

**PAYSON REGIONAL AIRPORT (KPAN)
RULES AND REGULATIONS**

August 15, 2010

1. INTRODUCTION

The Payson Regional Airport (“Airport”) is owned by the Town of Payson (“Town”) and prior to September 1, 2007, was operated by the Town. Beginning September 1, 2007 (the “Effective Date”), the Town entered into a lease agreement (“Agreement”) with the Payson Regional Airport Authority (PRAA) (“Manager”) under the authority granted by A.R.S. §§28-8423 through 8425.

The Manager is a non-profit corporation operating under the Arizona Non-Profit Corporation Act as defined by A.R.S. §§10-3101 through 11702. The Manager is an agent of the Town with express authority under the Agreement to ensure the viability of the Airport as a self-sustaining enterprise and to ensure that the Airport continues to be managed and administered in a manner that will secure the Town's current and future fiscal interest in the Airport. Furthermore, the Manager has express authority under the Agreement to ensure that all of the assurances and requirements of numerous Federal and State grants to the Airport are met.

Under the authority vested in the Manager by the Town through the Agreement and through Chapter 95 of the Town Code, as amended, the Manager is hereby granted the right to operate, as well as the responsibility for, the operation of the Airport. Accordingly, the Manager has express authority to promulgate and enforce the Airport Rules and Regulations (the “Rules”) as defined herein and as may be amended from time to time.

The policy of the Manager, on behalf of the citizens of the Town and on behalf of the Town itself, is to:

- 1) Operate the Airport in a businesslike manner with as little cost as possible to the taxpayer through the imposition of fair and reasonable rentals, fees, and charges;
- 2) Provide for both private and commercial aviation at the Airport to the extent practical within certain physical, economical, and environmental constraints;
- 3) Provide for the full range of on-base aeronautical support through private enterprise consistent with the need for the service and the availability of space and physical facilities;
- 4) Protect Airport patrons and users from unsafe and inadequate aeronautical services and to maintain and preserve all Airport facilities in a safe, secure, and orderly condition;
- 5) Promote fair competition and to prevent exposure of those who have lawfully undertaken to provide commodities and services at the Airport from irresponsible, unethical, or unauthorized competition;
- 6) Permit and provide adequate facilities for owners of general aviation aircraft to work on and service their own aircraft within such limits as may be imposed by these Rules and the FAA for purposes of safety, preservation of Airport facilities, and protection of public interest; and
- 7) Promote the utility, educational, and recreational aspects of general aviation.

2. GENERAL

The provisions of these Rules are intended for the safe, orderly, and efficient operation of the Airport. Any information or questions regarding the Rules should be forwarded to the Manager, in writing, to the following address:

PRAA
806 W. AIRPORT RD
PAYSON, AZ 85541

Correspondence may also be directed to the Manager via email to the following address: PRAA@paysonairport.com. Emergency or other verbal communications may be directed to the Manager at the following phone number: 928-472-4748.

2.1 Effective date

Upon recommendation of the Rules to the Town by the Manager and upon adoption by resolution of the Rules by the Town pursuant to Paragraph 5.8 of the Lease Agreement, the Rules shall become effective.

2.2 Rule amendments

The Manager reserves the right to propose changes to the Rules, as adopted by the Town, so long as twenty (20) days prior written notice to the Town, its citizens, and the current Airport users has been provided prior to the proposed implementation date of the changes.

2.3 Preemption

Should any part of the Rules conflict with federal, state, or local government law or ordinance, such law or ordinance will govern.

2.4 Manager's authorization

As an agent of the Town, the Manager is expressly authorized by the Town to act in conformance with the Rules to promote the safe, orderly, and efficient operation of the Airport. It is recognized that the Rules do not contemplate each and every situation that may arise on the Airport. Accordingly, the Town grants the Manager express authority to act with due care and loyalty as the Town's agent to accommodate such situations as long as the Manager ratifies such action through corresponding amendments to the Rules in accordance with § 2.2 of the Rules.

All tenants, users, invitees, licensees, and other visitors to the Airport shall be bound by, and comply with, these Rules as administered by the Manager.

In the event of an emergency at the Airport, the Manager is empowered to issue directives and take any action that in its sole discretion is deemed to be necessary to protect people, property, and assets on the Airport.

The Manager may issue rules, regulations, orders, and instructions as necessary for the administration of these Rules. The Manager may post signs at the Airport, which state or apply the rules, regulations, orders, and/or instructions. Each person on the Airport grounds shall comply with these rules, regulations, orders, and/or instructions. Each member of the Board of Directors or staff of the Manager, as a representative of the Manager, is empowered to require compliance with the provisions of these Rules and all rules, regulations, orders, and/or instructions issued by the Manager.

The Manager and its representatives shall have at least the following duties and powers:

- 1) Protect and safeguard the public in attendance at the Airport;
- 2) Suspend or restrict any or all operations at the Airport whenever such action is deemed to be necessary in the interest of safety;
- 3) Suspend the privileges of the Airport and its facilities to any person refusing to comply with these Rules;
- 4) Restrict operations at the Airport to such portion(s) of the Airport as necessary or desirable. Any part of the Airport temporarily unsafe for aircraft operation, which is not available for normal use, shall be clearly marked in accordance with FAA recommendations;
- 5) Issue permits or written permission for use of the Airport as authorized by these Rules;
- 6) At their option, restrict the use of any aircraft, automobile, hangar, tie-down, or any other real or personal property of a tenant at the Airport for failure to pay any fees and charges assessed pursuant to these Rules or the Rates and Fees Schedule as promulgated by the Manager when such fees and charges are delinquent by thirty (30) days or longer;
- 7) Relocate any aircraft, automobile, or any other personal property on the Airport as necessary to facilitate maintenance operations at the Airport, or other public events hosted at the Airport;
- 8) Relocate any aircraft, automobile, or any other personal property on the Airport as necessary to promote the safe, orderly, and efficient operation of the Airport; and
- 9) Take any action not expressly authorized under these Rules that in the Manager's sole discretion may deem to be necessary in the interest of the safe, orderly, and efficient operation of the Airport.

2.5 Hours of operation and use

The Airport shall be open for public use at all hours, subject to the condition of the landing area, as may be determined by the Manager.

The privilege of using the Airport and its facilities shall be on the condition that the user thereof assumes full responsibility and risk for such use, and by the use of the Airport and its facilities. The user thereof releases and agrees to hold the Town, its officers and employees, the Manager and its representatives, harmless and indemnify them from any liability or loss resulting from such use.

Any permission granted by the Manager directly or indirectly, expressly or by implication, to enter upon or use the Airport or any part thereof, including but not limited to operators, off-Airport users, crew members and passengers, spectators, sightseers, pleasure and commercial vehicles, officers and the employees of airlines, lessees and persons occupying space at the Airport, persons doing business with the Airport, its lessees, sublessees and permittees and all other persons whomsoever, whether or not of the type indicated, is conditioned upon compliance with these Rules and entry upon or into the

Airport by one person shall be deemed to constitute an agreement by the person to comply with these Rules.

2.5.1 Commercial users

No off-Airport user shall utilize the Airport for any revenue-producing commercial aeronautical activity except by conducting business under the terms of a lease and/or business license or permit executed between the user and the Manager, except that a lease and/or business license shall not be required for:

- 1) Aircraft operations in which the flight originates or terminates at a location other than the Airport;
- 2) Casual or isolated transactions conducted at the Airport;
- 3) Independent contract flight instruction; or
- 4) Independent contract mechanical services.

A lease and/or business license shall be required for the following activities when performed for hire, compensation, or reward:

- 1) Retail sales of any goods, wares, merchandise, or services;
- 2) Sale, rental, or charter of any aircraft;
- 3) Air carrier and air taxi operations;
- 4) Sale of aviation petroleum products;
- 5) Sale or service of aircraft parts, avionics, instruments, or other aircraft equipment.

All commercial users shall comply with these Rules as well as the Minimum Standards for Commercial Aeronautical Activities at the Airport as promulgated by the Manager.

2.5.2 Private users

All private users shall comply with these Rules. A land lease shall be required for the following activities of any private user:

- 1) Rental of any hangar space at the Airport;
- 2) Rental of any tie-down space at the Airport;
- 3) Rental of any unimproved space at the Airport; or
- 4) Rental of any motor vehicle parking space at the Airport.

2.6 Damage to property/personal injury

The Town, its officers and employees, the Manager and its representatives, assume no responsibility for damage to property stored thereon or property thereof of persons using the Airport facilities, by reason of fire, theft, vandalism, windstorm, flood, earthquake, hail, and/or collision, nor does it assume any liability by reason of injury to persons while on the Airport or while using the Airport facilities.

2.6.1 Reporting of accidents

Any person involved in an accident / incident at the Airport which results in damages to property or injury to one or more persons shall promptly report such occurrences to the Manager as specified in this section.

2.7 Rates and charges

A schedule of rates and charges for use of the Airport and its facilities shall be established by the Manager and shall be posted and/or distributed by the Manager.

3. PROHIBITED CONDUCT AT THE AIRPORT

No person shall unreasonably obstruct, impair, or interfere with the use of the Airport by any other person, or unreasonably obstruct, impair, or interfere with the passage and safe, orderly, and efficient use of the Airport by any other person, vehicle, or aircraft.

No person shall enter any Airport operations area, Airport terminal, or landing area with any animal, except a guide dog for the blind, hearing impaired, service dog, or a leashed animal taken to and from an aircraft. Animals may be permitted in other areas of the Airport if restrained by a leash or confined in such a manner as to be under control at all times, or as authorized by the Manager.

No person shall dispose of garbage, papers, refuse, or other material on the Airport except in receptacles provided for that purpose. The refuse containers on the Airport are for Airport disposal only, no person shall bring off-airport refuse to be disposed of on Airport property.

No person shall abandon any personal property on the Airport. Property abandoned for more than thirty (30) days shall become the property of the Manager and may be disposed of in any manner deemed appropriate by the Manager. All costs associated with the disposition of abandoned property will be charged to the person claiming prior ownership of the property.

No person shall destroy, damage, or deface or cause to be destroyed, damaged, or defaced any property located at the Airport. Any person causing or being responsible for such damage or destruction shall report such damage or destruction to the Manager and upon demand of the Manager, shall reimburse the Manager for the full amount of the damage, destruction, or defacement. Any person failing to report and/or reimburse the Manager for such damage, destruction, or defacement may be refused use of the Airport and the use of any facility at the Airport until and unless said report and/or reimbursement is made.

No person shall interfere or tamper with an aircraft parked or stored at the Airport.

No person shall move or operate an aircraft or vehicle on the Airport in a negligent or reckless manner.

No person shall alter, make additions to, or erect any buildings or signage or make any excavations on the Airport without the permission of the Manager.

No person shall solicit fares, alms, or funds for any purpose on the Airport without written permission from the Manager.

No person shall post, distribute, or display signs, advertisements, circulars, or other printed or written matter in the public area of the Airport without written permission from the Manager.

No person shall use open flames, flame-producing devices, or other sources of ignition except in properly designated areas.

No person shall smoke in any apron, hangar, shop or in any other place on the Airport grounds.

No person shall store any combustible materials, flammable liquids, or other hazardous materials in an aircraft hangar, or other building on the Airport, except in locations approved by the Town, or as otherwise permitted by these Rules and their lease.

No person shall store waste, rags, and/or other rubbish other than in receptacles suitable for such storage.

No person shall leave unsecured items within the runway, taxiway, aircraft operation areas, or object free zones at any time.

4. AIRCRAFT OPERATIONS

The Federal Aviation Act of 1958 authorizes the Administrator of the Federal Aviation Administration (FAA) to prescribe air traffic rules and regulations governing the flight of aircraft. The Federal Aviation Regulations (FARs) promulgated by the Administrator control all aspects of flight on or in vicinity of the Airport.

Aircraft operators, pilots, airmen, and other users of the Airport are required to be familiar with and comply with the FARs and, in particular, Part 91, General Operating and Flight Rules, of the FARs.

All aeronautical activities at the Airport and all flying of aircraft departing from or arriving at the Airport shall be conducted in conformity with the FARs.

The owners and operators of all aircraft based at the Airport shall comply with all of the applicable provisions of A.R.S. §§ 28-8201 through 8536.

4.1 Parking

All aircraft shall be parked in designated areas administered by the Manager and in areas rented to private and commercial operators. Aircraft owners and/or operators may also park aircraft in privately/publicly owned hangars erected on land leased by the Manager.

Parking in taxiways or runways is prohibited. Taxiway and runway areas shall be maintained open for operational aircraft at all times and no aircraft shall be parked in such taxiway areas or left unattended in such a manner as to interfere with the free flow of traffic.

No aircraft shall be unattended on the Airport unless properly secured in a tie-down or within a hangar. Owners/operators of aircraft shall be responsible for all damage resulting from failure to comply with this paragraph.

No aircraft shall be operated in, or taxied into or out of a hangar.

All persons shall keep parking areas free and clear of oil, grease, fuel, or other foreign materials that could cause a fire hazard or otherwise unsafe condition.

4.2 Run-up areas

Aircraft power plants shall be run-up only in areas as may be designated. At no time shall power plants be run-up when aircraft, hangars, shops, other buildings, or persons in observation areas are in the path of the propeller slip stream or jet blast.

4.3 Aircraft removal

Aircraft owners/operators shall be responsible for the prompt removal from the Airport of disabled aircraft and their parts, except for salvage and repair conducted under the terms of a permit/license within an enclosed hangar, unless required or directed to delay such removal by a duly authorized representative of the FAA or National Transportation Safety Board (NTSB) pending investigation of an accident.

Any person refusing or unable to move an aircraft within a reasonable amount of time as directed by the Manager is deemed to provide the Manager with express authority to remove and store his or her aircraft at the owner/operator's expense and without liability to the Manager for any damage that may result during the course of such moving and storing.

4.4 Maintenance

Preventive maintenance work, as defined in Part 43 of the FARs, may be performed at the Airport tie-down areas by the owner of the aircraft. Aircraft owners who possess current mechanic ratings, such as A&P and A&I ratings, may do additional work in the tie-down areas. All other aircraft maintenance, rebuilding, and alterations shall be performed only in areas designated by the Manager.

4.5 Aircraft registration

All owner/operators who desire to base their aircraft at the Airport shall register their aircraft with the Manager within thirty (30) days of beginning operations. Any change in ownership/dominion of the aircraft shall be reported immediately.

4.6 Fueling operations

4.6.1 Self-fueling

Subject to any conflicting provisions of Chapter 95 of the Town Code, owners may obtain their own fuel and bring the fuel onto the Airport to service their own aircraft, but only with their own employees and equipment and in conformance with these Rules and relevant FARs.

All self-fueling operations shall be subject to inspection by the Town and shall conform to any corrective actions required by the Town. All deficiencies identified during such inspections shall be

corrected immediately. The correction of any such deficiencies shall be demonstrated before self-fueling operations may be reinstated.

4.6.2 Fuel delivery and dispensing

Notwithstanding the provisions of § 4.6.1, no person shall transport or deliver aviation or automobile fuels on the Airport, or dispense fuels into aircraft, unless properly authorized by the Manager.

No person shall fuel or defuel an aircraft while:

- 1) The aircraft's engine is operational or warmed by external heat;
- 2) The aircraft is stored in a hangar or closed space;
- 3) Passengers are in the aircraft;
- 4) Electrical devices within the aircraft are being utilized.

No person shall start the engine of an aircraft on the Airport if there is any gasoline or other volatile flammable liquid on the ground beneath it of sufficient quantity so as to constitute a fire hazard.

No person shall fuel an aircraft without adequate grounding between the dispensing device and the aircraft.

Each person engaged in fueling or defueling of aircraft shall exercise due care to prevent the overflow of fuel and shall maintain readily accessible fire extinguishers.

Each apparatus utilized for fueling and defueling operations shall be maintained in a safe condition and shall be subject to inspection by the Town. All deficiencies identified during such inspections shall be corrected immediately. The correction of any such deficiencies shall be demonstrated before fueling operations may be reinstated.

5. MOTOR VEHICLE OPERATIONS

5.1 Gate access

All motor vehicles authorized for access to the Airport shall enter the Airport using gate privileges as prescribed by the Manager. Failure to comply with these Rules is deemed as a waiver of privileges otherwise granted by the Manager under this paragraph.

All persons who are authorized by the Manager for motor vehicle access to the Airport shall comply with the motor vehicle laws of the state of Arizona as well as the Runway Safety Action Plan as promulgated by the Manager. All such persons shall have completed the prescribed Driver Training course and have the proper certification.

5.2 Designated parking areas

The Manager may designate by appropriate posting any areas appropriate for motor vehicle parking as well as any time limits, if applicable, for such parking. No person shall park or stand a motor vehicle on the Airport grounds except in an area specifically designated by the Manager.

No person shall make any repairs or clean a motor vehicle while parked at the Airport, except those minor repairs that may be necessary to remove the vehicle to a proper location.

No person shall park a motor vehicle on a ramp area so as to impede or protrude in the normal flow of taxiing aircraft.

All motor vehicles must be parked on asphalt or hangar foundation contained within the subject leasehold boundaries as defined by the lease and/or license as required by §§ 2.5.1 and 2.5.2 of these Rules.

No person shall park a motor vehicle in any marked space in such a manner as to occupy more than one space.

The Manager is authorized to remove any motor vehicle parked on any roadway, parking area, or other restricted area of the Airport that is in violation of this section and to impound the same at the owner/operator's expense and without liability for damages which may result from, or during the course of, such moving and storage.

5.3 Right-of-way

All vehicles, except emergency vehicles engaged in emergency activity, shall at all times yield right-of-way to any and all aircraft and pedestrians.

6. OBLIGATIONS OF TENANTS

No tenant, whether private or commercial, shall allow leased property to be used or occupied for any purpose other than specified in the lease and/or license as required by §§ 2.5.1 and 2.5.2 of these Rules.

No tenant, whether private or commercial, shall operate a motor vehicle for hauling trash, dirt, or any other material on the Airport grounds unless it is built to prevent its contents from dropping, sifting, leaking, or otherwise escaping.

Each hangar tenant shall supply and maintain adequate and readily accessible fire extinguishers as approved by the Underwriters Laboratories.

Each tenant shall subject itself to inspections of leased property by the Manager at any time as may be deemed reasonable and prudent by the Manager.