

GROUND LEASE

The City of Princeton, a Minnesota municipal corporation (the “**Landlord**”), and Princeton Airport Hangar Condominium Association, a Minnesota non-profit corporation (the “**Tenant**”), make this Ground Lease (this “**Lease**”) effective as of _____, 2023 (the “**Effective Date**”).

In consideration of the parties’ mutual covenants and conditions in this Lease, and for other good and valuable consideration, the receipt and sufficiency of which the parties acknowledge, the parties agree as follows:

ARTICLE 1. DEFINITIONS

1.1 Definitions. Capitalized terms referenced in the Lease shall have the meaning set forth in Article 1 and as set forth below:

“**Additional Rent**” means any and all amounts payable by Tenant under this Lease, other than Rent, whether or not expressly designated as Additional Rent.

“**Airport**” means the Princeton Municipal Airport.

“**Alterations**” means any alterations, additions, improvements, construction remodeling or signage, structural or otherwise, of any kind in, to or on any part of the Land, or the Improvements and Alterations.

“**Condemnation**” means the taking or damaging of property by, through or under any governmental or quasi-governmental authority, and any purchase or acquisition in lieu thereof, whether or not the taking or damaging is by the government or any other Person.

“**Counties**” means Mille Lacs County and Sherburne County, Minnesota.

“**Encumbrance**” means any mortgage, deed of trust, easement, lease, pledge, security interest, collateral assignment, financing statement, charge or other encumbrance or lien of any kind.

“**Equipment**” means any equipment, machinery, display, trade fixtures, signs and other personal property necessary for Tenant’s business, as the same may be repaired, replaced, or supplemented from time-to-time which Tenant may construct, erect or install on the Land.

“**Event of Default**” is defined in Article 13.

“**Fee Mortgage**” means any financing obtained by Landlord, as evidenced by any mortgage, deed of trust, assignment of leases and rents, financing statement or other instruments, secured by Landlord’s interest in the Land and its Reversionary Estate, including any extensions, modifications, amendments, replacements, supplements, renewals, re-financings and consolidations thereof.

“**Fee Mortgagee**” means the holder of any Fee Mortgage.

“**Governmental Authority**” means any federal, state, county, County, local or other government or political subdivision or any agency, authority, board, bureau, commission, department or instrumentality thereof.

“**Hazardous Substances**” means any pollutant, toxic or hazardous waste or substance, petroleum product, oil, asbestos, PCB or other substance regulated, prohibited, restricted or controlled by any Laws related to the protection of health or the environment or posing a risk to a person’s health and safety.

“**Improvements**” means, collectively, the buildings, bins, fixtures, equipment, and other assets located on the Land and owned by Tenant, including without limitation, all building foundations, buildings, structures, fixtures, site and other improvements of every kind located or to be located on the Land, all roadways for ingress and egress, all accesses and entrances to public streets, parking areas, driveways, lawns, landscaped areas, irrigation systems, lighting standards, and walkways.

“**Land**” means the real property owned by Landlord, located in Mille Lacs County, Minnesota, known as Common Interest Community Number 42, and in Sherburne County, Minnesota, known as Common Interest Community Number 77, as legally described on the attached **Exhibit A**, and all appurtenances, privileges, entitlements and easements benefitting the Land.

“**Landlord**” means the City of Princeton, a Minnesota municipal corporation, its successors and assigns, as the landlord under this Lease.

“**Law**” or “**Laws**” means any law, statute, code, ordinance, rule, regulation, standards, permits, requirements orders or constitutional or charter provision that have been duly enacted, adopted, implemented, ordered, issued, entered or deemed applicable by or under authority of any Governmental Authority and are applicable to this Lease, the parties’ performance of their obligations under this Lease, the Land, the Improvements and Alterations or their use, occupancy, possession, maintenance or operation.

“**Lease**” or “**Ground Lease**” means this Ground Lease by and between the Landlord and Tenant, as may be amended, modified or supplemented from time to time.

“**Leasehold Estate**” means all rights granted to Tenant under this Lease.

“**Leasehold Mortgage**” means any loan financing obtained by Tenant, as evidenced by any mortgage, deed of trust, assignment of leases and rents, financing statement or other instruments, secured by Tenant’s interest in this Lease and the Leasehold Estate created by this Lease, including any extensions, modifications, amendments, replacements, supplements, renewals, re-financings and consolidations thereof.

“**Leasehold Mortgagee**” means the holder of any Leasehold Mortgage.

“**Operating Costs**” means all of the costs to maintain, repair, operate and replace the T-Hangar, Improvements, Alterations, and/or Land, including without limitation, interior and exterior maintenance, roof, foundation, gutters, interior and exterior doors, windows and walls, snow and litter removal, pot hole repairs, repaving and overlaying the parking lot and access drives, parking lot paint striping, landscaping, lawns, drainage, sidewalks, curbing, irrigation systems, refuse removal, janitorial, cleaning, elevators, stairwells, HVAC and other operating systems, utility systems and lines, signage, exterior lighting, painting and decorating, window and door washing and security systems.

“**Permitted Use**” means Tenant’s use of the Land for storage of aircraft, aircraft related equipment, and other personal items specifically approved by the Landlord.

“**Person**” means any individual or entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person where the context so admits.

“**Real Estate Taxes**” means all real estate taxes, special assessments, including installments of special assessments, and other governmental charges, including, without limitation, assessments for public or private improvements or benefits, interest on unpaid installments, road improvement districts, water improvement districts, if any, and any other utility installation hookup, tie in or similar charges or assessments, against the Land or the Improvements and Alterations which during the Term: (a) are levied, assessed or accrue against the Land or the Improvements and Alterations; (b) are due and payable; or (c) arise out of the use, occupancy or possession of the Land or the Improvements and Alterations. Real Estate Taxes will include interest or penalties imposed due to Tenant’s failure to make, or cause to be made, payments of Real Estate Taxes.

“**Rent**” means the amount as defined in Section 4.1.

“**Reversionary Estate**” means all rights of Landlord in the Land after giving effect to the Leasehold Estate, including all of Landlord’s rights (including rights to receive all payments when due) pursuant to this Lease.

“**Tenant**” means Princeton Airport Hangar Condominium Association, a Minnesota non-profit corporation, its successors and assigns, as the tenant under this Lease.

“**Term**” means this Lease’s term as defined in Section 3.1.

“**T-Hangar**” means the T-Hangar located on the Land consisting of approximately 21,600 Square Feet and as further depicted on the attached **Exhibit B**.

“**Utility Costs**” means all utility and service charges associated with the use of the T-Hangar, Improvements, Alterations, and/or Land, including but not limited to electricity, gas, telephone, sewer, water, refuse hauling, snow removal, and lawn mowing.

ARTICLE 2. LAND LEASE

2.1 Land Lease. Landlord leases to Tenant, and Tenant leases from Landlord, all of Landlord’s right, title and interest in and to the Land upon and subject to the conditions set forth in this Lease, and subject to all Encumbrances and matters of record as of the Effective Date.

2.2 Quiet Enjoyment. Upon Tenant paying the Rent and observing and performing all of the covenants, conditions, and provisions on Tenant’s part to be observed and performed under this Lease, Landlord covenants and agrees that Landlord will not interfere with the peaceful and quiet occupation and enjoyment of the Land by Tenant, which occupation and enjoyment shall be without hindrance or interruption by Landlord, subject nevertheless to the terms and conditions of this Lease.

2.3 Delivery of Land. Landlord shall deliver exclusive possession of the Land to Tenant on or before the Effective Date.

2.4 Ownership of Improvements and Alterations. During the entire Term, all rights, title and interest in and to the Improvements and Alterations, and any other improvements paid for by Tenant and located on the Land, shall be owned by Tenant.

ARTICLE 3.
TERM

3.1 Term. Unless sooner terminated as provided in this Lease, this Lease's term will commence on the Effective Date and end on the date which is Twenty (20) years from the Effective Date. Notwithstanding the fact that the Term commences on the Effective Date, all of this Lease's terms and conditions, and all of the parties' obligations as provided in this Lease, are binding and of full force and effect from and after the Effective Date.

3.2 Holding Over. If Tenant holds over after the end of the Term, this Lease shall continue on a month-to-month tenancy under the same terms and conditions.

ARTICLE 4.
RENT, OPERATING COSTS, UTILITY COSTS, REAL ESTATE TAXES

4.1 Rent. Beginning on the Effective Date, Tenant agrees to pay to Landlord, without notice, setoff, deduction or demand, at Landlord's address, or to such other person or place as Landlord designates, in a check drafted from the Tenant's checking account, all of the following rent (collectively the "Rent"):

- a) **Base Rent.** Tenant shall pay to Landlord base rent (the "**Base Rent**") in annual installments, on or before the 1st day of January each year, an amount totaling _____ and ____/100 dollars (\$_____) annually.
- b) **Annual Rent Increase.** The Landlord may, but shall not be required to, increase the Base Rent by no more than two percent (2%) each year (the "**Annual Rent Increase**"), beginning on the first anniversary of the Effective Date, and continuing each calendar year throughout this Lease's Term. The Annual Rent Increase percentage shall accumulate each year, regardless of Landlord's decision to forego any prior Annual Rent Increases.

4.2 Operating Costs and Utility Costs. Except as otherwise expressly set forth in this Lease and any debt service and other payments regarding any Fee Mortgage, Tenant shall pay or cause to be paid as "Additional Rent" all costs and expenses incurred with respect to, and associated with, the use, occupancy, operation, maintenance and possession of the T-Hangar, Improvements and Alterations, including, without limitation, all Operating Costs and Utility Costs. All Operating Costs and Utility Costs for which Tenant is liable will be prorated as of the Effective Date and termination date of this Lease. Landlord shall pay or cause to be paid all costs and expenses incurred with respect to, and associated with, the use, operation, occupancy, and maintenance of the Land, including, without limitation, all Operating Costs and Utility Costs.

4.3 Real Estate Taxes. Tenant will pay all Real Estate Taxes which are separately assessed solely for the Improvements and Alterations.

4.4 Landlord Taxes. Notwithstanding anything apparently to the contrary herein, Landlord shall be obligated to pay Landlord's federal, state and local income taxes, other taxes on income or net worth, franchise taxes, margin taxes, capital, estate, succession, inheritance, value added or transfer taxes of Landlord or similar taxes or charges or substitutes therefor with respect to the Rent and other amounts received by Landlord under this Lease.

**ARTICLE 5.
USE**

5.1 Permitted Use. Tenant shall use and occupy the Land subject to and in compliance with all Laws and this Lease's terms for the Permitted Use, and for any other uses as Tenant deems reasonable or necessary and in compliance with all Laws.

**ARTICLE 6.
IMPROVEMENTS, ALTERATIONS AND MAINTENANCE**

6.1 Improvements and Alterations. Tenant may not make any alterations, additions, installations, improvements, replacements, redecorating and changes in and to the Land without Landlord's prior, written consent. All Alterations and Improvements shall be at Tenant's sole cost and expense and shall remain with the Land and be surrendered to Landlord in the event Tenant terminates this Lease in accordance with such documents' terms and conditions. Landlord shall reasonably cooperate with Tenant, at no cost to Landlord, in obtaining any approvals necessary to construct any Alterations and Improvements and shall execute any required documents to allow Tenant to make such Alterations.

6.2 Signs. Subject to applicable Laws and approval by Landlord, Tenant may, at its cost and expense, construct, erect and install such signs on the Land as Tenant deems necessary to conduct its business, including without limitation, exterior building, pylon and monument signs. Any damage to the Land or to the Improvements and Alterations resulting from the removal of Tenant's signs shall be repaired at Tenant's expense.

6.3 Maintenance of T-Hangar, Improvements and Alterations. Except as otherwise expressly provided in this Lease and except for any damage to the extent caused by the negligence or willful acts of Landlord or its agents, Tenant, at its sole cost and expense, shall during the entire Term maintain, repair and replace as necessary, or cause to be maintained, repaired and replaced, to keep the T-Hangar, Improvements and Alterations in good working order, condition and repair, ordinary wear and tear and damage by casualty and Condemnation excepted.

6.4 Landlord Maintenance and Operation of Airport. The Landlord itself shall properly maintain, operate, and manage the Land and Airport at all times and in a safe manner not dissimilar to generally accepted good practice in the State of Minnesota for airports of a similar size and character. If for any reason beyond the control of the Landlord (including, but without in any manner limiting the foregoing, war, strikes, riots, civil commotion, and the like), the Landlord shall fail to properly maintain, operate, and manage said Land and Airport, such failure shall not operate as a breach of this Lease or render the Landlord liable in damages. This paragraph shall not be construed to bind said Landlord to operate an airport traffic control tower at said Airport, unless in the judgment of said Landlord the operation thereof shall be deemed necessary, nor shall this paragraph be construed to bind said Landlord to maintain the demised premises.

6.5 Equipment. Tenant may, at its cost and expense, from time to time during the Term construct, erect and install Equipment on the Land. Tenant may, at its cost and expense, install, alter, repair and/or replace such Equipment as it shall deem useful or desirable. All Equipment shall at all times during and after the Term be solely Tenant's property, shall not constitute a portion of the Land or the

Improvements and Alterations and Landlord shall have no claim or right of any kind in and to any of the Equipment.

6.6 Hangar Floodlight Required. If not currently installed, Tenant shall install and maintain a functioning motion sensitive floodlight on the outside wall, above the main hangar door.

ARTICLE 7. INSURANCE

7.1 Tenant's Insurance. Tenant shall keep the T-Hangar, Improvements and Alterations insured during the Term against loss or damage and will carry in full force and effect the following insurance during the Term:

- a) **Property Insurance.** "All risk" property insurance covering the full replacement value of the T-Hangar, Improvements and Alterations.
- b) **Personal Property Insurance.** "All risk" property insurance covering the actual replacement value of all of Tenant's personal property and Equipment.
- c) **Liability Insurance.** Commercial general liability insurance, providing coverage on an "occurrence" rather than a "claims made" basis, with a combined policy limit of at least \$500,000.00 applying to Bodily Injury, Property Damage and Personal Injury, which limit may be satisfied by Tenant's basic policy, or by the basic policy in combination with umbrella or excess policies so long as the coverage is at least as broad as that required in this Lease. Such liability, umbrella and/or excess policies may be subject to aggregate limits so long as the aggregate limits have not at any pertinent time been reduced to less than the policy limit stated above, and provided further that any umbrella or excess policy provides coverage from the point that such aggregate limits in the basic policy become reduced or exhausted.

7.2 Landlord's Insurance. Landlord will carry in full force and effect during the Term an "All Risk" property insurance covering the full replacement value of the Land and Airport.

7.3 Waiver of Subrogation. Landlord and Tenant for themselves and on behalf of their respective insurers hereby waive any and all rights of recovery against each other for any loss or damage to the Land or the Improvements and Alterations or the contents contained therein to the extent such loss or damage is or would be covered by the insurance required to be carried by each party hereunder, even if such coverage is not actually maintained. Such waiver shall also apply to the extent of any deductible maintained by either party under its insurance policies. It is understood that this waiver applies to any loss or damage regardless of the cause, including, without limitation, if caused by the negligence of Landlord, Tenant or their respective employees or agents.

ARTICLE 8. DAMAGE BY FIRE OR OTHER CASUALTY

8.1 Damage. If during the Term there occurs any material damage to or destruction of the Land or the Improvements and Alterations or any part thereof resulting from any cause whatsoever, Tenant shall give prompt notice thereof to Landlord:

- a) Cancellation. Tenant shall have the right to terminate the Lease by notifying Landlord within thirty (30) days after the date of such damage or destruction.
- b) Restoration. If this Lease is not cancelled as provided in Section 8.1(a), Tenant may proceed with the repair or restoration of the damaged Land or Improvements and Alterations as Tenant deems reasonable. Landlord agrees to make available to Tenant any insurance proceeds (subject to the rights of any mortgagee) payable to Landlord attributable and to be used for the restoration and repair of the Land, Improvements and Alterations as provided in this Lease. Landlord shall cooperate fully in obtaining any necessary permits or permissions for construction of the Improvements and Alterations and compliance with the Laws.

8.2 Insurance Proceeds. All insurance proceeds payable as a result of any damage or destruction which are to be payable to Tenant shall be for Tenant to use or retain as Tenant deems appropriate in Tenant's sole discretion.

ARTICLE 9. ASSIGNMENT

9.1 Tenant Assignment. Tenant may not voluntarily assign or encumber its interest in this Lease. Tenant may, with Landlord's written approval, assign its interest in the Land, Improvements and Alterations, or sublease all or any part of the Land, Improvements or Alterations, or allow any other person or entity to occupy or use all or any part of the Land, Improvements or Alterations.

9.2 Landlord Assignment. Landlord may voluntarily assign or encumber its interest in this Lease without the prior written consent of Tenant.

ARTICLE 10. LIENS AND ENCUMBRANCES

10.1 Leasehold Mortgage. Tenant may encumber its interest in this Lease under a Leasehold Mortgage. All rights acquired under any Leasehold Mortgage shall be subject to each of the provisions set forth in this Lease and to all rights and interests of Landlord herein.

10.2 Fee Mortgage. Landlord may impose or permit to be imposed any Fee Mortgage or any other mortgage against the Land or any portion of the Land without Tenant's prior written consent. In the event Landlord places a Fee Mortgage on the Land, Landlord agrees to keep current and free from default any Fee Mortgage placed by it upon the Land. If Landlord defaults in this provision, Tenant shall have the right to cure such default and credit all sums paid to the Fee Mortgagee against the Rent due under this Lease.

ARTICLE 11. LANDLORD REPRESENTATIONS AND WARRANTIES

11.1 Landlord's Warranties. Landlord represents and warrants to Tenant as follows:

- a) Title. Landlord has good and marketable indefeasible fee simple title to the Land and warrants there are no Encumbrances or liens thereon.

- b) Real Estate Taxes. All Real Estate Taxes assessed, due and payable regarding the Land have been paid and, there are no assessments of any kind levied, pending or assessed against the Land and Landlord has no notice or knowledge of any threatened assessments.
- c) Compliance with Law. To Landlord's best knowledge, the Land complies with all applicable Laws, including all building codes and ordinances.
- d) Encumbrances. Landlord shall not, and shall not allow any person to, erect any barrier, or otherwise to take any action, which would deprive Tenant of the benefit of this Lease and access to the Land. At Tenant's election, Landlord shall either (a) enforce such other easements or rights for the benefit of Tenant, or (b) assign to Tenant the right to enforce such other easements or rights and to bring an action with respect thereto in Tenant's own name. Landlord agrees that it will not enter into any easements, restrictions or agreements (or any amendments thereto) or amend or modify any existing agreements, without Tenant's prior written consent, which consent Tenant may withhold in its sole discretion.
- e) Subdivision. The Land constitutes a separate and distinct parcel of real estate for purposes of recordation in the real estate records and for purposes of real estate taxes and special assessments. The Land is separately conveyable without governmental approval, and is not taxed with any other real property.
- f) Governmental Matters. Landlord has not received written notice, and has no actual knowledge, of (a) any pending or contemplated annexation or Condemnation proceedings, or purchase in lieu of the same, affecting or which may affect all or any part of the Land, (b) any proposed or pending proceeding to change or redefine the zoning classification of all or any part of the Land, (c) any proposed changes in any road patterns or grades which would adversely and materially affect access to the roads providing a means of ingress or egress to or from the Land, or (d) any uncured violation of any legal requirement, restriction, condition, covenant or agreement affecting the Land or the use, operation, maintenance or management of the Land.
- g) Environmental. To Landlord's knowledge: (a) no condition exists on the Land that may support a claim or cause of action under any Law; (b) there are no Hazardous Substances on the Land; (c) there has been no release, discharge, spill, leak, emission, disposal or other contamination or otherwise onto the Land; (d) there are no restrictions, clean ups or remediation plans regarding the Land; and (e) there are underground storage tanks and gas dispensing equipment on the Land. The foregoing representations will survive this Lease's termination.

ARTICLE 12. CONDEMNATION

12.1 Condemnation Award. If the Landlord determines it is in the public's interest, the Landlord shall have the power to condemn the Land and this Lease. In the event of any Condemnation, partial or whole, Tenant shall be entitled to the entire award, judgment or settlement allocable to the Leasehold Estate as well as relocation costs, loss of business and any other amounts which Tenant may be entitled to under Law.

ARTICLE 13. DEFAULT

13.1 Tenant's Events of Default. The following occurrences or acts shall constitute an "Event of Default" under this Lease:

- a) Rent. Tenant shall fail to pay, when due, any Rent and such failure continues for a period of ten (10) days after receipt of written notice from Landlord.
- b) Non-Monetary Default. Tenant's violation or failure to comply with or perform any other term, provision, covenant, agreement or condition to be performed or observed by Tenant under this Lease not otherwise identified in this Section 13.1, and such violation or failure continues and is not cured for a period of thirty (30) days after receipt of written notice thereof from Landlord; provided, however, that if such violation or failure is incapable of cure within such thirty (30) days or reasonably requires a longer period of time to cure, Tenant will not be in default so long as the Tenant commences actions to cure the failure within such 30-day period and thereafter Tenant diligently proceed to complete the cure of such violation or failure within a commercially reasonable period of time.
- c) Bankruptcy. Tenant shall be adjudicated a bankrupt;
- d) Interest. Tenant's interest in the Land is taken by garnishments, attachment, execution, or other process of law; or
- e) Desertion. The Land is deserted or vacated for a consecutive ninety (90) day period.

13.2 Landlord's Remedies Upon Tenant's Default. Upon the occurrence of an Event of Default by Tenant which remains uncured after the expiration of the respective period set forth above, Landlord may terminate this Lease upon written notice to Tenant and providing an additional thirty (30) day cure period.

13.3 Landlord's Default. If Landlord defaults in fulfilling any of this Lease's covenants or agreements and fails to cure such default within thirty (30) days after receipt of written notice from Tenant of such default, or if any of Landlord's representations or warranties are false in any material aspect and Tenant has been damaged thereby, then Tenant may at its option, but without obligation, (a) correct such default whereupon all of Tenant's costs and expenses, including reasonable attorneys' fees, incurred in curing such breach (together with interest at 8% per annum from the date of payment) shall be immediately due and payable by Landlord on demand, and Tenant may offset Rent and other amounts owing under this Lease for the amount of such costs and expenses.

ARTICLE 14. INDEMNIFICATION

14.1 Mutual Indemnification. Each party shall defend, indemnify, and hold the other party and its agents harmless from and against any and all liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs and expenses of every kind or nature, including reasonable attorneys' fees and court costs, incurred by the other party, arising directly or indirectly from:

(a) any failure by the indemnifying party to perform any of the terms, provisions, covenants or conditions of this Lease, (b) any failure of the indemnifying party to comply with Laws as provided for or required under this Lease; or (c) any other act or omission of the indemnifying party or any of its agents. Notwithstanding anything set forth above in this Section 14.1, neither party shall be liable for or be obligated to defend, indemnify, and hold the other party harmless from and against any liabilities, obligations, losses, damages, injunctions, suits, actions, fines, penalties, claims, demands, costs or expenses of any kind or nature, including reasonable attorneys' fees and court costs, resulting from the negligence or willful misconduct of the other party or its agents. The indemnity obligations under this Article and elsewhere in this Lease shall survive expiration, assignment or earlier termination of this Lease.

ARTICLE 15. MISCELLANEOUS

15.1 Time is of the Essence. Time is of the essence in regard to performance of the covenants and agreements stated in this Lease.

15.2 Successors and Assigns. All of this Lease's terms, conditions, covenants, obligations and agreements shall be binding upon and inure to the benefit of the Landlord, Tenant and their respective heirs, administrators, executors, successors, subtenants, concessionaires and assigns, and upon any person or persons coming into ownership or possession of any interests in the Land by operation of law or otherwise.

15.3 Governing Law. This Lease will be construed in accordance with and governed by the laws of the State of Minnesota.

15.4 Subordination Clause. This Lease shall be subordinate to the provisions of any existing or future agreement between the Landlord and the United States or the State of Minnesota 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 or state funds for the development of the airport.

15.5 Airport Development. The Landlord reserves the right to further develop or improve the landing area of the airport as it sees fit, regardless of the desires or view of the Tenant, and without interference or hindrance.

15.6 Survival. All of the parties' obligations under the Lease that are not fully performed as of this Lease's expiration or earlier termination will survive this Lease's expiration or earlier termination.

15.7 Notices. Any notice required or permitted pursuant to the Lease will be in writing and deemed properly given: (a) on the date of personal delivery, or attempted personal delivery if refused; (b) on the date the notice is delivered, or attempted to be delivered if refused, by a reputable overnight delivery service with proof of delivery or refusal; and (c) on the date of actual receipt if by facsimile transmission, certified or first-class mail, or any other means not set forth above. All notices will be sent to the following addresses or to such other address designated by proper notice. Refusal to accept delivery of a notice or the inability to deliver a notice because of an address that was not properly given will not defeat or delay the giving of notice.

If to Landlord:
City Administrator
Princeton City Hall
705 2nd Street N.
Princeton, MN 55371

If to Tenant:
Princeton Airport Condominium Association
Attn: Keri Erickson
920 Cessna Court
Princeton, MN 55371

15.8 Entire Agreement. This Lease contains the parties' entire agreement and all prior oral and written agreements, understandings, representations, warranties, promises and statements of the parties and their respective officers, directors, partners, agents and brokers will be merged into the Lease with respect to the subject matter of the Lease. No such prior oral or written agreement, understanding, representation, warranty, promise or statement will be effective or binding for any reason or purpose unless specifically set forth in the Lease. No provision of the Lease may be amended or modified except by an agreement in writing signed by the parties or their respective successors in interest.

15.9 Right to Make Agreement. Each party warrants, with respect to itself, that neither the execution and delivery of this Lease, nor the compliance with the terms and provisions hereof, shall violate any provision of any law, or any judgment, writ, injunction, order or decree of any court or Governmental Authority; nor result in or constitute a breach or default under or the creation of any lien, charge or Encumbrance upon any of its property or assets under, any indenture, mortgage, deed of trust, contract, other commitment or restriction to which it is a party or by which it is bound; nor require any consent, vote or approval which has not been given or taken, or at the time of the transaction involved shall not have been given or taken. Each party covenants that it has and will continue to have throughout the term of this Lease and any extensions thereof, the full right to enter into this Lease and perform its obligations hereunder and no consents or approvals from any other party are necessary to effect the transaction contemplated by this Lease.

15.10 Remedies Cumulative. To the maximum extent permitted by law, each legal, equitable or contractual right, power and remedy of either party, now or hereafter provided either in this Lease or by statute or otherwise, shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning of the exercise by a party of any one or more of such rights, powers and remedies shall not preclude the simultaneous or subsequent exercise by that party of any or all of such other rights, powers and remedies.

15.11 Amendments. No change in or addition to or waiver or termination of this Lease or any part hereof, shall be valid unless made in writing and signed by or on behalf of the party charged therewith. Landlord and Tenant agree to negotiate in good faith any amendments to this Lease or other documentation that may be requested or required.

15.12 No Third-Party Beneficiaries. Nothing herein is intended or shall be construed to confer upon or give to any person other than Landlord and Tenant, any rights or remedies under or by reason of this Lease.

15.13 No Merger. Unless and until this Lease is terminated, the ground Leasehold Estate of Tenant shall not merge with the Landlord's fee reversionary estate in the Land, and this Lease shall remain in full force and effect. In the event the ownership of the reversionary estate and the leasehold estate become vested in the same Person, then as long as a Leasehold Mortgage shall remain outstanding,

such occurrence shall not result in a merger of title, but rather this Lease and the Leasehold Mortgage shall remain in full force and effect.

15.14 Headings. The article, section and paragraph headings in this Lease are for the purpose of identification and reference convenience only and shall not be considered in construing this Lease.

15.15 Severability. If any of this Lease's terms, covenants, or conditions or the application of them to any person or circumstances is, to any extent, invalid or unenforceable, or in conflict with the law of the jurisdiction, the remainder of the Lease or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected and each term, covenant or condition of the Lease will be valid and be enforced to the fullest extent permitted by law.

15.16 No Joint Venture or Agency. Nothing contained in this Lease nor any of the acts of the parties shall be construed nor is it the intent of the parties to create a joint venture or partnership between Landlord and Tenant, nor is either party the agent or representative of the other, and nothing in this Lease shall be construed to create any such agency relationship or to hold either party liable to anyone for goods delivered or services performed at the request of the other party.

15.17 Memorandum of Lease. Upon either party's request, the parties shall execute a memorandum of lease in recordable form which shall contain the Land's legal description, Term, and other matters reasonably requested by the parties, and shall incorporate by reference only the Lease's remaining terms. Either party may record such a memorandum of such party's expense.

15.18 Waiver. Either party's failure to enforce any of this Lease's terms, covenants, conditions or breaches will not be deemed a waiver of the right to do so after that. No waiver of any term, covenant, condition or breach will be effective unless in writing. A written waiver of any term, covenant, condition or breach of the Lease will not be deemed a waiver of any subsequent term, covenant, condition or breach, whether such subsequent term, covenant, condition or breach is the same or different, except as specified in writing in the waiver.

15.19 Counterparts. This Lease may be executed in any number of counterparts, each of which, when so executed and delivered, shall be an original, but such counterparts shall together constitute one and the same instrument. Electronic and emailed PDF signatures shall be sufficient for all purposes.

[Signature page to follow.]

The parties have made and entered into this Lease as of the Effective Date.

LANDLORD:

CITY OF PRINCETON, a Minnesota municipal corporation

By: _____
Thom Walker, Mayor

By: _____
Michele McPherson, City Administrator/Airport Manager

The parties have made and entered into this Lease as of the Effective Date.

TENANT:

**PRINCETON AIRPORT HANGAR CONDOMINIUM
ASSOCIATION, a Minnesota non-profit corporation**

By: _____
Keri Erickson, President

EXHIBIT A
TO GROUND LEASE
(Legal Description)

That part of the Southwest Quarter of Section 32, Township 36, Range 26, Mille Lacs County, Minnesota, described as follows:

Commencing at the southeast corner of said Southwest Quarter; thence North 89 degrees 40 minutes 41 seconds West, assumed bearing, along the south line of said Southwest Quarter, a distance of 220.11 feet, to the point of beginning of the tract to be described; thence North 22 degrees 23 minutes 32 seconds West, a distance of 263.76 feet; thence South 67 degrees 44 minutes 38 seconds West, a distance of 233.04 feet; thence South 21 degrees 53 minutes 34 seconds East, a distance of 166.17 feet, to said south line; thence South 89 degrees 40 minutes 41 seconds East, along said south line, a distance of 254.21 feet, to the point of beginning.

AND

That part of the Northwest Quarter of Section 5, Township 35, Range 26, Sherburne County, Minnesota, described as follows:

Commencing at the northeast corner of said Northwest Quarter; thence North 89 degrees 40 minutes 41 seconds West, assumed bearing, along the north line of said Northwest Quarter, a distance of 220.11 feet, to the point of beginning of the tract to be described; thence South 22 degrees 23 minutes 32 seconds East, a distance of 174.10 feet; thence South 56 degrees 28 minutes 09 seconds West, a distance of 63.87 feet; thence South 71 degrees 28 minutes 22 seconds West, a distance of 50.64; thence North 88 degrees 49 minutes 47 seconds West, a distance of 70.63 feet; thence North 77 degrees 45 minutes 42 seconds West, a distance of 70.99 feet; thence North 21 degrees 53 minutes 34 seconds West, a distance of 212.61 feet, to said north line; thence South 89 degrees 40 minutes 41 seconds East, along said south line, a distance of 254.21 feet, to the point of beginning.

EXHIBIT B
(Depiction of T-Hangar)

**COMMON INTEREST COMMUNITY NUMBER 42
MILLE LACS COUNTY
AND
COMMON INTEREST COMMUNITY NUMBER 77
SHERBURNE COUNTY
PRINCETON AIRPORT CONDOMINIUM, A CONDOMINIUM**

