

GRAND RAPIDS - ITASCA COUNTY

AIRPORT

1500 SE 7th Avenue - Grand Rapids, MN 55744

AIRPORT LAND LEASE AGREEMENT

THIS AGREEMENT, made and entered into this ____ day of _____, 2025, by and between the GRAND RAPIDS-ITASCA COUNTY AIRPORT, owned by the City of Grand Rapids, a municipal corporation, and Itasca County, Minnesota, hereinafter referred to as LESSOR, and Rajdl Real Estate LLC of 19703 County Road 452, Deer River, MN 56636 hereinafter referred to as LESSEE:

For good and valuable consideration, the LESSOR hereby leases unto said LESSEE the real estate described on Exhibit A (which includes square footage and rental calculations for this lease), subject to the following terms, conditions, covenants and agreements:

- 1) RENT. Lessee shall pay Lessor rent at the rate of \$0.50 per square foot per year, which equates to a total rent as described on the attached Exhibit A. Said rent shall increase at the rate of one cent (or \$.01) per square foot per year for the term of the lease, with the first increase to take effect on January 1st of 2026, and then on January 1st of every year thereafter. Lessor reserves the right to modify the rent rate with one (1) year written notice.
- 2) TERM. Lessor shall lease the subject property to Lessee for a period of twenty (20) years beginning September 1, 2025 and ending on December 31, 2044.
- 3) RENEWAL OPTION. This lease will be automatically renewed and extended in twenty (20) year increments, at the same terms and conditions in effect at that time which are consistent with terms and conditions of similar leases at other airports of similar structure, upon the election of the Lessee. The parties agree that on any renewals there will be no changes that would restrict the Lessee's rights as set forth in Paragraph 4 of the Lease Agreement.
- 4) TERMINATION. Lessor may terminate this lease (or any extensions hereto) upon written notice to Lessee, delivered at least three (3) years prior to the expiration of the lease term and annually thereafter. These notices shall either be hand-delivered or by registered mail with return receipt requested. Both parties shall continue to perform their obligations under this Lease Agreement until the leased premises has been

vacated. Upon termination, unless the Lessee elects otherwise, Lessor shall pay Lessee for the value of the improvements that remain at that time to be determined either by agreement or by an independent certified appraiser to whom the parties mutually agree. If the parties fail to agree on the appraiser, either or both parties will use a mediator to select an appraiser who shall then determine the value. At Lessee's option, the improvements may be removed and the land restored to its original condition prior to termination of the lease. If this option is exercised and the Lessee fails to remove the property and restore the premises by the termination date, the Lessor may remove the improvements and restore the premises to its original condition and collect any costs incurred with the same. The parties further agree that the indemnification provisions referred to in Paragraph 9 of this Lease Agreement shall survive termination.

- 5) **NON-PAYMENT OF RENT, DEFAULT.** If any one or more of the following occurs: (1) a rent payment or any other payment due from Lessee to Lessor shall be and remain unpaid in whole or in part for more than thirty (30) days after same is due; (2) Lessee shall violate or default on any of the other covenants or agreements herein; or (3) if Lessee shall cease existence, liquidate, dissolve or commence proceedings under a bankruptcy, receivership, insolvency or similar type of action, and which results in default of this lease, then it shall be the option of the Lessor to declare this Lease Agreement forfeited and the said term ended, and to re-enter the Leased Premises, with or without process of law, using such force as may be necessary to remove all persons or chattels therefrom, and Lessor shall not be liable for damages by reason of such re-entry or forfeiture; but notwithstanding re-entry by Lessor or forfeiture or termination of this Lease Agreement, the liability of Lessee for the rent and all other sums provided for herein shall not be relinquished or extinguished for the balance of the term of this Lease Agreement. Lessee shall be responsible for, in addition to the rentals and other sums agreed to be paid hereunder, any and all costs paid by Lessor required to enforce its rights under this Lease Agreement, including but not limited to reasonable attorney fees actually incurred by Lessor in any suit or action instituted by Lessor to enforce the provisions of this Lease Agreement, or the collection of the rentals due Lessor hereunder. Lessee shall also be liable to Lessor for the payment of interest at the highest permissible rate of interest allowed under the usury statutes of the State of Minnesota, or in case no such maximum rate of interest is provided, at the rate of 12% per annum, on all rentals and other sums due Lessor hereunder not paid within thirty (30) days from the date same becomes due and payable. Lessor shall be allowed to lease the hangar on the leased premises to any other party at such terms that allow Lessor to recover any costs and expenses herein.
- 6) **LEASE TRANSFER.** Lessee retains the right to transfer their interest in the property to a new owner subject to Lessor's right of first refusal. Lessee shall provide a written notice to Lessor by certified mail with return receipt requested or by personal service setting forth the price and terms. Lessor, within thirty (30) days receipt of the price and
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terms, shall agree to enter into a binding agreement with a closing date within forty-five (45) days. Failure to comply with the time requirements shall allow Lessee to transfer to a third party, but not at more favorable terms and conditions as offered to the Lessor. Any transfer by operation of law including through succession of interest upon death shall be authorized and not subject to right of first refusal.

- 7) PERMITTED USE. Lessee shall have the right to erect or maintain a hangar for privately owned aircraft. If a hangar is not already situated on the premises at the time this lease is created, the Lessee shall complete construction of such hangar according to plans and specifications as approved in writing by Lessor and according to building permits as authorized by the City of Grand Rapids. Upon issuance of a building permit, if said construction is not completed within the first three (3) years of this lease, this lease shall expire, and Lessee shall be responsible for all costs incurred by Lessor to restore the premises to its original condition. Lessor reserves the right to demand good and sufficient bond against liens for any construction or remodeling of structures on the leased premises.
 - 8) RESTRICTIVE COVENANTS. Lessee shall comply with all the following covenants:
 - a. The hangar placed on the leased premises shall be kept in a neat and orderly condition and shall be painted or repainted at such time or times and of such color or colors; all as may reasonably be directed by Lessor, Mn/DOT Office of Aeronautics, any agency of the United States Government, or any other agency having jurisdiction over the airport facility. No additions, modifications or alterations shall be made to the hangar without written consent of Lessor.
 - b. No signs or advertising matter of any kind shall be painted, posted or displayed upon any hangar or the leased premises without written consent of Lessor.
 - c. No excavation shall be made upon the leased premises and no fences or sidewalks shall be constructed thereon without the written consent of Lessor.
 - d. The parties agree that any structure placed on the premises does not become a part of the real property. Removal is subject to Paragraph 4 of this Lease Agreement.
 - e. No buildings or structures placed upon the leased premises shall become a part of the realty, except as hereinafter provided.
 - f. Explosives, gasoline, oil, and other highly flammable material of any kind kept on the leased premises shall be kept in such a manner as the Lessor shall from time to time determine. Storage of such material shall be kept in such manner as to comply with requirements of NFPA and all applicable rules, regulations,
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ordinances and fire codes. Lessee shall be responsible for the clean-up of all hazardous materials and spills and shall be responsible for the remediation of any hazardous/contaminated soils on the leased premises.

- g. Lessee agrees that, except in the case of students, only duly licensed pilots will operate aircraft on any runway or the leased premises and that the operation will be subject to the laws of the United States, the State of Minnesota, the County of Itasca, and the City of Grand Rapids.
 - h. Other than commercial endeavors approved and authorized in writing by the Lessor, the Lessee shall not engage in any commercial aviation endeavors on the leased premises. This prohibition includes but is not limited to performing work on airplanes not owned by the Lessee. Furthermore, Lessee agrees that the leased premises shall be used for aviation purposes only. This strictly prohibits commercial and non-commercial use that is not aviation related.
 - i. Lessee shall pay all utilities, water, lights and any other service used on the leased premises during the term of this lease or any renewal thereof.
- 9) INDEMNIFICATION. Lessee hereby agrees to indemnify and hold harmless Lessor and the leased property from any fine, lien, penalty or forfeiture which shall or may accrue from or by reason of the erection of any buildings or structure on said premises, or by reason of any use of said premises on the airport by the Lessee; and Lessee further agrees to indemnify and hold harmless the Lessor from all liability or claim of liability, and to pay any judgment rendered against Lessor and to reimburse Lessor for any expense incurred be it by reason of any action or suit of law or equity brought against it, in which it is made a party, by reason of the erection of any such building or structure or by reason of the occupancy or use by Lessee of the leased premises or in any way relating to or connected with the use of the leased premises. For the purpose of this paragraph the term "expense" shall be construed to include all costs incurred by Lessor in the defense or settlement of said actions or suits including attorney fees, filing fees, salaries and expenses of any officials or employees of Lessor while engaged in the defense or settlement of said action or suit.
- 10) TAXES AND ASSESSMENTS. Lessee shall pay all property taxes, assessments, license fees or other charges that may be levied or assessed during the term of this agreement upon or against any improvements or equipment on the leased premises. If the Lessee shall fail or neglect to pay any of said property taxes, assessments, fees or other charges when due, Lessor may pay the same together with any cost or penalty which may have accrued hereon, and collect the entire amount due to Lessor upon demand, and in default thereof, Lessor shall have a first lien on improvements owned by Lessee for the amounts so paid.
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- 11)INSURANCE. Lessee shall carry liability insurance on the leased premises in the same amount as the maximum liability to which the Lessor is exposed pursuant to Minnesota Statutes Section 466.04 and subsequent amendments thereto.
- 12)AMENDMENT. If this lease should fail to comply in any respect with the ordinances, regulations or laws of the United States, the State of Minnesota, the County of Itasca, or the City of Grand Rapids, then this lease shall be amended to comply with the requirements of said ordinances, laws and regulations. If said amendment would result in a material deviation from the general terms and conditions of this lease, then Lessor or Lessee has the right to renegotiate or terminate this lease.
- 13)NON-DISCRIMINATION. Lessee does hereby covenant and agree that with respect to all matter relating to use of the leased premises, no persons on the grounds of race, color, or natural origin shall be excluded from participation and denied the benefits or otherwise be subject to discriminations; and Lessee shall use the premises in compliance with all other requirements imposed by or pursuant to any laws or regulations imposed by the United States Government or the State of Minnesota.
- 14)SUBLETTING. Lessee agrees to notify Lessor in writing of any subletting agreements with a third party for use of the premises. All terms of this lease shall apply and Lessee shall provide Name, Tail Number and Insurance of sublessor prior to any agreement.

LESSOR:

GRAND RAPIDS-ITASCA COUNTY AIRPORT:
BY THE GRAND RAPIDS CITY COUNCIL
THROUGH DESIGNATION OF THE PARTIES JOINT
POWERS AGREEMENT

By:

GRAND RAPIDS MAYOR

ATTEST:

CITY ADMINISTRATOR

LESSEE:

By:

RAJDL REAL ESTATE LLC

EXHIBIT A
LEASE LEGAL DESCRIPTION

