

HASTINGS CITY/BARRY COUNTY AIRPORT COMMISSION

HANGAR SITE LEASE AGREEMENT
[Name of Lessee]

THIS HANGAR SITE LEASE AGREEMENT (hereinafter referred to as the “**Agreement**”), is entered into this _____ day of _____, A.D., 2007, by and between the **HASTINGS CITY/BARRY COUNTY AIRPORT COMMISSION** (hereinafter referred to as “**Lessor**”), a public body established by the County of Barry and City of Hastings to operate the **HASTINGS AIRPORT** (hereinafter referred to as the “**Airport**”), whose address is 2505 Murphy Drive, Hastings, Michigan 49058, and _____

(hereinafter referred to as “**Lessee**”), whose address is 11805 Davis Road, Middleville, Michigan 49333 for the purpose of constructing an aircraft hangar at the Airport, under the following terms and conditions.

ARTICLE 1

PREMISES

The Lessor hereby leases to Lessee, for its exclusive use as specifically authorized herein, and for no other use except as agreed to and authorized herein, a tract of land located at the Hastings Airport [hereinafter the “**Airport**”], as shown on **Exhibit A**, attached hereto and incorporated herein by reference [hereinafter the “**demised premises**”]. The tract of land includes the hangar site identified as “Hangar Site Number E9/E2” and includes an additional ten (10) foot border on the north, west and south sides of the parcel, and an additional thirty (30) foot approach area on the east side of the parcel to connect the parcel to the airport taxiway.

ARTICLE 2

OBJECTIVES AND PURPOSE OF LEASE

Subsection 2.01 Use of Demised Premises.

A. BUSINESS:

1. The Lessee’s use of the demised premises, including building[s] and facilities constructed thereon, is limited to the storage of, and sublease of space for the storage of, private aircraft and minor maintenance thereto not requiring licensed or certified mechanics or personnel, and necessary maintenance work requiring licensed or certified personnel not performed by an authorized commercial

operator at the Airport. Lessee and Lessee's regular employees may perform maintenance and repair work for which they are licensed. Any future expansion, or change in use, of the building(s) on the demised premises will require the written approval of the Lessor. Experimental aircraft construction/development by Lessee is a permitted activity or use under the terms of this Lease.

2. The Lessee, in addition to the use of the demised premises, shall be entitled to the general use, in common with others, of all airport facilities made available for use to the general public, except as may be otherwise hereinafter provided.
3. For the purpose of this Agreement, "airport facilities" shall include runways, taxiways, ramps, aircraft and automobile parking areas, roadways, sidewalks, navigation and navigational aids, lighting facilities, terminal facilities, or other areas of the Airport, that have been constructed at Lessor expense for the benefit of the Lessee and the general public. PROVIDED, HOWEVER, that the use of the above-mentioned airport facilities shall be subject to such rules and regulations as now exist, or may hereafter be enacted by the Lessor, and subject to such charges for the use/uses as may be established from time-to-time by the Lessor for the maintenance, operation or replacement of these facilities.
4. The minor aircraft maintenance permitted to be conducted on the demised premises shall be accomplished in accordance with all applicable Building and Fire Codes and Lessor's Rules and Regulations/Minimum Standards. Minor aircraft maintenance shall be performed by the aircraft owner, regular employee(s) and/or Lessee.
5. No fueling shall occur in any hangar. Self-fueling may occur when fuel is not commercially available at the Airport, in accordance with all applicable Safety Standards and Airport Rules and Regulations.

B. PERSONAL CONDUCT:

1. Lessee and his invitees shall not conduct activities in a loud, noisy, boisterous, offensive, or objectionable manner.

C. PREMISES AND FACILITIES:

1. Land: A minimum of _____ square feet of land on Airport property is required for hangar operations to accommodate Lessee's hangar facilities.
2. Buildings: A minimum of _____ square feet of hangar space is required by Lessee.

Subsection 2.02 Prohibited Uses.

The following activities are expressly prohibited.

1. The Lessee may not use any part of the demised premises or the improvements located thereon for any activity or purpose, other than as expressly set forth and authorized in Section 2.01, unless such use is approved, in writing, by the Lessor.
2. The Lessee is not authorized to use the demised premises for the purpose of providing commercial services to the general public.
3. The Lessee will not block the taxiways, runways or aircraft ramps or store aircraft upon taxiways or grass areas of the Airport.
4. Automobiles and trucks are prohibited from parking on, or adjacent to, the ramps or taxiways, except as reasonably related to servicing of hangared aircraft.

Subsection 2.03 Conduct of Operations on Demised Premises.

In its exercise and carrying out of the rights, privileges, duties, and obligations granted herein, and in its use of the demised premises, Lessee hereby obligates itself, and agrees to obligate all of its sub-lessees and/or occupants, to the following requirements and regulations:

1. Lessee shall not consent to any unlawful use of the demised premises, nor permit any such unlawful use thereof.
2. Lessee agrees that all local, federal and state ordinances and laws will be observed in its use and occupancy of the demised premises, including the rules and regulations of the federal and state aeronautical authorities and the local governing authorities.
3. Lessee shall comply with all of Lessor's rules, regulations and ordinances as they now exist or may hereafter be amended or adopted.
4. The operations of Lessee, its sub-lessees, invitees and those doing business with it, shall conduct all activities in an orderly and proper manner so as not to annoy, disturb or to be offensive to others at the Airport. The Lessor shall have the right to complain to Lessee as to the demeanor, conduct and appearance of Lessee and its sub-lessees, invitees and those doing business with it, and as to its and/or their failure to utilize said facilities at times, and in the manner, and according to the standards, mandated by the Lessor, whereupon Lessee will take all steps reasonably necessary to remove the cause of the complaint.
5. Lessee shall not cause or permit the use, generation, storage or disposal in or about the demised premises or elsewhere at the Airport of any "Hazardous Materials" except for materials used, generated, stored and disposed of in strict compliance with all Federal environmental laws, with all state and local laws and regulations and with Airport Rules and Regulations
6. Lessee shall be responsible for the payment of water, gas and sewer charges and electric current, telephone service and other utilities

utilized or consumed on the demised premises and shall separately meter same.

7. Lessee shall, at all times, keep the demised premises in a neat, clean and orderly condition, free of rubbish or any unsightly accumulations of any nature whatsoever.

The Lessor reserves the right to further develop its land and to lease the same for any lawful purpose whatsoever or to provide any services it deems necessary or desirable in its sole and absolute discretion, for the public, regardless of the desires or views of Lessee, and without interference or hindrance.

ARTICLE 3 TERM AND COMPENSATION

Subsection 3.01. Term.

The initial term of this Agreement shall be for a period of TWENTY (20) years, effective the _____ day of _____, A.D., **2007** and terminating on the _____ day of _____, A.D., **2027**.

Subsection 3.02 Option to Renew.

At the end of the full twenty (20) year term of this Agreement, the Lessee shall have the first option to enter into a new Agreement for the demised premises.

1. The time period during which the Lessee may exercise its option shall commence on the 180th day prior to the expiration of this Agreement and shall expire at midnight of the last day of the Agreement.
2. So long as Lessee is not in default under Section 9.01 of the Lease, Lessee shall have the option to renew the Lease for two (2) additional terms of fifteen (15) years each by providing Lessor, within one hundred eighty (180) days of the termination date of the initial term or renewal term, with a written notice of his intent to renew. The rent during the renewal term shall be adjusted as set forth in Subsection 3.04. All other terms and conditions of the Lease shall remain in full force and effect during the renewal term.
3. At the end of the Lease term, or any renewal thereof, Lessor shall have the option of:
 - A. Purchasing the building owned by the Lessee at a price mutually agreed upon by both parties or the then-appraised value of the building if an agreement cannot be reached; or,
 - B. Authorizing the Lessee to remove the building within 120 days following the termination date of the Lease. Further, prior to removal of Lessee's building, the Lessor shall be provided with:

- [1] A binding written agreement that is acceptable to the Lessor covering the method and procedure for removal of the building and restoration of the demised premises to the condition existing prior to construction of said building together with;

- (2) A bond or other undertaking acceptable to the Lessor for the payment of all costs and expense incurred in removal to the buildings and restoration and clean-up of the leased site.
 - (3) Any improvements paid by Lessee, other than building constructed by Lessee, as for example parking lots, aircraft ramps and roadways shall be and remain the property of the Lessor throughout the term of the Lease, to be maintained and repaired by Lessee as provided for in this Agreement.
4. In the event the Lessee fails to enter into a new Lease, sell the building to the Lessor, or remove the building, as provided above, within 120 days of the termination of this Agreement, ownership of the building and other fixed improvements shall automatically revert to the Lessor and the Lessee shall have no further rights under this Agreement nor shall it have any interest in the demised premises, buildings or improvements, constructed thereon.

Subsection 3.03. Ground Rent.

The Lessee shall pay an annual ground rent of _____ [\$XXX.00] Dollars, which is equal to \$.07 per square foot for _____ square feet for the building site. The remainder of the demised area is held "rent free". Said agreed-upon rent shall be paid yearly, in advance, on or before the tenth day of January of each year. All payments are to be made at the office of the Airport Manager, Hastings City/Barry County Airport, 2505 Murphy Drive, Hastings, Michigan.

Subsection 3.04. Future Adjustments of Rents and Fees

Rents and fees shall be adjusted in no more than five - year increments in any year ending in "0" and "5". The adjusted rent amount shall be obtained by dividing the initial rental by the Detroit AU Items Consumers Index (CPT-W) for the month of June, 2005, which Index was 189.6 (1982-84 = 100), and multiplying the quotient thereof by the last Consumers Price Index figures published immediately preceding each anniversary date. At no time, however, shall said rental be less than the rental paid during the preceding year of this Agreement.

For purposes of this Agreement, the Consumers Price Index means the Index for "All Items" for Urban Wage Earners and Clerical Workers Commodity Groups for the Detroit area as determined by the United States Department of Labor. Bureau of Statistics. Should the United States Government revise its price index at any time, the parties hereto will follow such suggestions as the Government may issue for making an arithmetical changeover from one index to another. Should the price index be wholly discontinued, then its successor or the most nearly comparable successor index thereof, adjusted back to June of 2005 shall be used.

Subsection 3.05. Late Charges.

The Lessee shall pay to the Lessor a late charge equal to Ten Dollars (\$10.00) per month on all rent and fee charges which are seven (7) days past due. Said late charge shall commence on the past due amount from the date said payment was due and shall be computed to the date the past due amount is paid. This shall be in addition to, and in no way alters, any other rights reserved to the Lessor, or existing in the Lessor by virtue of the laws of the State of Michigan, or by the terms of the Agreement.

Subsection 3.06. Additional Rent.

Lessee acknowledges the right of the Lessor to adopt and impose a percent of gross income operating charge in the future, during the terms of this Agreement, or at any time

thereafter, for income derived from all sources on the demised premises, including the rental or subletting of any hangars or buildings on the demised premises. Lessee and all affected tenants, shall be provided with prior written notice of the proposed charge and shall be provided with an opportunity to comment to the Lessor and its Board prior to imposition of, or amendment to, any such charge. Notice of intent to impose a percent of gross income operating charge shall be provided approximately six (6) months in advance of the commencement of the said charge.

ARTICLE 4 **LESSEE'S CONSTRUCTION REQUIREMENTS**

Subsection 4.01. Requirements for Improvements on Demised Premises.

The Lessee shall construct a building with dimensions of _____, which shall be equipped with one "bifold" type electric door with a manufacturer-specified width of at least fifty-eight (58) feet and at least one "personnel" door. The building shall contain heavy gauge steel siding with a steel roof. All construction and site preparation costs, including construction of hangar approach ramp, bringing utilities to the site, monthly utility costs and all other fees, etc., shall be the responsibility of Lessee. All construction shall conform to the "Rules and Regulations for Hangars, Buildings and Leased Premises for Hastings Airport" (hereinafter referred to as the "Hangar Rules") and all other state and/or local governmental requirements.

No building, structure, fencing, roadway, utility line, addition or improvement of any kind or nature shall be made or installed by Lessee without the prior written consent of the Lessor, as provided for herein. The Lessee may also be required to provide the Lessor with proof of funds necessary to complete construction of the improvements which have been irrevocably dedicated to such construction.

Subsection 4.02. Future Construction Dates.

In the event that the construction of the building or any improvement during the term hereof is not substantially completed within 12 months of the date of the Lessor's approval of the Plans therefor, the Lessor shall have the right to terminate this Agreement pursuant to Article 9 hereof. Causes or conditions of delay are beyond the control of the Lessee (hereinafter referred to as "Force Majeure"), as, by way of example but not limitation, strikes, acts of God, inability to obtain labor or materials, governmental restriction, enemy action, civil commotion, fire or other casualty, or failure of the Lessor to carry out its obligations, then the period for completion of construction shall be extended by the number of days of delay resulting from the Force Majeure.

Subsection 4.03 Approval of Construction Plans.

The Lessee covenants and agrees that prior to the preparation of detailed construction plans, specifications and architectural renderings of any such building, structure, roadway, addition or improvement, it shall first submit plans showing the general site plan, design and character of improvements and their locations, including drainage and roadways to the Lessor for approval. The Lessor agrees to review such plans within 30 days of receipt from the Lessee. The Lessee covenants and agrees that prior to the installation or construction of any present and future building, roadway, structure, addition or improvement, it shall first submit to the Lessor for approval, final construction plans, specifications and drawings, and that all construction will be in accordance with such plans and specifications and the Hangar Rules and all other applicable rules, regulations, laws and ordinances.

Subsection 4.04. Extension of Utilities or Special Facilities.

The Lessee shall contract, and extend, at its sole expense, all necessary utility, electrical, water, sewer and other lines needed to service any hangars and buildings constructed in the future by the Lessee on the demised premises. All utility extensions and other construction shall be in accordance with all applicable Codes, Ordinances and the Hangar Rules.

Subsection 4.05. Alterations or Repairs to Premises.

The Lessee shall not construct, install, remove and/or modify external or structural portions of the buildings constructed upon the demised premises without the prior written approval of the Lessor. The Lessee shall submit for approval by the Lessor, its plans and specifications for any proposed project as well as complying with all applicable code requirements and such other conditions considered by the Lessor to be necessary. The Lessee can make internal improvements to the demised premises without the Lessor's consent as long as said changes meet all applicable Code requirements.

Subsection 4.06. Lien Indemnification.

In the event any person or corporation shall, as a result of construction work being performed by or for the Lessee, attempt to assess a lien against the demised premises, the Lessee shall hold the Lessor harmless from such claim, including the cost of defense.

Subsection 4.07. Cost of Construction and Alterations.

Within thirty (30) days of completion of the construction or alterations, the Lessee shall present to the Lessor for examination and approval a sworn statement of the construction and/or alteration costs, and that all costs for which a Construction Lien could arise have been paid in full.

Subsection 4.08. As-built Drawings.

Within ninety (90) days following completion of any future construction by the Lessee and any subsequent additions, alterations or improvements, the Lessee shall present to the Lessor a complete set of "as-built" drawings.

Subsection 4.09. Security Interest on Leasehold Improvements for Construction.

Lessee shall have the right to place a security interest, hereinafter referred to as "the mortgage", upon, and for, improvements financed by the Lessee on the demised premises only. The Lessee is prohibited from placing any such security interest on land or other property leased from the Lessor. All of the Lessee rights and obligations under this Agreement shall inure to the benefit of such mortgagee named in said mortgage ("the Lender") and its assignees. The rights granted in this Subsection 4.09 are contingent upon Lessee providing the Lessor with copies of the signed loan documents and security agreements, and the name, address and mailing address of the lender for purposes of providing any notices thereto.

The lender named in such a mortgage shall have the following rights and shall be subject to the following duties:

1. In the case of a default by the Lessee under the terms of the mortgage against Lessee's building, the lender shall have the right to assume the rights, benefits, duties and obligations granted and imposed upon the Lessee under the terms of this Agreement, including the obligation to pay all delinquencies in rent or other obligations of the Lessee. Such lender shall have the right to assign its interest in this Agreement to a third party, PROVIDED that such assignee meets all of the requirements of this Agreement and is otherwise satisfactory to the Lessor.

2. Any lender acquiring ownership and possession of the building(s) located upon the demised premises shall have a reasonable period of time, not to exceed 30 days, to provide or arrange for providing all the services that are required to be provided by the Lessee under the terms of this Agreement, or a tenant that is otherwise satisfactory to the Lessor.
3. All notices required by this Lease to be given by Lessor to Lessee shall also be given to Lender at the same time and in the same manner. Upon receipt of such notice, Lender shall have the same rights as Lessee to correct any default.
4. Within ten (10) days after Lessee's request, Lessor shall deliver an Estoppel Certificate, a declaration to any person designated by Lessee:

(a) ratifying this Agreement;

(b) stating the commencement and termination dated and the rent commencement date; and

(c) certifying

(1) that this Agreement is in full force and effect has not been, to the knowledge of the Lessor, assigned, modified, supplemented or amended (except by such writings as shall be stated);

(2) that all conditions under this Agreement to be performed by Lessee have been satisfied (stating exceptions, if any);

(3) no defenses or offsets against the enforcement of this Agreement by Lessee exist (or stating those claimed);

(4) the date to which rent has been paid, and such other information as Lessee reasonably requires.

Subsection 4.10 Ownership of Improvements.

A. Ownership

The building constructed and paid for by the Lessee belongs to the Lessee and may be encumbered by a security interest for construction funding as provided for in Subsection 4.9 hereof. No other lien or encumbrance shall be permitted except as provided for in Subsection 4.9 hereof other than by lien of the Lessor on account of default by the Lessee in payment of sums required to be paid to the Lessor under the terms of this agreement.

B. Assignment/New Ground Site

In the event of a sale of the building to a third party, this Agreement shall be assigned to the purchaser of the building(s) as long as the assignee agrees to use the demised premises, and meet the operating standards, described herein and agree to be bound by all of the terms and conditions herein and provided that the assignee is acceptable to the Lessor, in the reasonable exercise of the Lessor's discretion

ARTICLE 5
OBLIGATION OF LESSEE

Subsection 5.01 Net Lease

The use and occupancy of the demised premises by the Lessee will be without cost or expense to the Lessor. It shall be the sole responsibility of the Lessee to maintain, repair and operate the entirety of the demised premises, and the improvements and facilities constructed thereon, at the Lessee's sole cost and expense.

Subsection 5.02. Maintenance and Operation.

The Lessee shall maintain the demised premises at all times in a safe, neat and clean condition, and shall not permit the accumulation of any trash, paper, or debris on the Airport premises. The Lessee shall repair all damage to the demised premises caused by its employees, patrons, or its operation thereon; shall maintain and repair all equipment thereon, including any buildings and improvements; and shall repaint the buildings as necessary.

1. Upon occupancy, the Lessee shall be responsible for and perform all maintenance, including but not limited to:
 - a. The Lessee shall be responsible for all snow removal on the demised premises and auto parking areas if any in its use. The Lessee shall do so in a manner which does not interfere with airport operations or damage property.
 - b. The Lessee shall perform all maintenance on demised premises or Lessee-constructed structures, pavements and equipment and utilities to the point where connected to the main source of supply or the first manhole outside of the demised premises or to the utility corridor.
 - c. The Lessee shall advise the Lessor and obtain the Lessor's consent in writing before making changes involving structural changes to buildings or premises, modifications or additions to plumbing, electrical or other utilities. Any penetration of the roof shall be considered a structural change.
 - d. The Lessee is responsible for maintaining electric loads within the designed capacity of the system. Prior to any change desired by the Lessee in the electrical loading which would exceed such capacity, written consent shall be obtained from the Managing Director of the Lessor.
 - e. The Lessee shall provide and maintain hand fire extinguishers for the interior of all buildings, shop, parking, storage and ramp areas in accordance with applicable safety codes.
 - f. The Lessee shall maintain all landscaping and grounds as originally approved and installed, to include, but not limited to, the mowing of grass, trimming of bushes, and watering of trees.

Subsection 5.03. Utilities.

The Lessee shall assume and pay for all costs or charges for utilities services furnished to the Lessee during the term hereof; PROVIDED, HOWEVER, that the Lessee shall have the right to connect to any and all municipal (township or city) storm and sanitary sewers and water and utility outlets at its own cost and expense for any future improvements; and the Lessee shall pay for any and all service charges incurred therefore.

Subsection 5.04. Signs.

The Lessee shall not erect, maintain, or display upon the outside of any improvements on the demised premises any signs without prior written approval by the Lessor.

Subsection 5.05. Nondiscrimination.

The Lessee, for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that (A) no person on the grounds of race, color, or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of the demised premises; (B) that in the construction of any improvements on, over, or under such land and the furnishing of services thereof no persons the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination; (C) that the Lessee shall use the demised 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 Transportation, and said Regulations may be amended, to the extent that said requirements are applicable, as a matter of law, to the Lessee.

With respect to the demised premises, the Lessee agrees to furnish services on a fair, equal and not unjustly discriminatory basis to all users thereof, and to charge fair, reasonable and not unjustly discriminatory prices for each unit or service; PROVIDED, that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

Subsection 5.06. Affirmative Action

With respect to the demised premises, the Lessee assures that it will undertake an affirmative action plan (50 or more employees) or steps (1 to 49 employees) as required by 14 CFR Part 152, Subpart E, to insure that no person shall, on the grounds, of race, creed, color, national origin or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E; that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by that Subpart; and that it will require that its covered subordination provide assurance to the Lessee that they similarly will undertake affirmative action programs, and that they will require assurance from the sub-organizations, as required by 14 CFR Part 152, Subpart E, to the same effect, to the extent that said requirements are applicable, as a matter of law, to the Lessee.

Subsection 5.07. Observance of Statutes and Regulations

The granting of this Agreement and its acceptance by the Lessee is conditioned upon the right to use the Airport facilities in common with others authorized to do

so, PROVIDED, HOWEVER, that the Lessee shall observe and comply with any and all requirements of the constituted public authorities and with all federal, state, or local statutes, ordinances, regulations and standards applicable to the Lessee for its use of the demised premises, including but not limited to, rules and regulations or standards promulgated from time to time by the Lessor for the administration of the Airport.

Subsection 5.08. Hazard Lights

The Lessee shall, at its expense, provide and maintain hazard lights on any future structure erected by the Lessee on the demised premises, if required by the Lessor and Federal Aviation Administration regulations. Any hazard lights so required shall comply with the specifications and standards established for such installations by the FAA.

Subsection 5.09. Airport Security.

The Lessee recognizes the Lessor's required compliance with Federal Aviation Regulations concerning airport security and agrees to comply with the Lessor's Security Plan as it relates to its use of the demised premises and the Airport's public facilities.

**ARTICLE 6
OBLIGATIONS OF THE Lessor**

Subsection 6.01. Ingress and Egress.

Upon paying the rental prescribed herein, and performing the covenants of this Agreement, the Lessee shall have the right of ingress to, and egress from, the demised premises for the Lessee. Airport roadways shall be used jointly with other tenants of the Airport, and the Lessee shall not interfere with the rights and privileges of other persons or firms using said facilities and shall be subject to such weight and type use restrictions as the Lessor deems necessary.

**ARTICLE 7
LESSOR'S RESERVATIONS**

Subsection 7.01. Improvement, Relocation or Removal of Structure.

The Lessor, in its sole discretion, reserves the right to further develop or improve the aircraft operating area(s) 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 the Lessee from erecting, or permitting to be erected, any buildings or other structure on the Airport which, in the opinion of the Lessor, would limit the usefulness of the Airport or constitute a hazard to aircraft.

In the event the Lessor requires the demised premises for expansion, improvements, development of the airport, the Lessor reserves the right, on a twelve (12) month notice, to relocate or replace the Lessee's improvements, in substantially similar form at another generally comparable location on the Airport. This Agreement shall be amended to include any such new ground site. All other Agreement terms shall remain in full force and effect. In the event of such relocation or replacement, the Lessor agrees to suspend rental during any period such improvements are unusable.

The Lessor also reserves the right to relocate the Lessee to a non-aviation ground site in the event the Lessee's operations no longer require access to the Airport's ramps, taxiways, runways or other aviation facilities.

Subsection 7.02. Inspection of Demised premises.

The Lessor, through its authorized representative(s), shall, at all times during the ordinary business hours, have the right to enter upon the demised premises, and any improvements thereon, for the purpose of: (1) inspecting the same; (ii) confirming the performance by Lessee of its obligations under this Lease; (iii) doing any other act which the Lessor may be obligated, or have the right, to perform under this Lease, or reasonably related thereto; and (iv) for any other lawful purpose. The inspections shall be made only on 24-hour advance notice, EXCEPT in the case of an emergency.

ARTICLE 8
INDEMNITY AND INSURANCE

Section 8.01 - Indemnification.

1. The Lessee agrees to indemnify and hold harmless and defend the Lessor, its agents and employees, its successors and assigns, individually or collectively, from and against all liability for any claims and actions and all reasonable expenses incidental to the investigation and defense thereof, in any way arising out of or resulting from any acts, omissions or negligence of the Lessee, its agents, employees, licensees, successors and assigns, or those under its control; in, on or about demised premises or upon demised premises; or in connection with its use and occupancy of demised premises or use of Airport; PROVIDED, HOWEVER, that the Lessee shall not be liable for any injury, damage, or loss occasioned by the negligence or willful misconduct of the Lessor, its agents or employees. When knowledge of any action becomes known by the Lessee or the Lessor, they shall give prompt written notice to the other party.
2. The Lessee shall indemnify, save, hold harmless, and defend the Lessor, its agents and employees, its successors and assigns, individually or collectively, from and against all liability for any claims and actions and all expenses incidental to the investigation and defense thereof, in any way arising from or based upon the violation of any federal, state, or municipal laws, statutes, ordinances or regulations by the Lessee's agents, employees, licensees, successors and assigns, or those under its control. The Lessee shall not be liable for any claims, actions and expenses incidental to the investigation and defense thereof, in any way arising from or based upon violation of any federal, state, or municipal laws, statutes, ordinances, or regulations by the Lessor, its agents, employees, licensees, successors and assigns, or those under its control.

Section 8.02 Insurance.

1. Without limiting the Lessee's obligation to indemnify the Lessor, the Lessee shall provide, pay for, and maintain in force at all times during the term of this Agreement a policy of comprehensive general liability insurance to protect against bodily injury liability and property damage in an aggregate

amount of not less than \$1,000,000.00 per occurrence; and any other policies of insurance reasonably required by the Lessor or by law; PROVIDED, HOWEVER, that for owner-occupied demised premises conducting no commercial operations and with no sublease existing, the general liability insurance to protect against bodily injury liability and property damage shall be in an amount of not less than \$250,000.00 per occurrence.

2. The aforesaid insurance amounts and types of insurance shall be reviewed from time to time by the Lessor and may be adjusted by the Lessor if the Lessor reasonably determines such adjustments are necessary to protect the Lessor's interests. The Lessee shall furnish the Lessor, as evidence that such insurance is in force, a certified copy of the insurance Certificate including the Lessor as an additional named insured within thirty (30) days after the policy(s) is issued. Said policies shall be in a form and content satisfactory to the Lessor and shall provide for thirty (30) days written notice to the Lessor prior to the cancellation of or any material change in such policies.

Subsection 8.03. Environmental Impairment.

The Lessee will comply with any environmental regulations affecting its operations throughout the term of this Agreement, including furnishing of insurance or other security against environmental impairment risks as required by the Lessor.

Subsection 8.04. Fire and Casualty Coverage Insurance.

The Lessee shall, at its expense, procure and keep in force at all times during the term of this Agreement with a company authorized to do business in Michigan, insurance on the building(s) and other improvements on the demised premises against loss and damage by fire and casualty loss. The Lessee shall furnish evidence of insurance in an amount no less than the replacement cost of the improvements.

Subsection 8.05. Destruction of Premises (Uninsured Cause).

In the event of damage to or destruction or loss of the building or buildings by an uninsured cause, Lessee shall decide, within thirty (30) days of the event, whether it will repair, restore, rebuild, or raise said building or buildings. Within sixty (60) days of the event, Lessee shall initiate restoration or raising activities and complete those activities within one hundred twenty (120) days of the event unless otherwise agreed by the Lessor. In the event Lessee fails to take action as noted above, Lessor shall have the right to raise the building(s) and return the site to its original condition. Lessee shall be liable for reimbursing the Lessor for all costs incurred, thereupon the Lease shall be terminated.

ARTICLE 9
CANCELLATION BY LESSOR

Subsection 9.01. Events of Default by Lessee.

Each of the following events shall constitute an "Event of Default by Lessee":

1. Lessee fails to pay rentals, fees and charges when due, and such default continues for a period of ten (10) days after receipt of written notice from the Lessor that such non-payment constitutes an event of default.
2. Lessee fails after receipt of written notice by certified mail from the Lessor to keep, perform or observe any term, covenant or condition of this Agreement, other than as set forth in Subsection 1 (above) and such failure continues for

sixty (60) days after such receipt, or if by its nature such event of default by Lessees cannot be cured within such sixty (60) day period, Lessee fails to commence to cure or remove such event of default by the Lessee within said sixty (60) days and to cure or remove same as promptly as reasonably practicable.

3. Lessee shall become insolvent, shall take the benefit of any present or future insolvency statute, shall make a general assignment for the benefit of creditors, shall file a voluntary petition in bankruptcy or a petition or answer seeking a reorganization or the readjustment of its indebtedness under the federal bankruptcy laws or under and other law or statute of the United States or of any state thereof, or shall consent to the appointment of a receiver, trustee, or liquidation of all or substantially all of its property.
4. An Order for Relief shall be entered at the request of Lessee or any of its creditors under the federal bankruptcy or reorganization laws or under any law or statute of the United States or any state thereof.
5. A petition under any part of the federal bankruptcy laws or an action under any present or future insolvency law or statute shall be filed against the Lessee and shall not be dismissed within thirty (30) days after the filing thereof. Lessee shall pay to the Lessor all reasonable costs and fees, including attorney and accounting fees and expenses, incurred by the Lessor in the exercise of any remedy in the event of any default by the Lessee.
6. By or pursuant to, or under, any legislative act, resolution or rule, or any order of decree of any court or governmental board or agency, an officer, receiver, trustee or liquidator shall take possession or control of all or substantially all of the property of Lessee and such possession or control shall continue in effect for a period of fifteen (15) days.
7. Lessee shall become a corporation in dissolution, or voluntarily or involuntarily forfeit their corporate charter, other than through merger with a successor corporation.
8. The rights of the Lessee hereunder shall be transferred to, pass to, or devolve upon, by operation of law or otherwise, any other person, firm, corporation or other entity, as a result of any bankruptcy, insolvency, trusteeship, liquidation or other proceedings or occurrence described in Subsections 3 through 7 above.

Subsection 9.02. Remedies for Lessee's Default.

1. Upon the occurrence of an "Event of Default by the Lessee", Lessee shall remain liable to the Lessor for all arrearage of rentals, fees or charges payable hereunder and for all preceding breach(es) of any covenant herein contained. The Lessor, in addition to the right of termination, and to any other rights or remedies it may have at law or in equity, shall have the right of re-entry and may remove all Lessee's persons and property from the demised premises. Upon any such removal, Lessee's property may be stored in a public warehouse or elsewhere at the cost of, and for the account of, the Lessee. Should the Lessor elect to re-enter, as herein provided, or should it take possession pursuant to legal proceedings or pursuant to any notice provided by law, it may, at any time subsequent to an "Event of Default by

the Lessee”, either terminate this Agreement or re-let the demised premises and any improvements thereon, or any part thereof, for such term or terms (which may be for a term extending beyond the term of this Agreement) at such rentals, fees and charges, and upon such other terms and conditions, as the Lessor, in its sole discretion, may deem advisable, with the right to make alterations repairs or improvements on said demised premises. No re-entry or re-letting of the demised premises by the Lessor shall be construed as an election of the Lessor's part to terminate this Agreement, unless a written notice of such intention is given to the Lessee. In re-letting the demised premises, the Lessor shall make a good faith effort to obtain terms and conditions no less favorable to itself than those contained herein and otherwise seek to mitigate any damage it may suffer as a result of the “Event of Default by the Lessee”.

2. Unless the Lessor elects to terminate this Agreement, the Lessee shall remain liable for and promptly pay all rentals, fees and charges accruing hereunder until termination of this Agreement at the expiration date set forth herein.
3. In the event that the Lessor re-lets the demised premises, rentals, fees and charges received by the Lessor from such re-letting shall be applied: first, to the payment of any indebtedness other than rentals, fees and charges due hereunder from the Lessee to the Lessor; second, to the payment of any cost of such re-letting; third, to the payment of rentals, fees and charges due and unpaid hereunder; and, the residue, if any, shall be held by the Lessor and applied in payment of future rentals, fees and charges as the same may become due and payable hereunder. Should that portion of such rentals, fees and charges received from such re-letting applied to the payment of rentals, fees and charges due hereunder be less than the rentals, fees and charges payable during the applicable period, Lessee shall pay such deficiency to the Lessor. The Lessee shall also pay to the Lessor, as soon as ascertained, any costs and expenses incurred by such re-letting not covered by the rentals, fees and charges received from such re-letting.
4. Notwithstanding anything to the contrary in this Agreement, if a dispute arises between the Lessor and Lessee with respect to any obligation or alleged obligation of the Lessee to make payment(s) to the Lessor, the payment(s) under protest by the Lessee of the amount claimed by the Lessee to be due shall not waive any of the Lessees' rights, and if any court or other body having jurisdiction determines all, or any part, of the protested payment was not due, then the Lessor shall as promptly as reasonably practicable reimburse the Lessee any amount determined as not due plus interest on such amount at the highest rate allowable under Michigan law.
5. Lessee shall pay to the Lessor all reasonable costs, fees (including attorneys & accountants) and expenses incurred by the Lessor in the exercise of any remedy upon an event of default by the Lessee.

ARTICLE 10
CANCELLATION BY LESSEE
FOR
EVENTS OF DEFAULT BY LESSOR

Subsection 10.01. Event of Default by Lessor.

Each of the following events shall constitute an "Event of Default by Lessor":

1. The Lessor fails, after receipt of written notice from Lessee, to keep, perform or observe any term, covenant or condition herein contained to be kept, performed or observed by the Lessor and such failure continues for sixty (60) days; or, if, by its nature, such "Event of Default by Lessor" cannot be cured within such sixty (60) day period, the Lessor fails to commence to cure or remove such "Event of Default by Lessor" within said sixty (60) days and to cure or remove the same as promptly as reasonably practicable.
2. The Lessor closes the Airport to flights in general or to the flights of the Lessee, for reasons other than weather, acts of God or other reasons beyond its control, and fails to reopen the Airport to such flights within sixty (60) days of such closure.
3. The Lessor is permanently closed as an airport by act of any federal, state or local government agency having competent jurisdiction.
4. The Lessor is unable to use the Airport for a period of at least sixty (60) days due to any law or any order, rule or regulation of any appropriate governmental Lessor having jurisdiction over the operations of the airport, or any court of competent jurisdiction issues an injunction in any way preventing or restraining the use of the Airport, or any part thereof, for airport purposes, and such injunction remains in force for a period of at least sixty (60) days.
5. The United States Government or any authorized agency of the same (by executive order or otherwise) assumes the operation, control or use of the Airport and its facilities in such a manner as to substantially restrict Lessee from conducting its operations, and such restrictions shall continue for a period of at least sixty (60) days.

Subsection 10.02. Remedies for Lessor's Defaults.

Upon the occurrence of an "Event of Default by Lessor", the Lessee shall have the right to suspend or terminate this Agreement and all rentals, fees and charges payable by Lessee under this Agreement shall abate during a period of suspension or shall terminate, as the case may be. In the event Lessee terminates this Agreement because of an event of default by Lessor, Lessee can require Lessor to buy the building at a price mutually agreed upon by both parties or at the then-appraised value of the building, if an agreement cannot be reached as to the price for the building. Alternatively, Lessee may, at Lessee's Option, remove the building from the premises within one hundred twenty (120) days following the termination of the Lease, in accordance with the terms of Subsection 3.02 3. B. hereof. In the event that Lessee's operations at Airport should be substantially restricted by action of any governmental agency having jurisdiction thereof, then Lessee shall, in addition to the rights of termination herein granted, have the right to a suspension of this Agreement, or part thereof, and abatement of an equitable proportion of the payments due hereunder, from the time of giving written notice of such election until such restrictions shall have been remedied and normal operations restored. In addition to its remedy of termination, the Lessee shall be entitled to all other remedies available to it by law or equity.

ARTICLE 11
RIGHTS UNDER TERMINATION

Subsection 11.01. Fixed Improvements.

It is the intent of this Agreement that the leasehold improvements, alterations and items affixed thereto shall be and remain the property of the Lessee during the entire term of this Agreement. Upon termination of this Agreement, all Leasehold improvements shall be owned by Lessor.

Subsection 11.02. Personal Property.

Upon termination of this Agreement, the Lessee shall remove all personal property, and items not affixed, from the demised premises within ninety (90) days after said termination and restore the demised premises to its original condition. If the Lessee fails to remove said personal property, said property shall revert to Lessor ownership and may thereafter be removed by the Lessor at Lessee's expense.

ARTICLE 12
ASSIGNMENT AND SUBLETTING

Except as otherwise provided in Subsection 4.10 hereof, the Lessee shall not assign this Agreement, or any part hereof, in any manner whatsoever, or assign any of the privileges recited herein without the prior written consent of the Lessor. Each subsequent assignee shall be bound by the terms hereof.

ARTICLE 13
QUIET ENJOYMENT

The Lessor covenants that the Lessee, upon payment of the rentals reserved herein and the performance of each and every one of the covenants, agreements and conditions on the part of the Lessee to be observed and performed, shall and may, peaceably and quietly, have, hold and enjoy the demised premises for the term of this Agreement, free from molestation, or disturbance.

ARTICLE 14
GENERAL PROVISION

Subsection 14.01. Non-Interference with Operations of Airport.

The Lessee, by accepting this Agreement, expressly agrees for itself, its successors and assigns, that it will not make use of the demised premises in any manner which might interfere with the landing and taking off of aircraft at the Airport or otherwise constitute a hazard. In the event the aforesaid covenant is breached, the Lessor reserves the right to enter upon the premises hereby leased and cause the abatement of such interference at the expense of the Lessee.

The Lessor shall maintain and keep in repair the Airport landing areas, including taxiways and aircraft parking aprons, and shall have the right to direct and control all activities of the Lessee in this regard.

Subsection 14.02. Attorney's Fees.

In any action brought by either party for the enforcement of the obligations of the other party, the prevailing party shall be entitled to recover interest and its reasonable attorney's fees.

Subsection 14.03. Taxes and Special Assessments.

The Lessee shall pay any leasehold interest tax assessed on said demised premises and all personal property taxes which may be assessed against equipment, merchandise, or other personal property belonging to the Lessee located on the demised premises, or other permitted portions of the Airport. The Lessee shall pay all real estate taxes attributed to the Lessee's leasehold interest and all other real estate taxes which maybe levied and assessed which are attributed to the Lessee's leasehold interest in the demised premises. The Lessee shall pay all personal property taxes which may be levied and assessed against equipment, merchandise or other personal property belonging to the Lessee located on the demised premises. The Lessee shall pay all sales or use taxes and assessments, license fees or other charges of any kind or nature, without exception, levied or assessed, arising out of the activities conducted on, and/or the occupancy of, the demised premises.

Subsection 14.04. Right to Contest.

The Lessee shall have the right to contest the validity or amount of any tax, assessment or charge, lien or claim of any kind in with respect to the demised premises. Lessee shall, if the Lessor requires the same in writing and if the taxes or other assessments have not been paid under protest or otherwise escrowed or provided for, furnish reasonable security for the payment of all liability, costs and expenses at the end of the litigation, and Lessee, so long as the matter shall remain undetermined by final judgment, shall not be considered in default hereunder by the nonpayment thereof; PROVIDED, HOWEVER, that Lessee shall not, under these provisions, permit the premises or any buildings or improvements situated thereon, to be sold or forfeited, and failure by the Lessee to do what is necessary to prevent any such sale or forfeiture within ten (10) days from the publication or receipt of notice for sale or forfeiture, shall be deemed to be a default hereunder, and the Lessor may, at its option, pay any such sum as may be required to avoid the sale or forfeiture and seek reimbursement for its cost from the Lessee or ownership of the buildings or improvements involved.

Subsection 14.05. License Fees and Permits.

The Lessee shall obtain and pay for all licenses, permits, fees or other authorization or charges as required under federal, state or local laws and regulations insofar as they are necessary to comply with the requirements of this Agreement and the privileges extended hereunder.

Subsection 14.06. Non Exclusive Rights.

It is hereby specifically understood and agreed between the parties that nothing herein contained shall be construed as granting or authorizing the granting of exclusive rights to the Lessee or others, as defined in Section 308 of the Federal Aviation Act of 1958, as amended.

Subsection 14.07. Paragraph Headings.

The Subsection paragraph headings contained herein are for convenience in reference only and are not intended to define or limit the scope of any of the provision of this Agreement.

Subsection 14.08. Interpretations.

This Agreement shall be interpreted in accordance with the laws of the State of Michigan.

Subsection 14.09. Non-Waiver.

No waiver of any condition or covenant in this Agreement contained, or of any breach thereof, shall be taken to constitute a waiver of any subsequent condition, covenant or breach.

Subsection 14.10. Severability.

If any term or provision of this Agreement or the application thereof to any person or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each other term and provision of this Agreement shall be valid and enforced to the fullest extent permitted by law.

Subsection 14.11. Binding Effect.

This Agreement, including all of its covenants, terms, provisions and conditions, shall be binding upon, and inure to the benefit of, the parties hereto and their respective heirs, successors and assigns.

Subsection 14.12. No Partnership.

Nothing contained in this Agreement shall be deemed to create the relationship of principal and agent or of a partnership or joint venture or any relationship between the Lessor and Lessee other than the relationship of Lessor and Lessee.

Subsection 14.13. Duty to be Reasonable.

Wherever in this Agreement the Lessor is to give its consent, approval or otherwise exercise discretion in judgment, such consent, approval or judgment discretion shall not be unreasonably exercised or unreasonably withheld. When the Lessor is called upon to give its consent or approval, or otherwise exercise its discretion and judgment as to financial matters which affect the Lessor and the continuing operations of the Airport, the exercise of its judgment as to any such matters shall be solely and completely within the discretion of the Lessor.

Subsection 14.14. Notices.

Whenever any notice or payment is required by this Agreement to be made, given or transmitted to the parties hereto, such notices or payments shall be enclosed in an envelope with sufficient postage attached to insure delivery and deposited in the United States Mail, addressed to:

**Airport Manager
Hastings City/Barry County Airport Commission
c/o Hastings City/Barry County Airport
2505 Murphy Drive
Hastings, Michigan 49058**

and notices, consents and approvals to the Lessee addressed to:

or such other place as either party shall, by written directive, designate in the manner herein provided.

Subsection 14.15. Prior Agreements

This Agreement supercedes and rescinds all prior, written or oral Agreements and/or understandings of the parties. This Agreement may only be amended IN WRITING.

IN WITNESS WHEREOF, the parties have caused this **Hangar Site Lease Agreement** to be executed on their behalf by their duly authorized officers.

**HASTINGS CITY/BARRY
COUNTY AIRPORT
COMMISSION**

“Lessor”

BY: _____
Chair

BY: _____
Secretary

STATE OF MICHIGAN)
) S.S.
COUNTY OF BARRY)

On this _____ day of _____, A.D., 2007, before me, a Notary Public in and for said County, personally appeared the above-named **Ronald E. Holley**, Chair, and **David McIntyre**, Secretary, of the Hastings City/Barry County Airport Commission and acknowledged that they have executed this Hangar Site Lease Agreement on behalf of the Commission, with full, binding authority of its governing Board.

Notary Public, Barry County, Michigan
Acting in Barry County, Michigan
My Commission Expires:

By: _____
“Lessee”

STATE OF MICHIGAN)
) S.S.
COUNTY OF BARRY)

On this _____ day of _____, A.D., 2007, before me, a Notary Public in and for said County, personally appeared the above-named _____ and _____

acknowledged that he has executed this Hangar Site Lease Agreement as his own free act and deed.

Notary Public, Barry County, Michigan
Acting in Barry County, Michigan
My Commission Expires:

Drafted By:

Larry A. Salstrom P-24178

Larry A. Salstrom, P.C.

BUSINESS ADDRESS:

2127 University Park Drive, Suite 340

Okemos, Michigan 48864

Phone: (517) 347-1771 - Fax: (517) 347-1462