

LUVERNE MUNICIPAL AIRPORT
QUENTIN AANENSON FIELD
HANGER LEASE AGREEMENT

THIS AGREEMENT, is entered into this 6th day of July, 2013 by and between the City of Luverne a Municipal Corporation having its office at 305 East Luverne Street, PO Box 659, Luverne, Minnesota 56156, (Phone 507-449-2388) (the "Lessor"), and Glenn R. Thiele, with a mailing address of 200 Maureen Drive, Browden, SD 57005 Phone 605-496-2683 (the "Lessee").
(Lessee must keep a current address and phone number on file with Lessor at all times.)

IN WITNESS WHEREOF, in consideration of the premises, the mutual covenants contained herein, and other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties do hereby agree as follows:

- Lease of Hanger. Lessor agrees to lease to Lessee and Lessee agrees to lease from Lessor Hanger Space referred to as hangar 5, space #3 (the "Leased Premises"), located at the Quentin Aanenson Field, Luverne Municipal Airport, for the purpose of storing/parking the following aircraft (the "Aircraft"):

Aircraft Year & Make	<u>1959 Piper</u>
Aircraft Model	<u>PA-20</u>
Aircraft Registration Number	<u>N30292</u>
- Use of Leased Premises. The primary use of the Leased Premises shall be for storage of Aircraft. Storage of other personal property shall be permitted as secondary use only and only with the written approval of Lessor.
- Term. Subject to earlier termination as provided below in this Agreement, the initial term of this Agreement shall begin on 7-6-13 and end on 7-31-14, provided, however, that such lease shall automatically renew for additional one (1) year periods at the same terms and conditions as were in effect just prior to such extension unless either party shall give notice to the other party of intent to terminate this Agreement at least sixty (60) days prior to the expiration date.
- Termination. Notwithstanding the above, either party may terminate this Agreement at any time by giving three (3) full months notice prior to the rental due date in writing to the other party. No refund of rent will be made after the quarterly payment has been made.
- Fees. Lessee agrees to pay Lessor the sum of \$345⁰⁰ per quarter (3 months). Lessor may adjust the rental fee charged once per year; with the new rate becoming effective on the anniversary date of this Agreement. Lessor shall notify Lessee of the new rental rate at least 75 days prior to the effective date of said rate increase.
- Utilities. Lessee shall pay/reimburse Lessor on a "sub-meter" basis for any electricity used for space heating and Lessee may utilize either interruptible or firm electrical rates Lessee agrees that Lessor shall be required to furnish only a reasonable amount of electricity or other utilities (e.g. water for occasional hanger or airplane washing but only to the point of the existing

Arrival/Departure Building outside faucets) for lighting, short duration preflight heating, and other minimal general uses contemplated for such cold storage airplane hanger purposes. Lessee will promptly reimburse Lessor for any utilities used beyond the amount authorized herein.

7. Right of Access, Ingress and Egress. Lessor shall furnish two access keys to the Leased premises which must be returned upon Lessee's vacating or a new lock may be installed by Lessor at Lessee's expense. Lessor will not duplicate such keys without Lessor's approval. Lessee shall have at all times the right of ingress to and egress from the Leased Premises. Lessor shall make reasonable efforts to keep such areas in accessible condition.
8. Maintenance and Repairs to the Leased Premises (Hanger). Lessor shall be responsible for all ordinary maintenance/repairs to the Leased Premises, including the hanger doors. Lessee shall be responsible for any maintenance/repairs to the Leased Premises necessitated by the negligent acts or omissions of Lessee, its agents, employees, or guests. If Lessor or Lessee fails to promptly maintain/repair the Leased Premises after notice required by this paragraph and without a reasonable objection/explanation, the other party may undertake such repairs as may be minimally necessary to maintain/repair the Leased Premises to a basic usable condition at the expense of the responsible party. In the event that the Leased Premises or Airport runways, taxiways, or access to the Leased Premises becomes substantially unusable or untenable for any period longer than 14 days the parties will if promptly requested by Lessee negotiate in good faith a rental fee adjustment for Leased Premises covering such time as aforementioned areas were unusable.
9. Default. If Lessor defaults in the performance of its duties or obligations as required under the terms of this Agreement, and if Lessor fails to remedy any such default in a manner reasonably satisfactory to Lessee within 15 days following receipt of Lessee's written notice to remedy said default, in addition to other remedies available at law Lessee may immediately terminate this Agreement with written notice to Lessor.
If Lessee defaults in the performance of its duties or obligations as required under the terms of this Agreement, and if Lessee fails to remedy any such default in a manner reasonably satisfactory to Lessor within 15 days (3 days for failure to pay rent) following receipt of Lessor's written notice to remedy said default, in addition to other remedies available at law Lessor may immediately terminate this Agreement with written notice to Lessee.
10. Operation of Aircraft. Lessee is responsible for operating Aircraft on the Airport in accordance with applicable Federal and State aviation regulations.
11. Airport Rules and Regulations. Lessee agrees to comply with the Luverne Municipal Airport Rules and Regulations provided the same are reasonable, do not conflict with the provisions of this Agreement, and Lessor provides a copy to Lessee and conspicuously posts a copy in the Arrival/Departure Building.
12. Surrender and Possession. On the expiration or other termination of this Agreement, Lessee's right to use of the Leased Premises shall cease and Lessee shall promptly vacate the Leased Premises. Except as otherwise provided in this Agreement, all fixtures, improvements, equipment, and other property bought, installed, erected, or placed in the Leased Premises by Lessee shall remain the property of Lessee. Lessee shall have the right to remove these fixtures, improvements, equipment, and other property prior to the expiration or termination of this Agreement, however, Lessee shall be responsible for any damage caused by such removal to the original Leased Premises condition prior to such fixtures, improvements, equipment and other

property being installed. Title to fixtures, improvements, equipment, and other such property shall upon the expiration or termination of this Agreement, shall vest in Lessor. Lessor may charge Lessee for the reasonable cost of cleaning and /or removing any garbage, debris, parts, or other similar personal property left behind by Lessee.

13. Liability and Indemnification. Lessor and Lessee shall mutually defend and indemnify each other for claims brought or actions filed against the one party or any of its officers, employees, guests, or agents for property damage, bodily injury, or death to third persons arising out of the negligent acts of the other party.
14. Insurance. Before operating or permitting any aircraft to be operated from the Leased Premises, Lessee agrees to obtain and maintain in effect aircraft liability insurance in the form and in at least the amount required by Minn. Stat. Sec. 360.59, Subd. 10, as amended. Lessee shall also provide the Lessor with a certificate of insurance evidencing such coverage and Lessee renter's liability insurance and shall name Lessor as an Additional Insured on said coverages. Lessor does not cover airplanes or contents on Lessor's Insurance. Renters are strongly encouraged to carry insurance on their personal property.
15. Inspection. Lessor may at any reasonable time enter and inspect the Leased Premises for the purposes of ensuring Lessee's compliance with the obligations under this Agreement. Lessor agrees to notify Lessee of any such inspection and/or entry. Lessor will be held responsible for any theft or damages to Lessee's property should Lessor fail to properly lock the doors of the Leased Premises upon completion of the inspection.
16. Maintenance of Aircraft. Pursuant to FAA Order 5190.6A, Airport Compliance Requirements, Lessee, with its own equipment and employees or agents, shall be allowed to perform maintenance on the Aircraft within/on the Leased Premises, provided that it is not done in a manner that would be unsafe, unsightly, or detrimental to the efficient use of the Airport facilities by others. Lessee will dispose of used oil only in approved receptacles designated by the Airport Manager. At no time shall the Lessee's aircraft engines be started within the Leased Premises.
17. Storage of Hazardous Materials. Hazardous material, as defined by the State of Minnesota MPCA, shall not be stored in/on the Leased Premises, unless they are stored in accordance with the State of Minnesota MPCA rules and regulations and applicable fire codes.
18. Taxes. Lessor shall pay any and all taxes or special assessments that may be levied or assessed against the Leased Premises.
19. Assignment and Subletting. This Agreement may not be transferred or assigned without written authorization signed by Lessor and Lessee, Lessee may not sublet the Leased Premises without the written consent of the Lessor and such consent shall not be unreasonably withheld.
20. Notice. All notices that are requested, required, or authorized under this Agreement shall be in writing and sent by first class mail to the address for that party as stated in the beginning of this Agreement. The next mail delivery day after the date on which any such notice is mailed shall be deemed the date such notice was received by the addressee. Should either party change addresses or contact telephone numbers, that party shall notify the other party within 30 days after such change.

21. Governing Law. This Agreement is a contract executed under and to be construed under the laws of the State of Minnesota and under the jurisdiction of Minnesota courts.
22. Waiver. Either party's failure to enforce any provision of this Agreement against the other party shall not be construed as a waiver thereof so as to excuse the other party from future performance of the provision or any other provision.
23. Severability. The invalidity of any portion of this Agreement shall not affect the validity of the remaining portions thereof.
24. Paragraph Headings. The headings to the paragraphs to this Agreement are solely for convenience and may not have substantive effect on the Agreement nor are they intended to aid in the interpretation of this Agreement.
25. Subordination of Agreement. This Agreement shall be subordinate to the provisions of any existing or future agreement between Lessor and the United States of America and/or the State of Minnesota relative to the operation or maintenance of the Airport as a public airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal and/or State funds for development of the Airport.
26. Attorney's fees, Collection Costs. Lessor shall be entitled to recover from Lessee any costs and charges including but not limited to reasonable attorney's fees, collection fees costs, court and service costs, and returned check fees, that may be expended by Lessor in the collection of any rents or related charges due under the terms of this lease.
27. Entire Agreement. This Agreement constitutes the entire agreement between the parties. No statements, promises, or inducements made by any party to this Agreement, or any agent or employees of either party, which are not contained in this written contract shall be valid or binding. This Agreement may not be enlarged, modified, or altered except in writing signed by the parties.

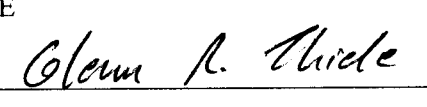
IN WITNESS WHEREFORE, the parties hereto have executed this Agreement the day and year first above written.

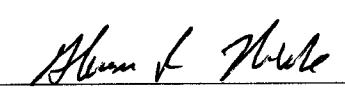
LESSOR

CITY OF LUVERNE

By 
Its City Administrator

LESSEE



By 
Its _____