

LEASE AGREEMENT

- Airport Hangar -

This Lease, made effective this 7th day of November, 2011, by and between the City of Kirksville, Missouri, a Municipal Corporation, hereinafter referred to as "City", and David A. and Laurie R. Hall, hereinafter referred to as "Lessee".

WITNESSETH THAT:

Whereas, the City of Kirksville, Missouri, is the record title owner of certain realty lying situate within Adair County, Missouri, upon which said City operates the municipal airport known as Kirksville Regional Airport, and

Whereas, the City has available space upon said airport and desires to make a portion thereof available for the construction and utilization of aircraft hangars, storage and fixed base operation facilities; and

Whereas, Lessee desires to continue leasing a portion of said airport realty (not to exceed 70' x 100') for the purpose of housing aircraft, storage and a fixed base operation facility.

Now, therefore, the City, in consideration of the rents and covenants herein specified does hereby let and lease to the Lessee the following specific portion of said airport realty designated in Exhibit A which is attached and incorporated by reference as if fully set forth herein.

The premises and property leased shall be used and occupied by the Lessee for the sole purpose of housing airplanes and for aviation purposes for a term of twenty (20) years, ending on December 31, 2031. At the end of the lease period, the Lessor agrees to consider an additional renewal period with the Lessee if both parties can agree to the terms and conditions of a new lease.

Lessee agrees to pay an annual fee of one thousand dollars (\$1,180) to secure this lease; said fee is to be paid in quarterly installments on January 1, April 1, July 1, and October 1 and is payable in advance. At the City's discretion, the annual lease fee may be increased up to ten percent (10%) beginning with the sixth year, and every fifth year after that.

It is the purpose of the Lessee to employ said facilities for the storage of private aircraft, which aircraft will use the municipal facility aforesaid, and it is understood that such purpose is directly, incidentally and necessarily required for the successful and proper operation of said municipal airport. Nothing in this lease, except the right of the Lessee to occupy the specific lands aforesaid, shall be deemed to give the Lessee any exclusive privilege upon said airport, it being understood that it is the duty of the City to impartially operate said airport on an equal basis to all users of aircraft for aviation purposes.

Insurance Provisions: Each Lessee will provide proof of Comprehensive General Liability Insurance coverage. Coverage shall be per occurrence combined single limit for bodily injury and property damage liability, including premises and operations. Minimum limits of coverage shall be \$1,000,000.

The Lessor is to be included as an additional insured on the Comprehensive General Liability Policy.

Current, valid insurance policies meeting the requirements herein identified shall be maintained during the lease period. Renewal certificates shall be sent to the Lessor 30 days prior to any expiration date. There shall also be a 30-day notification to the Lessor in the event of cancellation or modification of any stipulated insurance coverage. Certificates of insurance meeting the required insurance provisions shall be sent to the Lessor's Risk Management Office.

Indemnification: Lessee agrees to indemnify and hold the Lessor harmless from and against all liabilities, judgments, costs and damages and expenses which may accrue against, be charged to, or recovered from Lessor by reason, or on account of, or arising out of Lessee's use and occupancy of the leased premises under any circumstances, except when caused by Lessor's negligence.

It shall be the sole responsibility of the Lessee to rent or sublet this aircraft hangar storage facility and to collect and retain all monies called for under such rent or lease. All rentals or subleases shall be in writing and shall contain all assurances contained in this Lease Agreement, and all said rentals and subleases shall be subject to the approval of the City and the Federal Aviation Administration.

The Lessee hereby indemnifies the City against any loss as a consequence of the uses aforesaid or other causes resulting from the use of said airport, as aforesaid, or the aircraft hangar storage facility aforesaid or resulting from any act or omission of the Lessee, his agents, servants, employees, associates, guests or sub-lessees. In the event of any loss by the City, as aforesaid, the Lessee shall forthwith fully restore the City, including any judgments by it paid, court costs, attorneys' fees and any other expenses. The Lessee hereby agrees to pay forthwith any damage caused to the property of the City on said airport by the act or omission of the Lessee, his agents, servants, employees, guests or sub-lessees.

It shall be the sole responsibility of the Lessee at its cost, to cause to be constructed whatever improvements to the existing hangar which may be deemed necessary, but to do so only after having submitted construction plans to the City for their review and approval.

The Lessee, during its occupancy of the leased premises, shall keep the same free from any nuisances and will comply with all laws, ordinances and regulations of the City, State and Nation, as if the building was inside the Kirksville city limits and subject to all applicable building codes, and will keep the aircraft hangar storage facility upon said premises in good repair and appearance, normal wear and tear excepted, it being understood that the City shall have the final decision in determining what constitutes a good state of repair and appearance, and that City shall have right to make repairs if Lessee fails to comply within thirty (30) days written notice and may charge Lessee for said repairs. Should Lessee fail to pay said charges within ninety (90) days, lease shall terminate.

The Lessee also agrees:

1. 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 or service; provided, that Lessee may make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
2. That nothing herein contained shall be construed to grant or authorize the grant of an exclusive right within the meaning of Section 308 of the Federal Aviation Act of 1958, as amended.
3. That the City 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.
4. That the City 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.
5. That the City reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the rights to prevent Lessee from erecting, or permitting to be erected, any building or other structure on the Airport which in the opinion of City would limit the usefulness of the Airport or constitute a hazard to aircraft.
6. That during time of war or national emergency, City 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.

7. That this Agreement shall be subordinate to the provisions of any outstanding agreement between City and the United States relative to the maintenance, operation or development of the Airport.
8. 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. That there is hereby reserved to the City, its successors and assigns, for the use and benefit of the public, a free and unrestricted right of flight for the passage of aircraft if 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 Lessee will not, on the grounds of race, color, sex or national origin, discriminate or permit discrimination against any person or group of persons in any manner prohibited by Part 21 of the regulations of the Office of the Secretary of Transportation. The City reserves the right to take such action as the United States government may direct to enforce this covenant.

Lessee may terminate, upon the City, said notice to be served not less than ninety (90) days prior to the termination date specified therein. Upon termination of this Lease, Lessee shall remove the facility within ninety (90) days and all expenses related to the removal shall be borne solely by the Lessee.

It is a condition of this lease that the Lessee shall not assign this lease without the written consent of the City having been first had and obtained.

It is further understood and agreed that under all terms of said lease, Lessee shall comply with all reasonable rules and regulations adopted by the City in the maintenance and operation of the airport facility.

This agreement shall extend to and be obligatory upon the successors, heirs, executors and assigns of the parties.

In Witness Whereof, the parties hereto have caused this document to be duly executed.

Dated this 7th day of November, 2011.

CITY OF KIRKSVILLE, MISSOURI

DAVID A. Hall

Richard Detweiler, Mayor

Owner

LAURIE R. HALL

ATTEST:

Owner

Vickie Brumbaugh, City Clerk