

A I R P O R T L E A S E
G R O U N D R E N T

THIS INDENTURE, made this 3rd day of March, 1995 by and between the City of Minot, a municipal corporation of the State of North Dakota, party of the first part, hereinafter referred to as CITY, and Schatz Crossroads, party of the second part, hereinafter referred to as LESSEE:

WITNESSETH, that the CITY for and in consideration of the covenants and agreements hereinafter mentioned to be kept and performed by the LESSEE, has demised and leased to the LESSEE the premises on the Minot International Airport in the County of Ward and State of North Dakota, known and described as follows:

Lot 51, Westside Development

TO HAVE AND TO HOLD the same unto the LESSEE from the 3rd day of March, 1995 until the 30th day of September, 2012.

The LESSEE in consideration of said demise does covenant and agree with the CITY as follows:

1. To pay rent for the said demised premises the sum of \$50.40 per month, in advance, upon the first day of each and every month of said term at the office of the Airport Director, Minot, North Dakota; if not paid by the 10th day of the month this lease automatically becomes void. The CITY reserves the exclusive right to adjust or increase this rental payment on October 1, 1997, and thereafter, at three (3) year intervals.

2. To use the said premises for the following purposes only: storage of aircraft.

3. LESSEE may erect structures upon his demised premises, except that a portion required for fire spacing which shall be kept absolutely clear and clean for fire purposes; however, the plans and construction are subject to the approval of the City Council. LESSEE shall maintain leased premises and structure erected thereon at all times in a safe, neat and attractive condition and shall repaint the buildings as necessary. LESSEE shall not permit the accumulation of any trash, paper, debris including but not limited to: aircraft parts, car bodies or unusable items, commonly referred to as junk, on the airport premises.

4. To comply with any and all directions and orders given by the Airport Director concerning the use of the leased premises under the ordinances, regulations and rules adopted by the City Council of the City of Minot.

5. To make no use of, nor perform any acts on or about the leased premises which might endanger the life or property of any person whomsoever.

6. To erect no billboards, posters or signs on the premises except such as have been approved in advance in writing by the CITY'S Airport Director.

7. To be responsible for all snow removal on the leased premises and shall do so in a manner which does not interfere with airport operations or damage to property.

8. To assume and pay for all costs or charges for utilities services furnished to LESSEE during the term hereof; provided, however, that LESSEE shall have the privilege to connect to any and all storm and sanitary sewers and water and utility outlets at its own cost and expense, including any and all service charges incurred therefor, provided that LESSEE shall first obtain the written consent of the City which shall not be unreasonably withheld.

9. To comply with all ordinances, laws and regulations of the City of Minot, State of North Dakota and the Federal Aviation Administration insofar as they apply to this lease and aircraft operations in connection therewith.

10. To recognize the CITY'S required compliance with Federal Air Regulations concerning airport security and agrees that in the event that the CITY is assessed a fine by the FAA under the FAR. Part 107 for breach of security by an unauthorized employee of LESSEE or SUBLESSEE at Minot International Airport entering into a restricted area at Minot International Airport or fined for an unsecured gate, door, or access to a restricted area, LESSEE shall fully reimburse the CITY for the amount of such fine.

11. The LESSEE, its 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 in the event 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 provision of similar services or benefits, the LESSEE shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, Nondiscrimination in Federally-assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended.

That in the event of breach of any of the above nondiscrimination covenants, City of Minot shall have the right to terminate the lease and to re-enter and repossess said land and the facilities thereon, and hold the same as if said lease had never been made or issued.

12. Subject to the provisions of Paragraph 2 concerning the use of the premises, that the LESSEE shall have all 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 LESSEE, or those claiming under him, the exclusive right to use the premises or facilities of the aforementioned airport other than those premises leased exclusively to the LESSEE hereunder.

IT IS HEREBY UNDERSTOOD AND AGREED that any hangar placed and erected by the LESSEE on the premises leased herein shall be and remain the property of the LESSEE and may be removed by him within sixty (60) days after the expiration or cancellation of this lease provided all rentals under this lease or other charges due the City have been paid. Any building erected upon the demised premises not removed within sixty (60) days shall become the property of the City.

IT IS HEREBY UNDERSTOOD AND AGREED that the LESSEE has, and is hereby given, an option to renew a ground lease at the Minot International Airport under the terms and conditions set by the City Council at the time of renewal.

IT IS HEREBY UNDERSTOOD AND AGREED that the LESSEE may sublease any hangars or buildings or space contained therein constructed or to be constructed upon leased premises subject to the approval of the City Council.

The LESSEE shall provide the CITY copies of all subleases existing between the LESSEE and its tenants. The LESSEE shall name the CITY in any subleases and shall set forth the CITY'S interest in the rent to be paid by the LESSEE'S sublease under the sublease. The LESSEE shall not lease any of the buildings or hangars constructed or to be constructed upon the demised premises unless the sublease is in writing and a copy of the same is provided to, and approved by, the CITY. The sublease is invalid unless first approved by the CITY.

The LESSEE shall pay additional rent for the said demised premises the sum of 5% of the gross income or equivalent thereof derived from all sources under any approved sublease agreement to be paid on a monthly basis, based on the previous months revenues, at the office of the Airport Director, Minot, North Dakota; if not paid by the 10th day of the month this lease automatically becomes void. The CITY reserves the exclusive right to adjust or increase this rental payment on October 1, 1991, and thereafter, at three (3) year intervals.

IT IS HEREBY UNDERSTOOD AND AGREED that the LESSEE shall keep current all taxes levied against said demised premises.

IT IS HEREBY UNDERSTOOD AND AGREED that the LESSEE may not assign his lease unless permission is requested in writing and unless the CITY grants permission in writing.

IT IS HEREBY UNDERSTOOD AND AGREED that the LESSEE agrees to cover any loss, liability, damage, cost, or expense relative to this lease, to fully indemnify, and save forever harmless the CITY, his agents and employees, from and against all claims and actions and all reasonable expenses incidental to the investigation and defense thereof, based on or arising out of claims for damages to property or injuries to persons, including wrongful death, or damages to the environment including but not limited to investigation, field study, and clean-up cost assessed by any federal or state agency against the Minot International Airport or any of its agents or employees, and arising out of LESSEE's use of occupancy of the Leased Premises; provided, however, that CITY shall give to LESSEE prompt and reasonable notice of any such claims or actions, and LESSEE shall have the right to investigate, compromise and defend the same; and provided, however, that LESSEE shall not be liable for any claims, actions, injuries, damage or loss occasioned solely by any negligence or intentional acts of CITY, its agents or employees. LESSEE agrees to cover any fees, liability, damage, cost or expense relative to this lease, shall indemnify and save and hold CITY harmless from and against any claims by carriers serving LESSEE, provided, however, LESSEE shall not be liable for any claims, actions, injuries, damages or loss occasioned solely by any negligence or intentional acts of CITY, its agents or employees.

IT IS HEREBY UNDERSTOOD AND AGREED that the CITY through its duly authorized agent, shall have the full and unrestricted right to enter the leased premises at any reasonable time for the purpose of periodic inspection for fire protection, maintenance and to investigate compliance with the terms of this Agreement.

CITY'S RESERVATIONS: CITY, at its sole discretion, reserves the right to further develop or improve the aircraft operating area and other portions of the Airport, including the right to remove or relocate any structure on the Airport, as it sees fit, and to take any action it considers necessary to protect the serial approaches of the Airport against obstructions, together with the right to prevent LESSEE from erecting or permitting to be erected, any buildings or other structure on the Airport which, in the opinion of CITY would limit the usefulness of the Airport or constitute a hazard to aircraft.

In the event the CITY requires the Leased Premises for expansion, improvements, development of the Airport, CITY reserves the right, on a six (6) month notice, to relocate or

replace LESSEE's improvements, in substantially similar form at another generally comparable location on the Airport. In the event of such relocation or replacement, CITY agrees to suspend rental during period improvements are unused and to reimburse LESSEE for costs incurred in moving their equipment and operations to a new location or building. Lost profits and other incidental damages shall not be included in this sum. This lease may be terminated if the LESSEE's improvements cannot be relocated (for whatever reason) or if the CITY needs additional space for its own use.

TERMINATION CLAUSE: It is understood and agreed between the parties hereunto that in the event LESSEE fails to keep said premises clean as above set forth, or fails to remedy any condition existing upon said premises which in the opinion of the Airport Director is required to be done under the ordinances, rules and regulations adopted by the City Council of the City of Minot, and such violation continues for a period of five (5) days after written notice to the LESSEE shall have been given by the Airport Director, or by the City Manager of the City of Minot, or for any breach by the LESSEE of any of the terms of this contract, then this contract may be terminated by the CITY, and the LESSEE agrees to peaceably surrender up and deliver said premises promptly to the CITY.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands the day and year first above written.

CITY OF MINOT, A municipal corporation

Attest:

J. J. Weil
City Clerk

Orlin W. Backes
Mayor Orlin W. Backes

[Signature]
Lessee

Witness:

[Signature]

airport/ground. #51

Ground Rent
Aircraft Storage
Lot = 5,600 (70' x 80')
Lease has 5,040