

AIRPORT PROPERTY LEASE
STORAGE OF AIRCRAFT

THIS LEASE made this ____ day of _____, _____, between Carlton County, a public corporation of the State of Minnesota, herein called the "Lessor", and _____, herein called the "Tenant".

WITNESSETH:

1. DESCRIPTION OF PROPERTY

The Lessor hereby leases to the Tenant, and the Tenant hereby hires and takes from the Lessor, the following described premises situated upon the _____ Carlton County Airport property, a public airport owned and operated by the Lessor located in the County of Carlton, State of Minnesota.

Lot sq. ft. and description or (See attached Exhibit A). (Building footprint only)
Lot # _____, building ____' x ____' (_____ sq ft)

Together with said land and/or buildings and/or improvements leased to the Tenant, the Tenant shall have the privilege of using the public portions of the said airport, such as runways and other public facilities there provided, upon such terms and under such Minimum Standards and Rules and Regulations as now exist or may hereafter be enacted by the Lessor, and subject to such charges for such use as may be established from time to time by the Lessor either by ordinance or agreement with said Tenant.

2. LEASE TERM

The term of this lease shall be for 30 years commencing on _____ unless sooner or later terminated as hereinafter provided. Provided tenant is not in default under this agreement, the term of this lease may be extended by Tenant by an additional 30 years, if not less than 180 days prior to the expiration of this Lease, Tenant notifies Lessor of its intent to extend this Lease by said additional term.

3. USE OF PREMISES

Any building to be built on the above premises shall be constructed in compliance with all applicable building codes and be located upon the leased premises in the following manner:

Aircraft Storage Hangar:

The leased premises and the building thereon or to be built thereon by the Tenant shall be used only for the storage of aircraft and other incidental fixtures, equipment, tools, and supplies associated to the storage of aircraft and for no other purpose by the Tenant or by other parties to whom the Tenant may, during the term of this lease, lease or sell storage.

Use of the leased premises for any purpose not herein expressly provided shall constitute default hereunder and shall not be permitted except upon such terms as may be agreed upon between the parties hereto, and upon the approval of the Lessor given in writing to the Tenant. In the event of

disapproval or failure of the Lessor to approve such use, the Tenant shall not conduct on said premises the activity or business proposed to be conducted thereon.

As rent for the leased premises, the Tenant shall pay annually in advance, an annual basic rent of \$_____ per square foot (building footprint).

Revision of Rents:

Under Minnesota Statutes Subsection 473.651, Lessor has the authority to determine the charges for the use of property under its management and control, and thereunder Lessor reserves the right, from time to time, to amend rents and charges hereunder, either upwards or downwards, to conform the same to rents, charges and assessments imposed on other tenants at the airport, carrying on similar operations pursuant to agreement on Lessor's Aircraft Storage Lease form. It is understood, consistent with said Minnesota Statute Subsection 473.651 that any such revisions in rents or charges shall be reasonable and uniform covering tenant's lease rights with those charged to other users at the airport in the same class of users as tenant, and giving due regard to the value of the property leased and the improvements used and expense of operation of the Lessor.

Diligence by the Tenant:

In the conduct of operations hereunder, it is agreed:

- A. Tenant, and those operating under agreement with Tenant in the conduct of its and their authorized business activities on the leased premises and on the airport, shall furnish service on a fair, equal and not unjustly discriminatory basis to all users thereof, and shall charge fair, reasonable and not unjustly discriminatory prices for each unit of sale or service, provided, however, that Tenant and those operating under agreement with Tenant shall be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
- B. Tenant shall have the rights and privileges to conduct all business operations authorized under the terms of this Lease, provided, however, that this agreement shall not be construed in any manner to grant the Tenant, or those claiming under him or her, the exclusive right to use the premises or facilities of the aforementioned airport other than those premises leased exclusively to the Tenant hereunder.

4. TENANT'S COMMITMENT TO CONSTRUCT BUILDING:

The Tenant agrees that any building to be constructed by Tenant shall be constructed upon the leased premises as provided herein and at no cost to the Lessor, and that construction of said building shall commence within sixty (60) days after approval by Lessor of the proposed location of the building upon the leased premises and shall be completed within one (1) year from the date of commencement of construction or by such later date as Lessor approves in writing.

- A. Before commencing any erection, rebuilding, enlargement or extension, and before commencing any repair or alteration costing in excess of \$1,000.00, the tenant will furnish to the Lessor for approval the plans for such work, the expense of completing the work, and unless waived by the Lessor, a bond or other security in amount, form and with surety satisfactory to the Lessor, conditioned for the commencement and completion and payment for such work, and against loss or damage by reason of mechanics liens, and an

insurance policy in an insurance company approved by the Lessor protecting the Lessor from all liability to persons or property for damages arising out of the contemplated work. The Tenant shall only proceed with the location of a building upon the leased premises after written approval by the Lessor of the plans and specifications.

- B. Whether or not the foregoing bonds, security and the insurance shall be waived, the Tenant shall:
1. Procure from the necessary authority and building permits that may be required.
 2. Do or cause the work to be done in a good and workmanlike manner to be completed within a reasonable time and in conformity with such building codes, zoning ordinances, or regulations and orders of any lawful authority, including any requirements of the Carlton County Airport Commission then in effect.
 3. Keep said premises and every building, structure and improvements on said premises free and clear from all liens for the labor performed and materials furnished therefore.
 4. Defend, at its own cost and expense, each and every lien asserted or filed against said land, or any part thereof, or against building, structure of improvement thereof, and pay each and every judgment made or given against said land, or building or any part thereof.
 5. Indemnify and save harmless the Lessor from each and every claim, demand, action and cause of action (including counsels' and attorneys' fee), arising out of or in connection with any act or omission of the Tenant, or of any agent, employee or contractor of the Tenant, in or about the removal, erection, alterations, enlargement, or extension of any building, structure or improvement on the said leased premises, or arising out of or in connection with the assertion or filing of any lien on said land or against any building, structure or improvement thereon.
 6. Not hinder, restrict, or obstruct other tenants from full use of airport property during construction.

Building Maintenance:

That the Tenant at its own cost and expense shall take reasonable care of the demised premises and the buildings, structures, improvements at any time located thereon and all agencies and instrumentalities thereof and therein, and shall keep and maintain the same in good order and repair and in a clean and neat condition, and the Tenant shall not suffer or permit any waste or nuisance on the demised premises or anything thereon which shall interfere with the rights of other tenants or the Lessor, in connections with the use of portions of said airport not leased to the Tenant hereunder. That no outside storage of property is permitted on the leased site.

Insurance on Buildings:

That the Tenant will keep all buildings on the leased premises, continuously during the term of this lease or any extensions thereof, insured against fire and extended coverage, vandalism and malicious mischief and windstorm loss or damage for an aggregate amount equal to at least 80

percent of their fair market value and any money received from said insurance shall belong to the Tenant as the owner of such buildings; such policies shall be in a form satisfactory to Lessor, and copies of such insurance policies or certificates thereof evidencing such coverage and that such insurance is payable to Lessor and tenant shall be furnished the Lessor.

General Liability and Property Damage Insurance:

A-1. That the Tenant agrees to indemnify and hold harmless the Lessor for loss, damage or injury from act or omission of the Tenant, its employees, agents, subsidiaries, licensees and subleases while on or about said airport to the person or property of the parties hereto and their employees and to the person or property of any other person or corporation, and the Lessor shall not be liable to any extent for, nor will the Tenant make any claim against the Lessor for or on account of any injury, loss or damage to the demised premises, the buildings or structures thereon, the personal property and facilities located therein, or to any person or property at any time on the demised premises whether occasioned by fire, water, smoke, steam, gas, electricity or other agency or instrumentality which may come or be on the demised premises or occasioned by any other cause.

A-2. Nothing in this Lease shall cause Lessor in any way to be construed as partner, joint venture, or associated in any way with Tenant in the operation or use of said premises, or subject Lessor to any obligation, loss, charge, or expense connected with or arising from the operation or use of said premises or any part thereof.

B. That the Tenant shall carry General Liability Insurance in at least the following amounts, and shall include Lessor as a named insured and shall be in a form acceptable to the Lessor. Copies thereof or appropriate insurance certificates shall be delivered to the Lessor. The Lessor reserves the right and Tenant agrees to revisions upwards or downwards in the minimum insurance requirements hereinafter set forth either by field rule or ordinance of the County Commissioners, provided, however, that any such revision shall be effective upon thirty (30) days posed or delivered notice to the Tenant at the address listed herein and any such revisions shall be non-discriminatory.

- 1) Owners/Landlords and Tenants bodily insurance of \$300,000 per single occurrence for all damages arising out of bodily injuries to, or death of, one person, and \$1,000,000 per occurrence for damages arising out of bodily injuries to, or death of, two or more persons in any one accident.
- 2) Owners/Landlords and Tenant's property damage liability insurance of \$1,000,000.

C. Each party hereto waives all claims for recovery from the other party for any loss or damage to any of its property insured under valid and collectible insurance policies to the extent of any recovery collectible under such insurance subject to the limitation that this waiver shall apply only when permitted by the applicable policy of insurance. The parties hereto agree to use good faith efforts to have any and all fire, extended coverage or any and all material damage insurance which may be carried endorsed with the following subrogation clause: "This insurance shall not be invalidated should the insurance waive any writing prior to a loss any or all right of recovery against any party for loss occurring to the property described therein."

5. TENANT TO COMPLY WITH RULES MADE BY LAWFUL AUTHORITIES

That the Tenant shall comply with all laws of the United States, and the State of Minnesota, and the ordinances, rules, regulations and orders of any of the foregoing or of any department thereof, or of the Lessor, relating to said leased premises, and with respect to control of ground and air traffic, aircraft operations and the general use of the airport.

6. PAYMENT OF TAXES OR OTHER CHARGES

That the Tenant will pay all taxes, installments of special assessments, license fees or other charges that may be levied or assessed during the term of this agreement upon or against any improvements or equipment on said leased premises, or on account of the transacting of business thereon by the Tenant.

Taxes levied by reason of occupancy hereunder shall be in amount additional to rent, whether or not such tax payments under the law are to be included in and paid from rents and rent is subject to adjustment upon and to accomplish the same.

Any fees charged for firefighting services upon the leased premises shall be paid by the Tenant.

7. RIGHT TO REMOVE BUILDINGS AT END OF LEASE PERIOD

A. That at the expiration of this Lease, including any extensions or renewals thereof, or any termination of this lease caused or occasioned by Tenant's default as described in Section 14, below, if the Tenant shall have paid all taxes, assessments, rent and other charges by it payable under the terms of this lease, and shall have kept and performed all the material terms and conditions of this lease, tenant shall have the privilege of removing from said premises all buildings and/or property thereof belonging to said Tenant and shall restore said premises to as good condition as they were in when they were entered upon by the Tenant, provided the Tenant does so within ninety (90) days after the termination of this lease. If said buildings or property are not so removed within said ninety (90) day period, the Tenant hereto upon the expiration of said ninety (90) day period shall vest in the Lessor without further act or conveyances; provided, however, that if following commencement of removal or notice of intention to remove, the Tenant shall demonstrate to the Lessor that for reasons beyond the control of the Tenant such removal cannot be completed within said ninety (90) day period, the Lessor shall allow Tenant the reasonable extension of time for such removal.

B. In the event of Lessor's default under the terms and conditions of this Lease, Tenant shall have the option to either (a) remove the building(s) or property pursuant to Section 7(a), above, or (b) subject to the limitations of Section 8, commence an inverse condemnation action pursuant to Section 15, below.

8. AUTOMATIC EXTENSION OF LEASE

That in the event the Tenant, through no fault of his own, shall suffer loss by reason of being prevented, beyond a reasonable length of time, from using the public portion of the said airport and the public facilities there provided for reasons other than those, occasioned by meteorological conditions, or in the event the Tenant shall suffer loss because any governmental agency by virtue of its sovereign power, beyond a reasonable length of time, stops, suspends, or seriously limits the Tenant use of the public portion or public facilities of the said airport for reasons other than fault of the Tenant, then or in any such event, the Tenant during such periods shall not be liable for the rent providing the leased premises are not used by the Tenant or subleases of the Tenant and, further, this agreement and lease shall be extended beyond the original termination date

hereinbefore stated. It is further agreed that in the event the Tenant is prevented from using the said premises or the public portion of the airport as hereinbefore stated, that the Tenant shall not be entitled to any compensation for loss or damage from the Lessor other than the automatic extension of lease time as herein provided.

9. ACCESS TO SERVICE AND FACILITIES

Tenant agrees to promptly pay all claims in addition to its rent for all utilities or other service facilities supplied to or consumed by the Tenant on the leased premises.

10. LESSOR TO OPERATE AIRPORT(S)

That the Lessor itself shall properly maintain, operate and manage said airport at all times and in a safe manner not dissimilar to generally accepted good practice in the State of Minnesota for airports of similar size and character. If for any reason beyond the control of the Lessor (including, but without in any manner limiting the foregoing, war, strikes, riots, civil commotion and the like), the Lessor shall fail to properly maintain, operate and manage said airport, such failure shall not operate as a breach of this lease or render the Lessor liable in damages. This paragraph shall not be construed to bind said Lessor to operate an airport traffic control tower at said airport unless in the judgment of said Lessor the operation thereof shall be deemed necessary nor shall this paragraph be construed to bind said Lessor to maintain the demised premises.

11. TENANT'S BUSINESS CONFIDENTIAL

That the Lessor and its agents shall use due care to treat confidentially all matters pertaining to the Tenant's business except those things which of necessity must become a part of public record.

12. TENANT'S RIGHT TO SUBLET OR ASSIGN

Subject to Tenant's right to sublet hanger space solely for the purposes of aircraft storage to not more than two aircraft in addition to the tenant's aircraft, and then provided such subtenants shall conform to the terms and conditions set forth in this Lease, the Tenant shall not sublet the demised premises nor assign or transfer this lease or sell or transfer the building on the demised premises or permit the foregoing lease to become transferred by operation of law or otherwise, nor to do, or suffer to be done any acts whereby the same may be or become assigned in whole or in part unless the written consent of the Lessor shall first be obtained in each and every case of such subletting, assignment or transfer as shall from time to time occur or be desired which consent shall not be unnecessarily withheld. If Tenant is a corporation, then any transfer of this Lease by merger, consolidation or liquidation, or any change in ownership of the shares of voting stock so as to result in a change of the present effective voting control of Tenant by the person, persons and/or entity owning a majority of said shares on the date of this Lease, shall constitute an assignment of this Lease, and as such, shall require the prior written consent of Lessor which consent shall not be unnecessarily withheld.

13. TENANT'S RIGHT TO MORTGAGE BUILDINGS

That the Tenant shall have the right to mortgage, subject to any applicable provisions of this Lease, the Tenant's equity (not to exceed 100% of value of the improvements) in any building, substructures, or improvements constructed by Tenant on the leased premises, and Lessor hereby allows any such mortgagee of buildings, structures or improvements who acquire title thereto by due process of law to retain the same for a reasonable time after acquisition for the purpose of

selling to a new owner who shall be acceptable to Lessor as a ground lease Tenant. The foregoing authorization shall not operate as a waiver on the part of Lessor of any of the terms and conditions of this lease with respect to default thereunder of termination thereof. Mortgages given by the Tenant to finance construction of buildings, structures, or improvements to be constructed, located or placed on the leased premises shall have priority over any mortgage lien taken by the Lessor. The burden shall be on the Tenant and on the mortgagee to establish that such mortgage has priority hereunder.

14. LESSOR'S RIGHTS UPON DEFAULT

That if the Tenant shall default in any manner including the below:

- A. In the payment of the rental reserved herein and such default shall continue for ten (10) days after notice in writing in the manner hereinafter provided, or
- B. In the observance and performance of any of the other terms, covenants and conditions of this lease, and such default shall continue for thirty (30) days after such notice, or the Tenant shall have failed to commence the rectification of such default within thirty (30) days after such notice and to diligently prosecute the same where the same cannot be completed within thirty (30) days, or
- C. If a petition to recognize the Tenant or for an arrangement of its unsecured debts shall be filed, or
- D. If the Tenant shall be adjudicated a bankrupt, or
- E. If a receiver or Trustee of the Tenant's Property be appointed by a Court, or
- F. If the Tenant shall make a general assignment for the benefit of creditors, or
- G. If all interest of the Tenant in its property shall be taken by garnishment, attachment, execution or other process of law, or
- H. If the leased premises shall be abandoned, then and in any such events, it shall be lawful for the Lessor to:
 1. Immediately, or at any time thereafter, without further notice to Tenant, to re-enter into or upon said premises or any part thereof and take possession of the same fully and absolutely without such re-entry working a forfeiture of the rents or other charges to be paid and of the covenants, terms and conditions to be performed by the Tenant for the full term of this lease, and in the event of such re-entry the lessor may proceed for the collection of the rents or other charges to be paid under this lease or for the properly measured damages and for the collection of its reasonable attorneys' fees; or
 2. Lessor may at its election terminate this lease upon written notice in the manner hereinafter provided and re-enter said premises as of its former estate therein and the Tenant covenants in case of such termination to indemnify the lessor against all loss of rents and expense which the Lessor has suffered or paid by reason of such termination, during the residue of the term; or

3. The Lessor shall further have all other rights and remedies including injunctive relief, ejectment or summary proceedings in the unlawful detainer, and any or all legal remedies, actions and proceedings and all such shall be cumulative and provided further that Lessor shall be entitled to its reasonable attorneys' fees incurred in connection with the institution of any such proceedings.

15. CONDEMNATION.

That if it shall be in the public interest, the Lessor shall have the power to condemn this lease even though it is itself a party of the lease.

16. QUIET ENJOYMENT

- A. Lessor covenants and agrees with the Tenant that upon the Tenant's paying said rent and keeping, paying and performing all the terms, covenants and conditions of this lease on the Tenant's part to be kept, said and performed, the Tenant shall and may, except for reasons beyond the control of the Lessor, peaceably and quietly have and hold the premises hereby leased for the term aforesaid.
- B. Notwithstanding the above, the Lessor and its agents, or representatives, shall have the right to enter the premises and buildings thereon, to inspect the same for operations conducted from the demised premises and for the purpose of making repairs or improvements to any adjoining premises or to the airport and to install through or upon the premises, such pipes, wires and appurtenances as it may deem necessary or useful to the operation of said airport, but the making of such repairs, improvements, or installations shall be done in such a manner as will not interfere materially with the use and enjoyment of the premises by the Tenant, except in cases of emergency.

17. NOTICES

All notices required by law or by the lease to be given to the tenant must be written and may be given personally or by depositing the same in the United States mail, postage prepaid, and addressed to the tenant at their last known address. Notice shall be deemed given as the date said Notice is deposited in the mail. All Notices to the Lessor shall be delivered in person or by depositing the same in the United States mail, postage prepaid and addressed to the County Auditor of Carlton County, Carlton, MN 55718.

18. WAIVER OF BREACH

That the waive by the Lessor of any breach of any term, covenant or conditions herein contained, or contained in any other lease in which the Lessor is a party, shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or conditions herein contained.

19. SEVERABILITY

That it is the intent of both parties hereto that the provisions of this agreement shall be severable if a provision or application thereof shall be declared invalid.

20. COMMITMENTS TO FEDERAL AND STATE AGENCIES

Subject to Lessor's requirements pursuant to Section 15, above, that nothing herein shall be construed to prevent the Lessor from making such commitments as it desires to the Federal Government or to the State of Minnesota in order to qualify for the expenditure of Federal or State funds on said airport.

21. BINDING ON SUCCESSORS

That except as herein otherwise provided, all the terms, covenants and conditions of this lease shall be binding upon and inure to the benefit of the legal representatives, successors, assigns and subsidiaries respectively of the Lessor and Tenant.

22. LEASE CHANGES

That any of the terms of this lease can be changed upon the mutual consent of the Lessor and the Tenant but to be valid any such changes must be in writing and must be executed with the same formalities as this instrument.

23. LEASE RENEWALS

If, during the term of this agreement, including any extensions or renewals hereof, Tenant shall not have been in default in payment of rents hereunder, without cure, or in material performance in other requirements hereof, Tenant shall have a right of first refusal on any lease by which the premises covered by this agreement are demised after the term hereof, including renewal.

24. TERMINATION

If the buildings on the demised premises shall be destroyed, then Lessor or Tenant shall have the right to terminate this Lease Agreement upon giving of written notice to the other party.

Notwithstanding the above, if the Tenant has kept and performed all the material terms and conditions of this lease, Lessor may not terminate this lease if the building(s) are restored within 180 days, excluding days between November 1 and following May 1.

25. ENVIRONMENTAL MATTERS

The Lessor represents that to the best of its knowledge there are no Environmental Pollutants on or in the Leased Premises and the property is not in violation of any Applicable Environmental laws.

Tenant agrees not to store any toxic or hazardous materials, on the premises, except minimal amounts as permitted by law. All such materials and fuel shall only be stored in an approved properly labeled container. Tenant also agrees not to dispose of or dump any fuels, oil, dopes, solvents, acids or any other toxic or hazardous materials on any apron, ground surface or in any ditch, sewer or catch basin. Used engine or hydraulic oils must be disposed of off the airport property at a designated disposal facility.

Any accidental spills or leaking of fuels or oils must be reported immediately and directly to the Carlton County Airport Manager. Testing, monitoring and clean up must conform to the standards established by the MPCA (Minnesota Pollution Control Agency).

The Tenant agrees to indemnify and hold Lessor, its employees, agents and assigns harmless from any and all claims, damages, fines, penalties, judgments, costs and liabilities ("Losses") arising out of, or related to any breach or inaccuracy of Tenant's use or representation regarding the use, presence, release, spillage, deposit or discharge of any environmental pollutants on the leased or adjacent property. Losses will include, however, not be limited to, attorneys' fees, consultant fees, laboratory costs and fees, investigation and assessment fees as well as clean-up, remediation or other expenses related to proper disposal of any discovered pollutants and to include any costs of plans, reports and business interruption for the Carlton County Airport.

26. HOLD OVER

Should the Tenant hold possession of the leased premises or any portion thereof after the date upon which the lease expires are to be surrendered, Tenant will become a tenant on a month-to-month basis upon all the terms and conditions of this lease except for those pertaining to the lease term. During any month-to-month tenancy, Tenant will pay the monthly rental and charges as computed herein, in advance until either party gives thirty (30) days notice to the other party of the intent to terminate this lease.

27. NON-DISCRIMINATION

The Tenant for itself, its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land that; (1) no person on the basis of race, color, sex, religion, lifestyle orientation, national origin or any other protected class of persons shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities, (2) that in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person on the basis of race, color, sex, religion, lifestyle orientation, national origin or any other protected class of persons shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the Tenant shall use the premises in compliance with all other requirements imposed by or pursuant to Title 49, CER Part 21, Non-discrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

In the event of a breach of any of the non-discrimination covenants, the Carlton County Airport Commission shall have the right to terminate the Lease and to re-enter and repossess said land and the leased facilities thereon, and hold the same as if said lease had never been made or issued.

The Tenant for itself, its heirs, personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that if the facilities are constructed, maintained, or otherwise operated on the said property described in this Lease for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provisions of similar services or benefits, Tenant shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 19, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary.

