

Morehead-Rowan County Airport Board Meeting Agenda

Thursday, 26 October 2023– 6:00 PM

Morehead-Rowan County Clyde A. Thomas Regional Airport

1800 Rodney Hitch Blvd., Morehead, Kentucky

- A. Call to Order
- B. Confirmation of a Quorum
- C. Recognition of Guests
- D. Approval of Minutes from the September 2023 Meeting
- E. Receive Financial Report for September 2023
- F. Public Comment

G. Reports

- a. FBO Activity Report: Mr. Holley
- b. Garver Report: Mr. Sisemore
 - 1. Electrical Project – Radio interference
 - 2. Apron Expansion Project
 - 3. AWOS Project
- c. Building and Grounds: Mr. Oliver/Dr. Derrickson
- d. Legal Report: Mr. Rogers
- e. Chair Report: Dr. Mattingly

H. Old Business

- I. New Business:
 - a. 2024 FBO Contract Extension

J. Adjournment

Next Regularly Scheduled Meeting – 6:00 pm 30 November 2023

Morehead-Rowan County Airport Board Meeting
Meeting Minutes
September 28, 2023

Chairman Bruce Mattingly called the meeting to order at 6:00 pm in the Airport Conference Room with board members David Perkins, Charles Derrickson, Tom Fossett, Bob Helton, and Porter Dailey. Members present via Zoom were Wes Holland and Tim James. Members absent were Ron Oliver and Shannon Murphy. Guest present via Zoom was Jack Holley, Jr. – FBO, Holley Aviation LLC. The guests present were Earl Rogers III – Attorney, Campbell Rogers & Stacy PLLC; Will Adams-PE, Garver; Ryan Sisemore-PE, Garver; Aaron Roberts – Hangar Tenant/Pilot; Josh Clark – Hangar Tenant/Pilot; and Barbara Marsh – Assistant Secretary/Treasurer.

Dr. Mattingly presented the Minutes of the August 2023 meeting. The motion to approve the August 31, 2023, Meeting Minutes was made by Mr. Dailey, seconded by Dr. Derrickson, and approved unanimously.

Dr. Mattingly presented the August 2023 financial reports consisting of Statements of Activity and Financial Position. The motion to approve the August 2023 financial reports was made by Mr. Helton, seconded by Mr. Dailey, and approved unanimously.

Public Comment

None.

Reports

a. **FBO Report.** Mr. Holley reported on airport activities, maintenance, and fuel.

1. Fuel Report August. 1193 gallons AvGas100LL; 4376 gallons JETA.

2. Community Hangar/Tie Downs. Matt Oldham-Eagle Upholstery; Zane McGlade; Brandon Hamilton, James Stevens, and Lee Lipps plane. Tie Downs: Charlie Hamilton and Johnnie Broughton.

3. Hangars. Garage Doors of Lexington repaired hangar door A10. The load wasn't being carried correctly, so they are sending springs which we will install.

4. REIL Lights. Mr. Danny Brewer has repaired the northeast REIL light issue and is working on the wall packs which need to be replaced.

5. Apache Helicopters. We had a fleet of 11 Apache helicopters fuel up.

6. KDA Inspection. The Kentucky Division of Aviation completed their annual airport inspection. We are working through the list repairing among other things: grommets in windsock, fuel farm issue, nozzle issue, treating fencing areas, and titan labels on fuel truck.

b. **Garver Report.** Mr. Adams, Mr. Sisemore

1. Airfield Electrical – Radio Interference. The Apron Expansion electrical contractor, Montgomery Brothers, will be doing lighting installation for the new taxiway/apron. We

asked them to move the taxiway lights to the runway regulator as a test to run down the static issue. Unfortunately, the move over resulted in no change. Both regulators are in the same manufacturing batch. It is almost certain a different regulator will not repair the issue. There are no reports of this happening at any other airport that Garver deals with. A letter from the board attorney is being prepared to be sent to ADB. We need to get all the burned-out lights returned to ADB and replaced asap. We believe the issues could be tied together. Mr. Holley reviewed an ant issue which he believes to be a non-issue regarding the static issue on some aircraft radios.

Action Items:

A. Lights returned. Send a legal letter ASAP following resolution of light issue.

B. Montgomery Brothers will try to diagnose. They did mention they would try to get a spare regulator to test. The regulators weigh approximately 1000 lbs.

2. Apron Expansion Project.

- The first progress meeting was today, September 28, 2023, and was attended by Mr. Holley, Dr. Mattingly, and Mr. Helton.
- We are a week ahead of schedule.
- Jumper cables have been installed around the construction area for taxiway lighting.
- The concrete will start in 2-3 weeks.
- Subgrade is much better than expected. We are very pleased with the progress.
- Slightly relocating the new apron toward the north turned out to be a very good idea.
- We are working on how surplus funds will be treated and having ballpark credit savings. #2 stone is not needed. We had a 10% contingency and were conservative on quantities.
- Mr. Perkins reported speaking with the project manager who reported a triaxle truck weighing 65,000-70,000 lbs. loaded was used for the initial proof roll test.
- Shamrock is doing earthwork for 2 each 60x60' and 2 each 100x100' and will proof roll all three sides.

3. AWOS Relocation.

We reinitiated talks about funding with the KDA. To design the AWOS Relocation Project, the FAA required a funding commitment before starting. Since the state has given additional funding for the apron project this makes it harder to ask for additional funds for the AWOS project.

Once we determine the cost of the additional land, we need to advise the state. Next week, we will do a pre-application, then follow up with a formal application. Mr. Brad Schwandt and Mr. Wayne Simpson are the decision makers. The project is bid ready and environmentally approved.

4. 2024-2028 ACIP

On Saturday, October 1, the federal fiscal year begins. The government shutdown is a real possibility due to Congress inability to vote on a continuing resolution.

The ACIP shows the next three years using BIL money to repay loans. Apron Expansion Phase 3 will include parking places for large aircraft. We need to approve the 2024-2028 ACIP this evening due to the submission due date. The motion to approve the 2024-2028 ACIP was made by Mr. Dailey, seconded by Dr. Derrickson, and approved unanimously.

c. **Buildings & Grounds Report.** Mr. Oliver, Dr. Derrickson

None.

d. **Legal Report.** Mr. Rogers

I have been working with Garver on the Airfield Electrical ADB equipment issue. I have been tracking down land for the AWOS relocation. I expect to be finished in the next few weeks. Regarding the land, we need an appraisal and a review of the appraisal by a local person. For federal, you need an environmental clearance, survey, appraisal, and review of appraisal. The state usually goes along with these requirements. Land acquisition is reimbursable. It is OK to meet with the landowner and begin discussions. The environmental review is done.

e. **Chair Report.** Dr. Mattingly, Chair

None.

H. **Old Business**

Approval of Commitment Letter to Borrow Funds for Apron project. Mr. Perkins reported that Frontier Housing previously approved funds to borrow. The letter states that the term is to be for 24 months. We have expressed concerns to Frontier that due to the timing of funds from the FAA we may need extended terms and they have approved a new letter of commitment with up to 30 months at the previous agreed interest rate of 6% for 24 months and then it could increase if their cost of funds increases. The motion to approve the revised Frontier Housing commitment letter was made by Dr. Fossett, seconded by Dr. Derrickson, and approved. Mr. Holland recused himself as he is a board member of Frontier.

I. **New Business**

None

J. **Adjournment**

The meeting was adjourned at 7:01pm.

FIXED BASE OPERATOR'S AGREEMENT

THIS AGREEMENT made and entered into this ____ day of _____, 20__ between the MOREHEAD-ROWAN COUNTY AIRPORT BOARD, a Kentucky quasi-governmental agency pursuant to Kentucky Revised Statute 183.132, of 1800 Rodney Hitch Boulevard, P.O. Box 934, Morehead, KY 40351, hereinafter referred to as the "OWNER," and Holley Aviation, LLC, 685 Caudill Cemetary Road, Morehead, KY 40351, hereinafter referred to as the "OPERATOR;"

WITNESSETH:

WHEREAS, Owner is a governmental agency, body politic and corporate organized and existing under and by virtue of the laws of the Commonwealth of Kentucky, specifically KRS 183.132, and is the owner of a public general aviation airport in Rowan County, Kentucky, and known as the Morehead-Rowan County, Clyde A. Thomas, Regional Airport, hereinafter referred to as the Airport, upon which Owner has constructed certain facilities consisting of a runway, taxiway, 'T' hangars, a commercial hangar, a Terminal building together with other facilities and appurtenances; and

WHEREAS, Operator and Owner, have agreed in respect to the management of the aforesaid operation as hereinafter specified.

NOW THEREFORE, in consideration of the mutual covenants and agreements hereinafter contained, it is agreed by and between the Parties hereto as follows:

1. TERM. The term of this Agreement shall be for a period of twelve (12) consecutive months, commencing on January 1, 2024 and ending December 31, 2025, unless otherwise terminated or amended as provided in this Agreement.
 - (a) Either party may terminate this Agreement, with or without cause, prior to the end of the term by giving sixty (60) days written notice to the other party.
 - (b) The agreement may be further extended beyond the one-year contract by mutual agreement of the Parties.
 - (c) The Operator and the Executive Committee of the Board will meet at least semi-annually to discuss the administration of, and adherence to, this agreement by both Parties, and to discuss novel issues not addressed by this agreement.
- 2) PREMISES. As used in this Agreement the term "Airport" shall include the Morehead-Rowan County, Clyde A. Thomas, Regional Airport property and all buildings and fixtures thereto, including but not limited to hangars, Terminal building, and residence. Owner does hereby give and grant unto Operator exclusive rights of use and occupancy of facilities, equipment and improvements commonly known as the Terminal Building, attached hangar, and non-exclusive rights to use common areas of the Airport including parking areas, runways, taxiways, aprons, roadways, flood lights, landing lights, signals and other conveniences for the takeoff, flying and landing of aircraft.
- 3) Owner and Operator specifically agree further as follows:

- (a) Owner reserves for its own use and without charge, rebate, or increase in payments hereinafter provided to be made by Owner, the right and privilege to use or occupy so much of the Administration Building, as may be needed at any time hereafter, in the sole discretion of the Owner, for storage and/or meeting purposes. Owner's right of use for meeting purposes shall take priority over any other scheduled event of Operator.
- (b) That any right herein granted to install, operate, maintain, repair or store shall be subject to approval at all times of Owner in the interests of safety and convenience of all concerned, this paragraph not limited to but having reference in particular to any equipment necessary for the conduct of Operator's business.
- (c) Operator shall recommend and Owner shall approve upgrades, replacement or additions to the equipment and furnishings of the Terminal building as necessary for essential operational levels upon.
- (d) Operator shall not sublet, or allow the private use of, the Airport or any part thereof, without the express written consent of Owner. This requirement of prior written consent shall not apply to rental of the community hangar or tie-down space for aircraft storage, provided such storage is not part of a business operating from the Airport.
- (e) Operator shall manage, collect and retain all rental income from the Terminal, attached community hangar, trailer parking lot, and Tie Downs. The Operator shall present a Tie Down and community hangar rate schedule to the Board's Secretary/Treasurer Board at the beginning of each fiscal year and report occupancy quarterly to the Board at its regular meeting.
- (f) Operator shall not make any additions, alterations, and improvements in and to the buildings or structures or infrastructure of the Airport without the express written consent of Owner.
- (g) That any repairs, improvements, alterations, or fixtures other than those of a removable nature made or installed by Operator in any building or structure or infrastructure under this Agreement shall, from the date of such installation or making thereof be the property of Owner unless otherwise provided by agreement prior to said installation.
- (h) Operator shall be responsible for ordinary upkeep of all buildings, structures or infrastructure of the Airport, except that Owner shall pay the costs associated with said upkeep, such as repair costs involving materials, equipment, and contract labor.
- (i) Upon termination of this Agreement, Operator shall surrender and deliver the Airport together with all improvements thereon made by the Operator in as good order and repair as when first received or constructed by it, reasonable wear and tear in the use thereof and damage by fire and the elements excepted, unless caused by Operator's negligence, in which case the Operator shall be responsible.
- (j) That included in the rights herein granted are rights of ingress to and egress from the premises, which rights shall extend to Operators, employees, passengers, guests, invitees and patrons of Operator.
- (k) Operator shall be responsible for the control and issuance of airport facility exterior and interior keys, and shall maintain a current list of key holders. Operator shall make a quarterly report to the Secretary/Treasurer of keys issued.

3. PERMITTED USES. Operator shall use and occupy (in common with others) the aprons, space, facilities, taxiway, runways, etc. as set forth in Paragraph 2 hereof, in accordance with the limitations placed upon such use and occupancy herein for the following purposes, and only for the following purposes:

- (a) Operation and conduct of a primary and/or advanced flight school, which school shall include courses for the attaining of private, commercial and/or instructor's certificates;
- (b) Operation of the hangar as a service shop for repairs and service to aircraft for the convenience of said Airport and its patrons;
- (c) Conduct of private plane operations, which shall include the servicing, storing and repairing as hereinafter set forth;
- (d) Conduct of the sale of aircraft, aircraft accessories, aircraft parts, and products used in connection with the servicing, sale or handling of aircraft;
- (e) Conduct of charter service;
- (f) Custom Crop spraying, crop seeding, insect control program, aerial farm survey program, and aerial commercial advertising programs of all types; and
- (g) Conduct of such other activities as may be mutually agreed upon by the Owner and Operator.

4. OWNER SUBSIDY. It is the express intent of Owner that the operation of the Morehead-Rowan County Airport become and be financially viable for Operator, so much so that at some future point Operator may pay Owner for the right to operate. However, at this time, Owner understands that operations cannot be financially self-sustaining. Therefore, Owner agrees to pay unto Operator as consideration to subsidize Operator's income from the operation of the Airport, the sum of three-thousand dollars (\$3,000) each month.

5. FUEL SYSTEM.

The Operator owns the fuel and is responsible for the management and operational costs of the fueling systems, including replacement of fuel filters and routine maintenance of the fueling systems. The Operator is responsible for ensuring the quality of the fuel sold and establishing the retail price of each fuel type, its resell and the marketing of the fuel to potential purchasers. The Owner shall remain responsible for the capital replacement costs and non-routine repair and maintenance on the fueling vehicles and the fuel farm.

It is the responsibility of the Operator to perform annual preventive maintenance of the newly painted fuel tanks in order to maximize the tank finish paint application.

In the event the Operator and the Owner terminate its contractual relationship, and if necessary, the Owner shall repurchase the fuel in the tanks from the Operator under the following inventory verification and per gallon cost calculation as described below:

The total purchase price for each type fuel shall be determined based on the fuel inventory in each tank including the Jet A fuel truck. The manual measurement will be applied to the tank capacity conversion table to determine the actual fuel level in each tank. The per

gallon purchase price of each fuel shall be based on the Operator's last fuel purchase invoice from Eastern Aviation Fuels, Inc. The per gallon cost is comprised of the unit price per gallon plus federal taxes and fees per the invoice. This calculated per gallon rate shall be multiplied by the agreed upon inventoried fuel in the respective tank at the time of the purchase transaction.

6. T HANGARS AND RESIDENCE. The Owner possesses twenty-four (24) T hangars and a 1,300 SF double wide mobile home. Owner shall receive all rental income from the T hangars and residence and will be responsible for leasing and collecting the rentals. Operator agrees as part of the consideration for this Agreement that he and his employees shall and will oversee the hangars and residence as to routine maintenance and upkeep, provided that any cost of materials for such maintenance and upkeep shall be paid by Owner. Further Operator will assist and cooperate with Owner in the promotion and marketing of the T hangar rentals. Nothing herein shall prohibit Operator from providing any additional services to T hangar lessees and residence lease holder as may be reasonable and charging for said services, provided such services are approved by Owner.

7. TIE-DOWNS AND TRAILER PARKING. Owner and Operator agree there is now in existence at the Airport ten (10) Tie Down spaces. Owner and Operator agree that these spaces shall be available for monthly rental. Operator may charge a daily fee for transient tie-downs. In addition, space is available for trailers in the designated parking lot. Management of the Tie-Down and Trailer Parking space ~~space~~ is the responsibility of the Operator, who shall retain the rental income derived therefrom.

8. UTILITIES. Owner shall pay the Airport's utility bills, including but not limited to electric, water, voice, and data, waste water and solid waste removal associated with the T hangars, regulator building, security lights, and Terminal building and hangar. However, with respect to the Terminal building and attached hangar Operator shall remain aware at all times of the cost of said utility costs in order to minimize those costs to the Owner.

9. OPERATOR'S DUTIES. As further consideration for this Agreement:

(a) Operator and its employees shall and will assist all patrons of the Airport, whether its customers or not: the assistance to include the handling of the aircraft, tying down of aircraft, and all other incidentals common to airport operation.

(b) Operator agrees to use its best efforts to promote and advertise for the use of the airport and its facilities. Operator shall submit for Owner's approval no later than March 1st of each year plans to promote the Airport through fly-ins and other public activities and events.

(c) Operator shall at all times keep a uniform set of books in which shall be recorded a full, complete and accurate record of all transactions of Operator, including all receipts, charges, open accounts, contracts, notes, expenses and disbursements. Operator shall deposit all receipts in a bank of his choice and all disbursements shall be made by check. Operator shall provide and make available such books to Owner in a legible format upon demand with reasonable notice.

(d) Operator shall provide or coordinate flight instruction, both primary and advanced.

(e) Operator shall provide or coordinate the provision of an aircraft suitable for rental and training purposes.

(f) Operator shall provide or coordinate the provision of a maintenance shop and service for general aviation aircraft.

(g) Operator will generally maintain a minimum 8 hours/day operating schedule from Monday through Friday. The operating schedule during weekends, holidays and significant inclement weather events shall be set and managed by the operator or designee to ensure appropriate coverage is provided for clients and the public. Operator shall make every effort to post any non-standard hours for public consumption through social media, NOTAMs.....and other appropriate means. Effective July 1, 2024, the Operator agrees to be onsite, or readily available throughout the week to manage the airport and provide direct supervision of Operator's employees.

(h) The Operator shall at all time keep the Board Chair informed of absences from the site and planned staffing strategies regarding the absence.

(i) The Operator shall immediately inform the Chair, or in the absence of the Chair, the Vice Chair or Secretary/Treasurer, of any and all visits to the airport by state, federal or local officials and dignitaries, planned or otherwise.

(j) At all times the Operator shall keep the Board informed regarding items of interest.

(k) Operator will provide or provide the personnel for all ground maintenance and management including but not limited to mowing, snow removal, parking areas management and maintenance, and building maintenance and cleaning. Owner will provide unto Operator operable grounds maintenance equipment, including mowing and snow removal equipment, and will reimburse for, or provide fuel for, the use of such equipment. Owner may purchase additional equipment for Operator's use as needed and replace as necessary existing equipment. Operator shall regularly advise the Owner of the state of the grounds equipment with recommendations related to maintenance or replacement.

(l) Operator will take charge of the Airport grounds and all facilities and shall provide for the safety and security of the grounds and facilities themselves and Airport patrons. The Operator is responsible for the cutting and trimming of Airport lands and fencing and yards, i.e. those areas not cut by the holder of the "hay franchise," except the leaseholder of the residence shall provide its yard care.

(m) Operator will maintain membership in the Morehead-Rowan County Chamber of Commerce. Owner will pay on behalf of Operator, Operator's membership fee.

(n) Operator will have a designee present at all regularly scheduled meetings of the Owner's Board and provide an operation report to include fuel sales and comparison information to previous periods.

(o) That Operator shall and will keep the Airport grounds, community hanger, T- Hangars and fuel farm in a safe, sanitary and clean condition and shall dispose of all debris and other waste matter which may accumulate, and shall provide proper containers, with proper covers, for any waste. Owner's Board may designate one of its members as Director of Buildings and Grounds. Such Director, along with Operator, shall determine the best possible practices and/or needs for maintenance, upkeep and improvement of the Airport

grounds and buildings. When deemed necessary, proposals will be presented to Owner's Board for approval. Operator will be responsible for completion of such plans.

(p) Operator will submit to the Secretary/Treasurer, a quarterly accounting of all community hangar, Tie-down, and parking lot tenants and rents.

(q) Operator will maintain a T-hangar and Tie-down waiting list and report the waiting list to the Secretary/Treasurer at least quarterly. The Operator will immediately advise the Secretary/Treasurer of any new T-hangar tenants in order that leases may be prepared. Access to a T-hangar shall not be allowed absent an approved lease agreement with the Owner. The Operator shall be responsible for leases related to Tie-Downs and Large Hangar occupancy.

(r) Operator will notify the Secretary/Treasurer or Assistant Secretary/Treasurer within 48 hours of the receipt of a T-hangar rental payment it has received on behalf of Owner.

(s) Operator must have the prior approval of Owner's Board, or an Officer, for any expense incurred on behalf of Owner that is Two-Hundred and Fifty (\$250) Dollars or greater. Operator will provide invoices related to all transactions or charges that are Owner's responsibility and all transactions in which Operator anticipates reimbursement from Owner.

(t) Operator will provide Secretary/Treasurer a list of employees or contractors under its supervision and report any changes at monthly Board meetings. The Owner reserves the right to approve Operator's employees and contractors.

10. REGULATORY COMPLIANCE. As part of the consideration for this Agreement, Owner and Operator further specifically agree as follows:

(a) Operator, its authorized agents, representatives, servants and employees, will act at all times under and consistent with the rules, regulations and mandates of the Federal Government, the Federal Aviation Administration, the Commonwealth of Kentucky, and the rules and regulations of Owner, or the rules and regulations of any other proper authority having jurisdiction now or hereafter over conduct of operations the Airport.

(b) Operator will obtain and maintain any and all federal, state, and/or local licenses and permits.

(c) Operator will operate the Airport within the terms and conditions of any contractual obligations of Owner, specifically, and not as a limitation, Operator will operate and maintain the fueling system consistent with any contractual requirements of the fuel supplier.

(d) Operator will, if required, maintain such flight records or other records of operations of the Airport and such other data as may be required by the Federal Aviation Administration, any other agency of the Federal Government, the State of Kentucky or any other public agency.

(e) Operator, its owners, officers, directors, and/or agents shall engage in personal behavior and/or business conduct, whether related or separate from this Agreement, in such a manner to promote the goodwill of Owner.

11. INSURANCE. Operator shall maintain public liability insurance to fully protect the Owner against any loss, property damage or injury to person due to any operations carried on by the Operator in the conduct of his business as a fixed-base Operator. Operator

shall also carry adequate Workmen's Compensation Insurance, if required under Kentucky law. Operator shall provide a general liability policy of not less than \$1,000,000.00, to cover all aspects of Operator's intended business including but not limited to property damage, bodily injury, negligence, environmental liabilities and all other aspects of the intended use and operation of the Airport and provide the following:

- (a) Name the Owner on policies as an additional insured;
- (b) Require insurance company to provide Owner with fifteen (15) days minimum notice, in writing prior to cancellation or discontinuance of any insurance coverage; and
- (c) The insurance company or Operator shall provide the Owner with a certificate of insurance prior to the execution of this Agreement.

Operator acknowledges and agrees that the liability policy maintained by Operator as set forth above shall in no event be considered as limiting the liability of Operator under this Agreement.

Owner shall maintain property and casualty insurance coverage upon buildings and assets owned by it and located at the Airport, insuring said buildings and assets against loss by fire, wind and other hazards. Owner shall further maintain a general liability insurance policy of not less than \$1,000,000 and shall name Operator as a co-insured.

12. INDEMNIFICATION. Operator shall defend, indemnify and hold harmless Owner, its members, agents, and creating authorities, the City of Morehead, Kentucky and the County of Rowan, Kentucky from and against any and all claims, demands, actions, suits, proceedings, damages, losses, liabilities, obligations, costs and expenses (collectively "claims"), including, without limitation, attorney's fees arising from or relating to the use, operation, maintenance or occupancy of the Airport, except to the extent legally caused by Owner's negligence or willful misconduct.

13. EXCULPATION. Operator, on behalf of itself and its directors, officers, employees, agents, representatives, contractors, and customers waives all claims against Owner, its members, agents, and creating authorities, the City of Morehead, Kentucky and the County of Rowan, Kentucky, who shall not be liable, for any injury or death to persons, or any damage or loss to any property in, on, or about the Airport, arising out of, resulting from, or relating to patent defects in the construction or condition of the Airport; acts of God; riot, civil commotion, aircraft, vehicles, smoke, vandalism, malicious mischief; ; the use or occupancy of the Airport by Operator or any of its directors, officers, partners, employees, agents, representatives, contractors, and customers, whether said damage or injury results from conditions arising upon the Airport or from other sources; or any damage or loss arising from any act or neglect of any licensee, concessionaire, customer, or invitee of the Airport, or any other person or entity.

14. RELATIONSHIP OF THE PARTIES. The Parties expressly agree that for all purposes Operator will be acting as an independent contractor and not as an employee of Owner, including for purposes of withholding, social security, unemployment insurance, and any other federal, state, or local statute or regulation governing the relationship between an employer and its employees.

15. NON-ASSIGNMENT. Operator shall not and will not at any time during the terms of this Agreement assign, hypothecate or transfer this Agreement or any interest therein, without the written consent of Owner. Such consent of Owner may be granted or withheld, in Owner's sole discretion. Any such assignment, hypothecation or transfer without the express consent of Owner shall at Owner's sole discretion be voidable.

16. NON-DISCRIMINATION. The Operator, its directors, officers, employees, agents, and representatives as part of the consideration hereof, do hereby covenant and agree that (1) no person on the grounds of race, color, national origin, religion, gender or sexual orientation shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color, national origin, religion, gender or sexual shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Operator shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

17. NON-SEVERABILITY. It is specifically agreed between Owner and Operator that if any provision of this Agreement or the application of any provisions hereof to any situation, person or circumstance is held to be invalid, such provision, as to such situation, person or circumstance, shall be deemed to be exorcised from this Agreement, and the invalidity thereof as to such situation, person or circumstance shall not affect any of the other provisions of this Agreement or the application of such provision to situations, persons or circumstances other than those to which it is invalid. This Agreement shall be applied and shall be effective in every situation and circumstance and to every person insofar as its validity extends.

18. DEFAULT. Operator and Owner further agree that in case of failure on the part of the Operator to comply fully with settlement and payment of all accounts at regular accounting periods, or Operator's failure to diligently and faithfully perform the terms of this Agreement to the end that such operations shall be operated efficiently and properly, at the sole subjective judgment of Owner, such failure shall constitute grounds for the cancellation and termination of this Agreement by Owner at its option and shall give the right to re-enter and take possession of premises of the Airport; provided however, that before so canceling or terminating the contract, Owner shall give written notice to Operator specifying particulars in which Operator has failed to comply with the terms of this Agreement and shall extend to Operator a reasonable time, but not less than fifteen (15) days, in which to correct the objections made and assigned as ground for cancellation and termination of this contract. If Operator fails to correct or remedy the deficiency as set forth in Owners notice to the satisfaction of Owner, then Owner may at that time declare this Agreement terminated and retake possession of the Airport its facilities and equipment. At such time, in such an event, Operator shall cease all operations at the Airport. Termination hereunder shall not in any way operate to waive or terminate any financial

obligations of Operator to Owner. Nor shall this provision affect the right of either party to voluntarily terminate this Agreement under paragraph 1 of this Agreement.

19. ATTORNEY'S FEES. In the event that Owner is compelled to take legal action against Operator to assert any legal right under this Agreement, Operator shall pay Owner's reasonable legal fees and expenses so incurred. In the event Operator prevails in the legal action initiated by the Owner, the Owner shall pay the Operator's reasonable legal fees and expenses so incurred.

20. GOVERNING LAW AND JURISDICTION. This Agreement is made, executed and entered into in the Commonwealth of Kentucky and shall be construed and enforced under the laws of the Commonwealth of Kentucky. It is acknowledged and agreed that any legal action to construe, interpret, and/or enforce the terms of this Agreement shall be subject to the jurisdiction of the Commonwealth of Kentucky and specifically, the Rowan Circuit Court.

IN WITNESS whereof, intending to be legally bound, the Parties have caused this Agreement to be duly executed on the date above written.

**MOREHEAD-ROWAN COUNTY AIRPORT BOARD
OWNER**

BY: BRUCE A. MATTINGLY, CHAIRMAN

**HOLLEY AVIATION, LLC
OPERATOR**

By: PRESIDENT

STATE OF KENTUCKY
SS
COUNTY OF ROWAN

Subscribed, sworn to, and acknowledged before me this ____ day of _____, 20__, by Bruce A. Mattingly, Chairman, Morehead-Rowan County Airport Board.

My Commission expires: _____

NOTARY PUBLIC

STATE OF KENTUCKY
COUNTY OF ROWAN

Subscribed, sworn to, and acknowledged before me this _____ day of _____, 20__, by

My Commission expires: _____

NOTARY PUBLIC

Morehead-Rowan County Airport Board

Statement of Activity

July - September, 2023

	TOTAL
Revenue	
43400 Direct Public Support	
43420 County Operating Support	13,250.01
43440 City Operating Support	11,250.00
Total 43400 Direct Public Support	24,500.01
44500 Government Grants	
44520 Federal Grants	379,401.00
44540 State Grants	72,838.51
Total 44500 Government Grants	452,239.51
45000 Investments	
45030 Interest-Savings, Short-term CD	5,869.13
45031 Interest, checking account	32.57
45040 Interest Income, savings account	404.37
Total 45000 Investments	6,306.07
46400 Other Types of Income	
46430 Miscellaneous Revenue	
46481 Vehicle Surplus Sale	3,000.00
Total 46430 Miscellaneous Revenue	3,000.00
Total 46400 Other Types of Income	3,000.00
47500 Rentals	
47520 T-Hangars	17,392.00
47550 Late Fee	145.50
47570 Residence	1,550.00
Total 47500 Rentals	19,087.50
Total Revenue	\$505,133.09
GROSS PROFIT	\$505,133.09
Expenditures	
62100 Contract Services	
62112 AWOS Maintenance	807.00
62140 Legal Fees	125.00
62150 FBO	9,000.00
62170 Administrative	2,499.99
Total 62100 Contract Services	12,431.99
62800 Grounds and Facility Support	
62830 Facility Repair and Maintenance	2,753.88
Total 62800 Grounds and Facility Support	2,753.88
63000 Insurance	
63010 Insurance - Property, Er/Omis	12,930.39
63011 Insurance Reimbursement	-1,350.00
Total 63010 Insurance - Property, Er/Omis	11,580.39

	TOTAL
63040 Surety Bond	167.97
Total 63000 Insurance	11,748.36
64400 Utilities	
64410 Electric	2,055.97
64420 Telecommunications	557.60
64430 Waste Disposal	63.15
64440 Water and Sewer	242.66
64450 TV	165.45
Total 64400 Utilities	3,084.83
65000 General Administration	
65010 Bookkeeping Software and Subscriptions	1,058.04
65020 Postage, Mailing Service	2.55
65040 Material & Supplies	62.81
65110 Promotions and Advertising Expenses	12.00
65130 Business Registration Fee	25.00
65140 Bank Fees	0.00
65890 Events, Ceremonies, & Meetings	128.62
Total 65000 General Administration	1,289.02
80100 Capital Purchases	
80189 Apron Expansion Project	508,401.06
80197 2019 Runway Rehab Phase I CONSTRUCTION ONLY	30,000.00
Total 80100 Capital Purchases	538,401.06
Total Expenditures	\$569,709.14
NET OPERATING REVENUE	\$ -64,576.05
NET REVENUE	\$ -64,576.05

Morehead-Rowan County Airport Board

Statement of Activity

September 2023

	TOTAL
Revenue	
43400 Direct Public Support	
43420 County Operating Support	4,416.67
43440 City Operating Support	3,750.00
Total 43400 Direct Public Support	8,166.67
44500 Government Grants	
44520 Federal Grants	379,401.00
44540 State Grants	72,838.51
Total 44500 Government Grants	452,239.51
45000 Investments	
45030 Interest-Savings, Short-term CD	4,055.77
45031 Interest, checking account	23.38
45040 Interest Income, savings account	373.33
Total 45000 Investments	4,452.48
47500 Rentals	
47520 T-Hangars	6,830.00
47550 Late Fee	27.50
47570 Residence	550.00
Total 47500 Rentals	7,407.50
Total Revenue	\$472,266.16
GROSS PROFIT	\$472,266.16
Expenditures	
62100 Contract Services	
62150 FBO	3,000.00
62170 Administrative	833.33
Total 62100 Contract Services	3,833.33
62800 Grounds and Facility Support	
62830 Facility Repair and Maintenance	2,277.03
Total 62800 Grounds and Facility Support	2,277.03
63000 Insurance	
63010 Insurance - Property, Er/Omis	
63011 Insurance Reimbursement	-1,350.00
Total 63010 Insurance - Property, Er/Omis	-1,350.00
Total 63000 Insurance	-1,350.00
64400 Utilities	
64410 Electric	822.46
64420 Telecommunications	169.48
64440 Water and Sewer	64.07
64450 TV	55.15
Total 64400 Utilities	1,111.16

	TOTAL
65000 General Administration	
65040 Material & Supplies	1.00
65140 Bank Fees	0.00
65890 Events, Ceremonies, & Meetings	128.62
Total 65000 General Administration	129.62
80100 Capital Purchases	
80189 Apron Expansion Project	508,401.06
Total 80100 Capital Purchases	508,401.06
Total Expenditures	\$514,402.20
NET OPERATING REVENUE	\$ -42,136.04
NET REVENUE	\$ -42,136.04

Morehead-Rowan County Airport Board

Statement of Financial Position

As of September 30, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Citizens Bank Bldg/Grnds Dep Reserve NOW Acct. .25%	7,619.70
Citizens Bank Construction Account NOW .25%	-41,250.99
Citizens Bank Operating Account NOW .25%	79,286.43
LM&C Fund Offset	-77,230.00
Local Match & Construction Fund	0.00
LM&C June 2020	27,230.00
LM&C June 2022	50,000.00
Total Local Match & Construction Fund	77,230.00
Total Bank Accounts	\$45,655.14
Other Current Assets	
Edward Jones CD 2 mo 5.15% 6.5.23 matures 8.14.23	0.00
Edward Jones CD 1 mo 5.1% 8.17.23 matures 9.18.23	0.00
Edward Jones CD 3 mo 5.3% matures 9.11.23	0.00
Edward Jones CD 3 mo 5.3% matures 9.6.23	0.00
Edward Jones CD 3 mo 5.35% matures 10.27.23	30,000.00
Edward Jones Money Market	395,281.68
Total Other Current Assets	\$425,281.68
Total Current Assets	\$470,936.82
Fixed Assets	
15000 Furniture and Equipment	643.94
Total Fixed Assets	\$643.94
TOTAL ASSETS	\$471,580.76
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
30000 Opening Balance Equity	321,613.58
32000 Unrestricted Net Assets	214,543.23
Net Revenue	-64,576.05
Total Equity	\$471,580.76
TOTAL LIABILITIES AND EQUITY	\$471,580.76