

SUBLEASE OF BUILDING

THIS LEASE, dated as of January 17, 2019, is between **Apple Air LLC**, a North Dakota Limited Liability Company of 509 30th Ave NW, PO Box 969, Minot, ND 58702-0969, herein called "Landlord" and **JF Aviation LLC** a North Dakota Limited Liability Corporation of (address) PO Box 906 Minot, North Dakota 58702 herein called "Tenant".

RECITALS

- A. Landlord currently leases the airplane hangar located at Lot 8, Block 9, Hangar 21, Airport 2nd Addition, Minot, ND as described more fully in Exhibit A (the "Premises") from the City of Minot and desires to sublease to Tenant, who intends to occupy the Premises subject to the terms and conditions of this Lease and the terms and conditions of the lease agreement between Landlord and the City of Minot.
- B. It is intended by Landlord and Tenant that this Lease shall become effective on the day the Tenant takes possession of the Premises.

In consideration of the mutual covenants contained herein, the parties agree as follows:

1. **Lease of Premises.** Landlord represents and warrants that as of the effective date of this Lease it leases the Premises from the City of Minot and has the right to sublease the Premises to Tenant subject to consent given by the City of Minot.
2. **Use of Premises.** Premises may be used as an aircraft storage building. Tenant shall not allow use of the Premises for any illegal purpose or for any use in violation of covenants, conditions and restrictions of record applicable to the Premises. Tenant shall comply with all laws, ordinances, and governmental rules, orders, and requirements relating to the use and occupancy of the Premises.
3. **Term.** This Lease shall be for a term of two months, beginning on the 17th day of January, 2019 (hereinafter referred to as "commencement date"), and expiring two (2) months after the commencement date.
4. **Monthly Rent.** Tenant agrees to pay Landlord, at Landlord's address set forth above or at such other place as Landlord may designate in writing, a monthly rental of one Dollar (\$1.00) per month. Unless the lease commences on the first day of the month, pro-rated rent shall be paid for a period between the commencement date to the first day of the following month. Rent is payable in advance on the first day of each and every month during the term hereof. If the Premises are occupied by Tenant for any fraction of a month at the commencement or termination of this lease, Tenant shall pay the Landlord rent for such fraction of a month on a prorated basis for each day of occupancy.
5. **Damage Deposit**
6. **Acceptance of Premises.** Tenant accepts the Premises in its present condition relying exclusively upon its own inspection and its responsibility to construct the improvements.
7. **Utilities and Services.** Tenant shall be responsible to pay all utilities during the term of the lease.
8. **Snow Removal. Tenant to pay for snow removal.**
9. **Repairs and Maintenance.**
 - a. Tenant shall maintain interior components of the building. Tenant shall provide all ordinary maintenance and repairs to the Premises, including, without limitation, replacement of broken glass, replacement of worn or damaged flooring, repair of lighting fixtures, and repairs and maintenance of interior walls and ceilings. At the end or other termination of this Lease, Tenant

shall deliver up to the leased Premises with all improvements located thereon, in good repair and condition, reasonable wear and tear excepted.

10. Alterations.

- a. **Landlord Approval.** Tenant will not make any Structural Alterations to the Premises or any Alterations to the Common Area. Tenant will not make any other Alterations without Landlord's prior written consent, which consent Landlord shall not unreasonably withhold; provided, however, that Landlord may condition its consent in its reasonable discretion. Notwithstanding the foregoing, Tenant may make cosmetic and other non-Structural Alterations to the interior of the Premises without Landlord's prior written consent, provided that the total cost of any such non-Structural Alterations does not exceed \$5,000.00 in any 12 calendar-month period. Along with any request for Landlord's consent, Tenant will deliver to Landlord complete plans and specifications for the Alterations, and will identify any prospective contractors for the Alterations. If Landlord approves the proposed Alterations, Tenant, before commencing the Alterations or delivering (or accepting delivery of) any materials to be used in connection with the Alterations, will deliver to Landlord for Landlord's reasonable approval proof of insurance required by Section 10(b), copies of all necessary permits and licenses, and such other information relating to the Alterations as Landlord reasonably requests. Tenant will not commence the Alterations before Landlord, in Landlord's reasonable discretion, approves the foregoing deliveries. Tenant will construct all approved Alterations or cause all approved Alterations to be constructed (i) promptly by a licensed and properly bonded contractor, (ii) in a good and workmanlike manner, (iii) in compliance with all Laws, (iv) in accordance with all orders, rules and regulations of the Board of Fire Underwriters having jurisdiction over the Premises and any other body exercising similar functions, and (v) in full compliance with all of Landlord's rules and regulations applicable to third party contractors, subcontractors and suppliers performing work at the Property.
- b. **Tenant's Responsibility for Cost and Insurance.** Tenant will pay the cost and expense of all Alterations, and for any painting, restoring or repairing of the Premises or the Property the Alterations occasion. Prior to commencing the Alterations, Tenant will deliver the following to Landlord in form and amount reasonably satisfactory to Landlord: (i) payment, performance and demolition (if applicable) bonds; and (ii) evidence that Tenant and each of Tenant's contractors have in force liability insurance insuring against construction related risks, in at least the form, amounts and coverages required of Tenant under Paragraph 12. The insurance policies described in the preceding sentence shall name Landlord and Property Manager (and, if requested by Landlord, Landlord's lender) as additional insureds.
- c. **Construction Obligations and Ownership.** Landlord may inspect construction of the Alterations. Immediately after completing the Alterations, Tenant will furnish Landlord with contractor affidavits, full and final notarized lien waivers and receipted bills covering all labor and materials expended and used in connection with the Alterations. Tenant will remove any Alterations Tenant constructs in violation of this Article 10 within 10 days after Landlord's written request and in any event prior to the expiration or earlier termination of this Lease. All Alterations Tenant makes or installs (including all telephone, computer and other wiring and cabling located within the walls of and outside the Premises, but excluding Tenant's movable trade fixtures, furniture and equipment) become the property of Landlord upon installation and, unless Landlord requires Tenant to remove the Alterations (which removal requirement may be exercised by Landlord at the time Landlord consents to such Alterations, or at the termination of the Lease), Tenant will surrender the Alterations to Landlord upon the expiration or earlier termination of this Lease at no cost to Landlord.
- d. **Liens.** Tenant will keep the Property free from any mechanics', materialmens', designers' or other liens arising out of any work performed, materials furnished or obligations incurred by or for Tenant or any person or entity claiming by, through or under Tenant.

- e. **Indemnification.** To the fullest extent allowable under the Laws, Tenant will release, indemnify, protect, defend (with counsel reasonably acceptable to Landlord) and hold harmless the Landlord from and against any claims arising out of Tenant's acts or omissions and/or Tenant's possession or use of the Premises.

11. **Taxes.** N/A

12. **Insurance.** Tenant shall be responsible, at its expense, for special perils including mechanical breakdown coverage insurance on the hangar building and its personal property located in the Premises. The property insurance deductible shall be no greater than \$5,000 per occurrence.

Tenant, at its sole cost and expense, shall obtain and keep in force during the term of this Lease, a policy of hangar premises and aircraft liability insurance insuring the Tenant and naming the Landlord as an additional insured with waiver of subrogation against any liability arising out of the ownership, use, occupancy or maintenance of the premises and its aircraft, and all areas appurtenant thereto. Such insurance shall be in an amount of not less than a combined single limit of One Million Dollars (\$1,000,000) per occurrence for personal and bodily injury and property damage. The limits of said insurance shall not, however, limit the liability of Tenant hereunder. If the Tenant shall fail to procure and maintain said insurance, Landlord may, but shall not be required to, procure and maintain the same, but at the expense of the Tenant. Tenant shall also maintain throughout the term employer's liability and worker's compensation insurance in amounts required by applicable law.

Insurance required hereunder shall be in companies rated with no less than an "A" rating or better in "Best Insurance Guide" qualified to do business in the state in which the Premises are located. Tenant shall deliver to Landlord certificates of such insurance naming Landlord as an additional insured and waiver of subrogation. The property insurance shall contain a loss payable clause satisfactory to Landlord with a 30 day notice of cancellation.

13. **Assignment or Subletting.** Tenant may not assign or sublease all or any portion of its rights under this Lease without Landlord's prior written consent, such consent shall not be unreasonably withheld. Tenant agrees that, whether this Lease is assigned or the premises sublet, the Tenant and any guarantor hereof and the assignee or subtenant, but no other entity, shall remain responsible for the full performance of all the terms and conditions of the Lease.

14. **Damages or Destruction.** In the event the Premises are rendered commercially unusable in whole or in part by fire, the elements, or other casualty, unless Landlord and Tenant otherwise agree, Tenant shall promptly restore or rebuild such damage to the extent of available insurance proceeds and this Lease shall not terminate. During the period that the Premises are unusable due to fire or other casualty, rent shall abate in the same ratio as the proportion of the Premises rendered unusable bears to the whole Premises. Rent abatement shall only be available to Tenant to the extent that the rent abated is covered by rental loss insurance proceeds actually received by Landlord.

15. **Default: Remedies.** If Tenant shall default in the performance of any of Tenant's obligations under this Lease, or violate or breach any term or provision of this Lease, Landlord may if such default or breach remains uncured for a period of three (3) days after written notice, but shall not be required to, terminate this Lease and Tenant's right of possession by any lawful means. Upon such termination, Tenant shall quite and surrender the Premises to Landlord, but the Tenant shall remain liable as hereinafter provided.

In the event that any payment of rent is not received by the Landlord within five (5) days after the date of maturity, Tenant shall pay to Landlord a late charge (as liquidated damages) in an amount equal to ten percent (10%) of the delinquent rent. Rent as defined in this paragraph includes rent and Tenant's obligation to pay cost of maintenance and repairs as provided in this lease. In the event Tenant fails to pay insurance premiums, or costs and expenses of maintenance and repair, Landlord may, but is not obligated to, pay those amounts in which case the amount so paid by the Landlord shall become immediately due and payable by Tenant to Landlord. All amounts payable by Tenant to Landlord under any of the provisions of this lease (except rent, which has a separate liquidated damage provision above),

if not paid when they become due as in this lease provided, shall bear interest from the date they become due until paid at the rate of ten percent (10%) per annum.

Without limitation of the occurrence of any of the following events shall be deemed a breach of this Lease, by Tenant namely: (a) abandonment of the premises; (b) Tenant's failure to make any payment of rent under the requirement of this lease when due; (c) Tenant's failure to perform any monetary obligation of Tenant under this lease; (d) Tenant's making a general assignment for the benefit of creditors; (e) Tenant's filing a voluntary petition under any bankruptcy act or under any other law for the relief of debtors; (f) the petition under any bankruptcy act or under any other law for the relief of debtors; (g) the filing of an involuntary petition under any bankruptcy act against Tenant which is not dismissed within sixty (60) days after filing; (h) the appointment of a receiver for the property of Tenant which is not discharged or removed within sixty (60) days; (i) the taking of possession by any department of any government or any officer thereof of the business or property of Tenant; or (j) an adjudication of bankruptcy of Tenant.

- a. **Remedies upon Breach.** Upon the failure of Tenant to cure a breach or default within the time specified above, Landlord shall have, in addition to any other remedies available to Landlord at law or in equity, the option to pursue any one or more of the following remedies, each and all of which shall be cumulative and nonexclusive, without any notice or demand whatsoever.

Terminate this lease, in which event Tenant shall immediately surrender the Lease Property to Landlord, and if Tenant fails to do so, Landlord may, without prejudice to any other remedy which is may have for possession or arrearages in Rent, enter upon and take possession of the Lease Property and expel or remove Tenant and any other person who may be occupying the Lease Property or any part thereof, without being liable for prosecution or any claim or damages therefore; and Landlord may recover from Tenant the following:

- i. The worth at the time of award of any unpaid Rent which has been earned at the time of such termination; plus
- ii. The worth at the time of award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rental loss that Tenant proves could have been reasonably avoided; plus
- iii. The worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rental loss that Tenant proves could have been reasonably avoided; plus
- iv. Any other amount necessary to compensate Landlord for all the detriment proximately caused by Tenant's failure to perform its obligations under this Lease or which in the ordinary course of things would be likely to result therefrom.
- v. At Landlord's election, such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time by applicable law. The term "Rent" as used in this Section 15 shall be deemed to be and to mean all sums of every nature required to be paid by Tenant pursuant to the terms of this Lease. As used in paragraphs (i) and (ii) above, the "worth at the time of award" shall be computed by allowing interest at the legal rate of interest. As used in paragraph (iii) above, the "worth at the time of award" shall be computed by discounting such amount at the discounted rate of the Federal Reserve Bank of San Francisco at the time of award plus one percent (1%).

16. **Condemnation.** If all of the Premises is taken by any public authority under the power of eminent domain, this Lease shall terminate as of the date possession is taken by said public authority pursuant to such condemnation. If more than ten percent (10%) of the floor area of the improvements or more than twenty percent (20%) of the land area of the Premises is so take and, in the reasonable opinion of Tenant it is not economically feasible to continue Tenant's business operations in the Premises, Tenant may

terminate this Lease. Such termination shall be made by notice to Landlord given not later than thirty (30) days after said notice or the date possession is so taken. If part of the Premises is so taken and Tenant does not elect to terminate this Lease, or until termination is effective, as the case may be, the rental shall be abated in the same proportion as the portion of the improvement of the Premises so taken bears to the whole of the improvement of the Premises. Also, Landlord shall make such repairs or alterations, if any, as are required to render the remainder of the Premises useable to the extent of available condemnation awards. All damages awarded for the taking or damaging of all or any part of the Premises shall belong to and be the property of Landlord, and Tenant hereby assigns to Landlord any and all claim to such award.

Notwithstanding anything in this Lease to the contrary, Tenant shall be entitled to claim, prove, and receive in such condemnation proceedings, damages for trade fixtures and other equipment installed by Tenant together with any award for relocation expenses and loss of business, provided the same does not impair or restrict Landlord's right to proceed in a separate proceeding with all of its claims intact.

17. **Notices.** All notices and demands of any kind which either party may require or desire to serve on the other in connection with this Lease shall be in writing and may be served (as an alternative to personal service) by registered or certified mail, shall provide receipt requested, and shall be deposited in the United States mail with postage thereon prepaid and addressed to the party so to be served and delivered to the party so to be served or may be served by confirmed transmission to the FAX number of the party to be served as follows:

If the party to be served is Landlord:

APPLE AIR, LLC
Myron Thompson, President
509 30th Ave NW
PO Box 969
Minot, ND 58702-0969
Telephone: 701-838-2822
Facsimile: (888) 341-8202

If the party to be served is Tenant:

JF AVIATION LLC
PO Box 906
Minot, ND 58702-0906
Telephone:
Facsimile:
Toll Free:

18. **No Joint Venture.** Nothing contained herein shall cause the Landlord to be construed as a partner or joint venture with Tenant or associated with the Tenant in the operation of the business located upon the demised premises.

19. **Environmental** Tenant, its employees, agents and/or assigns will not generate, store, handle, or dispose of on or transport over the Premises any "Hazardous Substances" except in strict conformance with all applicable laws, statues, ordinances and regulations pertaining thereto. Tenant indemnifies and agrees to hold Landlord harmless from and against all costs, liability and damages as a result thereof. The term "Hazardous Substances" (herein so called) includes, without limitation, any material or substance which is defined or listed as a "hazardous waste," "extremely hazardous waste," "restrictive hazardous waste," or "hazardous substance," or is considered a waste, condition of pollution or nuisance under any Environmental Law (as defined below); petroleum or a petroleum product or fraction thereof; asbestos; and/or substances known to cause cancer and/or reproductive toxicity. The term "Environmental Law" shall mean any Federal, State or local law, statute, ordinance, rule, regulation, order, consent, decrees,

Judgment or common law doctrine interpretation hereof, and provisions and conditions of permits, licenses, plans, approvals and other operating authorizations whether currently in force or hereafter enacted relating to healthy, industrial hygiene or the environmental conditions on, under, or about the Premises including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1990, 42 U.S.C. Section 9601 et seq.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. Section 6901 et seq.; the Federal Water Pollution Control Act, 33 U.S.C. Section 1317 et seq., as such laws are amended and the regulations and administrative codes applicable thereto. It is the intent of the parties hereto to construe the terms "Hazardous Substance" and "Environmental Law" in their broadest sense.

If the presence of hazardous substances on the Premises caused or permitted by Tenant results in the contamination of the Premises, or if contaminations of the Premises by hazardous substances as a result of the acts or omissions of Tenant otherwise occurs during the term of this Lease, then Tenant shall indemnify, defend and hold Landlord harmless from any and all claims, Judgments, damages, penalties, fines, costs, liabilities or losses (including, without limitation, diminution in value of the Premises, damages for the loss or restriction on use of rentable or usable space or of any amenity of the Premises and/or damages arising from any adverse impact on marketing of the Premises and/or sums paid in settlement of claims, attorneys' fees, consultant fees and expert fees) which arise during or after the term of this Lease as a result of such condemnation. This indemnification of Landlord by Tenant includes, without limitation, costs incurred in connection with any investigation of the site conditions or any cleanup, remedial, removal or restoration work required by any Federal State or local governmental agency or political subdivision because of the hazardous substances present in presence of any hazardous substances on the Premises caused or permitted by Tenant results in any contamination of the Premises, Tenant shall promptly take all actions, at its sole expense, as are necessary to return the Premises to the condition existing prior to the introduction of any such hazardous substances to the Premises provided that Tenant's approval of such actions shall first be obtained, which approval shall not be unreasonably withheld so long as these action would not potentially have any material adverse long term or short term effect on the Premises.

Upon expiration or termination of the Lease, Landlord may at Landlord's option cause to be prepared, at its sole cost and expense, a written environmental audit of the Premises to be performed by a consultant satisfactory to Landlord. If Tenant or the environmental audit disclose the existence of any hazardous substances in or under or about the Premises as a result of the acts or omissions of Tenant, Tenant shall immediately prepare and submit to Landlord, as well as to any Federal, State or local governmental agencies as may be required by law, a comprehensive report and plan specifying the actions to be taken by Tenant to return the Premises to the condition existing before the introduction of those hazardous substances. Tenant shall, at Tenant's sole cost and expense, without limitation on any rights and remedies of Landlord under this Lease, or applicable law, immediately implement that plan and proceed to clean up the hazardous substances in accordance with the applicable laws and as required by the plan and this Lease. If the environmental audit discloses the existence of hazardous substances as a result of the acts or omissions of Tenant, Tenant shall reimburse to Landlord the cost of obtaining the environmental audit; provided, however, that should the environmental audit not disclose the existence of any hazardous substance in, under, or about the Premises as a result of the acts or omissions of Tenant, Tenant shall have no obligation to reimburse Landlord for the environmental audit cost.

The provisions of this Paragraph 19 and Tenant's obligation hereunder shall extend to both the Premises and any portions of other land affected by the presence of hazardous substances on the Premises caused or permitted by Tenant during the term of the Lease.

The provisions of this Paragraph 19 and the indemnification provisions as set forth herein shall, without limitation, survive the termination of this Lease.

20. **Surrender of Premises.** Tenant, at the expiration or sooner termination of this Lease, shall quit and surrender the Premises in good, neat, clean and sanitary conditions, except for reasonable wear and tear and damage not caused by any act or omission by Tenant, its employees, agents, invitees, licensees, assignees and subtenants.

21. **Acts of God.** The failure by either party to perform any of its obligations, but including payment of rent, under this Lease shall be excused if due to causes beyond the control and without the fault or negligence of such party, including but not restricted to acts of God, acts of the public enemy, acts of any governments, fires, floods, epidemics, and strikes.

22. **Miscellaneous.**

- a. **Non-Waiver.** No failure of either party to insist upon the strict performance of any provision of this Lease shall be construed as depriving such party of the right to insist on strict performance of such provision or any other provision in the future. No waiver by either party of any provisions of this Lease shall be deemed to have made unless expressed in writing and signed by such party. No acceptance of rent or of any other payment to Landlord from Tenant after any default by Tenant shall constitute a waiver of any such default or any other default. Consent by Landlord in any instance shall not dispense with necessity or consent by Landlord in any other instance.
- b. **Attorney's Fees.** If any action be commenced to enforce any of the provisions of this Lease, the prevailing party shall, in addition to its other remedies, be entitled to recover its reasonable attorney's fees and costs of suit.
- c. **Captions and Construction.** The captions in this Lease are for the convenience of the reader and are not to be considered in the interpretation of its terms.
- d. **Partial Invalidity.** If any term or provision of this Lease or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and be enforced as written to the fullest extent permitted by law.
- e. **Governing Law.** This Lease shall be governed by the laws of the State of North Dakota.
- f. **Estoppel Certificates.** Landlord and Tenant agree from time to time promptly to execute, acknowledge and deliver to the other party a statement in writing certifying that this Lease is unmodified and in full force and effect (or if there have been modifications that the same is in full force and effect as modified and stating the modifications), whether any party is in default or breach of this Lease, and the dates to which the basic rent and other charges have been paid in advance, if any.
- g. **Entire Agreement.** This document contains the entire and integrated agreement of the parties and may not be modified except in writing signed and acknowledged by both parties.
- h. **Landlord's Consent.** Landlord shall not unreasonably withhold its consent where such consent is expressly provided for in this Lease.
- i. **Interpretation.** This Lease has been submitted to the scrutiny of all parties hereto and their counsel if desired, and shall be given a fair and reasonable interpretation in accordance with the words hereof, without consideration or weight being given to its having been drafted by any party hereto or its counsel.
- j. **Remedies Cumulative.** The specified remedies to which Landlord may resort under the terms of this Lease are cumulative and are not intended to be exclusive of any other remedies or means of redress to which Landlord may lawfully be entitled in case of any breach by Tenant of any provision of this lease. In addition to the other remedies provided in this Lease, Landlord shall be entitled to restrain by injunction the violation, or attempted or threatened violation, or any of the covenants, conditions, or provisions of this Lease.

- k. Number: Gender: Permissive Versus Mandatory Usage. Where the context permits, references to the singular shall include the plural and vice versa, and to the neuter gender shall include the feminine and masculine. Use of the word "may" shall denote an option or privilege and shall impose no obligation upon the party which may exercise such option or privilege; use of the word "shall" shall denote a duty or an obligation.
 - l. Time. Time is of the essence to this Lease.
 - m. Conflict of Provisions. In case of conflict, the more specific provision of this lease shall control.
 - n. Bimlille Effect. This Lease shall be binding upon the parties hereto and upon their respective executors, administrators, legal representatives, successors and assigns.
23. No-First Mortgage. This Lease is subject and subordinate at all times to any lien of any mortgage which may now affect the leased property, and to all renewals, modifications, amendments, consolidations, replacements, and extensions thereof. Tenant shall execute and deliver any instrument which may be reasonably required by Landlord in confirmation of such subordination promptly upon Landlord's request. Landlord, however, shall arrange with the holder of any such mortgage for an agreement that if, by deed, foreclosure, or otherwise such holder, or any successor in interest, comes into possession of the leased property, becomes the owner of the leased property, or takes over the rights of Landlord in the leased property, its successors or assigns, or disaffirms this lease or Tenant's rights or estate hereunder, so long as all of Tenant's obligations are fully performed in accordance with the terms of this lease. Landlord's obtaining of like non-disturbance agreements is a condition to Tenant's subordination to any mortgage obtained after the date of this lease.

IN WITNESS WHEREOF, the parties have executed this Lease the day and year first above written.

LANDLORD:

APPLE AIR, LLC, a
North Dakota Limited Liability Company

By t
Its: President

TENANT:

JF AVIATION LLC, a
North Dakota Limited Liability Company

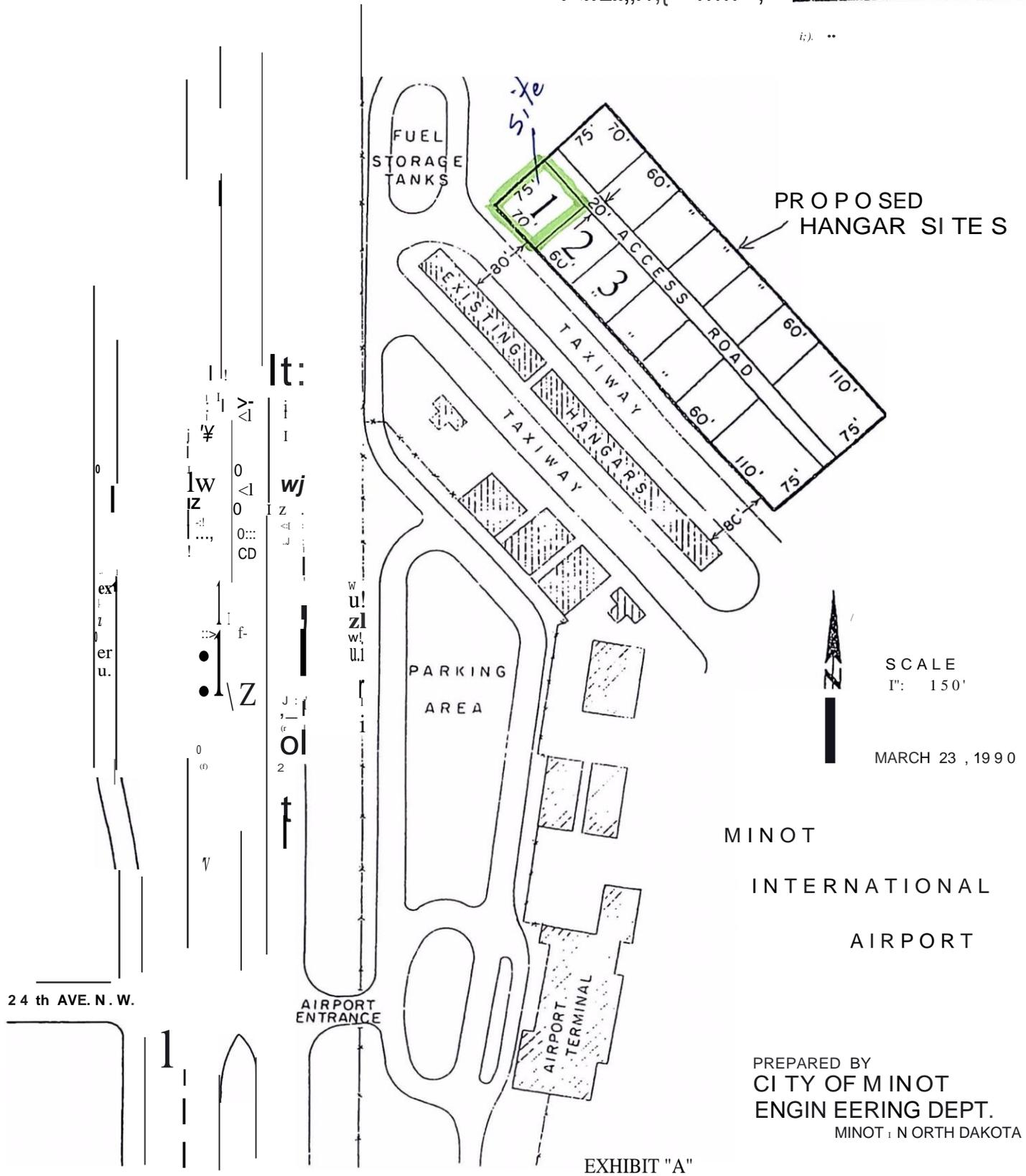
By: Shane V. Farstad
Its: Vice President

PROPOSED HANGAR SITES

MINOT INTERNATIONAL AIRPORT

MINOT, NORTH DAKOTA

Scale: 1" = 150'



PREPARED BY
CITY OF MINOT
ENGINEERING DEPT.
MINOT, NORTH DAKOTA

EXHIBIT "A"