

Morehead-Rowan County Airport Board Meeting Agenda

Thursday, 30 November 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 October 2023 Meeting
- E. Receive Financial Report for October 2023
- F. Public Comment

G. Reports

- a. FBO Activity Report: Mr. Holley
- b. Garver Report: Mr. Adams
 - 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. Box Hangar Building Standards
- b. Land Lease Agreement
- c. Policy for Calculating Land Rent
- d. Owned Aircraft Inventory
- e. Revised Parking Policy
- f. 28 December 2023 Regular meeting

J. Adjournment

Next Regularly Scheduled Meeting – 6:00 pm 28 December 2023

**Morehead-Rowan County Airport Board Meeting
Meeting Minutes
October 26, 2023**

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

Dr. Mattingly presented the Minutes of the September 2023 meeting. The motion to approve the September 28, 2023, Meeting Minutes was made by Mr. James, seconded by Dr. Derrickson, and approved unanimously.

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

Public Comment

Community Hangar Equipment on Pancake Breakfast Day. Mr. Taylor requested that mowers and other equipment be parked away from the walkways in the community hangar during the pancake breakfast events to avoid trip/fall hazards for the public. Mr. Taylor also noted that there may be other miscellaneous objects in the area that could be trip hazards. Mr. Oliver noted the advertising which Mr. Taylor is doing for the EAA website, saying “Mr. Taylor is an ambassador of good will for the airport.”

Reports

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

1. Fuel Report September. 1765 gallons AvGas100LL; 7730 gallons JETA. Military helicopters training in the area contributed to the 4000-gallon JETA increase. Mastronardi has been flying in biweekly to visit the AppHarvest site.

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. Ron Beller has a Cessna 310 now.

4. Airfield Lights. Failed runway/taxiway lights were returned to manufacturer ADB on October 5 as requested.

5. KDA Inspection. We have worked through most of the punch list items.

6. Lighting Issues. Danny Brewer is tied up on another project and will get to our issues ASAP.

7. Landon Ratliff. Mr. Ratliff will complete his Airframe/Powerplant License (AP) soon. I have proposed helping him launch his career here at the airport and have arranged with Fred Riffle for Landon to work with him. Landon wants to stay in Morehead and plans to get his Certified Flight Instructor (CFI) license. Dr. Murphy, Landon’s aviation teacher in high school, commended Mr. Holley for his mentoring him.

8. Monitor for Virtower Airport Monitoring System. We have installed a monitor in the main terminal for public viewing of activity reported by the Virtower system. We are now ready for Virtower to be on site for system start-up.

B. Garver Report. Mr. Adams

1. Airfield Electrical – Radio Interference. Lights were returned to the manufacturer, ADB, on October 5, 2023. There has been no word from them yet.

2. Apron Expansion Project.

- A pre-pour concrete meeting was held on Monday, October 23, 2023. It was attended by board members, the contractor, testing agency rep, concrete plant, and Garver. It was held so that all parties understand their contractual responsibilities and to verbalize expectations.
- Track forms will be installed next week.
- Fine grading of base.
- Taxiway lighting components for new apron are not expected until (estimate) January. There won't be any hangar installation before January, so the lighting is not an issue.
- The contractor will start on the taxiway interface and leave the existing lights in place. He will put a jumper and lighted barricades on new concrete to reopen the taxiway when allowable.
- Concrete scheduled to start next week. They will pour every 2 days (estimate) through the 2nd full week of November.
- The next round for FAA funding is due to open on November 17. We have three weeks of time before any issues arise. I talked with Eric White, our Memphis FAA program manager, who said the BIL grant has not been loaded into the FAA system yet. We are anticipating \$145,000. We will have an application ready when the funds are available in early November and are expecting notice of award by mid to late December. We should be able to cover the next invoice from the contractor with state money as there won't be any concrete on that invoice.

3. AWOS Project. Once we get the land cost, we want to get on the state list for funding consideration. Met with Fleming Mason Energy on site and discussed the work necessary to get power to the new site. The cost appears to be less than anticipated.

C. Buildings & Grounds Report. Mr. Oliver, Dr. Derrickson

Mr. Oliver was at the airport this week and reported the grounds look great. There is some water intrusion on the rock wainscoting around the building which may need joint sealer or possibly a sealing contractor to mitigate flaking out.

D. Legal Report. Mr. Rogers

None.

E. Chair Report. Dr. Mattingly, Chair

1. Chamber of Commerce Annual Awards Banquet. The airport board has a 10-seat table reserved for the November 14 event. Please drop an email to Dr. Mattingly to let him know if you and a guest would like to attend.

2. AWOS Relocation. Mr. Rogers has been working on what it will take to acquire the land needed for the AWOS relocation. Mr. Dailey has been working with Curd Surveying and will have a report for the next board meeting.

3. Building Specs for New Corporate Hangars. Mr. Dailey, Mr. Helton, and Mr. Holley have been developing building specifications for new hangars. Mr. Brandon Hamilton has expressed an interest and is working ahead. He found out that doors for his hangar have a 4 to 6-month lead time. With time of the essence, we may need to call a Special Board Meeting to approve plans. Mr. Hamilton has requested an upsized hangar, possibly 70x70'.

H. Old Business

None

I. New Business

1. 2024 FBO Contract Extension. Dr. Mattingly reported that the FBO current contract allows purchases up to \$250 without approval by a board member. He recommends that the purchasing limit be increased to \$500 without board approval. The motion to increase the FBO purchase authority from \$250 to \$500 was made by Dr. Derrickson, seconded by Dr. Fossett, and approved unanimously.

The cost of the fuel is calculated by multiplying the number of gallons x cost of the fuel and adding state and federal taxes. It was suggested that state tax language be removed from the contract because it is reimbursable. To be clear, state tax must be paid, but a form can be filed to receive reimbursement. No action was taken.

The motion to approve the 2024 FBO Contract Extension as amended with the provision that Mr. Holley will be full time on site by July 1, 2024, was made by Mr. Oliver, seconded by Dr. Fossett, and approved unanimously.

2. November Meeting. Our next meeting will be Thursday, November 30, 2023.

J. Adjournment. The meeting was adjourned at 6:52pm.

Morehead-Rowan County Airport Board

Statement of Activity

July - October, 2023

	TOTAL
Revenue	
43400 Direct Public Support	
43420 County Operating Support	17,666.68
43440 City Operating Support	15,000.00
Total 43400 Direct Public Support	32,666.68
44500 Government Grants	
44520 Federal Grants	379,401.00
44540 State Grants	138,585.04
Total 44500 Government Grants	517,986.04
45000 Investments	
45030 Interest-Savings, Short-term CD	6,401.20
45031 Interest, checking account	56.08
45040 Interest Income, savings account	979.61
Total 45000 Investments	7,436.89
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	20,445.12
47550 Late Fee	173.00
47570 Residence	2,100.00
Total 47500 Rentals	22,718.12
Total Revenue	\$583,807.73
GROSS PROFIT	\$583,807.73
Expenditures	
62100 Contract Services	
62112 AWOS Maintenance	1,614.00
62140 Legal Fees	1,044.46
62150 FBO	12,000.00
62170 Administrative	3,333.32
Total 62100 Contract Services	17,991.78
62800 Grounds and Facility Support	
62830 Facility Repair and Maintenance	2,950.02
62840 Equipment, Repair, and Maintenance	28.00
Total 62800 Grounds and Facility Support	2,978.02

	TOTAL
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
63040 Surety Bond	167.97
Total 63000 Insurance	11,748.36
64400 Utilities	
64410 Electric	2,694.78
64420 Telecommunications	707.81
64430 Waste Disposal	161.62
64440 Water and Sewer	418.88
64450 TV	220.60
Total 64400 Utilities	4,203.69
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
65150 Memberships and Dues	335.00
65890 Events, Ceremonies, & Meetings	835.86
Total 65000 General Administration	2,331.26
80100 Capital Purchases	
80189 Apron Expansion Project	545,854.73
80197 2019 Runway Rehab Phase I CONSTRUCTION ONLY	30,000.00
Total 80100 Capital Purchases	575,854.73
Total Expenditures	\$615,107.84
NET OPERATING REVENUE	\$ -31,300.11
NET REVENUE	\$ -31,300.11

Morehead-Rowan County Airport Board

Statement of Activity

October 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	
44540 State Grants	65,746.53
Total 44500 Government Grants	65,746.53
45000 Investments	
45030 Interest-Savings, Short-term CD	532.07
45031 Interest, checking account	23.51
45040 Interest Income, savings account	575.24
Total 45000 Investments	1,130.82
47500 Rentals	
47520 T-Hangars	3,053.12
47550 Late Fee	27.50
47570 Residence	550.00
Total 47500 Rentals	3,630.62
Total Revenue	\$78,674.64
GROSS PROFIT	\$78,674.64
Expenditures	
62100 Contract Services	
62112 AWOS Maintenance	807.00
62140 Legal Fees	919.46
62150 FBO	3,000.00
62170 Administrative	833.33
Total 62100 Contract Services	5,559.79
62800 Grounds and Facility Support	
62830 Facility Repair and Maintenance	196.14
62840 Equipment, Repair, and Maintenance	28.00
Total 62800 Grounds and Facility Support	224.14
64400 Utilities	
64410 Electric	638.81
64420 Telecommunications	150.21
64430 Waste Disposal	98.47
64440 Water and Sewer	176.22
64450 TV	55.15
Total 64400 Utilities	1,118.86

	TOTAL
65000 General Administration	
65150 Memberships and Dues	335.00
65890 Events, Ceremonies, & Meetings	707.24
Total 65000 General Administration	1,042.24
80100 Capital Purchases	
80189 Apron Expansion Project	37,453.67
Total 80100 Capital Purchases	37,453.67
Total Expenditures	\$45,398.70
NET OPERATING REVENUE	\$33,275.94
NET REVENUE	\$33,275.94

Morehead-Rowan County Airport Board

Statement of Financial Position

As of October 31, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Citizens Bank Bldg/Grnds Dep Reserve NOW Acct. .25%	7,621.37
Citizens Bank Construction Account NOW .25%	40,057.94
Citizens Bank Operating Account NOW .25%	30,029.17
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	\$77,708.48
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	0.00
Edward Jones Money Market	426,387.32
Total Other Current Assets	\$426,387.32
Total Current Assets	\$504,095.80
Fixed Assets	
15000 Furniture and Equipment	760.90
Total Fixed Assets	\$760.90
TOTAL ASSETS	\$504,856.70
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
30000 Opening Balance Equity	321,613.58
32000 Unrestricted Net Assets	214,543.23
Net Revenue	-31,300.11
Total Equity	\$504,856.70
TOTAL LIABILITIES AND EQUITY	\$504,856.70

EXHIBIT C

MOREHEAD-ROWAN COUNTY AIRPORT BOARD

**MINIMUM STANDARDS FOR CONSTRUCTION OF AIRCRAFT BOX
HANGARS**

ARTICLE 1. MINIMUM STANDARDS FOR CONSTRUCTION OF AIRCRAFT HANGARS

Section 1. - Purpose

Section 2. - Goals

Section 3. – General Provisions

Section 4. - Application.

Section 5. – Minimum Development Standards.

Section 6. – Notice to Proceed

Section 1. – Purpose

The purpose of these Standards is to ensure development of consistent and high quality infrastructure and to protect and enhance the investment of all those locating on the airport. These Standards provide a basis for directing and evaluating the planning, engineering and design of improvements to each parcel of land.

Section 2. – Goals

The following goals form the basis for these design standards:

BRANDING – To project the airport brand and aesthetic continuity within architectural and design standards.

ECONOMIC – To protect property values and enhance investment and the development of industry and jobs.

ENVIRONMENTAL – To conserve existing natural features and minimize adverse impact on the ecosystem.

FUNCTION – To encourage imaginative and innovative planning of facilities and sites and the flexibility to respond to changes in market demand.

SAFETY – To provide secure storage of aircraft, motor vehicles and equipment and to provide a safe environment for tenants.

VISUAL – To promote variety, interest and high standards of architectural and landscape design.

Section 3. – General Provisions.

- (1) Communications or submittals from the Lessee or its agents to the Airport Board (Lessor) shall be through the Airport Manager.
- (2) Buildings may not be constructed on airport property, unless approved by the Airport Board upon the recommendation of the Airport Manager for conformance in each of the following areas (Reference to Airport Manager may be used synonymously with Fixed Based Operator.
 - (a) An approved land lease with the Airport Board that includes all areas deemed necessary to the normal use of the building.
 - (b) Approval by the Kentucky Airport Zoning Commission of an amended Airport Layout Plan (ALP) reflecting the structure to be constructed.
 - (c) All applicable Building Restriction Lines (BRL) and height restrictions.
 - (d) Non-interference with any Airport or Federal Aviation Administration (FAA) radio or guidance equipment due to location of type of structure.
 - (e) Minimum structural standards as described in Section 5.
 - (f) Access to the proposed building, including any required easements for roads, parking areas or utilities.
 - (g) Minimum separation beyond the outermost perimeter of the structure shall be in accordance with the ALP. This provision may be waived, in whole or in part, by the Airport Board to facilitate operations or access. Requests for waiver must be in writing, shall state the reason for the waiver, and shall state in detail the mitigating measures with respect to potential adverse impacts to the ALP that may arise from granting the requested waiver.
 - (h) Proper filing of FAA Form 7460 with the FAA and form TC 55-2 to the Kentucky Airport Zoning Commission, with copies to the Airport Board.

Section 4. – Application

These standards shall apply to all properties owned by the Morehead-Rowan County Airport Board and are in addition to any other jurisdictional requirements including but not limited to zoning ordinances and building codes of Rowan County, Kentucky.

- (1) Copies of all structural plans, site plans, and material specifications developed by a licensed engineer shall be provided to Airport Board for review and approval and upon approval shall become the property of the Airport.
- (2) Airport Manager or designated agent shall make frequent inspections during construction of any approved building. No changes to, or variation from approved building or grounds plans and specifications shall be permitted unless approved in writing by Airport Board or its designated representative.
- (3) Construction of approved structure or material component thereof may not commence until the following documents or proofs thereof are submitted to and accepted by the Airport Manager:

- (a) Contractor's Commercial General and Umbrella Insurance. Contractor shall maintain commercial general liability and if necessary commercial umbrella insurance with a limit of not less than \$1,000,000 each occurrence.
 - (b) Contractors Professional Liability Insurance with a limit not less than \$1,000,000.
 - (c) Commercial Auto and Umbrella Liability Insurance with a limit of not less than \$1,000,000 each accident.
 - (d) Contractor's Property Damage Liability and Property Comprehensive and Fire Damage Insurance shall be in an amount at least equal to the initial contract sum as well as subsequent modifications of that sum.
 - (e) Performance Payment Bonds that equals the value of the proposed project.
 - (f) Lessor shall be named as co-insured on all required coverage.
- (4) Erection of temporary buildings must be approved in writing by Airport Board and the Kentucky Aviation Zoning Commission if required, as to type; use, design and location on an individual basis for a specified term and that removal of temporary buildings will be done by the Lessee, at their expense, within fifteen days of the end of the approved term.
- (5) In the event of any failure on the part of any Lessee to comply with Airport requirements or any failure to complete a construction project according to the approved plans and specifications, or within a reasonable time as determined by Airport Board, shall be cause for the Airport Board to revoke any ground lease with the Lessee of the project and require that the structure be removed from airport property. In addition to the forgoing remedies, Airport Board shall retain all other remedies provided by the lease term or provided by law.

Section 5. – Minimum Development Standards

- (1) General Requirements: This general section requires permits for the building, plumbing, mechanical, and electrical.
- (a) All structures shall be designed and constructed in accordance with the Building, Plumbing, Mechanical and Electrical Codes as adopted by the County of Rowan, Morehead, KY.
 - (b) All plans must be approved by all required local or state building inspection offices and all permits must be obtained before construction begins.
 - (c) All electrical, plumbing, mechanical or any other work that is governed by Federal, State or local licensing regulations will be performed only by individuals or companies so licensed.
 - (d) All applicable zoning regulations shall be adhered.
 - (e) Construction shall adhere to all federal (to include FAA), state, local laws, ordinances, airport rules now existing or hereinafter enacted.

- (f) The Airport Manager shall approve the schedule for all work and the approved schedule shall become binding upon the applicants unless modification of the schedule has been approved in writing by the Airport Manager.
- (2) Special Requirements: The following are emphasized to promote safety, insurability of structures on airport properties, and to maintain the value of all airport properties.
- (a) Footings and Foundations: Soil tests shall be performed at the location of any proposed structure and the design of the footing and foundation based on the results. Copies of the design and test results bearing the seal of a registered engineer shall be submitted to the Airport Board.
 - (b) Structural Strength and Materials: The Building Code currently adopted by Rowan County, Kentucky shall apply as to allowable materials and structural strength for the structural class or types as determined by use, seismic zone, wind and/or snow loads.
 - (c) Fire Rating: The fire ratings of structures used for the storage of aircraft, motor vehicles, and flammable or hazardous materials shall comply with the Building Code, NFPA, and any other Federal, State or Municipal Fire Codes. Ratings are subject to the approval of the Rowan County Kentucky Government and the Farmers Fire Department.
- (3) Framing: All framing shall be of metal.
- (4) Exterior:
- (a) All exterior surfaces must be pre-finished aluminum, steel, Concrete Masonry Unit (CMU) or concrete construction. No painted wood or other material may be used. No galvanized metal shall be used on any exterior surface.
 - (b) All exterior materials and colors must be submitted to the Airport Board for approval before construction starts.
 - (c) No wood or wood composite siding or roofing shall be allowed. Exceptions to the rule may be granted by the Airport Board based on aesthetics or airport operational requirements. Requests for exceptions must be made in writing at the time of initial plan review.
 - (d) The minimum gauge steel used for roofing shall be twenty-eight (28) and shall be factory finished in a color approved by Airport Board and warranted by manufacturer as to color fastness for a minimum of twenty (20) years.
 - (e) Concrete: where CMU, poured in place or preformed concrete walls are used, the exterior shall be sealed and stained in a color approved by Airport Board.
 - (f) All signage on hangars and leased property must have prior approval from the Airport Board.

- (5) Floor and Ramp Construction: All Floors must be constructed of concrete having a minimum of five (5) inch thickness and shall include reinforcement of a type approved by the Airport Board. Ramps must be designed using the FAA Pavement Design Software, FAARFIELD. Copies of the design and test results bearing the seal of a registered architect or engineer shall be submitted to the Airport Board. A stiff broom finish is required on exterior ramps.
- (6) Doors: Bi-fold doors are recommended because of their ease of operation. Approved swing out, overhead or sliding doors may be used. All pedestrian doors must be of pre-finished metal construction.
- (7) Drainage: The gradient of surrounding surfaces shall provide for positive flow of water into the existing airport storm water conveyance. In areas where no storm sewer exists, Airport Board may require the installation of inlet and pipe designed for anticipated maximum flow and loading to be installed and attached to the existing storm water conveyance. An approved system of oil/water separators may be required to prevent contamination of surface or ground water resources.
- (8) Oil/water Separators: Aviation repair and paint facilities, dealerships, fuel stations, equipment degreasing areas, and other facilities generating wastewater with oil and grease content are required to pre-treat these waters before discharging to the sanitary sewer system. Pre-treatment requires that an oil/water separator be installed and maintained on site.
 - (a) Oil/water separators shall be commercially manufactured and sized for the intended discharge rates for the facility where it is installed.
- (9) Landscaping: The Morehead-Rowan County Regional Airport strives to achieve a pleasing aesthetic quality in the colors, design, uniformity, and structure of any new hangars developed on the Airport. As such, proposed hangar development must be approved by the Board for conformity to aesthetic quality standards.
- (10) Utilities: Connection to electric, gas, sanitary sewer and telephone shall be the responsibility of the Lessee. The Airport Board will provide easements for utility installation. All new electric, cable TV, Internet, and telephone lines shall be placed underground. Upon completion of construction, a plot plan showing the exact location of all Lessee installed utilities shall be given to the Airport Board.
 - (a) No trenching or excavation shall commence until all pipes and lines in the area have been located. Utility companies shall be contacted for locations. The Lessee shall be responsible for any damage to existing utilities or communication lines.
- (11) Access: The Airport Board intends to provide a controlled access gate to the apron site. Lessee and its contractors shall generally have ingress and egress access through common areas and entrances. Lessee may be required to construct a roadway to its site. Plans for

the development and construction of any roadway, or sidewalk or walkway shall be submitted to the Airport Board for approval.

(12) Clean up and Reclamation: A covered dumpster or other appropriate covered receptacle shall be on site prior to construction and shall be used for all waste materials.

(a) All areas disturbed during hangar construction, including utility trenches, must be cleaned up, compacted and covered with topsoil and compacted again. The entire area shall then be covered with sod or re-seeded by the Lessee with a KYTC specified grass mixture approved by the Airport Board.

(b) All areas around the hangar, apron, and ramp must be backfilled in a manner that will allow mowing over the edges of ramps and adjacent buildings.

(13) Conventional Hangar Building Dimensions:

Minimum conventional hangar size shall be 60x60 feet. Larger hangar sizes may be constructed and are encouraged, but all hangars must first be shown on the Airport Layout Plan and approved by the Airport Board. Conventional hangars must have common design elements which include:

(a) Steel Construction for all columns, braces, rafters, and rods.

(b) Metal siding and roofing.

(c) Bi-fold doors recommended.

(d) Clear-span interior construction and concrete floors.

(e) Vehicular parking shall be in accordance with the Airport Board's policy. Said policy may be updated periodically.

Section 6. - Additional Restrictions or Requirements

(1) The Airport Board, when in its judgment or that of the Airport Manager, may amend such restrictions or requirements as necessary to ensure or improve safety, airport operations, aesthetics, property values or FAA guidance or requirements.

Section 7. – Notice to Proceed.

(1) When satisfied that all provisions of this directive have been, or will be fulfilled, the Airport Board will issue a letter notifying the Lessee to proceed with the approved work.

(2) The Airport Manager shall provide construction monitoring as it deems necessary with the right to issue a stop work order if Lessee's contractors deviate from the approved plans.

(3) Any loss incurred due to work performed, material purchased, or subleases signed by the Lessee prior to receipt of Notice to Proceed shall be the Lessee's responsibility.

MOREHEAD-ROWAN COUNTY AIRPORT BOARD

LAND LEASE AGREEMENT

THIS CONTRACT OF LEASE made and entered into this ____ day of _____, 20__, by and between the Morehead-Rowan County Airport Board, (hereinafter referred to as “Lessor”) and _____, a _____ (hereinafter referred to as “Lessee”).

WITNESSETH:

WHEREAS, the Lessor is the owner and operator of the Morehead-Rowan County, Clyde A. Thomas, Regional Airport (hereinafter referred to as Airport) located in Rowan County, Kentucky; and

WHEREAS, the Lessor has available certain areas for the location, construction and erection of corporate hangars for the storage of aircraft used for commercial activities and

WHEREAS, the Lessee desires to lease an area at the airport to construct a corporate hangar for the storage of its aircraft; and

NOW THEREFORE and in consideration of the mutual promises of the parties and the cash consideration of value of land paid and to be paid, the Lessor leases and lets to the Lessee that certain parcel of land (hereinafter referred to as “Leased Premises” or (“Premises”) located on the property owned by the Morehead-Rowan County Airport Board, Morehead, Kentucky, and more particularly described and located on a plat of same and attached hereto as Exhibit A upon the following terms and conditions, to-wit:

ARTICLE I

Term of Lease

1.1 The Lease shall be for an initial period of twenty (20) years beginning on the ____ day of _____, 20__, and terminating on the ____ day of _____, 20__. The Lessee is given an option to extend said Lease for two additional terms of five years each. The said extension(s) shall not be automatic and shall be at the sole discretion of the Lessor. The rental rate and terms shall be mutually agreed upon and made a part of any lease extension agreement. The Lessee shall, six (6) months prior to the commencement of each said extension, give written notice to the Lessor that it does desire to exercise the option to extend said Lease for the additional five-year period.

1,2 Upon termination of the Lease or subsequent extensions thereof, Lessor shall assume ownership of all improvements to the Leased Premises and the structure thereon.

1.3 The Lessee must restore the Premises to be in full compliance with all prevailing environmental laws and regulations.

ARTICLE II

Rates and Charges

2.1 Public lands will not be made available for private enterprise without obtaining a fair market return. No private individual or firm has a right to the use of publicly funded airport land for personal gain without paying their fair share of the maintenance, development and operation of the facility. Having invested substantial public funds in the

capital airport plant, the public owner and the FAA have created a business opportunity for privately owned aviation services which otherwise would not exist in the community. Therefore, the Lessor and its sponsors has both a right and obligation to command a reasonable rental rate to support on-going operations.

Further, a no rent or excessively low rent lease (aviation or non-aviation) will not meet the requirement of the Sponsor's Assurance contained in current grant agreements, which reads in part:

Sponsor will maintain a fee and rental structure consistent with Assurances 22 and 23 for the facilities and services being provided the airport users which will make the airport as self-sustaining as possible under the circumstances existing at that particular airport, taking into account such factors as the volume of traffic and economy of collection.

A fair market rental value will be assessed for grounds within the leasing area in accordance with Lessor's Policy for Calculating Land Rent attached as Exhibit B and incorporated herewith.

2.2 The Lessor's annual cost to satisfactorily operate and maintain the airport will most likely increase throughout the term of the lease. In order to ensure that the fair market rental value rates remain current throughout the life of the lease, rental rates will be adjusted at a minimum of five-year increments based on the Bureau of Labor Statistics CPI (Consumer Price Index). Addition rental rate increases may be applied over the course of the term to reflect improvements and investments made by the Lessor at the airport or within and around the Leased Premises. .

2.3 A rental rate has been established for the land occupied by the Lessee at

\$_____ per square foot per year for the rental of unimproved land for the erection of an aircraft hangar. Said rent shall be prorated on a monthly basis for a 12-month period. The rent is due on the 1st work day of each month. A late fee of ten percent (10%) will be applied if the payment is received after the 5th day of the month.

2.4 The total square footage to be leased is _____. The initial annual rental rate shall be \$_____.

ARTICLE III

Use of Premises

3.1 Lessee agrees that it shall use the Premises on a non-commercial basis only for the following purposes (and for no other purposes) for Lessee's aircraft (as defined below) and for no other aircraft: parking, storage, operations, and maintenance consistent with Federal Aviation Administration standards. An "aircraft" shall be any aircraft that Lessee owns or leases (or that is subject to an authorized sublease) identified by Lessee in Exhibit D and approved in advance by Lessor. The aircraft identified at Exhibit D are the aircraft approved by Lessor upon entering this Agreement, and Lessee shall provide the same information to Lessor in writing when requesting approval for any subsequent Aircraft. Lessee may store additional aircraft not owned or leased by Lessee upon approval by the Lessor and providing adequate Hangar-Keeper's liability insurance. The Lessee shall also be entitled to the use of common taxiways, all maintained by the Lessor for the ordinary movement and servicing of its aircraft and/or other vehicles while in use of the Premises. No aircraft shall be parked on the ramp overnight within the perimeter of

the corporate apron, or at other times while aircraft is not in active use (i.e., owner/operator not present). If the aircraft is parked overnight, or while the not in active use, on other airport aprons, the aircraft must be tied down.

3.2 Under no circumstances is the Lessee to fuel aircraft or to permit aircraft to be fueled on the Premises unless fueling is done by the Airport Manager or their designee.

3.3 The parking of motor vehicles and low-speed vehicles (LSV) on the Premises shall conform at all times to the Airport Board's Parking Policy.

3.4 Additionally, the Lessee may request permission from the Lessor to use the Premises for commercial activities, expressly including commercial aviation activities such as aircraft leasing, charter, maintenance, equipment sales and/or installation, flight instruction, aerial surveying/photography work, etc. The decision to allow the Lessee to conduct such activities is at the sole discretion of the Lessor and will require a separate written agreement between the parties. An additional or new rental rate will be assessed for such commercial use.

ARTICLE IV

Construction Standards and Approvals

4.1 All plans and specifications for facilities to be constructed shall be in accordance with Construction Standards of the Lessor as set forth in Exhibit "C". There is attached hereto Exhibit "C" which is made a part hereof of the same as if set out herein. All plans and specifications shall be submitted to the Lessor and approved prior to construction.

ARTICLE V

Maintenance of Premises

5.1 Notwithstanding those standards set forth in Exhibit "C", the Lessee shall keep and maintain the Leased Premises and all improvements thereon in good order, condition, and state of repair, including, but not limited to the keeping of its hangar painted and cleaned, grass mowed, and keeping said area in a clean and neat condition. Normal removable and disposal of non-hazardous waste shall be routinely performed. If normal airport waste disposal sites or equipment are not available the Lessee shall dispose of off-site in an appropriate manner.

5.2 No outside storage shall be permitted.

ARTICLE VI

Accidents and Indemnity

6.1 The Lessee shall indemnify and hold the Lessor harmless from any and all loss, damage, liability or expense resulting from any injury to or death of any person or any loss of or damage to any property caused by or resulting from any act or acts of omission of the Lessee or any officer, agent, employee, guest, invitee or visitor of the Lessee in or about the Leased Premises.

6.2 The Lessor shall not be liable for any injury to or death of any person or any loss of or damage to property sustained by the Lessee, or by any other person(s)

whatsoever, which may be caused by the Leased Premises or any appurtenance thereto or thereof being out of repair, or by any defect in the Leased Premises or any appurtenances thereto, or by theft or any act or neglect of any person, or by any other cause whatsoever nature, or by any other accident or occurrence in or about the Leased Premises of the land appurtenant thereto, unless caused by the negligence of the Lessor or its officers, agents or employees.

ARTICLE VII

Insurance

7.1 The Lessee shall maintain with responsible insurance companies qualified to do business in Kentucky and mutually agreed upon by the Lessor and Lessee as to its limits during the term hereof, at the Lessee's sole cost and expense, liability insurance covering any and all liability of the insured, its contractors or subcontractors, with respect to the Leased Premises or arising out of the construction, maintenance, use or occupancy thereof but with limits of at least \$1,000,000.00 for any person and \$1,000,000.00 for any one accident for property damage in a sum not less than \$1,000,000.00.

7.2 All such liability insurance shall specifically insure the performance by the Lessee of the indemnity agreement as to liability for injury to or death of persons and loss of or damage to property and shall name the Lessor as an additional insured.

7.3 The Lessor shall be provided an actual copy of the insurance policies or certificates providing evidence of the required insurance at the time of signing of this contract.

7.4 In addition to the liability insurance hereinabove set out, the Lessee, will

carry fire and extended coverage insurance in an amount not less than ninety (90%) of replacement value of its box hangar in the event of damage or destruction thereof and the Lessor shall be named as additional insured.

7.5 Replacement value shall be determined as follows: Unless otherwise requested in writing, Lessee shall, for insurance purposes, reappraise the property and improvements at least once every five (5) years. The ninety percent (90%) co-insurance provided above shall be based upon said appraisal.

7.6 The Lessee shall keep the property insured as set forth herein on an all-risk protection basis from a reputable insurance company.

7.7 In the event the hangar shall be damaged by fire or other casualty to the extent of twenty percent (20%) or more, as determined by the Lessor, such damage shall be repaired by the Lessee as promptly as possible and at Lessee's expense so as to restore such Premises as nearly as possible to the conditions prior to such damage.

7.8 In the event the Lessee repairs and restores the hangar, the insurance proceeds shall be applied to such repair and restoration.

7.9 Lessee will provide Lessor with a copy of its annual insurance renewal within 30 days of its renewal.

ARTICLE VIII

Environmental Compliance and Hazardous Substances

8.1 Environmental laws as used in this Lease shall mean any and all laws, rules, regulations, judgments, orders, permits, licenses, agreements, covenants, restrictions, requirements, policies or the like enacted now or hereafter by federal, state regional or local governments, agencies or authorities relating to or governing in any way

the environmental condition of soil, air, water, groundwater, or the presence of hazardous materials in or affecting all or any portion of the Leased Premises.

a. Hazardous substances as used in the Lease means and includes any and all substances, chemicals, waste, sewage or other materials, which are now or hereafter regulated, controlled or prohibited by any environmental requiring removal, warning or restrictions on the use, generation, disposal or transportation thereof, including without limitation (a) any substance defined as “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” or “air pollutant” in the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), 42 U.S.C. §9601 et seq., the Hazardous Materials Transportation Act (HMTA), 49 U.S.C. §1801 et seq., the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. §6901 et seq., or the Clean Air Act (CAA), 42 U.S.C. §7401 et seq., all as amended and as may be amended hereafter;

b. Any hazardous material, waste, chemical or compound described in any other federal, state, or local statute, ordinance, code, rule, regulation, order, decree or other law now or at any other time hereafter in effect, regulating, relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous substance, chemical, material, compound or waste. As used herein, the term “hazardous substances” also means and includes asbestos, flammable, explosive or radioactive materials; liquid petroleum products maintained in containers of four ounces or greater; refrigerants; antifreeze; paints and solvents; leads; cyanide, DDT; insecticides, acids; pesticides; ammonium compounds; phosphates and polychlorobiphenyls.

8.3 It is understood that Lessee may use equipment in the normal operation of

a business office, to include Styrofoam cups, secretarial supplies, pens, computers, copy machines and their components, fluids and maintenance materials. Such items do not have to be disclosed at the commencement of each year, provided, however, Tenant agrees that it will store and dispose of all such items in compliance with the Rules and Regulations of local, state and federal governments and the Morehead-Rowan County Airport, as they exist presently or as amended or modified in the future.

8.4 Lessee shall handle all Hazardous Substances in a manner consistent with all applicable Environmental Laws or industry guidelines, and in accordance with the Rules and Regulations of local, state and federal governments and Lessor, as they exist presently or as amended or modified in the future.

8.5 Lessee shall not cause or permit any “Hazardous Substance” to be brought upon, generated, stored or used in or about the Premises by Lessee, its agents, employees, contractors or invitees, except for such Hazardous Substance of the type and quantity as is necessary to the Lessee’s operation of the based aircraft and hangar and with prior written consent of the Lessor and as long as said Hazardous Substances are used, stored and/or generated in full compliance with all federal, state and local laws and/or ordinances and the Rules and Regulations of the Lessor, as amended.

8.6 Lessee shall disclose to the Lessor the names and approximate amounts of all Hazardous Substances that Tenant intends to store, use and dispose of on the Leased Premises on July 1 each year. In addition, on July 1 in the second and subsequent years of the Term, Lessee shall provide the Lessor the names and amounts of all Hazardous Substances that were actually used, stored or disposed of on the Premises.

8.7 Lessee hereby agrees that it shall be fully liable for all costs and expenses related to the use, storage and disposal of Hazardous Substances kept on the Leased Premises by Lessee, and Lessee shall give immediate notice to the Lessor of any violation of the provisions hereof.

8.8 Lessee shall defend, indemnify and hold harmless the Lessor and their officers, agents and employees from and against any claims, demands, penalties, fines, liabilities, damages, costs or expenses (including, without limitation, attorneys' fees and consultants' fees, court costs and litigation expenses) of whatever kind or nature known or unknown, contingent or otherwise, arising out of Lessee's use of the Leased Premises or which were caused by Lessee. This indemnity shall include:

- a. Remediation costs related to contamination of the Leased Premises;
- b. The release of any Hazardous Substances by Lessee;
- c. Any personal injury or property damage caused by Lessee's Hazardous Substances;
- d. Compliance with any government order or judgment entered by a court of competent jurisdiction;
- e. Any violation of any law by the Lessee. The provisions hereof shall be in addition to any other obligations and liabilities the Lessee may have to the Lessor at law or equity and so shall survive the transactions contemplated herein and shall survive the termination of this Agreement.

8.10 To the best knowledge of the Lessor the Leased Premises comply with all local, state and federal environmental laws and regulations.

8.11 Prior to occupying the Leased Premises, and at the termination of this

Agreement, the Lessee may at their sole expense, arrange, pay for and deliver to the Lessor a Phase I environmental assessment concerning the probability of contamination on the Leased Premises. Any other assessment deemed desirable by either party shall be paid for by the party desiring said assessment.

8.12 In the event as environmental assessment performed after termination of this Agreement (but prior to occupancy by a third party) determines the existence of contaminants on the Leased Premises in addition to those identified prior to occupancy, the Lessor shall presume that the new contaminants are the responsibility of the Lessee, although the Lessee shall have the right to rebut that presumption. Lessee shall be responsible for conducting any necessary remediation or removal of all contaminants for which it is responsible and costs related thereto.

8.13 In conjunction herewith, Lessee shall keep and maintain all pertinent records as may be required by any agency having authority over said Leased Premises for enforcement and compliance with any environmental laws and safety regulations.

ARTICLE IX

Suspension of Rent Payment by Lessee

9.1 Upon the termination or expiration of the Agreement, all improvements installed or constructed on the Leased Premises, including but not limited to any additional fixtures, shall be and remain the property of the Lessor.

9.2 In the event of an anticipatory breach of this Agreement by reason of the filing of any voluntary or involuntary petition for receiver or in bankruptcy, or the appointment of any trustee for the Lessee and his election to reject this Agreement, any improvements shall be retained by the Lessor and the fair value as ascertained by an

impartial appraisal of such improvements shall be applied to the amount of damages allowed to the Lessor for the breach or rejection of this Agreement.

9.3 The Lessee shall have the right after having given thirty (30) days written notice to the Lessor, to suspend the payment of rent upon the happening of one or more of the following events if such event or events shall then be continuing:

a. The Lessor shall default in fulfilling any of the terms, covenants, or conditions which are material to be fulfilled by it under this Agreement, and shall fail to commence to cure said default within thirty (30) days following receipt of written demand from Lessee to do so.

b. All or a material part of the runway and taxiway, apron or the Airport's facilities shall be destroyed or damaged to the extent that such destruction materially interferes with Lessee's operations or use of the Premises leased herein for a period of more than thirty (30) consecutive days.

c. The United States Government or any of its agents shall occupy the Airport or a substantial part thereof to such an extent as to materially interfere with the Lessee's use of the Premises leased herein for a period of more than thirty (30) consecutive days. Suspended rent payments will resume at such a time as the Lessor has remedied said material default or Lessee is able to resume full operations.

ARTICLE X

Termination by Lessor

10.1 Lessor shall have the right, as its option, upon thirty (30) days written notice to Lessee to cancel this agreement in its entirety and shall assume ownership of all improvements to the Leased Premises and the structure thereon upon or after the

happening of any one or more of the following events:

10.2 Lessee shall have filed an involuntary petition in bankruptcy or a petition seeking its reorganization or readjustment of its indebtedness under the Federal Bankruptcy Laws or under similar state laws. Lessee shall consent to the appointment of a receiver, trustee or liquidators of all or substantially all of the property of the Lessee.

10.3 Lessee shall abandon voluntarily the Premises for a period of sixty (60) consecutive days.

10.4 Lessee shall fail to pay the rents, or other money payments required by this writing and such failure shall not be remedied within thirty (30) days following receipt by Lessee of written demand from Lessor to do so.

10.5 Lessee shall default in fulfilling any of the covenants, terms or conditions to be fulfilled by it hereunder and shall fail to commence with due diligence the remedying of said default within thirty (30) days, following receipt by Lessee of written demand from Lessor to do so.

10.6 Lessee shall default should any portion of the Premises be permitted to be the used to become a nuisance or for illegal purposes, or fail or refuse to eliminate said nuisance or illegal act within thirty (30) days of the receipt of a written demand to do so.

ARTICLE XI

Sublease and/or Assignment Provisions

11.1. With prior written approval of the Lessor, which consent will not be unreasonably withheld, Lessee may sublease all or any portion of the Leased Premises however; Lessee

shall remain responsible for all obligations set forth in this Lease, or assign this Lease to a party who purchases the improvements on the Leased Premises for its own use.

11.2 If the Lessee desires to use the facilities for anything other than aircraft storage but aviation related, the Lessee shall petition the Lessor for such use.

ARTICLE XII

Nondiscrimination

12.1 The Lessee agrees that: (1) no person on the grounds of race, color, national origin, religion, age, gender or disability 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, in the furnishing of services thereon, no person on the grounds of race, color, national origin, religion, age, gender or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination: (3) that Lessee shall use the Leased 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 Secretary, Part 21 Non-Discrimination in Federally-Assisted programs of the Department of Transportation—Effectuation of A Title VI of the Civil Rights Act of 1964 and Amendments thereto.

12.2 If the Lessee breaches or allows the breach of any of the above nondiscrimination covenants, the Lessor shall have the right to terminate this Agreement and to re-enter and repossess the demised Premises and any facilities thereon, and hold

the same as if this Agreement had never been executed or issued; provided, however, that said right to terminate shall not be effective until the provisions and procedures of Title 49 C.F.R., Part 21 are followed and completed, including the exercise or expiration of all right of appeal. In the event this Agreement is terminated by the Lessor, then the Lessee shall receive from the Lessor within ninety (90) days of the notice of termination an amount equal to the unamortized value of the leasehold improvements calculated on a straight line basis over a 20-year life.

ARTICLE XIII

Peaceful Possession

13.1 Said Lessee having performed all the terms and conditions of this said Lease, the Lessor will keep it in peaceful possession thereof. However, upon the violation of any of the terms and conditions of this Lease and the said Lessee having failed to correct violations within a period of thirty (30) days after notice is given of any violation of the terms and conditions of said Lease, the Leased Premises shall be vacated on or before thirty (30) days thereafter without further notice.

13.2 In the event the Lessor needs to, or is required to relocate the Lessee, the Lessor shall provide Lessee with no less than sixty (60) days' written notice. All expenses related to relocation shall be borne solely by the Lessor.

ARTICLE XIV

Taxes and Assessments

14.1 Lessee agrees and understands that this Lease is a “net” lease, with Lessee being responsible for but not limited to all fees, taxes, assessments, insurance, repairs, maintenance, gas, electric, telephone or other utilities that may be necessary or desirable unless otherwise provided for in this agreement.

ARTICLE XV

Miscellaneous Provisions

15.1 Communications from the Lessee to the Lessor, to include submittals, shall be through the Airport Manager.

15.2 The Lessor, its Manager or its agents shall have the right at the Lessor’s sole discretion, to enter the Premises and hangar at all reasonable times for the purpose of routine inspections, and or emergencies.

15.3 The various rights, options, elections, powers and remedies contained in this Agreement shall be construed accumulative and no one then shall be exclusive of any of the others, or of any legal or equitable remedy, which either party might otherwise have in the event of breach or default in the terms hereof.

15.4 This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Kentucky.

15.5 Each and all of the provisions of this agreement shall be binding upon and

inure to the benefit of the parties hereto and their successors and assigns subject at all times, nevertheless, to all agreements and restrictions contained elsewhere in this lease with respect to the assignment, transfer, or subletting of all or any part of Lessee's interest in this Agreement.

15.6 The Lessee shall not pledge the improvements constructed on the Premises as collateral for financing the construction of said improvements or pledge said improvements toward any other financing the Lessee may seek during the term of the Lease.

ARTICLE XVI

Notice

17.1 Any notice required by this agreement shall be either hand-delivered and Receipted for or sent by Certified or Registered mail, return receipt requested, to:

For the Lessor:

For the Lessee:

Chairman Airport Board

1800 Rodney Hitch Blvd

Morehead, KY 40324

WITNESS our signatures this ____ day of _____, 20__ .

The Morehead-Rowan County Airport Board

By: _____

By: _____

Title: _____

Title: _____

STATE OF KENTUCKY

COUNTY OF ROWAN

Subscribed and sworn to before me by _____ this the ____ day
of _____, 20__.

My Commission expires: _____

NOTARY PUBLIC, STATE AT LARGE, KY

STATE OF KENTUCKY

COUNTY OF ROWAN

Subscribed and sworn to before me by _____ this the ____ day
of _____, 20__.

My Commission expires: _____

NOTARY PUBLIC, STATE AT LARGE, KY

WITNESS our signatures the ____ day of _____, 200__.

By: _____

Title: _____

STATE OF KENTUCKY

COUNTY OF ROWAN

Subscribed and sworn to before me by _____ this the ____ day
of _____, 20____.

My Commission expires: _____

420041.1

NOTARY PUBLIC, STATE AT LARGE, KY

EXHIBIT

D

MOREHEAD-ROWAN COUNTY AIRPORT BOARD INVENTORY OF LESSEE OWNED, LEASED OF CONTROLLED AIRCRAFT

The Lessee shall note the aircraft(s) owned, leased or under its control that the Lessee intends to store at the leased premises. The aircraft must be identified in advance of its storage at the leased premise regardless of duration.

AIRCRAFT TAIL NUMBER: _____

REGISTRATION: _____

MFG OF AIRCRAFT: _____

YEAR AND MODEL NUMBER: _____

INSURANCE CARRIER: _____

AIRCRAFT TAIL NUMBER: _____

REGISTRATION: _____

MFG OF AIRCRAFT: _____

YEAR AND MODEL NUMBER: _____

INSURANCE CARRIER: _____

AIRCRAFT TAIL NUMBER: _____

REGISTRATION: _____

MFG OF AIRCRAFT: _____

YEAR AND MODEL NUMBER: _____

INSURANCE CARRIER: _____

LESSEE Signature: _____ Date: _____

Parking Policy

(Effective November 30, 2023)

Morehead-Rowan County Airport Parking Policy

Visitor Parking: Two parking lots located outside the fence immediately behind and adjacent to the terminal building are available for short term personal vehicle parking free or charge to visitors and guests of the airport. However, parking of large trucks and trailers is prohibited in these lots.

Hangar/Tie-down Tenants and Pilots: Pilots and tenants may park personal vehicles inside the fence and will be provided with an access code for the automatic gate. Pilots/Tenants must park in areas near the terminal building or hangars in a manner that will not obstruct aircraft access to any hangar, tie-down spot, or the fuel farm. Vehicles that will be left unattended (e.g., while flying) should be parked in the tenant's hangar or tie-down spot, or next to the terminal.

Corporate Hangar Tenants and Pilots: Vehicular access to the corporate hangar site shall be from Gate E. Short term vehicular parking on the ramp of no more than one hour is allowed but shall not obstruct in any manner or at any time the functionality or safe operation of any aircraft. Parking inside the hangar is allowed. The parking of maintenance, utility vehicles or LSVs for greater than one hour is allowable as needed but also must not interfere or obstruct aircraft operations or safety. Longer term visitor, or client, or tenant related vehicular traffic shall also access the site from Gate E and park in the off-the-ramp parking area designated by the Airport.

Trailer parking: Trailers used for aviation purposes (e.g., powered parachutes, gliders, etc.) or to transport supplies/equipment to the airport are allowed inside the fence to make deliveries and/or pick-ups but must not obstruct aircraft traffic on the ramp. Overnight parking of trailers is available in the gravel parking lot adjacent to the t-hangars. The fee, payable to the Airport Manager, for parking in this lot is based upon the total length of the trailer (\$1.50 per foot per month) which may be prorated by the Airport Manager for shorter durations. Pilots/Tenants desiring such parking must check in with the Airport Manager or his/her representative.

Approved by Board of Directors December 1st, 2016
Amended by Board of Directors November 30th, 2023

Morehead-Rowan County Airport Board

Statement of Activity

July - October, 2023

	TOTAL
Revenue	
43400 Direct Public Support	
43420 County Operating Support	17,666.68
43440 City Operating Support	15,000.00
Total 43400 Direct Public Support	32,666.68
44500 Government Grants	
44520 Federal Grants	379,401.00
44540 State Grants	138,585.04
Total 44500 Government Grants	517,986.04
45000 Investments	
45030 Interest-Savings, Short-term CD	6,401.20
45031 Interest, checking account	56.08
45040 Interest Income, savings account	979.61
Total 45000 Investments	7,436.89
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	20,445.12
47550 Late Fee	173.00
47570 Residence	2,100.00
Total 47500 Rentals	22,718.12
Total Revenue	\$583,807.73
GROSS PROFIT	\$583,807.73
Expenditures	
62100 Contract Services	
62112 AWOS Maintenance	1,614.00
62140 Legal Fees	1,044.46
62150 FBO	12,000.00
62170 Administrative	3,333.32
Total 62100 Contract Services	17,991.78
62800 Grounds and Facility Support	
62830 Facility Repair and Maintenance	2,950.02
62840 Equipment, Repair, and Maintenance	28.00
Total 62800 Grounds and Facility Support	2,978.02

	TOTAL
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
63040 Surety Bond	167.97
Total 63000 Insurance	11,748.36
64400 Utilities	
64410 Electric	2,694.78
64420 Telecommunications	707.81
64430 Waste Disposal	161.62
64440 Water and Sewer	418.88
64450 TV	220.60
Total 64400 Utilities	4,203.69
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
65150 Memberships and Dues	335.00
65890 Events, Ceremonies, & Meetings	835.86
Total 65000 General Administration	2,331.26
80100 Capital Purchases	
80189 Apron Expansion Project	545,854.73
80197 2019 Runway Rehab Phase I CONSTRUCTION ONLY	30,000.00
Total 80100 Capital Purchases	575,854.73
Total Expenditures	\$615,107.84
NET OPERATING REVENUE	\$ -31,300.11
NET REVENUE	\$ -31,300.11

Morehead-Rowan County Airport Board

Statement of Activity

October 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	
44540 State Grants	65,746.53
Total 44500 Government Grants	65,746.53
45000 Investments	
45030 Interest-Savings, Short-term CD	532.07
45031 Interest, checking account	23.51
45040 Interest Income, savings account	575.24
Total 45000 Investments	1,130.82
47500 Rentals	
47520 T-Hangars	3,053.12
47550 Late Fee	27.50
47570 Residence	550.00
Total 47500 Rentals	3,630.62
Total Revenue	\$78,674.64
GROSS PROFIT	\$78,674.64
Expenditures	
62100 Contract Services	
62112 AWOS Maintenance	807.00
62140 Legal Fees	919.46
62150 FBO	3,000.00
62170 Administrative	833.33
Total 62100 Contract Services	5,559.79
62800 Grounds and Facility Support	
62830 Facility Repair and Maintenance	196.14
62840 Equipment, Repair, and Maintenance	28.00
Total 62800 Grounds and Facility Support	224.14
64400 Utilities	
64410 Electric	638.81
64420 Telecommunications	150.21
64430 Waste Disposal	98.47
64440 Water and Sewer	176.22
64450 TV	55.15
Total 64400 Utilities	1,118.86

	TOTAL
65000 General Administration	
65150 Memberships and Dues	335.00
65890 Events, Ceremonies, & Meetings	707.24
Total 65000 General Administration	1,042.24
80100 Capital Purchases	
80189 Apron Expansion Project	37,453.67
Total 80100 Capital Purchases	37,453.67
Total Expenditures	\$45,398.70
NET OPERATING REVENUE	\$33,275.94
NET REVENUE	\$33,275.94

Morehead-Rowan County Airport Board

Statement of Financial Position

As of October 31, 2023

	TOTAL
ASSETS	
Current Assets	
Bank Accounts	
Citizens Bank Bldg/Grnds Dep Reserve NOW Acct. .25%	7,621.37
Citizens Bank Construction Account NOW .25%	40,057.94
Citizens Bank Operating Account NOW .25%	30,029.17
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	\$77,708.48
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	0.00
Edward Jones Money Market	426,387.32
Total Other Current Assets	\$426,387.32
Total Current Assets	\$504,095.80
Fixed Assets	
15000 Furniture and Equipment	760.90
Total Fixed Assets	\$760.90
TOTAL ASSETS	\$504,856.70
LIABILITIES AND EQUITY	
Liabilities	
Total Liabilities	
Equity	
30000 Opening Balance Equity	321,613.58
32000 Unrestricted Net Assets	214,543.23
Net Revenue	-31,300.11
Total Equity	\$504,856.70
TOTAL LIABILITIES AND EQUITY	\$504,856.70

EXHIBIT C

MOREHEAD-ROWAN COUNTY AIRPORT BOARD

**MINIMUM STANDARDS FOR CONSTRUCTION OF AIRCRAFT BOX
HANGARS**

ARTICLE 1. MINIMUM STANDARDS FOR CONSTRUCTION OF AIRCRAFT HANGARS

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Section 1. – Purpose

The purpose of these Standards is to ensure development of consistent and high quality infrastructure and to protect and enhance the investment of all those locating on the airport. These Standards provide a basis for directing and evaluating the planning, engineering and design of improvements to each parcel of land.

Section 2. – Goals

The following goals form the basis for these design standards:

BRANDING – To project the airport brand and aesthetic continuity within architectural and design standards.

ECONOMIC – To protect property values and enhance investment and the development of industry and jobs.

ENVIRONMENTAL – To conserve existing natural features and minimize adverse impact on the ecosystem.

FUNCTION – To encourage imaginative and innovative planning of facilities and sites and the flexibility to respond to changes in market demand.

SAFETY – To provide secure storage of aircraft, motor vehicles and equipment and to provide a safe environment for tenants.

VISUAL – To promote variety, interest and high standards of architectural and landscape design.

Section 3. – General Provisions.

- (1) Communications or submittals from the Lessee or its agents to the Airport Board (Lessor) shall be through the Airport Manager.
- (2) Buildings may not be constructed on airport property, unless approved by the Airport Board upon the recommendation of the Airport Manager for conformance in each of the following areas (Reference to Airport Manager may be used synonymously with Fixed Based Operator.
 - (a) An approved land lease with the Airport Board that includes all areas deemed necessary to the normal use of the building.
 - (b) Approval by the Kentucky Airport Zoning Commission of an amended Airport Layout Plan (ALP) reflecting the structure to be constructed.
 - (c) All applicable Building Restriction Lines (BRL) and height restrictions.
 - (d) Non-interference with any Airport or Federal Aviation Administration (FAA) radio or guidance equipment due to location of type of structure.
 - (e) Minimum structural standards as described in Section 5.
 - (f) Access to the proposed building, including any required easements for roads, parking areas or utilities.
 - (g) Minimum separation beyond the outermost perimeter of the structure shall be in accordance with the ALP. This provision may be waived, in whole or in part, by the Airport Board to facilitate operations or access. Requests for waiver must be in writing, shall state the reason for the waiver, and shall state in detail the mitigating measures with respect to potential adverse impacts to the ALP that may arise from granting the requested waiver.
 - (h) Proper filing of FAA Form 7460 with the FAA and form TC 55-2 to the Kentucky Airport Zoning Commission, with copies to the Airport Board.

Section 4. – Application

These standards shall apply to all properties owned by the Morehead-Rowan County Airport Board and are in addition to any other jurisdictional requirements including but not limited to zoning ordinances and building codes of Rowan County, Kentucky.

- (1) Copies of all structural plans, site plans, and material specifications developed by a licensed engineer shall be provided to Airport Board for review and approval and upon approval shall become the property of the Airport.
- (2) Airport Manager or designated agent shall make frequent inspections during construction of any approved building. No changes to, or variation from approved building or grounds plans and specifications shall be permitted unless approved in writing by Airport Board or its designated representative.
- (3) Construction of approved structure or material component thereof may not commence until the following documents or proofs thereof are submitted to and accepted by the Airport Manager:

- (a) Contractor's Commercial General and Umbrella Insurance. Contractor shall maintain commercial general liability and if necessary commercial umbrella insurance with a limit of not less than \$1,000,000 each occurrence.
 - (b) Contractors Professional Liability Insurance with a limit not less than \$1,000,000.
 - (c) Commercial Auto and Umbrella Liability Insurance with a limit of not less than \$1,000,000 each accident.
 - (d) Contractor's Property Damage Liability and Property Comprehensive and Fire Damage Insurance shall be in an amount at least equal to the initial contract sum as well as subsequent modifications of that sum.
 - (e) Performance Payment Bonds that equals the value of the proposed project.
 - (f) Lessor shall be named as co-insured on all required coverage.
- (4) Erection of temporary buildings must be approved in writing by Airport Board and the Kentucky Aviation Zoning Commission if required, as to type; use, design and location on an individual basis for a specified term and that removal of temporary buildings will be done by the Lessee, at their expense, within fifteen days of the end of the approved term.
- (5) In the event of any failure on the part of any Lessee to comply with Airport requirements or any failure to complete a construction project according to the approved plans and specifications, or within a reasonable time as determined by Airport Board, shall be cause for the Airport Board to revoke any ground lease with the Lessee of the project and require that the structure be removed from airport property. In addition to the forgoing remedies, Airport Board shall retain all other remedies provided by the lease term or provided by law.

Section 5. – Minimum Development Standards

- (1) General Requirements: This general section requires permits for the building, plumbing, mechanical, and electrical.
- (a) All structures shall be designed and constructed in accordance with the Building, Plumbing, Mechanical and Electrical Codes as adopted by the County of Rowan, Morehead, KY.
 - (b) All plans must be approved by all required local or state building inspection offices and all permits must be obtained before construction begins.
 - (c) All electrical, plumbing, mechanical or any other work that is governed by Federal, State or local licensing regulations will be performed only by individuals or companies so licensed.
 - (d) All applicable zoning regulations shall be adhered.
 - (e) Construction shall adhere to all federal (to include FAA), state, local laws, ordinances, airport rules now existing or hereinafter enacted.

- (f) The Airport Manager shall approve the schedule for all work and the approved schedule shall become binding upon the applicants unless modification of the schedule has been approved in writing by the Airport Manager.
- (2) Special Requirements: The following are emphasized to promote safety, insurability of structures on airport properties, and to maintain the value of all airport properties.
- (a) Footings and Foundations: Soil tests shall be performed at the location of any proposed structure and the design of the footing and foundation based on the results. Copies of the design and test results bearing the seal of a registered engineer shall be submitted to the Airport Board.
 - (b) Structural Strength and Materials: The Building Code currently adopted by Rowan County, Kentucky shall apply as to allowable materials and structural strength for the structural class or types as determined by use, seismic zone, wind and/or snow loads.
 - (c) Fire Rating: The fire ratings of structures used for the storage of aircraft, motor vehicles, and flammable or hazardous materials shall comply with the Building Code, NFPA, and any other Federal, State or Municipal Fire Codes. Ratings are subject to the approval of the Rowan County Kentucky Government and the Farmers Fire Department.
- (3) Framing: All framing shall be of metal.
- (4) Exterior:
- (a) All exterior surfaces must be pre-finished aluminum, steel, Concrete Masonry Unit (CMU) or concrete construction. No painted wood or other material may be used. No galvanized metal shall be used on any exterior surface.
 - (b) All exterior materials and colors must be submitted to the Airport Board for approval before construction starts.
 - (c) No wood or wood composite siding or roofing shall be allowed. Exceptions to the rule may be granted by the Airport Board based on aesthetics or airport operational requirements. Requests for exceptions must be made in writing at the time of initial plan review.
 - (d) The minimum gauge steel used for roofing shall be twenty-eight (28) and shall be factory finished in a color approved by Airport Board and warranted by manufacturer as to color fastness for a minimum of twenty (20) years.
 - (e) Concrete: where CMU, poured in place or preformed concrete walls are used, the exterior shall be sealed and stained in a color approved by Airport Board.
 - (f) All signage on hangars and leased property must have prior approval from the Airport Board.

- (5) Floor and Ramp Construction: All Floors must be constructed of concrete having a minimum of five (5) inch thickness and shall include reinforcement of a type approved by the Airport Board. Ramps must be designed using the FAA Pavement Design Software, FAARFIELD. Copies of the design and test results bearing the seal of a registered architect or engineer shall be submitted to the Airport Board. A stiff broom finish is required on exterior ramps.
- (6) Doors: Bi-fold doors are recommended because of their ease of operation. Approved swing out, overhead or sliding doors may be used. All pedestrian doors must be of pre-finished metal construction.
- (7) Drainage: The gradient of surrounding surfaces shall provide for positive flow of water into the existing airport storm water conveyance. In areas where no storm sewer exists, Airport Board may require the installation of inlet and pipe designed for anticipated maximum flow and loading to be installed and attached to the existing storm water conveyance. An approved system of oil/water separators may be required to prevent contamination of surface or ground water resources.
- (8) Oil/water Separators: Aviation repair and paint facilities, dealerships, fuel stations, equipment degreasing areas, and other facilities generating wastewater with oil and grease content are required to pre-treat these waters before discharging to the sanitary sewer system. Pre-treatment requires that an oil/water separator be installed and maintained on site.
 - (a) Oil/water separators shall be commercially manufactured and sized for the intended discharge rates for the facility where it is installed.
- (9) Landscaping: The Morehead-Rowan County Regional Airport strives to achieve a pleasing aesthetic quality in the colors, design, uniformity, and structure of any new hangars developed on the Airport. As such, proposed hangar development must be approved by the Board for conformity to aesthetic quality standards.
- (10) Utilities: Connection to electric, gas, sanitary sewer and telephone shall be the responsibility of the Lessee. The Airport Board will provide easements for utility installation. All new electric, cable TV, Internet, and telephone lines shall be placed underground. Upon completion of construction, a plot plan showing the exact location of all Lessee installed utilities shall be given to the Airport Board.
 - (a) No trenching or excavation shall commence until all pipes and lines in the area have been located. Utility companies shall be contacted for locations. The Lessee shall be responsible for any damage to existing utilities or communication lines.
- (11) Access: The Airport Board intends to provide a controlled access gate to the apron site. Lessee and its contractors shall generally have ingress and egress access through common areas and entrances. Lessee may be required to construct a roadway to its site. Plans for

the development and construction of any roadway, or sidewalk or walkway shall be submitted to the Airport Board for approval.

(12) Clean up and Reclamation: A covered dumpster or other appropriate covered receptacle shall be on site prior to construction and shall be used for all waste materials.

(a) All areas disturbed during hangar construction, including utility trenches, must be cleaned up, compacted and covered with topsoil and compacted again. The entire area shall then be covered with sod or re-seeded by the Lessee with a KYTC specified grass mixture approved by the Airport Board.

(b) All areas around the hangar, apron, and ramp must be backfilled in a manner that will allow mowing over the edges of ramps and adjacent buildings.

(13) Conventional Hangar Building Dimensions:

Minimum conventional hangar size shall be 60x60 feet. Larger hangar sizes may be constructed and are encouraged, but all hangars must first be shown on the Airport Layout Plan and approved by the Airport Board. Conventional hangars must have common design elements which include:

(a) Steel Construction for all columns, braces, rafters, and rods.

(b) Metal siding and roofing.

(c) Bi-fold doors recommended.

(d) Clear-span interior construction and concrete floors.

(e) Vehicular parking shall be in accordance with the Airport Board's policy. Said policy may be updated periodically.

Section 6. - Additional Restrictions or Requirements

(1) The Airport Board, when in its judgment or that of the Airport Manager, may amend such restrictions or requirements as necessary to ensure or improve safety, airport operations, aesthetics, property values or FAA guidance or requirements.

Section 7. – Notice to Proceed.

(1) When satisfied that all provisions of this directive have been, or will be fulfilled, the Airport Board will issue a letter notifying the Lessee to proceed with the approved work.

(2) The Airport Manager shall provide construction monitoring as it deems necessary with the right to issue a stop work order if Lessee's contractors deviate from the approved plans.

(3) Any loss incurred due to work performed, material purchased, or subleases signed by the Lessee prior to receipt of Notice to Proceed shall be the Lessee's responsibility.

MOREHEAD-ROWAN COUNTY AIRPORT BOARD

LAND LEASE AGREEMENT

THIS CONTRACT OF LEASE made and entered into this ____ day of _____, 20__, by and between the Morehead-Rowan County Airport Board, (hereinafter referred to as “Lessor”) and _____, a _____ (hereinafter referred to as “Lessee”).

WITNESSETH:

WHEREAS, the Lessor is the owner and operator of the Morehead-Rowan County, Clyde A. Thomas, Regional Airport (hereinafter referred to as Airport) located in Rowan County, Kentucky; and

WHEREAS, the Lessor has available certain areas for the location, construction and erection of corporate hangars for the storage of aircraft used for commercial activities and

WHEREAS, the Lessee desires to lease an area at the airport to construct a corporate hangar for the storage of its aircraft; and

NOW THEREFORE and in consideration of the mutual promises of the parties and the cash consideration of value of land paid and to be paid, the Lessor leases and lets to the Lessee that certain parcel of land (hereinafter referred to as “Leased Premises” or (“Premises”) located on the property owned by the Morehead-Rowan County Airport Board, Morehead, Kentucky, and more particularly described and located on a plat of same and attached hereto as Exhibit A upon the following terms and conditions, to-wit:

ARTICLE I

Term of Lease

1.1 The Lease shall be for an initial period of twenty (20) years beginning on the ____ day of _____, 20__, and terminating on the ____ day of _____, 20__. The Lessee is given an option to extend said Lease for two additional terms of five years each. The said extension(s) shall not be automatic and shall be at the sole discretion of the Lessor. The rental rate and terms shall be mutually agreed upon and made a part of any lease extension agreement. The Lessee shall, six (6) months prior to the commencement of each said extension, give written notice to the Lessor that it does desire to exercise the option to extend said Lease for the additional five-year period.

1,2 Upon termination of the Lease or subsequent extensions thereof, Lessor shall assume ownership of all improvements to the Leased Premises and the structure thereon.

1.3 The Lessee must restore the Premises to be in full compliance with all prevailing environmental laws and regulations.

ARTICLE II

Rates and Charges

2.1 Public lands will not be made available for private enterprise without obtaining a fair market return. No private individual or firm has a right to the use of publicly funded airport land for personal gain without paying their fair share of the maintenance, development and operation of the facility. Having invested substantial public funds in the

capital airport plant, the public owner and the FAA have created a business opportunity for privately owned aviation services which otherwise would not exist in the community. Therefore, the Lessor and its sponsors has both a right and obligation to command a reasonable rental rate to support on-going operations.

Further, a no rent or excessively low rent lease (aviation or non-aviation) will not meet the requirement of the Sponsor's Assurance contained in current grant agreements, which reads in part:

Sponsor will maintain a fee and rental structure consistent with Assurances 22 and 23 for the facilities and services being provided the airport users which will make the airport as self-sustaining as possible under the circumstances existing at that particular airport, taking into account such factors as the volume of traffic and economy of collection.

A fair market rental value will be assessed for grounds within the leasing area in accordance with Lessor's Policy for Calculating Land Rent attached as Exhibit B and incorporated herewith.

2.2 The Lessor's annual cost to satisfactorily operate and maintain the airport will most likely increase throughout the term of the lease. In order to ensure that the fair market rental value rates remain current throughout the life of the lease, rental rates will be adjusted at a minimum of five-year increments based on the Bureau of Labor Statistics CPI (Consumer Price Index). Addition rental rate increases may be applied over the course of the term to reflect improvements and investments made by the Lessor at the airport or within and around the Leased Premises. .

2.3 A rental rate has been established for the land occupied by the Lessee at

\$_____ per square foot per year for the rental of unimproved land for the erection of an aircraft hangar. Said rent shall be prorated on a monthly basis for a 12-month period. The rent is due on the 1st work day of each month. A late fee of ten percent (10%) will be applied if the payment is received after the 5th day of the month.

2.4 The total square footage to be leased is _____. The initial annual rental rate shall be \$_____.

ARTICLE III

Use of Premises

3.1 Lessee agrees that it shall use the Premises on a non-commercial basis only for the following purposes (and for no other purposes) for Lessee's aircraft (as defined below) and for no other aircraft: parking, storage, operations, and maintenance consistent with Federal Aviation Administration standards. An "aircraft" shall be any aircraft that Lessee owns or leases (or that is subject to an authorized sublease) identified by Lessee in Exhibit D and approved in advance by Lessor. The aircraft identified at Exhibit D are the aircraft approved by Lessor upon entering this Agreement, and Lessee shall provide the same information to Lessor in writing when requesting approval for any subsequent Aircraft. Lessee may store additional aircraft not owned or leased by Lessee upon approval by the Lessor and providing adequate Hangar-Keeper's liability insurance. The Lessee shall also be entitled to the use of common taxiways, all maintained by the Lessor for the ordinary movement and servicing of its aircraft and/or other vehicles while in use of the Premises. No aircraft shall be parked on the ramp overnight within the perimeter of

the corporate apron, or at other times while aircraft is not in active use (i.e., owner/operator not present). If the aircraft is parked overnight, or while the not in active use, on other airport aprons, the aircraft must be tied down.

3.2 Under no circumstances is the Lessee to fuel aircraft or to permit aircraft to be fueled on the Premises unless fueling is done by the Airport Manager or their designee.

3.3 The parking of motor vehicles and low-speed vehicles (LSV) on the Premises shall conform at all times to the Airport Board's Parking Policy.

3.4 Additionally, the Lessee may request permission from the Lessor to use the Premises for commercial activities, expressly including commercial aviation activities such as aircraft leasing, charter, maintenance, equipment sales and/or installation, flight instruction, aerial surveying/photography work, etc. The decision to allow the Lessee to conduct such activities is at the sole discretion of the Lessor and will require a separate written agreement between the parties. An additional or new rental rate will be assessed for such commercial use.

ARTICLE IV

Construction Standards and Approvals

4.1 All plans and specifications for facilities to be constructed shall be in accordance with Construction Standards of the Lessor as set forth in Exhibit "C". There is attached hereto Exhibit "C" which is made a part hereof of the same as if set out herein. All plans and specifications shall be submitted to the Lessor and approved prior to construction.

ARTICLE V

Maintenance of Premises

5.1 Notwithstanding those standards set forth in Exhibit "C", the Lessee shall keep and maintain the Leased Premises and all improvements thereon in good order, condition, and state of repair, including, but not limited to the keeping of its hangar painted and cleaned, grass mowed, and keeping said area in a clean and neat condition. Normal removable and disposal of non-hazardous waste shall be routinely performed. If normal airport waste disposal sites or equipment are not available the Lessee shall dispose of off-site in an appropriate manner.

5.2 No outside storage shall be permitted.

ARTICLE VI

Accidents and Indemnity

6.1 The Lessee shall indemnify and hold the Lessor harmless from any and all loss, damage, liability or expense resulting from any injury to or death of any person or any loss of or damage to any property caused by or resulting from any act or acts of omission of the Lessee or any officer, agent, employee, guest, invitee or visitor of the Lessee in or about the Leased Premises.

6.2 The Lessor shall not be liable for any injury to or death of any person or any loss of or damage to property sustained by the Lessee, or by any other person(s)

whatsoever, which may be caused by the Leased Premises or any appurtenance thereto or thereof being out of repair, or by any defect in the Leased Premises or any appurtenances thereto, or by theft or any act or neglect of any person, or by any other cause whatsoever nature, or by any other accident or occurrence in or about the Leased Premises of the land appurtenant thereto, unless caused by the negligence of the Lessor or its officers, agents or employees.

ARTICLE VII

Insurance

7.1 The Lessee shall maintain with responsible insurance companies qualified to do business in Kentucky and mutually agreed upon by the Lessor and Lessee as to its limits during the term hereof, at the Lessee's sole cost and expense, liability insurance covering any and all liability of the insured, its contractors or subcontractors, with respect to the Leased Premises or arising out of the construction, maintenance, use or occupancy thereof but with limits of at least \$1,000,000.00 for any person and \$1,000,000.00 for any one accident for property damage in a sum not less than \$1,000,000.00.

7.2 All such liability insurance shall specifically insure the performance by the Lessee of the indemnity agreement as to liability for injury to or death of persons and loss of or damage to property and shall name the Lessor as an additional insured.

7.3 The Lessor shall be provided an actual copy of the insurance policies or certificates providing evidence of the required insurance at the time of signing of this contract.

7.4 In addition to the liability insurance hereinabove set out, the Lessee, will

carry fire and extended coverage insurance in an amount not less than ninety (90%) of replacement value of its box hangar in the event of damage or destruction thereof and the Lessor shall be named as additional insured.

7.5 Replacement value shall be determined as follows: Unless otherwise requested in writing, Lessee shall, for insurance purposes, reappraise the property and improvements at least once every five (5) years. The ninety percent (90%) co-insurance provided above shall be based upon said appraisal.

7.6 The Lessee shall keep the property insured as set forth herein on an all-risk protection basis from a reputable insurance company.

7.7 In the event the hangar shall be damaged by fire or other casualty to the extent of twenty percent (20%) or more, as determined by the Lessor, such damage shall be repaired by the Lessee as promptly as possible and at Lessee's expense so as to restore such Premises as nearly as possible to the conditions prior to such damage.

7.8 In the event the Lessee repairs and restores the hangar, the insurance proceeds shall be applied to such repair and restoration.

7.9 Lessee will provide Lessor with a copy of its annual insurance renewal within 30 days of its renewal.

ARTICLE VIII

Environmental Compliance and Hazardous Substances

8.1 Environmental laws as used in this Lease shall mean any and all laws, rules, regulations, judgments, orders, permits, licenses, agreements, covenants, restrictions, requirements, policies or the like enacted now or hereafter by federal, state regional or local governments, agencies or authorities relating to or governing in any way

the environmental condition of soil, air, water, groundwater, or the presence of hazardous materials in or affecting all or any portion of the Leased Premises.

a. Hazardous substances as used in the Lease means and includes any and all substances, chemicals, waste, sewage or other materials, which are now or hereafter regulated, controlled or prohibited by any environmental requiring removal, warning or restrictions on the use, generation, disposal or transportation thereof, including without limitation (a) any substance defined as “hazardous substance,” “hazardous material,” “hazardous waste,” “toxic substance,” or “air pollutant” in the Comprehensive Environmental Response Compensation and Liability Act (CERCLA), 42 U.S.C. §9601 et seq., the Hazardous Materials Transportation Act (HMTA), 49 U.S.C. §1801 et seq., the Resource Conservation and Recovery Act (RCRA), 42 U.S.C. §6901 et seq., or the Clean Air Act (CAA), 42 U.S.C. §7401 et seq., all as amended and as may be amended hereafter;

b. Any hazardous material, waste, chemical or compound described in any other federal, state, or local statute, ordinance, code, rule, regulation, order, decree or other law now or at any other time hereafter in effect, regulating, relating to or imposing liability or standards of conduct concerning any hazardous, toxic or dangerous substance, chemical, material, compound or waste. As used herein, the term “hazardous substances” also means and includes asbestos, flammable, explosive or radioactive materials; liquid petroleum products maintained in containers of four ounces or greater; refrigerants; antifreeze; paints and solvents; leads; cyanide, DDT; insecticides, acids; pesticides; ammonium compounds; phosphates and polychlorobiphenyls.

8.3 It is understood that Lessee may use equipment in the normal operation of

a business office, to include Styrofoam cups, secretarial supplies, pens, computers, copy machines and their components, fluids and maintenance materials. Such items do not have to be disclosed at the commencement of each year, provided, however, Tenant agrees that it will store and dispose of all such items in compliance with the Rules and Regulations of local, state and federal governments and the Morehead-Rowan County Airport, as they exist presently or as amended or modified in the future.

8.4 Lessee shall handle all Hazardous Substances in a manner consistent with all applicable Environmental Laws or industry guidelines, and in accordance with the Rules and Regulations of local, state and federal governments and Lessor, as they exist presently or as amended or modified in the future.

8.5 Lessee shall not cause or permit any “Hazardous Substance” to be brought upon, generated, stored or used in or about the Premises by Lessee, its agents, employees, contractors or invitees, except for such Hazardous Substance of the type and quantity as is necessary to the Lessee’s operation of the based aircraft and hangar and with prior written consent of the Lessor and as long as said Hazardous Substances are used, stored and/or generated in full compliance with all federal, state and local laws and/or ordinances and the Rules and Regulations of the Lessor, as amended.

8.6 Lessee shall disclose to the Lessor the names and approximate amounts of all Hazardous Substances that Tenant intends to store, use and dispose of on the Leased Premises on July 1 each year. In addition, on July 1 in the second and subsequent years of the Term, Lessee shall provide the Lessor the names and amounts of all Hazardous Substances that were actually used, stored or disposed of on the Premises.

8.7 Lessee hereby agrees that it shall be fully liable for all costs and expenses related to the use, storage and disposal of Hazardous Substances kept on the Leased Premises by Lessee, and Lessee shall give immediate notice to the Lessor of any violation of the provisions hereof.

8.8 Lessee shall defend, indemnify and hold harmless the Lessor and their officers, agents and employees from and against any claims, demands, penalties, fines, liabilities, damages, costs or expenses (including, without limitation, attorneys' fees and consultants' fees, court costs and litigation expenses) of whatever kind or nature known or unknown, contingent or otherwise, arising out of Lessee's use of the Leased Premises or which were caused by Lessee. This indemnity shall include:

- a. Remediation costs related to contamination of the Leased Premises;
- b. The release of any Hazardous Substances by Lessee;
- c. Any personal injury or property damage caused by Lessee's Hazardous Substances;
- d. Compliance with any government order or judgment entered by a court of competent jurisdiction;
- e. Any violation of any law by the Lessee. The provisions hereof shall be in addition to any other obligations and liabilities the Lessee may have to the Lessor at law or equity and so shall survive the transactions contemplated herein and shall survive the termination of this Agreement.

8.10 To the best knowledge of the Lessor the Leased Premises comply with all local, state and federal environmental laws and regulations.

8.11 Prior to occupying the Leased Premises, and at the termination of this

Agreement, the Lessee may at their sole expense, arrange, pay for and deliver to the Lessor a Phase I environmental assessment concerning the probability of contamination on the Leased Premises. Any other assessment deemed desirable by either party shall be paid for by the party desiring said assessment.

8.12 In the event as environmental assessment performed after termination of this Agreement (but prior to occupancy by a third party) determines the existence of contaminants on the Leased Premises in addition to those identified prior to occupancy, the Lessor shall presume that the new contaminants are the responsibility of the Lessee, although the Lessee shall have the right to rebut that presumption. Lessee shall be responsible for conducting any necessary remediation or removal of all contaminants for which it is responsible and costs related thereto.

8.13 In conjunction herewith, Lessee shall keep and maintain all pertinent records as may be required by any agency having authority over said Leased Premises for enforcement and compliance with any environmental laws and safety regulations.

ARTICLE IX

Suspension of Rent Payment by Lessee

9.1 Upon the termination or expiration of the Agreement, all improvements installed or constructed on the Leased Premises, including but not limited to any additional fixtures, shall be and remain the property of the Lessor.

9.2 In the event of an anticipatory breach of this Agreement by reason of the filing of any voluntary or involuntary petition for receiver or in bankruptcy, or the appointment of any trustee for the Lessee and his election to reject this Agreement, any improvements shall be retained by the Lessor and the fair value as ascertained by an

impartial appraisal of such improvements shall be applied to the amount of damages allowed to the Lessor for the breach or rejection of this Agreement.

9.3 The Lessee shall have the right after having given thirty (30) days written notice to the Lessor, to suspend the payment of rent upon the happening of one or more of the following events if such event or events shall then be continuing:

a. The Lessor shall default in fulfilling any of the terms, covenants, or conditions which are material to be fulfilled by it under this Agreement, and shall fail to commence to cure said default within thirty (30) days following receipt of written demand from Lessee to do so.

b. All or a material part of the runway and taxiway, apron or the Airport's facilities shall be destroyed or damaged to the extent that such destruction materially interferes with Lessee's operations or use of the Premises leased herein for a period of more than thirty (30) consecutive days.

c. The United States Government or any of its agents shall occupy the Airport or a substantial part thereof to such an extent as to materially interfere with the Lessee's use of the Premises leased herein for a period of more than thirty (30) consecutive days. Suspended rent payments will resume at such a time as the Lessor has remedied said material default or Lessee is able to resume full operations.

ARTICLE X

Termination by Lessor

10.1 Lessor shall have the right, as its option, upon thirty (30) days written notice to Lessee to cancel this agreement in its entirety and shall assume ownership of all improvements to the Leased Premises and the structure thereon upon or after the

happening of any one or more of the following events:

10.2 Lessee shall have filed an involuntary petition in bankruptcy or a petition seeking its reorganization or readjustment of its indebtedness under the Federal Bankruptcy Laws or under similar state laws. Lessee shall consent to the appointment of a receiver, trustee or liquidators of all or substantially all of the property of the Lessee.

10.3 Lessee shall abandon voluntarily the Premises for a period of sixty (60) consecutive days.

10.4 Lessee shall fail to pay the rents, or other money payments required by this writing and such failure shall not be remedied within thirty (30) days following receipt by Lessee of written demand from Lessor to do so.

10.5 Lessee shall default in fulfilling any of the covenants, terms or conditions to be fulfilled by it hereunder and shall fail to commence with due diligence the remedying of said default within thirty (30) days, following receipt by Lessee of written demand from Lessor to do so.

10.6 Lessee shall default should any portion of the Premises be permitted to be the used to become a nuisance or for illegal purposes, or fail or refuse to eliminate said nuisance or illegal act within thirty (30) days of the receipt of a written demand to do so.

ARTICLE XI

Sublease and/or Assignment Provisions

11.1. With prior written approval of the Lessor, which consent will not be unreasonably withheld, Lessee may sublease all or any portion of the Leased Premises however; Lessee

shall remain responsible for all obligations set forth in this Lease, or assign this Lease to a party who purchases the improvements on the Leased Premises for its own use.

11.2 If the Lessee desires to use the facilities for anything other than aircraft storage but aviation related, the Lessee shall petition the Lessor for such use.

ARTICLE XII

Nondiscrimination

12.1 The Lessee agrees that: (1) no person on the grounds of race, color, national origin, religion, age, gender or disability 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, in the furnishing of services thereon, no person on the grounds of race, color, national origin, religion, age, gender or disability shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination: (3) that Lessee shall use the Leased 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 Secretary, Part 21 Non-Discrimination in Federally-Assisted programs of the Department of Transportation—Effectuation of A Title VI of the Civil Rights Act of 1964 and Amendments thereto.

12.2 If the Lessee breaches or allows the breach of any of the above nondiscrimination covenants, the Lessor shall have the right to terminate this Agreement and to re-enter and repossess the demised Premises and any facilities thereon, and hold

the same as if this Agreement had never been executed or issued; provided, however, that said right to terminate shall not be effective until the provisions and procedures of Title 49 C.F.R., Part 21 are followed and completed, including the exercise or expiration of all right of appeal. In the event this Agreement is terminated by the Lessor, then the Lessee shall receive from the Lessor within ninety (90) days of the notice of termination an amount equal to the unamortized value of the leasehold improvements calculated on a straight line basis over a 20-year life.

ARTICLE XIII

Peaceful Possession

13.1 Said Lessee having performed all the terms and conditions of this said Lease, the Lessor will keep it in peaceful possession thereof. However, upon the violation of any of the terms and conditions of this Lease and the said Lessee having failed to correct violations within a period of thirty (30) days after notice is given of any violation of the terms and conditions of said Lease, the Leased Premises shall be vacated on or before thirty (30) days thereafter without further notice.

13.2 In the event the Lessor needs to, or is required to relocate the Lessee, the Lessor shall provide Lessee with no less than sixty (60) days' written notice. All expenses related to relocation shall be borne solely by the Lessor.

ARTICLE XIV

Taxes and Assessments

14.1 Lessee agrees and understands that this Lease is a “net” lease, with Lessee being responsible for but not limited to all fees, taxes, assessments, insurance, repairs, maintenance, gas, electric, telephone or other utilities that may be necessary or desirable unless otherwise provided for in this agreement.

ARTICLE XV

Miscellaneous Provisions

15.1 Communications from the Lessee to the Lessor, to include submittals, shall be through the Airport Manager.

15.2 The Lessor, its Manager or its agents shall have the right at the Lessor’s sole discretion, to enter the Premises and hangar at all reasonable times for the purpose of routine inspections, and or emergencies.

15.3 The various rights, options, elections, powers and remedies contained in this Agreement shall be construed accumulative and no one then shall be exclusive of any of the others, or of any legal or equitable remedy, which either party might otherwise have in the event of breach or default in the terms hereof.

15.4 This Agreement shall be interpreted in accordance with the laws of the Commonwealth of Kentucky.

15.5 Each and all of the provisions of this agreement shall be binding upon and

inure to the benefit of the parties hereto and their successors and assigns subject at all times, nevertheless, to all agreements and restrictions contained elsewhere in this lease with respect to the assignment, transfer, or subletting of all or any part of Lessee's interest in this Agreement.

15.6 The Lessee shall not pledge the improvements constructed on the Premises as collateral for financing the construction of said improvements or pledge said improvements toward any other financing the Lessee may seek during the term of the Lease.

ARTICLE XVI

Notice

17.1 Any notice required by this agreement shall be either hand-delivered and Receipted for or sent by Certified or Registered mail, return receipt requested, to:

For the Lessor:

For the Lessee:

Chairman Airport Board

1800 Rodney Hitch Blvd

Morehead, KY 40324

WITNESS our signatures this ____ day of _____, 20__ .

The Morehead-Rowan County Airport Board

By: _____

By: _____

Title: _____

Title: _____

STATE OF KENTUCKY

COUNTY OF ROWAN

Subscribed and sworn to before me by _____ this the ____ day
of _____, 20__.

My Commission expires: _____

NOTARY PUBLIC, STATE AT LARGE, KY

STATE OF KENTUCKY

COUNTY OF ROWAN

Subscribed and sworn to before me by _____ this the ____ day
of _____, 20__.

My Commission expires: _____

NOTARY PUBLIC, STATE AT LARGE, KY

WITNESS our signatures the ____ day of _____, 200__.

By: _____

Title: _____

STATE OF KENTUCKY

COUNTY OF ROWAN

Subscribed and sworn to before me by _____ this the ____ day
of _____, 20____.

My Commission expires: _____

420041.1

NOTARY PUBLIC, STATE AT LARGE, KY

EXHIBIT

D

MOREHEAD-ROWAN COUNTY AIRPORT BOARD INVENTORY OF LESSEE OWNED, LEASED OF CONTROLLED AIRCRAFT

The Lessee shall note the aircraft(s) owned, leased or under its control that the Lessee intends to store at the leased premises. The aircraft must be identified in advance of its storage at the leased premise regardless of duration.

AIRCRAFT TAIL NUMBER: _____

REGISTRATION: _____

MFG OF AIRCRAFT: _____

YEAR AND MODEL NUMBER: _____

INSURANCE CARRIER: _____

AIRCRAFT TAIL NUMBER: _____

REGISTRATION: _____

MFG OF AIRCRAFT: _____

YEAR AND MODEL NUMBER: _____

INSURANCE CARRIER: _____

AIRCRAFT TAIL NUMBER: _____

REGISTRATION: _____

MFG OF AIRCRAFT: _____

YEAR AND MODEL NUMBER: _____

INSURANCE CARRIER: _____

LESSEE Signature: _____ Date: _____

Parking Policy

(Effective January 1, 2017)

Morehead-Rowan County Airport Parking Policy

Visitor Parking: Two parking lots located outside the fence immediately behind and adjacent to the terminal building are available for short term personal vehicle parking free or charge to visitors and guests of the airport. However, parking of large trucks and trailers is prohibited in these lots.

Hangar/Tie-down Tenants and Pilots: Pilots and tenants may park personal vehicles inside the fence and will be provided with an access code for the automatic gate. Pilots/Tenants must park in areas near the terminal building or hangars in a manner that will not obstruct aircraft access to any hangar, tie-down spot, or the fuel farm. Vehicles that will be left unattended (e.g., while flying) should be parked in the tenant's hangar or tie-down spot, or next to the terminal.

Corporate Hangar Tenants and Pilots: Vehicular access to the corporate hangar site shall be from Gate E. Short term vehicular parking on the ramp of no more than one hour is allowed but shall not obstruct in any manner of at anytime the functionality or safe operation of any aircraft. Parking inside the hangar is allowed. The parking of maintenance, utility vehicles or LSVs for greater than one hour is allowable as needed but also must not interfere or obstruct aircraft operations or safety. Longer term visitor, or client, or tenant related vehicular traffic shall also access the site from Gate E and park in the off-the-ramp parking area designated by the Airport.

Trailer parking: Trailers used for aviation purposes (e.g., powered parachutes, gliders, etc.) or to transport supplies/equipment to the airport are allowed inside the fence to make deliveries and/or pick-ups, but must not obstruct aircraft traffic on the ramp. Overnight parking of trailers is available in the gravel parking lot adjacent to the t-hangars. The fee, payable to the Airport Manager, for parking in this lot is based upon the total length of the trailer (\$1.50 per foot per month) which may be prorated by the Airport Manager for shorter durations. Pilots/Tenants desiring such parking must check in with the Airport Manager or his/her representative.

Approved by Board of Directors December 1st, 2016

Amended by Board of Directors November 30, 2023