuel sales at Avflight Salina.

Airport Activity – Fuel Flowage (Rogers)

The total fuel flowage for April 2015 was 132,543 gallons which was a 39% increase over the April 2014 total of 95,549 gallons. For the year-to-date total fuel flowage is 788,165 gallons as of April 30, 2015. The April 2015 YTD total is 71% more than the April 2014 YTD total of 459,467 gallons.

Airport Activity – Passenger Enplanements (Rogers)

During April 2015 Seaport Airlines boarded 133 passengers which were slightly less than the April 2014 total of 135 passengers. Seaport will be increasing its local marketing efforts throughout the spring and summer months. The April 2015 flight completion rate increased to 87% which was a significant improvement as compared to February and March of 2015.

Financial Reports – Comments and Notes (Swanson)

The 2015 YTD operating income continues to track favorably ending April at 5% over budget projections. Fuel flowage fees continue on a positive trend of 19% ahead of budget and 71% or \$24,611 more than the same period in 2014. Hangar rent's \$21,407 lead over budget has helped to offset the \$10,052 still needed to meet budget in

short-term building leasing.

Total administrative expenses ended April at 4% under budget with total maintenance expenses reaching 2% over. Total operating expense YTD arrived under budget by 1% or \$8,862 and is tracking 9% less than 2014 or \$64,483.

The \$28,541 in contributed capital on the income statement represents AIP 37 (Txy E & B rehabilitation design) FAA grant draw no. 7 which brings us to 81% project completion as a percentage of the FAA grant funds received to date.

The \$8,371 gain on sale represents the net proceeds of surplus property sold through the PurpleWave online auction site during the month of April. Items auctioned included galvanized grating and guttering left behind by a previous tenant, old office equipment, a non-operational forklift and miscellaneous tools and equipment acquired via the DRMO federal surplus property program that the SAA has no operational use for.

Financial Reports – April 2015 Significant Expenditures/Payables Report Enclosed

Financial Reports – Accounts Receivable Past Due 31 days or more as of April 16, 2015 (Swanson)

<u>Account</u>	<u>Amount</u>	<u>Days</u>	<u>Comments</u>
Delta Airlines	\$176.32	60-90	Landing fees
Seaport Airlines	\$259.41	31-60	Bldg. rent
Tischlerei	\$21,484.29	31-90	Bldg. rent and FC
Ted Turbett	\$85.00	31-60	T-hangar rent

Agenda Item #6 – 2015 Airport and Airport Industrial Center Economic Impact Study and Report (Rogers and Swanson)

The Airport Authority completed an update to the KSLN Airport Master Plan in 2014 with the exception of an updated airport and airport industrial center economic impact study and report. An updated economic impact study documents the economic contributions of airport and airport industrial center operations to Salina, Saline County and the North Central Kansas Region. An economic impact study also provides supporting data and justification for future capital improvements. A 2015 economic impact study will complete the airport master plan update process.

For the 2015 economic impact study the Airport Authority received proposals from the WSU Center for Economic Development and Business Research and the Ft. Hays State University Docking Institute of Public Affairs. Both WSU and FHSU have experience in preparing economic impact reports and use similar methodologies. A significant difference between the two is that WSU uses the RIMS II multipliers and model while FHSU uses the IMPLAN model and its multipliers. I have concluded that IMPLAN is better suited to model the diverse business and industry; educational and military activity at the Salina Airport and Airport Industrial Center. IMPLAN has the flexibility to incorporate data from the over 100 businesses and organizations that are located at the Airport and Airport Industrial Center. IMPLAN also utilizes the most current and relevant data sets and multipliers.

Airport Authority staff have already started the data collection phase of the study. Questionnaires are currently being returned by Airport and Airport Industrial business and organizations. Our goal is to have a 100% response by June 15. The scheduled date for a preliminary report is July 15. The final report is to be completed by July 31.

Both WSU and FHSU submitted very similar proposals. The significant difference as mentioned was in the economic model to be used to process the SAA's questionnaire data. The proposals are as follows:

Proposal	Study Model	Scope	Fee
FHSU	IMPLAN	Document the value of current users of the former Schilling AFB in promoting a healthy City, County and Regional economy by measuring the economic contributions of the businesses and organizations, their employees, students and visitors.	\$11,750
WSU	RIMS II	Document the value of current users of the former Schilling AFB in promoting a healthy City, County and Regional economy by measuring the economic contributions of the businesses and organizations, their employees, students and visitors.	\$11,250

FHSU proposal best meets the SAA’s requirements and the \$11,750 fee is consistent with expected cost. The SAA’s 2011 study was completed at a cost of \$9,500.

Completion of an economic impact study is one of the SAA’s 2015 operating plan objectives. The SAA’s 2015 capital budget will be adjusted to allow for the \$11,750 cost for the study without an increase in the total budget for 2015 capital expenditures.

Recommendation: Acceptance of the Fort Hays State University Docking Institute of Public Affairs proposal to complete a economic study impact report at a cost not to exceed \$11,750.

Agenda Item #7 – Project Wattle Lease Agreement (Rogers and Swanson)

Project Wattle is a start-up business owned by Salina and Saline County residents. The business concept is to place a soil erosion control blanket and wattle manufacturing plant in North Central Kansas.

Erosion control blankets and wattles are manufactured by stitching an organic fiber material such as straw to a polypropylene or jute netting. The blankets and wattles serve to control or reduce slope and channel erosion by the following means:

- Mechanically stabilizing base soil from erosion caused by rain fall and storm water runoff.
- Provide improved growing conditions for post construction restoration work as required by federal, state and local environmental regulations.

Both erosion control blankets and wattles are used in all types of construction that involve soil excavation. The types of construction activity that require soil erosion control include:

- Commercial buildings
- Residential lots
- Highways
- Bridges
- Utility line projects
- Ag land terracing
- Airports
- Pipeline construction
- Environmental remediation

The local owners and their business partners of Project Wattle have selected building B1021 located at 3600 Airport Road as the best available building in the Salina and Saline County area to occupy. The company will initially occupy 34,863 SF of the 68,380 SF building. B1021 is virtually move-in ready which enables Project Wattle to quickly set up and start manufacturing operations.

The company will start operation with 13 full-time employees at an annual payroll in excess of \$360,000. The company will work with area wheat producers for the purchase of wheat straw to be used in the blanket and wattle

production. The sale and distribution of finished goods will be throughout the Great Plains and Midwest states. Project Wattle will have a competitive advantage being able to manufacture and distribute products from a central location with excellent interstate highway access and long-haul trucking support.

The Airport Authority has negotiated a multi-year lease agreement that includes a scaled rental schedule as an incentive to Project Wattle to lease the north portion of B1021 and to locate in Salina. The rental scheduled includes 3.5 months of \$0 rental before rental payments start. Occupancy is expected to be on or before June 15, 2015. The total value of the lease over the 75.5 month lease term is \$902,078.

Summary of B1021 lease terms	
Leased area:	34,863 SF
Lease term:	75.5 months
Basic rental – primary term:	\$902,078
Gross effective rental rate for primary term:	\$4.11 per SF per year
Additional rental:	All applicable property taxes 51% of B1021 property insurance 51% of prior year actual gas and electric year plus 100% of actual in excess of previous year usage.
Required Insurance	Commercial general liability insurance, Auto liability Workers compensation & umbrella/excess liability coverage
Option to renew:	Three (3) additional terms of five (5) years each
Security deposit:	\$13,800

Enclosed is a B1021 lease pro forma. The pro forma details all revenues and expenses associated with the proposed lease. The pro forma documents that the proposed lease offers the Airport Authority both new operating revenue and reduced holding costs for associated with B1021. The pro forma also detailed assumption such as:

- Competitive rental rates for buildings similar to B1021
- The SAA’s Return on Investment (ROI)
- SAA annual maintenance expense at B1021
- The cost to prepare B1021 for occupancy on or before June 15

Project Wattle has submitted all necessary documents such as an application for a lease, business plan, financial statements and manufacturing equipment specifications to the satisfaction of SAA staff. The information qualifies the company as an excellent new business at the Salina Airport Industrial Center.

Enclosed is a full copy of the proposed lease.

Recommendation: Approval of the proposed lease terms with Project Wattle for 34,863 SF of manufacturing and warehouse space at building B1021 located at 3600 Airport Road, and authorize SAA board officers to execute the lease upon receipt of signed lease documents from Project Wattle.

Please contact me if you have questions or comments.

SALINA AIRPORT AUTHORITY REGULAR BOARD MEETING
M.J. KENNEDY AIR TERMINAL
May 20, 2015 – 8:00 AM

AGENDA

Action Items

1. Call to order and determine a quorum is present. (Hoppock)
2. Recognition of guests. (Hoppock)
3. Additions to the agenda. (Rogers)
4. Approval of the minutes of the April 22, 2015 regular board meeting. (Hoppock)
5. Review of airport activity and financial reports for the month ending April 30, 2015. (Rogers and Swanson)
6. Consideration of proposals received for the preparation of a Salina Regional Airport and Airport Industrial Center economic impact study. (Rogers and Swanson)
7. Consideration of a lease agreement with Project Wattle for a portion (34,863 SF) of building B1021. (Rogers and Swanson)

Directors' Forum (Hoppock)

Visitor's Questions and Comments (Hoppock)

Staff Reports (Bieker, McCoy and Windhorst)

Announcements and SAA Calendar of Events (McCoy)

Executive Session (Hoppock)

8. An executive session of the board of directors for the purpose of discussing confidential data relating to financial affairs or trade secrets of a corporation.

Adjournment (Hoppock)



**MINUTES OF THE REGULAR MEETING OF THE BOARD OF
DIRECTORS OF THE SALINA AIRPORT AUTHORITY
APRIL 22, 2015
M. J. KENNEDY AIR TERMINAL CONFERENCE ROOM**

Call to Order

The meeting was called to order at 8:00 A.M. by Chairman Hoppock.

Attendance

Attendance was taken. Chairman Hoppock, Directors Neuschafer, Vancil and Platten were present. Also present were Executive Director Tim Rogers; Director of Finance and Administration Shelli Swanson; Director of Facilities and Operations Kenny Bieker; Manager of Public Affairs and Communications Melissa McCoy; Office Manager Kasey Windhorst; Administrative Assistant Scott McDonald; and Board Attorney Greg Bengtson. Jon Blanchard, Salina City Commission; Luci Larson, Saline County Commission; Dr. Randy Hassler, former SAA board member; and Tim Unruh, Salina Journal were guests.

Additions to the Agenda

Chairman Hoppock asked if there were additions to the agenda. There were no additions to the agenda.

50 Years Ago

Executive Director Rogers commented on the minutes of first meeting of the SAA board of directors. The first board members were; M.J. Kennedy, C.J. Wertz, William W. Yost, Allen R. Dodge and Edward H. Bell.

Minutes

Chairman Hoppock asked if the board members had any additions or corrections to the minutes of the March 18, 2015 board meeting. Director Neuschafer moved, seconded by Director Vancil, to approve the minutes of the March 18, 2015 annual board meeting. Motion passed unanimously.

SAA Resolution 15-03

Chairman Hoppock read SAA resolution 15-03, **A RESOLUTION EXPRESSING GRATITUDE AND APPRECIATION TO DR. RANDY HASSLER, FOR HIS SERVICES RENDERED TO THE CITY OF SALINA AND ITS CITIZENS.** Director Neuschafer moved, seconded by Director Vancil to approve Resolution 15-03. Motion carried unanimously.

Airport Activity and Financial Reports

Executive Director Rogers noted the Salina air traffic control tower recorded 8,557 operations during the month of March 2015 resulting in a 20% increase over the March 2014 total. Year-to-date operations of 22,608 are 10% more than the 2014 year-to-date total of 20,608. The increase is due to air carrier and business jet operations at KSLN. Rogers reported an increase in fuel flowage for the month of March 2015. The March total was 290,470 gallons which is 158% more than the same period last year. For year-to-date total fuel flowage is 655,601 gallons which is 80% more than the March 2014 year-to-date amount of 363,973 gallons. Seaport Airlines recorded a total of 115 passengers for March which resulted in a decrease of 18% as compared to March 2014 total of 140 passengers. Seaport continues to work on a code share agreement with a major airline and will be adding lower fares.

Director of Finance and Administration Swanson reported on the financial statements for the month of March 2015. At the end of the first quarter of 2015, total operating income arrived at 7% over the year-to-date budget target. Airfield revenue is tracking 24% over budget due to the increase in fuel flowage

fees as compared to the same period last year. Building rental income is on budget with short-term building leasing activity falling short by \$8,570 year-to-date. Total operating expense arrived under budget by 2% with total administrative expenses up 4% for the end of the first quarter. Swanson commented on several significant capital expenditures related to H959 improvements. Chairman Hoppock directed the staff to file the financials for audit.

Audit Committee Report

Swanson reviewed the results of the previous SAA's 2015 audit committee meeting on March 17. Leslie Corbett with Clubine and Rettele, Chtd., discussed the results of the audit field work. Swanson commented on the role and basic tasks of the audit committee, the internal control procedures related to cash and banking functions and the 2015 financial goals of the Airport Authority. The next audit committee meeting is scheduled for Friday, May 1, 2015.

First Quarter SAA Operating Plan Results

Rogers noted five priorities and goals in the SAA's 2015 operating plan. The first priority is building and hangar leasing. The goal is to achieve a 60% or more occupancy, SAA is currently at 56% occupancy. The second priority is budget management and expense control. The goal is to have a contingency plan for a response to a major lease default, as well as reduce operating expenses by 2% less than budgeted. SAA staff has adjusted to reduce operating expenses. Total operating income is up 7% and the total operating expenses are down 2%. The third priority is fuel flowage fee growth. The goal is to achieve a minimum 5 percent growth in fuel flowage fees, SAA's fees are currently up 27%. The fourth priority is Schilling Project Management. The goals for this are to keep the project on budget, on schedule and in compliance with the Schilling Project Consent Decree and CAFO. Currently the RI field work is ahead of schedule and within budget. Only Consent Decree and CAFO compliant change orders have been approved by the Public Entities CEOs. The fifth priority is Air Service Development. The goals are to maintain EAS program eligibility and to support a Seaport code share agreement with a major ("Big 4") airline. SAA has a response plan to the question of DOT EAS Program eligibility. The plan has been coordinated with Seaport and the offices of Senator Moran, Senator Roberts and Congressman Huelskamp.

Universal Forest Products Lease Addendum #1

Swanson reviewed the Universal Forest Products (UFP) lease agreement for Unit A of Bldg. 620. The 2012 lease provided for a one 3-year term with the option to renew for two (2) additional terms of three (3) years each. The primary term of the lease is set to expire on Apr. 30, 2015. UFP expressed their desire to have the next lease renewal option coincide with the contract of this primary customer. The result would provide UFP with an interim 6-month renewal option in between the primary term and the two (2) additional terms of three years. The proposed rental rate includes CPI adjustments for the first option period which carries over into the second option period with an additional \$25/month or \$900 for the 3-year term as consideration for the addition of the six month option period. The First Addendum to Lease Agreement is summarized as follows.

- Restructure of Section 19. Option to Renew:
 - Option Period One – May. 1, 2015 – Oct. 31, 2015
\$4,370/month - \$3.50/SF/YR
 - Option Period Two - Nov. 1, 2015 – Oct. 31, 2018
\$4,395/month - \$3.52/SF/YR
 - Option Period Three-Nov. 1, 2018 – Oct. 31, 2021
To be established by CPI Adjustment
- Addition of 60 day notification period to SAA by Lessee to exercise renewal options.

- Acknowledgment of Lessee's notification and exercise of Option Period One.

Rogers recommended approval of the First Addendum to Lease agreement with Universal Forest Products Harrisonville, LLC. Director Neuschafer moved, seconded by Director Vancil. Motion passed unanimously.

Director Forum

Director Neuschafer thanked former board member, Dr. Randy Hassler for his last 12 years of service to the Salina Airport Authority board of directors.

Staff Reports

Swanson mentioned that the staff is requesting pricing from Wichita State University, Fort Hays State University and Jviation for preparation of an economic impact study and report. Proposals will be available for board review and approval at the May board meeting.

Upon a motion duly made, the meeting adjourned at 9:06 A.M.

Minutes approved at the May 20, 2015 Board meeting.

Secretary

(SEAL)

**SALINA AIRPORT AUTHORITY
AIRPORT ACTIVITY REPORT
2015**

AIR TRAFFIC/ATCT

April, 2015	8,870 Operations 918 Instrument Operations 613 Peak Day
April, 2014	8,426 Operations 730 Instrument Operations 637 Peak Day
January 2015 - April 2015	31,478 Operations
January 2014 - April 2014	28,967 Operations
January 2013 - April 2013	27,276 Operations

FUEL FLOWAGE

April, 2015	132,543 Gallons
April, 2014	95,549 Gallons
January 2015 - April 2015	788,165 Gallons
January 2014 - April 2014	459,467 Gallons
January 2013 - April 2013	563,747 Gallons

KSU-S	Avflight Salina	Avflight	
		Military/Gov't Portion	Self-fuel Station Portion
12,684	119,859	33,199	662
10,870	84,679	8,949	573
42,242	745,923	185,728	2,446
37,023	420,812	53,336	2,205
41,513	518,724	75,015	3,510

ENPLANEMENTS - SEAPORT

		LOAD FACTOR
April, 2015	133 Passengers	21%
April, 2014	135 Passengers	21%
January 2015 - April 2015	464 Passengers	21%
January 2014 - April 2014	529 Passengers	21%
January 2013 - April 2013	699 Passengers	27%

TOTAL ENPLANEMENTS - Scheduled Flights & Charter Flights

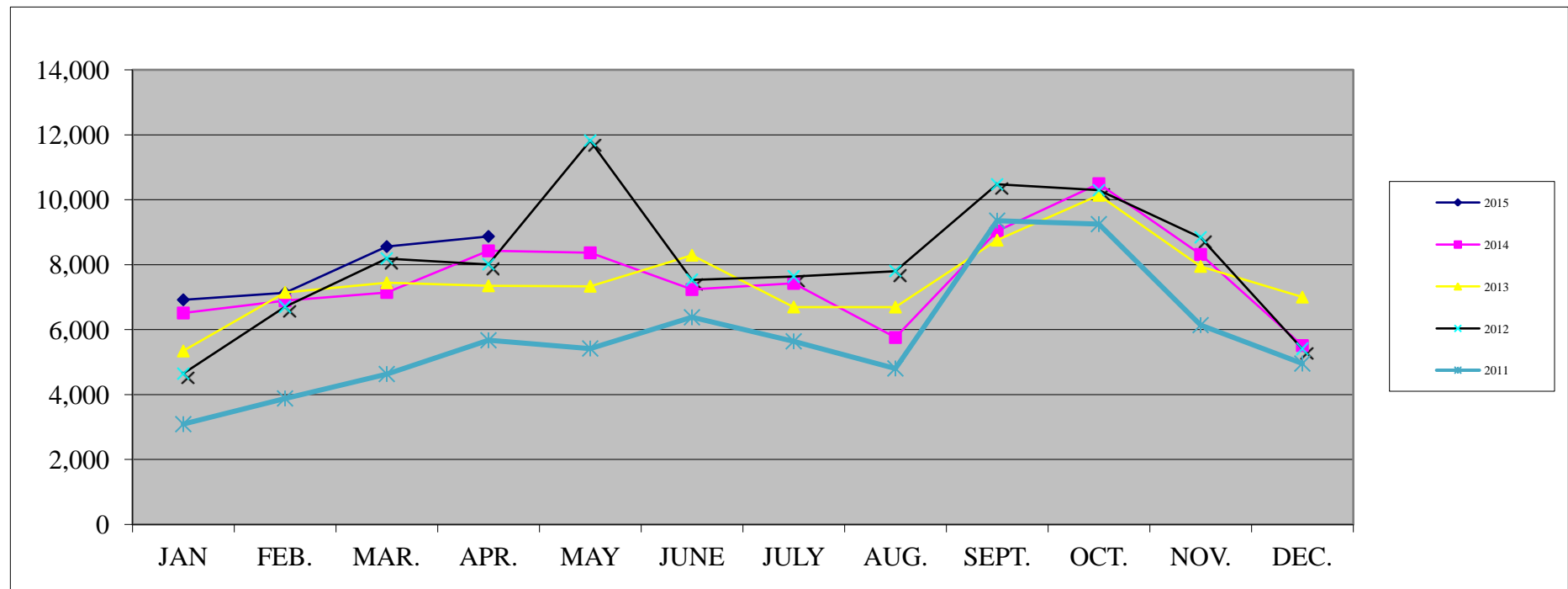
April, 2015	531 Passengers
April, 2014	135 Passengers
January 2015 - April 2015	5,716 Passengers
January 2014 - April 2014	529 Passengers
January 2013 - April 2013	776 Passengers

**AIRPORT TRAFFIC RECORD
2014 - 2015**

	ITINERANT					LOCAL			Total Operations
	AC	AT	GA	MI	Total Itinerant	Civil	Military	Total Local	
2015									
January, 15	7	1,543	723	138	2,411	4,243	264	4,507	6,918
February, 15	6	1,937	779	138	2,860	3,997	276	4,273	7,133
March, 15	68	2,086	814	176	3,144	5,079	334	5,413	8,557
April, 15	21	2,160	665	290	3,136	5,168	566	5,734	8,870
May, 15									
June, 15									
July, 15									
August, 15									
September, 15									
October, 15									
November, 15									
December, 15									
Totals January - April	102	7,726	2,981	742	11,551	18,487	1,440	19,927	31,478
2014									
January, 14	0	1,544	573	174	2,291	4,078	142	4,220	6,511
February, 14	0	1,752	558	153	2,463	4,260	164	4,424	6,887
March, 14	10	1,791	684	132	2,617	4,162	364	4,526	7,143
April, 14	2	2,094	637	100	2,833	4,344	172	4,516	7,349
May, 14									
June, 14									
July, 14									
August, 14									
September, 14									
October, 14									
November, 14									
December, 14									
Totals January - April	12	7,181	2,452	559	10,204	16,844	842	17,686	27,890
Difference	90	545	529	183	1,347	1,643	598	2,241	3,588
YTD % Change	750%	8%	22%	33%	13%	10%	71%	13%	13%

AIR TRAFFIC

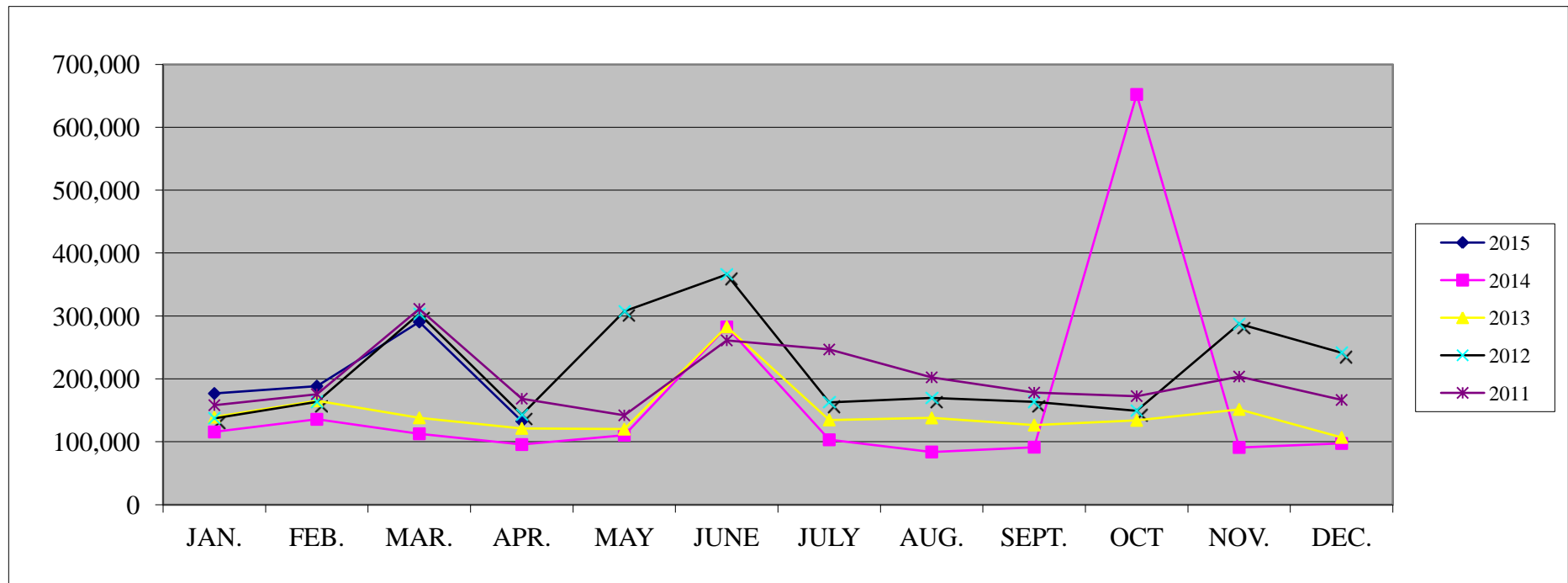
	<u>JAN</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG.</u>	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>DEC.</u>	<u>TOTAL</u>
2015	6,918	7,133	8,557	8,870	8,365	7,234	7,423	5,756	9,035	10,496	8,316	5,509	31,478
2014	6,511	6,887	7,143	8,426	8,365	7,234	7,423	5,756	9,035	10,496	8,316	5,509	91,101
2013	5,341	7,146	7,440	7,349	7,336	8,291	6,696	6,694	8,755	10,136	7,946	7,001	90,131
2012	4,642	6,700	8,189	8,002	11,819	7,532	7,635	7,802	10,478	10,292	8,838	5,409	97,338
2011	3,088	3,880	4,632	5,671	5,418	6,379	5,639	4,804	9,355	9,249	6,138	4,954	69,207
2010	2,760	4,430	5,743	5,964	4,611	4,572	4,364	4,009	6,816	7,653	5,100	4,429	60,451
2009	4,345	6,822	5,675	5,888	6,209	5,883	5,082	3,860	6,470	5,258	5,775	3,795	65,062
2008	4,233	6,749	6,063	6,291	5,530	6,345	5,356	4,112	7,425	8,125	6,571	4,775	71,575
2007	5,606	5,726	6,005	7,264	6,087	6,788	6,232	5,531	8,637	7,425	7,498	3,680	76,479
2006	5,660	6,886	6,468	6,719	6,958	6,411	5,074	6,370	8,692	9,410	6,894	5,922	81,464
2005	4,504	6,931	7,125	11,801	6,358	5,969	5,664	6,224	9,925	8,949	6,953	5,889	86,292



FUEL FLOWAGE

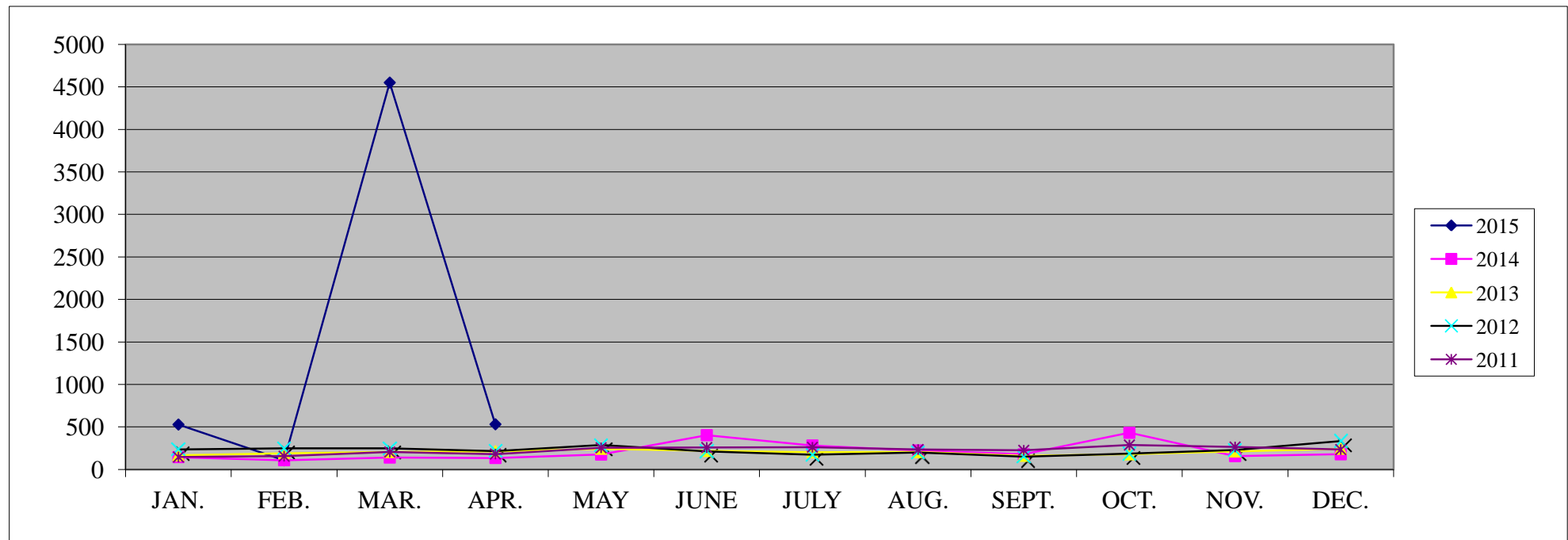
Gallons of Fuel Sold at SLN

	<u>JAN.</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG.</u>	<u>SEPT.</u>	<u>OCT</u>	<u>NOV.</u>	<u>DEC.</u>	<u>TOTAL</u>
2015	176,746	188,406	290,470	132,543									788,165
2014	115,573	135,651	112,694	95,549	110,387	282,468	103,108	83,757	91,423	652,207	90,948	97,295	1,971,061
2013	139,227	165,167	138,056	121,295	120,083	282,743	134,677	137,840	126,523	134,024	151,427	106,917	1,757,981
2012	136,995	163,253	303,472	142,770	307,541	365,938	162,584	169,534	163,515	149,404	287,619	241,424	2,594,049
2011	158,199	175,703	311,254	168,490	141,986	261,097	246,687	202,390	178,133	172,586	203,684	166,461	2,386,670
2010	140,149	174,668	276,837	195,019	195,859	333,684	271,029	212,013	170,735	209,067	315,010	269,921	2,763,991
2009	202,765	239,649	182,205	183,738	192,029	306,421	222,991	145,268	171,251	216,190	256,904	162,174	2,481,585
2008	240,060	298,097	293,841	231,396	212,675	319,814	218,666	236,294	245,330	374,857	236,718	206,767	3,114,515
2007	301,504	331,456	315,827	300,209	306,483	433,448	292,410	317,909	323,365	294,420	327,122	234,641	3,778,794
2006	267,924	311,776	297,888	287,710	286,273	286,903	324,655	413,395	388,262	321,437	314,458	316,431	3,817,112
2005	239,422	321,501	338,175	287,489	314,404	289,621	373,194	419,212	380,853	325,869	315,672	557,475	4,162,887



ENPLANEMENTS

	<u>JAN.</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG.</u>	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>DEC.</u>	<u>FAA</u> <u>Adjustment</u>	<u>TOTAL</u>
2015	528	107	4,550	531										5,716
2014	145	109	140	135	175	403	282	223	178	431	157	178		2,556
2013	166	191	205	214	243	218	202	205	161	178	212	243	391	2,829
2012	237	249	247	216	287	213	174	198	151	187	229	335	803	3,526
2011	146	156	205	181	254	258	261	234	225	287	264	234	152	2,857
2010	81	97	139	116	668	166	162	154	178	436	234	510	203	3,144
2009	224	227	275	223	232	210	225	242	439	190	223	129	29	2,868
2008	228	147	224	283	372	396	393	450	524	930	309	398	516	5,170
2007	109	81	133	107	185	226	221	285	241	325	679	353	1,182	4,127
2006	163	140	230	121	176	179	161	150	161	147	293	108	848	2,877
2005	267	257	258	186	150	218	162	134	225	135	192	155	466	2,805
2004	367	159	214	185	189	265	250	311	208	244	338	244	3,127	6,101



**Adjustment based on Nonscheduled/On-Demand Air Carrier Filings FAA Form 1800-31

Salina Airport Authority
Statement of Net Assets Prev Year Comparison
As of April 30, 2015

	<u>Apr 30, 15</u>	<u>Mar 31, 15</u>	<u>\$ Change</u>	<u>Apr 30, 14</u>	<u>\$ Change</u>	<u>% Change</u>
ASSETS						
Current Assets						
Checking/Savings						
Cash in bank & Petty Cash-Op	583,289	601,571	-18,282	1,211,631	-628,342	-52%
Total Checking/Savings	<u>583,289</u>	<u>601,571</u>	<u>-18,282</u>	<u>1,211,631</u>	<u>-628,342</u>	<u>-52%</u>
Accounts Receivable						
Accounts Receivable	165,384	171,988	-6,604	32,587	132,797	408%
Total Accounts Receivable	<u>165,384</u>	<u>171,988</u>	<u>-6,604</u>	<u>32,587</u>	<u>132,797</u>	<u>408%</u>
Other Current Assets						
Agri Land Receivable	58,000	58,000	0	55,000	3,000	5%
Mill Levy receivable	864,718	864,718	0	898,903	-34,185	-4%
Other current assets	148,712	140,567	8,145	154,998	-6,286	-4%
Undeposited Funds	0	4,893	-4,893	18,042	-18,042	-100%
Total Other Current Assets	<u>1,071,430</u>	<u>1,068,178</u>	<u>3,252</u>	<u>1,126,943</u>	<u>-55,513</u>	<u>-5%</u>
Total Current Assets	<u>1,820,103</u>	<u>1,841,737</u>	<u>-21,634</u>	<u>2,371,161</u>	<u>-551,058</u>	<u>-23%</u>
Fixed Assets						
Fixed assets at cost	81,935,604	81,896,046	39,558	80,796,138	1,139,466	1%
Less accumulated depreciation	-35,053,098	-34,839,348	-213,750	-32,504,406	-2,548,692	-8%
Total Fixed Assets	<u>46,882,506</u>	<u>47,056,698</u>	<u>-174,192</u>	<u>48,291,732</u>	<u>-1,409,226</u>	<u>-3%</u>
TOTAL ASSETS	<u>48,702,609</u>	<u>48,898,435</u>	<u>-195,826</u>	<u>50,662,893</u>	<u>-1,960,284</u>	<u>-4%</u>
LIABILITIES & EQUITY						
Liabilities						
Current Liabilities						
Accounts Payable						
Accounts payable	30,424	58,595	-28,171	99,041	-68,617	-69%
Total Accounts Payable	<u>30,424</u>	<u>58,595</u>	<u>-28,171</u>	<u>99,041</u>	<u>-68,617</u>	<u>-69%</u>
Total Credit Cards	0	1,711	-1,711	-491	491	100%
Other Current Liabilities						
Accrued debt interest payable	181,375	92,557	88,818	180,434	941	1%
Debt, current portion	1,025,674	1,025,674	0	991,702	33,972	3%
Deferred Agri Land Revenue	38,667	43,500	-4,833	36,667	2,000	5%
Deferred Mill Levy revenue	1,327,510	1,493,449	-165,939	1,328,577	-1,067	-0%
Other current liabilities	230,435	217,258	13,177	221,908	8,527	4%
Total Other Current Liabilities	<u>2,803,661</u>	<u>2,872,438</u>	<u>-68,777</u>	<u>2,759,288</u>	<u>44,373</u>	<u>2%</u>
Total Current Liabilities	<u>2,834,085</u>	<u>2,932,744</u>	<u>-98,659</u>	<u>2,857,838</u>	<u>-23,753</u>	<u>-1%</u>
Long Term Liabilities						
Capital Lease Payable	82,296	82,296	0	132,817	-50,521	-38%
Debt - Long Term	23,023,503	23,023,503	0	23,947,408	-923,905	-4%
Less current portion	-1,025,674	-1,025,674	0	-991,702	-33,972	-3%
Security Deposits Returnable	22,729	22,559	170	21,769	960	4%
Total Long Term Liabilities	<u>22,102,854</u>	<u>22,102,684</u>	<u>170</u>	<u>23,110,292</u>	<u>-1,007,438</u>	<u>-4%</u>
Total Liabilities	<u>24,936,939</u>	<u>25,035,428</u>	<u>-98,489</u>	<u>25,968,130</u>	<u>-1,031,191</u>	<u>-4%</u>
Equity						
Invested in Capital Assets net	23,776,707	23,913,472	-136,765	24,193,212	-416,505	-2%
Net assets, Designated	90,000	90,000	0	90,000	0	0%
Net assets, Unrestricted	381,913	245,148	136,765	945,206	-563,293	-60%
Net Income	-482,949	-385,612	-97,337	-533,654	50,705	10%
Total Equity	<u>23,765,671</u>	<u>23,863,008</u>	<u>-97,337</u>	<u>24,694,764</u>	<u>-929,093</u>	<u>-4%</u>
TOTAL LIABILITIES & EQUITY	<u>48,702,610</u>	<u>48,898,436</u>	<u>-195,826</u>	<u>50,662,894</u>	<u>-1,960,284</u>	<u>-4%</u>

Salina Airport Authority
Profit & Loss Budget Performance
January through April 2015

	Apr 15	Budget	\$ Over Budget	% of Budget	Jan - Apr 15	YTD Budget	\$ Over Budget	% of Budget	Annual Budget
Ordinary Income/Expense									
Income									
Airfield revenue									
Fuel Flowage Fees	9,874	12,500	-2,626	79%	59,285	50,000	9,285	119%	150,000
Hangar rent	32,473	32,670	-197	99%	151,683	130,276	21,407	116%	531,639
Landing fees	551	276	275	200%	3,411	1,103	2,308	309%	3,310
Ramp rent	4,096	4,096	0	100%	16,384	16,384	0	100%	49,152
Total Airfield revenue	46,994	49,542	-2,548	95%	230,763	197,763	33,000	117%	734,101
Building and land rent									
Agri land rent	4,833	4,833	0	100%	19,833	19,333	500	103%	58,000
Building rents									
Short-term leasing	2,485	3,967	-1,482	63%	5,815	15,867	-10,052	37%	47,600
Building rents - Other	61,303	61,402	-99	100%	246,194	245,575	619	100%	732,400
Total Building rents	63,788	65,369	-1,581	98%	252,009	261,442	-9,433	96%	780,000
Land rent									
Basic Land Rent	6,193	5,513	680	112%	24,258	22,036	2,222	110%	66,210
Property tax - tenant share	13,000	13,000	0	100%	52,000	52,000	0	100%	156,000
Total Land rent	19,193	18,513	680	104%	76,258	74,036	2,222	103%	222,210
Tank rent	791	742	49	107%	3,162	2,967	195	107%	8,900
Total Building and land rent	88,605	89,457	-852	99%	351,262	357,778	-6,516	98%	1,069,110
Other revenue									
Commissions	0	1,750	-1,750	0%	3,875	7,000	-3,125	55%	21,000
Other income	1,800	2,500	-700	72%	13,828	10,000	3,828	138%	30,000
Total Other revenue	1,800	4,250	-2,450	42%	17,703	17,000	703	104%	51,000
Gross Income	137,399	143,249	-5,850	96%	599,728	572,541	27,187	105%	1,854,211
Expense									
Administrative expenses									
A/E, consultants, brokers	0	0	0	0%	0	0	0	0%	0
Airport promotion	706	708	-2	100%	4,087	2,833	1,254	144%	8,500
Bad Debt Expense	0	0	0	0%	0	0	0	0%	0
Computer/Network Admin.	427	833	-406	51%	2,827	3,333	-506	85%	10,000
Dues and subscriptions	1,170	833	337	140%	6,275	3,333	2,942	188%	10,000
Employee retirement	5,460	5,396	64	101%	24,836	24,282	554	102%	70,148
FICA and medicare tax expense	3,976	4,111	-135	97%	18,135	18,498	-363	98%	53,440
Industrial development	0	0	0	0%	0	0	0	0%	0
Insurance , property	12,917	12,917	0	100%	51,667	51,667	0	100%	155,000
Insurance, medical	15,082	16,039	-957	94%	62,079	64,155	-2,076	97%	192,466
Kansas unemployment tax	0	0	0	0%	185	250	-65	74%	1,000
Legal and accounting	0	2,500	-2,500	0%	7,525	10,000	-2,475	75%	30,000
Office salaries	29,529	31,172	-1,643	95%	131,271	140,272	-9,001	94%	405,231
Office Supplies	975	583	392	167%	1,522	2,333	-811	65%	7,000
Other administrative expense									
Merchant Processing Fees	26	35	-9	74%	112	140	-28	80%	420
Other administrative expense	292	278	14	105%	1,275	1,110	165	115%	3,330
Total Other administrative expenses	318	313	5	102%	1,387	1,250	137	111%	3,750

Salina Airport Authority
Profit & Loss Budget Performance
January through April 2015

	<u>Apr 15</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>Jan - Apr 15</u>	<u>YTD Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>Annual Budget</u>
Postage	15	267	-252	6%	561	1,067	-506	53%	3,200
Property appraisal expense	0	0	0	0%	0	0	0	0%	0
Property tax expense	12,917	12,917	0	100%	51,667	51,667	0	100%	155,000
Special Events	0	83	-83	0%	0	333	-333	0%	1,000
Telephone	849	1,375	-526	62%	4,971	5,500	-529	90%	16,500
Training	675	500	175	135%	1,011	2,000	-989	51%	6,000
Travel and meetings	185	667	-482	28%	1,453	2,667	-1,214	54%	8,000
Total Administrative expenses	85,201	91,214	-6,013	93%	371,459	385,440	-13,981	96%	1,136,235
Maintenance expenses									
Airfield maintenance	1,246	1,292	-46	96%	5,735	5,167	568	111%	15,500
Airport Security	0	42	-42	0%	0	167	-167	0%	500
Building maintenance	5,068	3,333	1,735	152%	14,340	13,333	1,007	108%	40,000
Equipment fuel and repairs	5,738	4,167	1,571	138%	21,471	16,667	4,804	129%	50,000
Fire Services	0	125	-125	0%	0	500	-500	0%	1,500
Grounds maintenance	384	292	92	132%	918	1,167	-249	79%	3,500
Maintenance salaries	23,409	25,385	-1,976	92%	109,442	114,231	-4,789	96%	330,000
Other maintenance expenses	959	1,542	-583	62%	4,682	6,167	-1,485	76%	18,500
Snow removal expense	0	0	0	0%	0	7,500	-7,500	0%	15,000
Utilities	13,032	13,588	-556	96%	110,720	97,290	13,430	114%	215,000
Total Maintenance expenses	49,836	49,766	70	100%	267,308	262,189	5,119	102%	689,500
Total Expense	135,037	140,980	-5,943	96%	638,767	647,629	-8,862	99%	1,825,735
Net Ordinary Income	2,362	2,269	93	104%	-39,039	-75,088	36,049	52%	28,476
Other Income/Expense									
Other Income									
Capital contributed	28,541	0	28,541	100%	92,414	21,418	70,996	431%	21,418
Gain on sale of assets	8,371	0	8,371	100%	8,371	0	8,371	100%	15,000
Interest income									
Interest income on deposits	18	42	-24	43%	77	167	-90	46%	500
Total Interest income	18	42	-24	43%	77	167	-90	46%	500
Mill levy income	165,939	165,939	0	100%	665,503	663,755	1,748	100%	1,991,265
Total Other Income	202,869	165,981	36,888	122%	766,365	685,340	81,025	112%	2,028,183
Other Expense									
Debt interest expense net									
Interest Expense on Debt	88,819	88,819	0	100%	355,274	355,274	0	100%	1,065,822
Total Debt interest expense net	88,819	88,819	0	100%	355,274	355,274	0	100%	1,065,822
Depreciation expense	213,750	213,750	0	100%	855,000	855,000	0	100%	2,565,000
Total Other Expense	302,569	302,569	0	100%	1,210,274	1,210,274	0	100%	3,630,822
Net Other Income	-99,700	-136,588	36,888	73%	-443,909	-524,934	81,025	85%	-1,602,639
	-97,338	-134,319	36,981	72%	-482,948	-600,022	117,074	80%	-1,574,163

Salina Airport Authority
Capital Additions Budget vs. Actual
As of April 30, 2015

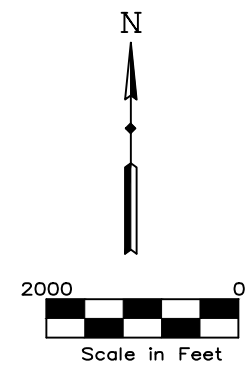
	<u>Apr 15</u>	<u>Jan - Apr 15</u>	<u>Annual Budget</u>	<u>+/- Annual Budget</u>	<u>% of Annual Budget</u>
ASSETS					
Fixed Assets					
Fixed assets at cost					
Airfield					
AIP-37 Taxiway B & E Reconst.	31,712	47,568	22,545	25,023	211%
Airfield Improvements		0	5,000	-5,000	0%
Term., Public View, Museum Dev.		3,445	1	3,444	344,500%
Total Airfield	<u>31,712</u>	<u>51,013</u>	<u>27,546</u>	<u>23,467</u>	<u>185%</u>
Buildings & Improvements					
Building improvements					
Bldg. Imps. Other	4,638	4,638	1	4,637	463,800%
Bldg. Roofing Systems		0	5,000	-5,000	0%
Hangar 626 Rehabilitation		0	10,000	-10,000	0%
Hangar 959 Rehabilitation		9,714	10,000	-286	97%
Total Building improvements	<u>4,638</u>	<u>14,352</u>	<u>25,001</u>	<u>-10,649</u>	<u>57%</u>
Pumphouse 305		0	5,000	-5,000	0%
Total Buildings & Improvements	<u>4,638</u>	<u>14,352</u>	<u>30,001</u>	<u>-15,649</u>	<u>48%</u>
Equipment					
Communications equipment		0	1,000	-1,000	0%
Computer equipment		0	1,000	-1,000	0%
Other Equipment		1,834	5,000	-3,166	37%
Total Equipment	<u>0</u>	<u>1,834</u>	<u>7,000</u>	<u>-5,166</u>	<u>26%</u>
Land					
Environmental					
Environmental - SAFB	3,207	6,734	10,455	-3,721	64%
Total Environmental	<u>3,207</u>	<u>6,734</u>	<u>10,455</u>	<u>-3,721</u>	<u>64%</u>
Total Land	<u>3,207</u>	<u>6,734</u>	<u>10,455</u>	<u>-3,721</u>	<u>64%</u>
Total Fixed assets at cost	<u>39,557</u>	<u>73,933</u>	<u>75,002</u>	<u>-1,069</u>	<u>99%</u>

05/13/15

Salina Airport Authority
Significant Capital Expenditures Detail
April 2015

Type	Date	Name	Memo	Amount	Balance
Fixed assets at cost					
Airfield					
AIP-37 Taxiway B & E Reconst.					
Bill	04/30/2015	Jviation, Inc.	Inv. No. 7 - Txy B & E Rehab Design	31,712.06	31,712.06
Total AIP-37 Taxiway B & E Reconst.				<u>31,712.06</u>	<u>31,712.06</u>
Total Airfield				31,712.06	31,712.06
Buildings & Improvements					
Building improvements					
Bldg. Imps. Other					
Bill	04/07/2015	Superior Plumbing and Heating, I...	Hangar 509 Installation of 2" PEX water service (includes; pipe, directi...	4,638.00	4,638.00
Total Bldg. Imps. Other				<u>4,638.00</u>	<u>4,638.00</u>
Total Building improvements				4,638.00	4,638.00
Total Buildings & Improvements				4,638.00	4,638.00
Land					
Environmental					
Environmental - SAFB					
Bill	04/30/2015	Stinson Leonard Street, LLP	Professional services - April 2015	3,207.38	3,207.38
Total Environmental - SAFB				<u>3,207.38</u>	<u>3,207.38</u>
Total Environmental				3,207.38	3,207.38
Total Land				3,207.38	3,207.38
Total Fixed assets at cost				39,557.44	39,557.44
TOTAL				<u>39,557.44</u>	<u>39,557.44</u>

Building 1021 Project Wattle



Drawing Number 1999-05-15



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

None : REVISIONS
KRB : DESIGNED BY
KRB : DRAWN BY
1" = 2000' : SCALE
5/20/15 : DATE

LEASE AGREEMENT

This Lease Agreement (the "Lease") is made and entered into this ____ day of May, 2015, by and between the **SALINA AIRPORT AUTHORITY**, a Kansas public corporation, of Salina, Saline County, Kansas, (the "Authority"), and **PROJECT WATTLE**, a Kansas limited liability company, with principal offices located at 3600 Airport Road, Unit A, Salina, KS ("Lessee").

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:

A portion of Bldg. No. 1021, comprised of 34,863 sq. ft. (32,065 sq. of manufacturing/warehouse space and 2,798 sq. ft. of office space) and 3.04 acres of land, all located on Lot 12, Block 1, Schilling Subdivision No. 6 to the City of Salina, Saline County, Kansas (commonly known as 3600 Airport Road, Unit A).

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. Subject to fulfillment of the conditions precedent of the Authority's receipt of Lessee's security deposit (para. 4.2.3) and certificates of insurance (para. 5.3), the "Primary Term" of this Lease shall commence on the "Effective Date" which shall be on or before June 15, 2015 and shall terminate on the last day of the month which is Seventy-five and one half (75.5) months following the Effective Date, subject to the option for renewal and extension hereinafter set forth. The Lessee agrees to execute an Effective Date Agreement to be prepared by the Authority on or before June 15, 2015 in a form as depicted on the attached Exhibit B.

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 Basic Rental of the term immediately prior to expiration of the Lease or extension. Such Holdover Tenancy shall be subject to every other provision, covenant and agreement contained 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. This Lease shall automatically renew unless the Lessee notifies the Authority in writing not less than six (6) months prior to the expiration of the then current term, of the Lessee's intent to terminate the Lease. The Basic Rent for option periods shall be as follows:

- 3.1. Basic Rent for each of the Five (5) year option periods, commencing with the first month of each Five (5) year option period, shall be established by increasing the Basic Rental of the last year of the then current term, by ten (10) percent.

4. Rent.

- 4.1. Basic Rent. Lessee agrees to pay the Authority a Basic Rent for the leasing of the Premises during the Primary Term, the sum of Nine Hundred and Two Thousand and Seventy-eight dollars and no/100 (\$902,078.00) payable in monthly installments according to the following schedule. The rental shall be payable monthly in advance and shall be due on the first day of each month for that month.

The first 3.5 months following the Effective Date of the Lease, the monthly Basic Rent installment will be \$0. Immediately following the first 3.5 months, beginning with the fourth full month following the Effective Date, the monthly installment payment schedule shall be:

Payment Nos.	Basic Rent Monthly Installments
1-6	\$7,844
7-12	\$9,587
13-18	\$10,459
19-24	\$12,057
25-72	\$13,800

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

4.2.1. Taxes. Lessee agrees to pay 51% of 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 Thirteen Thousand Eight Hundred Dollars and no/100 (\$13,800.00). 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 for 51% of the commercial property insurance covering the improvements located on the Premises. Partial year occupancy shall result in a pro-rated premium. The 2015 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.

4.2.6. Gas and Electric Utilities. As per Section 14 below, the Authority shall invoice Lessee on a monthly basis for gas and electricity service in an amount of 51% of Bldg. 1021's prior year actual for the month plus 100% of the current month actual in excess of the prior year's month for the Premises and Bldg 1021. Upon presentation of an invoice, the Lessee shall remit payment to Authority for utilities within 15 days of date of invoice

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 \$1,000,000 each occurrence / \$1,000,000 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 the Effective Date 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 knowledge.

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 be 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 or not 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 manufacturing tubed and matt erosion control products made of straw and other materials and other activities normally associated therewith. All activities will comply with all 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. Notwithstanding the above, the Authority is fully

acquainted with the Lessee's business operation and has no objection now, or in the future of the Lessee operating in such a manner.

- 6.2. Restroom Facilities. Lessee acknowledges that it will have utilization of the set of restrooms designated as "common-use" and depicted on Exhibit A as Room Nos. 127 and 128. Lessee will be responsible for working with other occupants and Lessees of Bldg. 1021 in keeping the restrooms clean and in good order and supplying and replenishing the consumables as needed.
7. Environmental Concerns. The parties each acknowledge receipt of a Phase I Brownsfield Targeted Assessment environmental report completed on February 24, 2014 on the Premises which reported that 1.) no "Recognized Environmental Conditions" (RECs) were indentified, 2.) Phase II assessments are not recommended and 3.) the Premises are cleared for redevelopment.
 - 7.1. Authority's Responsibility. The Authority shall be responsible for the cleanup and removal of any hazardous substances or materials which are determined to have been present on the Premises prior to the Effective Date of the Lease. Authority agrees to 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 the Lease.
 - 7.2. Lessee's Responsibility. The Lessee shall be responsible for the cleanup and removal of any hazardous substances or materials located on the Premises as identified by an environmental review, which are determined to have occurred after the Effective Date of the Lease. Lessee shall indemnify and hold the Authority harmless from and against all claims, expenses, loss, or liability arising from any such contamination, which occurred on the Premises and after the Effective Date of the Lease, while the Lessee was occupying the Premises.
 - 7.3. Lessee also agrees to comply with all storm water and waste collection requirements of any federal, state or local governmental laws, rules and regulations.
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.

- 8.3. Prior to Lessee's product manufacturing within the Premises, the Lessee shall procure and install a hanging curtain or similar barrier in Room 120 (manufacturing area) at the south leasehold Premises boundary as necessary to minimize dust from Premises drifting outside of Lessee's Premises and into the other areas of Bldg. 1021.
- 8.4. Upon such time as the Authority secures a tenant for the remaining portion of Bldg. 1021 not currently leased to the Lessee and defined as part of the Lease Premises, the Authority shall construct a demising wall in the manufacturing and office areas and shall separate and/or sub meter utilities, as appropriate and reasonably necessary to demise Bldg. 1021 into separate leasehold areas.
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 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.
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 there from 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. Collect from Lessee the unamortized portion of any brokerage fees payable by the Authority to ComPro Realty and Newmark Grubb Zimmer as a result of the Authority and Lessee entering into this Lease;
- 11.2.6. Seize and hold Lessee's onsite property for the satisfaction of the deficiency;
- 11.2.7. Bring a suit for damages against Lessee; or
- 11.2.8. Pursue any other remedy available to the Authority under Kansas law.

Authority's Default,

Quiet Enjoyment, Authority's Covenant. Upon payment by Tenant of the rents herein provided, and upon the observance and performance of all the covenants, terms and conditions on Tenant's part to be observed and performed, Tenant shall peaceably and quietly hold and enjoy the Premises for the term hereby demised without hindrance or interruption by Landlord or any other person or persons lawfully or equitably claiming by, through or under Landlord; subject, nevertheless, to all the terms and conditions of this Lease. Lessee acknowledges the leased Premises is adjacent to the Salina Regional Airport.

12. Waiver. 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.

12.1. 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 the roof, fire suppression system, all structural elements of the Premises 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. Authority understands that the Lessee desires to construct a permanent covered loading dock on the Premises and will not unreasonable withhold authorization for such improvements.

13.1. Lessee shall be responsible for all routine maintenance and repairs necessary to keep the heating and/or cooling systems, 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 any of the HVAC systems and/or components. 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 or any extension thereof. The Lessee shall provide the Authority a copy of each semi-annual service agreement inspection report. 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, overhead cranes 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 and service lines, the 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, water and sewer service lines and/or electrical systems which are not repairable and which must be replaced to keep the systems in good working order. 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 Lessee shall be responsible for maintaining the Raw Materials Storage Area, including fencing and the parking lot including pavement, striping and signage of the Employee Parking and Operations Area as depicted on the Attached Exhibit A.

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 Authority shall provide Lessee with the actual cost of the Bldg. 1021 electricity and gas service utilities covering the 12 month period prior to the Effective date of the Lease. The Authority shall continue to procure electricity and gas to the Premises and Bldg. 1021 and shall invoice Lessee, on a monthly basis, 51% of the Bldg. 1021 actual utility cost of the prior year month, plus 100% of the current amount over the prior year monthly cost. Said amount shall constitute Additional Rental and shall continue until such time a tenant is secured for

any unoccupied sq. ft. in Bldg. 1021 and the utilities are separately metered. Lessee shall pay 100% of charges for water and sewer until the remainder of Bldg. 1021 is leased, at which time Tenant shall pay 51% of water and sewer charges unless separately metered or sub metered. Lessee shall, at its own expense, obtain and pay for all, Internet, cable TV, phone 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, not to be unreasonable withheld. Under no circumstances shall the Authority negotiate, request or require any financial compensation for such consent. 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. Indemnification by Landlord. Landlord shall defend, protect, indemnify, and hold Tenant and Tenant's agents, officers, directors, employees, and contractors harmless from and against any and all injuries, costs, expenses, liabilities, losses, damages, injunctions, suits, actions, fines, penalties, and demands of any kind or nature (including reasonable attorneys' fees) by or on behalf of any person, entity, or governmental authority occasioned by or arising out of any intentional conduct or negligence of Landlord or Landlord's agents, employees, or independent contractors; (c) any breach or default in the performance of any obligation on Landlord's part to be performed under this Lease; or (d) the failure of any representation or warranty made by Landlord herein to be true when made. This indemnity does not include the intentional or negligent acts or omissions of Tenant or its agents, officers, contractors or employees

17.3. 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 may, upon 24 hour notice to the Lessee, unless in the case of emergency, 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
M.J. Kennedy Air Terminal Building
3237 Arnold
Salina, KS 67401

Lessee Project Wattle
3600 Airport Road, Unit A
Salina, KS 67401

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. Right of First Refusal. During the Primary Term only, of this Lease, the Authority grants unto the Lessee the first right of refusal to lease the remaining 33,517 sq. ft. of Bldg. 1021, commonly known as 3600 Airport Road, Unit B. The Authority shall first notify Lessee of the intended lease and the Lessee shall have the right to lease said property under the existing terms of this Lease, by electing to do so within (5) days from the date thereof. In the event that Lessee does not exercise the right of first refusal to lease 3600 Airport Road, Unit B, then the Authority may lease said property to others.

22. Commission.

22.1. The parties acknowledge that Jeff Maes, ComPro Realty has served as the "Lessee's Agent" in relation to this Lease and that the Authority shall pay a leasing commission of 3% of the Primary Term Basic Rent to ComPro Realty and such commission shall be paid in equal installments simultaneous with Payments Nos. 1 - 12 of the Basic Rent. Additionally, in compliance with K.S.A 75-4304, Jeff Maes has not participated in the making of this Lease as a member of the Authority's Board of Directors and has abstained from any action of the Authority in regard to this Lease.

22.2. The parties acknowledge that Tracey Mann, Newmark Grubb Zimmer, has served as the "Authority's Agent" since June 21, 2010 per an Agency Agreement and that the Authority shall pay a leasing commission of 2.5% of the Primary Term Basic Rent to Newmark Grubb Zimmer and such commission shall be paid in equal installments simultaneous with Payments Nos. 1-12 of the Basic Rent.

22.3. The Parties represent that no other real estate broker or their representatives have been consulted in relation to this Lease. Either party to this Lease through which a claim of any other broker's, finder's or other fee or commission is made shall indemnify, defend, and hold harmless the other party from any loss, liability, damage, cost or expense that is in any way related to such claim.

23. General Clauses.

- 23.1. 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.
- 23.2. 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.
- 23.3. 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.
- 23.4. 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 unless specifically stated in this Lease.
- 23.5. 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.
- 23.6. 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.
- 23.7. The Lessee shall not be the agent of the Authority in making repairs or other improvements to the Premises and no material man's liens or claims thereunder shall be valid against the Authority or against the interest of the Authority in the Premises.
- 23.8. 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.

23.9. 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.

23.10. 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.

23.11. 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.

23.12. 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. Any subject development shall not hinder the Lessee's right of operation and use of the Premises as provided herein.

23.13. 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. Authority recognizes the Lessee shall have the right to stack bails on the West lot included in this Lease not more than 20' high.

23.14. 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, of the Airport.

23.15. 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.

24. Equal Opportunity. In conformity with the Kansas act against discrimination and Chapter 13 of the Salina Code, the Lessee agrees that:

24.1. The Lessee shall observe the provisions of the Kansas act against discrimination and Chapter 13 of the Salina Code and in doing so shall not discriminate against

any person in the course of its tenancy under this Lease because of race, sex, religion, age, color, national origin, ancestry or disability.

24.2. The Lessee shall include in all solicitations, or advertisements for employees, the phrase “equal opportunity employer,” or a similar phrase to be approved by the City’s human relations director;

24.3. If the Lessee fails to comply with the manner in which the Lessee reports to the Kansas human rights commission in accordance with the provisions of K.S.A. 44-1031 and amendments thereto, the Lessee shall be deemed to have to be in default of this Lease and it may be canceled, terminated or suspended, in whole or in part, by the Authority;

24.4. If the Lessee is found guilty of a violation of Chapter 13 of the Salina Code or the Kansas act against discrimination under a decision or order of the Salina human relations commission or the Kansas human rights commission which has become final, the Lessee shall be deemed to have breached this Lease and it may be canceled, terminated or suspended, in whole or in part, by the Authority;

24.5. The Lessee shall not discriminate against any employee or applicant for employment in the course of its tenancy under this Lease because of race, sex, religion, age, color, national origin, ancestry or disability; and

24.6. The Lessee shall include similar provisions in any authorized sublease under this Lease.

25. 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: _____
Michael L. Hoppock
Chairman of the Board of Directors

ATTEST

Date _____

By: _____

Troy Vancil
Secretary of the Board of Directors

PROJECT WATTLE.

Date _____

By: _____

“Insert Name” Managing Member

Date _____

By: _____

“Insert Name”, Managing Member

GUARANTY

The undersigned, “Insert Name”, in consideration for the Authority entering into the above Lease Agreement with the Lessee, unconditionally guarantees Lessee's performance of all obligations due or to become due under the Lease Agreement for the Primary Term of the Lease.

Date _____

“Insert Name”

GUARANTY

The undersigned, “Insert Name”, in consideration for the Authority entering into the above Lease Agreement with the Lessee, unconditionally guarantees Lessee's performance of all obligations due or to become due under the Lease Agreement for the Primary Term of the Lease

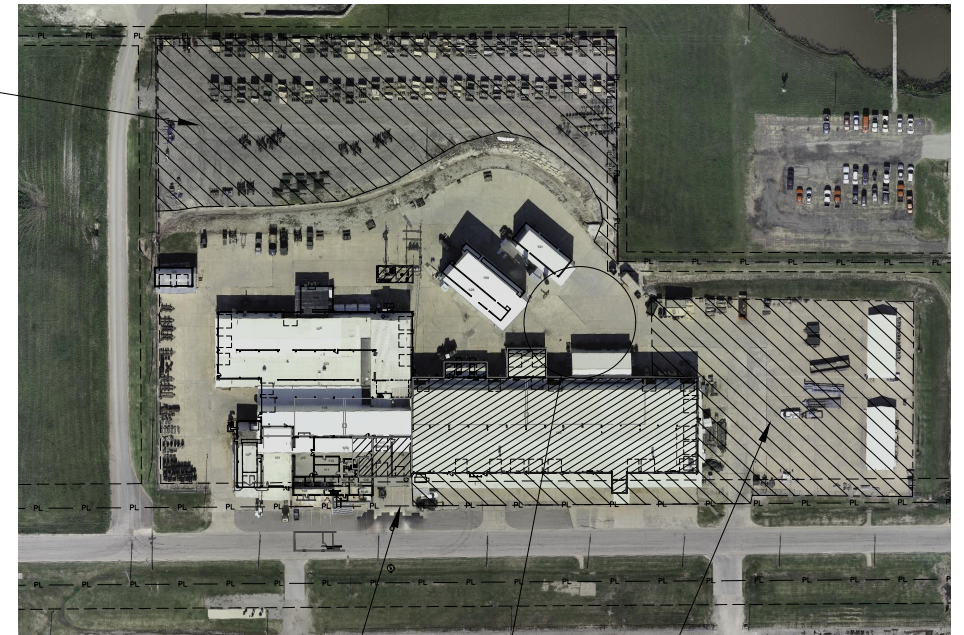
Date _____

“Insert Name”

Raw Material Storage
Area = 1.67 Acres

Facility Common Use
Restrooms Upper
Level.

2nd
Floor

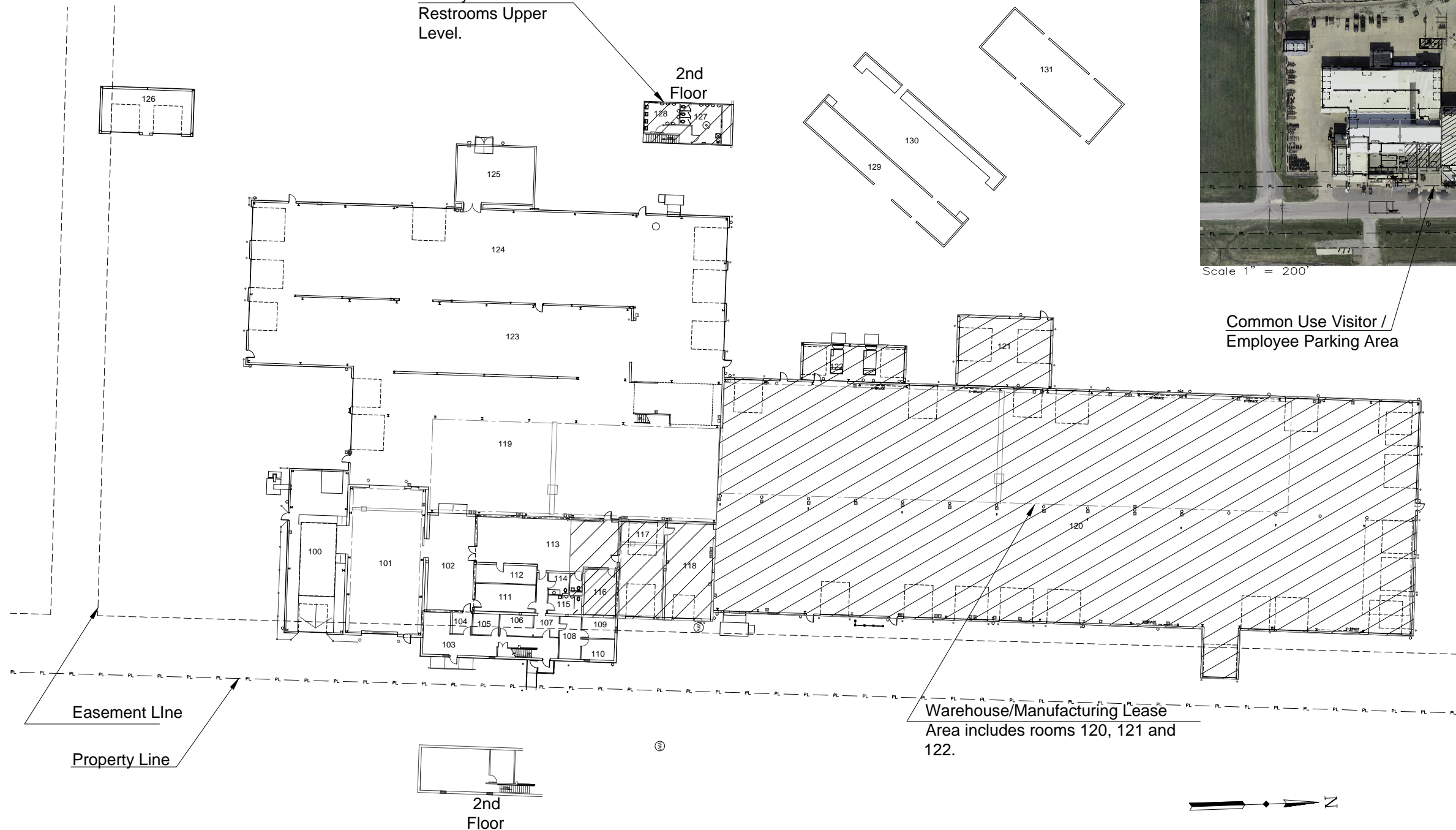


Scale 1" = 200'

Common Use Visitor /
Employee Parking Area

Employee Parking / Operations
Area = 1.37 Acres.

Common Ingress
Egress Movement
Area.



Warehouse/Manufacturing Lease
Area includes rooms 120, 121 and
122.

Easement Line

Property Line

2nd
Floor

Warehouse / Manufacturing Area = 32065.4 S.F.
 Room 118 = 878 S.F.
 Room 117 = 826.8 S.F.
 Room 116 = 296 S.F.
 Small Restoom = 64 S.F.
 Upstairs Restooms = $\frac{1}{2}$ of 586 S.F. = 293 S.F.
 Break Room = 441 S.F.



Total Lease Area = 34,863 S.F.

Drawing Number 1986-03-15



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

None : REVISIONS
 KRB : DESIGNED BY
 KRB : DRAWN BY
 1" = 50' (11" x 17" Sheet) : SCALE
 5/14/15 : DATE

SALINA AIRPORT AUTHORITY
 Project Wattle, 2015 Lease Exhibit A

1
 OF
 1

LEASE EFFECTIVE DATE AGREEMENT

This Lease Effective Date Agreement (the "Agreement") is made and entered into this ____ day of ____, 2015, by and between the **SALINA AIRPORT AUTHORITY**, a Kansas public corporation, of Salina, Saline County, Kansas, (the "Authority"), and **PROJECT WATTLE.**, a Kansas limited liability company, with principal offices located at 3600 Airport Road, Salina, KS, ("Lessee")

Recitals

- A. On the ___ day of _____, 2015, the Authority and Lessee entered in a Lease Agreement (the "Lease") for a portion of the Authority's Bldg. 1021 located at 3600 Airport Road, Salina, KS.
- B. At the time of execution of the Lease Agreement, the precise "Effective Date" of the Lease was unknown. The parties did agree the lease commencement and Effective Date would begin on or before June 15, 2015.
- C. The parties now have determined the precise Effective Date of the Lease.

THE PARTIES, therefore covenant and agree:

- 1. The Effective Date of the Lease shall be the 15th day of _____, 2015.
- 2. Binding Effect. This Agreement shall be binding upon the heirs, beneficiaries, personal representatives, successors, and assigns of the Authority and the Lessee.

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

SALINA AIRPORT AUTHORITY

Date _____

By: _____
Timothy F. Rogers, A.A.E.
Executive Director

ATTEST

Date _____

By: _____

Michelle R. Swanson, C.M.
Director of Administration and Finance

PROJECT WATTLE

Date _____

By: _____

“Insert Name”, Managing Member

Date _____

By: _____

Name, Title



Director of Facilities and Operations

3237 Arnold Ave.

Salina, Kansas 67401

Telephone (785) 827-3914 • FAX (785) 827-2221 • E-Mail kennyb@salair.org

DATE: 05/20/15
TO: SAA Board of Directors
FROM: Kenny Bieker
Director of Facilities and Operations
SUBJECT: Project Updates

AIP Project No. 37 – Taxiway Alpha, Bravo & Echo Design

No Change: Aviation has submitted the set of plans at 90% complete for the FAA review. The schedule has been delayed in anticipation of receipt of comments from FAA. Since this project will not be constructed in 2015, it is lower on the priority list and is being reviewed following projects with 2015 funding.

FAA Part 139 Inspection

A “table top review” of our airport emergency plan will be held on May 20, 2015. This will complete the items required from FAA to meet FAA part 139. Attendees include personnel from the following agencies: Saline County Emergency Management, Sheriff’s Office, Kansas Highway Patrol, Air Traffic Control Tower, City of Salina, Salina Fire Department, Salina Police Department.

DATE: May 15, 2015
TO: Salina Airport Authority Board of Directors
FROM: Melissa L. McCoy
Manager of Public Affairs & Communications
SUBJECT: May Board Meeting

Email Contact List

- With the addition of 151 new contacts in the last 30 days, our news and other items have the ability to reach 3214 active contacts.

SeaPort

- Currently, with advance booking you can fly to Kansas City for \$39 and SeaPort is expect to unveil an even lower price point in the coming weeks.
- SeaPort has made the full move to the Amadeus booking platform.
- Passengers can now book through fares with Alaska Airlines destinations on their website and all third-party online booking platforms.
- CheapOAir will allow passengers to book through fares with Alaska Airlines, United Airlines and American Airlines.

Recent Events

- K-State is updating their Airport Management Program and its marketing materials to be more reflective the operations and management of airports rather than a pilots' program with and emphasis in management. The new program does not require students to get a pilot certification. You will see some familiar faces on the marketing materials as Tim and Shelli will be featured as airport managers teaching and mentoring students in a real-world situation.
- We hosted Kansas Wesleyan University President Matt Thompson for a tour of the airport and Sharp Performance. We have a mutually beneficial PR internship program with KWU, so it was helpful to have the president out here to learn more about what we do. KWU's athletic department utilizes Sharp Performance for football training and more.
- We were proud to be a part of the Bulk Solids Innovation Center ribbon cutting, May 14. It has been exciting watching it come to fruition.

Pilots Club Coffee

- Our KLSN Pilots Club Coffee is June 20 at 9 a.m. at the ARFF Station. Dr. Tara Harl, K-State's new Aviation Management Program Lead, talk a little about the program.
- This is a great opportunity for anyone to come learn more about the airport. If you haven't attended one, I encourage you to come out and do so. It's always a good time.

Respectfully,

Melissa L. McCoy

May 2015						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
					1	2
3	4	5	6	7	8	9
10 Mother's Day	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25 Memorial Day	26	27	28	29	30
31						

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Meetings & Events

- April 30 - May 1 Dale- Vacation
KAPIO Annual Conference
Bieker- Vacation
- 1 9:30 am Audit Committee Meeting
- 4 1 pm Admin Staff Meeting
- 5 9 am KSLN & SAIC Marketing & Recruitment
9:30 am Managers Meeting
3 pm Prospect Meeting
- 6 8:30 am Salina Journal Morning Coffee
10 am Project Salina
1:15 pm Project Wattle
3:30 pm FBO Meeting
4:30 pm K-State Salina Project Partnership Meeting
- 7 Bieker- Vacation
12 pm Konza Book Club
- 8 8 am SeaPort Meeting
11 am KSUS Meeting
- 11 - 14 David- AAAE/ FAA ASOS School
- 11 11 am Lockton/ Charlesworth 2015 Policy Delivery & Review
1 pm Admin Staff Meeting
2 pm KSUS Meeting
- 12 9:30 am Managers Meeting
11:30 am MAC Meeting
- 13 10 am Project Salina
- 14 Windhorst- Vacation
8:30 am Board Meeting Agenda Review
9 am Wellness Committee Meeting
1:30 pm City, County, Chamber, Airport Coordination Meeting
2 pm Bulk Solids Innovation Center Ribbon Cutting Ceremony
5 pm Bulk Solids Chamber After Hours

- 18 1 pm Admin Staff Meeting
- 19 9 am KSLN & SAIC Marketing & Recruitment
9:30 am Managers Meeting
1 pm Choices Network Tour
3:30 pm Audit/Finance Committee Meeting
- 20 8 am Board Meeting
10 am Burns and Mac Meeting
10 am Project Salina
12 pm Airport Telcon Conferences
1:30 pm ARFF Alerts Table Top Discussion
- 21- 22 Bieker- Vacation
- 21 11:15 am SHRMA Luncheon
12 pm KAA Workshop
- 22 Windhorst- Vacation
9 am Schilling Project CEO Meeting
- 25 SAA Closed- Memorial Day
- 26 Boyd- Vacation
9:30 am Managers Meeting
3:30 pm Avflight Salina FBO Coordination Meeting
- 27 1 pm SAA Employee Meeting
- 28 11 am Team Kansas Board of Directors meeting

June 2015						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14 Flag Day	15	16	17	18	19	20
21 Father's Day	22	23	24	25	26	27
28	29	30				

Created by www.blankcalendar2015.net

Meetings & Events

- 1 1 pm Admin Staff Meeting
- 2 9 am KSLN & SAIC Marketing Meeting
9:30 am Managers Meeting
12 pm KONZA Book Club
1 pm ARFF Training
- 3 Joining Community Forces
- 4- 5 Bieker- Vacation
- 5- 8 Shelli vacation
- 8 1 pm Admin Staff Meeting
- 9 9:30 am Managers Meeting
11:30 am MAC Meeting
2 pm SATC Foundation Board Meeting
- 11 9 am Wellness Committee Meeting
1 pm Job Safety Analysis
1:30 pm City, County, Airport, Chamber Meeting
- 12- 15 Colby- Vacation
- 12 Sorell- Vacation
Anderson- Vacation
- 15 1 pm Admin Staff Meeting
- 16 9 am KSLN & SAIC Marketing Meeting
9:30 am Managers Meeting
3:30 pm Audit/ Finance Committee Meeting
- 17 8 am SAA Board of Directors Meeting
12 pm Airport Telcon Conferences
- 18- 22 Bieker- Vacation
- 18 11:15 am SHRMA Lucheon
12 pm KAA Workshop
- 19 KAA Workshop
- 20 9 am KSLN Coffee Club
- 22 1 pm Admin Staff Meeting

- 2 pm USCTA Policy Board Meeting
- 23 9:30 am Managers Meeting
- 3:30 am Avflight Salina FBO Coordination Meeting
- 24 1 pm SAA Employee Meeting
- 26 9 am Salina Public Entities Meeting
- 29 1 pm Admin Staff Meeting
- 30 9 am KSLN & SAIC Marketing Meeting
- 9:30 am Managers Meeting

July 2015						
Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
			1	2	3	4 Independence Day
5	6	7	8	9	10	11
12	13	14	15	16	17	18
19	20	21	22	23	24	25
26 Parents' Day	27	28	29	30	31	

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Meetings & Events

- 1 Mason- Vacation
- 2 8 am Loss Prevention meeting
- 3 SAA- Closed Independence Day
- 6 1 pm Admin Staff Meeting
- 7 9:30 am Managers Meeting
- 9 Mason- Vacation
9 am Wellness Committee Meeting
1:30 pm City, Airport, County, Chamber coordination meeting
- 13 1 pm Admin Staff Meeting
- 14 9 am KSLN & SAIC Marketing Meeting
11:30 am MAC Meeting
- 15 8 am SAA Board Meeting
12 pm Airport Telcon Conferences
12 pm GASB 68 Training for KPERS Employers
- 20 1 pm Admin Staff Meeting
- 21 9:30 am Managers Meeting
3:30 pm Audit/ Finance Committee Meeting
- 22 1 pm SAA Employee Meeting
- 24 9 am Schilling Project CEO Meeting
- 27 1 pm Admin Staff Meeting
- 28 9 am KSLN & SAIC Marketing Meeting
9:30 am Managers Meeting
1 pm Risk Exposure Meeting
3 pm Avflight Salina FBO Coordination Meeting

**A MOTION TO RECESS FOR AN EXECUTIVE SESSION
OF THE BOARD OF DIRECTORS FOR THE SALINA AIRPORT AUTHORITY**

Mister Chairman, I move to recess the Open meeting for an Executive Session for twenty (20) minutes for the purposes of

- 1.) Discussing confidential data relating to financial affairs or trade secrets of a corporation for the reason that public discussion of that information would unfairly disadvantage the business in relation to its competitors.

The Open meeting shall resume in the M.J. Kennedy Air Terminal Building Conference Room at _____ A.M. (Twenty (20) minutes after the start of the Executive Session).