

M I N U T E S
MOUNT AIRY/SURRY COUNTY AIRPORT AUTHORITY

A regular meeting of the Mount Airy/Surry County Airport Authority was held at 7:30 P. M. on May 11, 1981 at the Mount Airy/Surry County Airport with all Members of the Authority being present. Guests were as follows: Cindy and Jim Cauffman; J. G. (Jim) Wilson, Marketing Representative of Exxon; William F. Metts, Jr., Zone Manager for Exxon; Herbert R. (Randy) Moore of Talbert, Cox & Associates; and David Peeler of Talbert, Cox & Associates.

The Minutes of the previous meeting, held on November 10, 1980 were read by the Secretary and approved as read.

The Chairman reported on discussions and correspondence with the F.A.A. concerning clear zone encroachment and the more rigid existing standards relating to clear zone than the standards in effect at the time the Airport was constructed. Oscar Merritt was retained by the Chairman acting on behalf of the Airport Authority to make a survey identifying any clear zone encroachment. Following the survey the Chairman authorized Jim Cauffman to begin a tree cutting operation to remove encroaching trees from the clear zone. It was reported that something between 400 and 600 trees have been cut and removed.

It was pointed out by the Chairman that a serious encroachment of the clear zone exists in the form of two trees encroaching upon the clear zone at the northern end of the Airport being located on or adjacent to land owned by Reverend and Mrs. Cooke. The F.A.A. has threatened to change the effective runway threshold unless the encroaching trees are removed. Discussion indicated that it might be necessary to have an attorney and a surveyor identify the problem and then attempt negotiations with the Cookes. It was suggested that the trees may be on the State highway right-of-way and that the problem might possibly be handled by the State. A motion was made and unanimously adopted authorizing the Chairman to take whatever action is necessary to remove the encroaching trees from the clear zone easement.

A discussion was held on the new F.A.A. standards but action was deferred on efforts to bring the Airport up to the new standards until existing encroachments have been removed under the existing standards.

The Chairman reviewed the problems encountered with new ramp expansion — the major problems being some relatively small sink holes and a much more critical problem of water in the fuel tanks. It was pointed out by the Exxon Representatives that Exxon had advised against paving over the tanks but, upon the insistence of the Airport Authority, agreed to the paving provided proper care would be taken. Exxon recommended Howard Haney of Avtech as a competent contractor to do the necessary modification work to facilitate paving and that Tommy Smith a Technical Service Representative of Exxon would make available proper specifications. Information was furnished to Talbert, Cox & Associates concerning the proper method of modifying the fuel installation and Talbert, Cox was to coordinate and specify how the fuel modifications and paving were to be done. It was pointed out that substantial amounts of water has been found in the jet fuel tank but no one can identify with certainty what is causing the water in the jet fuel. The Exxon Representatives stated that their Quality Control Inspection revealed a poor job of modifying the installation and that, in Exxon's opinion, the water in the jet fuel is a result of an improper modification of the fuel system. The Representatives of Talbert, Cox declined to accept any responsibility for the problem even though employed by the Airport Authority as consultants to design and supervise the modification of the fuel installation and the ramp expansion. A motion was unanimously adopted by the Authority Members requesting that a meeting take place as soon as possible between Representatives of Talbert, Cox & Associates, Tommy Smith of Exxon, Howard Haney of Avtech, and a Representative of the Airport Authority to ascertain what is causing the problem of water in the fuel tanks and to take whatever action is necessary to remedy the situation.

It was pointed out that pumps originally installed in the tanks for the purpose of pumping out conveniently on a daily basis any water accumulation have been removed and that aviation fuel tanks should be pumped on a daily basis to remove any accumulated water. A motion was unanimously adopted by the Airport Authority authorizing the Chairman to contact Avtech and request that the necessary pumps to remove any water accumulation from the fuel tanks be installed immediately at a cost of approximately \$100 for each tank.

A discussion took place regarding the sink holes and the Talbert, Cox Representatives again declined to

accept any responsibility and suggested that the responsibility was that of the contractor under the one-year warranty stipulated in the contract documents. The only real suggestion made by Talbert, Cox concerning the sink holes was to fill them up.

Jim Wilson of Exxon informed the Authority that Exxon has made a corporate decision to get out of the equipment business at all general aviation airports and, therefore, the lease with the Mount Airy/Surry County Airport Authority is to be cancelled. He pointed out that Mount Airy is one of the last airports where Exxon owns the equipment. Exxon has offered to sell the equipment at its book value, being the amount of \$7,207.86.

The Authority voted to go into Executive Session and did so for approximately thirty minutes. Following the Executive Session, the Authority once again entered into open meeting. A motion was unanimously adopted authorizing the Chairman to acquire the fuel equipment from Exxon at a price of \$7,207.86 with payment terms to be worked out to the satisfaction of the Chairman. The Representatives from Exxon were excused and departed.

A dispute took place between Jim Cauffman and Randy Moore and David Peeler regarding a bill of approximately \$75 for repairs made to sink holes upon the instruction of David Peeler. It was reported that Jim Cauffman made threatening remarks to the Talbert, Cox Representatives while the Authority was in Executive Session. The question was raised by the Talbert, Cox Representatives as to whether or not Cauffman as Airport Manager represented the Authority in making such threatening remarks. The Talbert, Cox Representatives were assured by the Authority Members that Cauffman did not represent the Authority in making such threatening remarks and the Authority censured Cauffman for his conduct.

The Representatives of Talbert, Cox were excused and departed.

The Authority Members complimented the Cauffmans on the improved appearance of the Airport and the Airport Operations Building. The Authority severely reprimanded Jim Cauffman for his use of foul and profane language in the presence of ladies, airport users, guests and employees. Jim Cauffman was also criticized by the Authority Members

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for his show of temper and his display of a poor attitude. Jim Caufman was informed by the Authority that such conduct would not be tolerated and that such displays of temper and obnoxious language must cease immediately.

A discussion took place concerning the bills submitted for January, February and March for tree cutting by Jim Caufman approximating \$3,300 based on an \$8 per hour rate. The Chairman acknowledged having instructed Caufman to proceed with tree clearance as convenient but confessed he had not anticipated a charge of such magnitude. The Authority did approve the payment for the work already accomplished but cautioned Jim Caufman against performing additional work without a clear and specific authorization based on an estimated cost.

The question of parachuting and aerobatics within the traffic pattern area of the Airport was raised. It was pointed out that a number of complaints have been received and that such activity poses a safety hazard to users of the Airport. The Authority requested Jim Caufman to obtain copies of the F.A.A. regulations concerning parachuting and aerobatics.

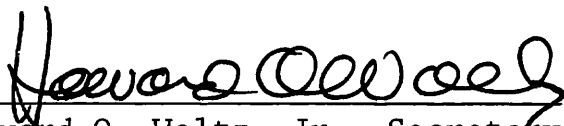
A motion was unanimously passed prohibiting parachute jumping in the traffic pattern area of the Airport.

A motion was unanimously passed to the effect that the F.A.A. regulations concerning aerobatics be enforced and that violators of the regulations in the traffic pattern area be reported to the F.A.A.

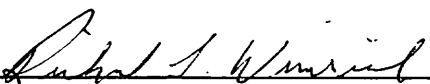
The Chairman tendered his resignation because of the press of business and civic demands upon his time and energy. The Authority declined to accept the resignation but agreed to meet at 12:00 Noon at the Blu-Vue Restaurant on Wednesday, May 13, to further discuss the matter.

At 11:45 P. M. the meeting was adjourned until 12:00 Noon Wednesday, May 13, 1981, at the Blu-Vue Restaurant.

Respectfully submitted,


Howard O. Woltz, Jr., Secretary

Accepted:


Richard S. Wimbish, Chairman

M I N U T E S
MOUNT AIRY/SURRY COUNTY AIRPORT AUTHORITY

A meeting of the Mount Airy/Surry County Airport Authority was held at 12:00 Noon at the Blu-View Restaurant in Mount Airy on May 13, 1981 with all Members being present. The previously submitted resignation of Richard S. Wimbish as Chairman was accepted with gratitude for service rendered.

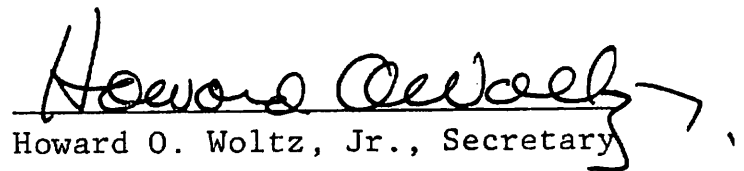
W. Brad Thomas was unanimously elected as Chairman and Newell Baker was unanimously elected as Vice Chairman.

A proposed budget for 1981-1982 was submitted for consideration by Raymond A. Smith. After due consideration the budget was unanimously adopted as submitted and the Secretary was requested to transmit a copy of the budget to the City and the County with a request for an appropriation as indicated in the budget.

The Secretary was requested to advise both the City and County of the change of Officers of the Airport Authority.

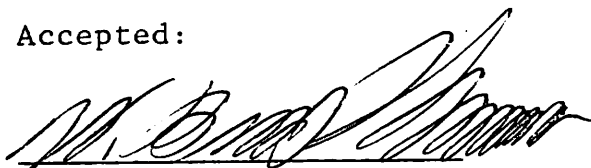
There being no further business, the meeting was adjourned at 1:45 P. M.

Respectfully submitted,


Howard O. Woltz, Jr., Secretary

Attachment

Accepted:


W. Brad Thomas, Chairman

MOUNT AIRY/SURRY COUNTY AIRPORT AUTHORITY
BUDGET AND MUNICIPAL FUND REQUEST
FISCAL YEAR JULY 1, 1981 THROUGH JUNE 30, 1982

ANTICIPATED INCOME

Mount Airy Flying Service 12 months @ \$400.00	\$ 4,800.00
Mount Airy ABC Revenue 12 months @ \$650.00	7,800.00
Hangar Rentals 12 months @ \$800.00	9,600.00
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TOTAL ANTICIPATED INCOME	\$ 22,200.00

ANTICIPATED EXPENSES

Hangar and Office Fire and Airport Liability Insurance Premiums	\$ 1,800.00
Duke Power Company	2,000.00
Maintenance and regular inspection of Non-Directional Radio Beacon, including telephone signal trans- mission line	950.00
General repairs	2,500.00
Painting large 80' x 80' hangar	4,000.00
Annual audit estimate	1,000.00

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General repairs	2,500.00
Painting large 80' x 80' hangar	4,000.00
Annual audit estimate	1,000.00
New T Hangar payments (12 @ \$354.71) and maintenance	5,000.00
Purchase of Exxon fuel dlivery equip- ment due to lease cancellation by Exxon	7,200.00
Fuel island maintenance	800.00
Removal from clear zone easements of trees and obstacles as required by F.A.A.	4,000.00
Clear zone easement survey for obstacles	1,000.00
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TOTAL ANTICIPATED EXPENSES	\$ 30,250.00
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EXCESS OF EXPENDITURES ABOVE INCOME	\$ 8,050.00
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FUND REQUESTS FOR FISCAL 1981-1982

40% Surry County	\$ 3,200.00
60% City of Mount Airy	4,800.00
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	\$ 8,000.00

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MOUNT AIRY/SURRY COUNTY AIRPORT AUTHORITY

A meeting of the Mount Airy/Surry County Airport Authority was held at 5:00 P.M. on August 19, 1981 at the Mount Airy/Surry County Airport with Authority Members Chairman Brad Thomas, Richard Wimbish and Howard Woltz being present. Also attending the meeting were Jim Wilson of Exxon, Howard Haney of Aftec, Inc., and Phil Hazel and Bob Bowser of Statesville Flying Service.


The purpose of the meeting was to review the problems encountered in connection with the fuel system at the airport. It was agreed by all parties that the proper remedy for the problems would be to raise all pipes above ground level, concrete around the raised pipes and install a hand pump for each tank for removing any water from the tanks. The raising of the pipes above ground level will necessitate a fence surrounding the area.

There being no further business, the meeting was adjourned until the regularly scheduled meeting to take place at 7:30 P.M. August 19, 1981.

Respectfully submitted,


Howard O. Woltz, Jr., Secretary

APPROVED:


W. Brad Thomas, Chairman

M I N U T E S

MOUNT AIRY/SURRY COUNTY AIRPORT AUTHORITY

The regularly scheduled meeting of the Mount Airy/Surry County Airport Authority was held at 7:30 P.M. on August 19, 1981 at the airport with Authority Members Chairman Brad Thomas, Richard Wimbish and Howard Woltz being present. R. A. Smith and Newell Baker were unable to attend.

The Minutes of the previous meeting were approved as submitted.

The Chairman recognized the visitors attending, said visitors being Phil Hazel and Bob Bowser of Statesville Flying Service, Jim Wilson of Exxon, Howard Haney of Aftec, and Tom Jackson, Jeff Williams and Ken Dalton all of Mount Airy.

A motion was made and passed unanimously that the Chairman be authorized to award a contract for fuel modifications following the recommendations made during the afternoon meeting to Aftec if the price for the modifications appears reasonable.

The Chairman reported that the fuel equipment would be purchased from Exxon as previously authorized upon completion of the modifications.

The Chairman reported that the ramp sealing contract had been completed.

Tom Jackson was recognized to speak in opposition to the regulation enacted prohibiting parachuting and aerobatics in the area of the airport. He was critical of the regulation and felt that the regulation previously adopted was discriminatory. He stated that in his opinion parachuting presented no more hazard to the traveling public than did the flying of a gyrocopter. He stated that, while he felt the regulation was unfair, he would abide by the regulation and conduct these activities in some other area. Jackson stated that more should be done by the Authority for general aviation and not corporate flying. He expressed his opinion that T-hangars should be provided for the general aviation aircraft now tied down on the ramp or stored in the large hangar.

An explanation was made by Howard Woltz concerning the financing and development of the airport. It was pointed out by Woltz that no tax money, federal or state, was expended in constructing the T-hangars that are now in use at the airport. He pointed out that all buildings were financed without tax money and that most of the improvements were paid for by leases by corporations agreeing to pay for the improvements.

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Jackson stated that he was unaware of this background and appreciated the information and that he would try to help dispel misconceptions in this regard.

Chairman Thomas reported on the status of the radio control system for the runway lights, the VASI and the REIL lights. A proposal will be made to provide and install equipment permitting the runway lights to be set to come on at dark, be cut off by a time clock, and turned on by radio signal from aircraft requiring lights after the time clock has turned off the lights. This will be considered at the next meeting.

Phil Hazel was recognized and introduced as President of the company that will become the Fixed Base Operator on September 1st. He outlined some of his plans for improvements in facilities and services at the Mount Airy/Surry County Airport. He pointed out that some improvements would have to be made prior to his taking over the operation. The necessary improvements are an air-conditioning system and replacing the existing windows with insulated fixed glass.

Hazel presented quotations from Inman Electric and Pike Electric for a heat pump air-conditioning system that would accommodate approximately a fifty percent (50%) expansion of the operations building.

Hazel further presented three (3) quotations for replacing the awning windows with insulated fixed glass.

Some cabinet work in the operations building and toilet accessories were installed by Caufman and Caufman has offered to sell the cabinets at a price of \$415 and the toilet accessories at a price of \$70, and Hazel recommended that these items be approved as necessary for the operation.

A motion was made and passed unanimously authorizing the awarding of a contract to Inman Electric at a price of \$2,452 for the heat pump and installation. Copies of the quotations are attached to these Minutes.

A motion was made and passed unanimously authorizing the awarding of a contract to Becky's Glass Works in the amount of \$1,550 for replacing all existing windows with one inch (1") insulated clear glass. Copies of the quotations are attached to these Minutes.

A motion was made and passed unanimously that the Airport Authority purchase from Caufman the cabinet work and toilet accessories at a price of \$415 for the cabinets and \$70 for the toilet accessories.

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A motion was made and passed unanimously authorizing the purchase of a water cooler for the operations office after obtaining three (3) quotations for furnishing and installing the water cooler.

A review of the contract to be entered into by and between the Mount Airy/Surry County Airport Authority and Statesville Flying Service, Inc., D.B.A. Surry Flying Service, took place, with a discussion of the provisions of the contract.

A motion was made and passed unanimously authorizing the Chairman and Secretary to execute the contract leasing the facilities to Statesville Flying Service, Inc. for a period of ten (10) years. A copy of this contract is attached to these Minutes.


The question of security at the Airport was raised and it was pointed out that there have been several break-ins recently. The Chairman requested Howard Woltz to contact the Sheriff and request additional surveillance by his department of the airport property.

There being no further business, the meeting was adjourned.

Respectfully submitted,


Howard O. Woltz, Jr., Secretary

APPROVED:


W. Brad Thomas, Chairman

NORTH CAROLINA)
)
SURRY COUNTY)

Prepared by: W. Thomas White

LEASE AGREEMENT

THIS AGREEMENT, made and entered into this the 1st day of September, 1981, by and between MOUNT AIRY - SURRY COUNTY AIRPORT COMMISSION, hereinafter called Owner, and STATESVILLE FLYING SERVICE, INC., D/B/A SURRY FLYING SERVICE, a North Carolina corporation with an office in Iredell County, North Carolina, hereinafter called Operator:

WITNESSETH:

WHEREAS, Mount Airy-Surry County Airport Commission was created by the governing bodies of the Town of Mount Airy and the County of Surry; and

WHEREAS, the Mount Airy-Surry County Airport Commission has heretofore acquired certain real property and has caused to be constructed thereon an airport facility; and

WHEREAS, Operator is engaged in the business of operating airport facilities and is desirous of operating the airport facility located on the premises of the Mount Airy-Surry County Airport Commission.

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained herein, the Owner does hereby demise and lease unto the Operator and the Operator does hereby rent from the Owner the entire paved ramp area, the 80 foot by 80 foot hangar, the southeast compartment of the three-compartment "T" hangar, and the office building for the purposes as set forth hereinafter, the same being outlined and marked in red on a plat, said plat being marked Exhibit "A" and attached hereto and incorporated herein by reference.

- 1 -

It is mutually agreed by and between the parties hereto that the leased premises shall be used for the purpose of conducting the business of a Fixed Base Operator and for no other purpose. The Operator shall have full, quiet, peaceful enjoyment of the premises during the term of this agreement including the right of ingress to and egress from the premises subject only to such rules and regulations as are written, posted and adopted by the Owner, which rules and regulations may from time to time be amended.

-2-

The Operator, Statesville Flying Service, Inc., acknowledges that the regulations promulgated by the Owner, provide that the airport shall be managed by an Airport Manager. The owner hereby designates Operator, Statesville Flying Service, Inc. as the Airport Manager with the duties as set out in the aforementioned airport regulations. The Operator, Statesville Flying Service, Inc. agrees to serve as Airport Manager so long as it is so designated by the Owner. The parties acknowledge and agree that the designation of the Airport Manager is in the sole discretion of the Owner and may be changed at any time.

-3-

The Operator is granted the right to sell petroleum products for aircraft using the said facilities and the Owners shall furnish or cause to be furnished, the necessary equipment to store and deliver the same.

-4-

The Operator shall maintain an adequate supply of petroleum products for sale at all times. The Operator shall keep the airport facilities open for the sale of petroleum products from 8:00 a.m. until dark each day and shall be available for the sale of petroleum products by phone request at all other times. This provision is subject to the Operator's ability to obtain sufficient petroleum products using good faith efforts to obtain the same.

-5-

The Operator shall be entitled to make all reasonable and necessary charges for tie down, hangar and other services for transient aircraft, usual and customary, in the operation of an airport, subject to the provisions contained in Paragraph 7 hereof.

-6-

The Operator shall be authorized to conduct on and from the premises all business of flight instruction, aircraft rental, charter service, aircraft sales and such other aeronautical activities and business otherwise lawful and reasonably incident to the operation of a Fixed Base Operator. The Operator has the exclusive right to conduct the aforementioned activities upon the leased area. The provision does not prevent the Owner from dealing with others

to establish additional areas on properties owned by the Owner for the conduct of commercial aeronautical activities.

-7-

The Operator agrees to operate the leased premises for the use and benefit of the public and to make available all leased airport facilities and services to the public without discriminatory or otherwise unreasonable charges or fees for any of the above-leased airport facilities. The Owner agrees that rates or charges for such activities and services shall be fixed by the Operator subject to the Owner's concurrence and approval of such rates and charges as to reasonableness. In the event of disputes as to such reasonableness, it is expressly understood by the Operator that final determination is to be the right of the Owner. All services performed by the Operator shall be with promptness and courtesy.

-8-

It is expressly understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of exclusive rights within the meaning of Section 308 (a) of the Federal Aviation Act of 1958 as amended.

-9-

The Operator agrees to keep the leased airport premises and facilities open to the public at all times agreed to by the parties as set forth in this lease or during all times as may be agreed to by the parties during the term of this lease. The Operator reserves the right to reduce operational hours in compliance with governmental requests and policies concerning the conservation of fuel.

-10-

The Operator shall at all times keep their leased Airport premises clean and free from rubbish and in a neat and presentable manner according to minimum standards to be determined by the Owner subsequent to the signing of this Lease Agreement.

-11-

The Operator shall maintain and keep in a reasonable state of repair the leased premises. The owner agrees to maintain the paved runways, taxi areas,

ramp areas, roadways and all other paved areas existing or to be constructed in the future, in a reasonable and adequate manner. The Owner agrees to maintain and pay the costs of repair of the VASI, REILS, non-directional beacon, security flood lights, rotating beacon and utilities for these items.

-12-

The Operator shall pay all utility bills for utilities on leased premises except as otherwise provided herein.

-13-

The Owner reserves the right to construct such additional buildings or hangars, improvements or other facilities as the Owner deems proper and agrees to negotiate a supplemental agreement with the Operator for the use thereof by the Operator. The Operator may construct such additional buildings or hangars as they deem proper and at the expiration of the lease period, including any option periods, the Operator may remove the same from the premises and agrees to restore the premises to as good a condition as when received by it, reasonable wear and tear excepted, and agrees specifically to indemnify the Owner for any damages or injuries to the premises caused thereby. The Owner has constructed a three-compartment "T" Hangar, a four-compartment "T" Hangar, an office building and a hangar with the dimensions of 80 feet by 80 feet. The Owner shall provide at its expense fire and extended coverage insurance for the above-mentioned building and the Operator shall provide liability insurance for the above-mentioned buildings as provided hereinafter. The southeast compartment of the said three-compartment "T" Hangar shall be for the use of the Operator under the terms of this lease, said compartment for the Operator's use for a repair station and shop. The Operator shall be entitled to the full and complete use of the office building and the 80 foot by 80 foot hangar. The 80 foot by 80 foot hangar shall be used exclusively for the storage of aircraft until such time as the Owner may provide other satisfactory hangar facilities for the use of the airport.

-14-

At such time as a supplemental weather reporting system is made available to the Operator for use at the demised premises, the Operator agrees to provide

at its expense two qualified weather observers for operating said supplemental weather reporting system.

- 15 -

The Operator shall maintain a Fixed Base Airport Liability Insurance Policy in minimum limits of \$100,000 / \$300,000 bodily injury and \$50,000.00 property damage. This shall indemnify the Owner for all claims brought against it for bodily injury and property damage due to negligent or careless operations by the Operator, and the Operator shall file a copy of this policy with the Owner. The Owner shall be named as an additional insured in said policy.

- 16 -

The Operator shall pay to the Owner in consideration for said facilities 4.5 per cent of its gross receipts from the sale of aviation fuels during the first year of the lease period and 5 per cent of the gross receipts from the sale of aviation fuels for each succeeding year. Payments will be made by the 30th day of the month following the month of sales. No other payments will be required. The Operator shall furnish monthly statements of receipts and disbursements for the sale of aviation fuels and such other financial statements as may be reasonably required by the Owner. It is specifically understood and agreed that the Owner reserves the right to examine the Operator's books and records at all reasonable times, said examination to be made by the Owner or the Owner's designated agents.

- 17 -

The term of this lease shall be for a period of ten years. The Operator shall have the right to terminate the lease with thirty (30) days written notice during the first year and with one hundred twenty (120) days written notice after the first year. In the event that the Owner determines that the Airport is not being operated up to the standards established by the Owner, the Owner will notify the Operator with regard to specific areas for improvement and provide that the Operator shall have a specific time, said time to be a reasonable time under the circumstances, to correct and rectify the specific complaints of the Owner. In the event that it appears to the Owner that the Operator is not providing the services and maintaining the facilities as designed by the Owner and after Operator has had an opportunity

to correct and rectify Owner's complaints as provided hereinabove, the Owner shall conduct a hearing to determine whether or not the Operator is operating the demised premises in accordance with the requirements of the Owner. If, after conducting said hearing, the Owner determines that the Operator is not providing services and maintaining the demised facilities according to the standards established by the Owner and/or as may be contained in this lease, the Owner shall have the right to immediately terminate this lease at its sole discretion.

- 18 -

The terms and conditions of this agreement shall not prevent the Owner from executing leases with other Fixed Base Operators as well as the United States Army, United States Air Force, United States Navy or other Federal Agencies pertaining to governmental flying in the use of said airport.

- 19 -

If, during this agreement, the United States Government or any other governmental agency acquires possession of the premises herein leased by virtue of any laws now in effect or which may become effective during the term of this agreement, then this agreement, at the option of either party, may be terminated or may be suspended for the period the Operator is deprived of the premises, and thereafter the Operator may resume its tenancy and the agreement shall continue until the full term thereof has been enjoyed by the Operator.

- 20 -

It is agreed and understood between the parties that during the term of this agreement or any renewal thereof, the Federal Aviation Administration or any other Federal or State Agency shall be permitted to enter said premises and to make any improvements to or on said airport.

- 21 -

The Operator must first obtain the approval of the Owner before making any major alterations, additions or improvements to or on the lease premises.

-22-

The Operator shall not enter into any transaction which would deprive the Owner of any of the rights and powers necessary to perform and comply with all covenants of the agreements or other obligations imposed by any agreement and/or the laws and regulations of the State and Federal governments. Further, the Operator^{and Owner}/agree to fully comply with all agreements and State and Federal laws and regulations with regard to the operation of the demised premises. Operator agrees that in its operation and use of said airport it will not, on the grounds of race, color, or national origin, discriminate or permit discrimination against any person or group of persons in any manner prohibited by the regulations of the United States Department of Transportation. The Owner hereby reserves the right to take such action as the Federal Aviation Administration or the Department of Transportation may direct to enforce such covenants of nondiscrimination.

-23-

This agreement may not be assigned or sublet by the Operator without the prior written consent of the Owner.

-24-

The Operator agrees to keep a sufficient area open in the ramp area of the leased premises sufficient for use as a taxi way by the public for loading and unloading, for access to the fuel pumps and for other uses of the public which may arise.

-25-

Should any party violate any term or provision of this Contract and fail to remedy same upon ten (10) days written notice, the party not in default may immediately terminate the Contract. Upon termination of this Contractor, the Operator agrees to immediately vacate the premises. Should the Owner fail to remedy any default on his part in the stated ten (10) days, the Operator may continue to occupy the leased premises and shall not be liable for any of the payments set forth in paragraph 16 during the period of the default.

-26-

The Operator shall have the right to exclude from the leased premises any party who fails to meet the Operator's terms for payment of goods and services rendered.

IN WITNESS WHEREOF, the Owner hereto has caused these presents to be signed in its name by its President, attested to by its Secretary, and the Operator has hereunto caused these presents to be signed in its name by its President and attested to by its Secretary the day and year first above written.

By:
President

Howard O'Neely.

By: [Signature]
President

Betty W. Wagner

NORTH CAROLINA)

~~Forsyth~~
SURREY COUNTY)

I, Joan L. Henderson, a Notary Public in and for the
County of Surry, State of North Carolina, certify that Howard D. Foltz, Jr.
_____ personally appeared before me this day and acknowledged that he
is the Secretary of Mount Airy-Surry County Airport Commission, a corporation,
and that by authority duly given and as the act of the corporation, the fore-
going instrument was signed in its name by its President, sealed with the
corporate seal, and attested by himself as Secretary.

Witness my hand and notarial seal this the 4th day of September,
1981.

Joan L. Henderson
NOTARY PUBLIC

My Comm. Expires:

October 16, 1984

OFFICIAL SEAL
Notary Public, North Carolina
County of Forsyth
JOAN L. HENDERSON

NORTH CAROLINA)

I REDELL COUNTY)

I, Elizabeth J. Henderson, a Notary Public in and for the
County of ~~Surry~~ ^{Iredell}, State of North Carolina, certify that Betty W.
Wagner personally appeared before me this day and acknowledged
that he is the Secretary of Statesville Flying Service, Inc., a corporation,
and that by authority duly given and as the act of the corporation, the fore-
going instrument was signed in its name by its President, sealed with the
corporate seal, and attested by himself as Secretary.

Witness my hand and notarial seal this the 27th day of August,
1981.

Elizabeth J. Henderson
NOTARY PUBLIC

My Comm. Expires:

February 22, 1986

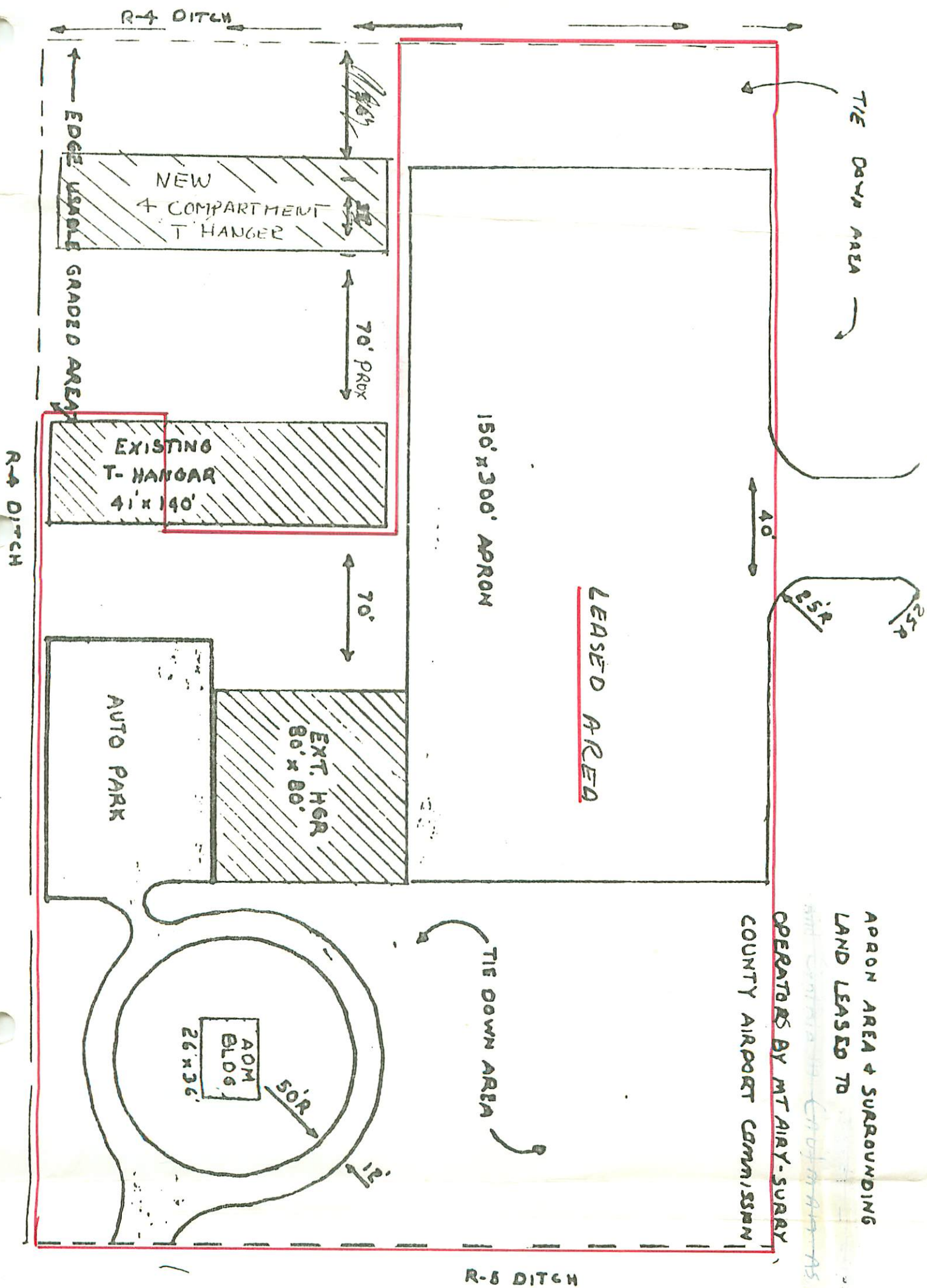


EXHIBIT A

M I N U T E S

MOUNT AIRY/SURRY COUNTY AIRPORT AUTHORITY

A meeting of the Mount Airy/Surry County Airport Authority was held on November 9, 1980 at 7:30 P.M. in the Fixed Base Operation office at the Airport with Chairman Brad Thomas, Newell Baker, Raymond Smith, Dick Wimbish and Howard Woltz being present. Visitors were Phil Hazel, Bob Bowser, Barry Stevens, Jeff Needham, Ken Dalton, Jeff Elliott and Tom Hazel.

Raymond Smith made a report as Treasurer. No action was required.

Chairman Thomas reported on the lighting equipment at the Airport and submitted a proposal from Rockwell to modify the control system making it possible to set the lights on a time clock to go out at a designated time and to be turned on through use of a radio mike. This system would enable anyone desiring to use the Airport after the lights are turned off to turn on the lights as needed. It was pointed out that the savings in electricity and light bulbs would be considerable and would probably pay for the modifications in a period less than two years. The cost for making the modifications amounts to \$1,650.00. The members of the Authority unanimously approved the expenditure of \$1,650.00 to Rockwell to make the modifications to the lighting equipment.

Chairman Thomas reported that the heating/air-conditioning unit had been installed and is functioning properly. He further reported that the thermo-pane glass installation had been completed and is satisfactory.

Newell Baker reported on patching that had been done on cart paths at the Pilot Knob Golf Club and recommended that the runway be patched wherever cracks are occurring using the same procedure and personnel as used on the patching work at Pilot Knob Golf Club. The members of the Authority voted unanimously authorizing Newell Baker to obtain the services of Bob Glass for the purpose of patching the runway using the same method and materials as used at Pilot Knob at a cost not to exceed \$650.00.

Phil Hazel, as Fixed Base Operator and Airport Manager, reported on his operation. He noted that gliders and a tow plane are now at the Airport and a notice is to be put up in the operations building showing the glider traffic pattern. He further reported that a mechanic has been employed to come to work at the Mount Airy Airport in January.

Phil Hazel also reported that the radio beacon license has been renewed and will need to be renewed each five years.

Phil Hazel indicated that it would be desirable to install new aircraft storage hangars and convert the large hangar into a maintenance facility. Further work and study will be required before a definite proposal can be submitted.

He further reported that some problem exists concerning pilot certification and air worthiness of aircraft using the Airport. He also reported on a number of things requiring some maintenance: the Mount Airy/Surry County Airport sign needs repainting; the downspouts need repair and the drainage needs to be improved; the hangars should be repainted when funds are available.

Phil Hazel submitted a request from Air Flight, Inc., an organization conducting a survey of rental paid by Fixed Base Operators over North Carolina. Air Flight is located at the Beaufort/Morehead City Airport. Sixty-seven questionnaires were mailed out with forty-seven replies being received. Air Flight requested that the Mount Airy/Surry County Airport Authority respond giving the details of rental paid by the Fixed Base Operator. The members of the Authority voted unanimously to refrain from disclosing the arrangement to Air Flight, Inc.

There being no further business, the meeting was adjourned.

Respectfully submitted,


Howard O. Woltz, Jr., Secretary

APPROVED:


Brad Thomas, Chairman