

LINCOLN AIRPORT GROUND LEASE

1. Parties

This lease is entered by and between the **Aeronautics Division of the Montana Department of Transportation**, located at 2630 Airport Road, Helena, MT. 59601, hereafter referred to as the "Lessor" and XXXXXXXXXXXX, hereafter referred to as the "Lessee".

2. Purpose of Lease

The Lessee has need to lease ground on the **Lincoln airport** from the Lessor for the location of one aircraft hangar. The lessee agrees to use one building (hereafter referred to as "hangar") for the purpose of housing light aircraft for personal use only. The Lessee agrees that the hangar will be constructed in accordance with the specifications specifically described in this document as Attachment B and which, by reference, is incorporated into and made part of this lease. Existing hangars are also covered in this lease; however, the Aeronautics Division will be notified and will approve any modifications or other changes to any existing hangar, as per the terms in this lease.

The Lessee has a maximum of 180 days from the execution of this lease to construct the hangar. If the Lessee is unable to comply with this requirement, the Lessee may request in writing an extension to this provision, and the Lessor must find that sufficient justification is given.

3. Premises Description

The area being leased consists of a particular lot of unimproved land, in common with other lots, located on the **Lincoln airport**. The area to be demised is specifically described in this document as Attachment A, and by reference, is incorporated in and made part of this lease.

4. Term of Lease

The term of this lease shall be for ten (10) years, commencing retroactively on the 1st day of XXXXXXXXXXXX, and ending on the 30th day of XXXXXXXXXXXX, unless earlier terminated as provided in Sections 11 & 12 of this lease.

5. Consideration

Lessee shall pay Lessor an annual fee during the first year of **\$XXX.00**, based on a rate of XXXX cents (\$.0X) per square foot for **XXXX square feet** of ground as described in Attachment A. Payment shall be due on July 1st of each year, beginning on XXXXXXXXXXXX. Beginning XXXXXXXXXXXX and annually thereafter

during the term of this lease, the annual amount to be paid to Lessor shall increase by \$.00X per year.

<u>Year Beginning</u>	<u>Annual Rate (per sq.ft.)</u>	<u>Total fee</u>
July 1, xxxx	\$.0x	\$xxx.00
July 1, xxxx	\$.0xx	\$xxx.00
July 1, xxxx	\$.0x	\$xxx.00
July 1, xxxx	\$.0xx	\$xxx.00
July 1, xxxx	\$.0x	\$xxx.00
July 1, xxxx	\$.0xx	\$xxx.00
July 1, xxxx	\$.0x	\$xxx.00
July 1, xxxx	\$.0xx	\$xxx.00
July 1, xxxx	\$.0x	\$xxx.00
July 1, xxxx	\$.0xx	\$xxx.00

6. Renewal Option

Should the parties wish to extend this lease beyond its 10-year term, the new lease should be entered into before XXXXXXXXXXXX. It is the intent of the Lessor to always encourage and allow for the continuation of leases, although changes to the lease may have to be made in any extension.

7. Notice

Any notice or demand required or permitted to be given under this lease must be in writing. Written notice shall be deemed given when hand delivered, or when mailed by first class mail, postage prepaid, to the addresses specified in this section.

The Lessor representative for purposes under this lease is Debbie Alke, Administrator of the Montana Aeronautics Division, or her designated representative or replacement, P.O. Box 200507 Helena, MT 59620-0507, telephone (406) 444-2506.

The Lessee's representative for purposes of this lease is:
XXXXXXXXXXXX

8. Uses Allowed and Not Allowed of Leased Area

The Lessee shall use the property for the storage of light aircraft and other lawful uses necessarily incidental thereto.

The Lessee agrees that he is not now operating, nor will ever operate a commercial business using subject hangar as part of the operation of any

commercial business without prior written approval from Lessor. This provision includes any and all subleasing.

No construction or installation of any above ground or underground fuel storage tank or dispensing system will be allowed on the leased premises without the prior permission of the Lessor. All other fuel or related volatile chemical storage within the hangar by the Lessee will be done in accordance with all federal, state and local laws and regulations.

9. Compliance with Local, State and Federal Laws

The Lessee hereby represents and warrants that he is in compliance with all applicable state and federal laws. The Lessee agrees to provide the Departments of Transportation or Administration, the Legislative Auditor, the Legislative Fiscal Analyst, or their authorized agents access to any records concerning this lease. The Lessee agrees to create and retain all records supporting this lease for a period of three years after either the completion date of this lease or the conclusion of any claim, litigation or exception relating to this lease taken by the State of Montana or a third party.

The Lessee shall comply with all State and Federal laws, and all other applicable Federal and State laws and regulations in the execution of this lease. The Lessor shall have the right, through its agents or agents of another appropriate agency, for reasonable ingress and egress to inspect the premises to ascertain that the terms of this lease are being adhered to.

10. Insurance Specifications

The Lessee shall be responsible for acquiring whatever insurance the Lessee deems necessary to safeguard the Lessee's interest in the Lessee's property on the airport and, in this regard, expressly covenants and agrees to assert no claim against Lessor as a result of loss or damage to any property built or stored on subject airport belonging to Lessee resulting from actions of any third party.

The Lessee hereby covenants and agrees to take whatever steps the Lessee sees fit to take in protecting the Lessee's person and property from loss or damage as the result of vandalism, malicious mischief, theft, or kindred losses, and, in this regard, agrees to assert no such claim against the Lessor incident thereto. All losses suffered by the Lessee resulting from the criminal activity of others shall be reported to the police or sheriff's department having jurisdiction. The Lessor assumes no responsibility for such losses.

11. Termination

Either party may terminate this lease by written notice if the other party defaults in performance on the terms and conditions of this lease and fails to cure such default within thirty (30) days after written notice of such default.

The Lessee shall not be liable to the Lessor for any amount which would have been payable in the future had this lease not been terminated under this section. The Lessee shall be liable to the Lessor only for the amount owed to the Lessor up to the date the Lessee vacates the premises.

The Lessee shall have the right to remove said hangar from said property within one hundred-eighty (180) days after the termination of this lease or any extension or renewal thereof. If Lessee does not remove said hangar within such allotted time, it shall then become the property of Lessor without further action on the part of the Lessor. If Lessee does remove said hangar, he shall restore the leased real property to its original condition within sixty (60) days after removing hangar.

12. Termination for Convenience

The Lessor may, by written notice to the Lessee, terminate this lease at anytime without cause. The Lessor must give notice of termination to the Lessor at least 30 days prior to the effective date of termination.

13. Holdover Tenancy

In the event the Lessee holds the demised land beyond the terms of this lease, in the absence of a written agreement to the contrary, it shall be deemed a month-to-month tenancy subject to all terms and conditions of this lease. Either the Lessor or the Lessee by means of a 30-day written notice delivered prior to the beginning of the final month may terminate this holdover tenancy at any time.

14. Venues and Interpretation

The laws of Montana govern this Lease. The parties agree that any litigation concerning this lease must be brought in the First Judicial District in and for the County of Lewis & Clark, State of Montana and each party shall pay its own costs and attorney fees.

15. Sublease

The Lessee may not, at any time or in any way, assign or sublet this lease without the prior written consent of Lessor. The Lessor may allow for subletting of the hangar at their discretion and under special circumstances, which will require a different commercial lease, separate from this lease.

16. Other Requirements

The Lessee or their principal must be an FAA licensed pilot and registered as a pilot with the State of Montana, Aeronautics Division. Since subletting of this lease is not allowed, the Lessee or their principal must be the owner of the aircraft that is to be hangared. Full ownership is not required if the Lessee is in partnership with another individual(s), or if the Lessee is currently leasing the aircraft. The aircraft must be an airworthy aircraft, licensed as appropriate with the Federal Aviation Administration and registered with the State of Montana, Aeronautics Division. If the Lessee is unable to comply with any of these provisions in provision #16, the Lessee must request in writing either a temporary or permanent-exemption from these provisions. The Lessor may allow an exemption from these provisions at its discretion.

17. Hold Harmless and Indemnification Clause

Lessee will indemnify and hold harmless the State of Montana Department of Transportation, the Division and its employees from any loss, liability or expense for injury to or death to any person, or loss or destruction of any property caused by Lessee's negligent use or occupancy of the leased premises.

18. Environmental Hazards

The Lessor hereby represents that no leak, spill, release, discharge, emission or disposal of hazardous or toxic substances has occurred on the leased premises to date and that the soil and groundwater on or under the leased premises are free of toxic or hazardous substances as of the date that the term of this lease commences. It is ultimately the responsibility of the lessee to insure and verify that the leased area is free of contamination at the commencement and during the term of this lease.

The Lessee agrees that all solid wastes will be properly disposed of off site in accordance with Montana Law. It is the responsibility of the Lessee to have the waste disposed of off site in a timely manner.

All Hazardous Wastes (Ignitable, Corrosive, Reactive, Toxic) are to be properly disposed of off site in accordance with Montana Law. It is the responsibility of the lessee to have the waste disposed of off site in the time frame required by the Resource, Conservation and Recovery Act, 42 U.S.C. §6901 *et seq.* (1976). In the event that the Lessee leaves wastes on the property, the Lessor will have the wastes properly disposed of at the cost to the Lessee. The Lessee will be billed for the cost of storage, transport and disposal.

All hazardous Materials must be appropriately labeled and stored in accordance with all Federal, State and Local laws.

In the event that a hazardous material spill occurs on the property, it is the responsibility of the Lessee to have the spill cleaned up. In the event that drains or floor sumps are contaminated, it will be the responsibility of the Lessee to clean up those systems.

Lessee is aware that there are significant penalties for improperly disposing of the wastes or submitting false information, including the possibility of fine and imprisonment for knowing violations.

19. Lease Approval

This entire lease, in addition to any change, alteration, or renewal thereof, addendum, amendment, or letter of understanding, is subject to prior approval by the Department of Transportation legal department.

20. Severability/Entire Contract

If any provision of this lease is held to be illegal or void, the validity of the remaining items shall not be affected. This lease agreement consists of six (6) numbered pages and two (2) attachments labeled "A" and "B". This document contains the entire agreement of both parties. Any alteration or modification to this lease requires a written amendment signed by both parties.

SIGNATURES

_____, 2006
Lessee date

_____, 2006
Administrator, Montana Aeronautics Division date

MDT Legal Review

ATTACHMENT "B"

AERONAUTICS DIVISION MINIMUM CONSTRUCTION STANDARDS FOR NON-COMMERCIAL AIRCRAFT HANGARS

1. FRAMING

All framing shall be of painted metal or dimensioned lumber. Pole type construction using treated peeled timbers is also acceptable.

2. EXTERIOR

All exterior surface colors must be pre-approved by the Division, and be of pre-finished aluminum or steel material. Concrete cinder block or brick is also acceptable. No painted wood siding or other materials may be used without Division approval. All exterior materials and colors must be submitted to the Aeronautics Division for approval before construction starts. No galvanized metal shall be used on any exterior surface.

3. FLOOR AND RAMP CONSTRUCTION

Materials and construction of floors and ramps must have prior approval from the Montana Aeronautics Division. Typically concrete ramps and/or floors are encouraged

4. DOORS

The Division must approve door design and materials. Overhead metal and/or fiberglass covered aircraft access doors are recommended because of their ease of operation during the winter months. The Aeronautics Division may also allow swing in/out or sliding doors, upon approval.

Pre-finished metal construction pedestrian access doors are recommended but not required. The Aeronautics Division may allow other exterior access doors upon approval.

5. UTILITIES

All Utilities, including electrical, water, sewer, telephone, cable, TV, etc., must be installed underground at the expense of the builder, unless otherwise approved by the Division. Proposed location of these lines must have prior approval by the Aeronautics Division. If a septic system is to be installed the entire system must fit on the leased lot. No property will be leased just for the purpose of a septic, drain field or water well.

All wiring and plumbing installed in or on the building must be done in compliance with all applicable Federal, State and Local laws, including all applicable building codes. No form of septic or sump system is allowed without the expressed written consent of the Division.

6. SET BACK

Hangars will be constructed no closer than ten (10) feet to the associated leased lot lines on both sides and the rear of the structure. The front of the hangars are to be constructed on front of the leased lot unless otherwise directed by the Division.

7. BUILDING CODES

All hangars must be built in accordance with all applicable federal, state and local building codes.

All applicable state, county and city building permits must be acquired by the lessee and made available to the Division upon request prior to commencement of hangar construction.

8. GENERAL CONSTRUCTION

All construction must be accomplished in a timely and professional manner. A representative of the Montana Aeronautics Division reserves the right to inspect and reject any phase of construction or alteration.

A detailed drawing of the proposed hangar construction or alteration must be submitted to the Aeronautics Division for approval before any work may be started.