

FIXED-BASED OPERATOR'S LEASE

THIS AGREEMENT made and entered into this ^{1st}~~11th~~ day of ^{October}~~September~~, 2018, between the City of Independence, Iowa, an Iowa municipal corporation ("City"), and P&N Corporation D/B/A P&N Flight and Charter, an Iowa corporation ("Lessee"), for and in consideration of the mutual covenants and agreements contained herein, agree as follows:

WHEREAS, the City owns and operates the Independence Municipal Airport, and the City is willing and desires to lease to Lessee certain premises located on said airport property hereinafter described upon the terms and conditions stated hereinafter; and

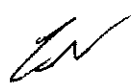
WHEREAS, said leased premises will be utilized for aviation oriented activities; including but not limited to the operation of a flight training service, aircraft maintenance and repair, aircraft sale and rental, air frame and major power service, aircraft charter, aircraft agricultural operations, aerial photography and sale of aircraft parts, fuel, lubricants and transient aircraft storage; and

WHEREAS, City has determined that it is necessary for the health, safety, welfare and well-being of the citizens of Independence, Iowa, that the aforementioned aeronautical operations be provided by an economically viable fixed based operator; and

WHEREAS, lessee desires to promote aviation in Independence and the region;

THEREFORE, in consideration of the mutual covenants hereinafter contained and the mutual benefits to be derived therefrom, the City and the Lessee agree as follows:

1. The City does hereby lease to Lessee the following property (hereinafter referred to collectively as the "Premises") for the term of this Lease:
 - A. The terminal hangar;
 - B. The equipment room and classroom located in the terminal building provided, however, the Lessee agrees to permit the general public access to the public areas of said building at reasonable times;
 - C. Three (3) T- hangar stalls, and
 - D. Such shared space in the reception office as the City may designate from time-to-time.
2. The term of this Lease shall be for a period of three (3) years, commencing on the 11th day of September 2018 and concluding the 30th day of September 2021. This Lease shall automatically renew for five additional one (1) year periods at the end of each term unless terminated. This Lease shall




be terminable by either party for any reason or for no reason at all upon the provision of ninety (90) days' written notice to the other party.

3. Lessee shall receive all income from fixed maintenance and repair performed by Lessee; airframe and aircraft charter performed by Lessee; aircraft agricultural operations performed by Lessee; aerial photography performed by Lessee; the sale of aircraft parts, fuel, and lubricants by Lessee; flight training performed by Lessee, and concession sales at the airport performed by Lessee.
4. In consideration for leasing the Premises and providing the services specified in this Lease, Lessee agrees to pay \$750/month in addition to perform in-kind services including but not limited to providing staffing coverage of the airport for eight (8) hours/day on weekends and when the airport manager is not available. The first month's rent will be pro-rated for the number of days the agreement is in effect based on a daily rate of \$24.65.
5. City and P&N will split fuel sales profits 60% City, 40% P&N. P&N will be provided fuel for their operations at cost. Fuel pricing will be set by Airport Manager in consultation with FBO subject to parameters established by the Airport Board.
6. Lessee agrees to pay all utility costs for the terminal hangar and equipment room.
7. Lessee agrees that no signs or advertising material shall be placed or erected upon the Premises without prior written consent of the City Manager.
8. Any permanent improvements installed by Lessee at its expense, and without the approval of the City Manager shall become the property of the City and may, at the direction of the City Manager, be removed from the Premises at the Lessee's expense.
9. The City reserves the right to enter the Premises at any reasonable time for any reasonable purpose, including but not limited to making any inspections it may deem necessary.
10. Nothing contained in this Lease 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.
11. The parties to this Agreement agree, acknowledge, and understand Lessee shall at all times constitute, and conduct itself as an Independent Contractor for purposes of this Agreement and this Agreement shall not be interpreted to create an employer-employee relationship between the City and Lessee.

12. Lessee hereby covenants and agrees to defend and hold the City free and harmless from loss from each and every claim and demand of whatever nature made by or on behalf of any person or persons for any act or omission arising out of Lessee's use of the Premises, or use of the Premises by its agents, servants, invitees, and/or employees, and for such purposes Lessee agrees to carry liability insurance naming the City and its officers and employees as additional insureds. Such insurance to have at least the following limits:

\$1,000,000.00 Per Person or Organization personal injury and Advertising Injury
\$2,000,000.00 Each Occurrence Bodily injury and Property Damage;
\$2,000,000.00 General Aggregate that applies on a per project basis;
\$2,000,000.00 for Products/Completed Aggregate

Lessee further agrees to file a certificate of insurance with the City evidencing that such insurance has been furnished upon the execution of this Agreement and to further provide periodic renewal certificates thereafter. Such insurance shall not be canceled or altered without at least ten (10) days' written notice to the City.

13. Lessee agrees that the City has the right to adopt and enforce reasonable, industry-standard rules and regulations pertaining to the operation of the Independence Municipal Airport and that Lessee and its agents, employees and servants will observe and comply with all reasonable rules and regulations as may be promulgated by the City, the United States of America or any department or agency thereof, and the State of Iowa.
14. Lessee agrees to furnish service on a fair, equal, and not unjustly discriminatory basis to all users of the Independence Municipal Airport, and to charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED Lessee may make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
15. Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that: (1) no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination in the use of said facilities, on the grounds of race, color, age, religion, gender, gender identity, sexual orientation, national origin, or any other protected class recognized by the United States of America and/or the State of Iowa; (2) that in the construction or improvements on, over, or under the Premises and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise be subject to discrimination on the aforementioned grounds, (3) that the Lessee shall use the Premises in compliance with all other requirements imposed by or pursuant to 49 CFR
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Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as such Regulations may be amended.

16. Lessee, for itself, representatives, agents, employees, successors in interest, and assigns, as a part of the consideration for this Agreement, does hereby covenant and agree that in the event facilities are constructed, maintained or otherwise operated on the Premises for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFT Part 21, Nondiscrimination in Federally assisted programs of the Department of Transportation, as such Regulations may be amended.
17. The City reserves the right to further develop or improve the landing area and all publicly owned air navigation facilities of the airport as it deems fit, regardless of the desires or views of Lessee, and without interference or hindrance on the part of Lessee.
18. The City covenants and agrees the present airport facility, together with the equipment thereon, shall constitute the minimum standard below which the City shall not permit said facility and equipment to deteriorate. This Lease shall not be construed to prevent the City from deactivating any future development or installation to the extent that such action can be accomplished without impairing the present facility and to the extent said deactivation can be accomplished in compliance with reasonable safety precautions and all pertinent laws, rules and regulations of the United States of America, the State of Iowa, and/or their respective agencies.
19. The City covenants and agrees to repair any malfunctioning safety equipment owned by the City located at the airport facility within forty- eight (48) hours after being notified in writing of the malfunction. In the event the malfunction is of such a nature or magnitude that repairs cannot be reasonably completed within forty-eight (48) hours, the City covenants and agrees that such repairs shall be contracted for within the forty-eight (48) hour period to the extent permitted by law.
20. The 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, publicly owned air navigation facilities, and/or other areas or facilities at the airport during time of war or national emergency. If any such agreement is executed, the provisions of this Lease shall be suspended to the extent they are inconsistent with the provisions of the agreement with the United States Government.

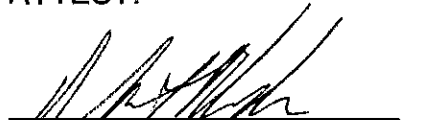
21. This Agreement shall be subordinate to the provisions of any outstanding agreement between the City and the United States relative to the maintenance, operation, or development of the Independence Municipal Airport.
22. The City agrees to maintain in serviceable and operable condition the fuel pump located at the airport facility.
23. The Lessee may not assign or transfer this Lease, or any interest herein, or sublet the Premises, or any portion thereof, without the prior written consent of the City, and any attempt at assignment, transfer, or subletting shall be void and at the City's option be deemed sufficient grounds for termination of the Lease.

IN WITNESS WHEREOF, the parties hereto execute this Agreement at Independence, Iowa, on this 11th day of September 2018.

CITY OF INDEPENDENCE, IOWA


By: Bonita Davis, Mayor

ATTEST:


Albert W. Roder, City Manager

LESSEE
P&N Flight and Charter


By: Cole Norton President

