

DATE: October 15, 2018
TO: SAA Board of Directors
FROM: Tim Rogers and Shelli Swanson
SUBJECT: **October 17, 2018 Regular Board Meeting – Amended Agenda**

Enclosed is an amended agenda to the Wednesday, October 17 regular Salina Airport Authority board meeting. Please note my comments related to Agenda Item #10 that was added to the agenda.

Enclosed are items for your review prior to Wednesday's meeting. Please note that the meeting will be held in the **second-floor conference room, Hangar 600, 2720 Arnold Ct.** A map showing the location of Hangar 600 is enclosed in your board meeting packet.

Agenda Item #10–Consideration of a Land Lease with TRR, Inc for an Aviation Fuel Storage Tank
(Rogers and Swanson)

Federally obligated airport operators must permit airport users and tenants the opportunity to self-fuel pilot owned aircraft. Specifically, Grant Assurance 22(f), *Economic Nondiscrimination*, provides that a sponsor “will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees (including, but not limited to maintenance, repair and fueling) that it may choose to perform.”

An airport operator may establish reasonable rules to regulate self-fueling activity on the airport as long as the rules are not applied in a manner determined to be discriminatory. Airport operator rules and regulations concerning self-fueling must address the use of safe equipment, compliance with local ordinances and protect the public welfare.

Sections 8.6, **Fueling Operations** and Section 8.7, **Location of Fueling Operations Relative to Other Activities, Equipment and Structures** of the Salina Regional Airport Rules and Regulation (January 18,2017) detail the Salina Airport Authority’s requirements for self-fueling.

Mr. Tod Roberg owns three aircraft that are based at the Salina Regional Airport. The aircraft are stored in three T-Hangars leased from Airport Authority. Mr Roberg has applied for a self-fueling permit and has also requested to lease land to place an above ground 650-gallon 100LL aviation fuel (Avgas) tank to refuel his owned aircraft. Enclosed are copies of Mr. Roberg’s self-fueling application and a draft land lease for is above ground Avgas storage tank.

The proposed terms of the land lease are:

- **Leased Area:** 580 SF adjacent to T-Hangar P30 (see attached exhibit)
- **Lease Term:** Three (3) years effective November 1, 2018

- **Option:** One (1) additional term of three (3) years at a rental rate to be mutually agreed upon
- **Rental Rate:** Six hundred dollars (\$600.00) per year
- **Fuel Flowage Fee:** \$.0784 per gallon adjusted bi-annually
- **Insurance:** Per Salina Airport Authority Rules and Regulations
- **Environmental:** Above Ground Storage Tank Liability insurance

In addition to the provisions of the land lease agreement, Mr Roberg will comply with the following provisions of the Salina Regional Airport Rules and Regulations.

- **Environmental:** Storm Water Pollution Prevention Plan (SWPPP) compliance
- **Environmental:** Spill Prevention Contingency and Control Plan (SPCC) submitted to the Airport Authority
- **Airport Operations:** Compliance with the SLN Airport Certification Manual (ACM)

Mr. Roberg has thoughtfully applied for a Salina Airport Authority self-fueling permit and land lease for an above ground, Avgas storage tank. Mr. Roberg's aircraft are used for both business and personal use. The request for a self-fueling permit will provide Mr. Roberg with greater flexibility and convenience.

The self-fueling permit application and proposed land lease are consistent with the Airport Authority's FAA compliance requirements and Salina Regional Airport Rules and Regulations.

Recommendation: Approval of the proposed land lease with TRR, Inc for the construction of a 100LL Avgas, above ground storage tank.

Please contact me if you have any questions or comments.

SALINA AIRPORT AUTHORITY REGULAR BOARD MEETING

Hangar H600, Second Floor Conference Room

2720 Arnold Court

October 17, 2018– 8:00 AM

AGENDA

Action Items

1. Call to order and determine a quorum is present. (Weisel)
2. Recognition of guests. (Weisel)
3. Additions to the agenda. (Weisel)
4. Approval of the minutes of the September 19, 2018 regular board meeting. (Weisel)
5. Review of airport activity and financial reports for the month ending September 30, 2018. (Rogers & Swanson)
6. Review of the September 30, 2018 (Q3), ten (10) year financial trend analysis report. (Swanson)
7. Consideration of the renewal of the Salina Airport Authority and Kansas State University agreement for access to and use of the Salina Regional Airport. (Rogers)
8. Review and discussion of forecasted 2019 operating expenses. (Rogers and Swanson)
9. Report on the Airport Authority's options for Supplemental Airport Improvement Program grant funding. (Rogers)
10. Consideration of a land lease with TRR, Inc of Salina, KS. (Rogers and Swanson)

Directors' Forum (Weisel)

Visitor's Questions and Comments (Weisel)

Staff Reports (Rogers)

Announcements (Windhorst)

Adjournment (Weisel)



SALINA AIRPORT AUTHORITY

APPLICATION FOR PERMIT SELF FUELING OF AIRCRAFT

Instructions: Applicant(s) shall complete all items No. 1-4 on this form. The Salina Airport Authority shall review the permit application and supporting documentation. Upon review, acceptance and approval, the Salina Airport shall issue a permit for the applicant's self fueling of aircraft.

1) Applicant Information:

Name: Tod Roberg
Address: P.O. Box 542
City: Salina State: KS Zip: 67402-0542
Phone: 785-826-0251 Fax: 785-823-2274 Email: trroberg@gmail.com

2) Applicant's Aircraft Information:

Aircraft Registration N-Number: N8245J, N710TR, N9295Y
Aircraft Type: Bonanza, Skyhawk, Malibu
Aircraft Fuel Type: Avgas Jet A Auto Other _____

3) Location Information:

Requested Location: West of Hangar P30

4) Please attach the following to this application:

- Certificate of Auto and Aircraft liability insurance.
- Proof of ownership of all aircraft listed in this application.
- Type Certificate
- Payment of \$25 application processing fee. - ck NO. 1081 - deposited 7/31/18

I hereby certify that the statements made herein by me are true and correct. I further certify that the proposed maintenance is non-commercial in nature.

Name: Tod Roberg
Signature: [Signature]
Date: 7/25/18

For Salina Airport Authority Use Only

Documents in No. 4 have been reviewed and verified. Date Application Received: 7/27/18

Reviewer's Name: Katrice Taylor Approved/Disapproved: Approved Review Date: 7/27/18

Executive Director: _____ Approved/Disapproved: _____ Action Date: _____

Permit No. _____ Date of Issuance: _____

Returned to Applicant for Insufficient Information: Date Returned _____

PERMIT APPLICATION FOR SELF FUELING OF AIRCRAFT

Procedure and Requirements

- A. All permittees shall comply with all federal, state and local laws, rules and regulations applicable to self fueling activities including Federal Aviation Regulations, the IFC Standards, the Uniform Building Code and all applicable environmental regulations.
- B. Prior to issuance of permit the applicant agrees to allow the Salina Airport Authority and/or its agents, to inspect the fueling apparatus, tanks and/or portable containers. The SAA shall require inspections of such equipment on a quarterly basis thereafter.
- C. The permittee shall have one 15 lb. BC fire extinguisher in a readily accessible location during all fueling activities (not in the cockpit).
- D. No fuel storage shall be permitted inside the airport operations area.
- E. Grounding and bonding portable containers to the aircraft shall be done as follows:
 1. Connect grounding and bonding cables from aircraft to ground;
 2. From fuel containers to funnel;
 3. From funnel to aircraft; and
 4. Disconnect in reverse order.
- F. The following insurance shall be required from every permittee who engages in self-fueling activities. The permittee shall provide evidence of:
 1. Comprehensive General Public Liability Insurance for all claims arising out of such activities in the amount of \$1,000,000 combined single limit for bodily injury and property damage per occurrence.
 2. Comprehensive Auto Liability covering bodily injury and property damage with limits of not less than: \$100,000 each person, \$300,000 per accident, \$50,000 property damage or \$300,000 bodily injury and property damage per accident combined single limit.
 3. The above insurance policies shall name the Salina Airport Authority and the City of Salina as additional insured and shall be in a form acceptable to the SAA's Risk Manager.
 4. Such insurance shall not be terminated without providing the SAA 30 days advance notice.
- G. The permittee shall notify the Salina Airport Authority immediately in the event of any spill or leak of fuel and the permittee shall be responsible for cleanup.
- H. The permittee shall keep the fueling permit readily available and be prepared to provide to SAA personnel at all times on the Airport.
- I. The SAA shall cancel any self-fueling permit effective immediately if the permittee fails to maintain adequate insurance coverages, conducts fueling activity which are contrary to sound safety practices, or sells, dispenses any fuel at the Airport for use in any aircraft other than listed in the permittee's permit or violates any of the Airport Rules or Regulations or any other applicable law.
- J. The SAA fueling permit is non-transferable.
- K. The permittee agrees to pay a fuel flowage fee on a monthly basis equivalent to the fuel flowage rate per gallon as paid by the FBOs at the Salina Municipal Airport. Permittee shall submit a monthly report of all fueling activity on the form approved by the SAA.

Applicant agrees if granted a permit for self-fueling to comply with the Provisions of the Permit as indicated herein and acknowledges that failure to comply with all provisions contained herein will result in Permit Suspension or Revocation:

Agreed this _____ date of _____, 2018 _____

LEASE AGREEMENT

This Lease Agreement (the "Lease"), made and entered into this ____ day of _____, _____, by and between the **SALINA AIRPORT AUTHORITY, a Kansas public corporation**, of Salina, Saline County, Kansas, (the "Authority"), and **TRR, INC. LESSEE**, a Kansas corporation, with principal offices located at 1334A N Ohio St., Salina, KS 67401 ("Lessee"), WITNESSETH:

Recitals

- A. Lessee desires to establish a location for the purposes of installing an above ground avgas fuel tank at the Salina Regional Airport.
- B. Lessee desires to construct and own the avgas tank at the Salina Regional Airport for the purposes of providing fuel to Lessee's owned aircraft.
- C. The Authority has available a tract of ground suitable to lease to Lessee for the purposes of providing a site for Lessee's construction of its above ground avgas self-fuel facility (the "avgas tank")

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 premises:

A tract of ground located within Lot 24, Block 5, Schilling Subdivision No. 5 containing 580 S.F.+/-

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

2. Term, Effective Date and Holdover.

- 2.1. Term and Effective Date of Lease. This Lease shall be for a term of three (3) years commencing effective November 1, 2018 ("Effective Date"), and terminating on October 31, 2021.
- 2.2. Holdover. If the Lessee remains in possession of all or any part of the Premises after the expiration of this Lease, without the express or implied consent of the Authority, such occupancy shall be considered to be a "Holdover Tenancy" from

month-to-month only, and not a renewal or extension of this Lease for any further term. In such case, the Basic Rent for such Holdover Tenancy shall be payable in the amount of 150% of the amount specified in Section 4.1 herein. Such Holdover Tenancy shall be subject to every other provision, covenant and agreement contained herein, including any applicable rental adjustments. 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 one (1) additional term of three (3) years at the expiration of the Primary Term. In the event the Lessee elects to exercise its option hereunder, it must notify the Authority in writing six (6) months prior to the expiration of the then current term. The Basic Rent for option period shall be at a rate mutually agreed upon by both parties no later than three (3) months prior to the current term lease expiration.

4. **Rentals.**

- 4.1. **Basic Rental.** Lessee agrees to pay the Authority a basic rental for the leasing of the Premises in the sum of Six Hundred Dollars (\$600) per year, the first of which shall be due on the Effective Date of the Lease. The rental shall be payable annually in advance, due on November 1 first of each subsequent lease year.

- 4.2. **Additional Rental.** In addition to the basic rental provided for in paragraph 4.1 of this Lease, Lessee covenants and agrees that it will be responsible for:

- 4.2.1. **Fuel Flowage Fee.** Lessee agrees to pay the Authority a "Fuel Flowage Fee" of \$.0784 cents per gallon on all aviation fuel purchased by Lessee and stored at the Salina Regional Airport for use in its own aircraft, subject however, to the adjustments as herein provided. The Fuel Flowage Fees herein established shall not exceed those applicable to FBO's at the Salina Regional Airport. The Fuel Flowage Fee shall be due and payable no later than the 10th day of the month following date of purchase by the Lessee. The Authority shall have the right to examine or cause examination of the books and records of Lessee for the purpose of determining whether there has been compliance with the requirements of this paragraph. The Fuel Flowage Fee shall be adjusted as

adopted by the Salina Airport Authority board of directors and published in the Airport's Rates and Charges Schedule.

4.2.2. Taxes. Lessee agrees to pay the proportional amount of all current and future real estate taxes, based on the total square footage, which may be levied against the Premises after the effective date of this Lease. 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 and no later than May 5 for taxes or assessments due May 10 and no later than December 15 for taxes due December 20.

4.2.3. Late Charge. If the rental 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 agreement, 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.

4.2.4. Security Deposit. N/A

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

5. Insurance.

5.1. Lessee 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 15.1 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 |
| \$2,000,000 | Each Occurrence |
| \$100,000 | Fire Damage (Any one fire) |
| \$5,000 | Medical Expense (Any one person) |

5.2.2. Above Ground Storage Tank Liability coverage for third-party liability of \$1,000,000 per storage tank and \$1,000,000 aggregate limit for all storage tank incidents, \$1,000,000 aggregate limit of liability for all legal defense expenses for all storage tank incidents and \$2,000,000 total policy aggregate limit of liability for all storage tank incidents.

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

5.2.4. Workers' Compensation with statutory limits. – if applicable

5.2.5. Employer's Liability coverage - if applicable, with limits of at least:

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

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

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

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

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

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

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

5.8. Claims Made Insurance

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

5.9. Authority's Liability Insurance

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

5.10. Loss of Use Insurance

5.10.1. 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. 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 obtained pursuant to this Section 5.10 or other

property insurance applicable to the leased Premises, except such rights as they have to 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. Payment of Premiums. In the event of a failure by Lessee to secure such insurance or to pay the premiums thereon, the Authority shall have the right and privilege to secure such insurance or pay the premiums thereon, which amount shall be deemed so much additional rental and shall be due and payable with the next installment of rent thereafter.

4. Use of Premises. Lessee agrees to use the Premises for the sole purpose of installing 650-gallon above ground fuel tank to store Avgas which will be used for the sole purpose of refueling Lessee's owned aircraft and the lawful activities normally associated therewith. Lessee shall not utilize the site for any commercial activities or the refueling of aircraft owned by others. All activities will comply with SLN Airport Rules and Regulations and all other applicable law or regulations.

5.1. 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.

5.2. Lessee agrees it will:

5.2.3. If required by law, register the above designated aviation fuel storage tanks with KDHE and pay the registration fees thereon.

5.2.4. Install adequate fire extinguishers.

5.2.5. Provide system maintenance as necessary to preserve the system in good order including but not limited to filters, nozzles and hoses.

5.2.6. Provide periodic mechanical and safety inspections.

5.2.7. Provide for the maintenance and replacement of fire extinguishers as necessary.

5.2.8. Comply with all applicable law, ordinances and regulations of the federal, state, and Airport Authority with regards to sanitation, licenses permits and fueling operations.

5.3. Immediately notify Authority of any fuel spills during the loading or unloading of the fuel storage tanks whether caused by Lessee or Lessee's suppliers. Lessee agrees to be responsible for clean- up of any such fuel spilled by Lessee or Lessee's

suppliers and to do so in accordance with all applicable state and federal regulations. Lessee specifically agrees to notify Authority of any fuel release or spill when fueling or maintaining aircraft.

6. Environmental Concerns. Parties acknowledge that no tests have been conducted on the Premises to ascertain whether the soil may be contaminated by any hydrocarbons or other hazardous substances. If either party desires an environmental review of the Premises then the Authority and the Lessee agree that they will jointly contract for an environmental review of the Premises to ascertain whether the soil may be contaminated by any hydrocarbon or other hazardous substances. The tests shall be conducted by a reliable and competent engineering firm mutually acceptable to both parties. The cost of the environmental soil survey shall be shared equally by the parties. A copy of the report shall be attached to the Lease and made a part of thereof by reference. Either of the parties hereto may request an environmental review of the Premises at the termination of the Lease and the cost thereof shall be shared by the parties.
 - 6.1. 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 November 1, 2018. 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 November 1, 2018, and which is identified by the environmental review contemplated by this section.
 - 6.2. 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 November 1, 2018. 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 November 1, 2018, while the Lessee was occupying the Premises. In addition:
 - 6.2.3. Lessee also agrees to comply with all storm water and waste collection requirements of any federal, state or local governmental laws, rules and regulations.
 - 6.2.4. Lessee agrees that it will comply with all federal, state, and local regulations in regards to the handling, storage, and dispensing of petroleum products on the Premises.
 - 6.2.5. Lessee agrees that it will immediately notify the Authority in the event of any spills or leaks of liquid hydrocarbon materials on the Leasehold and to clean up said area in accordance with KDHE standards.
- 6.3. Non-waiver. Any acknowledgement or undertaking of responsibility by either party to this Lease in relation to the other party, as set forth above, shall not be

regarded as a release or waiver of any right by the responsible party to seek recovery against or contribution from any person or entity not a party to this Lease.

7. Improvements to Premises.

7.1. Lessee shall construct the Avgas tank and any future additions, alterations, or modifications thereto (the “Improvements”), as follows:

7.1.1. All construction shall be in a good and workmanlike manner, shall comply with all applicable building codes, and shall be constructed using only quality materials.

7.1.2. Prior to commencement of any construction work, Lessee shall submit construction and site plans to the Authority for review and approval, which approvals shall not be unreasonably withheld or delayed.

7.1.3. All building permits and other permits, licenses, consents and approvals required to be obtained from the City of Salina or other regulatory agency in connection with construction of the Improvements shall be obtained as required by applicable laws, ordinances, or regulations by and at the sole cost of Lessee or its representatives. Lessee shall provide to the Authority any written communications either directed to the City of Salina by Lessee or its representatives or received from the City of Salina by Lessee or its representatives in the course of the City’s regulatory role in relation to construction of the Improvements.

7.1.4. Lessee shall proceed diligently toward completion of construction of the Avgas tank as soon as reasonably possible, and shall maintain the Avgas tank during the term of this Lease.

7.1.5. Upon completion of the Improvements, Lessee shall deliver to the Authority one copy of an updated record set of drawings of the Improvements and an as-built survey.

7.2. The Lessee shall construct a concrete pad, approximately 10’ x 10’, on which the aforementioned above ground storage tank will be positioned. The Authority agrees to reimburse the Lessee for 50% of the actual cost to construct the concrete pad. Upon completion of its construction, the Lessee shall present an invoice to the Authority and the Authority shall reimburse the Lessee within 30 days of receipt of the invoice.

7.3. Ownership, Maintenance, and Repair of Improvements. The Improvements shall be the property of Lessee during the term of this Lease. Lessee shall maintain all components of the Improvements to a standard comparable to the Authority’s level of maintenance of neighboring structures. Lessee shall promptly repair, replace,

or reconstruct the Improvements to the same standard as original construction in the event of damage to or destruction of the Improvement.

8. Ownership and Removal of Fixtures. It is understood and agreed by and between the parties hereto that any fixtures attached to the Premises or placed on or about Premises by Lessee shall be considered personal property and shall remain the property of the Lessee, who shall have the right to remove the same from the Premises upon the expiration of this Lease so long as such removal does not impair the structural feature of the Improvements.. Provided, however, in the event of termination of this Lease due to a breach of covenant by the Lessee, then all fixtures and improvements shall become the property of the Authority and may not be removed from the Premises.

9. Default.

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

9.1.1. Fails to pay the rent when due or to comply with any substantial term, condition or covenant of this Lease within ten (10) days after written notice;

9.1.2. Abandons or surrenders the Premises or the leasehold estate;

9.1.3. Attempts to assign or sublease the Premises other than in accordance with the terms of the lease;

9.1.4. 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

9.1.5. Violates any of the other terms and conditions of this Lease.

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

9.2.1. Terminate the Lease;

9.2.2. Reenter and repossess the Premises;

9.2.3. Relet the Premises or any part thereof;

9.2.4. Accelerate and collect rentals remaining to be paid under the Lease;

9.2.5. Seize and hold Lessee's onsite property for the satisfaction of the deficiency;

9.2.6. Bring a suit for damages against Lessee; or

- 9.2.7. Pursue any other remedy available to the Authority under Kansas law.
- 9.3. In the event legal action must be taken because of the default of either party in relation to any agreement or obligation contained in this Lease, and a default shall be established, the prevailing party shall be entitled to recover all expenses incurred therefor, including reasonable attorney fees.
10. 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.
- 10.1. 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.
11. Utilities. Lessee shall, at its own expense, obtain and pay for all electricity, water, gas, sewer use fees, or other utilities used by it during the term of this Lease or any extensions thereof, including the cost of maintenance and operation of the heating system for the Premises.
12. Liens. 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 damages and expenses attendant thereto.
13. Assignment of Lease. 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 for any purposes other than aerospace engineering, aircraft modification, flight-test operations and the lawful activities normally associated therewith. Further, no such permitted assignment or sublease shall be allowed without the prior written consent of the Authority after reasonable inquiry and review of all relevant records and documentation requested by the Authority. Consent to one assignment or subletting for use by any other person shall not be deemed to be consent to any subsequent assignment or subletting.
14. Indemnification and Hold Harmless.
- 14.1. To the fullest extent permitted by law, 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

Agreement by 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 leased premises; and/or (iv) the acts, omissions, negligence or willful misconduct of any persons used or employed directly or indirectly by 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 Lessee, any independent contractor, or any other person under any insurance policy, worker's compensation acts, disability acts or other employee benefit acts.

14.2. In claims against any person or entity indemnified under this Section 14 by an employee of Lessee, an independent contractor of Lessee's, anyone directly or indirectly employed by them or anyone for whose acts they may be liable, the indemnification obligation under Section 14.1 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.

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

16. Ownership at Termination. Upon expiration or earlier termination of the Lease, Lessee shall vacate the Premises, remove its personal property and fixtures therefrom and restore the Premises. All Improvements shall then become the property of the Authority, free and clear of all claims to or against them by Lessee or any third person, and Lessee shall defend and indemnify the Authority from such claims.

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

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

| | |
|---------------|---|
| Lessee | TRR Inc. P.O. Box 542 Salina, KS 67402-0542 |
|---------------|---|

18. General Clauses.

- 18.1. Lessee shall comply with all applicable laws, ordinances and regulations of the state, county and municipality wherein the Premises are located with regard to construction, sanitation, licenses or permits to do business and all other matters.
- 18.2. 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.
- 18.3. Any property of the Authority damaged or destroyed by the Lessee, incident to the Lessee's use and occupation of 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.
- 18.4. Lessee acknowledges that it has inspected and knows the condition of the Premises and it is understood that the same is hereby 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 thereto.
- 18.5. Lessee shall not use, or permit to be used, any portion of the property under its control for signs, billboards, or displays, other than those connected with its own operations thereon. 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 shall be prohibited.
- 18.6. All loading docks for buildings or warehouses shall be maintained on the side or rear of the buildings.
- 18.7. Lessee shall not be the agent of the Authority in making repairs or other improvements to the Premises and no mechanics liens or claims thereunder shall be valid against the Authority or against the interest of the Authority in the property.
- 18.8. All materials, supplies, or equipment stored outside of the buildings shall be done so in an orderly manner so as not to create a nuisance or fire hazard and shall be in compliance with all applicable governmental regulations.
- 18.9. The Lessee must at all times keep the Premises and buildings in a safe, clean, wholesome condition and comply in all respects to all government, health, and

police requirements and the Lessee will remove at its own expense any rubbish which may accumulate on the property.

- 18.10. Open, unpaved areas shall be grassed and landscaped to present a pleasing appearance and such grass and landscaping kept reasonably mowed and trimmed.
- 18.11. 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 facilities of the Airport, together with the right to direct and control all activities of the Lessee in this regard.
- 18.12. Authority reserves the right further to develop or improve the landing area and all publicly owned air navigation facilities of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.
- 18.13. 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.
- 18.14. During time of war or national emergency Authority shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly owned air navigation facilities, and/or other area or facilities of the Airport. If any such agreement is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.
- 18.15. It is understood and agreed that the rights granted by this agreement will not be exercised in such a way to interfere with or adversely affect the use, operation, maintenance, or development of the Airport.
- 18.16. There is hereby reserved to the Salina Airport 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 herein conveyed, 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.
- 18.17. This Lease shall become subordinate to provisions of any existing or future agreement between the Authority and the United States of America or any agency thereof relative to the operation, development or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.

18.18. Lessee agrees to comply with all applicable laws, ordinances, rules and regulations of the federal, state, county, and municipality wherein Premises are located, including compliance with future laws and regulations, i.e., those passed after the date of this agreement.

18.19. In the event that Lessee defaults in its payment of rentals or fails to substantially comply with any of the other items of this Lease then, if requested by the Authority, the Lessee agrees to provide it with a financial statement covering its latest fiscal or calendar year, which financial statement shall be in such form as accurately discloses the assets, liabilities, and net worth of the Lessee. If, in the opinion of the Authority, the financial statement provided is incomplete or fails to accurately indicate the financial condition of the Lessee, the Lessee agrees to provide the Authority such further financial information as the Authority may in writing request.

19. Nondiscrimination Assurances.

19.1. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that in the event facilities are constructed, maintained, or otherwise operated on the property described in this Lease, for a purpose for which Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits. The Lessee shall maintain and operate such facilities or benefits and services in compliance with all other requirements imposed pursuant to 49 CFR, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as the regulations may be amended.

19.2. The Lessee, for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that (i) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the facilities; (ii) that in construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination; and (iii) that the Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as the regulations may be amended.

19.3. The Lessee assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subpart E, to insure that no person shall on the grounds of race, creed, color, national origin or sex be excluded from participation in any employment activities covered in 14 CFR, Part 152, Subpart E. The Lessee assures that no person shall be excluded on these grounds from participating in or

receiving the services or benefits of any program or activity covered by this subpart. The Lessee assures that it will require that its covered sub organizations provide assurances to the Lessee that they similarly will undertake affirmative action programs and that they will require assurances from their sub organizations, as required by 14 CFR, Part 152, Subpart E, to the same effect.

19.4. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958.

19.5. Lessee agrees to furnish service on a fair, equal and not unjustly discriminatory basis to all users thereof, and to charge fair, reasonable and not unjustly discriminatory prices for each unit or service; provided that Lessee may make reasonable and nondiscriminatory discounts, rebates or other similar types of price reductions to volume purchasers.

20. Binding Effect. This agreement shall be binding upon the heirs, beneficiaries, personal representatives, successors, and assigns of the respective parties to this agreement.

IN WITNESS WHEREOF, the respective parties have hereunto caused this instrument to be executed on its behalf by its duly authorized officers all on the date and year hereinafter shown.

SALINA AIRPORT AUTHORITY

Date _____

By: _____

Brian Weisel
Chairman of Board of Directors

ATTEST

Date _____

By: _____

Al Eichelberger
Secretary of the Board of Directors

TRR, INC.

Date _____

By: _____

Tod Roberg, President

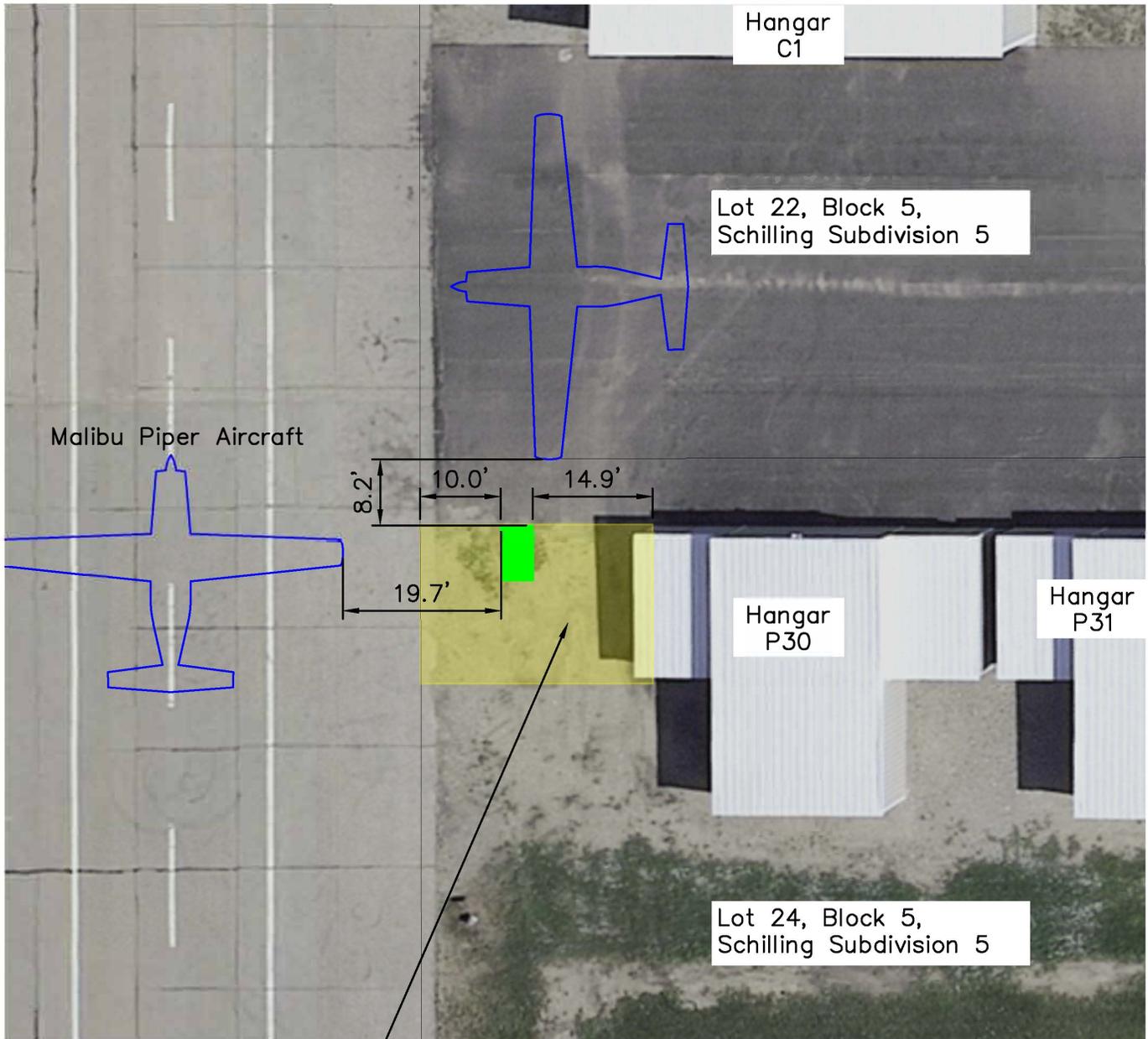
ATTEST

Date _____

By: _____

_____[Name]
_____[Title]

A Malibu Piper is stored in hangar C1 and is shown in the center of the taxilanes to illustrate the clearances to the fuel tank.



650 gallon fuel tank
(4'x7') to be located as
shown west of Hangar
P30.
Lease Area = 580 S.F.

Drawing Number 2494-08-18



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

None : REVISIONS

KFB : DESIGNED BY

KFB : DRAWN BY

1" = 20' : SCALE

8/23/18, 0814 : DATE

