

LEASE AGREEMENT FOR T-HANGAR _____

THIS AGREEMENT OF LEASE, effective _____, _____, by and between the CITY OF BAY CITY, MICHIGAN, a Michigan municipal corporation, of 301 Washington Avenue, Bay City, Michigan 48708, hereinafter referred to as the "Lessor", and _____, of _____, _____, Michigan _____, hereinafter referred to as the "Lessee".

WITNESSETH:

WHEREAS, the Lessee desires and wishes to lease an aircraft hangar from Lessor for the purpose of storing aircraft and related items, subject to the terms and conditions contained in this Lease, and Lessor desires and wishes to lease same to said Lessee;

NOW, THEREFORE, in consideration of the mutual warranties, representations, covenants and promises herein contained, it is mutually covenanted and agreed upon by and between the parties hereto as follows:

(1) Premises. That the Lessor, in consideration of the agreements herein to be performed by Lessee, does hereby lease to Lessee the following T-Hangar identified as Unit _____, located at James Clements Airport in Bay City, Bay County, Michigan.

(2) Term. The term of this lease shall be for a period (lease term) commencing upon and having an effective date of _____, _____ and shall continue through and inclusive of the ____ day of _____, _____. Any holding over by Lessee beyond the expiration of the specified term shall give rise to a tenancy from month to month.

(3) Acceptance of Premises. Lessee has examined the premises and accepts same "as is".

(4) Use. The Lessee may use and occupy the premises for the housing and storage of the following aircraft owned by Lessee and the storage of related equipment. No portion of the hangar shall be used for a purpose which, in the opinion of the Lessor may interfere with the proper use of the airport by others or which constitutes a nuisance or which violates written rules, regulations or policies of the Lessor or is in violation of any federal, state or local law.

Plane No.: _____ Make: _____ Color: _____ Type: _____

Seating Capacity: _____ Registered Owner: _____

(5) No Business Privileges. The Lessee shall not engage in the sale of any item for retail or wholesale or any other business activity on the leased premises without a Fixed Based Operators Agreement. If Lessee obtains a Fixed Based Operators Agreement and conducts any type of activity on the premises which subjects the premises to taxation the Lessee shall be solely responsible for payment of any taxes or special assessments that any governmental unit may levy upon the premises.

(6) Improvements. Lessee shall make no improvements to the premises except upon the prior written approval of Lessor. Such approval may be conditioned upon amendment to this Lease, as Lessor shall deem appropriate.

(7) Conditions of Use. Lessee's use of the premises and the James Clements Airport facility shall be and is conditioned upon adherence to the following requirements:

- (a) No signs or advertising matters shall be painted, posted or displayed upon any portion of the hangar without prior written consent of the Lessor.
- (b) Lessee shall not engage in any unlawful use of the premises nor permit any such unlawful use thereof.
- (c) Lessee shall observe all federal, state and local laws, including the rules and regulations of the federal and state aeronautics authorities.
- (d) The operations of the Lessee, Lessee's agents and invitees shall be conducted in an orderly and proper manner consistent with applicable rules, ordinances and laws.
- (e) All rules and regulations of the Fire Marshal shall be complied with by Lessee in the conduct of its use and occupancy of the premises. Lessee shall not create an environmental condition upon the premises, which, under applicable federal and/or state law, would require remediation.
- (f) Lessee shall comply with all applicable laws and regulations relating to air quality, water quality, waste disposal or management, hazardous or toxic substances, and the protection of health and the environment.
- (g) Lessee shall pay when due all personal property taxes, assessments, license fees or other charges levied or assessed in connection with Lessee's property, if any, during the term of this lease or any renewal thereof.
- (h) Lessee agrees at all times to keep the premises in a neat, clean and orderly condition, free of rubbish or any unsightly accumulation of any nature whatsoever.
- (i) Lessee shall be responsible for hangar apron maintenance, including ice and snow removal.
- (j) Use of the premises for outside storage is prohibited. Salt may not be used for ice and snow removal. Urea fertilizer is the only allowable ice melter. No ice melter or any corrosive material or substance may be used in the hangar.

(k) Lessee shall supply an Underwriter Laboratory approved fire extinguisher for use in the hangar. Lessee shall be responsible for the replacement of light bulbs in the hangar.

(8) Security Deposit. Lessee shall deposit Two Hundred Fifty and No/100 (\$250.00) dollars as security against damage or non-payment of rent upon the execution hereof. Upon termination of this lease, the security deposit shall be returned to Lessee, less any costs of repair to the premises and unpaid rent.

(9) Rental. Lessor shall pay to Lessee payments of One Hundred Sixty and No/100 (\$160.00) dollars per month payable, in advance, on the first day of each month. These payments will be pro-rated as necessary at the beginning and end of the lease agreement. Payment shall be made at the Bay City Treasurer's Office, 301 Washington Avenue, Bay City, Michigan, 48708, or such other place or places as the Lessor may from time to time designate in writing. Anything to the contrary contained herein notwithstanding, Lessor may adjust the rental rate effective July 1 of each year provided that Lessor gives Lessee at least sixty (60) days written notice of the adjustment. Lessee may either continue the lease at the adjusted rental rate or terminate the lease effective June 30 of that year.

(10) Utilities. The Lessee is entitled to reasonable use of electricity as part of the rent. Electric service does not include the use of electric heat or heaters or the use of electricity for business purposes. No electrical device shall be left on and no extension chords shall be left plugged into wall sockets while the hangar is unattended. No extension chords shall be left on the floor while the hangar is unattended. No extension chords shall be fastened to hangar walls or supports.

(11) Maintenance. Lessee shall take good care of the premises and suffer no waste, and shall keep the premises in a clean, safe, orderly and sanitary condition. Lessee agrees to assume to any and all liability for damages and make the necessary repairs for any damages to the premises caused by negligence of or misuse by Lessee, its agents, invitees or guests.

(12) Destruction or Damage to Hangar. In case of destruction or damage to the hangar, Lessor shall have the option to either repair or replace the hanger, in which case the rent shall be abated during the period of such repair or replacement; or Lessor may at its sole option, decide not to repair or replace the hangar in which event the lease shall be terminated as of the date of the destruction or damage.

(13) Personality. All personal property in the demised premises belonging to the Lessee shall be at the risk of the Lessee only, and said Lessor shall not be liable for any damage to said personal property.

(14) Risk of Loss. Lessee may, at Lessee's sole expense, acquire such fire and casualty loss insurance covering the Lessee's aircraft, equipment and property as Lessee deems appropriate. Risk of loss or damage to Lessee's property is Lessee's sole responsibility and Lessor shall have no liability for such loss or damage whatsoever.

(15) Indemnity and Insurance.

- (a) It is recommended that Lessee shall carry premises liability insurance on the demised premises through companies licensed and admitted to do business in Michigan, which shall provide protection from all claims of damage or injury, including death, to persons and property which may arise out of, result from or be caused by Lessee's use or occupancy of the premises, or the use or occupancy of any other person thereon by invitation or license of Lessee, with occurrence and aggregate limits of not less than Five Hundred Thousand Dollars (\$500,000.00). The following shall be named as Additional Insured: the City of Bay City, including all elected and appointed officials, all employees and volunteers, all boards, commissions, and/or authorities and their board members, employees, and volunteers. A copy of the policy shall be provided to the City Clerk.
- (b) Lessee covenants and agrees to indemnify, protect, defend and save the Lessor, City of Bay City, harmless from any claim, action or suit for any loss, liability and damages that may be asserted or levied against the premises or the City of Bay City by reason of Lessee's use or occupancy of or its operation on the premises or the use or occupancy of any other person thereon by invitation or license of Lessee, including any actual expenses or costs and reasonable attorney fees incurred in connection with any such claim, action or suit. However, if the Lessee has complied with the requirements of subparagraph (a) above, by causing the Lessor to be a named insured on a liability policy in the amount of coverage required, and the Insurance Company selected by Lessee provides insurance coverage and defends Lessor in connection with any such claim, action or suit, the requirements of this subparagraph shall not apply. Lessee agrees to give notice to Lessor within 48 hours after receipt of any claim or notice regarding the injury.
- (c) It is understood and agreed that all property kept, stored or maintained in the demised premises shall be so kept, stored or maintained at the risk of Lessee only.
- (d) Lessee by executing this agreement is aware and acknowledges that the Lessor is not providing Lessee with any insurance coverage.

(16) Prohibited Activity. In addition to any conduct prohibited by law or the rules and regulations regarding James Clements Airport, the following storage uses and activities are also precluded:

- (a) Lessee is not permitted, nor shall the Lessee permit others, to perform maintenance on any aircraft in or about the leased premises, except for such routine preventative maintenance performed by the owner without the assistance of an FAA certified aircraft, powerplant, or avionics technician. Maintenance is

defined as the inspection, overhaul, minor or major repair, minor or major alternation, or preservation of an aircraft, powerplant, propeller, as applicable and the replacement of parts thereto, but it excludes preventative maintenance as defined in 14 CFR 43 Appendix A, provided that the person performing the preventative maintenance is qualified as specified in 14 CFR 65 Subpart D. The Lessee shall not perform or permit others to perform any hazardous operations including fuel transfer, welding, torch cutting, torch soldering, doping and spray painting on the premises. All flammable liquids shall be stored in storage cabinets which are in accordance with the standards set forth in the National Fire Protection Association (NFPA) Number 30, Flammable Materials and Number 409, Aircraft Hangars;

- (b) All waste and rubbish shall be kept in a sealed metal waste container, which shall be regularly emptied by removal from the site;
- (c) No fuels, oil, dopes, paints, solvents or acids shall be disposed of on the ramp areas, catch basins, ditches, trash receptacles, or elsewhere on airport property;
- (d) No refueling of aircraft shall occur in the hangar. Aircrafts to be fueled must be moved out of the hangar. The aircraft must be a minimum of 10 feet from the hangar during refueling.
- (e) Repairs made to aircraft in the leased hangar shall be limited to those allowed by FAA hangar regulations and those which the owner-operator of the aircraft is certified or allowed to make pursuant to FAA regulations. No repairs shall be made that damage, deface, or in any way alter the interior of the hangar inclusive of, but not limited to, its walls, ceilings, and floors.

(17) Assignment and Sub-letting. Lessee shall not assign or transfer this lease without the written consent of the Lessor. In case of any subletting, Lessee as well as its sub-tenant shall remain subject to all provisions of this lease, including as a surety and/or guarantor of all performances and payments hereunder.

(18) Quiet Enjoyment. Lessor covenants that if Lessee shall observe and perform all and singular its covenants and agreements herein contained, Lessee may peacefully and quietly have, hold, occupy and enjoy said demised premises, with the appurtenances, for and during the term hereof.

(19) Right of Inspection. Lessor and its duly authorized agents, during the term of the lease and at reasonable times, may enter the premises to examine and inspect same to determine Lessee's compliance with the terms and conditions of this lease. Except under emergency circumstances, Lessor agrees to notify Lessee in advance of the date and time of entry and inspection. Lessee agrees to provide to the airport manager a list of names and telephone numbers of persons to contact in case of an emergency and will update the list as needed.

(20) Security. Lessee shall be solely responsible for the safety and security of Lessee's person, aircraft, equipment, and any invitee, and shall save, keep and hold harmless the Lessor from any claim of lack of security.

(21) Default. If Lessee shall fail to observe or perform any obligations under this lease and shall fail to cure its default within thirty (30) days after notice from Lessor to do so, or within seven (7) days after notice of failure to pay rent, or if Lessee shall be adjudicated bankrupt or become insolvent or shall make an assignment for the benefit of creditors or abandon the demised premises, then in any of said cases, Lessor may, in addition to other remedies provided by law, terminate this lease and/or lawfully enter into and upon the demised premises or any part thereof and repossess the same, and expel the Lessee and persons claiming under and through it, and remove any effects, without being liable for trespass and without prejudice to any remedies which may be available for arrears of rent or for Lessee's breach of covenant.

(22) Amendment, Entire Agreement and Waiver of Default. This lease contains all the agreements and conditions made between the parties hereto, and may not be modified orally or in any other manner than by an agreement in writing signed by all the parties hereto or their respective successors in interest. The receipt of rent by Lessor with knowledge of any breach of this lease by the Lessee, or any default on the part of Lessee in the observance or performance of any of the conditions or covenants of this lease, shall not be deemed to be a waiver of any provision of this lease. No failure on the part of the Lessor to enforce any covenant or provision herein contained, nor any waiver of any right thereunder by the Lessee, unless in writing, shall discharge or invalidate such covenant or provision or affect the right of the Lessor to enforce the same in the event of any subsequent breach or default. The receipt by the Lessor of any rent or any other sum of money or any other consideration hereunder paid by the Lessee after the termination, in any manner, of the term herein demised, or after the giving by the Lessor of any notice hereunder to effect such termination, shall not reinstate, continue, or extend the term herein demised, or destroy, or in any manner impair the efficacy of any such notice of termination as may have been given hereunder by the Lessor to the Lessee prior to the receipt of any such sum of money or other consideration, unless so agreed to in writing and signed by the Lessor. Neither acceptance of the keys nor any other act or thing done by the Lessor or any agent or employee during the term of this lease shall be deemed to be an agreement in writing signed by the Lessor accepting or agreeing to accept such a surrender.

(23) Vacation of Premises. Upon termination of this lease, Lessee shall remove all Lessee's property from the hangar. Lessee shall leave the premises in broom-clean condition, free of all debris and trash. Upon Lessee's failure to remove Lessee's property or in an event the hangar is not clean and free of debris and trash, Lessor may remove all such items and Lessee shall be liable to Lessor for all costs incurred by Lessor, including, but not limited to, disposal, labor and storage, and Lessee's security deposit may be utilized by Lessor for reimbursement of said costs.

(24) No Motor Fuel Privileges. The Lessee shall not engage in any way in the sale of oil, gasoline or other motor fuel on said premises, or maintain storage or pumps for its own use without prior approval and rate structure set by the Lessor.

(25) Common Use of Airport. As part of the consideration for this lease, the Lessor hereby grants to the Lessee the right to use in common with others having that

right, that portion of the airport landing field and appurtenances, including runways, apron to runways, and parking facilities for Lessee's automobiles, which are now owned or which may hereafter be acquired by the Lessor, at such times as shall be established from time to time by such rules and regulations as may be prescribed for the use thereof by any municipal department or any branch or agency of the Federal or State Government having jurisdiction. It is further understood and agreed in connection therewith that this entire lease is subject to all the terms and conditions contained in Rules and Regulations adopted by the City of Bay City, and further subject to any laws, rules or regulations which may be imposed upon the use of airports generally or this airport in particular by any superior governmental authority.

(26) Non-Exclusive Use. It is understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 303 of the Civil Aeronautics Act.

(27) Right of Improvement. The Lessor reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or views of the Lessee, and without interference or hindrance.

(28) Maintenance of Public Facilities. The Lessor reserves the right, but shall not be obligated to the Lessee, to maintain and keep in repair the landing area of the airport and all publicly owned facilities of the airport, together with the right to direct and control all activities of the Lessee in this regard.

(29) Protection of Approaches. The Lessor reserves the right to take any action it considers necessary to protect the aerial approaches of the airport against obstruction.

(30) Future Regulations and Policies. The grant contained herein is subject to such regulation or curtailment or alteration as may be required by reason of future regulations and generally established policies of the Lessor relative to the use and operation of the airport. In no case, however, shall these regulations or policies operate to deprive the Lessee of the reasonable use of the leased property except as otherwise herein provided.

(31) Suspension in National Emergency. During time of war or national emergency, the Lessor shall have the right to lease the landing area or any part thereof to the United States Government for military or naval use, and, if any such lease is executed, the provisions of this instrument insofar as they are inconsistent with the provisions of the lease to the Government, shall be suspended.

(32) Subordination of Lease. This lease shall be subordinate to the provisions of any existing or future agreement between the Lessor and the United States, relative to the operation or maintenance of the airport, the execution of which has been or may be required as a condition precedent to the expenditure of Federal funds for the development of the airport.

(33) Notices. All notices to be given hereunder by either party shall be in writing and given by personal delivery or certified mail to the parties at the addresses as hereinbefore set forth or to the Lessee at the demised premises. For purposes of

calculating time periods under the provision of this agreement, notice shall be deemed effective upon mailing or personal delivery, whichever is applicable.

(34) Benefit and Usage. The terms and conditions of this agreement shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, representatives, successors, or assigns, except as may be hereinbefore provided, and when applicable, pronouns and relative words shall be read as plural, feminine or neuter, respectively.

(35) Duplicate Original Copies. This agreement is executed in duplicate original copies, one of which shall be retained by Lessor and one by Lessee, each of which shall be deemed to be an original but all of which shall be construed as one document.

(36) Governing Law. This agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Michigan.

(37) Acknowledgment and Time of the Essence. Each party acknowledges that they have read this agreement and agree to the terms and conditions herein contained and further agree that time shall be deemed of the very essence of this agreement.

(38) Paragraph Headings. The paragraph headings appearing in this agreement have been inserted for the purpose of convenience and ready reference. They do not purport to, and shall not be deemed to, define, limit or extend the scope or intent of the paragraphs to which they appertain.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals,

LESSOR: CITY OF BAY CITY, MICHIGAN

Dated this ___ day of _____, ;

By: _____

LESSEE: _____

Dated this ___ day of _____, ;

By: _____, _____

Prepared by:
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