

HANGAR LEASE AGREEMENT
(Services to Public Allowed)

THIS HANGAR LEASE AGREEMENT (Agreement), made and entered into as of the _____ day of June, 2011, by and between the CITY OF BELOIT, KANSAS, a municipal corporation, (City), hereinafter referred to as Lessor, and Lattin Aviation, (Tenant), hereinafter referred to as Lessee.

WITNESSETH, the purpose of this lease instrument is to confirm subsisting lease agreements between the parties, where applicable, or to express a new agreement between the parties, all for the purpose of achieved satisfactory requisites of state and federal regulations incident to the operation and management of the Moritz Memorial Airport; and

FURTHER WITNESSETH, that Lessee either owns or intends to construct a building on real estate owned by the City of Beloit, and Lessor leases to the Lessee, to-wit:

Article 1. Exclusive Use of Premises

1. Lessor hereby leases and rents the premises Site No. 5 as shown on the attached diagram marked Exhibit "A" (physical address).

Article 2. Rental

1. Lessee shall pay to Lessor as rental for said premises the sum of \$899.00 per year, payable in advance, commencing on the 1st day of June, 2011, and on the 1st day of each June thereafter during the term of this lease. Lessee shall be in default, as provided in Article 9, if any annual rental payment has not been delivered to or received by Lessor within ten (10) days of the date on which it is due. In the event Lessee has failed to pay the rent and other monies due to Lessor before the date due, Lessee shall owe, as additional rent, a late charge equal to one and one-half percent (1½ %) of all money due and owing, in addition to any other remedy available to Lessor by reason of such default.

Article 3. Term

1. The term of this lease shall be a period of five (5) years commencing June 1, 2011, and terminating on the 31st day of May, 2016.

2. At the end of such term, this lease shall expire unless the parties have, prior to that time, entered into an agreement in writing to the contrary.

Article 4. Option to Renew

1. In the event Lessee has fully performed all the provisions of this lease required of it, this lease shall automatically renew for an additional five year term following the primary term hereof,

unless either party notifies the other ninety (90) days prior to the end of any term or extended term thereof of their desire to not renew.

2. The rental fees for any renewal term shall be equal to the amount which is annually determined by Lessor which Lessee is occupying or the then expiring rental fee of this current agreement, whichever is greater. The increases or decreases in the rental fees resulting therefrom will be effective as of the commencement of the renewal term.

3. Except of the rental rate, all agreements and conditions in this lease shall have the same force and effect for each renewal term as for the original term unless the parties otherwise agree in writing.

Article 5. Lessee's Covenants

1. Lessee hereby agrees to comply with the following agreements:

a. To use the hangar only to house aircraft registered with Lessor along with any necessary aircraft parts and support equipment associated with the aircraft. Such aircraft to be airworthy, or actively being repaired or assembled with the intent on becoming airworthy, except Lessee may use no more than an aggregate of 50% of the total square footage of the leased hangar for non-related items other than aircraft related items, provided such non-related items comply with all the provisions and restrictions contained herein.

b. To store no gasoline, explosives or flammable materials in the hangar, or any other hazardous material or substance, including any such items that violates applicable building codes, fire codes or Airport Rules and Regulations.

c. To not conduct repairs or maintenance on any aircraft other than aircraft owned by Lessee, nor which exceeds the provisions and/or restrictions of any appropriate Federal Aviation Regulation (FAR), provided, also, that no business activities shall be conducted in any hangar.

d. Lessee shall comply with all statutes, ordinances, and other governmental regulations. All activities conducted on the leased premises, or any other activities conducted by Lessee on or about the Airport shall conform with acceptable safety standards. Applicable FAA standards, and local building and fire codes shall be used as a guide.

e. Lessee agrees to provide a key to Lessee's hangar to Lessor so that in the event of an emergency situation, Lessor can enter the Lessee's hangar to deal with such emergency.

Article 6. Utilities and Maintenance

1. Lessee shall be responsible for the installation of, and service charges for, all utilities. Utility installations shall comply with all applicable ordinance and code requirements of City. Only one (1) meter per hangar shall be allowed.

2. Lessors shall mow the area around each site described in Article 1 and remove snow in front of the hangars located thereon.

Article 7. Renter's Insurance

1. At all times Lessee occupies the premises Lessee shall maintain comprehensive general liability insurance, with liability limits no less than one million dollars (\$1,000,000.00) insuring the Lessee against claims for injury, wrongful death or property damage occurring on the rented premises. Lessor provides no coverage for Lessee's property stored on the premises and any insurance and/or loss incurred will be the sole responsibility of Lessee. Lessee shall provide a certificate of coverage to comply with this section naming Lessor as secondary insured.

Article 8. Inspections

1. Lessor reserves the right to make periodic inspection of the premises and, should any fire hazards, nuisances or other objectionable conditions exist upon the premises herein leased or subject to the control of Lessee, then Lessee agrees to abate the same within ten (10) days after receiving written notice thereof as specified in Article 9 regarding a breach of agreement.

Article 9. Forfeiture and Termination

This Lease shall terminate:

1. Automatically at the expiration of its original or any renewal term;

2. Should Lessee fail to make any payment required hereunder within ten (10) days of its due date, or should Lessee fail to remedy any other condition or event of default of this Lease within ten (10) days of service by Lessor of a written notification specifying the nature of Lessee's default or breach and stating that the Lease shall terminate automatically on the date specified in the notice unless such breach has been cured by such date.

3. Should such termination occur prior to the expiration of this Lease, Lessor may then, at its option, declare forfeiture and termination of this Lease, and shall have the right to reenter and take possession of the premises as in peaceable entry and forcible detainer, and to lease the same to another tenant(s); provided, however, that such forfeiture, termination and reentry shall in no event relieve or release Lessee, its subleases or assigns, from its or their respective obligations to pay rent hereunder, except that Lessee shall receive credit for any net rent (after reduction for the costs and expenses of Lessor in re-letting the premises) received by Lessor in the event said premises or any portion thereof are leased to another tenant(s) during the unexpired portion of the then current term. Lessor's failure to exercise such rights on any breach shall not prevent the exercise of such rights

upon a subsequent breach. All rights and remedies provided herein are cumulative, and all or any of them may be used to collect rent, damages and possession.

Article 10. Surrender of Premises

1. Upon the expiration of the term herein provided or any prior termination, Lessee shall surrender quiet and peaceful possession of the leased premises to Lessor in as good condition as the same now are, reasonable wear and tear expected. Lessee shall remove its property and equipment from the premises and shall at its own expense, repair and restore any damage caused by the removal of such property and equipment. In the event Lessee continues to occupy the premises beyond termination date, whether with or without the consent of Lessor, Lessee shall have continuing responsibility and liability to Lessor for the rental value of the leased premises and the improvements thereon during such additional time at the full, fair rental rate then in effect, although in no event less than the amount of the last applicable rental rate under this Lease.

2. Any personal property of Lessee which is not removed from the premises on or before the termination date shall be deemed abandoned and title thereto shall thereupon vest in Lessor.

3. **Exception.** As an exception to the foregoing, Lessee shall have up to sixty (60) days following the expiration of the lease term in order to remove its machinery, equipment, and property from the leased premises; provided, however, that Lessee shall be responsible for paying the then applicable monthly rent for each calendar month in which Lessee's property remains upon the leased premises. At the end of such sixty (60) day period, any such machinery, equipment or other property of Lessee continuing to remain on the property shall be deemed to be abandoned and shall be and become the property of Lessor. As provided in Article 12, within an additional sixty (60) days, Lessee shall have the right to remove the hangar from the premises, unless Lessee elects to sell the hangar, renew, sublease or assign the lease. Failure to remove or sell the hangar, renew, sublease or assign the lease within the additional sixty (60) days will result in the abandonment of the hangar to the Lessor.

Article 11. Modifications for Granting FAA Funds

1. In the event that the Federal Aviation Administration requires modifications or changes to this agreement as a condition precedent to granting of funds for the improvement of the Airport, Lessee agrees to consent to such reasonable amendments, modification, revisions, supplements or deletions of any of the terms, conditions or requirements of this Agreement as may be reasonably required to enable Lessor to obtain said Federal Aviation Administration funds, provided that in no event shall such changes materially impair the rights of Lessee hereunder or materially increase its obligations.

Article 12. Mutual Agreements of the Parties

It is further mutually agreed by Lessor and Lessee:

1. Lessee shall have exclusive use of the hangar site and the non-exclusive use of the

runways of Moritz Memorial Airport for take-offs and landings of airplanes and the privilege to purchase gasoline, oil and other like products.

2. Lessee shall not sublease or assign this lease without the written consent of Lessor; further, written notice shall be given to the Lessor of any sale of the hangar comprehended by the Lessee during the term thereof if Lessee is the owner of the hangar located on the site above mentioned.

3. Lessee may remove the hangar if owned by Lessee from the leased premises at the end of this lease. Lessee agrees to keep said premises in a clean and presentable condition, and further, not to use or allow the use of said premises for any other purpose than herein stated and in conformity to all Federal and State airport laws and regulations.

4. Lessor reserves the right (but shall not be obligated to Lessee) to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of the Lessee in this regard.

5. Lessor reserves the right further to develop or improve the landing area and all publicly owned air navigation facilities of the airport as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance.

6. Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected any building or other structure on the airport which in the opinion of the Lessor would limit the usefulness of the airport or constitute a hazard to aircraft.

7. During time of war or national emergency Lessor shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly-owned air navigation facilities and/or other areas or facilities of the airport. If any such agreement is executed, the provisions of this instrument, insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.

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

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

10. The lease shall become subordinate to provisions of any existing or future agreement between the Lessor and the United States of America or any agency thereof relative to the operation,

development, or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the airport.

11. In the event Lessee shall violate any of the terms and conditions of this lease, and shall fail after 30 days notice in writing from the Lessor to rectify such violation, Lessor may, at its option, declare this lease canceled and terminated and shall be entitled to immediate possession of the leased premises without adjustment to any un-used rent.

12. Lessor reserves the right to enter upon the leased premises at any reasonable time for the purpose of making any inspection it may deem expedient.

13. Both parties reserve the right to cancel this lease at the end of any term upon giving the other party a 90 day written notice of intention to cancel prior to the end of the primary term or any extended term as herein provided. When neither party shall have given such written notice, this lease agreement shall be deemed automatically renewed for a like five (5) year period for the same cash rent, payable in advance, provided, however said cash rental shall be subject to negotiation at the request of either, or both, parties, which negotiation shall be done prior to the right of the parties to give written notice of intent to cancel.

14. At the expiration or termination of this lease, the Lessee agrees that it will give peaceful possession of the leased premises in as good condition as they now are, ordinary wear and tear excepted.

15. If Lessee has entered into a prior agreement with Lessor allowing Lessee to construct a hangar building on the premises owned by Lessor said prior agreement as it relates to said hangar building and Lessee's right to remove the building from the leased premises at the termination of this lease is incorporated herein by reference and made a part hereof as if in full herein set out.

16. This agreement shall extend to and be binding upon the heirs, executors, administrators, trustees, receivers, and assigns of the parties hereto.

17. The Lessee for himself, his personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that: (1) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subject to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination, (3) that the Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

18. It is hereby agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right prohibited by Section 308 of the Federal Aviation Act of 1958, as amended, and the Lessor reserves the right to grant to others the privilege and right of conducting

any one or all activities of the aeronautical nature.

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

20. Lessee may remove the hangar if owned by Lessee from the leased premises at the end of this lease. Lessee agrees to keep said premises in a clean and presentable condition, and further, not to use or allow the use of said premises for any other purpose than herein stated and in conformity to all Federal and State airport laws and regulations.

21. During time of war or national emergency Lessor shall have the right to enter into an agreement with the United States Government for military or naval use part or all of the landing area, the publicly-owned air navigation facilities and/or other areas or facilities of the airport. If any such agreement is executed, the provisions of this instrument, insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.

Article 13. Invalid Provisions

1. It is further expressly understood and agreed by and between the parties hereto that in the event any covenant, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained provided, however, that the invalidity of any such covenant, condition or provision does not materially prejudice either Lessor or Lessee in their respective rights and obligations contained in the valid covenants, conditions or provision in this agreement.

IN WITNESS WHEREOF the parties have executed the Hangar Lease Agreement the day and year first above written.

Lessee:

Lattin Aviation by Travis Lattin

Lessor:

CITY OF BELOIT, KANSAS

By _____
Rebecca J. Koster, Mayor

ATTEST:

Kerry L. Benson, City Clerk

HANGAR LEASE AGREEMENT
(Services to Public Prohibited)

THIS HANGAR LEASE AGREEMENT (Agreement), made and entered into as of the _____ day of June, 2011, by and between the CITY OF BELOIT, KANSAS, a municipal corporation, (City), hereinafter referred to as Lessor, and Steve Thompson, (Tenant), hereinafter referred to as Lessee.

WITNESSETH, the purpose of this lease instrument is to confirm subsisting lease agreements between the parties, where applicable, or to express a new agreement between the parties, all for the purpose of achieved satisfactory requisites of state and federal regulations incident to the operation and management of the Moritz Memorial Airport; and

FURTHER WITNESSETH, that Lessee either owns or intends to construct a building on real estate owned by the City of Beloit, and Lessor leases to the Lessee, to-wit:

Article 1. Exclusive Use of Premises

1. Lessor hereby leases and rents the premises Site No. 2 as shown on the attached diagram marked Exhibit "A" (physical address).

Article 2. Rental

1. Lessee shall pay to Lessor as rental for said premises the sum of \$250.00 per year, payable in advance, commencing on the 1st day of June, 2011, and on the 1st day of each June thereafter during the term of this lease. Lessee shall be in default, as provided in Article 9, if any annual rental payment has not been delivered to or received by Lessor within ten (10) days of the date on which it is due. In the event Lessee has failed to pay the rent and other monies due to Lessor before the date due, Lessee shall owe, as additional rent, a late charge equal to one and one-half percent (1½ %) of all money due and owing, in addition to any other remedy available to Lessor by reason of such default.

Article 3. Term

1. The term of this lease shall be a period of five (5) years commencing June 1, 2011, and terminating on the 31st day of May, 2016.

2. At the end of such term, this lease shall expire unless the parties have, prior to that time, entered into an agreement in writing to the contrary.

Article 4. Option to Renew

1. In the event Lessee has fully performed all the provisions of this lease required of it, this lease shall automatically renew for an additional five year term following the primary term hereof,

unless either party notifies the other ninety (90) days prior to the end of any term or extended term thereof of their desire to not renew.

2. The rental fees for any renewal term shall be equal to the amount which is annually determined by Lessor which Lessee is occupying or the then expiring rental fee of this current agreement, whichever is greater. The increases or decreases in the rental fees resulting therefrom will be effective as of the commencement of the renewal term.

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1. Lessee hereby agrees to comply with the following agreements:

a. To use the hangar only to house aircraft registered with Lessor, which are owned or leased by Lessee, along with any necessary aircraft parts and support equipment associated with the aircraft. Such aircraft to be airworthy, or actively being repaired or assembled with the intent on becoming airworthy, except Lessee may use no more than an aggregate of 25% of the total square footage of the leased hangar for non-related items other than aircraft related items, provided such non-related items comply with all the provisions and restrictions contained herein.

b. To store no gasoline, explosives or flammable materials in the hangar, or any other hazardous material or substance, including any such items that violates applicable building codes, fire codes or Airport Rules and Regulations.

c. To not conduct repairs or maintenance on any aircraft other than aircraft owned by Lessee, nor which exceeds the provisions and/or restrictions of any appropriate Federal Aviation Regulation (FAR), provided, also, that no business activities shall be conducted in any hangar.

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Article 9. Forfeiture and Termination

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1. Automatically at the expiration of its original or any renewal term;

2. Should Lessee fail to make any payment required hereunder within ten (10) days of its due date, or should Lessee fail to remedy any other condition or event of default of this Lease within ten (10) days of service by Lessor of a written notification specifying the nature of Lessee's default or breach and stating that the Lease shall terminate automatically on the date specified in the notice unless such breach has been cured by such date.

3. Should such termination occur prior to the expiration of this Lease, Lessor may then, at its option, declare forfeiture and termination of this Lease, and shall have the right to reenter and take possession of the premises as in peaceable entry and forcible detainer, and to lease the same to another tenant(s); provided, however, that such forfeiture, termination and reentry shall in no event relieve or release Lessee, its subleases or assigns, from its or their respective obligations to pay rent hereunder, except that Lessee shall receive credit for any net rent (after reduction for the costs and expenses of Lessor in re-letting the premises) received by Lessor in the event said premises or any portion thereof are leased to another tenant(s) during the unexpired portion of the then current term. Lessor's failure to exercise such rights on any breach shall not prevent the exercise of such rights

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2. Any personal property of Lessee which is not removed from the premises on or before the termination date shall be deemed abandoned and title thereto shall thereupon vest in Lessor.

3. **Exception.** As an exception to the foregoing, Lessee shall have up to sixty (60) days following the expiration of the lease term in order to remove its machinery, equipment, and property from the leased premises; provided, however, that Lessee shall be responsible for paying the then applicable monthly rent for each calendar month in which Lessee's property remains upon the leased premises. At the end of such sixty (60) day period, any such machinery, equipment or other property of Lessee continuing to remain on the property shall be deemed to be abandoned and shall be and become the property of Lessor. As provided in Article 12, within an additional sixty (60) days, Lessee shall have the right to remove the hangar from the premises, unless Lessee elects to sell the hangar, renew, sublease or assign the lease. Failure to remove or sell the hangar, renew, sublease or assign the lease within the additional sixty (60) days will result in the abandonment of the hangar to the Lessor.

Article 11. Modifications for Granting FAA Funds

1. In the event that the Federal Aviation Administration requires modifications or changes to this agreement as a condition precedent to granting of funds for the improvement of the Airport, Lessee agrees to consent to such reasonable amendments, modification, revisions, supplements or deletions of any of the terms, conditions or requirements of this Agreement as may be reasonably required to enable Lessor to obtain said Federal Aviation Administration funds, provided that in no event shall such changes materially impair the rights of Lessee hereunder or materially increase its obligations.

Article 12. Mutual Agreements of the Parties

It is further mutually agreed by Lessor and Lessee:

1. Lessee shall have exclusive use of the hangar site and the non-exclusive use of the

runways of Moritz Memorial Airport for take-offs and landings of airplanes and the privilege to purchase gasoline, oil and other like products.

2. Lessee shall not sublease or assign this lease without the written consent of Lessor; further, written notice shall be given to the Lessor of any sale of the hangar comprehended by the Lessee during the term thereof if Lessee is the owner of the hangar located on the site above mentioned.

3. Lessee may remove the hangar if owned by Lessee from the leased premises at the end of this lease. Lessee agrees to keep said premises in a clean and presentable condition, and further, not to use or allow the use of said premises for any other purpose than herein stated and in conformity to all Federal and State airport laws and regulations.

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5. Lessor reserves the right further to develop or improve the landing area and all publicly owned air navigation facilities of the airport as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance.

6. Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected any building or other structure on the airport which in the opinion of the Lessor would limit the usefulness of the airport or constitute a hazard to aircraft.

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

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

10. The lease shall become subordinate to provisions of any existing or future agreement between the Lessor and the United States of America or any agency thereof relative to the operation,

development, or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the airport.

11. In the event Lessee shall violate any of the terms and conditions of this lease, and shall fail after 30 days notice in writing from the Lessor to rectify such violation, Lessor may, at its option, declare this lease canceled and terminated and shall be entitled to immediate possession of the leased premises without adjustment to any un-used rent.

12. Lessor reserves the right to enter upon the leased premises at any reasonable time for the purpose of making any inspection it may deem expedient.

13. Both parties reserve the right to cancel this lease at the end of any term upon giving the other party a 90 day written notice of intention to cancel prior to the end of the primary term or any extended term as herein provided. When neither party shall have given such written notice, this lease agreement shall be deemed automatically renewed for a like five (5) year period for the same cash rent, payable in advance, provided, however said cash rental shall be subject to negotiation at the request of either, or both, parties, which negotiation shall be done prior to the right of the parties to give written notice of intent to cancel.

14. At the expiration or termination of this lease, the Lessee agrees that it will give peaceful possession of the leased premises in as good condition as they now are, ordinary wear and tear excepted.

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1. It is further expressly understood and agreed by and between the parties hereto that in the event any covenant, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained provided, however, that the invalidity of any such covenant, condition or provision does not materially prejudice either Lessor or Lessee in their respective rights and obligations contained in the valid covenants, conditions or provision in this agreement.

IN WITNESS WHEREOF the parties have executed the Hangar Lease Agreement the day and year first above written.

Lessee:

Steve Thompson

Lessor:

CITY OF BELOIT, KANSAS

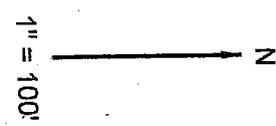
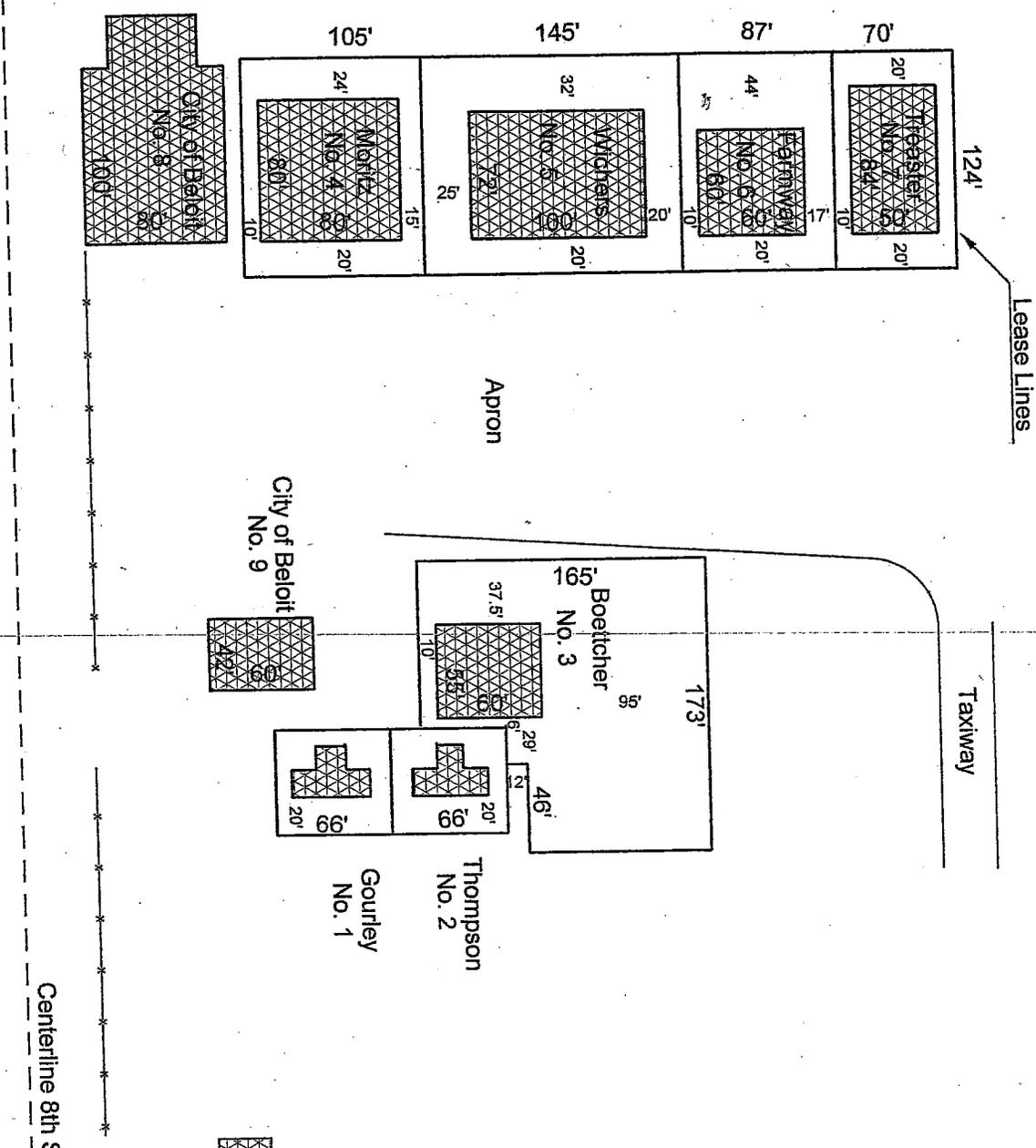
By _____
Rebecca J. Koster, Mayor

ATTEST:

Kerry L. Benson, City Clerk

Map of Hangers
Moritz Memorial Airport

December, 2009



Areas of Leases

Hanger No	Area (Sq ft)
1	5,000
2	5,000
3	24,475
4	13,020
5	17,980
6	10,788
7	8,860

Denotes Hanger Bldg

Centerline 8th St

HANGAR LEASE AGREEMENT
(Services to Public Prohibited)

THIS HANGAR LEASE AGREEMENT (Agreement), made and entered into as of the _____ day of June, 2011, by and between the CITY OF BELOIT, KANSAS, a municipal corporation, (City), hereinafter referred to as Lessor, and Larry Gourley, (Tenant), hereinafter referred to as Lessee.

WITNESSETH, the purpose of this lease instrument is to confirm subsisting lease agreements between the parties, where applicable, or to express a new agreement between the parties, all for the purpose of achieved satisfactory requisites of state and federal regulations incident to the operation and management of the Moritz Memorial Airport; and

FURTHER WITNESSETH, that Lessee either owns or intends to construct a building on real estate owned by the City of Beloit, and Lessor leases to the Lessee, to-wit:

Article 1. Exclusive Use of Premises

1. Lessor hereby leases and rents the premises Site No. 1 as shown on the attached diagram marked Exhibit "A" (physical address).

Article 2. Rental

1. Lessee shall pay to Lessor as rental for said premises the sum of \$250.00 per year, payable in advance, commencing on the 1st day of June, 2011, and on the 1st day of each June thereafter during the term of this lease. Lessee shall be in default, as provided in Article 9, if any annual rental payment has not been delivered to or received by Lessor within ten (10) days of the date on which it is due. In the event Lessee has failed to pay the rent and other monies due to Lessor before the date due, Lessee shall owe, as additional rent, a late charge equal to one and one-half percent (1½ %) of all money due and owing, in addition to any other remedy available to Lessor by reason of such default.

Article 3. Term

1. The term of this lease shall be a period of five (5) years commencing June 1, 2011, and terminating on the 31st day of May, 2016.

2. At the end of such term, this lease shall expire unless the parties have, prior to that time, entered into an agreement in writing to the contrary.

Article 4. Option to Renew

1. In the event Lessee has fully performed all the provisions of this lease required of it, this lease shall automatically renew for an additional five year term following the primary term hereof,

unless either party notifies the other ninety (90) days prior to the end of any term or extended term thereof of their desire to not renew.

2. The rental fees for any renewal term shall be equal to the amount which is annually determined by Lessor which Lessee is occupying or the then expiring rental fee of this current agreement, whichever is greater. The increases or decreases in the rental fees resulting therefrom will be effective as of the commencement of the renewal term.

3. Except of the rental rate, all agreements and conditions in this lease shall have the same force and effect for each renewal term as for the original term unless the parties otherwise agree in writing.

Article 5. Lessee's Covenants

1. Lessee hereby agrees to comply with the following agreements:

a. To use the hangar only to house aircraft registered with Lessor, which are owned or leased by Lessee, along with any necessary aircraft parts and support equipment associated with the aircraft. Such aircraft to be airworthy, or actively being repaired or assembled with the intent on becoming airworthy, except Lessee may use no more than an aggregate of 25% of the total square footage of the leased hangar for non-related items other than aircraft related items, provided such non-related items comply with all the provisions and restrictions contained herein.

b. To store no gasoline, explosives or flammable materials in the hangar, or any other hazardous material or substance, including any such items that violates applicable building codes, fire codes or Airport Rules and Regulations.

c. To not conduct repairs or maintenance on any aircraft other than aircraft owned by Lessee, nor which exceeds the provisions and/or restrictions of any appropriate Federal Aviation Regulation (FAR), provided, also, that no business activities shall be conducted in any hangar.

d. Lessee shall comply with all statutes, ordinances, and other governmental regulations. All activities conducted on the leased premises, or any other activities conducted by Lessee on or about the Airport shall conform with acceptable safety standards. Applicable FAA standards, and local building and fire codes shall be used as a guide.

e. Lessee agrees to provide a key to Lessee's hangar to Lessor so that in the event of an emergency situation, Lessor can enter the Lessee's hangar to deal with such emergency.

Article 6. Utilities and Maintenance

1. Lessee shall be responsible for the installation of, and service charges for, all utilities. Utility installations shall comply with all applicable ordinance and code requirements of City. Only one (1) meter per hangar shall be allowed.

2. Lessors shall mow the area around each site described in Article 1 and remove snow in front of the hangars located thereon.

Article 7. Renter's Insurance

1. At all times Lessee occupies the premises Lessee shall maintain comprehensive general liability insurance, with liability limits no less than one hundred thousand dollars (\$100,000.00) insuring the Lessee against claims for injury, wrongful death or property damage occurring on the rented premises. Lessor provides no coverage for Lessee's property stored on the premises and any insurance and/or loss incurred will be the sole responsibility of Lessee. Lessee shall provide a certificate of coverage to comply with this section naming Lessor as secondary insured.

Article 8. Inspections

1. Lessor reserves the right to make periodic inspection of the premises and, should any fire hazards, nuisances or other objectionable conditions exist upon the premises herein leased or subject to the control of Lessee, then Lessee agrees to abate the same within ten (10) days after receiving written notice thereof as specified in Article 9 regarding a breach of agreement.

Article 9. Forfeiture and Termination

This Lease shall terminate:

1. Automatically at the expiration of its original or any renewal term;

2. Should Lessee fail to make any payment required hereunder within ten (10) days of its due date, or should Lessee fail to remedy any other condition or event of default of this Lease within ten (10) days of service by Lessor of a written notification specifying the nature of Lessee's default or breach and stating that the Lease shall terminate automatically on the date specified in the notice unless such breach has been cured by such date.

3. Should such termination occur prior to the expiration of this Lease, Lessor may then, at its option, declare forfeiture and termination of this Lease, and shall have the right to reenter and take possession of the premises as in peaceable entry and forcible detainer, and to lease the same to another tenant(s); provided, however, that such forfeiture, termination and reentry shall in no event relieve or release Lessee, its subleases or assigns, from its or their respective obligations to pay rent hereunder, except that Lessee shall receive credit for any net rent (after reduction for the costs and expenses of Lessor in re-letting the premises) received by Lessor in the event said premises or any portion thereof are leased to another tenant(s) during the unexpired portion of the then current term. Lessor's failure to exercise such rights on any breach shall not prevent the exercise of such rights

upon a subsequent breach. All rights and remedies provided herein are cumulative, and all or any of them may be used to collect rent, damages and possession.

Article 10. Surrender of Premises

1. Upon the expiration of the term herein provided or any prior termination, Lessee shall surrender quiet and peaceful possession of the leased premises to Lessor in as good condition as the same now are, reasonable wear and tear expected. Lessee shall remove its property and equipment from the premises and shall at its own expense, repair and restore any damage caused by the removal of such property and equipment. In the event Lessee continues to occupy the premises beyond termination date, whether with or without the consent of Lessor, Lessee shall have continuing responsibility and liability to Lessor for the rental value of the leased premises and the improvements thereon during such additional time at the full, fair rental rate then in effect, although in no event less than the amount of the last applicable rental rate under this Lease.

2. Any personal property of Lessee which is not removed from the premises on or before the termination date shall be deemed abandoned and title thereto shall thereupon vest in Lessor.

3. **Exception.** As an exception to the foregoing, Lessee shall have up to sixty (60) days following the expiration of the lease term in order to remove its machinery, equipment, and property from the leased premises; provided, however, that Lessee shall be responsible for paying the then applicable monthly rent for each calendar month in which Lessee's property remains upon the leased premises. At the end of such sixty (60) day period, any such machinery, equipment or other property of Lessee continuing to remain on the property shall be deemed to be abandoned and shall be and become the property of Lessor. As provided in Article 12, within an additional sixty (60) days, Lessee shall have the right to remove the hangar from the premises, unless Lessee elects to sell the hangar, renew, sublease or assign the lease. Failure to remove or sell the hangar, renew, sublease or assign the lease within the additional sixty (60) days will result in the abandonment of the hangar to the Lessor.

Article 11. Modifications for Granting FAA Funds

1. In the event that the Federal Aviation Administration requires modifications or changes to this agreement as a condition precedent to granting of funds for the improvement of the Airport, Lessee agrees to consent to such reasonable amendments, modification, revisions, supplements or deletions of any of the terms, conditions or requirements of this Agreement as may be reasonably required to enable Lessor to obtain said Federal Aviation Administration funds, provided that in no event shall such changes materially impair the rights of Lessee hereunder or materially increase its obligations.

Article 12. Mutual Agreements of the Parties

It is further mutually agreed by Lessor and Lessee:

1. Lessee shall have exclusive use of the hangar site and the non-exclusive use of the

runways of Moritz Memorial Airport for take-offs and landings of airplanes and the privilege to purchase gasoline, oil and other like products.

2. Lessee shall not sublease or assign this lease without the written consent of Lessor; further, written notice shall be given to the Lessor of any sale of the hangar comprehended by the Lessee during the term thereof if Lessee is the owner of the hangar located on the site above mentioned.

3. Lessee may remove the hangar if owned by Lessee from the leased premises at the end of this lease. Lessee agrees to keep said premises in a clean and presentable condition, and further, not to use or allow the use of said premises for any other purpose than herein stated and in conformity to all Federal and State airport laws and regulations.

4. Lessor reserves the right (but shall not be obligated to Lessee) to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of the Lessee in this regard.

5. Lessor reserves the right further to develop or improve the landing area and all publicly owned air navigation facilities of the airport as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance.

6. Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected any building or other structure on the airport which in the opinion of the Lessor would limit the usefulness of the airport or constitute a hazard to aircraft.

7. During time of war or national emergency Lessor shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly-owned air navigation facilities and/or other areas or facilities of the airport. If any such agreement is executed, the provisions of this instrument, insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.

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

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

10. The lease shall become subordinate to provisions of any existing or future agreement between the Lessor and the United States of America or any agency thereof relative to the operation,

development, or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the airport.

11. In the event Lessee shall violate any of the terms and conditions of this lease, and shall fail after 30 days notice in writing from the Lessor to rectify such violation, Lessor may, at its option, declare this lease canceled and terminated and shall be entitled to immediate possession of the leased premises without adjustment to any un-used rent.

12. Lessor reserves the right to enter upon the leased premises at any reasonable time for the purpose of making any inspection it may deem expedient.

13. Both parties reserve the right to cancel this lease at the end of any term upon giving the other party a 90 day written notice of intention to cancel prior to the end of the primary term or any extended term as herein provided. When neither party shall have given such written notice, this lease agreement shall be deemed automatically renewed for a like five (5) year period for the same cash rent, payable in advance, provided, however said cash rental shall be subject to negotiation at the request of either, or both, parties, which negotiation shall be done prior to the right of the parties to give written notice of intent to cancel.

14. At the expiration or termination of this lease, the Lessee agrees that it will give peaceful possession of the leased premises in as good condition as they now are, ordinary wear and tear excepted.

15. If Lessee has entered into a prior agreement with Lessor allowing Lessee to construct a hangar building on the premises owned by Lessor said prior agreement as it relates to said hangar building and Lessee's right to remove the building from the leased premises at the termination of this lease is incorporated herein by reference and made a part hereof as if in full herein set out.

16. This agreement shall extend to and be binding upon the heirs, executors, administrators, trustees, receivers, and assigns of the parties hereto.

Article 13. Invalid Provisions

1. It is further expressly understood and agreed by and between the parties hereto that in the event any covenant, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained provided, however, that the invalidity of any such covenant, condition or provision does not materially prejudice either Lessor or Lessee in their respective rights and obligations contained in the valid covenants, conditions or provision in this agreement.

IN WITNESS WHEREOF the parties have executed the Hangar Lease Agreement the day and year first above written.

Lessee:

Larry Gourley

Lessor:

CITY OF BELOIT, KANSAS

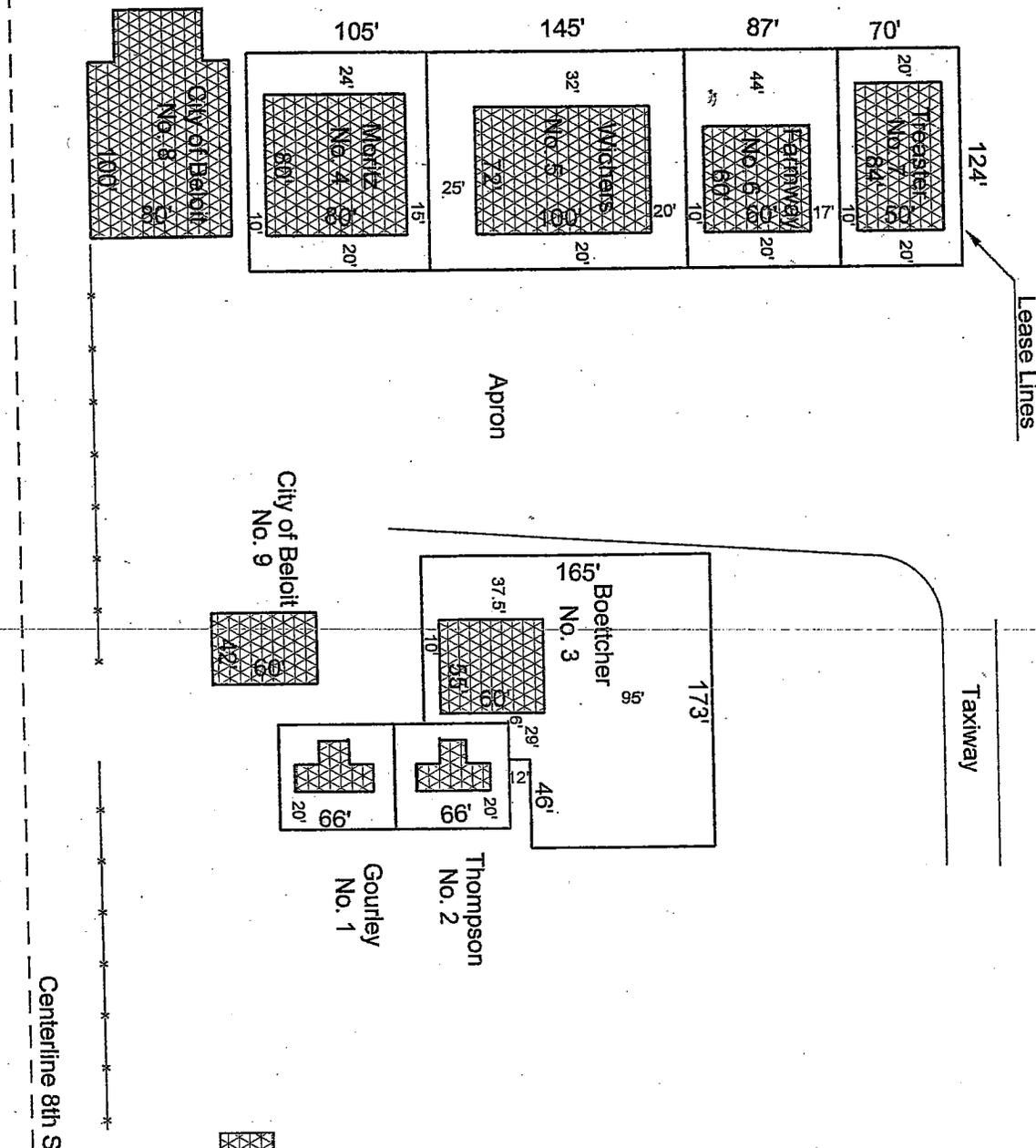
By _____
Rebecca J. Koster, Mayor

ATTEST:

Kerry L. Benson, City Clerk

Map of Hangers
Moritz Memorial Airport

December, 2009



Areas of Leases

Hanger No	Area (Sq ft)
1	5,000
2	5,000
3	24,475
4	13,020
5	17,980
6	10,788
7	8,860

Denotes Hanger Bldg

Centerline 8th St

HANGAR LEASE AGREEMENT
(Services to Public Prohibited)

THIS HANGAR LEASE AGREEMENT (Agreement), made and entered into as of the _____ day of June, 2011, by and between the CITY OF BELOIT, KANSAS, a municipal corporation, (City), hereinafter referred to as Lessor, and Arden Treaster, (Tenant), hereinafter referred to as Lessee.

WITNESSETH, the purpose of this lease instrument is to confirm subsisting lease agreements between the parties, where applicable, or to express a new agreement between the parties, all for the purpose of achieved satisfactory requisites of state and federal regulations incident to the operation and management of the Moritz Memorial Airport; and

FURTHER WITNESSETH, that Lessee either owns or intends to construct a building on real estate owned by the City of Beloit, and Lessor leases to the Lessee, to-wit:

Article 1. Exclusive Use of Premises

1. Lessor hereby leases and rents the premises Site No. 7 as shown on the attached diagram marked Exhibit "A" (physical address).

Article 2. Rental

1. Lessee shall pay to Lessor as rental for said premises the sum of \$443.00 per year, payable in advance, commencing on the 1st day of June, 2011, and on the 1st day of each June thereafter during the term of this lease. Lessee shall be in default, as provided in Article 9, if any annual rental payment has not been delivered to or received by Lessor within ten (10) days of the date on which it is due. In the event Lessee has failed to pay the rent and other monies due to Lessor before the date due, Lessee shall owe, as additional rent, a late charge equal to one and one-half percent (1½ %) of all money due and owing, in addition to any other remedy available to Lessor by reason of such default.

Article 3. Term

1. The term of this lease shall be a period of five (5) years commencing June 1, 2011, and terminating on the 31st day of May, 2016.

2. At the end of such term, this lease shall expire unless the parties have, prior to that time, entered into an agreement in writing to the contrary.

Article 4. Option to Renew

1. In the event Lessee has fully performed all the provisions of this lease required of it, this lease shall automatically renew for an additional five year term following the primary term hereof,

unless either party notifies the other ninety (90) days prior to the end of any term or extended term thereof of their desire to not renew.

2. The rental fees for any renewal term shall be equal to the amount which is annually determined by Lessor which Lessee is occupying or the then expiring rental fee of this current agreement, whichever is greater. The increases or decreases in the rental fees resulting therefrom will be effective as of the commencement of the renewal term.

3. Except of the rental rate, all agreements and conditions in this lease shall have the same force and effect for each renewal term as for the original term unless the parties otherwise agree in writing.

Article 5. Lessee's Covenants

1. Lessee hereby agrees to comply with the following agreements:

a. To use the hangar only to house aircraft registered with Lessor, which are owned or leased by Lessee, along with any necessary aircraft parts and support equipment associated with the aircraft. Such aircraft to be airworthy, or actively being repaired or assembled with the intent on becoming airworthy, except Lessee may use no more than an aggregate of 25% of the total square footage of the leased hangar for non-related items other than aircraft related items, provided such non-related items comply with all the provisions and restrictions contained herein.

b. To store no gasoline, explosives or flammable materials in the hangar, or any other hazardous material or substance, including any such items that violates applicable building codes, fire codes or Airport Rules and Regulations.

c. To not conduct repairs or maintenance on any aircraft other than aircraft owned by Lessee, nor which exceeds the provisions and/or restrictions of any appropriate Federal Aviation Regulation (FAR), provided, also, that no business activities shall be conducted in any hangar.

d. Lessee shall comply with all statutes, ordinances, and other governmental regulations. All activities conducted on the leased premises, or any other activities conducted by Lessee on or about the Airport shall conform with acceptable safety standards. Applicable FAA standards, and local building and fire codes shall be used as a guide.

e. Lessee agrees to provide a key to Lessee's hangar to Lessor so that in the event of an emergency situation, Lessor can enter the Lessee's hangar to deal with such emergency.

Article 6. Utilities and Maintenance

1. Lessee shall be responsible for the installation of, and service charges for, all utilities. Utility installations shall comply with all applicable ordinance and code requirements of City. Only one (1) meter per hangar shall be allowed.

2. Lessors shall mow the area around each site described in Article 1 and remove snow in front of the hangars located thereon.

Article 7. Renter's Insurance

1. At all times Lessee occupies the premises Lessee shall maintain comprehensive general liability insurance, with liability limits no less than one hundred thousand dollars (\$100,000.00) insuring the Lessee against claims for injury, wrongful death or property damage occurring on the rented premises. Lessor provides no coverage for Lessee's property stored on the premises and any insurance and/or loss incurred will be the sole responsibility of Lessee. Lessee shall provide a certificate of coverage to comply with this section naming Lessor as secondary insured.

Article 8. Inspections

1. Lessor reserves the right to make periodic inspection of the premises and, should any fire hazards, nuisances or other objectionable conditions exist upon the premises herein leased or subject to the control of Lessee, then Lessee agrees to abate the same within ten (10) days after receiving written notice thereof as specified in Article 9 regarding a breach of agreement.

Article 9. Forfeiture and Termination

This Lease shall terminate:

1. Automatically at the expiration of its original or any renewal term;

2. Should Lessee fail to make any payment required hereunder within ten (10) days of its due date, or should Lessee fail to remedy any other condition or event of default of this Lease within ten (10) days of service by Lessor of a written notification specifying the nature of Lessee's default or breach and stating that the Lease shall terminate automatically on the date specified in the notice unless such breach has been cured by such date.

3. Should such termination occur prior to the expiration of this Lease, Lessor may then, at its option, declare forfeiture and termination of this Lease, and shall have the right to reenter and take possession of the premises as in peaceable entry and forcible detainer, and to lease the same to another tenant(s); provided, however, that such forfeiture, termination and reentry shall in no event relieve or release Lessee, its subleases or assigns, from its or their respective obligations to pay rent hereunder, except that Lessee shall receive credit for any net rent (after reduction for the costs and expenses of Lessor in re-letting the premises) received by Lessor in the event said premises or any portion thereof are leased to another tenant(s) during the unexpired portion of the then current term. Lessor's failure to exercise such rights on any breach shall not prevent the exercise of such rights

upon a subsequent breach. All rights and remedies provided herein are cumulative, and all or any of them may be used to collect rent, damages and possession.

Article 10. Surrender of Premises

1. Upon the expiration of the term herein provided or any prior termination, Lessee shall surrender quiet and peaceful possession of the leased premises to Lessor in as good condition as the same now are, reasonable wear and tear expected. Lessee shall remove its property and equipment from the premises and shall at its own expense, repair and restore any damage caused by the removal of such property and equipment. In the event Lessee continues to occupy the premises beyond termination date, whether with or without the consent of Lessor, Lessee shall have continuing responsibility and liability to Lessor for the rental value of the leased premises and the improvements thereon during such additional time at the full, fair rental rate then in effect, although in no event less than the amount of the last applicable rental rate under this Lease.

2. Any personal property of Lessee which is not removed from the premises on or before the termination date shall be deemed abandoned and title thereto shall thereupon vest in Lessor.

3. **Exception.** As an exception to the foregoing, Lessee shall have up to sixty (60) days following the expiration of the lease term in order to remove its machinery, equipment, and property from the leased premises; provided, however, that Lessee shall be responsible for paying the then applicable monthly rent for each calendar month in which Lessee's property remains upon the leased premises. At the end of such sixty (60) day period, any such machinery, equipment or other property of Lessee continuing to remain on the property shall be deemed to be abandoned and shall be and become the property of Lessor. As provided in Article 12, within an additional sixty (60) days, Lessee shall have the right to remove the hangar from the premises, unless Lessee elects to sell the hangar, renew, sublease or assign the lease. Failure to remove or sell the hangar, renew, sublease or assign the lease within the additional sixty (60) days will result in the abandonment of the hangar to the Lessor.

Article 11. Modifications for Granting FAA Funds

1. In the event that the Federal Aviation Administration requires modifications or changes to this agreement as a condition precedent to granting of funds for the improvement of the Airport, Lessee agrees to consent to such reasonable amendments, modification, revisions, supplements or deletions of any of the terms, conditions or requirements of this Agreement as may be reasonably required to enable Lessor to obtain said Federal Aviation Administration funds, provided that in no event shall such changes materially impair the rights of Lessee hereunder or materially increase its obligations.

Article 12. Mutual Agreements of the Parties

It is further mutually agreed by Lessor and Lessee:

1. Lessee shall have exclusive use of the hangar site and the non-exclusive use of the

runways of Moritz Memorial Airport for take-offs and landings of airplanes and the privilege to purchase gasoline, oil and other like products.

2. Lessee shall not sublease or assign this lease without the written consent of Lessor; further, written notice shall be given to the Lessor of any sale of the hangar comprehended by the Lessee during the term thereof if Lessee is the owner of the hangar located on the site above mentioned.

3. Lessee may remove the hangar if owned by Lessee from the leased premises at the end of this lease. Lessee agrees to keep said premises in a clean and presentable condition, and further, not to use or allow the use of said premises for any other purpose than herein stated and in conformity to all Federal and State airport laws and regulations.

4. Lessor reserves the right (but shall not be obligated to Lessee) to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of the Lessee in this regard.

5. Lessor reserves the right further to develop or improve the landing area and all publicly owned air navigation facilities of the airport as it sees fit, regardless of the desires or views of Lessee, and without interference or hindrance.

6. Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction, together with the right to prevent Lessee from erecting, or permitting to be erected any building or other structure on the airport which in the opinion of the Lessor would limit the usefulness of the airport or constitute a hazard to aircraft.

7. During time of war or national emergency Lessor shall have the right to enter into an agreement with the United States Government for military or naval use of part or all of the landing area, the publicly-owned air navigation facilities and/or other areas or facilities of the airport. If any such agreement is executed, the provisions of this instrument, insofar as they are inconsistent with the provisions of the agreement with the Government, shall be suspended.

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

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

10. The lease shall become subordinate to provisions of any existing or future agreement between the Lessor and the United States of America or any agency thereof relative to the operation,

development, or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development of the airport.

11. In the event Lessee shall violate any of the terms and conditions of this lease, and shall fail after 30 days notice in writing from the Lessor to rectify such violation, Lessor may, at its option, declare this lease canceled and terminated and shall be entitled to immediate possession of the leased premises without adjustment to any un-used rent.

12. Lessor reserves the right to enter upon the leased premises at any reasonable time for the purpose of making any inspection it may deem expedient.

13. Both parties reserve the right to cancel this lease at the end of any term upon giving the other party a 90 day written notice of intention to cancel prior to the end of the primary term or any extended term as herein provided. When neither party shall have given such written notice, this lease agreement shall be deemed automatically renewed for a like five (5) year period for the same cash rent, payable in advance, provided, however said cash rental shall be subject to negotiation at the request of either, or both, parties, which negotiation shall be done prior to the right of the parties to give written notice of intent to cancel.

14. At the expiration or termination of this lease, the Lessee agrees that it will give peaceful possession of the leased premises in as good condition as they now are, ordinary wear and tear excepted.

15. If Lessee has entered into a prior agreement with Lessor allowing Lessee to construct a hangar building on the premises owned by Lessor said prior agreement as it relates to said hangar building and Lessee's right to remove the building from the leased premises at the termination of this lease is incorporated herein by reference and made a part hereof as if in full herein set out.

16. This agreement shall extend to and be binding upon the heirs, executors, administrators, trustees, receivers, and assigns of the parties hereto.

Article 13. Invalid Provisions

1. It is further expressly understood and agreed by and between the parties hereto that in the event any covenant, condition or provision herein contained is held to be invalid by any court of competent jurisdiction, the invalidity of any such covenant, condition or provision shall in no way affect any other covenant, condition or provision herein contained provided, however, that the invalidity of any such covenant, condition or provision does not materially prejudice either Lessor or Lessee in their respective rights and obligations contained in the valid covenants, conditions or provision in this agreement.

IN WITNESS WHEREOF the parties have executed the Hangar Lease Agreement the day and year first above written.

Lessee:

Arden Treaster

Lessor:

CITY OF BELOIT, KANSAS

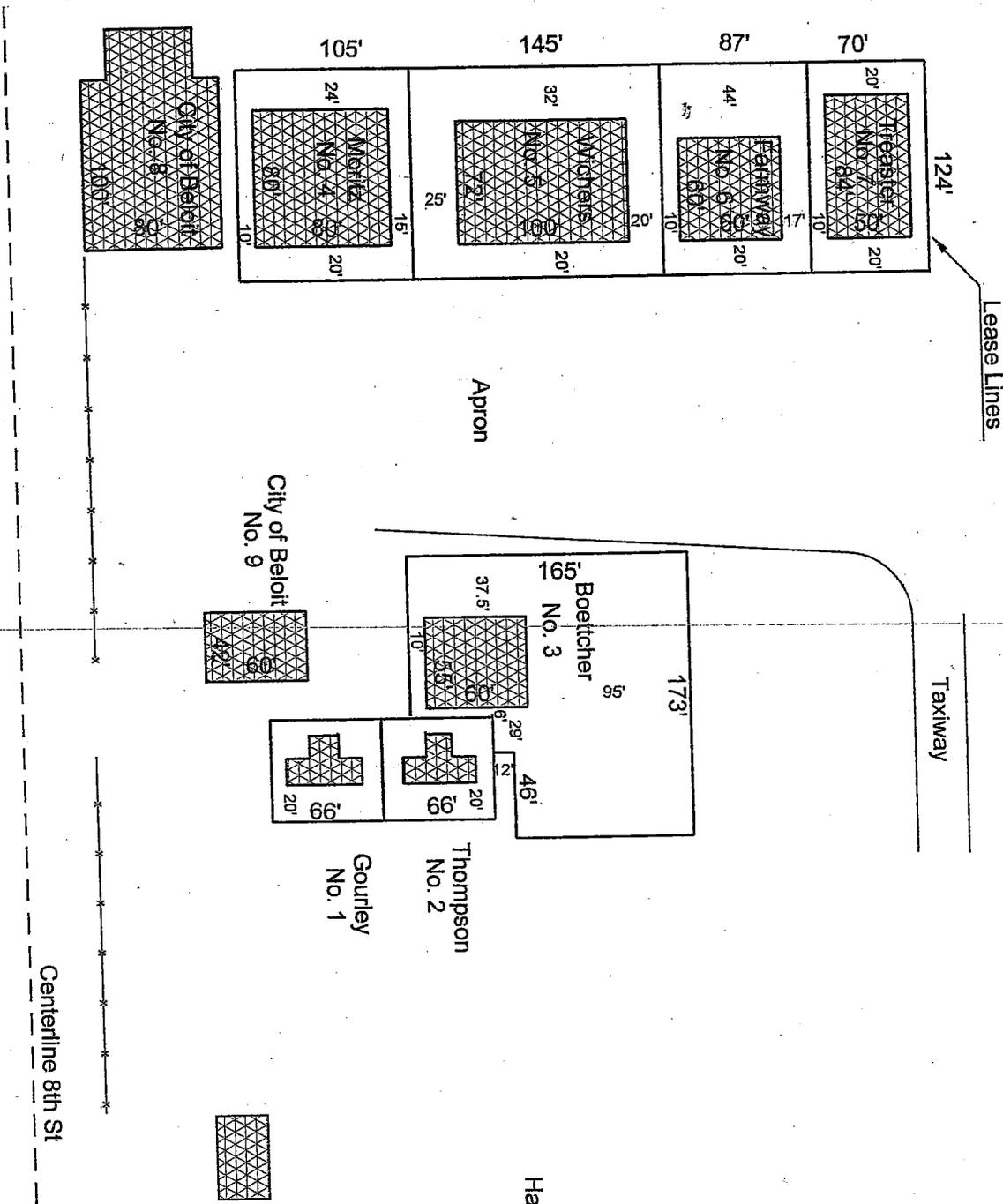
By _____
Rebecca J. Koster, Mayor

ATTEST:

Kerry L. Benson, City Clerk

Map of Hangers
Moritz Memorial Airport

December, 2009



Areas of Leases

Hanger No	Area (Sq ft)
1	5,000
2	5,000
3	24,475
4	13,020
5	17,980
6	10,788
7	8,860

 Denotes Hanger Bldg

Centerline 8th St

REQUEST FOR COUNCIL ACTION

DATE:	TITLE:		
September 7, 2010	STATE ENERGY EFFICIENCY PROGRAM		
ORIGINATING DEPARTMENT:	TYPE OF ACTION:	<input type="checkbox"/> ORDINANCE	<input type="checkbox"/> RESOLUTION
Administration		<input checked="" type="checkbox"/> FORMAL ACTION	<input type="checkbox"/> OTHER

RECOMMENDATION:

I recommend that the City Council approve the enclosed contract with the Kansas State Energy Office.

FISCAL NOTE:

- There is no cost to the City of Beloit for participating in this program.

DISCUSSION:

This program includes:

- 0% interest loan for residential and small commercial/industrial energy efficiency improvements (up to \$20,000 residential and \$30,000 small commercial based on total savings).
- Utility processing fee of \$180 per project.
- Meter-based (with all proper disclosure form requirements).
- No up-front capital outlay required by customer (all associated program costs will be rolled up into the financing).
- EMG provides complete oversight and management of program
 - No Additional cost to the City of providing this program since City is current EMG customer
 - Manage energy auditing process with oversight of efficiency measures, standardizing report process, and translating the audit information into useful information for contractor bid process.
 - EnergyTrax participating contractor local code/program training.
 - Contractor credential verification (proper licenses and insurance for services offered).
 - Stringent participating contractor oversight by EMG (oversight according to EMG Contractor Agreement).

- Highly competitive bid process with EMG hosted “bid walk-through” for every project—invitations to all applicable participating local contractors for every project.
- EnergyTrax web-based database tracks every customer’s progress through the program for the benefit of the customer, the utility, State Energy Office, and EMG.

Respectfully submitted,

Glenn Rodden
City Administrator

**MEMORANDUM OF AGREEMENT
BETWEEN THE KANSAS CORPORATION COMMISSION
AND CITY OF BELOIT FOR REVOLVING LOAN SERVICES OF EFFICIENCY
KANSAS**

Now, on this 7th day of September, 2010, the Kansas Corporation Commission (hereafter “KCC”) and City of Beloit (hereafter “Utility”) enter into the following Memorandum of Agreement for the use of the Efficiency Kansas revolving loan program to finance meter-based energy efficiency and energy conservation improvements in Kansas homes and small businesses.

WHEREAS, the KCC, as summarized in the “Order Following Collaborative on Benefit-Cost Testing and Evaluation, Measurement, and Verification,” Docket No. 08-GIMX-442-GIV, supports utility-sponsored programs that (1) produce cost-effective, firm energy savings, (2) address efficiency improvements in a comprehensive manner using sound building science principles, (3) implement the most cost-effective programs in a logical sequence to maximize the energy savings per dollar spent, (4) target customers residing in structures most in need of efficiency improvements, and (5) are similar to the tariff-based How\$mart® program developed by Midwest Energy;

WHEREAS, the KCC structure includes the State Energy Office and under K.S.A. 74-616 this office is charged with a variety of energy-related responsibilities on behalf of the State of Kansas;

WHEREAS, the State Energy Office is the recipient of Department of Energy Formula Grant (DE-FOA-0000052) funding, under a provision of the American Recovery and Reinvestment Act of 2009, Public Law 111-5;

WHEREAS, the State Energy Office has received approval from the Department of Energy to use this funding to establish a revolving loan fund to finance cost-effective energy efficiency and energy conservation improvements in Kansas residences and small commercial and industrial structures; and

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. KCC agrees to provide the following services:
 - a. Review Energy Conservation Plans for adherence to Efficiency Kansas criteria.
 - b. Maintain list of qualified energy auditors.
 - c. Provide funds to Utility from revolving loan fund to establish a meter-based obligation to recover costs of approved energy efficiency projects in residential, small commercial, and small industrial structures.
 - d. Remit funds within 30 days of receipt of monthly invoices from Utility.
 - e. Provide Utility with Efficiency Kansas promotional materials that may be used in marketing Utility program.

- f. Perform evaluation, monitoring, and verification of Utility's program.

The preceding list of services may be added to at any time during this contract by mutual agreement of the parties.

2. Utility agrees to provide the following services:
 - a. Assist the KCC in providing information about Efficiency Kansas to customers and providing customer support.
 - b. Assist customers in arranging for an energy audit for their residential and small commercial and industrial customers.
 - c. Send KCC the Energy Conservation Plan (including energy audit) for each customer and all required forms.
 - d. Provide the customer and contractors all program forms as required by KCC and return signed forms and acknowledgments to KCC.
 - e. Inform customer of KCC approval of project.
 - f. Review and provide verification that project has been completed according to approved plan and that safety "test-out" has been performed.
 - g. Send KCC signed Certificate of Project Completion and contractor invoices for each project.
 - h. Receive KCC payments to establish a meter-based obligation to recover costs of approved energy efficiency projects in residential, small commercial, and small industrial structures.
 - i. Pay contractors for approved services.
 - j. Place a charge on customer's bill.
 - k. Offer customers a provision for payment in full.
 - l. Commit and obligate itself to forwarding customer payments and KCC administration fee to KCC on a monthly basis.
 - m. Report, on a monthly basis, the status of each meter obligation, including meter location and total amount of remaining obligation at each meter. If Utility turns uncollectible obligations back to the KCC pursuant to subsections (3)(e), (3)(f) and 3(g) below, Utility shall not be responsible for repayment, provided it has complied with all terms of this agreement and the Efficiency Kansas program manual, which has been incorporated by reference, or any Commission order.
 - n. File a UCC, or other notice approved by the KCC, and renew as needed, for each property with a meter-based obligation.
 - o. Provide quarterly reports to the KCC, as required by the Department of Energy, detailing (1) the number and value of projects funded through tariff-based program; (2) number of buildings retrofitted, by sector; (3) square footage of buildings retrofitted, by sector; (4) projected energy

savings (MWh, mmcf); and (5) number of jobs created or retained as a result of KCC funding.

- p. Include Efficiency Kansas “brand” in materials promoting Utility’s program.
- q. Execute the appropriate documents for the use of any copyrighted material, trademark, service mark, or intellectual property in Utility’s program.
- r. Provide notice to the KCC within five days of service of any lawsuit brought against Utility that is associated with the Efficiency Kansas program and Utility program. Utility shall also provide notice to the KCC within five days of commencing any lawsuit associated with the Efficiency Kansas program and Utility program, including actions filed to collect upon unpaid debt by a customer associated with an energy efficiency project undertaken through the Utility’s program.
- s. Comply with all guidelines for prudent approval of customer eligibility as set forth in the Efficiency Kansas Program Manual.
- t. At the time of the transfer of service from one customer to another, Utility shall require the new customer at that meter to execute a document entitled Assumption of Meter-based Obligation, that is substantially similar to the Assumption of Meter-Based Obligation form developed by the Energy Efficiency Institute (EEI) for use with the PAYS® program. Utility shall not be required to use PAYS® forms, but must establish such a form that contains substantially similar information.

The preceding list of services may be added to at any time during this contract by mutual agreement of the parties.

- 3. KCC and Utility mutually agree to the following reimbursement provisions:
 - a. KCC will release project funding to Utility at approval of the project within 30 days of receipt.
 - b. Utility will submit Certificate of Completion and paid invoices for all projects to the KCC after completion.
 - c. Utility will remit funds to the KCC on a monthly basis for the projects it has received payment from customers. Utility will make payment to the KCC on the 15th of each month, for the preceding month’s billing cycle.
 - d. Utility will identify in its payments to the KCC each project number, and the payment status, including number of payments made and remaining, for each project.
 - e. Utility will notify KCC in the event of nonpayment by the customer. Utility shall provide notice to the KCC as to the current status of collection efforts.
 - f. Utility will pursue all available means to collect the Efficiency Kansas charge. Utility will make no less effort to collect the Efficiency Kansas charge than it would for any other debt collection matter. At such time as Utility determines that it has exhausted its means of collection, Utility shall

notify the State Energy Office of the meter number, meter address, name of customer, and customer's social security number and last known address. Utility will also submit the "Verified Statement" form, included as Attachment A herein, stating that Utility has made every effort to recover the unpaid amounts (and no less effort than it would have made in any other collection matter) and that it has complied with all requirements of the program as set forth in the Program Manual.

- g. The State Energy Office will monitor the status of all meter-based obligations that have gone into default. The KCC, in its sole discretion, may request that the defaulted obligation be returned to the KCC for collection, within 30 days of such request.
 - h. In the event that the KCC, in its sole discretion, determines that Utility has incurred a disproportionate amount of uncollectible obligations under the Efficiency Kansas revolving loan program partnership, the KCC may suspend approval of additional projects for up to 60 days, pending a review of Utility's criteria for approving customers under the program. Utility shall cooperate with the KCC to review whether revisions to Utility's program are necessary to reduce future losses.
- 4. All provisions contained within the Efficiency Kansas Program Manual, and any future amendments, shall apply to this agreement, which is hereby incorporated by reference.
 - 5. KCC reserves the right to terminate this agreement with 60 days advance notice to Utility. Utility will continue to remit customer charge and KCC administration fee on a monthly basis for existing meter-based obligations, until entire amount of KCC funding has been repaid.
 - 6. The parties acknowledge that the Efficiency Kansas loan program is subject to revisions and the most current version program manual shall be available on the Efficiency Kansas Website. The parties agree that the parties shall execute addendums to this MOA to incorporate changes to the Efficiency Kansas program.
 - 7. The attached DA146a is hereby incorporated by reference.

In WITNESS WHEREOF, the parties hereto have affixed their signatures.

Rebecca J Koster
Mayor
City of Beloit
Date:

Susan Duffy
Executive Director
Kansas Corporation Commission
Date:

**UTILITY VERIFICATION OF COLLECTION PROCEDURES
FOR METER-BASED OBLIGATION DEEMED UNCOLLECTIBLE**

City of Beloit, pursuant to its agreement with the KCC and in partnership with the Efficiency Kansas Revolving Loan Program, entered into an agreement with the customer listed below for a meter-based obligation to fund energy efficiency improvements. This obligation has been deemed by City of Beloit to be uncollectible:

Customer Name	Last known address
Meter Address	Last known phone number
City, Zip Code	Last known employer
Meter #	Utility Account #
SSN	

This customer was the original owner/occupant of the premises served by the above referenced meter ___yes ___no

Date last payment received: _____

Uncollectible amount: _____

(Below, initial in blank provided by each statement for which the utility is providing verification.)

____ The application for the original customer at the above referenced meter was approved pursuant to program guidelines set forth in the Efficiency Kansas Program Manual, Memorandum of Agreement with the Kansas Corporation Commission, and any applicable Commission orders.

____ Initial customer and subsequent owner or occupant requesting service at the above referenced location were provided with all applicable notices and terms of the program, including notice of the interest rate, repayment terms, monthly repayment amount, length of repayment, collateral requirements, and fee structure.

____ UCC and/or any applicable notices were filed and updated by the Utility as necessary.
Specify dates of initial and updated UCC filings in space provided below.

____ City of Beloit has made no less effort to collect the Efficiency Kansas meter-based obligation than it would to collect any other utility bill amount that is in default.

____ The above referenced meter-based obligation has been deemed to be uncollectible.

____ The above referenced meter-based obligation has not become uncollectible due to any negligence or error of City of Beloit, its agents, employees, or contractors.

State of Kansas)
) ss.
County of _____)

I, _____, hereby state that I am employed by City of Beloit as _____. City of Beloit has complied with all terms of the Efficiency Kansas Program Manual and all applicable agreements, Commission orders, statutes and regulations. City of Beloit has taken all prudent steps to collect on this meter-based obligation and has determined it to be uncollectible. City of Beloit hereby submits this meter based obligation to the KCC as uncollectible pursuant to its Memorandum of Agreement with the KCC dated _____. On behalf of City of Beloit, I hereby certify, upon my oath, that the above information is true and correct to the best of my knowledge.

Subscribed and sworn to before me this ___ day of _____, 20__.

Notary Public

My Appointment Expires:

CONTRACTUAL PROVISIONS ATTACHMENT

Important: This form contains mandatory contract provisions and must be attached to or incorporated in all copies of any contractual agreement. If it is attached to the vendor/contractor's standard contract form, then that form must be altered to contain the following provision:

"The Provisions found in Contractual Provisions Attachment (Form DA-146a, Rev. 1-01), which is attached hereto, are hereby incorporated in this contract and made a part thereof."

The parties agree that the following provisions are hereby incorporated into the contract to which it is attached and made a part thereof, said contract being the _____ day of _____, 20_____.

1. **Terms Herein Controlling Provisions:** It is expressly agreed that the terms of each and every provision in this attachment shall prevail and control over the terms of any other conflicting provision in any other document relating to and a part of the contract in which this attachment is incorporated.
2. **Agreement With Kansas Law:** All contractual agreements shall be subject to, governed by, and construed according to the laws of the State of Kansas.
3. **Termination Due To Lack Of Funding Appropriation:** If, in the judgment of the Director of Accounts and Reports, Department of Administration, sufficient funds are not appropriated to continue the function performed in this agreement and for the payment of the charges hereunder, State may terminate this agreement at the end of its current fiscal year. State agrees to give written notice of termination to contractor at least 30 days prior to the end of its current fiscal year, and shall give such notice for a greater period prior to the end of such fiscal year as may be provided in this contract, except that such notice shall not be required prior to 90 days before the end of such fiscal year. Contractor shall have the right, at the end of such fiscal year, to take possession of any equipment provided State under the contract. State will pay to the contractor all regular contractual payments incurred through the end of such fiscal year, plus contractual charges incidental to the return of any such equipment. Upon termination of the agreement by State, title to any such equipment shall revert to contractor at the end of State's current fiscal year. The termination of the contract pursuant to this paragraph shall not cause any penalty to be charged to the agency or the contractor.
4. **Disclaimer Of Liability:** Neither the State of Kansas nor any agency thereof shall hold harmless or indemnify any contractor beyond that liability incurred under the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.).
5. **Anti-Discrimination Clause:** The contractor agrees: (a) to comply with the Kansas Act Against Discrimination (K.S.A. 44-1001 et seq.) and the Kansas Age Discrimination in Employment Act (K.S.A. 44-1111 et seq.) and the applicable provisions of the Americans With Disabilities Act (42 U.S.C. 12101 et seq.) (ADA) and to not discriminate against any person because of race, religion, color, sex, disability, national origin or ancestry, or age in the admission or access to, or treatment or employment in, its programs or activities; (b) to include in all solicitations or advertisements for employees, the phrase "equal opportunity employer"; (c) to comply with the reporting requirements set out at K.S.A. 44-1031 and K.S.A. 44-1116; (d) to include those provisions in every subcontract or purchase order so that they are binding upon such subcontractor or vendor; (e) that a failure to comply with the reporting requirements of (c) above or if the contractor is found guilty of any violation of such acts by the Kansas Human Rights Commission, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration; (f) if it is determined that the contractor has violated applicable provisions of ADA, such violation shall constitute a breach of contract and the contract may be cancelled, terminated or suspended, in whole or in part, by the contracting state agency or the Kansas Department of Administration.

Parties to this contract understand that the provisions of this paragraph number 5 (with the exception of those provisions relating to the ADA) are not applicable to a contractor who employs fewer than four employees during the term of such contract or whose contracts with the contracting state agency cumulatively total \$5,000 or less during the fiscal year of such agency.
6. **Acceptance Of Contract:** This contract shall not be considered accepted, approved or otherwise effective until the statutorily required approvals and certifications have been given.
7. **Arbitration, Damages, Warranties:** Notwithstanding any language to the contrary, no interpretation shall be allowed to find the State or any agency thereof has agreed to binding arbitration, or the payment of damages or penalties upon the occurrence of a contingency. Further, the State of Kansas shall not agree to pay attorney fees and late payment charges beyond those available under the Kansas Prompt Payment Act (K.S.A. 75-6403), and no provision will be given effect which attempts to exclude, modify, disclaim or otherwise attempt to limit implied warranties of merchantability and fitness for a particular purpose.
8. **Representative's Authority To Contract:** By signing this contract, the representative of the contractor thereby represents that such person is duly authorized by the contractor to execute this contract on behalf of the contractor and that the contractor agrees to be bound by the provisions thereof.
9. **Responsibility For Taxes:** The State of Kansas shall not be responsible for, nor indemnify a contractor for, any federal, state or local taxes which may be imposed or levied upon the subject matter of this contract.
10. **Insurance:** The State of Kansas shall not be required to purchase, any insurance against loss or damage to any personal property to which this contract relates, nor shall this contract require the State to establish a "self-insurance" fund to protect against any such loss or damage. Subject to the provisions of the Kansas Tort Claims Act (K.S.A. 75-6101 et seq.), the vendor or lessor shall bear the risk of any loss or damage to any personal property in which vendor or lessor holds title.
11. **Information:** No provision of this contract shall be construed as limiting the Legislative Division of Post Audit from having access to information pursuant to K.S.A. 46-1101 et seq.
12. **The Eleventh Amendment:** "The Eleventh Amendment is an inherent and incumbent protection with the State of Kansas and need not be reserved, but prudence requires the State to reiterate that nothing related to this contract shall be deemed a waiver of the Eleventh Amendment."