

**CAMBRIDGE MUNICIPAL AIRPORT
COMMERCIAL LEASE**

THIS LEASE made this day of _____, 20____, between the **CITY OF CAMBRIDGE**, a Minnesota Municipal Corporation, herein called the "Lessor" and _____, 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 Cambridge Municipal Airport owned and operated by the Lessor located in the County of Isanti, State of Minnesota, to-wit:

Lot No. ____ of the Building Area Plan, prepared by Short, Elliott, Hendrickson, Inc., dated _____, as on file in the Office of the Clerk-Administrator.

Said Lot No. ____ contains _____ square feet.

Together with said land and buildings and 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 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 by ordinance or resolution, or by agreement with said Tenant.

2. Lease Term

The term of this lease shall be 10 years commencing on _____, 20____, unless sooner or later terminated as hereinafter provided.

3. Use of Premises

The leased premises may be used by the Tenant for the following purposes as indicated:

- _____ Sale of aircraft
- _____ Repair of aircraft
- _____ Storage of aircraft
- _____ Sale of parts and accessories incidental to aircraft
- _____ Sale of flight and ground instruction
- _____ Flying for charter or for hire
- _____ Lubrication of aircraft
- _____ Aircraft rental

Use of the premises for any other commercial purpose or non-commercial purpose not herein expressly permitted or any incidental storage of personal property is not permitted without the prior written approval by the City Council after consideration of recommendations by the Airport Advisory Board. Such permission may be granted by policy adopted by the Council.

The leased premises may not be used for human habitation. Use of the premises for overnight sleeping or living quarters is grounds for immediate termination of this lease.

4. Rent

As rent for the leased premises, the Tenant shall pay annually, in advance, an annual basic minimum rent of \$_____ per year.

5. Revision of Rents

Lessor reserves the right, from time to time, to increase rents, in the event that, in the sole judgement and opinion of the City, the costs of airport operation, inflation, or other factors justify an increase in rent. Before the City makes its decision to increase such rent, it shall notify the Lessee of such proposed increase and shall hold a hearing with all of the Lessees of similar leases after giving them ten (10) days written notice of such hearing. At such hearing all persons interested will be given an opportunity to be heard. It is understood that any such revisions in rents shall be uniform giving due regard to the value of the property leased and the improvements used and expense of operation of the Lessor. In no event shall the increase for any year exceed 10% of the rent paid in the year preceding such increase.

6. 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 constructed in any manner to grant the Tenant, or those claiming under Tenant, the exclusive right to use the premises or facilities of the aforementioned airport other than those premises leased exclusively to the Tenant hereunder.

7. 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 thirty (30) days after approval by the Lessor of the proposed location of the building upon the leased premises and shall be completed within (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, bonds 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 approval by the Lessor of the plans.

- B. Whether or not the foregoing bonds, security and insurance shall be waived, the Tenant shall:
 - 1) Procure from the necessary authority any building permits that may be required.
 - 2) Do or cause the work to be done in a good and workmanlike manner and to be completed within a reasonable time and in conformity with such building codes, zoning ordinances, or regulations and orders of any lawful authority applicable to the airport.
 - 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 therefor.
 - 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 or improvement thereof, and pay each and every judgement 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.

8. Building Maintenance

The Tenant at its own cost and expense shall take good care of the demised premises and the buildings, structures, improvements at any time located thereon and all agencies and instrumentality's 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 connection with the use of portions of said airport not leased to the Tenant hereunder.

It shall be the duty of the Tenant to provide adequate security for all property owned, leased, or otherwise held by the Tenant, its employees, agents, subsidiaries, licensees or sub-lessees.

9. Building Identification

The Tenant at its own cost shall install a Lot Number identification sign on the principal building of the lot. Said identification sign shall be of such type and size as determined by the City of Cambridge, which shall make such signs available for purchase. Signs shall be located on the principal building in a location determined by the City of Cambridge.

10. Insurance on Buildings

The Tenant will keep all buildings on the leased premises, continuously during the term of this lease insured against fire and extended coverage, vandalism and malicious mischief and windstorm loss or damage for an aggregate amount equal to 100 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 form satisfactory to Lessor, and copies of such insurance policies or certificates thereof evidencing such coverage.

11. Public Liability and Property Damage Insurance

- A1. 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 sublessees 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.
- A2. Nothing in this lease shall cause Lessor in any way to be construed as partner, joint venturer, or associated in any way with Tenant in the operation 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. The Tenant shall carry liability insurance in at least the following amounts, shall include Lessor as a named insured and shall be in 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 City of Cambridge, provided, however, that any such revision shall be non-discriminatory.
- 1) Owners-landlords and Tenants bodily injury insurance of \$1,000,000 for damages arising out of bodily injuries or death in any one accident.
 - 2) Owners-landlords and Tenant's property damage liability insurance of \$300,000.
 - 3) Aircraft bodily injury liability insurance of \$1,000,000 for all damages arising out of bodily injuries in any one accident.
 - 4) Aircraft passenger liability insurance of \$1,000,000.
 - 5) Aircraft damage liability insurance of \$300,000.
- 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."

12. Tenant to Comply with Rules made by Lawful Authorities

The Tenant shall comply with all laws of the United States, and 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.

13. Payment of Taxes or Other Charges

The Tenant will pay all taxes, 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 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 fire fighting services upon the leased premises shall be paid by the Tenant.

14. Right to Remove Buildings at End of Lease Period

At any termination of this lease, whether on account of default or by lapse of time, 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 terms and conditions of this lease, Tenant shall have the privilege of removing from said premises all buildings 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 title thereto, 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-day period, the Lessor shall allow Tenant the reasonable extension of time for such removal.

Lessor may, in lieu of taking title to such building or property, elect to seek specific performance of Tenants obligation hereunder or to undertake removal of such buildings and property and charge Tenant for all costs associated with such action, which costs shall be due and payable upon receipt of an invoice therefor by Tenant. Remedies specified in this paragraph shall be in addition to any other remedy available to Lessor at law or equity.

15. Automatic Extension of Lease

In the event the Tenant, through no fault of its 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's 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 sublessees 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.

16. 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.

17. Lessor to Operate Airports

The Lessor itself shall properly maintain, operate and manage said airport at all times and in a manner similar 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.

18. Tenant's Business Confidential

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.

19. Future Leases

The Lessor shall be free, in its discretion to rent any other space of concessions of the field to any other person, persons or corporations, and for any purpose that it is desired.

20. Erection of Signs

On the leased premises the Tenant shall be allowed to erect suitable advertising signs to advertise its business, subject to the prior written approval of the Lessor as to the form, type, size, location and method of installation.

21. Tenant's Right to Sublease or Assign

The Tenant shall not sublet the leased premises nor assign or transfer this lease or sell or transfer the building on the leased premises or permit the foregoing lease to become transferred by operation of law or otherwise, nor do or suffer any acts to be done 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. 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. It is expressly agreed by the Tenant that in the event permission be granted by the Lessor as herein provided the sublessee or assignee shall be required to assume and agree to perform the covenants of this lease, and that notwithstanding any such subletting of assignment, the Tenant shall be and remain liable for the payment of all rents and the performance of all covenants and conditions for the full term of this lease unless the instrument consenting to said subletting, assignment or transfer shall specifically release the Tenant therefrom.

22. Tenant's Right to Mortgage Building

The Tenant shall have the right to mortgage, subject to any applicable provisions of this lease, the Tenant's equity 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 acquires 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 forgoing 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 or 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 the mortgage lien taken by the Lessor under paragraph 25 hereof. The burden shall be on the Tenant and on the mortgagee to establish that such mortgage has priority hereunder.

23. Lessor's Rights Upon Default

If the Tenant shall make default:

- 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 any 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 deserted or vacated.

Then and in any such events it shall be lawful for the Lessor:

- A. 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

- B. 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
- C. 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.

25. Lien on Tenant's Property

As security for the payment to the Lessor of all sums required to be paid by the Tenant under the terms of this lease the Tenant does hereby grant a lien upon and does mortgage to the Lessor the buildings, structures, or improvements located upon the leased premises pursuant thereto, and does hereby authorize the Lessor upon failure of Tenant to remove any default within the time provided for in paragraph 24 to take said property and sell and dispose of the same, to foreclose the lien hereby created in the manner provided by the laws of the State of Minnesota subject, however, to the lien of mortgages given by the Tenant to finance the construction of the facilities to be constructed pursuant to this lease, retaining such amount as shall pay any sums due and owing the Lessor under the terms of this lease, and any attorney's fees and expenses at may have been incurred in connection therewith, and returning the overplus, if any there be, to the Tenant. In the event of sale, Lessor may bid in and become the purchaser of facilities sold under foreclosures hereunder.

26. Condemnation

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.

27. 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, paid 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 manner as will not interfere materially with the use and enjoyment of the premises by the Tenant, except in cases of emergency.

28. 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.

29. Waiver of Breach

The waiver by the Lessor or the Tenant of any breach of any term, covenant or conditions herein contained shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant or conditions herein contained.

30. Severability

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.

31. Commitments to Federal or State Agencies

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.

32. Binding on Successors

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.

33. Lease Changes

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.

34. Lease Renewal

If, during the term of this agreement, Tenant shall not have been in default in payment of rents hereunder 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.

35. 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.

36. Non-discrimination

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 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, Tenant 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.

Further, the Tenant for its personal representatives, successors in interest, and assigns, as a part of the consideration hereof, does hereby covenant and agree that (1) no person on the grounds of race, color, or national origin shall be excluded from participating in, denied the benefits of, or be otherwise subject to discrimination in the use of the leased premises; (2) that in the construction of any improvements or in the furnishing of services thereon, no person on the grounds of race, color, or national origin shall be excluded from participation in, denied benefit of, or otherwise be subjected to discrimination; (3) that the Tenant shall use the leased premises in compliance with all other requirements imposed by or 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; and (4) that Tenant will not violate any federal, state or local laws or rules and regulations promulgated thereunder concerning discrimination.

In the event of breach of any of the above non-discrimination covenants, the City of Cambridge 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.

37. Civil Rights

The Tenant assures that it will comply with pertinent statutes, Executive Orders and such rules as are promulgated to assure that no person shall, on the grounds of race, creed, color, national origin, sex, age, or handicap be excluded from participating in any activity conducted with or benefiting from Federal Assistance. This provision obligates the Tenant or its transferee for the period during which Federal Assistance is extended to the airport program, except where Federal Assistance is provided, or is in the form of personal property or real property or interest therein

or structures or improvements thereon. In these cases, the Provision obligates the party or any transferee for the longer of the following periods: (a) the period during which the property is used by the sponsor or any transferee for a purpose for which Federal Assistance is extended, or for another purpose involving the Provision of similar services or benefits; or (b) the period during which the airport sponsor or any transferee retains ownership or possession of the property. In the cases of contractors, this Provision binds the contractor from the bid solicitation period through the completion of the contract.

38. Aircraft Registration

The Tenant agrees that any aircraft which is based at, stored at, or utilizes the facility under this agreement, shall be currently in compliance with the aircraft registration requirements set forth in Minnesota Statutes, Chapter 360.

