

DATE: November 8, 2019
TO: SAA Board of Directors
FROM: Tim Rogers and Shelli Swanson
SUBJECT: **November 13, 2019 Regular Board Meeting**

Enclosed are items for your review prior to Wednesday's meeting. Please note the date change to one week earlier than normal due to the environmental project mediation schedule for the week of Nov. 18. As usual, 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.

The meeting will focus on SAA priorities of:

- Meet the finance and administration goal for a timely audit of the SAA's 2019 financial statements
- SAA staff recruitment and retention by means of effective employee benefits
- Meet the finance and administration goal of maintaining comprehensive property and liability insurance coverages
- Meet the finance and administration goal of preparing the 2020 operating plan and budget
- Building leasing and retention of existing SAA tenants

Please note the following agenda comments.

Agenda Item #5 – Review of Airport Activity and Financial Reports for the Month Ending October 31, 2019

(Rogers and Swanson)

Airport Activity – Air Traffic (Rogers)

Salina air traffic controllers handled 7,240 total operations during October 2019 which was 27% less than the October 2018 total of 9,974. During October 2018 the Airport Authority hosted the National Intercollegiate Flying Association SAFECON regional competition in partnership with K-State.

Airport Activity – Fuel Flowage (Rogers)

October 2019 fuel flowage totaled 223,382 gallons which was 38% more than the October 2018 total of 161,563. For the year to date a total of 2,082,953 gallons has been delivered which is 5% less than the 2018 YTD total of 2,190,257 gallons. Ft. Riley APOE/D flights during November and December will keep 2019 fuel flowage close to matching the 2018 total of 2,414,824 gallons.

Airport Activity – Passenger Counts (Rogers)

SkyWest recorded a total of 3,466 total passengers during October 2019 which was virtually even with the October 2018 total of 3,456 total passengers. Advanced bookings for the upcoming holidays indicate a strong finish to the calendar year. Starting November 1, the refreshed Fly SLN campaign was launched. The campaign features destinations to warm weather locations such as Arizona and Southern California. The target audience was expanded to an 18-county area covering over 120 zip codes.

Financial Reports – Comments and Notes (Swanson)

As you'll note on the Statement of Net Assets, during October the SAA expended \$908,187 in bond proceeds for the improvements at Hangars 504 (LiveSave) and 959 (1 Vision Aviation). The current balance of the 2019-1 Temporary Note fund is \$607,097. The KDOT cost-share grant of \$1,000,000 that was formally announced earlier this week will be deposited into this account and funds the pavement work at Hangar 959.

At the end of October, total income reached 1% over budget with airfield revenue and short-term leasing continuing to perform better than projections. Total administrative expenses are tracking 7% under budget with maintenance expenses running under by 2%. Total operational expenses for the YTD are under budget by \$106,654. Net ordinary income before depreciation at the end of October arrived at \$150,476. NIBD as compared to 2018 is within \$12,000.

Short-term leasing activity:

The SAA entered into two lease agreements with the Combat Aviation Brigade of the 1st ID (Fort Riley) for the utilization of Hangar 600 during Sept. and October. The agreements generated \$16,640 in hangar revenue.

Additionally, the SAA leased Hangar 509 to a visiting military group for ten days in October generating \$21,410 in hangar revenue.

Financial Reports – October 2019 Significant Expenditures/Payables Report-

This report details the expenditures from the 2019-1 Temporary Note improvement fund for both Hangar 504 and 959 construction projects.

Financial Reports – Accounts Receivable Past Due 30 days or more as of October 11, 2019 (Swanson)

Account	Amount	Days	Comments
Austin Downs	\$668	31-90	Storage Igloo & Hangar rent
Kenny's Body Shop	\$284	31-60	Storage Igloo
T&R Dirt Construction	\$310	31-60	Equipment/Storage lot rent

Agenda Item #6 –Consideration of a Proposal to Perform Professional Audit Services for the Salina Airport Authority’s Fiscal Years ending 2019-2021 (Swanson)

In September, the SAA was notified by their current auditor, Mize Houser & Company, of a firm reorganization that would result in no longer performing municipal audits. With this information, the SAA immediately began searching for a new firm that would meet the qualifications necessary to audit the SAA’s 2019 financial statements. Learning this late in the 3rd quarter meant we needed to fast track the process as work on audit should begin in December.

Staff reached out to our financial advisor firm, George K. Baum, for recommendations as well as visiting with our lead auditor at Mize Houser. The SAA researched the capabilities of the firms recommended and reached out to Adams, Brown, Beran & Ball “ABBB” (Great Bend, KS). The firm immediately responded with interest and presented the enclosed proposal to perform professional audit services for the fiscal years ending Dec. 31, 2019, 2020 and 2021. As indicated in the proposal, work can begin as soon as information is available and well in advance of the fieldwork. The firm meets all of the required qualifications to audit the SAA financial statements. The SAA’s 2018 audit fee by Mize House was \$21,000. The audit fees proposed by ABBB are not to exceed as follow:

2019	\$20,000
2020	\$20,540
2021	\$21,100

Recommendation: Authorize staff to enter into a 3-year contract with Adams, Brown, Beran & Ball, Great Bend, KS for the audit of the SAA’s 2019-2021 financial statements.

Agenda Item #7 – Consideration of Resolution No. 19-12 authorizing a Deferred Compensation Plan for the employees of the Salina Airport Authority (Swanson)

For decades, the SAA has offered a 457 Deferred Compensation plan to its employees as an optional way for its workers to set aside funds for retirement. The current plan is managed and administered through ICMA-RC, an independent, non-profit organization specializing in public employee retirement planning.

Historically, SAA employee participation has been low, and staff has been looking at ways to promote saving for retirement and encouraging more participation in the program. In doing so, staff learned about the State of Kansas public employee’s 457 Deferred Compensation Plan. In comparing the State’s plan with ICMA, several key differences were noted in favor of the State’s plan – lower fees, regular retirement counseling services for employees and the two state plans (KPERS + KPERS 457) work together to help employees get the big picture when it comes to their retirement.

Of note is this plan is completely voluntary by the employee and there is no fiscal impact on the SAA. There would be no ICMA termination penalty to the Authority or the current SAA employees that contribute to the existing plan. The timeline to switch programs would involve a termination to ICMA in mid-November 2019 with the rollover to the new plan taking effective February 1, 2020.

Recommendation: Approval of SAA Resolution 19-12 authorizing a deferred compensation plan for employees of the Salina Airport Authority and authorizing staff to execute the documents with the State of Kansas necessary to offer the KPERS 457 plan to its employees.

Agenda Item #8 – Administrative update on the Salina Airport Authority’s 2020 property and liability insurance renewal (Swanson)

In August the SAA, along with Charlesworth Consulting and the Authority’s broker, Lockton Companies, began working on the renewals for the 2020 property and liability insurance. There have been challenges with this renewal due to changes in marketplace largely driven by national weather events. For the first time in over a decade we’ve entered a “hard” market with pressure by carriers to increase both premiums and retained risk (deductibles.) At the meeting we’ll give further updates on the process and schedule for final premium numbers.

Agenda Item #9 – Review and discussion of forecasted 2020 operating expenses. (Rogers and Swanson)

At the meeting staff will review the detail for certain 2020 operating expenses that are coming into focus as we work to finalize the 2020 Budget Report.

Agenda Item #10 – Consideration of a Lease Agreement with Kansas Erosion, LLC for Unit A of Bldg. No. 655 (Swanson)

Kansas Erosion, LLC (formerly, Kansas Erosion Products, LLC) has been a tenant of the Authority at Bldg. 1021, 3600 Airport Road, since June 2015 as a manufacturer of tubed and matt erosion control products made primarily of straw. Earlier this year, company principal Steve Ade approached the SAA inquiring about additional facility space to store materials and finished product. Fortunately, Unit A of Bldg. 655 (formerly occupied by Tischlerei- Fine Woodworking) was available and suitable for Kansas Erosion’s warehousing needs. The following terms and conditions of the lease under consideration are as follows:

Facility:	Unit A, Bldg. 655 (33,992 SF)
Term:	2-years with Three 5-year Options
Effective:	December 1, 2019
Rental Rate:	\$6,515/month - \$78,182/year - \$2.30/SF/year
Rate Adj.	10% - beginning of each option period
Type:	Modified net- tenant responsible for utilities, taxes, ins. and routine maintenance

Recommendation: Approval of Lease Agreement with Kansas Erosion LLC.

Agenda Item #11– Consideration of a Lease Agreement with USCOC of Nebraska/Kansas for a portion of Lot 7, Block 12 Schilling Subdivision No. 5 and Bldg. No. 127 (Swanson)

USCOC and its predecessors have leased the property under consideration from the Authority since February 15, 1995 for the purposes of operating a cellular switching and transmission site. The current lease agreement is schedule to expire on June 30, 2020. USCOC has expressed an interest in continuing the operation at Salina and the following terms and conditions for a proposed new lease agreement are as follows:

Facility: Lt. 7, Blk. 12, Schilling Sub. No. 5 (.769 acres) including Bldg. 127 (3,200 SF)
Term: 5-years with Four 5-year Options
Effective: July 1, 2020
Rental Rate: \$1,675/month - \$20,100/year - \$6.28/SF/year
Rate Adj. 4% biennially
Type: Net – Tenant responsible for utilities, taxes, ins. and all maintenance.

Recommendation: Approval of Lease Agreement with USCOC of Nebraska/Kansas.

Agenda Item #12– Consideration of a Limited Underground Communications Utility Easement for Term of Lease with USCOC of Nebraska/Kansas (Swanson)

This agenda item dovetails on the previous. If the Board’s consideration of the above results in approval of the Lease Agreement with USCOC, the next step would be to consider the enclosed utility easement. With the assistance of attorney Bengtson, the easement was drafted to provide USCOC a limited underground utility easement for the purposes of accessing, locating, constructing, excavating and maintaining underground communication utility lines necessary for USCOC to operate its cellular switching and transmission site. This easement is valid and in effect only for so long as the Lease with the Authority is in effect. Approval of this easement would not adversely affect any current or future development of the associated parcels.

Recommendation: Approval of Limited Underground Communications Utility Easement for Term of Lease with USCOC of Nebraska/Kansas

Agenda Item #13– Consideration of a Lease Addendum with Universal Forest Products for Bldg. No. 620 (Swanson)

Universal Forest Products (UFP), headquartered in Grand Rapids, MI, established a presence in Salina at the Airport Industrial Center in February 2012. The Salina location is one of approximately 170 operations across the globe. Since 2012, the Salina operation of UFP that manufacturing wood products such as industrial shipping crates, has grown from 15,000 SF to 30,000 SF. This lease addendum represents the second expansion of the Salina facility.

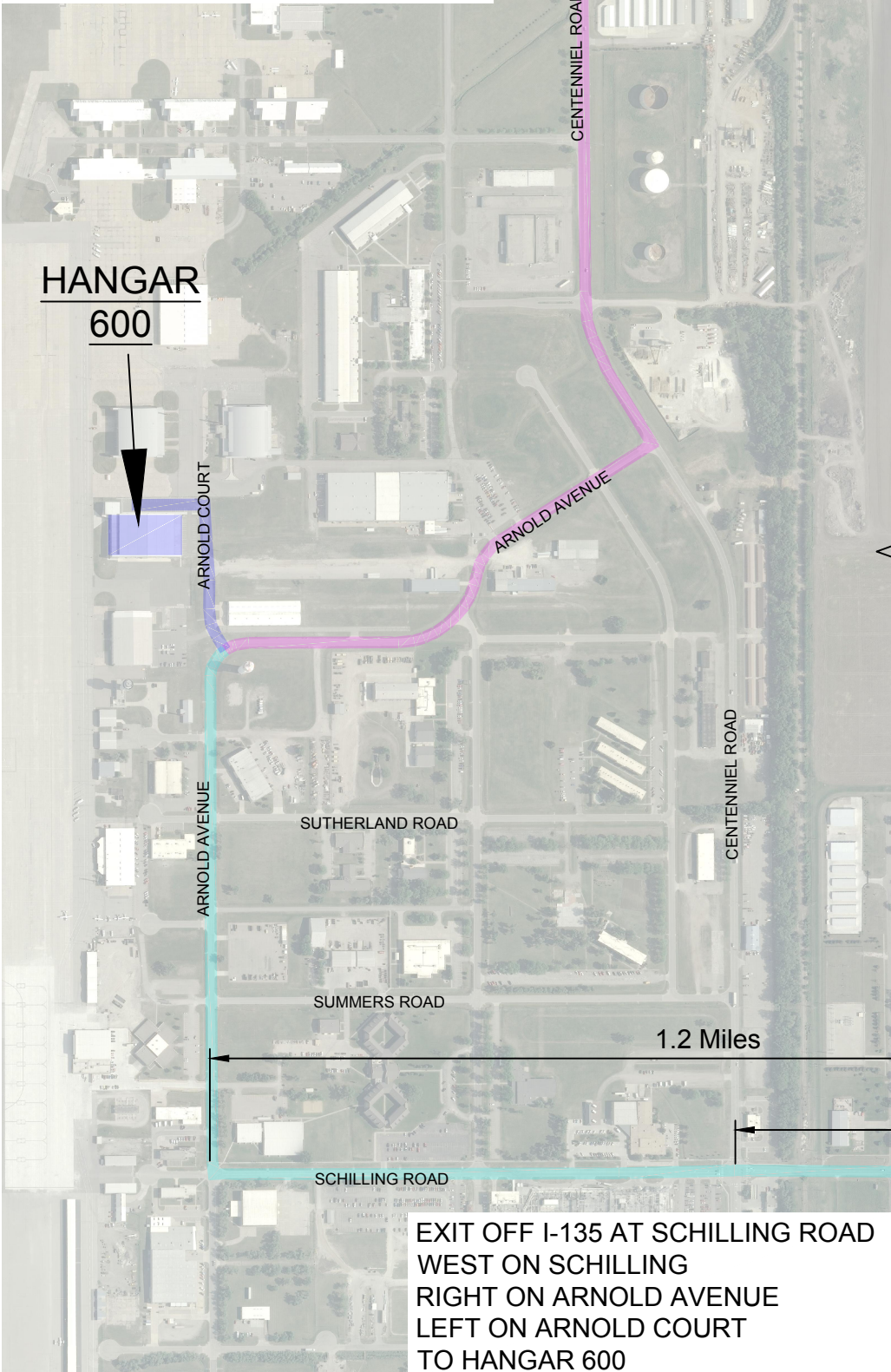
Facility: Bldg. 620 (30,000 SF)
Term: Currently in Option Period 3 of 4 (three-year terms)
Effective: June 1, 2019
Rental Rate: \$9,350/month - \$112,200/year - \$3.75/SF/year
Rate Adj. CPI every 3-years
Type: Modified Net – Tenant responsible for utilities, taxes, ins. and routine maintenance.

Recommendation: Approval of the Third Addendum to Lease Agreement with Universal Forest Products.

Please contact me if you have any questions or comments.

DIRECTIONS TO HANGAR 600 (2720 ARNOLD COURT)

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



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



SALINA AIRPORT AUTHORITY REGULAR BOARD MEETING

**Hangar H600, Second Floor Conference Room
2720 Arnold Court
November 13, 2019 – 8:00AM**

AGENDA

Action Items

1. Call to order, confirm meeting notice and determine a quorum is present. (Buer)
2. Recognition of guests. (Buer)
3. Additions to the agenda. (Buer)
4. Approval of the minutes of the October 16, 2019 regular board meeting. (Buer)
5. Review of airport activity and financial reports for the month ending October 31, 2019. (Rogers & Swanson)
6. Consideration of a Proposal to Perform Professional Audit Services for the Salina Airport Authority's Fiscal Years ending 2019-2021 (Swanson)
7. Consideration of Resolution No-19-12 authorizing a Deferred Compensation Plan for the employees of the Salina Airport Authority (Swanson)
8. Administrative update on the Salina Airport Authority's 2020 property and liability insurance renewal (Swanson)
9. Review and discussion of forecasted 2020 operating expenses. (Rogers & Swanson)
10. Consideration of a Lease Agreement with Kansas Erosion, LLC for Unit A of Bldg. No. 655. (Swanson)
11. Consideration of a Lease Agreement with USCOC of Nebraska/Kansas for a portion of Lot 7, Block 12 Schilling Subdivision No. 5 and Bldg. No. 127 (Swanson)
12. Consideration of a Limited Underground Communications Utility Easement for Term of Lease with USCOC of Nebraska/Kansas (Swanson)
13. Consideration of a Lease Addendum with Universal Forest Products for Bldg. No. 620 (Swanson)

Directors' Forum (Buer)

Visitor's Questions and Comments (Buer)

Staff Reports (Buer)

Announcements (Buer)

Adjournment (Buer)



**MINUTES OF THE REGULAR MEETING OF THE BOARD
OF DIRECTORS OF THE SALINA AIRPORT AUTHORITY
OCTOBER 16, 2019
HANGAR 600 SECOND FLOOR CONFERENCE ROOM**

Call to Order

The meeting was called to order at 8:00 AM by Chairman Kent Buer. Chairman Buer confirmed that a quorum was present and that the meeting notice was published.

Attendance

Attendance was taken. Chairman Buer, Directors Vancil, Weisel, and Gunn were present. Also present were Executive Director Tim Rogers; Director of Administration and Finance Shelli Swanson; Director of Facilities and Construction Kenny Bieker; Business and Communications Manager Kasey Windhorst; Administrative Assistant Kaycie Taylor, and Attorney Greg Bengtson. Steve Benson, Coffman Associates; Michael Bunn, T-hangar tenant; Jay Hatchett, SLN ATCT and Julie Yager-Zucker, Avflight were guests.

Additions to the Agenda

Chairman Buer asked if there were any additions. Executive Director Tim Rogers stated there were no additions to the agenda.

Minutes

Chairman Buer asked if the board members had additions or corrections to the minutes of the September 18, 2019 regular board meeting. Director Weisel moved, seconded by Director Gunn, to approve the minutes of the September 18, 2019 regular board meeting. Motion passed unanimously.

Chairman Buer asked if the board members had additions or corrections to the minutes of the Special Joint Meeting of the Salina Public Entities on October 8, 2019. Director Vancil moved, seconded by Director Gunn, to approve the minutes of the Special Joint Meeting of the Salina Public Entities on October 8, 2019. Motion passed unanimously.

Airport Activity and Financial Reports

Executive Director Rogers reported on airport activity for the month of September 2019. The Salina Air Traffic Control Tower (ATCT) recorded 7,137 operations during September 2019, which was a 13% increase as compared to September 2018 total of 6,366. For the year-to-date, a total of 58,654 operations have occurred, which is 17% more than the September 2018 year-to-date total of 49,911. September 2019 fuel flowage came in at 161,888 gallons which was a 53% decrease as compared to the September 2018 total of 348,454. For the year-to-date, a total of 1,859,571 gallons have been delivered on the airport which is a 8% decrease from the 2018 total of 2,028,694. SkyWest reported 3,093 total passengers during September 2019 which was 1% less than the September 2018 total of 3,139 total passengers. Rogers anticipates an increase in passenger enplanements with the special fare event scheduled for later this year. For the year-to-date, SkyWest reported 14,390 passengers, which was an 18% increase as compared to the September 2018 year-to-date total 9,666. Rogers reviewed air service key performance indicators prepared by The ArkStar Group.

Director of Administration and Finance, Shelli Swanson reported on the financials for September 2019. Swanson reported the September total operating income came within 1% of the budget with total operating expenditures arriving 4% under budget. Swanson commented on the significant expenditures from the 2019-1 temporary note improvement fund for the H504 and H959 construction projects. Net income before depreciation during September posted at \$ 20,246 for the month, with the year to date total arriving at \$86,806. Chairman Buer directed staff to file the financials for audit.

2018 Comprehensive Annual Financial Report (CAFR)

Director of Administration and Finance Swanson delivered and presented the SAA's 2018 Comprehensive Annual Financial Report (CAFR) to the board. The CAFR was prepared in accordance with Generally Accepted Accounting Principles (GAAP) and pursuant Kansas statutes.

The 2018 audit was completed by Mize & Houser. In the auditor's opinion the financial statements referred to about present fairly, in all material respects, the respective financial position of the business type activities of the Salina Airport Authority, as of December 31, 2018 and 2017, and the respective changes in financial position and cash flows, thereof and for the year then ended in accordance with accounting principles generally accepted in the United States of America. The Airport Authority's internal controls did not identify any deficiencies in internal control and the Airport Authority was found to be in compliance with all Federal Grant Programs.

The 2018 CAFR will be submitted to the Government Finance Officers Association (GFOA) for review.

Ten (10) Year Financial Trend Analysis Report

Director of Administration and Finance Swanson distributed the 10-year financial trends analysis report for the 3rd quarter 2010-2019. Swanson highlighted on significant items and noted gross income continues to trend upward for CY 2018 and 2019.

Projected 2020 Operating Expenses

Executive Director Rogers distributed and reviewed the forecasted 2020 operating expenses and revenue. The projected 2020 budget summary includes all known operating revenue and will continue to be updated as new and renewed leases are finalized. Rogers stated that a detailed sheet of expenditures will be available at the November 6, 2019 Board Study Session.

Terminal Building Requirements Study 2020-2025 Passenger Forecast

Executive Director Rogers reviewed the project schedule for the Terminal Building Requirements Study. Rogers introduced Steve Benson of Coffman Associates, who provided an update on the status of the terminal building study. Coffman planners have been working to formulate the passenger forecast, which will assist in determining future terminal building space requirements. The multi-year, passenger enplanements forecast determined short term, intermediate term, and long-term enplanements expected at SLN. The updated passenger forecast predicts SLN to be enplaning 44,000 passengers by the year 2030. The forecast will be used to determine the space requirements and improvements needed at the M.J. Kennedy Air Terminal.

Staff Reports

Executive Director Rogers updated the board on SAA staffing changes. The SAA is currently hiring for a Maintenance, ARFF, and Operations Technician.

Rogers reported that the Salina Community Economic Development Organization's 2018 audit has been received and will be distributed to the board, per the SCEDO Members Agreement.

Announcements

Executive Director Rogers informed the board of the 1 Vision Ribbon Cutting scheduled for Friday, October 25, 2019 from 12:00 – 1:00 P.M. The event is by invitation only due to TSA security measures.

Upon a motion duly made, the meeting adjourned at 9:10 A.M.

Minutes approved at the November 13, 2019 Board Meeting.

Secretary

(SEAL)

SALINA AIRPORT AUTHORITY
AIRPORT ACTIVITY REPORT
2019

AIR TRAFFIC/ATCT

October , 2019	7,240 Operations 795 Instrument Operations 498 Peak Day
October , 2018	9,974 Operations 968 Instrument Operations 976 Peak Day
January 2019 - October 2019	65,894 Operations
January 2018 - October 2018	59,885 Operations
January 2017 - October 2017	50,985 Operations

FUEL FLOWAGE

October , 2019	223,382 Gallons
October , 2018	161,563 Gallons
January 2019 - October 2019	2,082,953 Gallons
January 2018 - October 2018	2,190,257 Gallons
January 2017 - October 2017	2,288,934 Gallons

		Avflight	
			Self-fuel
KSU-S	Avflight Salina	Military/Gov't Portion	Station Portion
9,637	213,745	100,742	0
9,453	152,110	55,447	574
88,564	1,994,389	985,207	4,426
75,499	2,114,758	1,071,699	7,011
84,630	2,204,304	848,475	7,330

SkyWest Airlines

ENPLANEMENTS

October , 2019	1,743 Passengers
October , 2018	1,698 Passengers
January 2019 - October 2019	16,133 Passengers
January 2018 - October 2018	11,364 Passengers
January 2017 - October 2017	7,221 Passengers

DEPLANEMENTS

TOTAL

1,723 Passengers	3,466
1,758 Passengers	3,456

ENPLANEMENTS - Charter Flights

October , 2019	215 Passengers
October , 2018	532 Passengers
January 2019 - October 2019	1,479 Passengers
January 2018 - October 2018	5,557 Passengers
January 2017 - October 2017	4,302 Passengers

TOTAL ENPLANEMENTS - Scheduled Flights & Charter Flights

October , 2019	1,958 Passengers
October , 2018	2,230 Passengers
January 2019 - October 2019	17,612 Passengers
January 2018 - October 2018	16,921 Passengers
January 2017 - October 2017	11,523 Passengers

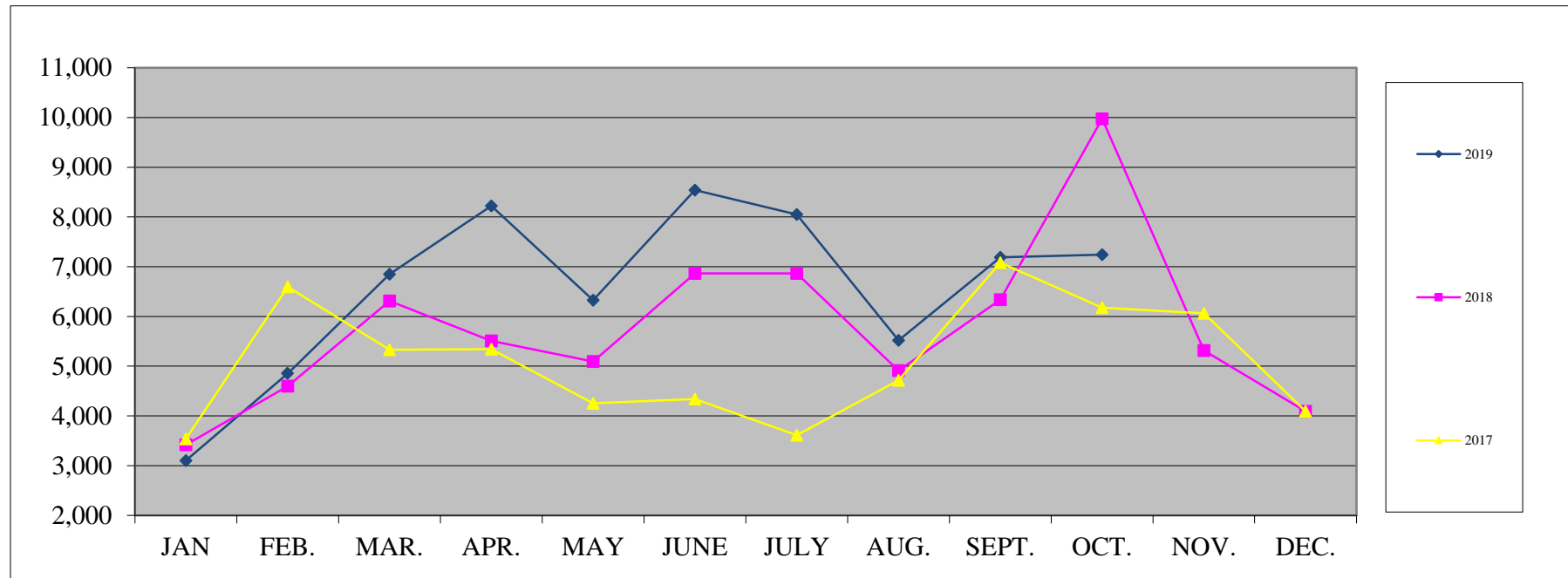
AIRPORT TRAFFIC RECORD

2018 - 2019

	ITINERANT					LOCAL			
	AC	AT	GA	MI	Total Itinerant	Civil	Military	Total Local	Total Operations
2019									
January, 19	61	819	600	258	1,738	992	372	1,364	3,102
February, 19	104	1,553	555	211	2,423	2,232	197	2,429	4,852
March, 19	115	1,765	790	147	2,817	3,811	220	4,031	6,848
April, 19	104	2,112	966	232	3,414	4,608	203	4,811	8,225
May, 19	118	1,464	939	235	2,756	3,328	244	3,572	6,328
June, 19	103	2,025	968	302	3,398	4,497	646	5,143	8,541
July, 19	119	2,084	877	155	3,235	4,506	310	4,816	8,051
August, 19	133	1,272	984	700	3,089	2,169	262	2,431	5,520
September, 19	117	2,268	1,924	236	4,545	2,500	142	2,642	7,187
October, 19	126	1,934	833	181	3,074	3,994	172	4,166	7,240
November, 19									
December, 19									
Totals January - October	1,100	17,296	9,436	2,657	30,489	32,637	2,768	35,405	65,894
2018									
January, 18	0	1,068	587	205	1,860	1,390	168	1,558	3,418
February, 18	17	1,282	541	316	2,156	2,103	342	2,445	4,601
March, 18	2	1,413	840	462	2,717	2,976	619	3,595	6,312
April, 18	6	1,469	670	284	2,429	2,666	415	3,081	5,510
May, 18	7	1,431	811	264	2,513	2,370	211	2,581	5,094
June, 18	14	1,696	983	348	3,041	3,088	736	3,824	6,865
July, 18	4	1,444	874	464	2,786	3,502	577	4,079	6,865
August, 18	46	1,390	899	289	2,624	2,124	162	2,286	4,910
September, 18	48	1,846	767	332	2,993	2,823	520	3,343	6,336
October, 18	12	2,443	838	354	3,647	5,941	386	6,327	9,974
November, 18									
December, 18									
Totals January - October	156	15,482	7,810	3,318	26,766	28,983	4,136	33,119	59,885
Difference	944	1,814	1,626	-661	3,723	3,654	-1,368	2,286	6,009
YTD % Change	605%	12%	21%	-20%	14%	13%	-33%	7%	10%
Legend:	AC: Air Carrier		AT: Air Taxi						
	GA: General Aviation		MI: Military						

AIR TRAFFIC

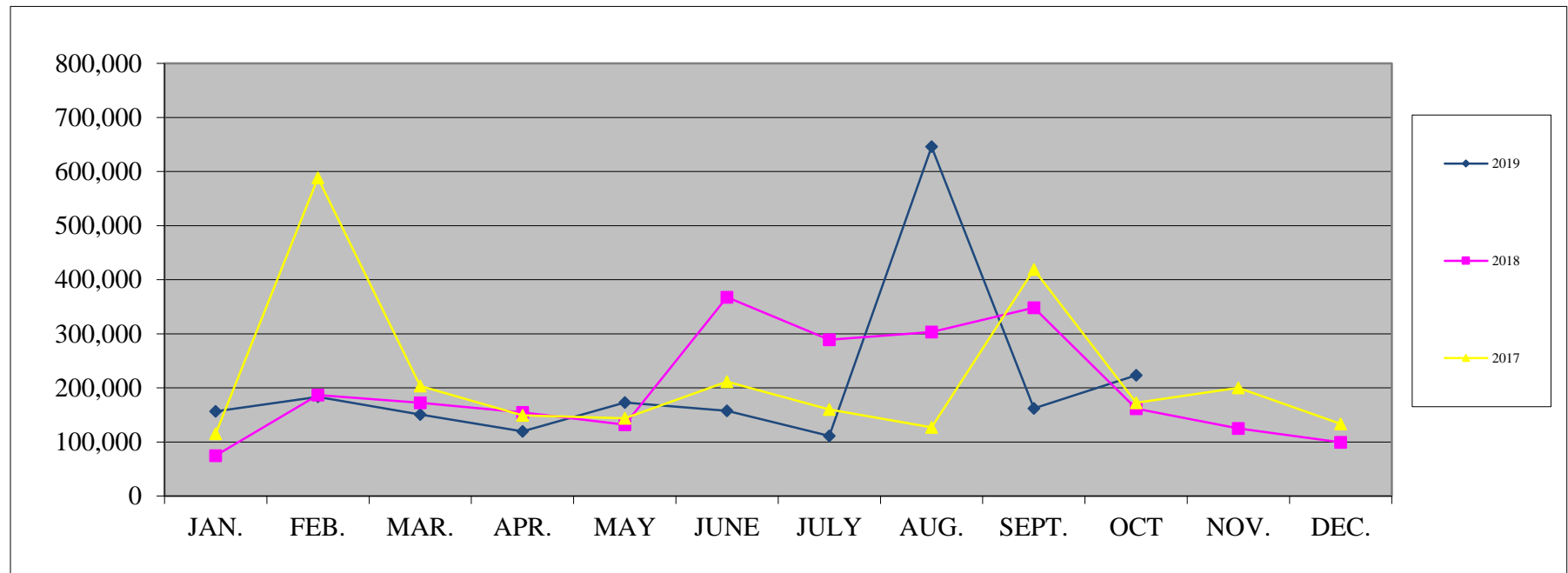
	<u>JAN</u>	<u>FEB.</u>	<u>MAR.</u>	<u>APR.</u>	<u>MAY</u>	<u>JUNE</u>	<u>JULY</u>	<u>AUG.</u>	<u>SEPT.</u>	<u>OCT.</u>	<u>NOV.</u>	<u>DEC.</u>	<u>TOTAL</u>
2019	3,102	4,852	6,848	8,225	6,328	8,541	8,051	5,520	7,187	7,240			65,894
2018	3,418	4,601	6,312	5,510	5,094	6,865	6,865	4,910	6,336	9,974	5,317	4,091	69,293
2017	3,539	6,598	5,329	5,340	4,253	4,338	3,613	4,717	7,081	6,177	6,062	4,094	61,141
2016	4,422	7,789	7,962	7,312	6,898	8,011	5,877	4,789	7,593	6,052	5,458	4,948	77,111
2015	6,918	7,133	8,557	8,870	8,022	7,268	8,089	5,426	8,846	11,367	8,753	7,101	96,350
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



FUEL FLOWAGE

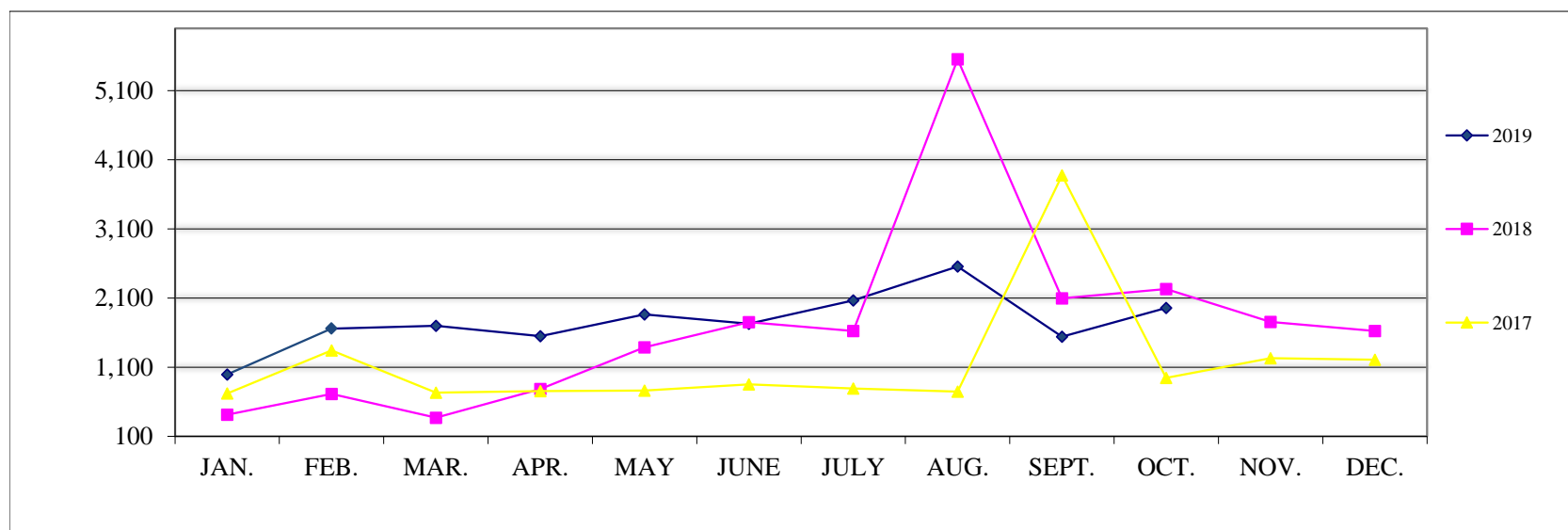
Gallons of Fuel Sold at SLN

	<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>
2019	156,531	183,334	150,881	119,745	172,835	157,376	111,147	645,834	161,888	223,382			2,082,953
2018	74,807	186,507	172,561	154,513	131,941	367,663	288,977	303,273	348,454	161,563	125,129	99,437	2,414,825
2017	115,075	588,072	203,387	149,134	143,801	211,351	160,134	126,751	418,616	172,614	200,050	133,173	2,622,158
2016	80,221	136,763	130,990	94,673	153,410	132,964	208,846	375,330	137,906	126,983	100,764	182,062	1,860,912
2015	176,746	188,406	290,470	132,543	128,100	126,428	237,782	108,581	143,816	717,601	147,853	89,277	2,487,603
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



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>
2019	996	1,659	1,698	1,548	1,865	1,727	2,065	2,556	1,540	1,958				17,612
2018	414	715	370	783	1,387	1,751	1,623	5,553	2,095	2,230	1,756	1,622	-4,322	15,977
2017	720	1,344	731	756	761	852	793	746	3,874	946	1,229	1,207	-109	13,850
2016	36	0	0	0	0	104	372	910	637	558	574	692	84	3,967
2015	528	107	4,550	531	122	88	77	79	61	3,574	592	80	-310	10,079
2014	145	109	140	135	175	403	282	223	178	431	157	178	-158	2,398
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



****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 October 31, 2019

11/07/2019

	Oct 31, 19	Sep 30, 19	\$ Change	Oct 31, 18	\$ Change	% Change
ASSETS						
Current Assets						
Checking/Savings						
Cash in Bank-Bond Funds	607,097	1,515,284	-908,187	331,213	275,884	83%
Cash in bank-Operating Funds	243,474	203,636	39,838	166,495	76,979	46%
Cash in Bank - Mill Levy	269,130	221,666	47,464	190,477	78,653	41%
Total Checking/Savings	1,119,701	1,940,586	-820,885	688,185	431,516	63%
Accounts Receivable						
Accounts Receivable	116,795	149,677	-32,882	214,495	-97,700	-46%
Total Accounts Receivable	116,795	149,677	-32,882	214,495	-97,700	-46%
Other Current Assets						
Mill Levy receivable	27,144	61,427	-34,283	0	27,144	100%
Other current assets	135,773	139,695	-3,922	128,921	6,852	5%
Undeposited Funds	2,680	93	2,587	0	2,680	100%
Total Other Current Assets	165,597	201,215	-35,618	128,921	36,676	28%
Total Current Assets	1,402,093	2,291,478	-889,385	1,031,601	370,492	36%
Fixed Assets						
Fixed assets at cost	90,937,239	89,662,477	1,274,762	88,430,951	2,506,288	3%
Less accumulated depreciation	-46,832,112	-46,602,782	-229,330	-44,053,270	-2,778,842	-6%
Total Fixed Assets	44,105,127	43,059,695	1,045,432	44,377,681	-272,554	-1%
Other Assets						
Deferred Outflow of Resources	1,381,850	1,381,850	0	1,496,655	-114,805	-8%
Total Other Assets	1,381,850	1,381,850	0	1,496,655	-114,805	-8%
TOTAL ASSETS	46,889,070	46,733,023	156,047	46,905,937	-16,867	-0%
LIABILITIES & EQUITY						
Liabilities						
Current Liabilities						
Accounts Payable						
Accounts payable	850,226	609,306	240,920	151,930	698,296	460%
Total Accounts Payable	850,226	609,306	240,920	151,930	698,296	460%
Credit Cards						
Sam's Club Discover	0	0	0	2,411	-2,411	-100%
VISA - Sunflower Bank, N.A. - S	0	-427	427	0	0	0%
Total Credit Cards	0	-427	427	2,411	-2,411	-100%
Other Current Liabilities						
Accrued debt interest payable	49,651	-4,064	53,715	140,504	-90,853	-65%
Debt, current portion	1,969,153	1,969,153	0	1,222,153	747,000	61%
Deferred Mill Levy revenue	399,601	599,401	-199,800	355,393	44,208	12%
Other current liabilities	242,707	230,045	12,662	202,405	40,302	20%
Sales Tax Payable	71	71	0	0	71	100%
Total Other Current Liabilities	2,661,183	2,794,606	-133,423	1,920,455	740,728	39%
Total Current Liabilities	3,511,409	3,403,485	107,924	2,074,796	1,436,613	69%
Long Term Liabilities						
Debt - Long Term	22,415,212	22,415,212	0	22,796,722	-381,510	-2%
Deferred Inflows of Resources	68,366	68,366	0	96,486	-28,120	-29%
Less current portion	-1,969,153	-1,969,153	0	-1,222,153	-747,000	-61%
Net OPEB Liability (KPERs)	11,126	11,126	0	0	11,126	100%
Net Pension Liability	605,630	605,630	0	603,456	2,174	0%
Security Deposits Returnable	57,653	57,653	0	48,591	9,062	19%
Total Long Term Liabilities	21,188,834	21,188,834	0	22,323,102	-1,134,268	-5%
Total Liabilities	24,700,243	24,592,319	107,924	24,397,898	302,345	1%
Equity						
Invested in Capital Assets net	21,689,915	20,626,177	1,063,738	21,556,022	133,893	1%
Net assets, Designated	90,000	90,000	0	90,000	0	0%
Net assets, Unrestricted	319,217	1,382,955	-1,063,738	162,162	157,055	97%
Net Income	89,695	41,568	48,127	699,856	-610,161	-87%
Total Equity	22,188,827	22,140,700	48,127	22,508,040	-319,213	-1%
TOTAL LIABILITIES & EQUITY	46,889,070	46,733,019	156,051	46,905,938	-16,868	-0%

Salina Airport Authority
Profit & Loss Budget Performance
October 2019

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11/07/2019
Accrual Basis

	Oct 19	Jan - Oct 19	YTD Budget	\$ Over Budget	% of Budget	Annual Budget
Ordinary Income/Expense						
Income						
Airfield revenue						
Fuel Flowage Fees	18,768	167,506	166,667	839	101%	200,000
Hangar rent	81,658	582,666	480,256	102,410	121%	576,307
Landing fees	3,215	30,838	20,833	10,005	148%	25,000
Ramp rent	4,760	44,565	41,667	2,898	107%	50,000
Total Airfield revenue	108,401	825,575	709,423	116,152	116%	851,307
Building and land rent						
Agri land rent	3,100	72,560	46,667	25,893	155%	56,000
Building rents - Long Term						
Short-term leasing	31,195	270,290	175,000	95,290	154%	210,000
Building rents - Long Term - Other	60,203	591,474	763,883	-172,409	77%	916,660
Total Building rents - Long Term	91,398	861,764	938,883	-77,119	92%	1,126,660
Land rent						
Basic Land Rent	9,238	91,116	84,276	6,840	108%	101,131
Property tax - tenant share	10,325	103,249	103,249	0	100%	123,899
Total Land rent	19,563	194,365	187,525	6,840	104%	225,030
Tank rent	1,161	11,313	9,975	1,338	113%	11,970
Total Building and land rent	115,222	1,140,002	1,183,050	-43,048	96%	1,419,660
Other revenue						
Airport Marketing	3,598	52,265	91,667	-39,402	57%	110,000
Commissions	0	25,635	29,167	-3,532	88%	35,000
Other income	12,220	49,280	66,667	-17,387	74%	80,000
Total Other revenue	15,818	127,180	187,501	-60,321	68%	225,000
Total Income	239,441	2,092,757	2,079,974	12,783	101%	2,495,967
Gross Income	239,441	2,092,757	2,079,974	12,783	101%	2,495,967
Expense						
Administrative expenses						
A/E, consultants, brokers	1,250	27,774	17,500	10,274	159%	21,000
Airport promotion	8,725	117,852	162,458	-44,606	73%	194,950
Bad Debt Expense	0	1,209	12,500	-11,291	10%	15,000
Computer/Network Admin.	1,046	17,931	15,953	1,978	112%	19,143
Dues and subscriptions	1,956	19,171	20,833	-1,662	92%	25,000
Employee retirement	5,985	63,111	68,904	-5,793	92%	82,685
FICA and medicare tax expense	4,580	48,168	52,741	-4,573	91%	63,289
Industrial development	6,875	31,071	35,417	-4,346	88%	42,500
Insurance , property	15,133	144,946	145,833	-887	99%	175,000
Insurance, medical	14,966	159,265	187,500	-28,235	85%	225,000
Kansas unemployment tax	0	570	833	-263	68%	1,000
Legal and accounting	3,067	44,029	27,083	16,946	163%	32,500
Office salaries	35,620	396,982	414,817	-17,835	96%	497,780
Office Supplies	0	6,969	5,000	1,969	139%	6,000
Other administrative expense	897	8,976	9,063	-87	99%	10,875
Postage	0	1,597	2,500	-903	64%	3,000
Property tax expense	13,552	135,521	135,521	0	100%	162,625
Special Events	0	1,669	833	836	200%	1,000
Telephone	1,413	15,637	15,313	324	102%	18,375
Training	0	2,100	5,833	-3,733	36%	7,000
Travel and meetings	173	8,806	10,000	-1,194	88%	12,000
Total Administrative expenses	115,238	1,253,354	1,346,435	-93,081	93%	1,615,722

	Oct 19	Jan - Oct 19	YTD Budget	\$ Over Budget	% of Budget	Annual Budget
Maintenance expenses						
Airfield maintenance	541	25,962	25,750	212	101%	30,900
Airport Security	-195	2,150	3,333	-1,183	65%	4,000
Building maintenance	3,695	65,911	41,375	24,536	159%	49,650
Equipment fuel and repairs	155	67,653	75,000	-7,347	90%	90,000
Fire Services	0	16,046	15,833	213	101%	19,000
Grounds maintenance	138	6,055	3,750	2,305	161%	4,500
Maintenance salaries	25,405	265,109	304,125	-39,016	87%	364,950
Other maintenance expenses	577	10,509	16,667	-6,158	63%	20,000
Snow removal expense	0	20,444	16,667	3,777	123%	20,000
Utilities	21,759	209,088	200,000	9,088	105%	240,000
Total Maintenance expenses	52,075	688,927	702,500	-13,573	98%	843,000
Total Expense	167,313	1,942,281	2,048,935	-106,654	95%	2,458,722
Net Ordinary Income	72,128	150,476	31,039	119,437	485%	37,245
Other Income/Expense						
Other Income						
Capital contributed	57,804	771,729	660,391	111,338	117%	792,469
Gain on sale of assets	0	55,120	20,000	35,120	276%	24,000
Interest income						
Interest income on deposits	1,419	16,975	450	16,525	3,772%	540
Total Interest income	1,419	16,975	450	16,525	3,772%	540
Mill levy income	199,800	1,999,007	1,998,003	1,004	100%	2,397,603
Total Other Income	259,023	2,842,831	2,678,844	163,987	106%	3,214,612
Other Expense						
Debt interest expense net						
Bond issue cost	0	73,185	16,425	56,760	446%	19,710
Interest Expense on Debt	53,715	537,146	537,146	0	100%	644,575
Total Debt interest expense net	53,715	610,331	553,571	56,760	110%	664,285
Depreciation expense	229,330	2,293,300	2,293,300	0	100%	2,751,960
Total Other Expense	283,045	2,903,631	2,846,871	56,760	102%	3,416,245
Net Other Income	-24,022	-60,800	-168,027	107,227	36%	-201,633
Net Income	48,106	89,676	-136,988	226,664	-65%	-164,388

Salina Airport Authority
Profit & Loss Prev Year Comparison
January through October 2019

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11/07/2019
Accrual Basis

	Jan - Oct 19	Jan - Oct 18	\$ Change	% Change
Ordinary Income/Expense				
Income				
Airfield revenue				
Fuel Flowage Fees	167,506.36	175,275.05	-7,768.69	-4.43%
Hangar rent	582,665.84	393,925.50	188,740.34	47.91%
Landing fees	30,838.04	54,401.01	-23,562.97	-43.31%
Ramp rent	44,565.00	38,760.00	5,805.00	14.98%
Total Airfield revenue	825,575.24	662,361.56	163,213.68	24.64%
Building and land rent				
Agri land rent	72,559.99	70,689.00	1,870.99	2.65%
Building rents - Long Term				
Short-term leasing	270,290.00	281,145.42	-10,855.42	-3.86%
Building rents - Long Term - Other	591,473.76	640,697.80	-49,224.04	-7.68%
Total Building rents - Long Term	861,763.76	921,843.22	-60,079.46	-6.52%
Land rent				
Basic Land Rent	91,115.67	84,031.65	7,084.02	8.43%
Property tax - tenant share	103,249.20	92,743.43	10,505.77	11.33%
Land rent - Other	0.00	0.00	0.00	0.0%
Total Land rent	194,364.87	176,775.08	17,589.79	9.95%
Tank rent	11,313.00	10,380.00	933.00	8.99%
Total Building and land rent	1,140,001.62	1,179,687.30	-39,685.68	-3.36%
Other revenue				
Airport Marketing	52,265.03	144,863.36	-92,598.33	-63.92%
Commissions	25,635.38	21,862.88	3,772.50	17.26%
Other income	49,280.12	146,249.13	-96,969.01	-66.3%
Total Other revenue	127,180.53	312,975.37	-185,794.84	-59.36%
Uncategorized Income	20.00	0.00	20.00	100.0%
Total Income	2,092,777.39	2,155,024.23	-62,246.84	-2.89%
Gross Profit	2,092,777.39	2,155,024.23	-62,246.84	-2.89%
Expense				
Administrative expenses				
A/E, consultants, brokers	27,774.00	21,072.25	6,701.75	31.8%
Airport promotion				
Air Serv. Mktg - City	42,855.70	62,360.04	-19,504.34	-31.28%
Air Serv. Mktg - County	5,902.26	62,360.05	-56,457.79	-90.54%
Air Serv. Mktg - SAA	62,420.72	36,775.41	25,645.31	69.74%
Air Serv. Mktg - SkyWest	0.00	20,000.00	-20,000.00	-100.0%
Airport promotion - Other	6,672.97	8,980.35	-2,307.38	-25.69%
Total Airport promotion	117,851.65	190,475.85	-72,624.20	-38.13%
Bad Debt Expense	1,208.95	2,480.00	-1,271.05	-51.25%
Computer/Network Admin.	17,931.34	11,355.49	6,575.85	57.91%
Dues and subscriptions	19,170.88	18,658.19	512.69	2.75%
Employee retirement	63,111.42	61,510.36	1,601.06	2.6%
FICA and medicare tax expense	48,167.91	49,457.70	-1,289.79	-2.61%
Industrial development	31,071.43	50,000.00	-18,928.57	-37.86%
Insurance , property	144,946.03	115,156.09	29,789.94	25.87%
Insurance, medical	159,265.29	175,772.11	-16,506.82	-9.39%
Kansas unemployment tax	569.77	585.57	-15.80	-2.7%
Legal and accounting	44,029.20	38,756.50	5,272.70	13.61%
Office salaries	396,982.49	404,218.93	-7,236.44	-1.79%
Office Supplies	6,968.71	11,744.23	-4,775.52	-40.66%
Other administrative expense				
Merchant Processing Fees	3,046.94	2,710.90	336.04	12.4%
Other administrative expense - Other	5,929.47	4,930.57	998.90	20.26%
Total Other administrative expense	8,976.41	7,641.47	1,334.94	17.47%
Payroll expenses	0.00	0.00	0.00	0.0%
Postage	1,596.63	3,500.97	-1,904.34	-54.4%
Property tax expense	135,520.80	120,833.30	14,687.50	12.16%
Special Events	1,669.04	0.00	1,669.04	100.0%
Telephone	15,636.64	15,901.53	-264.89	-1.67%
Training	2,100.00	6,638.43	-4,538.43	-68.37%
Travel and meetings	8,806.28	7,174.05	1,632.23	22.75%
Total Administrative expenses	1,253,354.87	1,312,933.02	-59,578.15	-4.54%
Bank Service Charges	0.00	0.00	0.00	0.0%

	Jan - Oct 19	Jan - Oct 18	\$ Change	% Change
Maintenance expenses				
Airfield maintenance	25,962.09	26,476.79	-514.70	-1.94%
Airport Security	2,149.76	2,628.79	-479.03	-18.22%
Building maintenance	65,911.44	68,235.87	-2,324.43	-3.41%
Equipment fuel and repairs	67,652.80	86,050.17	-18,397.37	-21.38%
Fire Services	16,046.38	659.74	15,386.64	2,332.23%
Grounds maintenance	6,055.41	2,608.23	3,447.18	132.17%
Maintenance salaries	265,108.76	275,783.40	-10,674.64	-3.87%
Other maintenance expenses	10,509.21	12,693.37	-2,184.16	-17.21%
Snow removal expense	20,443.71	3,438.86	17,004.85	494.49%
Utilities	209,088.02	201,433.41	7,654.61	3.8%
Total Maintenance expenses	688,927.58	680,008.63	8,918.95	1.31%
Uncategorized Expenses	0.05	0.00	0.05	100.0%
Total Expense	1,942,282.50	1,992,941.65	-50,659.15	-2.54%
Net Ordinary Income	150,494.89	162,082.58	-11,587.69	-7.15%
Other Income/Expense				
Other Income				
Capital contributed	771,729.00	1,416,610.43	-644,881.43	-45.52%
Gain on sale of assets	55,120.00	5,375.00	49,745.00	925.49%
Interest income				
Interest income on deposits	16,974.65	3,613.25	13,361.40	369.79%
Total Interest income	16,974.65	3,613.25	13,361.40	369.79%
Mill levy income	1,999,007.18	1,983,573.64	15,433.54	0.78%
Total Other Income	2,842,830.83	3,409,172.32	-566,341.49	-16.61%
Other Expense				
Debt interest expense net				
Bond issue cost	73,184.50	0.00	73,184.50	100.0%
Interest Expense on Debt	537,145.80	622,399.20	-85,253.40	-13.7%
Total Debt interest expense net	610,330.30	622,399.20	-12,068.90	-1.94%
Depreciation expense	2,293,300.00	2,249,000.00	44,300.00	1.97%
Total Other Expense	2,903,630.30	2,871,399.20	32,231.10	1.12%
Net Other Income	-60,799.47	537,773.12	-598,572.59	-111.31%
Net Income	89,695.42	699,855.70	-610,160.28	-87.18%

Salina Airport Authority
Capital Additions Budget vs. Actual
As of October 31, 2019

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11/07/2019
Accrual Basis

	Oct 19	Jan - Oct 19	Annual Budget	+/- Annual Budget	% of Annual Budget
ASSETS					
Fixed Assets					
Fixed assets at cost					
Airfield					
AIP-39 ARFF Vehicle Acquisition		655	655	0	100%
AIP-40 Terminal Master Plan		64,227	200,000	-135,773	32%
AIP-41 Txy D Extension		2,480	1	2,479	248,000%
Rwy 17/35 Improvements		7,656	250,000	-242,344	3%
Total Airfield	0	75,018	450,656	-375,638	17%
Buildings & Improvements					
Building improvements					
Bldg. Imps. Other	8,666	36,028	20,000	16,028	180%
Hangar 504 Improvements	500	97,083	240,000	-142,917	40%
Hangar 959 Rehabilitation	1,190,325	2,037,632	2,638,918	-601,286	77%
Total Building improvements	1,199,491	2,170,743	2,898,918	-728,175	75%
Total Buildings & Improvements	1,199,491	2,170,743	2,898,918	-728,175	75%
Equipment					
Communications equipment		0	5,000	-5,000	0%
Computer equipment		4,372	2,500	1,872	175%
Shop equipment		44,953	0	44,953	100%
Total Equipment	0	49,325	7,500	41,825	658%
Land					
Airport Indust. Cent. Imps.		1,070	10,000	-8,930	11%
Environmental					
Environmental - SAFB	25,038	153,678	30,000	123,678	512%
Total Environmental	25,038	153,678	30,000	123,678	512%
Rail Spur Imps.	50,233	50,233	10,000	40,233	502%
Total Land	75,271	204,981	50,000	154,981	410%
Total Fixed assets at cost	1,274,762	2,500,067	3,407,074	-907,007	73%

Salina Airport Authority

Significant Capital Expenditures Detail

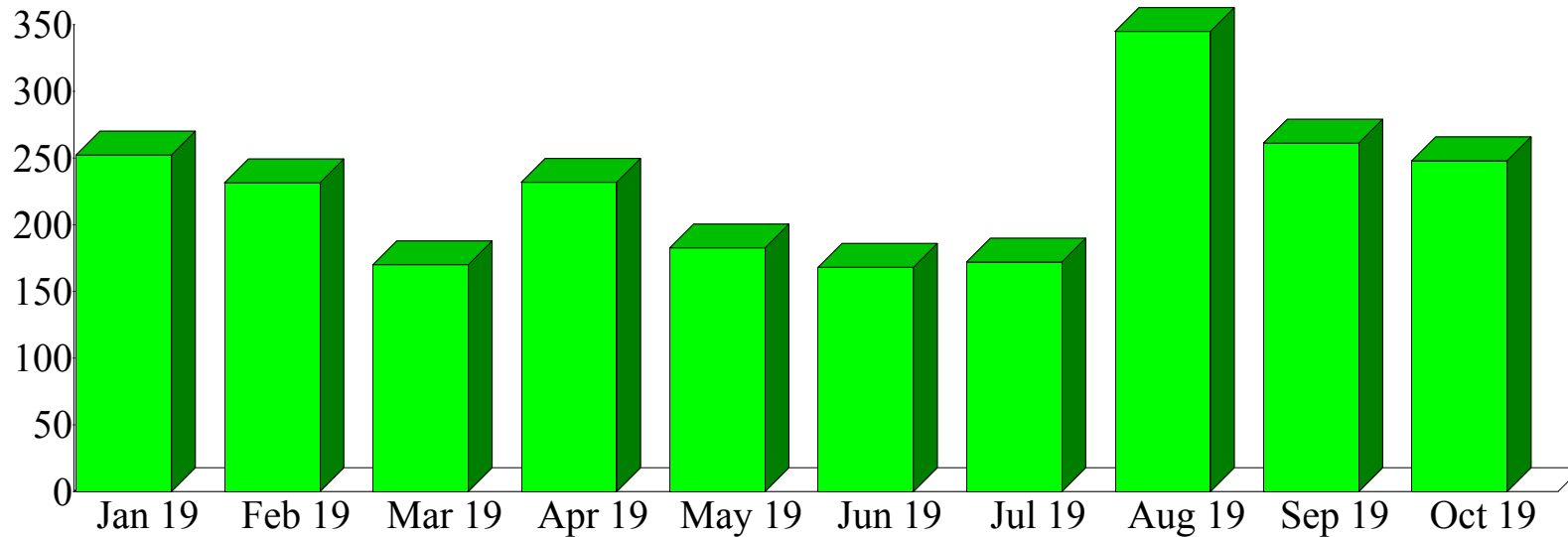
October 2019

Type	Date	Name	Memo	Amount	Balance
Fixed assets at cost					
Buildings & Improvements					
Building Improvements					
Bldg. Imps. Other					
Bill	10/17/2019	Callabresi Heating & Coolin...	Avflight North B700 - Install Furnace	6,347.00	6,347.00
Bill	10/18/2019	Cheney Door Company, Inc.	H409 Door Repairs	2,319.00	8,666.00
Total Bldg. Imps. Other				8,666.00	8,666.00
Hangar 504 Improvements					
Bill	10/30/2019	DMA Architects, PA	H504 architectural services	500.00	500.00
Total Hangar 504 Improvements				500.00	500.00
Hangar 959 Rehabilitation					
Bill	10/01/2019	T & R Dirt Construction	H959 Improvements	76,059.86	76,059.86
Bill	10/03/2019	Cintas Corporation No. 2	H959 Fire Extinguishers	179.94	76,239.80
Bill	10/05/2019	Dellinger Fence Co.	Hangar 959 Fence Rehab	54,935.00	131,174.80
Bill	10/09/2019	High Reach Equipment, LLC	Genie S-85-4WD-T4F w/ lift power welder package and air l...	154,925.00	286,099.80
Bill	10/15/2019	CleanLine, Inc.	H959 Imps. - Parking lot striping	3,108.00	289,207.80
Bill	10/23/2019	APAC-Kansas, Inc., Shears ...	SAA Hangar 959 ramp - final payment	749,117.89	1,038,325.69
Bill	10/25/2019	Gleason & Son Signs, Inc.	H959 Imps. - 1 Vision Aviation signage	88,204.00	1,126,529.69
Bill	10/25/2019	T & R Dirt Construction	H959 Imps. - Progress Pymnt No. 2	8,750.00	1,135,279.69
Bill	10/29/2019	Superior Plumbing and Heat...	H959 plumbing Imps. (Progress pymnt no. 1) 60%	46,335.60	1,181,615.29
Bill	10/30/2019	Superior Plumbing and Heat...	H959 Improvements (East tower repairs)	5,062.50	1,186,677.79
Bill	10/31/2019	Superior Plumbing and Heat...	H959 Improvements (Installation of isolation valves & piping	3,647.14	1,190,324.93
Total Hangar 959 Rehabilitation				1,190,324.93	1,190,324.93
Total Building improvements				1,199,490.93	1,199,490.93
Total Buildings & Improvements				1,199,490.93	1,199,490.93
Land					
Environmental					
Environmental - SAFB					
Bill	10/07/2019	Stinson Leonard Street, LLP	Mediation Services through 10/7/19	3,107.13	3,107.13
Bill	10/30/2019	Tony's Pizza Event Center	Joint Meeting - Facility Fee	379.40	3,486.53
Bill	10/31/2019	Clark, Mize & Linville	Env. legal fees -Oct. 2019	1,564.65	5,051.18
Bill	10/31/2019	Stinson Leonard Street, LLP	Professional Services through 10/31/2019	19,986.79	25,037.97
Total Environmental - SAFB				25,037.97	25,037.97
Total Environmental				25,037.97	25,037.97
Rail Spur Imps.					
Bill	10/30/2019	Trac-Work, Inc.	Emergency Industrial Lead Track Repairs	24,593.20	24,593.20
Bill	10/31/2019	Trac-Work, Inc.	Rail Improvements	25,640.10	50,233.30
Total Rail Spur Imps.				50,233.30	50,233.30
Total Land				75,271.27	75,271.27
Total Fixed assets at cost				1,274,762.20	1,274,762.20
TOTAL				1,274,762.20	1,274,762.20

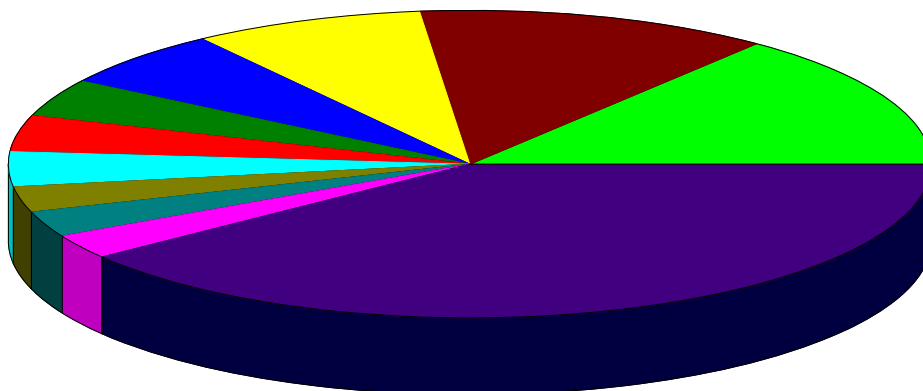
Sales by Month
January through October 2019

Dollar Sales

\$ in 1,000's



Sales Summary
January through October 2019

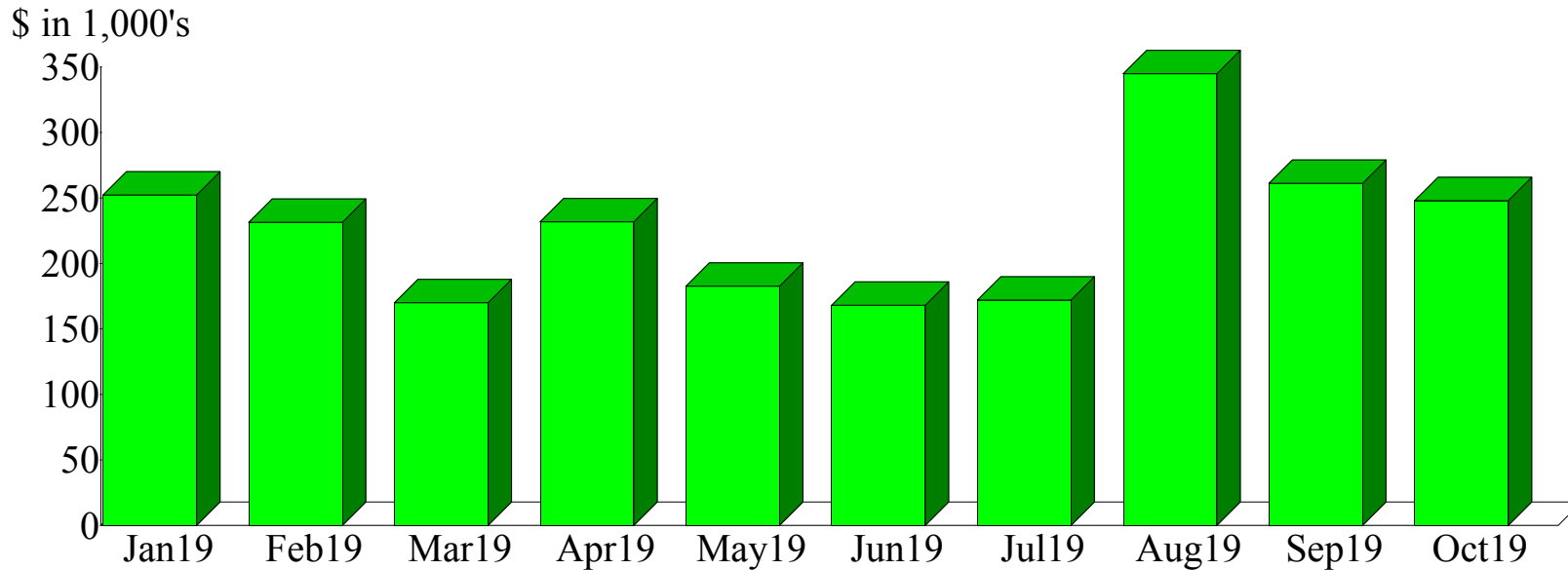


Kansas Erosion Products, LLC.	14.47%
Avflight Salina	12.48
Exide	8.17
Wal-Mart Stores, Inc.	6.11
USSOCOM (Jaded Thunder)	3.99
City of Salina, KS	3.98
Universal Forest Products (UFP)	3.75
SFC Global Supply Chain	2.84
Kansas State Polytechnic - Salina	2.74
582nd Helicopter Group	2.62
Other	38.84
Total	\$2,262,711.60

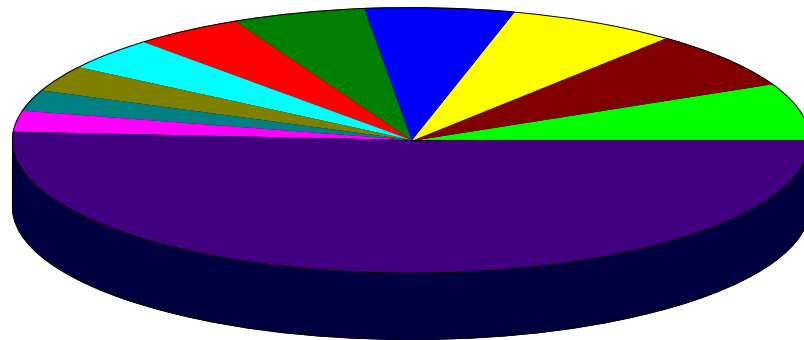
By Customer

Sales by Month
January through October 2019

Dollar Sales



Sales Summary
January through October 2019



H-0606-1 (Hangar 606 - 2630 Arnold Ct.	7.08%
Utility Reimbursement (Utility Reimburse	7.07
FFF-Avflight Salina (Fuel Flowage Fee @	6.94
B-01021 (Building #1021 located at 3600	6.10
H-0600-1 (Hangar 600 - 20,217 sq. ft.)	5.57
B-00655-3 (Bldg. #655 (56,961 SF) - 2656	4.58
H-0509-1 (Hangar 509 Rental)	4.12
B-00620-1 (Building #620 (30,000 SF) an	3.31
Air Service Marketing (Fly Salina - Air	2.65
B-00655-4 (Bldg. #655 (32,628 SF) - 2656	2.58
Other	50.00
Total	\$2,262,711.60

By Item

**PROPOSAL TO PERFORM
PROFESSIONAL AUDIT SERVICES FOR**

SALINA AIRPORT AUTHORITY

October 29, 2019

Adams, Brown, Beran & Ball, Chtd.

2006 Broadway, Suite 2A

Great Bend, KS 67530

Danielle Hollingshead, CPA

dhollingshead@abbb.com

Phone: (620) 792-2428



Certified Public Accountants

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Transmittal Letter

October 29, 2019

Salina Airport Authority
3237 Arnold
Salina, KS 67401

Re: Proposal for Audit Services

Salina Airport Authority (the Authority) is seeking audit services from a firm with experience in the governmental industry with an emphasis *Kansas Municipal Audit and Accounting Guide* who will also provide timely services to meet the needs of its management team.

At Adams, Brown, Beran & Ball, Chtd. ("ABBB"), working with organizations to provide timely audit services is our top priority. ABBB currently has over 280 clients that it performs audit or other attest services for.

ABBB traces its origin back to 1945 and is a local firm of accountants, auditors and consultants with offices located in Colby, Hays, LaCrosse, Great Bend, St. John, McPherson, Hutchinson, Hillsboro, Ness City, Atwood, WaKeeney, Overland Park and Wichita, Kansas. We are licensed to practice in Kansas and are a member of the American Institute of Certified Public Accountants Private Company Practice Section, which requires our firm to have a peer review of our policies and procedures. The peer review ensures that our quality control meets the standards established by our profession. This monitoring by our profession ensures that our staff maintains expertise in all areas of auditing and accounting and provides clients with quality service. In addition, the firm belongs to the American Institute of Certified Public Accountants Governmental Audit Quality Center that specializes in governmental accounting and auditing standards. This Center ensures that ABBB has met the criteria to perform governmental audits.

As noted above, ABBB is currently located in 13 locations across the state of Kansas. We have 16 partners and 8 principals included in our management team. ABBB currently employees approximately 150 professional and technical staff.

ABBB currently serves cities, counties, school districts and several other municipalities in Kansas, with more than 50 combined years of experience in providing governmental services. In addition to the traditional services provided, ABBB also has experience in the following areas:

- Internal Control and Workflow Analysis
- Operation of Efficiency Audits
- Cost Controls
- Budgets and Forecasts
- Strategic Planning
- Consulting

Transmittal Letter

All professional staff are required to acquire annually a minimum of 40 hours of continuing professional education, and all CPAs hold memberships in both the American Institute of Certified Public Accountants and the Kansas Society of Certified Public Accountants.

Danielle M. Hollingshead, Senior Audit Manager, actively sits on the Kansas Municipal Audit and Accounting Board of Editors and assists with the Kansas Society of Certified Public Accountants' annual conference for governmental audits.

This audit proposal is a firm and irrevocable offer for a period of three (3) months after the date of the proposal.

In closing, we are confident our team will meet your needs efficiently, cost-effectively and with great enthusiasm. Salina Airport Authority would be an important client to Adams, Brown, Beran & Ball, Chtd. and we are genuinely eager to serve you.

Adams, Brown, Beran & Ball, Chartered

ADAMS, BROWN, BERAN & BALL, CHTD.

Certified Public Accountants

Independence and License

All professional staff are required to acquire annually a minimum of 40 hours of continuing professional education, and all CPAs hold memberships in both the American Institute of Certified Public Accountants and the Kansas Society of CPAs. In addition, professional staff are required to complete 24 hours of governmental continuing education every two years. The firm is also a member of the Governmental Audit Quality Center of the American Institute of Certified Public Accountants.

INDEPENDENCE

Adams, Brown, Beran & Ball, Chtd. is independent with respect to Salina Airport Authority in accordance with professional standards promulgated by the American Institute of Certified Public Accountants, Government Auditing Standards issued by the Comptroller General of the United States, the State of Kansas Board of Accountancy, the State of Kansas CPA Society, state statutes, and other regulatory agencies where applicable.

It is the policy of our firm that all professional personnel be familiar with and adhere to the independence, integrity, and objectivity rules, regulations, interpretations, and rulings of the AICPA, *Government Auditing Standards* issued by the Comptroller General of the United States, the State of Kansas Board of Accountancy, the State of Kansas CPA Society, state statutes, and other regulatory agencies where applicable. The procedures listed below are followed to ensure compliance with this policy:

1. An Independence, Integrity and Objectivity Representation is completed by all professional personnel when hired (and annually thereafter). The Audit and Attestation Service Line Leader is responsible for obtaining the representation letters.
2. Additions to our client list are communicated to all personnel on a timely basis by a memorandum from the office manager.
3. For clients of whom the firm is not independent, only compilation services are performed, and our lack of independence is noted in the report.
4. Current copies of all applicable independence, integrity, and objectivity requirements are maintained by the Audit and Attestation Service Line Leader.
5. The work programs and standard forms in the accounting and auditing manuals used by the firm include steps that require:
 - a. A determination of independence and objectivity on each new and recurring client.
 - b. A consideration of unpaid fees.
 - c. An annual confirmation of the independence of another accountant performing work on a segment of an audit, review, or attestation (including forecast and projection) engagement.
 - d. Appropriate reporting on compilations in which the firm is not independent.
6. All independence, integrity, and objectivity questions are resolved by the Audit and Attestation Service Line Leader.

LICENSING

Adams, Brown, Beran & Ball, Chtd., Certified Public Accountants, is licensed to practice in Kansas. The anticipated key professional staff on this engagement are Certified Public Accountants and licensed to practice in Kansas.

Firm Profile

BACKGROUND AND QUALIFICATIONS

Adams, Brown, Beran & Ball, Chtd., Certified Public Accountants, traces its origin back to 1945 and is a local firm of accountants, auditors and consultants with offices located in Colby, Hays, LaCrosse, Great Bend, St. John, McPherson, Hutchinson, Hillsboro, Ness City, Atwood, WaKeeney, Overland Park and Wichita, Kansas. The firm presently employs a full-time staff of approximately 150 qualified and experienced professional, technical and support personnel. We are licensed to practice in Kansas and are a member of the American Institute of Certified Public Accountants Private Company Practice Section, which requires our firm to have a peer review of our policies and procedures.

All anticipated employees assigned to perform services for Salina Airport Authority are independent in accordance with professional standards promulgated by the American Institute of Certified Public Accountants, *Government Auditing Standards* issued by the Comptroller General of the United States, the State of Kansas Board of Accountancy, the State of Kansas CPA Society, state statutes and other regulatory agencies where applicable.

Adams, Brown, Beran & Ball, Chtd. currently has over 280 clients that it performs audit and other attest services for. 54 municipalities in Kansas are currently audited by Adams, Brown, Beran & Ball, Chtd. Single audits are performed on at least eight entities annually. The average retention of ABBB's municipal clients is approximately 20 years.

There are approximately 7 professional staff who dedicate over 100% of their time and approximately 20 additional professional staff who dedicate 50% of their time to municipal audits at ABBB. The audit work for all ABBB engagements is completed by a dedicated audit team rather than a specific office, but the audit reports will be printed on letterhead for the Great Bend office.

The offices where the audit staff are located is Great Bend, Hays and Wichita. Great Bend and Hays have around 30 employees each and Wichita has around 15 employees.

In addition to the traditional audit services provided, ABBB also has experience in the following areas:

- Internal Control and Workflow Analysis
- Operation of Efficiency Audits
- Cost Controls
- Budgets and Forecasts
- Strategic Planning
- Consulting

For a complete list of services and personnel, visit our website at www.abbb.com.

Staff Qualifications

Meagan M. Wellbrock, CPA

mwellbrock@abbb.com

Position - Partner, Audit and Assurance Service Line Leader

Meagan joined ABBB as a full-time staff member in 2007. Since that time, she has primarily focused on providing audit and assurance services, being promoted to audit and assurance service line leader for ABBB in 2016. Meagan is responsible for managing audit and assurance engagements in a variety of industries, including governmental entities and Uniform Guidance audits.

Danielle M. Hollingshead, CPA

dhollingshead@abbb.com

Position - Senior Audit Manager

Danielle joined the firm in 2009. She currently devotes 100% of her time to audit work, with her primary focus on municipal entities. Danielle was recently nominated to sit on the Kansas Municipal Audit and Accounting Board of Editors and has also served on the Kansas Society of Certified Public Accountants' conference committee for the annual governmental conference for the past several years. She is also a current member of the Governmental Finance Officers Association (GFOA).

Jami I. Benyshek, CPA

jbenyshek@abbb.com

Position - Manager

Jami began her career with ABBB in 2012. Jami dedicates 100% of her time to audit work, focusing on governmental and nonprofit entities.

Alex Johnson

ajohnson@abbb.com

Position - Staff Accountant

Alex began his career with ABBB in 2018. Alex currently devotes 100% of his time to audit work, with his primary focus on governmental and nonprofit entities.

Alexis Crispin-Orth

acrispin@abbb.com

Position - Staff Accountant

Alexis began her career with ABBB in 2019. Alexis currently devotes 100% of her time to audit work, with her primary focus on governmental, nonprofit entities and Uniform Guidance audits.

Prior Audit Experience

Name of Entity	Contact Person
Barton County	Donna Zimmerman, 620-793-1835
Stafford County	Nita Keenan, 620-549-3509
Barber County	Debbie Wesley, 620-886-3961
Ellis County	Donna Maskus, 785-628-9465
Kingman County	Linda Langley, 620-532-2521
Reno County	Gary Meagher, 620-694-2929
City of Hays	Kim Rupp, 785-628-7300
City of Great Bend	Shawna Schafer, 620-792-4111
City of Colby	Debbie Zerr, 785-460-4400
City of Lincoln Center	Heather Simms, 785-524-4280
City of Anthony	Amber Kummer, 620-842-5434
City of Little River	Sue Peter, 620-897-6260
City of Lindsborg	Greg DuMars, 785-227-3355
City of Lyons	Chad Buckley, 620-257-2320
City of Ellinwood	Kim Schartz, 620-564-3161
City of Hillsboro	Jan Meisinger, 620-947-3162
City of Holyrood	Stephanie Petermann, 785-252-3652
City of Lacrosse	Duane Moeder, 785-222-2511

Additional audit experience can be provided if requested.

Audit Approach

Our audit approach will be designed to achieve compliance with all applicable auditing and financial reporting standards in the most efficient manner possible. A comprehensive approach to complete the audit will be established through collaboration between our leaders and the Salina Airport Authority team.

Work will be scheduled to minimize disruption of the day-to-day responsibilities of your personnel and in an effort to meet your deadlines to allow for adequate time for submission to your appropriate recipients.

Auditing standards generally accepted in the United States of America require evaluation of internal accounting controls. This evaluation will assist in designing the nature, timing and extent of further audit procedures to allow for us as auditors to express an opinion on the financial statements based on the work performed. During the audit, we will communicate to management and those charged with governance internal control related matters that are required to be communicated under AICPA professional standards.

Approximately two auditors will complete final fieldwork at the Salina Airport Authority office, if needed. ABBB utilizes a risk-based approach to conducting audits which allows for us to focus on the most significant risks of the Authority. In general, testing for these areas noted is substantive in nature using sampling techniques. Third-party confirmations may also be utilized.

As part of the audit, we will assist with the preparation of your financial statements, related notes and supplemental schedules in compliance with accounting principles generally accepted in the United States of America. You are responsible for making all management decisions and performing all management functions relating to the financial statements, related notes and supplemental schedules and for accepting full responsibility for such decisions for the Authority.

Reviewing compensated absences, including information pertaining to GASB 75, capital leases, debt obligations, and bond covenants will also be included as parts of the audit. The Authority can reach out to ABBB at any time during the year, including for assistance with correspondence received from federal and/or state departments and agencies.

U.S. generally accepted auditing standards, the *Kansas Municipal Audit and Accounting Guide*, issued by the State of Kansas, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, will be applied to the audit of the Authority, as applicable.

Management letters are critical pieces of an audit. It is Adams, Brown, Beran & Ball, Chtd.'s philosophy to ensure that controls, policies, and procedures are developed and executed in ways that protect the Authority, as well as the people it employs. It is firm policy to work with the Authority during this process, highlighting areas that are working well and recommending solutions that will benefit the Authority and employees alike.

Time Schedule

Communication throughout the engagement is critical to a successful outcome. Work for the Authority's audit begins well in advance of final fieldwork at the Authority office and is expected to begin as soon as information is available from Authority personnel. Final fieldwork will be scheduled at a time convenient for the Salina Airport Authority's team, sometime between March and May, dependent on final reports being provided at least two weeks prior to fieldwork. During a wrap-up meeting during final fieldwork, ABBB will discuss with Authority personnel the remaining timeline for the wrap up of the audit.

Audit Quality Control

In addition to review by the engagement partner, Salina Airport Authority's audit report and work papers will include a second review by a qualified audit reviewer at Adams, Brown, Beran & Ball, Chtd. prior to issuance. Additional activities performed by ABBB's Audit and Attestation Service Line Leader are outlined in the Independence and License section on page 4.

ABBB is a member of the American Institute of Certified Public Accountants Private Company Practice Section, which requires our firm to have a peer review of our policies and procedures. The peer review ensures that our quality control meets the standards established by our profession. This monitoring by our profession ensures that our staff maintain expertise in all areas of auditing and provide clients with quality service. A copy of Adams, Brown, Beran & Ball, Chtd.'s most recent peer review report is attached.

References

Name and Address of Entity	Contact Person
City of Great Bend 1209 Williams Great Bend, KS 67530	Shawna Schafer, 620-793-4111
City of Hays 1507 Main Street Hays, KS 67601	Kim Rupp, 785-628-7300
City of Lindsborg 101 S. Main Lindsborg, KS 67456	Greg DuMars, 785-227-3355
City of Ellinwood 104 E 2 nd Ellinwood, KS 67526	Kim Schartz, 620-786-1395

Fees

The philosophy of Adams, Brown, Beran & Ball, Chtd. is to provide the highest quality service for a fair and competitive fee. We firmly believe that for you to be a satisfied consumer of our services, we must bring you value in excess of your investment. Below is an estimate of our professional fees for audit services to be provided for the years indicated. We expect that our audits of the financial statements of Salina Airport Authority will not exceed the following:

YEAR ENDED	AUDIT FEE	SINGLE AUDIT PER MAJOR PROGRAM IF NEEDED
December 31, 2019	\$17,000	\$3,000
December 31, 2020	\$17,540	\$3,000
December 31, 2021	\$18,100	\$3,000

Fees for these engagements are based on our hourly rates and estimate of the number of professional hours required. Work performed will be assigned to various staff levels in an effort to keep your costs to a minimum. Fees for the above services assume full and timely cooperation and assistance by your management teams. Fees noted above are inclusive of our expenses. ABBB does not bill for overruns unless the work being completed is outside the scope of the items listed in the initial Request For Proposal. Hourly rates and estimated hours as follows:

STAFF LEVEL	HOURLY RATE
Partner	\$350
Senior Audit Manager	230
Manager	170
Staff Accountant	135

During the fiscal year, Salina Airport Authority may have technical questions that arise. At such times, the Authority should contact ABBB to ensure that all technical issues are handled correctly throughout the year. The costs for these questions are included in the fees noted above. Should items come up during the year that are not within the scope of the items listed out in the initial Request For Proposal and outlined in this proposal, the Authority and ABBB will work together to arrive at an agreed-upon price for these new items prior to any time being incurred on the additional project.

Our fees are well accepted by our clients. While we are cognizant of our fees, our goal is not to be the firm with the lowest fee, but rather to be the firm that provides the best service at a fee commensurate with the value of the services provided. Considering that many of our clients have been clients for 20 to

Fees

30 years and that fees are seldom an issue for any of our clients, we are confident that you will find our fees reasonable based on the services received. In establishing our fees for recurring services and in charging for our services for special engagements, our goal is to establish and maintain a long-term relationship. We believe the fees we have quoted are within a range that will enable us to provide you with the quality services that you desire and expect.



REPORT ON THE FIRM'S SYSTEM OF QUALITY CONTROL

To the Partners of
Adams, Brown, Beran & Ball, Chartered
and the Peer Review Committee of the Kansas Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Adams, Brown, Beran & Ball, Chartered (the "firm") in effect for the year ended August 31, 2018. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act, and audits of employee benefit plans.

As part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Adams, Brown, Beran & Ball, Chartered in effect for the year ended August 31, 2018, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Adams, Brown, Beran & Ball, Chartered has received a peer review rating of *pass*.

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Roanoke, Virginia
December 10, 2018

SALINA AIRPORT AUTHORITY
RESOLUTION NUMBER 19-12

A RESOLUTION AUTHORIZING A DEFERRED COMPENSATION PLAN FOR THE
EMPLOYEES OF THE SALINA AIRPORT AUTHORITY.

WHEREAS, to enable the Salina Airport Authority to attract and to retain in its employment, persons of competence and to provide a means for supplementing the retirement benefits of Authority employees; and

WHEREAS, the Kansas Public Employees Retirement System has entered into a group contract in conjunction with the Kansas Public Employees Deferred Compensation Plan for the provision of recordkeeping, communication, education, and investment management services; and

WHEREAS, it is the desire of the Authority to become a joint contract owner with the State of Kansas of the group contract; and

WHEREAS, it is the desire of the Authority to encourage and support efforts of its employees to voluntarily participate in a tax deferred compensation plan;

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

1. The Authority elects to adopt the Kansas Public Employees Deferred Compensation Plan as its own plan, as authorized by K.S.A. 74-49b14.
2. The Salina Airport Authority authorizes and approves execution of a Plan Joinder Agreement to implement a deferred compensation plan.
3. Further, the Salina Airport Authority is authorized to execute all necessary documents.

PASSED AND APPROVED by the governing body of the Salina Airport Authority on this 13th Day of November 2019.

Kent Buer, Chairman

ATTEST

Kristen Gunn, Secretary

LEASE AGREEMENT

This Lease Agreement (the "Lease") is made and entered into this ____ day of December, 2019, by and between the **SALINA AIRPORT AUTHORITY**, a Kansas public corporation, of Salina, Saline County, Kansas, (the "Authority"), and **KANSAS EROSION, LLC.**, a Kansas limited liability company, with principal offices located at 3600 Airport Road, Unit A, Salina, KS ("Lessee").

RECITALS

- A. The Lessee has notified the Authority that it is in need of longer-term warehouse space for the purposes of overflow storage of raw materials and finished goods.
- B. The Authority has available and is willing to lease, under this agreement, warehouse space in the facility commonly known as Building 655.

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 the Authority's multi-tenant facility commonly known as Bldg. No. 655, containing approximately 33,992+/- sq. ft. and located at 2656 Arnold Ave., Salina, KS 67401.

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. The term of this Lease ("Term") shall commence on the December 1, 2019 and shall terminate on November 30, 2021, subject to the option for renewal and extension early termination hereinafter set forth.

- 2.2. Holdover. If the Lessee remains in possession of all or any part of the Premises after the expiration of this Lease, without the express or implied consent of the

Authority, such occupancy shall be considered to be a "Holdover Tenancy" from month-to-month only, and not a renewal or extension of this Lease for any further term. In such case, the Basic Rent for such Holdover Tenancy shall be payable in the amount of 150% of the 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:

- 3.1.1. 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.

- 3.1.2. In the event Lessee and the Authority mutually agree and enter into a Lease agreement for similar space for the purposes considered herein, the Lessee may elect early termination of this Lease and concurrently enter into a new Lease with the Authority.

4. Rent.

- 4.1. Basic Rent. Lessee agrees to pay the Authority a Basic Rent for the leasing of the Premises during the Term, the sum of Six Thousand Five Hundred and Fifteen Dollars and no/100 (\$6,515) per month, due on the first day of each month for that month. The Basic Rent shall be pro-rated should the Term commence on a date other than the first day of the month or terminate on a date other than the last day of the month.

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 its pro-rata share 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 Ten (10) 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 – Waived.

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 its pro-rata share of the commercial property insurance covering the improvements located on the Premises. Partial year occupancy shall result in a pro-rated premium. The 2019 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.

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 Effective 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 invoice 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 the storage of raw materials and finished goods associated with the manufacturing of 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. Use Restrictions. 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 restrooms designated as "common-use" and depicted on Exhibit A as Room No. 109. Lessee will be responsible for working with other occupants and Lessees of Bldg. 655 in keeping the restrooms clean and in good order and supplying and replenishing the consumables as needed.

- 6.3. Environmental.

- 6.3.1. Intentionally deleted

- 6.3.1.1. 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 January 1, 2019. 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 January 1, 2019, and which is identified by the environmental review contemplated by this section.

Lessee's Responsibility. The Lessee shall be responsible for the cleanup and removal of any hazardous substances or materials located on the Premises. Lessee shall not allow the use, storage, transportation, or other presence of Hazardous Materials on the Premises (except for chemicals used for ordinary cleaning purposes). Hazardous Materials means (a) "hazardous waste" as defined by any applicable law; (b) "hazardous substance" as defined by any applicable law; (c) asbestos; d) polychlorinated biphenyls; (e) any

substance the presence of which on the Premises is prohibited by any law or regulation; (f) any petroleum-based products; (g) underground storage tanks; and (h) any other substance which by any law or regulation requires special handling or notification of any federal, state, or local governmental entity in its collection, storage, treatment, or disposal.

Lessee will indemnify and hold Lessor harmless for any liability, loss, cost, damage, or expense (including, without limitation, attorneys' fees and expenses) with respect to Lessee's use or control of Hazardous Materials on the Premises_ which are determined to have occurred after January 1, 2019.

1.1.1.1. Lessee also agrees to comply with all storm water and waste collection requirements of any federal, state or local governmental laws, rules and regulations.

2. Improvements to Premises. Lessee may not build or construct improvements on the Premises.
3. 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.
4. 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.
5. Housekeeping. Due to the process and materials used in wattles and erosion control blankets, the parties understand a considerable amount of straw dust may accumulate in and around the Premises. During the term of the Lease or upon Lease termination, the Authority may request Lessee perform a thorough cleaning of the areas in and around the Premises. The Lessee agrees to work with the Authority and mutually agree upon a time schedule for cleaning the areas where dust has extended.
6. Default.

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

- 6.1.1. 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;
- 6.1.2. Abandons or surrenders the Premises or the leasehold estate;
- 6.1.3. Attempts to assign or sublease the Premises other than in accordance with the terms of the Lease;
- 6.1.4. 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
- 6.1.5. Violates any of the other terms and conditions of this Lease.

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

- 6.2.1. Terminate the Lease;
- 6.2.2. Reenter and repossess the Premises;
- 6.2.3. Relet the Premises or any part thereof;
- 6.2.4. Accelerate and collect rentals remaining to be paid under the Lease;
- 6.2.5. If applicable, collect from Lessee the unamortized portion of any brokerage fees payable by the Authority to brokers as a result of the Authority and Lessee entering into this Lease;
- 6.2.6. Seize and hold Lessee's onsite property for the satisfaction of the deficiency;
- 6.2.7. Bring a suit for damages against Lessee; or
- 6.2.8. Pursue any other remedy available to the Authority under Kansas law.

7. 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.

- 7.1. 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.

8. 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.

- 8.1. 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 up to 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.

The Lessee does agree that the Lessee shall at all time maintain minimum temperatures in the premises above freezing to prevent fire sprinkler lines from freezing. The Lessee shall be responsible for any damage to the the fire sprinkler system caused by the freezing of piping or sprinkler heads.

8.2. 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 and keeping the facility in a clean and orderly fashion 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 Authority shall be responsible for maintaining the parking lot including pavement striping.

8.3. In the event Lessee fails to keep said Premises in good order and repair as agreed to above, 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.

9. Utilities and HVAC System.

- 9.1. The Lessee shall, at its own expense, obtain and pay for all electricity, gas, sewer use fees, or other utilities, used by Lessee during the term of this Lease, including the cost of maintenance and operation of the HVAC system for the Premises.
- 9.2. The Authority shall, at its own expense, obtain and pay for water service to the common use restrooms depicted as Room 109.
10. 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.
11. 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.
12. Indemnification and Hold Harmless.
- 12.1. 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.
- 12.2. In claims against any person or entity indemnified under this Section 17 by an employee of Lessee, an independent contractor of the Lessee's, or anyone directly or indirectly employed by them or anyone for whose acts they may be

liable, the indemnification obligation under Section 17.1 shall not be limited by limitation or amount or type of damages, compensation or benefits payable by or for Lessee, or an independent contractor under workers' compensation acts, disability benefit acts or other employee benefit acts.

13. 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 under the terms and provisions of this agreement.

14. 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
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Lessee	Kansas Erosion, LLC 3600 Airport Road, Unit A Salina, KS 67401
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15. Damage by Casualty.

15.1. 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

15.2. 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.

16. Commission.

16.1. The Parties acknowledge that ComPro Realty, LLC is the only Broker(s) involved in this Lease and the Authority agrees to pay ComPro Realty, LLC a commission of 2% of the net rentals covered by the initial term of this Lease. payable on or before December 31, 2019. The parties to this Lease do hereby indemnify and hold one another harmless from any loss, liability, damage, cost or expense that in any way related to another parties claim other than ComPro Realty, LLC 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 Authority from any loss, liability, damage, cost or expense that is in any way related to such claim.

17. General Clauses.

17.1. 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.

17.2. 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.

17.3. 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.

17.4. 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.

17.5. 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.

- 17.6. 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.
- 17.7. 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.
- 17.8. 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.
- 17.9. 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.
- 17.10. 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.
- 17.11. 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.
- 17.12. The Authority reserves the right to further develop or improve the landing area and all publicly-owned air navigation facilities of the Airport as it sees fit, regardless of the desires or view of Lessee and without interference or hindrance by Lessee, but without hindering Lessee's right of operation and use of the Premises as provided in this Lease.
- 17.13. 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.
- 17.14. 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 or maintenance of the Airport.

17.15. 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.

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

18.1. 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;

18.2. 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;

18.3. 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 be in default of this Lease and it may be canceled, terminated or suspended, in whole or in part, by the Authority;

18.4. 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;

18.5. 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

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

19. 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: _____

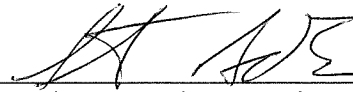
ATTEST

Date _____

By: _____

KANSAS EROSION, LLC.

Date 10-6-2019

By: 
Steve Ade, Managing Member

Date 11/6/2019

By: 
Larry Ade, Managing Member

LEASE AGREEMENT

This Lease Agreement (the “Lease”) is made and entered into this ____ day of _____, 2019, by and between the **SALINA AIRPORT AUTHORITY, a Kansas public corporation**, of Salina, Saline County, Kansas, (the “Authority”), and **USCOC OF NEBRASKA/KANSAS LLC**, a Delaware limited liability company, authorized to do business in Kansas, with principal offices located at 8410 W. Bryn Mawr Ave., Chicago, IL 60631, (“Lessee”)

Recitals

- A. On February 15, 1995, the Authority and KAMO Cellular Corporation, the Lessee’s predecessor, entered into a lease agreement (“Original Lease”) for a tract of ground and Bldg. No. 127 located thereon at 3119 Arnold Ave., in the Salina Airport Industrial Center.
- B. On January 31, 2018, Lessee’s representative, Site Acquisition Solutions, notified the Authority of the Lessee’s desire to negotiate a lease renewal in anticipation of the June 30, 2020 Original Lease expiration.
- C. The Authority desires to offer a multi-year lease to the Lessee in order that they may maintain occupancy of the Original Lease premises and continue operations.

NOW THEREFORE, the parties agree:

1. Property Description.

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

A portion of Lot 7, Block 12 located at the Schilling Subdivision No. 5, City of Salina, Saline County, Kansas.

together with any improvements constructed, including Bldg. No. 127, or to be constructed thereon and the appurtenances thereunto belonging, as depicted on and legally described 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 five (5) years commencing effective July 1, 2020 (“Effective Date”), and terminating on June 30, 2025 (“Primary Term”), subject to the option for renewal and extension hereinafter set forth.

2.2. Holdover. If the Lessee remains in possession of all or any part of the Premises after the expiration of this Lease, without the express or implied consent of the Authority, such occupancy shall be considered to be a "Holdover Tenancy" from month-to-month only, and not a renewal or extension of this Lease for any further term. In such case, the Basic Rent for such Holdover Tenancy shall be payable in the amount of 150% of the amount specified in Section 3.1 herein. Such Holdover Tenancy shall be subject to every other provision, covenant and agreement contained herein, including any applicable rental adjustments as per Section 3.1.1 herein. The foregoing provisions of this Subsection are in addition to and do not affect the right of re-entry or any right of the Authority hereunder or as otherwise provided by law and in no way shall such provisions affect any right which the Authority may have otherwise to recover damages, to the extent permissible by applicable law, from Lessee for loss or liability incurred by the Authority resulting from the failure by Lessee to surrender the Premises, or for any other reason. Nothing contained in this Subsection shall be construed as consent by Authority to any holding over by Lessee and the Authority expressly reserves the right to require Lessee to surrender possession of the Premises to Authority as provided in this Lease, and to the extent permissible by applicable law, upon the expiration of this Lease.

3. Option to Renew. The Lessee is hereby given the option to renew this Lease for four (4) additional terms of five (5) years each at the expiration of the Primary Term. In the event the Lessee elects to exercise its option hereunder, it must notify the Authority in writing six (6) months prior to the expiration of the then current term.

4. Rent.

4.1. Basic Rent. Lessee agrees to pay the Authority a Basic Rent for the leasing of the Premises the sum of One Thousand Six Hundred and Seventy-Five Dollars and no/100 (\$1,675) per month, the first of which shall be due on July 1, 2020. The rental shall be payable monthly in advance and shall be due on the first day of each month for that month.

4.1.1. On the second (2nd) anniversary date after the Effective Date and every two (2) years thereafter during the term of this Lease or any extension thereof, the Basic Rent shall be increased throughout the duration of the Lease as renewed and extended, by four (4%) percent over the previous two-year period's Rent.

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

4.2.1. Taxes. Lessor shall pay prior to delinquency any real estate taxes attributable to the Premises. Lessee shall pay prior to delinquency any personal property taxes levied against Lessee's personal property and moveable fixtures. Lessee shall pay to Lessor upon Lessor's demand, any increase in real property taxes levied against the Premises which is attributable to Lessee's use, personal property or moveable fixtures, provided that Lessor agrees to furnish reasonable documentation of such increase to Lessee. Furthermore, Lessor agrees to give timely notice to Lessee in the event it is notified of an assessment valuation change, or a change in property status. Lessor agrees that Lessee shall have the right to appeal any such change in status or any increase in real estate assessment Lessee's use, personal property or moveable fixtures, and Lessor will reasonably cooperate, but at no cost to Lessor, with any such appeal by Lessee. Lessee shall only be responsible for property tax reimbursements requested by Lessor within one (1) year of payment of such property taxes by Lessor. Lessor's requests to Lessee for reimbursement of such property taxes should be addressed to: U. S. Cellular Attention: [856342], P.O. Box 31369, Chicago, IL 60631-0369.

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.

4.2.3. Security Deposit. - Waived

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

5. Insurance.

5.1. Lessee's Liability Insurance. Lessee shall purchase from and maintain in a company or companies lawfully authorized to do business in the State of Kansas such insurance as will protect Lessee from claims set forth below which may

arise out of or result from Lessee's operations and for which Lessee may be legally liable, whether such operations be by Lessee or by its independent contractors or by anyone directly or indirectly employed by any of them, or by anyone for whose acts any of them may be liable.

- 5.1.1. Claims under workers' compensation, disability benefit and other similar employee benefit acts, which are applicable to Lessee's operations;
 - 5.1.2. Claims for damages because of bodily injury, occupational sickness or disease, or death of Lessee's employees;
 - 5.1.3. Claims for damages because of bodily injury, sickness or disease, or death of any person other than Lessee's employees;
 - 5.1.4. Claims for damages insured by usual personal injury liability coverage;
 - 5.1.5. Claims for damages, other than the leased property, because of injury to or destruction of tangible property, including loss of use resulting there from;
 - 5.1.6. Claims for damages because of bodily injury including death of a person, or property damage arising out of the ownership, maintenance or use of a motor vehicle;
 - 5.1.7. Claims for bodily injury or property damage arising out of products liability and/or completed operations; and
 - 5.1.8. Claims involving contractual liability insurance applicable to Lessee's obligations under Section 17.1 of this Lease.
- 5.2. The insurance required by Section 5.1 and Section 5.2 shall be written for not less than the limits of liability specified below or as required by law, whichever coverage is greater. Coverages, whether written on an occurrence or claims-made basis, shall be maintained without interruption from date of commencement of this Lease. All insurance policies must be issued by an insurance carrier which has a Best's general policyholder's rating (as published in the most recent issue of Best's Key Rating Guide, Property-Casualty) of not less than A- and a financial size category of V or greater (which equates to an adjusted policyholders' surplus of \$4-\$25 million). Coverage from Lloyd's of London and Industrial Risk Insurance (IRI) is also acceptable only if there is 100% reinsurance with an acceptably rated company. The reinsurance agreement must have a total value (100 percent) assumption of liability endorsement. In addition, reinsurance agreements must have at least 90-days prior notice of cancellation provisions.

5.2.1. Commercial General Liability, which is no more restrictive than ISO Form CG0001 1/96 or any revision thereof with minimum limits of liability of:

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

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

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

5.2.3. Workers' Compensation with statutory limits.

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

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

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

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

5.3. Certificates of Insurance acceptable to the Authority shall be filed with the Authority prior to commencement of this Lease. 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 but only as

respects liability assumed by Lessee hereunder, that Lessee's insurance policies will be amended to state that its insurer agrees to waive its right of subrogation against the Authority for first party property damage. 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, 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. Lessee shall purchase and maintain, with a company or companies lawfully authorized to do business in the State of Kansas, commercial property insurance written on a "special causes of loss" policy form. The policy must include an agreed value clause endorsement and a clause that provides for all claims to be made on a replacement cost basis (not on an actual cash value basis) and without deduction being made for depreciation. The policy must be an amount equal to the greater of:

5.10.1.1. 100% of the full replacement cost of the Improvements (without any deduction being made for depreciation) as determined by the Authority on an annual basis, using Boeckh, Marshall/Swift or another comparable commercial building cost estimating guide; or

5.10.1.2. the amount specified in the agreed value clause (i.e. the amount specified by the insurer to suspend any co-insurance clause);

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. Prior to the commencement of this lease agreement, Lessee shall file with the Authority copy of the property insurance policy that includes insurance coverages required by this Section 5.10. Said policy shall contain all generally applicable conditions, definitions, exclusions and endorsements related to this lease agreement. The Lessee will make every reasonable attempt to notify the Authority with at least 30 days written notice of policy cancellation or expiration.

5.10.4. 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, 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.

- 5.10.5. 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.
6. Use of Premises. Lessee agrees to use the Premises for the sole purpose of operating a cellular switching and transmission site 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.
7. Environmental Concerns. The 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.
- 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 July 1, 1995. 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 July 1, 1995, and which is identified by the environmental review contemplated by this section.
- 7.2. Lessee's Responsibility. The Lessee shall be responsible for the cleanup and removal of any hazardous substances or materials introduced onto the Premises as identified by an environmental review, which are determined to have occurred after July 1, 1995. 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 July 1, 1995, 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, conditioned or delayed, 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 Lessee's requirements for telecommunications operations use.

8.2. All construction shall conform to the applicable Building Code.

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

10. Removal of Fixtures. On or before the date of expiration or termination of this Lease, or any extension thereof, the Lessee shall vacate the Premises, remove its personal property and movable fixtures therefrom and restore the Premises to as good an order and condition as that existing upon the commencement of the term of this Lease, damages beyond the control of the Lessee and due to normal wear and tear excepted. If, however, the Lessee fails to remove the personal property and movable fixtures and/or to restore the Premises to substantially the same condition as existed at commencement of the Lease damages beyond the control of the Lessee and due to normal wear and tear excepted, 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 within ten (10) days after written notice or fails to comply with any substantial

term, condition or covenant of this Lease within thirty (30) days after written notice from Lessor;

- 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; 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. Bring a suit for damages against Lessee; or
- 11.2.6. Pursue any other remedy available to the Authority under Kansas law.

11.3. Lessor shall be in default of this Lease if it:

- 11.3.1. Fails to comply with any substantial term, condition or covenant of this Lease within thirty (30) days after written notice from Lessee;

11.4. In the event of default by Lessor, the Lessee shall have the following cumulative remedies:

- 11.4.1. Terminate the Lease;
- 11.4.2. Bring a suit for damages against the Authority; or
- 11.4.3. Pursue any other remedy available to Lessee under Kansas law.

12. Waiver. Waiver by the Authority or Lessee 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. Lessee covenants that during the term of this Lease, or any extension thereof, it will properly care for the demised Premises and

Lessee's appurtenances and suffer no waste or injury, make all interior and exterior repairs, structural or otherwise, in and about the demised Premises.

14. Utilities and HVAC System. The Lessee shall, at its own expense, obtain and pay for all electricity, water, gas, sewer use fees, or other utilities used by Lessee during the term of this Lease, including the cost of maintenance, repair, replacement 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. Except as provided for herein, the Lessee shall not assign this Lease or any interest therein and shall not sublet the Premises or any part thereof, or allow any person to occupy or use the Premises or any portion thereof, without the prior written consent of the Authority. A consent to one assignment or subletting for use by any other person shall not be deemed to be a consent to any subsequent assignment. The Lease shall be freely assignable, without Authority's consent, to an affiliate, subsidiary, Parent Corporation or a company that controls a majority of Lessee's assets, whether by acquisition or merger or transfer of FCC license to operate a wireless voice/data services. All other assignments will need Authority's consent, which shall not unreasonably withheld, conditioned or delayed. Lessee's right to effect an outright transfer of the Lease, and the right of any collateral assignee to seize the Premises as defaulted security, is subject only to the limitation that the Premises shall be used for the purposes permitted herein. Lessee shall notify Authority in writing of the name and address of any assignee or collateral assignee.
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. The Authority acknowledges the Lessee's uniquely passive use of the Premises for the sole purpose of housing Lessee's cellular switching and transmission site personnel and equipment. Under those circumstances, subject to the limitation further set forth in this Subparagraph, the Authority shall indemnify and hold harmless the Lessee, its affiliates and its officers, directors, employees, agents, representatives, guests and invitees ("Lessee 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) to the extent caused by (i) failure by Authority to provide to Lessee quiet possession of the leased premises, except as otherwise allowed by this Lease; (ii) any breach of this Lease by the Authority; (iii) any leak, spill or other release or disposal of or exposure to (A) any goods while being transported or delivered by Authority or (B) any other materials, substances or chemicals that Authority 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 Authority or any independent contractor. The indemnification obligations under this Subparagraph shall not exceed the limitation upon liability of a governmental entity for claims within the scope of the Kansas Tort Claims Act (currently \$500,000 as established by K.S.A. 75-6105) for any number of claims arising out of a single occurrence or accident, which limitation shall not be modified by any contract of insurance entered into by the Authority.

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.

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

18. Inspection of Premises. The Lessee agrees that the Authority, the Federal Aviation Administration, or its agents may, at all reasonable times, have free access to the

Premises for the purpose of examining or inspecting the condition of the Premises and any improvements thereon, or exercising any right or power reserved to the Authority or Federal Aviation Administration under the terms and provisions of this agreement.

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

Authority	Salina Airport Authority Salina Airport Terminal Building 3237 Arnold Salina, KS 67401
Lessee	USCOC of Nebraska/Kansas, LLC DBA US Cellular 8410 W. Bryn Mawr Ave. Chicago, IL 60631

20. General Clauses.

- 20.1. 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.
- 20.2. 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.
- 20.3. 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.
- 20.4. The Lessee acknowledges that it has inspected and knows the condition of the Premises and it is understood that the Premises is leased without obligation on the part of the Authority to make any alterations, repairs, or additions to the Premises.

- 20.5. 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.
- 20.6. 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.
- 20.7. The Lessee shall not be the agent of the Authority in making repairs or other improvements to the Premises and no materialman's liens or claims thereunder shall be valid against the Authority or against the interest of the Authority in the Premises.
- 20.8. 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.
- 20.9. 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.
- 20.10. The Lessee shall be responsible for snow removal on the Premises as required by Lessee's occupancy. The Authority shall keep unpaved areas grassed and landscaped to present a pleasing appearance. Such grass and landscaping shall be kept reasonably mowed and trimmed.
- 20.11. 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.
- 20.12. The Authority reserves the right to further develop or improve the landing area and all publicly-owned air navigation facilities of the Airport as it sees fit, regardless of the desires or view of Lessee, and without interference or hindrance.
- 20.13. 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.
- 20.14. During time of war or national emergency the Authority shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly owned air navigation facilities,

and/or other area or facilities of the Airport. If any such agreement is executed, the provisions of this Lease, insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.

20.15. It is understood and agreed that the rights granted by this Lease will not be exercised in such a way to interfere with or adversely affect the use, operation, maintenance, or development of the Airport.

20.16. There is hereby reserved to the Authority, its successors and assigns, for the use and benefit of the public, a free and unrestricted right of flight for the passage of aircraft in the airspace above the surface of the Premises together with the right to cause in the airspace such noise as may be inherent in the operation of aircraft, now known or hereafter used for navigation of or flight in the air, using the airspace or landing at, taking off from, or operating on or about the Airport.

20.17. This Lease shall be subordinate to provisions of any existing or future agreement between the Authority and the United States of America or any agency thereof relative to the operation, development or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the Airport.

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

21.1. 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;

21.2. 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;

21.3. 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 be in default of this Lease and it may be canceled, terminated or suspended, in whole or in part, by the Authority;

21.4. 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;

21.5. 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

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

22. 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: _____
Chairman of Board of Directors

ATTEST

Date _____

By: _____
Secretary of the Board of Directors

LESSEE

Date _____

By: _____

_____[Name]

_____[Title]

ATTEST

Date _____

By: _____

_____[Name]

_____[Title]

return to:
USCOC Nebraska/Kansas, LLC
Attention: Real Estate Legal
8410 W. Bryn Mawr Ave.
Chicago, IL 60631

Site Name: Salina Airport
Site Number: 856342
County: Saline
State: Kansas

LIMITED UNDERGROUND COMMUNICATIONS UTILITY EASEMENT
FOR TERM OF LEASE

This Limited Underground Communications Utility Easement for Term of Lease is made this ____ day of October 2018, by and between the SALINA AIRPORT AUTHORITY, a Kansas public corporation, Salina, Saline County, Kansas (the "Authority") and USCOC of NEBRASKA/KANSAS, LLC, a Delaware limited liability company, (the "Lessee") as successor in interest to KAMO CELLULAR CORPORATION under a certain Lease Agreement dated February 15, 1995 between the Authority and KAMO CELLULAR CORPORATION (the "Lease").

GRANT: The Authority, for good and valuable consideration, conveys to the Lessee a limited underground communications utility easement in, on, over, under, and through the real estate legally described on the attached and incorporated Exhibit A and depicted on the attached and incorporated Exhibit B for the limited purposes of accessing, locating, constructing, excavating, and maintaining underground communications utility lines necessary in the Lessee's operation of its cellular switching and transmission site located on the adjoining real estate leased by Lessee from the Authority pursuant to the Lease (the "Easement").

TERM: The Easement shall be effective as of the date stated above upon the execution of this instrument by all parties and shall remain in effect for so long as the Lease remains in effect but shall terminate upon the earlier of the expiration of the term of the Lease or upon termination of the Lease pursuant to the terms of the Lease.

EXCAVATIONS AND RESTORATION: The Lessee shall give the Authority reasonable notice in advance of any excavations within the area subject to the Easement. After any

excavations by the Lessee or its contractors, the Lessee shall cause the affected area of Easement to be fully restored to its prior condition, subject to the approval of the Authority.

USE AND MAINTENANCE: The Authority acknowledges that its use of the surface area subject to the Easement shall be consistent with and not interfere with the Lessee's authorized use of the Easement and that the Easement shall not affect the Authority's responsibility to maintain the surface of the area subject to the Easement.

SURFACE GRADE: The Lessee shall neither alter nor permit others to alter the surface grade of the area subject to the Easement without the prior written approval of the Authority.

IN WITNESS WHEREOF, the duly authorized officers of the parties have executed this instrument effective as of the day and year written above.

SALINA AIRPORT AUTHORITY

By: _____
Kent Buer, Board Chairman

ATTEST:

Kristin Gunn, Board Secretary

USCOC NEBRASKA/KANSAS, LLC

By: _____
_____, Officer Manager

ACKNOWLEDGEMENTS

STATE OF KANSAS, COUNTY OF SALINE, ss:

This instrument was acknowledged before me on _____, 2019, by Kent Buer as Board Chairman and Kristin Gunn as Board Secretary of the Salina Airport Authority.

My appointment expires:

Notary Public
Printed name: _____

STATE OF _____, COUNTY OF _____, ss:

This instrument was acknowledged before me on _____, 2019, by _____ as Officer Member of USCOC of Nebraska/Kansas LLC, a Delaware limited liability company.

My appointment expires:

Notary Public

Printed name: _____

[A real estate sales validation questionnaire is not required pursuant to K.S.A. 79-1437e(a)(13)]

THIRD ADDENDUM TO LEASE AGREEMENT

This Third Addendum to Lease Agreement is made and entered into this ____ day of _____, 2019, by and between the **SALINA AIRPORT AUTHORITY**, a Kansas public corporation, of Salina, Saline County, Kansas (the "Authority"), and **UFP HARRISONVILLE, LLC**, a limited liability company authorized to do business in Kansas, with principal offices located at 2600 Precision Drive, Harrisonville, MO 67401, ("Lessee").

RECITALS

- A. The Authority and Lessee entered in to a Lease Agreement, dated February 29, 2012 (the "Lease"), for Unit A of Building 620 along with approximately 1.219 acres of land all located at the Salina Airport Industrial Center located within the City of Salina, Saline County, Kansas (the "Premises").
- B. On April 22, 2015, the Authority and Lessee entered in to the First Addendum to Lease Agreement which amended the Option to Renew Section 19 of the Lease by providing renewal options that would extend the Lease until Oct. 31, 2021 and specifying the Basic Rental for each Option Period. The First Addendum also acknowledged Lessee's exercising of Option Period No. 1 under the Lease.
- C. On April 5, 2017, the Authority and Lessee entered in to the Second Addendum to Lease Agreement which expanded the leasehold Premises, added a First Right of Refusal on the remaining area in Bldg. 620, amended the Term of the Lease and Options Periods and provided for certain Site Improvements.
- D. The Lessee now desires to further expand their leased Premises to now include the entire south side of Bldg. 620, effectively making Lessee the sole occupant of the building.
- E. Now therefore, the parties desire to amend the Lease as follows.

THE PARTIES therefore covenant and agree:

- 1. Section 1 of the Lease is amended as follows:

- 1. Property Description.

- 1.1. Description of Leased Premises. 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:

Building 620 containing approximately 30,000 sq. ft. of space and approximately 83,642 sq. ft. of adjacent land.

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

2. Section 3.1 of the Lease is amended as follows:

- 3.1. Basic Rent. Lessee agrees to pay the Authority a Basic Rent for the leasing of the Premises the sum of nine thousand three hundred and fifty dollars and no/100 (\$9,350) per month, the first of which shall be due on June 1, 2019. The rental shall be payable monthly in advance and shall be due on the first day of each month for that month
3. Other Terms. All of the terms and conditions of the Lease, except as amended by this Addendum, are hereby ratified and shall be in full force and effect.
4. Binding Effect. This Addendum shall be binding upon the heirs, beneficiaries, personal representatives, successors, and assigns of the Authority and the Lessee.

SALINA AIRPORT AUTHORITY

ATTEST

By: _____

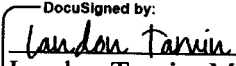
By: _____

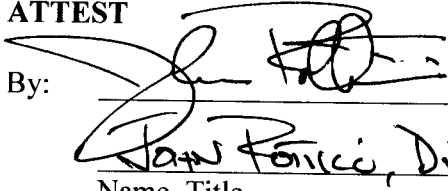
Date: _____

Date: _____

UFP HARRISONVILLE, LLC

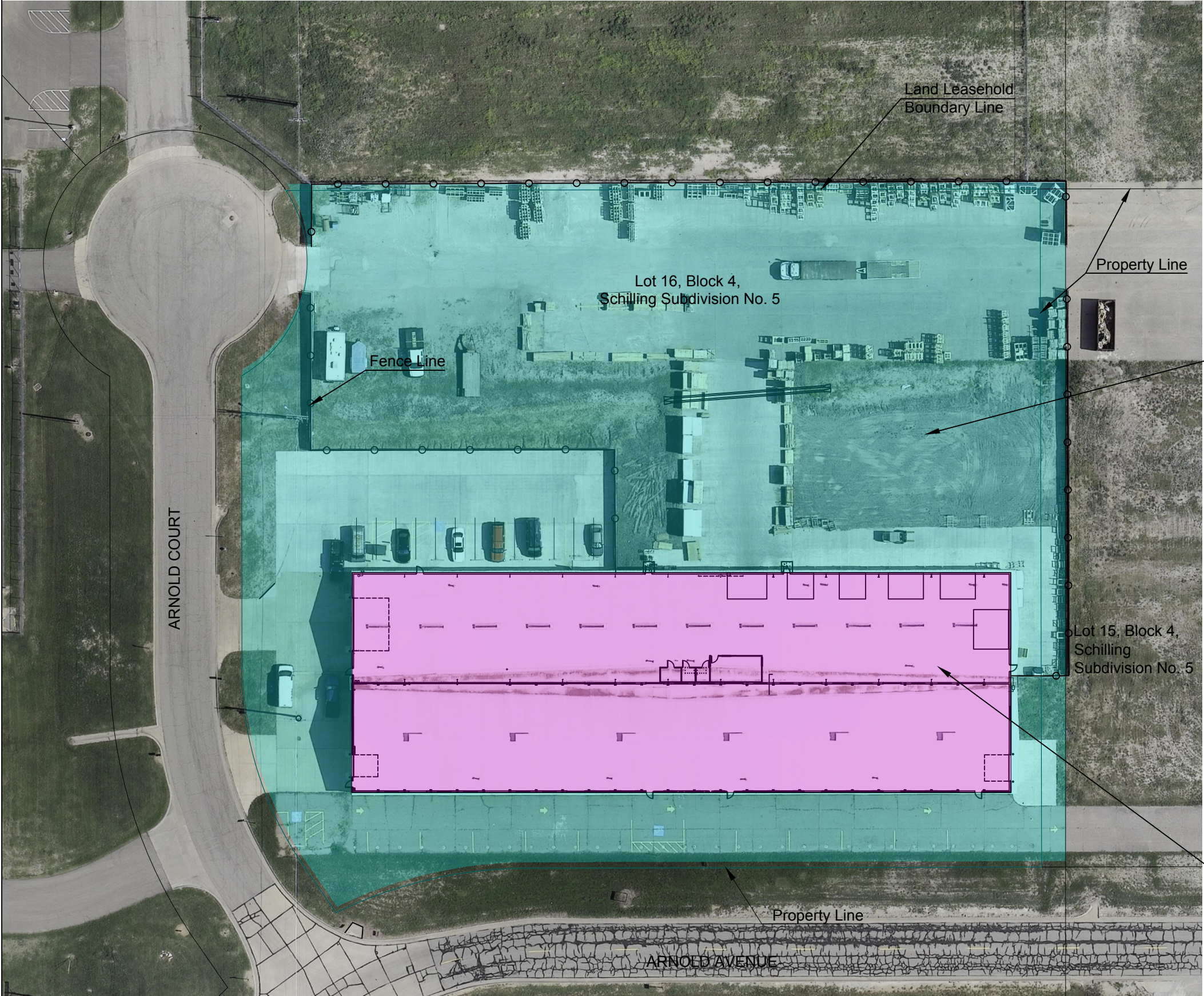
ATTEST

By: 
Landon Tarvin, Manager

By: 
Name, Title

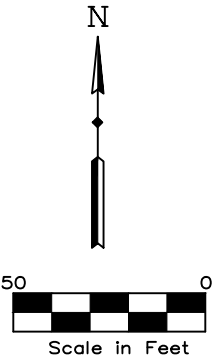
Date: 10/30/2019

Date: Oct 31, 2019



Land Lease Boundary
Area = 83,642 S.F.

Building Leasehold
Boundary.
Area = 30,000 S.F.



Drawing Number 2455-05-18



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

None : REVISIONS

KRB : DESIGNED BY

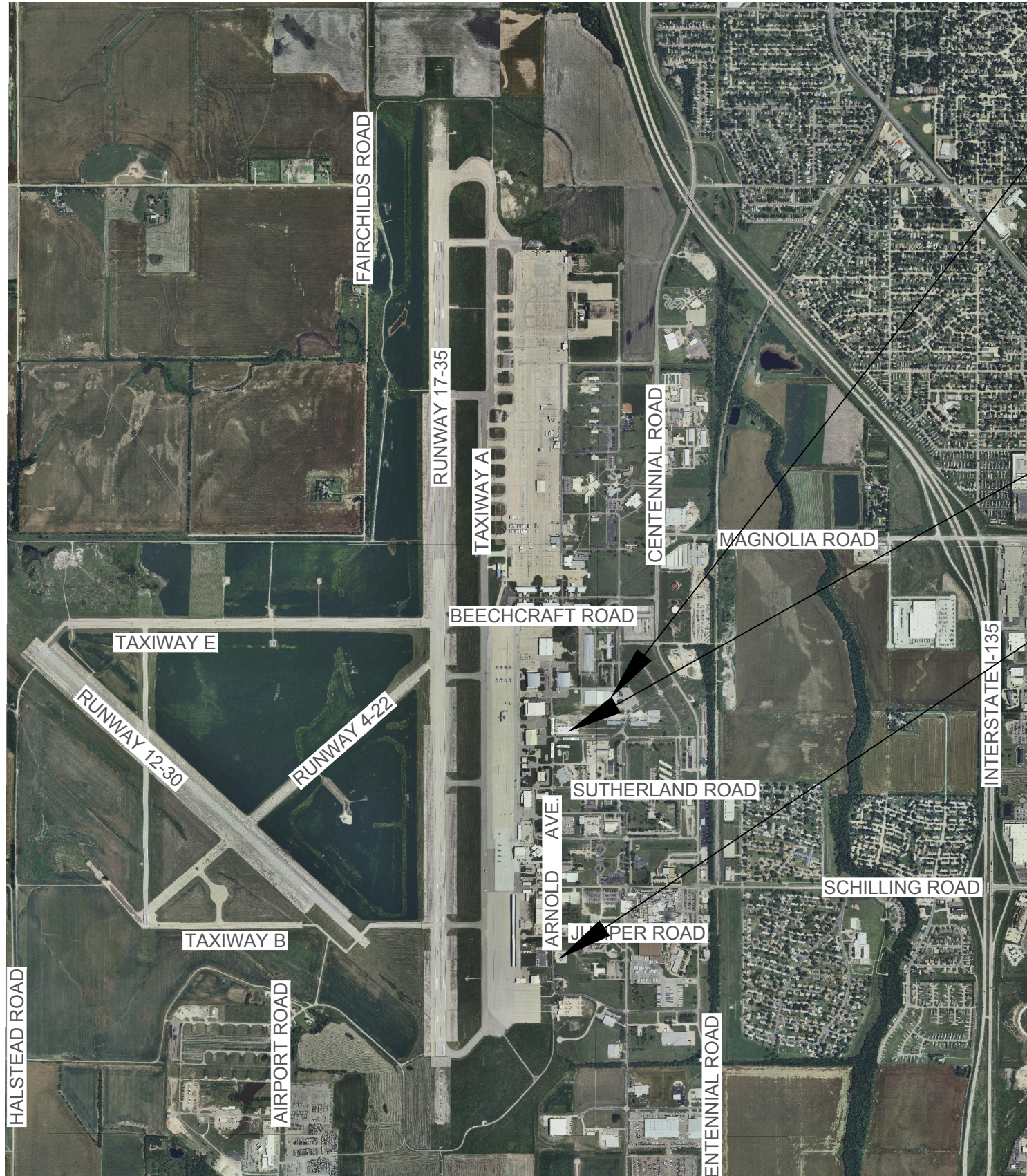
KRB : DRAWN BY

1"=50' : SCALE

1/29/19, 1537 : DATE

UFP Harrisonville, LLC,

SALINA AIRPORT AUTHORITY
Third Addendum To Lease Exhibit A, Bldg. 620 And Land



Kansas Erosion
Products Building
655

Universal Forest
Products Building
620

USCOC of
Nebraska / Kansas
Building 127



Drawing Number 2697-11-19



3237 ARNOLD, SALINA, KS 67401
(785-827-3914 FAX: 785-827-2221)
None : REVISIONS
KRB : DESIGNED BY
KRB : DRAWN BY
1" = 2000' : SCALE
11/6/19, 1454 : DATE

SALINA AIRPORT AUTHORITY
November 2019 Board Meeting Location Map

1
OF
1