

1 LIMITED COMMERCIAL AVIATION GROUND LEASE

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3 THIS LEASE, made and entered into by and between the following:

4 CITY OF BILLINGS, MONTANA, hereinafter
5 designated "Lessor"

6 and

7 AEROTRONICS PROPERTIES, LLC, a Montana limited liability
8 company, hereinafter
9 designated "Lessee"

10 W I T N E S S E T H

11 RECITALS

12 1) Lessor owns and operates BILLINGS LOGAN INTERNATIONAL AIRPORT
13 (hereinafter called the Airport) situated in the City of Billings, Montana, and

14 2) Lessor deems it advantageous to itself and the operation of the Airport to lease
15 to the Lessee certain parcels of land hereinafter described together with certain privileges, rights, uses,
16 and interests, and

17 3) Lessee wishes to engage in certain limited commercial aviation activities,
18 proposes to lease on a net basis from Lessor said parcels of land, and to avail itself of the same
19 privileges, rights, uses, and interests contemplated herein, and

20 4) Lessee has indicated a willingness and ability to properly keep, maintain, and
21 improve said land in accordance with standards established by Lessor.

22 NOW THEREFORE, the parties hereto covenant and agree as follows:
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1 ARTICLE I

2 PREMISES AND PRIVILEGES

3 A. Description of the Premises. Lessor hereby leases to Lessee and Lessee hereby
4 leases from Lessor that certain parcel of real property, together with improvements (hereinafter called
5 the premises), for its exclusive use, specifically described as follows:

6 Address: 2497 Jetway Drive

7 Main Parcel

8 Commencing at the Southeast Corner of Section 25, T. 1 N., R. 25 E., P.M.M.,
9 Yellowstone County, Montana; thence N 20°36'59" W a distance of 2,098.08
10 feet to the Point of Beginning; thence N 68°58'26" W a distance of 215.00
11 feet; thence N 21°01'34" E a distance of 24.61 feet; thence N 68°58'26" W a
12 distance of 64.82 feet; thence N 21°01'34" E a distance of 360.13 feet; thence
13 S 68°58'26" E a distance of 279.82 feet; thence S 21°01'34" W a distance of
14 384.74 feet to the Point of Beginning.

15 Said parcel of land containing 106,063.90 square feet.

16 Premises is further depicted on attached Exhibit A, and by said reference made
17 a part of this Lease.

18 B. Construction of Improvements. Lessee may construct a hangar building with
19 office space on the premises pursuant to the proposal marked Exhibit B and by reference specifically
20 made a part of this Lease. Lessee will also construct necessary aprons, ramps, automobile parking,
21 and hangar entrance taxilanes. New apron/ramp construction should be designed by a Professional
22 Engineer (PE), taking into account the anticipated size of the largest aircraft to utilize the new
23 ramp/apron area. The construction of the facilities shown on Exhibit B building proposal will be
24 substantially started within twelve (12) months and completed within twenty-four (24) months of the
signing of this Lease. Failure to start or complete the structure during said periods shall constitute a
default. If this default occurs, the Lease is canceled immediately and control of the property reverts to

1 the Lessor. In the event an extension of the construction completion period should be required, an
2 extension may be granted by the Director of Aviation and Transit or his/her designee, if both the
3 Lessee and the Director agree on an extended completion period, and both parties evidence their
4 agreement in writing.

5 C. General Privileges, Uses, and Rights. Lessor hereby grants to Lessee the
6 following general privileges, uses, and rights, all of which shall be subject to the terms, conditions and
7 covenants herein set forth. Said rights shall be subject to such Federal, State, or Local laws,
8 ordinances, rules and regulations as now or may hereafter have application at the Airport. All use
9 privileges granted herein can only be exercised in the event Lessee is the holder of the appropriate
10 licenses for such commercial endeavors.

11 1) The general unrestricted use of all public airport facilities and
12 improvements, which are now or may hereafter be connected with or appurtenant to
13 said Airport, except as hereinafter provided, to be used by Lessee and its sublessees for
14 commercial aviation activity as herein defined. For the purpose of this Lease, public
15 Airport facilities shall include all necessary landing area appurtenances including, but
16 not limited to, approach areas, runways, taxiways, aprons, aircraft and automobile
17 parking areas, roadways, sidewalks, navigational aids, lighting facilities, Terminal
18 facilities, or other public facilities appurtenant to said Airport.

19 2) The right of ingress to and egress from the premises over and across
20 public roadways serving the Airport for Lessee, Lessee's agents, employees, patrons
21 and invitees, suppliers of service and furnishers of material.

22 D. Specific Privileges, Uses, and Rights. In addition to the general privileges,
23 uses, and rights described above and without limiting the generality thereof, Lessor hereby grants to
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1 Lessee and sublessees the right to engage in limited commercial aviation activity on the premises as
2 defined in subparagraphs 1 through 11 below, subject to the conditions and covenants hereafter set
3 out:

4 1) The loading and unloading of aircraft in any lawful activity as incidental
5 to the conduct of any services of operations outlined in this Paragraph D.

6 2) The maintenance, storing, and servicing of aircraft, which shall include
7 overhauling, repairing, inspection, and licensing of same, and the purchase and sale of
8 parts, equipment, and accessories therefore.

9 3) The right to use vehicles necessary for the servicing of aircraft.

10 4) The sale through vending machines of confections, and refreshments
11 and the maintenance on said premises of appropriate facilities therefore.

12 5) The training on the Airport of personnel in the employ of Lessee and/or
13 its tenants and sublessees and the training on the Airport of members of the general
14 public generally as students or otherwise in any art, science, craft or skill pertaining
15 directly or indirectly to aircraft flight, maintenance, or any other aircraft service.

16 6) The location, construction, addition, maintenance, and removal of
17 improvements (including hangars, shops, or related office space), in any lawful
18 manner, upon or in the demised premises, for the purpose of carrying out any of the
19 activities provided for herein, subject however, to the conditions herein generally or
20 particularly set forth, and the advanced approval from the Director of Aviation and
21 Transit or his/her designee.

22 7) The operation and sale of aerial survey, photography, aerial advertising,
23 and mapping services.
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1 8) The providing of independent private, instrument, commercial, CFI,
2 CFII, multi-engine private, multi-engine commercial, multi-engine instructor, flight
3 instruction for hire.

4 9) The operation of non-scheduled and charter transportation of passengers
5 and cargo.

6 10) The storage of aircraft, both owned and non-owned.

7 11) The maintenance of offices on the premises necessary for the conduct of
8 the activities defined above.

9 The aforementioned rights shall apply to the persons, firms, or corporations having actual
10 possession and occupancy of the premises described herein, and the agents, employees, and invitees of
11 such persons, firms, or corporations.

12 E. Concessions, Services, and Uses Excluded. The following concessions,
13 services, uses, and the establishment thereof shall be specifically excluded from this Lease:

14 1) Ground transportation for hire.

15 2) Vehicle or equipment rental services.

16 3) News and sundry services.

17 4) Barber, valet, and personal services.

18 5) Food sales (except the sale of confections, and refreshments through
19 vending machines).

20 6) Retail sale of non-aviation products offered for sale in the Terminal
21 Building.

22 7) Improper storage of all chemicals, solutions, solvents, or any potentially
23 hazardous, explosive, or flammable materials or substances. Improper storage includes
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1 storage in violation of any applicable Federal, State, or Local environmental law,
2 regulation or rule presently in effect or promulgated in the future, as such laws,
3 regulations or rules may be amended from time to time.

4 8) Vehicle or aircraft fuel sales.

5 9) On-premises fuel storage or fuel storage facilities.

6 10) The operation of a business of buying and selling aircraft, parts, and
7 accessories therefore, and aviation equipment of all descriptions either at retail,
8 wholesale, or as a dealer.

9 11) Maintenance, repair, service, or restoration of motorized vehicles or
10 equipment other than Lessee's aviation support vehicles/equipment.

11 12) Outside storage of oil or oil collection containers.

12 13) Outside storage of used, surplus, or discarded parts, equipment,
13 vehicles, or portions thereof.

14 14) Parking of any personal vehicles outside of designated parking facilities
15 located on the premises.

16 15) Storage of campers, boats, trailers, motor homes, ATVs, or other
17 recreational vehicles, or parts for such.

18 16) Storage of any household items.

19 17) Storage of any items outside of the hangar structure.

20 18) Off-premise parking.

21 19) Use of the premises in a residential capacity of any sort, whether
22 temporary or otherwise.

23 20) Any non-aviation or non-aeronautical activity.
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1 F. Reservation of Right-of-Way. Lessor hereby reserves a right-of-way easement
2 for access purposes over/on the above-described premises. Said reserved rights-of-way may be used
3 by Lessor and all of Lessor's representatives, agents, employees, and Lessor's tenants, employees of
4 said tenants, and persons or entities serving said tenants.

5 ARTICLE II

6 TERM OF LEASE

7 A. Term. The term of this Lease shall be for a period of twenty-five (25) years,
8 commencing on the 1st day of December 2024, and terminating on the 30th day of November 2049.

9 B. First Right of Refusal. At the end of the term hereof, the Lessee shall have the
10 first right to accept a new lease of the premises at the same rates and charges that the premises may be
11 offered to any other person or entity. Provided, that the Lessor shall have the sole discretion as to use
12 of said premises and whether or not it will be relet at the end of said term. Provided further, that six
13 (6) months prior to the end of the term, Lessee shall give notice in writing to Lessor of intent to
14 exercise the first right of refusal. Lessor, upon election to relet said premises, shall give Lessee notice
15 in writing of its decision and the proposed terms. Lessee shall have thirty (30) days in which to give
16 Lessor notice in writing of acceptance.

17 C. National Emergency. In the event the rights and privileges hereunder are
18 suspended by reason of war or other national emergency, the term of this Lease shall be extended by
19 the amount of the period of such suspension.

20 ARTICLE III

21 RENTAL AND FEES

22 A. Ground Rental. For the land described in Article I, Paragraph A., Lessee shall
23 pay to Lessor \$0.3356 per square foot per annum for all ground included in this Lease for an initial
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1 annual rental of \$35,595.00. Said rental shall be payable monthly in advance, without billing, on the
2 first day of each month in an amount equal to one-twelfth of the annual rental, or \$2,966.25 per month.

3 B. Interest Penalty. Without waiving any other right or action available to the
4 Lessor, in the event of default in the payment of Lease rentals herein, or any other rentals, fees, or
5 charges owed Lessor, the amount due shall accrue interest at the rate of one and one-quarter percent
6 (1.25%) per month from the date such rentals, fees, or charges were due and payable, until paid in full.
7 Said interest shall not apply with respect to items being contested in good faith by Lessee and which
8 are resolved in Lessee's favor.

9 C. Annual Readjustment of Ground Rental. During the term of the Lease, the
10 rental rate will be adjusted annually on the anniversary date of the Lease using the average of the
11 monthly percentage increases of the previous calendar year, as determined by the Department of Labor
12 Consumer Price Index for All Urban Consumers (CPI-U), published by the Bureau of Labor Statistics.
13 In no case shall the rates be less than the previous year. For the purposes of this Lease, the
14 anniversary date shall be December of each year during the term of the Lease. The Lessor shall send
15 Lessee a notice of the annual rental rate adjustment prior to each anniversary date of the Lease
16 denoting the adjusted rental rates.

17 D. Rental Adjustments to Market Value. Beginning on the fifth anniversary of the
18 Lease and then on successive five-year anniversaries of the Lease, the Lessor may conduct an analysis
19 of the then-current lease rental rates for other on-Airport properties to determine the current market
20 value of the property. Should the analysis identify that the then-current Lease rental rate on the
21 premises is below market value for other on-Airport properties, the Lessor will notify Lessee six (6)
22 months in advance of an impending Lease increase.
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1 ARTICLE IV

2 OBLIGATIONS OF LESSOR

3 A. Lessor Warranties. Lessor warrants all things have happened and have been
4 done to make its granting of said Lease effective and that Lessee shall have peaceful possession and
5 quiet enjoyment of the leased premises during the term hereof, upon performance of Lessee's
6 covenants herein.

7 B. Operation as Public Airport. Lessor shall during the term hereof, operate and
8 maintain the Airport and its public facilities, as defined hereinabove, as a public airport consistent with
9 and pursuant to the sponsor's assurances given by Lessor to the United States Government under the
10 Federal Airport Act.

11 C. Condition and Maintenance of Premises. Lessor shall assume no responsibility
12 for the condition of the demised premises after delivery of premises to Lessee. Lessor shall maintain
13 all existing roads on the Airport giving access to the leased premises and Lessor shall remove snow
14 from the access roads as Lessor's resources permit.

15 ARTICLE V

16 OBLIGATIONS OF LESSEE

17 A. Condition of Premises. It shall be the sole responsibility of the Lessee to
18 develop, keep, maintain, and operate the entirety of the premises and all improvements and facilities
19 placed thereon at Lessee's sole cost and expense. This Lease in every sense shall be without cost or
20 expense to the Lessor. Lessee accepts the premises in its present condition and will repair and
21 maintain any installations thereon, except as provided in Article IV, Paragraphs B. - C., and will
22 remove or cause to be removed any debris to the extent required for its continuing use thereof. The
23 Lessee shall be responsible for reporting fuel spillages to the Lessor, soil testing, and all appropriate
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1 cleanup measures during the term of this Lease. Further, at the end of the term of this Lease, or sooner
2 if necessitated by either equipment failure or because of environmental requirements, the Lessee, at the
3 Lessor's direction, shall remove from the site any fueling equipment, and any contaminated soil which
4 may exist due to either Lessee's use of fueling equipment or any spills on the site, in compliance with
5 current State, Federal, and Local environmental regulations, and remove any debris related to such
6 removal to render the site clean.

7 B. Improvements. Lessee shall have the right to and shall provide for future
8 construction, alteration, expansion, and maintenance of its own improvements, in any lawful manner,
9 upon or in the premises, for the purpose of carrying out any of the activities provided for herein, but
10 shall obtain the written approval of Lessor prior to any such construction, alteration, or expansion prior
11 to beginning such improvements.

12 C. Maintenance. Lessee, at its sole cost and expense, shall maintain the premises,
13 improvements, and appurtenances thereto in a presentable condition free of refuse and debris
14 consistent with safety and operational procedures, good business practice, in accordance with Billings
15 Logan International Airport's Rules and Regulations, and acceptable to Lessor. Lessee's maintenance
16 responsibility shall include its buildings, asphalt and/or concrete repair, snow removal, and cleanup of
17 any fuel/oil spills on the premises.

18 D. Utilities. Lessee shall assume and pay for all costs or charges for utility services
19 furnished to Lessee during the term thereof; provided, however, that Lessee shall have the right to
20 connect to any available storm and sanitary sewers, water, electrical, or other utilities at Lessee's own
21 cost and expense; and Lessee shall pay for any and all service charges incurred therefore. Lessee shall
22 also provide an external water meter-reading device in an external location of the leasehold structure
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1 approved by the Lessor; said meter-reading device type shall be specified and pre-approved by Lessor.

2 All utility services shall be installed underground.

3 E. Trash, Garbage, Etc. Lessee shall provide, at Lessee's expense, a complete and
4 proper arrangement for the adequate sanitary handling and disposal of all trash, garbage and other
5 refuse occurring as a result of Lessee's occupancy of the premises. Lessee shall contact Airport
6 Administration to coordinate the establishment of trash handling service, use Lessor-approved
7 receptacles for all garbage, trash and other refuse, and shall place them on the premises in a location
8 acceptable to the Lessor for their removal. Piling of boxes, cartons, barrels, pallets, crates, or other
9 similar items in an unsightly or unsafe manner, or open storage of materials, personal property,
10 salvage, unused or surplus equipment, junk, or refuse on or about the premises, is forbidden. All
11 disposal costs will be paid by the Lessee.

12 F. Signs. Lessee shall not maintain any billboards or advertising signs on the
13 premises, unless specifically approved by Lessor. Provided, however, that Lessee may maintain on the
14 outside of its building its name(s) or signs, the size, location, and design of which shall be subject to
15 written approval of Lessor prior to installation.

16 G. Storm Water Pollution Prevention Plan (SWPPP). Lessee shall develop and
17 maintain a SWPPP for the premises in accordance with any and all applicable Federal, State, and
18 Local regulations, identifying all of the activities and conditions on the premises that could cause
19 water pollution and detailing the steps the Lessee will take to prevent the discharge of any unpermitted
20 pollution and a spill response plan. The Airport has developed a SWPPP for airport operations.
21 Lessee may either provide its SWPPP under the Airport's plan, or may develop and maintain its own
22 SWPPP.
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1 Lessee shall provide a current copy of its SWPPP to the Lessor. Lessee shall
2 establish a system of periodic inspections, cleaning, and maintenance to keep any drainage structures
3 clean and operational. Lessee shall see that special care is taken to pile removed snow in a location
4 that will permit water generated by melting of the snow piles to flow into the drainage system on the
5 premises.

6 H. Federal, State, and Local Regulations. Lessee acknowledges that the right to
7 use said Airport facilities in common with others authorized to do so shall be exercised subject to and
8 in accordance with the laws, rules, regulations, and ordinances of the United States of America, the
9 State of Montana, and the City of Billings now in force or hereafter prescribed or promulgated by
10 authority or by law and shall be closely observed during the full term of this Lease.

11 I. Hazardous Substances. Lessee assumes full responsibility for the proper and
12 legal use, handling, storage, and disposal of any hazardous substances used or consumed in Lessee's
13 occupancy or the conduct of its business on the premises. "Hazardous substance" shall be interpreted
14 broadly to mean any substance or toxic material, fuel or petroleum-based products, hazardous or toxic
15 or radioactive substance, or other similar term by any applicable Federal, State, or Local
16 environmental law, regulation or rule presently in effect or promulgated in the future, as such laws,
17 regulations or rules may be amended from time to time; and it shall be interpreted to include, but not
18 be limited to, any substance which after release into the environment will or may reasonably be
19 anticipated to cause sickness, death or disease. Lessee shall hold Lessor harmless from and indemnify
20 Lessor against and from any damage, loss, expenses or liability resulting from any breach of these
21 representations and warranty including all attorneys' fees and costs incurred as a result thereof.
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1 J. Taxiways. Lessee shall ensure that Lessee's aircraft, all sublessee's aircraft, and
2 any customer aircraft, are not permitted to block the public use taxiway accessible from Lessee's
3 premises.

4 K. Height Restriction. Special height restrictions apply on the leased premises.
5 Height of improvements proposed for above ground level must be reviewed and approved in writing
6 by the Lessor prior to installation.

7 ARTICLE VI

8 INSURANCE AND INDEMNIFICATION

9 A. Indemnification. Lessor and Lessor's officers, directors, agents, representatives,
10 and employees shall stand indemnified by Lessee as herein provided. It is expressly understood and
11 agreed that Lessee is and shall be deemed to be an independent contractor and operator responsible to
12 all parties for its respective acts or omissions and that Lessor shall in no way be responsible therefore.
13 It is further agreed that in the use of the Airport, in the construction, alteration, or maintenance of any
14 improvements thereon, and in the exercise or enjoyment of the privileges herein granted, Lessee shall
15 indemnify, save harmless, and defend the Lessor and Lessor's officers, directors, agents,
16 representatives, and employees from any and all losses that may result to the Lessor and Lessor's
17 officers, directors, agents, representatives, and employees because of any negligence, act, or omission
18 on the part of the Lessee or Lessee's agents, representatives, and employees and shall indemnify Lessor
19 against any and all mechanic's and materialmen's liens or any other types of liens imposed upon the
20 premises.

21 Lessee expressly agrees that Lessor shall not be liable to Lessee, for personal
22 injury, bodily injury, or for any loss or damage to real or personal property occasioned by flood, fire,
23 earthquake, lightning, windstorm, hail, explosion, riot, strike, civil disobedience or commotion,
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1 aircraft, smoke, vandalism, malicious mischief, or acts of civil authority, unless caused by the fault or
2 negligence of Lessor, its officers, directors, agents, representatives, or employees.

3 B. Insurance. Lessee shall provide and keep in force for the entire term of this
4 Lease the insurance coverages identified below. Insurance coverage shall be maintained with
5 insurance underwriters authorized to do business in the State of Montana, and that are satisfactory to
6 the Lessor. At the time of execution of this Lease, and annually thereafter, Lessee shall furnish a
7 Certificate of Insurance along with all associated and required policy endorsements showing that
8 required insurance is current and in force. Required evidence of insurance shall be submitted for any
9 renewal or replacement of a policy that already exists, at least ten (10) days prior to expiration or
10 termination of the existing policy. Lessee shall provide notice to Lessor of any changes to insurance
11 or cancellation of any or all insurance at least thirty (30) calendar days in advance of such change or
12 cancellation. The Certificate of Insurance must include the following reference: City of Billings
13 Logan International Airport, 1901 Terminal Circle, Room 216, Billings, MT 59105. If, in the Lessor's
14 opinion, the minimum limits of the insurance coverage herein required become inadequate during the
15 term of this Lease, Lessee agrees that it will increase such minimum limits by reasonable amounts
16 upon request of the Lessor.

17 1) Breach of Lease. The continuous maintenance by Lessee of all types of
18 required insurance under this Lease is mandatory. Failure of the Lessee to maintain
19 such insurance is a material breach of this Lease, and does not amend this Lease, nor
20 release the Lessee from any other obligations in this Lease.

21 2) Commercial General Liability Insurance. Commercial General Liability
22 Insurance on a standard occurrence form, providing coverage for personal injury,
23 bodily injury, death, and property damage, in amounts not less than \$3,000,000 per
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1 occurrence; the General Aggregate shall apply separately to each location. The
2 required limits may be provided by a combination of Commercial General Liability
3 Insurance and Excess or Umbrella Commercial Liability Insurance. The general
4 liability insurance required in this Lease must be a separate and distinct policy insuring
5 the Lessee and the City of Billings. Other general liability policies shared with other
6 named insureds do not satisfy the requirements of this section. The commercial general
7 liability policy shall be endorsed to name the City of Billings, and City's officers,
8 directors, agents, representatives, and employees as a **PRIMARY ADDITIONAL**
9 **INSURED**. The City of Billings' general liability policy will be excess and
10 noncontributory. The policy shall be endorsed to include a written waiver of insurer's
11 right to subrogate against the City.

12 3) Workers' Compensation and Employers' Liability Insurance. Workers'
13 Compensation and Employers' Liability Insurance is required if Lessee has employees.
14 Workers' Compensation insurance limits in accordance with the State of Montana and
15 administered by the Montana Department of Labor and Industry. Required limits are
16 \$1,000,000 each accident, \$1,000,000 each employee, and \$1,000,000 for bodily injury
17 by disease.

18 4) Automobile Liability. Automobile Liability insurance will be required
19 for all owned and non-owned vehicles in an amount not less than \$1,000,000
20 combined single limit. If Lessee is providing the coverage amount with an automobile
21 policy that provides full coverage for all of the Lessee's vehicle uses, the policy shall
22 be endorsed to include a written waiver of insurer's right to subrogate against the City.
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1 ARTICLE VII

2 TERMINATION OF LEASE, CANCELLATION, ASSIGNMENT, AND TRANSFER

3 A. Termination. This Lease shall terminate at the end of the full term hereof
4 without any notice by either party, except as indicated in Article II, Paragraphs B. and C. A holding
5 over by the Lessee, its assigns or sublessees beyond the expiration of the term shall not be permitted
6 without the written consent of the Director of Aviation and Transit or his/her designee and then only
7 on a month-to-month basis.

8 Upon termination, Lessee shall have the right to remove all moveable fixtures,
9 machinery and equipment, and all other personal property owned or installed by Lessee on the
10 premises. All expenses connected with such removal shall be borne by the Lessee. Said property shall
11 be removed within thirty (30) days after termination of this Lease.

12 In addition, Lessee has the right to remove, at Lessee's expense, all buildings
13 and other structures owned by Lessee located upon the premises within thirty (30) days upon the
14 termination of this Lease. Lessee shall remove from the premises all debris resulting from the removal
15 of the buildings or structures, fueling equipment and machinery, including any contaminated soils, and
16 Lessee shall generally leave the premises in a clean and orderly condition acceptable to the Lessor.

17 This right to remove personal property, buildings and structures, equipment and
18 machinery, does not extend to pavement, water lines, sewer lines, electrical lines, utility poles,
19 fencing, exterior light poles, which improvements shall remain the property of the Lessor and shall not
20 be removed.

21 In the event the Lessee elects not to remove its buildings and other structures,
22 personal property, fixtures, machinery and equipment, and other improvements upon termination of
23 the Lease, the disposition of the buildings and structures, personal property, fixtures, machinery and
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1 equipment, and other improvements will be left to the sole discretion of the Lessor. If Lessor elects to
2 remove the buildings and structures, personal property, fixtures, machinery and equipment, and other
3 improvements, and any contaminated soils, because of failure of Lessee to do so, the cost of removal,
4 demolition, cleanup, remediation, and all other related actions shall be at Lessee's sole expense.

5 B. Cancellation by Lessee. This Lease shall be subject to cancellation by Lessee
6 after the happening of one or more of the following events:

- 7 1) The permanent abandonment of the Airport as an Air Terminal.
- 8 2) The lawful assumption of the United States Government or any other
9 authorized agency thereof, of the operation, control or use of the Airport, or any
10 substantial part or parts thereof, in such a manner that substantially restricts Lessee for
11 a period of at least ninety (90) days from operating in a normal manner.
- 12 3) Issuance by any court of competent jurisdiction of an injunction in any
13 way preventing or restraining the use of the Airport, and the remaining in force of such
14 injunction for a period of at least ninety (90) days.
- 15 4) The default by Lessor in the performance of any covenant or agreement
16 herein required to be performed by Lessor and the failure of Lessor to remedy such
17 default for a period of ninety (90) days after receipt from Lessee or written notice to
18 remedy same.

19 Lessee may exercise such right of termination by written notice to Lessor at any
20 time after the lapse of the above applicable periods of time and this Lease shall terminate as of that
21 date. Rental due hereunder shall be payable only to the date of the happening of the event(s) which
22 results in said termination. Upon termination under the provisions of this paragraph, Lessee shall have
23 the same rights as described in Article VII, Paragraph A. herein.
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1 C. Cancellation by Lessor.

2 1) This Lease shall be subject to cancellation by Lessor in the event Lessee
3 shall:

4 a) Be in arrears in the payment of the whole or any part of the
5 amounts agreed upon hereunder for a period of fifteen (15) days after payment
6 is due.

7 b) File a voluntary petition of bankruptcy.

8 c) Make a general assignment for the benefit of creditors.

9 d) Default in the performance of any of the covenants and
10 conditions required herein (except rental payments) to be kept and performed
11 by Lessee, and such default continues for a period of thirty (30) days after
12 written notice from Lessor of said default.

13 2) In the event of termination because of the happening of any of the
14 aforesaid events, Lessor may take immediate possession of the premises and remove
15 Lessee's effects, forcibly if necessary, without being deemed guilty of trespassing.
16 Upon said entry, this Lease shall terminate.

17 3) It is agreed that failure of Lessor to declare this Lease terminated or to
18 reenter and take possession upon the default of Lessee for any of the reasons set out
19 shall not operate to bar or destroy the right of Lessor to declare this Lease null and void
20 by reason of any subsequent violation of the terms of this Lease.

21 D. Suspension of Lease. During the time of war or declared national emergency,

22 Lessor shall have the right to lease the landing area or any part thereof to the United States
23 Government for military use. If any such lease is executed, any provisions of this instrument, which
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1 are inconsistent with the provisions of the lease to the Government, shall be suspended, provided that
2 the term of the Lease shall be automatically extended by the amount of the period of suspension.

3 F. Subleasing, Assigning, and Transferring. The Lessee shall have the right to
4 sublease, assign, or transfer all or any part of Lessee's leasehold interest in the premises for the same
5 purpose established in Article I, Paragraphs C., and D., provided written approval of the Lessor is
6 obtained prior to any sublease, assignment, or transfer. As a condition of said approval, Lessor
7 reserves the right to alter this Lease in any manner deemed necessary by Lessor. Any sublease,
8 assignment, or transfer shall be subject to the same conditions, obligations, and terms as set forth
9 herein and as may be subsequently amended, and Lessee shall be responsible for the observance by its
10 tenants and sublessees of the terms and covenants of this Lease, and any subsequent lease
11 amendments. Lessee shall provide Lessor with a copy of any sublease immediately upon
12 commencement. A sublessee may be subject to a separate Operating Permit with the Airport.

13 ARTICLE VIII

14 NONDISCRIMINATION

15 A. General. In the use and occupation of the Airport, Lessee shall not discriminate
16 against any person or class of persons by reason of race, color, religion, sex, national origin or
17 ancestry, age, or disability. Additionally, for the services provided during the use and occupation of
18 the Airport, Lessee shall furnish said services on a reasonable and not unjustly discriminatory basis to
19 all users thereof and charge reasonable and not unjustly discriminatory prices for each unit of service,
20 provided that the Lessee may be allowed to make reasonable and nondiscriminatory discounts, rebates,
21 or other similar types of price reductions to volume purchasers.

22 B. Civil/Human Rights Laws. In the operation and use of the Airport, Lessee shall
23 not, on the grounds of race, color, religion, sex, national origin or ancestry, age, or disability,
24

1 discriminate or permit discrimination against any person or group of persons in any manner prohibited
2 by Part 21 of Title 49, Code of Federal Regulations, the Civil Rights Act of 1964, as amended, the
3 Equal Pay Act of 1963, the Rehabilitation Act of 1973, and such other Federal, State, or Local laws as
4 may be applicable.

5 Without limiting the generality of the foregoing, Lessee agrees not to
6 discriminate against any employee or applicant for employment because of race, color, religion, sex,
7 national origin or ancestry, age, or disability. Lessee agrees to take affirmative action to ensure that
8 applicants are employed, and that employees are treated during employment, without regard to their
9 race, color, religion, sex, national origin or ancestry, age, or disability. Such action shall include, but
10 not be limited to, employment, upgrading, demotion, or transfer; recruitment or recruitment
11 advertising; layoff or termination; rates of pay or other forms of compensation; selection for training;
12 and disciplinary actions and grievances. Lessee agrees to post, in conspicuous places available to
13 employees and applicants for employment, notices to be provided setting forth the provisions of this
14 nondiscrimination clause.

15 C. Lessee, for itself, its heirs, personal representatives, successors in interest, and
16 assignees, as part of the consideration of this Lease, does hereby covenant and agree as a covenant
17 running with the land that, in the event improvements are constructed, maintained, or otherwise
18 operated on the Airport for a purpose for which a United States Department of Transportation program
19 or activity is extended or for another purpose involving the provision of similar services or benefits,
20 Lessee shall maintain and operate such improvements and services in compliance with all other
21 requirements imposed pursuant to 49 CFR Part 21 (Nondiscrimination in Federally Assisted Programs
22 of the Department of Transportation), as said regulations may be amended.

1 D. Lessee, for itself, its heirs, personal representatives, successors in interest, and
2 assignees, as a part of the consideration of this Lease, does hereby covenant and agree as a covenant
3 running with the land that:

4 1) No person on the grounds of race, color, religion, sex, national origin or
5 ancestry, age, or disability shall be excluded from participation in, denied the benefits
6 of, or otherwise be subjected to discrimination in the use of said improvements.

7 2) No person on the grounds of race, color, religion, sex, national origin or
8 ancestry, age, or disability shall be excluded from participation in, denied the benefits
9 of, or otherwise be subjected to discrimination in the construction of any
10 improvements on, over, or under such land and the furnishing of services thereon.

11 3) Lessee shall use the facilities in compliance with all other requirements
12 imposed by, or pursuant to 49 CFR Part 21 (Nondiscrimination in Federally Assisted
13 Programs of the Department of Transportation), as said regulations may be amended.

14 Lessee assures that it will undertake an affirmative action program as required
15 by 14 CFR Part 152, Subpart E, to ensure that no person on the grounds of race, color, religion, sex,
16 national origin or ancestry, age, or disability shall be excluded from participating in any employment
17 activities covered in 14 CFR Part 152, Subpart E, or such employment activities covered in any
18 applicable State or Local law. Lessee assures that no person shall be excluded on these grounds from
19 participating in or receiving the services or benefits of any program or activity covered by this
20 Article VIII.

21 E. During the performance of this Lease, the Lessee, for itself, its assignees, and
22 successors in interest, agrees to comply with the following nondiscrimination statutes and authorities,
23 including, but not limited to:
24

1 1) Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d *et seq.*, 78
2 stat. 252) (prohibits discrimination on the basis of race, color, national origin);

3 2) 49 CFR Part 21 (Nondiscrimination in Federally Assisted Programs of
4 the Department of Transportation – Effectuation of Title VI of The Civil Rights Act of
5 1964);

6 3) The Uniform Relocation Assistance and Real Property Acquisition
7 Policies Act of 1970 (42 U.S.C. § 4601) (prohibits unfair treatment of persons
8 displaced or whose property has been acquired because of Federal or Federal aid
9 programs and projects);

10 4) Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. § 794 *et seq.*),
11 as amended (prohibits discrimination on the basis of disability); and 49 CFR Part 27;

12 5) The Age Discrimination Act of 1975, as amended (42 U.S.C. § 6101 *et*
13 *seq.*) (prohibits discrimination on the basis of age);

14 6) Airport and Airway Improvement Act of 1982 (49 U.S.C. § 471,
15 § 47123) as amended (prohibits discrimination based on race, creed, color, national
16 origin, or sex);

17 7) The Civil Rights Restoration Act of 1987 (PL 100-209) (broadened the
18 scope, coverage, and applicability of Title VI of the Civil Rights Act of 1964, the Age
19 Discrimination Act of 1975, and § 504 of the Rehabilitation Act of 1973, by expanding
20 the definition of the terms "programs or activities" to include all of the programs or
21 activities of the Federal aid recipients, sub-recipients, and contractors, whether such
22 programs or activities are Federally funded or not);
23
24

1 8) Titles II and III of the Americans with Disabilities Act of 1990, which
2 prohibit discrimination on the basis of disability in the operation of public entities,
3 public and private transportation systems, places of public accommodation, and certain
4 testing entities (42 U.S.C. §§ 12131 – 12189) as implemented by Department of
5 Transportation regulations at 49 CFR Parts 37 and 38;

6 9) The Federal Aviation Administration's Nondiscrimination statute (49
7 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin,
8 and sex);

9 10) Executive Order 12898, Federal Actions to Address Environmental
10 Justice in Minority Populations and Low Income Populations, which addresses
11 discrimination against minority populations by discouraging programs, policies, and
12 activities with disproportionately high and adverse human health or environmental
13 effects on minority and low income populations;

14 11) Executive Order 13166, Improving Access to Services for Persons with
15 Limited English Proficiency (LEP), and resulting agency guidance, national origin
16 discrimination includes discrimination because of LEP. To ensure compliance with
17 Title VI, you must take reasonable steps to ensure that LEP persons have meaningful
18 access to your programs (70 Federal Regulations at 74087 – 74100);

19 12) Title IX of the Education Amendments of 1972, as amended, which
20 prohibits you from discriminating because of sex in education programs or activities
21 (20 U.S.C. 1681 *et seq.*).

1 ARTICLE IX

2 GENERAL PROVISIONS

3 A. Attorney's Fees. Should either party employ an attorney or attorneys or utilize
4 the services of in-house attorneys to enforce any of the provisions hereof or to protect its interest in
5 any manner arising under this Lease, the nonprevailing party in any action pursued in a court of
6 competent jurisdiction agrees to pay to the prevailing party all reasonable costs, damages, expenses,
7 and attorney's fees, including fees for in-house attorneys, expended or incurred in connection
8 therewith.

9 B. Governing Law. This Lease and all disputes arising hereunder shall be
10 construed and enforced in accordance with the laws of the State of Montana. Venue in any
11 proceedings held hereunder shall be in the State of Montana Thirteenth Judicial District Court,
12 Yellowstone County, Montana.

13 C. Taxes. Lessee shall pay any taxes or assessments that may be lawfully levied
14 against Lessee's occupancy or use of the premises or any improvements placed thereon as a result of
15 Lessee's occupancy, but Lessee as independent contractor reserves the right to contest the levy of any
16 tax or assessment that it feels is unjust.

17 D. Subordination of Lease.

18 1) This Lease shall be subordinate to the provisions of any existing or
19 future agreements between Lessor and the United States relative to the administration,
20 operation, or maintenance of the Airport, the execution of which has been or may be
21 required as a condition precedent to the expenditure of Federal funds for the
22 development of the Airport.
23
24

1 2) Notwithstanding any other prohibition or limitation of Lessee's right to
2 sublease or assign its interest under this Lease, Lessor acknowledges and agrees that
3 Lessee shall have the right to grant a security interest in its rights and interest under
4 this Lease, with Lessor's written consent. Any mortgagee or beneficiary shall have the
5 right to cure any default on the part of Lessee in the payment of rent hereunder and, in
6 the event of default, to assume the Lessee's position under this Lease. Lessor, in no
7 event, shall be liable for the payment of the sum secured by such mortgage or trust
8 indenture, nor for any expenses in connection with the same. Furthermore, such
9 mortgage or trust indenture shall expressly provide that the mortgagor or beneficiary
10 will seek no monetary judgment against Lessor. The mortgage or trust indenture shall
11 also contain provisions requiring the holder of the indebtedness secured by such
12 mortgage or trust indenture to mail to Lessor by certified mail a copy of each notice of
13 breach of covenant, default, or foreclosure given by the holder or the trustee to Lessee
14 under such mortgage or deed of trust. Mortgagee or beneficiary shall mail a copy of
15 the release of the indebtedness to Lessor when the indebtedness has been satisfied.

16 E. Access/Inspection by Lessor. The Lessor, or any person designated by the
17 Lessor, shall at all times have reasonable access to the premises for inspection purposes, and in the
18 event of any emergency, the Lessor or its representatives shall have the right to take such action at the
19 premises as they deem necessary for the protection of persons and property.

20 F. Modification and Amendments. Changes or modifications to this Lease shall be
21 done in the form of a lease amendment prepared by the Lessor, and to be agreed upon and signed by
22 both Lessee and Lessor.
23
24

1 G. Paragraph Headings. The paragraph headings contained herein are for
2 convenience in reference and are not intended to define or limit the scope of any provisions of this
3 Lease or the particular paragraphs.

4 H. Effect of Invalid Provision. If any term or provision of this Lease or the
5 application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the
6 remainder of this Lease, or the application of such terms or provisions to persons or circumstances
7 other than those to which it is invalid or unenforceable, shall not be affected hereby, and each term and
8 provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

9 I. Notices. Notices to Lessor provided for herein shall be sufficient if sent by
10 certified mail, postage prepaid, addressed to:

11 Director of Aviation and Transit
12 Billings Logan International Airport
13 1901 Terminal Circle, Room 216
Billings, MT 59105

14 and notices to Lessee, if sent by certified mail, postage prepaid, addressed to:

15 Grayson Sperry
16 Aerotronics Properties, LLC
17 1651 Aviation Place
Billings, MT 59105
18 Phone: Cell: (406) 599-2666
E-mail: grayson@aerotronics.com

19 or to such other addresses as the parties may designate to each other in writing from time to time.

20 J. Successors and Assigns. All of the terms, covenants, and agreements herein
21 contained, or as subsequently amended from time to time, shall be binding upon and shall inure to the
22 benefit of successors, assignees, and sublessees of the respective parties hereto.

23 IN WITNESS WHEREOF, this document has been duly executed by or on behalf of
24 the parties hereto as of the date indicated below.

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DATE: _____

ATTEST:

CITY OF BILLINGS

BY _____
CITY CLERK

BY _____
MAYOR

APPROVED AS TO FORM

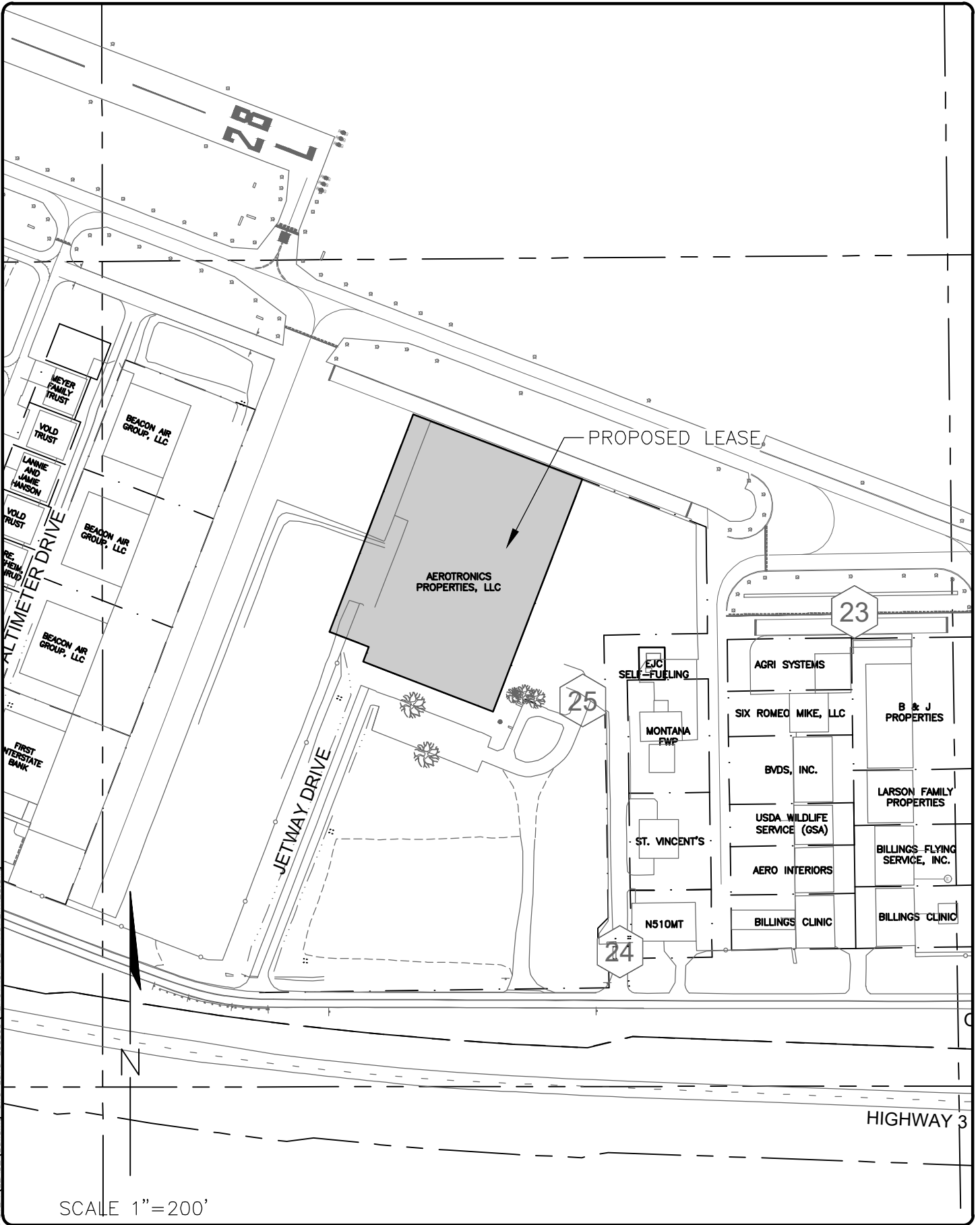
AEROTRONICS PROPERTIES, LLC

BY _____
CITY ATTORNEY

BY _____
GRAYSON SPERRY

Draft

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SCALE 1"=200'

AEROTRONICS PROPERTIES, LLC LEASE

AVIATION AND TRANSIT DEPARTMENT—CITY OF BILLINGS

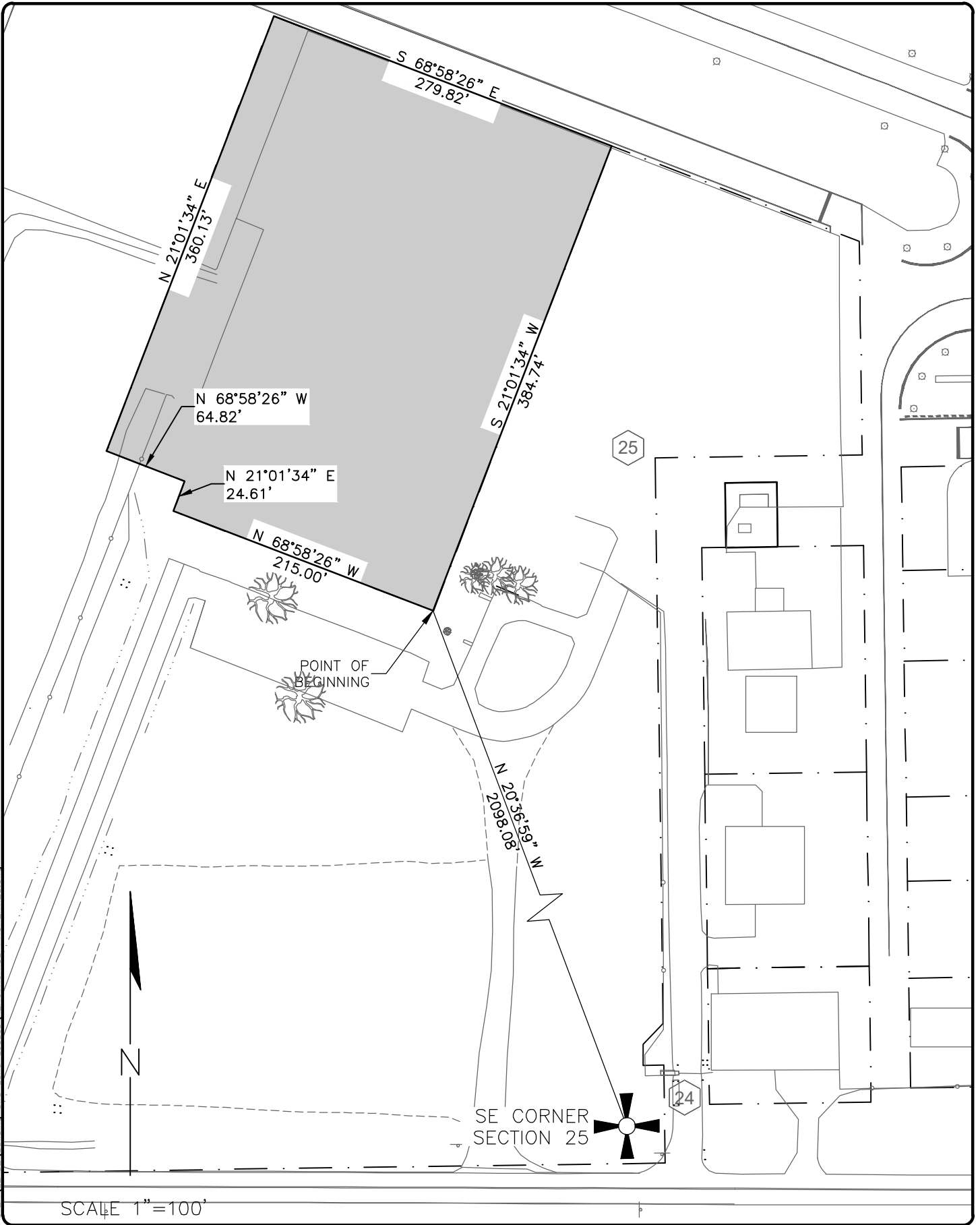
EXHIBIT A 1 of 3



315 N. 25th Street, Suite 102
Billings, MT 59101
Phone: 406.656.6000
Fax: 406.237.1201

ISSUE DATE: DECEMBER 2024

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SCALE 1"=100'

AEROTRONICS PROPERTIES, LLC
 LEASE
 AVIATION AND TRANSIT DEPARTMENT-CITY OF BILLINGS

EXHIBIT A 2 of 3

Morrison Maierle
 315 N. 25th Street, Suite 102
 Billings, MT 59101
 Phone: 406.656.6000
 Fax: 406.237.1201

ISSUE DATE: DECEMBER 2024

DESCRIPTION

Main Parcel

Commencing at Southeast Corner Section 25, T. 1 N., R. 25 E., P.M.M., Yellowstone County, Montana; thence N 20°36'59" W a distance of 2098.08 feet to the Point of Beginning; thence N 68°58'26" W a distance of 215.00 feet; thence N 21°01'34" E a distance of 24.61 feet; thence N 68°58'26" W a distance of 64.82 feet; thence N 21°01'34" E a distance of 360.13 feet; thence S 68°58'26" E a distance of 279.82 feet; thence S 21°01'34" W a distance of 384.74 feet to the Point of Beginning.

Said tract of land containing 106,063.90 square feet.

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AEROTRONICS PROPERTIES, LLC
LEASE

AVIATION AND TRANSIT DEPARTMENT—CITY OF BILLINGS

EXHIBIT A 3 of 3

 Morrison
Maierle

315 N. 25th Street, Suite 102
Billings, MT 59101
Phone: 406.656.6000
Fax: 406.237.1201

ISSUE DATE: DECEMBER 2024

EXHIBIT B

View 1

11.20.24



Aircraft Hangar & Office Bldg.

Proposed 14,400 SF Hangar
and 6,470 SF Office/Parts Space



EXHIBIT B

View 2

11.20.24



Aircraft Hangar & Office Bldg

HGFA.