

[AIRPORT NAME] AIRPORT GROUND LEASE

1. Parties

This lease is entered into by and between the **Montana Department of Transportation, Aeronautics Division**, whose address is P.O. Box 200507, Helena, MT 59620-0507 ("Lessor"), and [name & address] _____ ("Lessee").

2. Purpose of Lease

Lessee desires to lease ground at the [AIRPORT NAME] Airport from Lessor for the purpose of **construction of an aircraft hangar building [when appropriate], or occupancy of an existing aircraft hangar building [when appropriate]**. Lessee agrees to use this building ("hangar") for the purpose of housing an aircraft for personal use only.

3. Premises Description

The leased area consists of a particular lot of unimproved land, known as Lot [Lot #], in common with other lots, [with or without] an existing hangar, specifically described in this document in attachment "A." Attachment A is incorporated into and made part of this lease.

4. Term of Lease

The term of this lease is for 40 years, reviewable in certain increments, for re-negotiated rates.

A. First lease term. The first lease term will commence on [DATE] and end on [DATE] unless earlier terminated as provided in this lease. At least 30 days prior to [DATE] this lease will be re-evaluated by Lessor to determine if a rate increase is appropriate, and if so, a new rate will be disclosed to Lessee.

B. Renewed lease terms. Thereafter, the lease term shall be reviewable every 5 years for re-negotiated rates, unless earlier terminated by the terms of this lease.

5. Consideration

All fees for this lease are based upon the rates listed in the table below for the utilization of [#] square feet of ground as described in Attachment A. [Lease payment for the remainder of the first lease term is due on DATE.] All future payments shall be due July 1st of each fiscal year beginning on July 1, [YEAR] and annually thereafter during the term of this lease.

Year Beginning	Annual Rate (per sq.ft.)	Total fee
[July 1, YEAR]	\$.[#]	[\$[#]
[July 1, YEAR]	\$.[#]	[\$[#]
[July 1, YEAR]	\$.[#]	[\$[#]

6. Renewal and Renegotiation Option

Unless otherwise terminated pursuant to the provisions of this lease, this lease is for a 40 year term. Lessor shall review this lease prior to the end of the first lease term and may alter any rates, rules or terms before renewal. Thereafter Lessor shall review this lease at the end of each 5 year period and may alter any of the rates, rules or terms before any renewal. It is the intent of Lessor to always allow for the renewal of the lease if Lessor and Lessee can agree upon any changes to the rates, rules or terms. All renewals must be completed before the end of the 5 year period.

7. Notice

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

Lessor representative for purposes under this lease is MDT Aeronautics Division Administrator, or Administrator's designated representative or replacement, P.O. Box 200507 Helena, MT 59620-0507, telephone (406) 444-2506.

Lessee's representative for purposes of this lease is:

[LESSEE'S NAME, ADDRESS & PHONE NUMBER]

In case of permanent change of address, Lessee shall immediately notify Lessor in writing.

8. Lessor Requirements

Lessor will operate and manage the airport facility in accordance with MDT Aeronautics Division standards and Federal Aviation Administration rules if applicable and make the airport available and open to the public for typical airport uses.

Lessor does not guarantee that the airport will be open at all times. Airport closures may happen at any time and may occur unannounced. Lessor will make all appropriate efforts if possible to ensure the reason for closures are remedied with minimal disruption to the Lessee.

Lessor does not guarantee any type of snow removal and closures of the airport due to snow may be frequent. Lessor may provide occasional snow removal, but no guarantee is expressed or implied.

9. Specific Requirements and Allowed and Prohibited Uses of Leased Area

A. Uses of Hangar. Lessee shall use the hangar exclusively for the storage of a personally owned aircraft and other incidental aircraft related materials only. Other non-aviation materials Lessee wishes to store in the hangar which are incidental to upkeep of the hangar or property or are very minor in nature may be allowed. Leased areas outside of hangar must be kept clear and cannot be used for storage. Lessee is responsible for weed control of leased area.

B. Maintenance of Hangar. Lessee, at Lessee's sole expense, must keep the hangar and immediate leased area in a neat, safe and usable condition throughout the entire occupancy. Lessee must fully repair and bear the expense for all damage and ordinary wear and tear to the hangar and leased area caused by Lessee's activities. Lessee's failure to maintain or repair the hangar or leased area shall be considered a default of the terms of this lease.

C. Pilot and Aircraft Requirements. Lessee must be a Federal Aviation Administration (FAA) licensed pilot and registered as a pilot with the State of Montana, Aeronautics Division. Lessee must be the owner of the aircraft that is to be stored in the hangar. Subletting of the hangar or this lease is not allowed. Full ownership of the aircraft is not required if Lessee is in partnership with another individual(s), or if Lessee is currently leasing the aircraft, or if Lessee owns the aircraft through a business entity where Lessee is the owner of the business. The aircraft must be an airworthy aircraft, licensed appropriately with the FAA and registered with the State of Montana, Aeronautics Division. If Lessee is unable to comply with any of these provisions, Lessee must request and receive in writing either a temporary or permanent exemption from these provisions. Lessor may allow an exemption from these provisions at its discretion.

D. No Commercial, Sharing or Sub-Lease Use. The use of any portion of the leased grounds or hangar in connection to the operation of a commercial business, for-profit enterprise or a cost sharing undertaking is strictly prohibited without prior written approval from Lessor. Any and all subleasing or storage of aircraft owned by other parties is strictly prohibited.

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

F. Utilities. Lessee, at Lessee's cost and expense, shall determine the availability of, and may cause to be installed in, on and about the leased area, all utilities desired to provide gas, electricity, telephone, satellite, internet or

other like services. No water or septic systems are allowed except in accordance with the terms of this Lease. Lessee agrees to pay all connection or acreage assessments or charges levied by any public utility, agency or municipality with respect to their services, as well as pay any and all usage fees or additional fees from any utility or service provider as related to utility use or utility installation on the leased area.

[NOTE: SUBSECTIONS G & H, BELOW, ARE OPTIONAL DEPENDING ON THE AIRPORT LOCATION OF EACH LEASE. FAA DOES NOT ALLOW RESIDENTIAL USE OF AIRPORTS WHICH RECEIVE FEDERAL FUNDS—e.g. LINCOLN AIRPORT AND YELLOWSTONE AIRPORT]

G. Living Quarters, Water and Septic. The development of living quarters within the hangar may be allowed with the written approval of Lessor. The development of a water or septic system on the leased property may be allowed with the written approval of Lessor. Lessee must also secure any and all local, state and federal permits needed for the development of a system. Lessor may deny development of water or septic systems if the permits require unusual conditions, alterations to the lease or lease of a larger area than would typically be associated with a hangar.

OR

H. Residential Uses Prohibited. Lessee shall not use the premises for residential purposes. No private water or septic system is allowed on the leased property.

10. Hangar Construction Standards

A. Hangar Construction. Lessee agrees the hangar will be constructed in accordance with the building construction standards specifically described in this document as Attachment **B**. Attachment B is incorporated into and made part of this lease. Lessee must adhere to all applicable federal, state or local building codes. Prior to construction of the hangar, detailed plans for the hangar must be submitted to Lessor for review and written authorization. No construction of any building or grounds is allowed without the written permission of Lessor. Existing hangars are pre-approved under this lease; however, any modification to an existing hangar must have written permission from Lessor.

B. Building Permits and Other Permits. Lessee, at its sole expense, must obtain and maintain all federal, state and local building permits or other permits of any type or nature required by a governing authority prior to the commencement of construction or modifications to the hangar building or improvements of any type upon the leased area.

C. Time Requirement. Lessee has a maximum of 12 months from the execution of this lease to construct an approved hangar (if applicable). If Lessee is unable to comply with this requirement, Lessee may request, in writing, an extension to this provision, and Lessor must find that sufficient justification is given.

D. Site Preparation and Access to Runway/Taxi Lane. Lessee is responsible for any and all site preparation and construction necessary for safe and convenient access from the hangar and leased property to the prepared access area or taxilane. Some of this work may be necessary on ground that is not part of this lease. Any and all work of this type must have written approval from Lessor before construction is started. All site preparation and access improvements shall become the property of the Lessor.

E. Snow Plowing. Snow plowing of the runway, taxiway, taxilane or other areas is not guaranteed by Lessor and Lessor makes no warranty as such, however, if Lessor does provide snow plowing, it will usually only provide plowing in the non-leased portions of the airport. Lessee is responsible for providing for Lessee's own snowplowing. If Lessee does provide for Lessee's own snowplowing, Lessee shall ensure the plowing is done in a safe and effective manner in accordance with airport rules and minimum standards and that snow berms are not left on active areas or in a manner that causes other problems.

11. Airport Rules and Standards

A. Airport Rules and Regulations. Lessee must comply with any and all applicable rules and regulations set forth by MDT Aeronautics Division in accordance with airport operations.

B. Airport Minimum Standards. Lessee must comply with any airport minimum standards set forth by MDT Aeronautics Division. Minimum Standards are not incorporated as part of this Lease, however, they carry the full weight and effect as all other conditions in regards to this lease. Non-compliance by Lessee of any Airport Minimum Standards while operating on the airport is grounds for termination of this lease.

12. Taxes, Fees and other payments

Lessee shall pay all taxes, special assessments SIDs, RIDs, levies, fees and other governmental charges of any kind or nature that may be levied by any and all federal, state, county, municipality, or assessing authority upon the improvements to the leased area or personal property owned by Lessee during the term of this lease. Payment shall be made prior to delinquency. Lessee shall cause all taxes imposed upon all of Lessee's improvements or personal property situated in, on, or about the leased area, to be levied or assessed separately from the lot and not as a lien.

- 13. Local, State and Federal Laws and Inspection of Property and Records**
Lessee represents and warrants Lessee is in compliance with all applicable local, state and federal laws and regulations in the execution of this lease. Lessee agrees to provide the State of Montana, Department of Transportation, the Legislative Auditor, the Legislative Fiscal Analyst, or their authorized agents access to any records concerning this lease. Lessee agrees to create and retain all records supporting this lease for a period of three years after either the completion date of this lease or the conclusion of any claim, litigation or exception relating to this lease taken by the State of Montana or a third party.

Lessor shall have the right, through its agents or agents of another appropriate agency, for reasonable ingress and egress to inspect the premises, buildings and grounds to ascertain the Lessee is adhering to the terms of this lease.

- 14. Loss or Damage to Lessee's property**
Lessee is responsible for acquiring necessary insurance to safeguard the Lessee's interest in the Lessee's property on the airport and expressly covenants and agrees to assert no claim against Lessor as a result of loss or damage to any of Lessee's property built or stored on the airport resulting from actions of any third party.

Lessee agrees Lessee is responsible for protection of Lessee's person and property from loss or damage as the result of vandalism, malicious mischief, theft, or similar losses. Lessee agrees to assert no claims against the Lessor for loss or damage of this type. All losses suffered by the Lessee resulting from the criminal activity of others must be reported to the police or sheriff's department having jurisdiction. Lessor assumes no responsibility for such losses.

- 15. Termination**
This Lease may be terminated for cause by Lessor upon breach of any of the terms and conditions of this Lease or applicable law. This Lease may also be terminated without cause or amended at any time during the Lease if the land is needed for any Department project or aviation-related purposes. Termination for any reason shall not entitle Lessee to any refund for rentals paid or exemption from the payment of any rents, penalties, or other compensation due under the terms of the Lease.

A. Opportunity to Cure. Opportunity to cure any breach of the Lease by the Lessee for any and all terms except those described in the Rent section shall be at the sole discretion of the Lessor.

B. Opportunity to Cure Breach of Rent. Any rental payment received by Lessor after the deadline for rental payments as described in this Lease shall be assessed a penalty in the amount of five percent of the entire annual rental that was due. Partial payments will not be accepted. Lessor

may, in its sole discretion and without any obligation, remind the Lessee of any rental payment lateness or insufficiency.

C. Lease Withdrawal. No portion of the land under this lease may be withdrawn from this Lease by the Lessee except through special agreement with Lessor. If Lessee initiates the withdrawal of any of the land, or initiates withdrawal from the entire Lease, the Lessee shall not be entitled to any refund for rentals already paid.

16. Suspension for Other Reasons

In the course of operating the airport, it may be necessary to terminate this Lease as required for dangerous conditions, required improvements, to adhere to federal regulations beyond Lessor's control, or for other unknown reasons. If a temporary suspension of the lease is justified, Lessor may request the Lessee to consider suspending the lease instead of terminating it until the facility is able to be used as intended. Suspension of Leases will only be considered when necessary and are at the discretion of Lessor. Suspensions will not be considered for short term events or for reasons that would normally not require lease termination, such as airport closure due to snowfall.

17. Holdover Tenancy

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

18. Unlawful Use

If any part of the leased area under this lease are allowed or permitted to be used for any purpose contrary to the laws of the state or of the United States, or against the designated use of the lease area per this Lease, such unlawful use shall, in the discretion of Lessor, constitute sufficient reason for termination of this lease.

19. Lessor Remedy.

If the lease is terminated, Lessor has a claim for possession and for rent and a separate claim for actual damages for breach of the Lease. As a remedy, Lessor reserves the right to secure Lessee from accessing the land or any improvements on the premises, which includes placing locks on door(s) to prevent Lessee's access.

20. Removal of Improvements.

Upon the termination of the lease, Lessor may grant a license to the former Lessee to remove the moveable improvements from the property. Upon authorization, the moveable improvements must be removed within 60 days or they become the property of the State, unless Lessor for good cause grants additional time for the removal. Lessor shall charge the former Lessee for the

period of time the improvements remain on the property after the termination of the lease.

- 21. Compensation for Improvements.** Lessor will not pay any compensation for any Lessee-placed improvements on the leased area at any time during the term of this lease, nor upon termination or expiration of this lease, nor as related to the removal of any improvements or personal property.
- 22. Venues and Interpretation**
The laws of Montana govern this Lease. The parties agree that any litigation concerning this lease must be brought in the First Judicial District in and for the County of Lewis & Clark, State of Montana and each party shall pay its own costs and attorney fees.
- 23. Sublease and Assignment**
Lessee may not, assign, sublet, or transfer this lease without the prior written consent of Lessor.
- 24. Hold Harmless and Indemnification Clause**
Lessee shall protect, defend and save the State of Montana, the Montana Department of Transportation, and the Aeronautics Division, its officers, employees and agents harmless from and against any and all claims or demands of any nature whatsoever, from any person(s) occupying, serving or visiting the leased area, or arising in favor of any of Lessee's employees, or third parties due to any damage to property or injury or death sustained by any person(s) by reason of Lessee's failure to put and keep the leased area in a safe and usable condition, or any services performed or omission of services resulting in any way from the negligence, acts or omissions of Lessee or its agents, employees, representatives, assigns or subcontractors.
- 25. General Liability Insurance**
Lessee shall maintain for the duration of the Lease at their cost and expense insurance against claims for injuries to persons or damages to property. This insurance shall cover such claims as may be caused by any intentional or negligent act or omission. The Lessee's insurance coverage shall be primary insurance with respect to the State, its officers, officials, employees and volunteers and shall apply separately to the facility and its location. General Liability insurance covering all operations under the Lease shall have coverage in the amounts of \$300,000 each occurrence and \$600,000 general aggregate. Any insurance or self-insurance maintained by the State, its officers, officials, employees or volunteers shall be in excess of the Lessee's insurance and shall not contribute with it. Insurance is to be placed with an insurer with a Best's rating of no less than A-. Lessee must notify Lessor of any material change in insurance coverage, such as changes in limits, coverages, changes in status of policy, etc. Lessor reserves the right to require complete copies of insurance policies at any time.

26. Environmental Hazards

Lessor hereby represents that no leak, spill, release, discharge, emission or disposal of hazardous or toxic substances has occurred on the leased premises to date and that the soil and groundwater on or under the leased premises are free of toxic or hazardous substances as of the date that the term of this lease commences. It is ultimately the responsibility of Lessee to insure and verify that the leased area is free of contamination at the commencement and during the term of this lease. All hazardous Materials must be appropriately labeled, stored and disposed of, in accordance with all Federal, State and Local laws. Quantities of hazardous Materials stored on the property are subject to limitation at the sole discretion of the Lessor. In the event Lessee leaves hazardous or toxic wastes on the property, Lessor will store, transport and dispose of the waste at Lessee's cost. Lessor will bill Lessee for all direct and indirect costs associated with the proper storage, transport and disposal of the waste.

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

27. Lease Approval

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

28. Severability/Entire Contract

If any provision of this lease is held to be illegal or void, the validity of the remaining items shall not be affected. This document contains the entire agreement of both parties. Any alteration or modification to this lease requires a written amendment signed by both parties.

29. Counterpart Execution

Lease may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same Lease. The counterparts of this Lease may be executed and delivered by facsimile or other electronic signature by any of the parties to any other party and the receiving party may rely on the receipt of such document so executed and delivered by facsimile or other electronic means as if the original had been received.

SIGNATURES

Lessee

_____, 20__
date

Printed Name:

Administrator, MDT Aeronautics Division

_____, 20__
date

MDT Legal Review

ATTACHMENT A

ATTACHMENT B

MDT AERONAUTICS DIVISION MINIMUM CONSTRUCTION STANDARDS FOR NON-COMMERCIAL AIRCRAFT HANGARS

1. FRAMING

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

2. EXTERIOR

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

3. FLOOR AND RAMP CONSTRUCTION

Materials and construction of floors and ramps must have prior approval from the MDT Aeronautics Division. Concrete ramps and/or floors are recommended.

4. DOORS

MDT Aeronautics Division must approve door design and materials. Overhead bi-fold metal and/or fiberglass covered aircraft hangar doors are recommended because of their ease of operation during the winter months.

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

5. UTILITIES

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

All wiring and plumbing installed in or on the building must be done in compliance with all applicable Federal, State and Local laws, including all applicable building

codes. No form of septic or sump system is allowed without the express written consent of MDT Aeronautics Division.

6. SET BACK

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

7. BUILDING CODES AND PERMITS

All hangars must be built in accordance with all applicable federal, state and local building codes. **Lessee, at its sole expense, must obtain and maintain all federal, state and local building permits or other permits of any type or nature required by a governing authority prior to the commencement of construction or modifications to the hangar building or improvements of any type upon the leased area.**

8. GENERAL CONSTRUCTION

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

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