

**Kingman Airport Authority, Inc
7000 Flightline Drive
Kingman, AZ 86401
(520) 757-2134**

Land Lease Agreement for Personal Aircraft Hangars

Lessee: Terry Kennedy

Mailing Address: 2325 Airway

City, State and Zip: Kingman, AZ 86401

Telephone: 757-1484 Aircraft Tail Number _____

Effective Date: February 1, 1997

In consideration of agreements hereinabove and herinafter set out, Kingman Airport Authority, Inc. agrees to permit the applicant to lease the parcel of land described in Exhibit A for five years with lessee's first right of renewal for four (4) subsequent five (5) year periods in accordance with the conditions set forth below:

I. Lessee Agrees:

A. Leased premises specifically described in Exhibit "A" shall be used only for the storage of Lessee's private aircraft and activities related thereto.

B. Rent shall be Five Hundred Dollars (\$500.00) per year beginning on effective date of lease and each year on that date. Said rent shall be adjusted annually in accordance with the National Consumer Price Index (CPI) using an average of the three months preceding the anniversary of the lease as the period for calculating the adjustment.

C. Rent shall be delinquent if not received within ten days of the due date. A late payment of \$25.00 per day will be due and payable for each day rent is late beyond the due date and subsequent ten day period.

D. In accordance with the policies of the Federal Aviation Administration (FAA), the leases at airports shall reflect fair market value of the property. Lessor therefore reserves the right to adjust the rent periodically based on appraisals which may be conducted by qualified professionals from time to time.

E. Lessee shall be responsible for all taxes, utilities, maintenance and insurance, if any, which may arise from the use of the premises.

F. Lessee may under no circumstances conduct a commercial operation of any kind on the premises specified in this agreement.

G. Any and all improvements placed on the land shall be permanent structure(s) only and constructed at the sole expense of the Lessee. All proposed private hangars must meet Private Hangar Guidance for the Kingman Airport attached hereto and made a part hereof as Exhibit "B". Improvements shall remain the property of Lessee. At the termination of this lease, Lessee shall return the leased premises to its original condition. Lessor shall have the option to negotiate a purchase of the improvements at a price not to exceed the depreciated value of the improvements, provided the Lessor notifies Lessee of its intentions in writing sixty (60) days prior to the termination of this Lease

H. Throughout the entire period of this agreement and all renewal periods, Lessee shall be responsible for maintaining hazard and liability insurance in an amount which is sufficient to protect the assets and Lessee against unacceptable loss.

I. This agreement shall not be assigned or transferred without the written permission of the Kingman Airport Authority board of directors.

J. There shall be no materials or equipment stored outside the structure(s) at any time in the absence of the Lessee.

K. Lessor shall not be responsible or liable under any circumstance for loss or damage to any structure(s), aircraft, equipment, materials, or other items on the premises.

L. To the extent necessary to protect the rights and interests of the Lessor, Lessor shall have the right, by appointment, to inspect the premises.

M. There shall be no highly combustible or other hazardous materials stored nor shall Lessee commit, or permit, any waste or nuisance on the premises.

N. Lessee agrees that he will comply with all laws, rules and regulations including federal, state and local including Kingman Airport Rules and Regulations, now or hereafter in effect, regarding use and protection of the premises. Lessee further acknowledges and agrees to abide by applicable FAA Provisions attached hereto and made a part hereof as Exhibit "C".

O. In the event that either party hereto shall institute and prevail in any action or suit for the enforcement of any of its rights hereunder, the prevailing party in said action or suit shall be awarded its reasonable attorneys' fees and costs arising therefrom.

I have read, understand and agree to the terms of this agreement

Lessor:

Kingman Airport Authority, Inc
an Arizona Corporation

by _____ Date: _____
Arlan Berg, President

Lessee:

Terry Kennedy Date: 1-27-97
Terry Kennedy

MEMORANDUM

Kennedy

TO: KINGMAN AIRPORT AUTHORITY BOARD OF DIRECTORS
FROM: Arlan Berg, President
DATE: December 13, 1996
SUBJECT: BOARD OF DIRECTORS MEETING - December 19, 1996

A regular meeting of the Board of Directors of Kingman Airport Authority, Inc. will be held on Thursday, December 19, 1996 at 4:00 P.M. in the Authority's office at 7000 Flightline Drive, Kingman, AZ 86401.

AGENDA

1. Call to Order
2. Roll Call
3. The Directors may go into executive session for legal counsel in accordance with A.R.S. §38-431.03(A)(3) to discuss any agenda item. The following items may be discussed, considered and decisions made relating thereto:
4. Approval of Minutes
5. Authorization of Expenses
6. Reports
 - a) Kingman Airport Committee - Bob Feagins
 - b) Industrial Park Committee - Dave French
 - c) Kingman Finance Committee - Hal Johnson
7. Discussion & Action Re: Land Sale of Parcel IV-M-B
8. Discussion & Action Re: 1997 KAAF Auto Airshow
9. Discussion & Action Re: Airport Capital Improvements Program
10. Discussion & Action Re: Airport T-Hangars
11. Discussion & Action Re: Private Hangar Lease
12. New Business
13. Old Business
14. Public Input
15. Adjournment

MINUTES OF THE MEETING
OF
KINGMAN AIRPORT AUTHORITY, INC.
December 19, 1996

A regular meeting of the Board of Directors of Kingman Airport Authority, Inc. was held on December 19, 1996 commencing at 4:03 P.M. in the Airport Authority Conference Room, 7000 Flightline Drive, Kingman, AZ.

DIRECTORS PRESENT WERE: Arlan Berg; Nina Dow; Bob Feagins; Dave French; Richard Glancy; Hal Johnson; Mike Schoeff; Don Vawter.

MEMBERS PRESENT WERE: Glenn Thoroughman; Norman Berge; Mike Dom; Bill Hammond; Jen Miles; John Spotts; Martin Swanty.

STAFF PRESENT WERE: Brenda Chastain; Bill Hoke; Bob Najaka; Janie Platt; Jim Wilkinson.

The meeting was called to order by the President, Arlan Berg.

On motion by Bob Feagins, seconded by Dave French, the Minutes of the November 14, 1996 regular meeting were approved as presented.

On motion by Hal Johnson, seconded by Nina Dow, the directors present authorized payment of the November, 1996 accounts payable as presented.

REPORTS:

Kingman Airport Committee: The Chairman, Bob Feagins, advised the committee had met to discuss items 9, 10 & 11 on the agenda.

Industrial Park Committee: The Chairman, Dave French, advised the committee had met to discuss item #7 on the agenda.

Finance Committee: The Chairman, Hal Johnson, advised there had been no meeting, except to review and approve accounts payable for November.

On motion by Bob Feagins, seconded by Mike Schoeff, the directors present authorized the sale of Parcel IV-M-B, approximately 2 acres, more or less, to R & K Diesel for the purpose of a contract hauling operation and directed staff to present the land sale request to the Kingman City Council.

On motion by Dave French, seconded by Nina Dow, the directors present authorized the use of the Kingman Airport facilities for the third annual Auto and Airshow on October 4 & 5, 1997 sponsored/hosted by the Kingman Army Airfield Historical Society.

Minutes of the Meeting
December 19, 1996
Page 2

On motion by Bob Feagins, seconded by Richard Glancy, the directors present approved the proposed Five Year Capital Improvement Program (copy attached) as submitted by staff noting that the typographical error of \$10,000 for sponsor local match should be \$100,000. Within the approval was direction to staff the program was a proposal only contingent upon availability of local funds.

On motion by Bob Feagins, seconded by Richard Glancy, the directors present approved the proposed site for T-Hangars on the Kingman Airport as presented by staff (Exhibit attached).

On motion by Bob Feagins, seconded by Nina Dow, the directors present approved a proposed lease with the guidelines (copy attached) for the purpose of constructing a private aircraft hangar to Terry Kennedy. Included within the motion was direction to staff to review the thirty (30) lease option with a twenty-five (25) year option.

There being no further business or discussion, the meeting was adjourned.

Signed: /s/ Arlan Berg, President

Attest: /s/ Bob Feagins, Secretary

MEMORANDUM

TO: DIRECTORS AND MEMBERS

FROM: Arlan Berg, President

DATE: December 19, 1996

SUBJECT: **BACKGROUND INFORMATION FOR December 19, 1996 REGULAR MEETING**

1. The Chairman will call the meeting to order.
2. Roll call will be taken for directors and members.
3. The Executive Committee may go into executive session for legal counsel in accordance with A.R.S. 38-431.03 (A) (3) to discuss any agenda item. The following items may be discussed, considered and decisions made relating thereto:
4. For your review and consideration for approval, enclosed is a copy of the Minutes of the November 14, 1996 regular meeting.
5. Enclosed for your review is a copy of the November 1996 accounts payable. These accounts will be audited by the President and will be recommending his approval.
6. The Chairman will call upon each Committee Chairman and/or Staff for reports.
7. Background: R & K Diesel Services, Inc. is a privately held Arizona Corporation currently based in Kingman at the intersection of Gordon and Castle Rock. The company is requesting to purchase Parcel IV-M-B at the Kingman Airport Industrial Park. This parcel is located on Interstate Way between Acton Welding and Yellow Freight. R & K has been in the hauling, repair and fuel business for ten years in this area but recently sold the repair and fueling operation necessitating a relocation from the existing location.

The company proposes locating the contract hauling operation to the industrial park on a two acre parcel. R & K is a contract hauler serving the continental United States but primarily serving customers in the midwest and west. They currently operate five trucks and 12 trailers which stay on the road most of the time. In addition, the company owns and/or operates several other pieces of equipment such as a 75 ton low boy trailer (the only one in NW Arizona), 20 ton crane and a heavy duty forklift. These are available for local and out-of-the-area businesses for moving equipment and special projects. The proposed operation is a truck terminal, storage area and related activities.

R & K is expanding to meet the growing needs of their customers by acquiring new equipment and the personnel necessary to utilize that equipment.

It is anticipated that this operation will require about 8 employees initially and ultimately 10+ will probably be needed as the business continues to grow. Staff believes that the continued growth of this area will ensure the company's employment projections.

The proposed operation does not require the use of hazardous or toxic materials other than the small quantities of petroleum products (oil, grease, solvents, etc.) necessary to operate and maintain the vehicles. These will be kept in original containers and disposed of by legally approved methods.

This operation will not require an Arizona Department of Environmental Quality (ADEQ) air or water quality permit.

Staff estimates that this operation will use 75-150 GPD of water and discharge approximately the same amount into the city sewer system.

This principals of this company has been in the Kingman area for many years and have an excellent reputation in the community. They regularly contribute to and sponsor selected community activities including the Soap Box Derby and police and fire department activities. Staff believes that they will continue to be a strong asset to the Kingman area.

This company has assets exceeding \$150,000 and annual sales anticipated to exceed \$500,000. They also have very little corporate debt. Staff believes that the company has more than sufficient resources to purchase, construct and operate this facility. Further, the industrial park location will allow them the opportunity to construct the necessary facilities more economically than in other area locations.

Current Situation: On December 5, 1996 the Industrial Park Committee reviewed the application and voted unanimously to recommend approval of the request.

Action Requested: The board is requested recommend approval of the sale of Parcel IV-M-B to the City of Kingman.

8. 1997 KAAF Auto Airshow - see attached memo
9. Airport Capital Improvements Program - see attached memo
10. Airport T-Hangars - see attached memo
11. Private Hangar Lease - see attached memo
12. New business is for any director or member who may wish to discuss an item not on the agenda.
13. Old business is for any director or member who may wish to discuss an item from a previous meeting.
14. Public input is for any member of the general public who may wish to address the Executive Committee on an issue pertaining to the Kingman Airport. It is recommended that a time limit of five minutes be placed on each citizen wishing to address the committee. Directors are not required to comment or take action on any topic discussed.
15. Adjournment

MEMORANDUM

TO: KINGMAN AIRPORT AUTHORITY Board of Directors

FROM: Bob Feagins, Chairman

DATE: December 7, 1996

1. New Business.

A. 1997 KAAF Auto Airshow

Current Situation: The Kingman Army Airfield Historical Society requests approval to sponsor the third annual Auto and Airshow at the Kingman Airport on October 4 and 5, 1997. Their letter of request is in attachment 1. The event is planned to be held in the same location as last year on the Airmotive Apron. The event will be similar to last year with an expected larger attendance. The Historical Society has recruited new members to assist with the sponsorship of the event. Formula I Air Racing is again being considered as a special event. In addition, the Airman of Note are tentatively scheduled to put on a concert open to the public on Saturday evening, October 4, 1997.

The KAAFHS will be required to provide proof of insurance and name the Kingman Airport Authority as an additional insured on its insurance policy for the event.

The Airport Committee has reviewed the request and approved the request for the Kingman Army Airfield Historical Society to hold its Auto/Airshow for 1997.

Recommendation: Approve the request for the Kingman Army Airfield Historical Society to conduct an Auto and Airshow on the Kingman Airport on October 4 and 5, 1997 and to host Formula 1 air races.

B. Airport Capital Improvements Program

Background. Each year the FAA and ADOT Department of Aeronautics issue a request for their respective airport grant programs. FAA will fund 90% of eligible projects and ADOT will split the remaining 10% so that the airport sponsor is only required to fund approximately 5% of an FAA eligible project. More maintenance oriented airport projects such as striping and seal coating are not FAA eligible, but are ADOT eligible at 90% funding. Also ADOT will fund all FAA eligible projects with the exception of airport equipment.

Under the Federal Surplus Property Act, all net revenues generated from airport land sales must be used towards airport capital improvement. By Using ADOT Airport Improvement grants, the obligation to spend the amount of the land sales on airport capital improvements is satisfied.

Current Situation: A five year program is proposed for your review and approval in Exhibit 1. The objective was to develop a program consisting of about \$1 million per year, split between ADOT and FAA grants, which would also require approximately \$10,000 in local matching funds.

The Airport Committee has reviewed and approved the program.

Recommendation: Approve the proposed program.

D. Airport T-Hangars.

There is a need for additional T-hangar and private hangar sites on the airport. It was proposed to locate new T-hangars on a continuation of the airport apron at the south end of the airport. The proposed T-hangar and private hangar site that had been approved by the Airport Committee and briefed to the Airport Authority is not presently available for use. The Kingman Airport Authority received a letter dated July 2, 1996 that the area reserved for T-hangar development not be disturbed until the issue of dross contamination is resolved. This is expected to be a lengthy process.

The Airport Committee examined various locations on the airport to construct T-hangars and came up with the location shown in exhibit 1 as the most logical location. Although this site will not meet long term growth, it is expected to carry the demand over until the other site can be cleaned up. The Airport Committee approved a new site. See exhibit 1.

Recommendation: Approve the proposed site for T-hangar and private hangar use.

E. Private Hangar Lease

Background. Terry Kennedy has requested a land lease to allow him to construct a hangar upon which to build a hangar to house his airplane. The location shown in Exhibit 1 has been proposed for his use. The specifications in exhibit shall be part of the lease.

Mr. Kennedy understands that the Airport Authority is considering improvements to the site, but that the Airport Authority is under no obligations to make those improvements. Furthermore, Mr. Kennedy is agreeable to providing his own access to his hangar until such improvements occur and to relocate the chain link fence to maintain security of the airport

The Airport Committee has reviewed the proposed site and specifications and recommends approval.

Action Requested: Approve a lease of the proposed site to Terry Kennedy



The Kingman Army Airfield Historical Society, Inc.
6000 Flightline Drive
P.O. Box 3
Kingman, AZ 86401
(520) 757-1892

November 26, 1996

Mr. Jim Wilkinson
Kingman Airport Authority

Gentlemen:

The Kingman Army Airfield Historical Society is planning its third annual Kingman Auto and Airshow on Saturday and Sunday, October 4th and 5th, 1997 with a reception to be held on Friday evening, October 3rd, 1997.

The plans for this years show will be similar to the program last year except that the Formula 1 Air Racing program will be expanded. The airshow and air racing programs will require that the airport be closed for four hours each day

The Airmen of Note are tentatively scheduled to present a concert on Saturday, October 4, which will be free and open to the community.

KAAFHS is requesting use of the airport to sponsor its 3rd Annual Auto and Air Show.

Sincerely,

A handwritten signature in cursive script that reads "Norm Berge". The signature is written in dark ink and is positioned above the typed name.

Norm Berge
President

Year	Project Description	Total Cost	Federal Funds	State Funds	Sponsor Funds
1996-97	Pavement Preservation Txy A/C, R/W 17-35	\$112,963		\$101,667	\$11,296
1996-97	Pavement Preservation, Txy D, R/W 3-21	\$254,610		\$229,149	\$25,461
1996-97	Site Preparation for T-Hangars	\$363,100		\$326,790	\$36,310
1996-97	Replace Remaining Airport Apron	\$496,633		\$446,969	\$49,663
	Annual	\$1,227,306		\$1,104,576	\$122,731
1997-98	Asphalt Paving for T-hangar Taxilanes	\$96,023		\$86,420	\$9,602
1997-98	Sealcoat Apron	\$236,525		\$212,873	\$23,653
1997-98	Purchase Airport Sweeper	\$120,000	\$109,272		\$12,000
1997-98	Overlay existing Apron in front of terminal	\$435,200	\$396,293	\$19,453	\$19,453
1997-98	Update Airport Layout Plan	\$10,000		\$9,000	\$1,000
	Annual	\$897,748	\$505,565	\$327,746	\$65,708
1998-99	Replace Airport Barb Wire Perimeter Fence	\$47,500		\$42,750	\$4,750
1998-99	Replace Airport Chain Link Security Fence, Se	\$330,625		\$297,563	\$33,063
1998-99	Airfield Lighting Upgrade	\$388,563	\$353,825	\$17,369	\$17,369
1998-99	Runway 21 Land RPZ Land Acquisition	\$400,000	\$364,240	\$17,880	\$17,880
	Annual	\$1,166,688	\$718,065	\$375,561	\$73,061
1999-00	Repave Finance Way, Fire Access Rd	\$148,115		\$133,304	\$14,812
1999-00	Repave Mohave Airport Dr, Airport Access Rd	\$770,250		\$693,225	\$77,025
1999-00	Jointseal Concrete Apron	\$253,798		\$228,418	\$25,380
1999-00	Relocate Sunshades	\$13,500	\$12,293	\$603	\$603
1999-00	Index B ARFF Vehicle	\$360,000	\$327,816	\$16,092	\$16,092
	Annual	\$1,545,663	\$340,109	\$1,071,642	\$133,912
2000-01	Construct Airport Terminal	\$1,543,750	\$1,405,739	\$69,006	\$69,006
2001-02	Strengthen R/W 3-21 and Taxiway D	\$5,802,900	\$5,284,121	\$259,390	\$259,390

Exhibit 2

LINE DR.

Individual
Hangars
70x70 lot

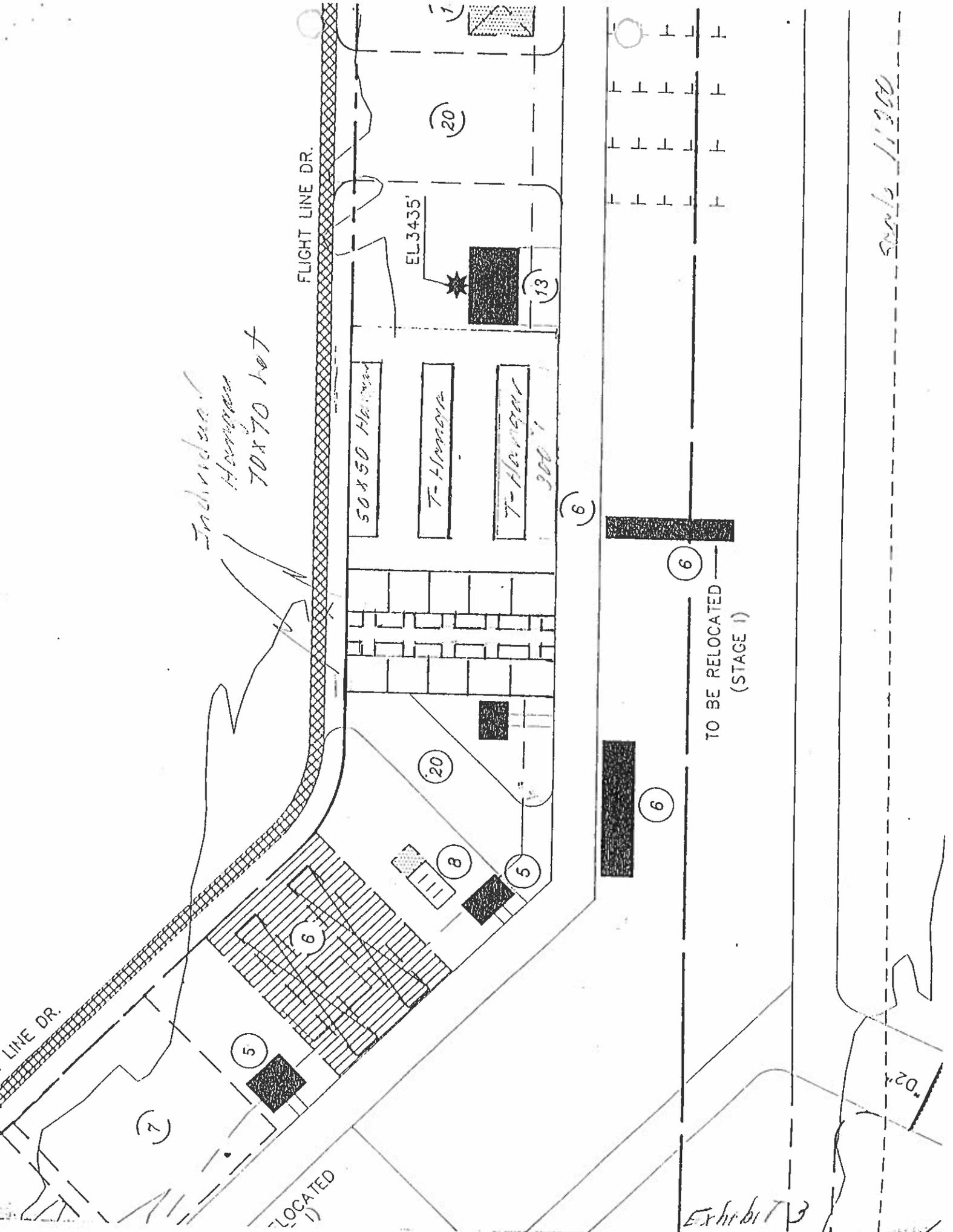
FLIGHT LINE DR.

EL 3435'

50x50 Hangar

T-Hangar

T-Hangar
300'

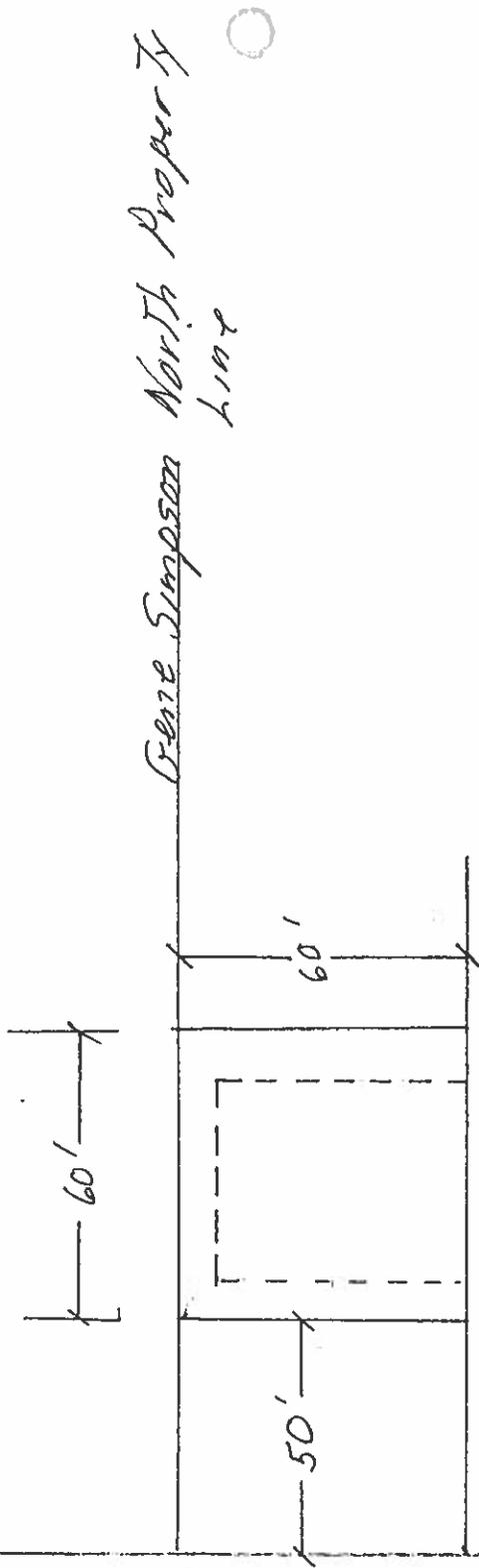


TO BE RELOCATED
(STAGE I)

Exhibit B

Scale 1/320

Ferry Kennedy
Private Hangar Lease



Concrete Taxiway

Private hangar guidance for the Kingman Airport

The following guidance is provided for parties interested in erecting their own hangar on the Kingman Airport.

A building permit issued through Mohave County is required. The County follows the Uniform Building Code for wind loading and roof loading.

Design Standards:

New, pre-engineered metal building with 26 gauge minimum type "D" metal siding, factory finished coating tan in color. The structure shall be placed on a concrete slab. Plans shall be reviewed by the Kingman Airport Authority prior to being submitted to the Mohave County Building Dept.

Finished floor elevation shall be specified by the Kingman Airport Authority

Roof line shall be continuous, no step (no Port a Ports)

Building shall be sited so hangar door shall be parallel to roof line

Leasehold size shall be 60 ft by 60 ft

Maximum size of the hangar shall be 50 ft by 50 ft

Maximum height at peak shall be ___ ft

The front of the hangar shall be set on the front property line; the hangar shall be centered laterally on the lot.

Other Provisions:

A land lease of thirty years is required.

Lease provisions include:

- Fire and liability insurance

- Restricted to private use only; no commercial operations

- Limited to storage of airplanes only

- Limited hazardous materials storage

- No storage shall be permitted around the exterior of the hangar.

- Exterior grounds of the hangar shall be maintained weed free, preferably graveled