

THE CITY OF



OWATONNA

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3400 West Frontage Road
Owatonna, MN 55060
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TO: Honorable Mayor and City Council Members, City Administrator
FROM: Dave Beaver, Airport Manager
DATE: July 1, 2021
RE: T-Hangar Lease Agreement

Purpose:

To approve the agreement for the rental of a T-hangar unit located at the Owatonna Degner Regional Airport to Ryan Swanson.

Background:

The agreement provides for the rental of a T-hangar unit at the airport for a one year term. The lease agreement is a standard T-hangar lease form used for this purpose and has been reviewed by the City Attorney. The T-hangar units are used primarily for the non-commercial storage of aircraft.

Budget Impact:

The rental fee provided for in the agreement is for One Hundred Seventy dollars (\$170.00) per month. This is a total annual airport revenue of \$2,040.00.

Recommendation:

Staff recommends approval of the T-hangar Lease Agreement.

OWATONNA DEGNER REGIONAL AIRPORT
T-HANGAR LEASE AGREEMENT

The City of Owatonna, a municipal corporation of the State of Minnesota, hereinafter referred to as "Lessor", hereby leases to Ryan Swanson, a resident of the City of Medford County of Steele, State of Minnesota, hereinafter referred to as "Lessee", that T-Hangar unit situated in an aircraft hangar located at the Owatonna Degner Regional Airport which is more particularly described as follows, to-wit:

HANGAR # 2, UNIT "K"
(See attached Exhibit "A")

1. **TERM OF LEASE.** The initial term of this lease shall be for a period commencing July 1, 2021 and ending June 30, 2022. Upon the mutual agreement of the parties hereto, the lease may be renewed for up to two (2) additional periods of one (1) year each. The agreement to renew shall be entered into by the parties prior to the expiration of each term and will be subject to the T-Hangar Rental Policy in effect or applicable at time of renewal. The agreement to renew shall be in writing and signed by the parties hereto specifying the rental fee and the date of expiration.

2. **RENTAL FEE.** During the term of this lease, Lessee shall pay to Lessor a monthly rental fee of One Hundred Seventy dollars (\$170.00). All rental payments shall be made at Owatonna Degner Regional Airport, 3400 West Frontage Road, Owatonna, Minnesota, or such other place as Lessor may designate. All rental payments shall be due by the 10th day of the month for which they are made. Upon expiration of this lease the rental fee may be adjusted by the City Council of the City of Owatonna.

3. **TAXES.** Any and all taxes assessed by any governmental unit shall be the responsibility of the Lessee.

4. **PROHIBITIONS.** Lessee shall be subject to all airport rules and regulations, including but not limited to, the following:

(A) No private locks of any type will be allowed on individual pedestrian doors. If private locks are installed, they will be removed at the discretion of the City of Owatonna.

(B) All items detrimental to the environment shall be disposed of properly. The Lessee of each T-Hangar unit shall be responsible for the proper disposal of all materials generated from or within that unit. The cost of cleaning up any materials improperly disposed of on airport properties shall be charged to the Lessee of the unit which generated or was the source of the material.

(C) Lessee's private vehicle shall be allowed to be placed in a T-Hangar when the aircraft is removed for a trip. Parking on the apron or grass will not be permitted.

(D) Lessee shall be responsible for cleanliness of the T-Hangar unit. When, in the opinion of the City of Owatonna, a safety hazard is found to exist within a T-Hangar unit, Lessee will be provided with notice providing for cleanup within seven (7) days, or by such date as the City of Owatonna shall demand. If the cleanup is not completed within the designated time, the City of Owatonna will perform all cleanup, which, in its discretion, it deems necessary, and the cost of which shall be charged to the Lessee.

(E) Lessee at own expense, must maintain hangar in a safe, non-hazardous, and sanitary condition. No explosive, flammable or hazardous materials shall be stored in the leased hangar, provided, however, that materials incidental to the use and maintenance of the aircraft stored in hangar may be kept in the hangar in such amounts as are reasonable for the above described purposes. Storage and use of such materials shall, at all times, comply with all federal, state, and local laws, ordinances and regulations. Improper handling or disposal of hazardous materials shall be grounds for termination of this agreement.

(F) The Lessor, or its agent, will provide snow removal services to the area of the leased hangar and taxi-lanes as close to the leased hangar entrance as possible, the Lessee will be primarily responsible for removal of snow and ice immediately in front of the leased premises.

(G) The Lessee is responsible for ensuring the hangar door is closed at all times, except when entering or exiting the hangar.

(H) Engine run-up and taxiing out of the T-Hangars is not allowed.

(I) This lease shall not be sold, assigned, or in any manner transferred or encumbered by Lessee, nor shall the leased premises or any part thereof be sublet without the prior consent of Lessor in writing. Lessee shall keep and use the T-Hangar primarily for aircraft storage purposes and for no unlawful purpose whatsoever.

(J) T-Hangar units shall be used primarily for the storage of active and operational aircraft. Active and operational aircraft shall be defined to mean all aircraft currently licensed and flyable which are flown to and from the Owatonna Degner Regional Airport periodically during the year.

(K) Lessee shall possess proof of ownership of the aircraft being stored in leased hangar and aircraft must be properly registered and certified for flight. If Lessee sells the aircraft, the Lessor must be notified in writing within ten (10) days of the sale, and Lessee has ninety (90) days in which to replace said aircraft. One ninety (90) day extension may be allowed, if requested in writing from Lessor. If an aircraft is not owned at the time the hangar lease is consummated, Lessee has ninety (90) days to obtain an aircraft. Prior to placing any aircraft in a T-Hangar

unit, Lessee shall provide Lessor in writing the following information: (See attached Exhibit "B")

1. Aircraft Type
2. Serial Number
3. Registration Number
4. Present Condition of Aircraft (Is the aircraft presently airworthy?)
5. Present Market Value of Aircraft
6. Insurance Carrier (Including type of coverage, limits, and policy number.)

(L) Lessee shall comply with the Owatonna Degner Regional Airport Minimum Standards now existing or as hereafter amended or adopted by the City of Owatonna.

5. **ELECTRIC SERVICE.** Electricity is available in each unit. The City of Owatonna reserves the right to install individual meters to each unit and the cost of electricity for each unit may then be billed to Lessee by the City on a periodic basis. Engine heaters shall be of such size as to not overload the electric system. Fuel-fired, hot-air type heaters are permitted if attended on a continuous basis while in use. Electric space heaters are prohibited.

6. **RIGHT OF ENTRY.** Lessor reserves the right for itself or agents to go on, into, and have access at all times during the existence of this lease, to said premises for the purpose, including, but not limited to, inspection and showing of the building.

7. **INSURANCE.** Lessee shall maintain the following insurance coverages:

A. Lessee shall carry aircraft liability insurance with limits of coverage not less than as required pursuant to the Minnesota Statute Section 360.59 Subdivision 10, and may be amended.

B. Lessee shall carry hull insurance on each aircraft stored on the leased premises. The limits of the insurance shall be in an amount equal to or greater than the current value of the aircraft, instruments, and accessories. On or before the date of this lease, Lessee shall provide a Certificate of Insurance to the City of Owatonna indicating the required coverage for the entire term of the lease and providing for a minimum of thirty (30) days notice to a change or cancellation of that coverage.

C. In lieu of carrying hull insurance, Lessee covenants and agrees that he will not hold the City of Owatonna or any of its agents, employees, or Airport Commission members responsible for any loss occasioned by fire, theft, rain, windstorm, hail, or from any other cause whatsoever, whether said cause be the direct, indirect, or merely a contributing factor in producing the loss to any airplane, automobile, personal property, parts, or surplus that may be located or stored in the T-hangars, aprons, field, or any

other location at the airport; and Lessee agrees the plane and the contents are to be stored, whether on the field or in the hangars, at Lessee's risk.

D. Comprehensive general liability insurance insuring Lessee against any liability arising out of this lease agreement, or the use, occupancy, or maintenance of the demised premises and all areas appurtenant to the demised premises. Such insurance shall be in the amount of not less than One Million (1,000,000.00) per occurrence for property damage, bodily injuries, or deaths of persons occurring in and about the premises, not necessarily caused by aircraft, or in or about the Airport if caused by the act or omission of Tenant or those for whom Tenant is responsible. Such insurance may provide for a sub limit of not less than One Hundred Thousand (\$100,000) per person. The insurance policy shall insure the hazards of the demised premises and operations conducted in and on the demised premises, independent contractors, contractual liability (covering the indemnity included in this lease agreement), and shall name Lessor as an additionally insured party. Lessor shall be furnished with a copy of the certificate of insurance. The liability insurance policy also showing endorsements requiring thirty (30) days' written notice to Lessor prior to any cancellation or any reduction in the amount of coverage.

E. In accordance with the subrogation provisions of the standard property insurance contract, it is hereby understood and agreed by and between the undersigned parties that they do jointly and separately waive any or all right of recovery against the other for insured loss occurring to the real property owned by City of Owatonna and personal property owned by the Lessee all while located at the leased premises.

Any policy issued to the City of Owatonna providing duplicate or similar coverage shall be deemed excess over Tenant's policies. Tenant waives any subrogation rights against the City of Owatonna on all claims and insurance policies.

Tenant shall not use or permit the Premises to be used in any manner that would void Tenant's or the City of Owatonna's insurance or increase the insurance risk. Tenant shall comply with all requirements imposed by the insurers for the City of Owatonna and Tenant.

8. INDEMNIFICATION. To the fullest extent permitted by law, Lessee agrees to indemnify, defend, save and hold completely harmless the City of Owatonna or any of its agents, employees, or Airport Commission members responsible for any and all liabilities, losses, damages, suits, actions, claims, judgments, settlements, fines or demands of any person arising by reason of injury or death of any person, or damage to any property occasioned by fire, theft, rain, windstorm, hail, or from any other cause whatsoever, whether said cause be the direct, indirect, or merely a contributing factor in producing the loss to any airplane, automobile, personal property, parts, or surplus that may be located or stored in the T-Hangars, aprons, field, or any other location at the airport; and Lessee agrees that the planes and the contents are to be stored, whether on the field or in the hangars, at Lessee's risk.

The provisions of this section shall survive expiration or earlier termination of this lease. The furnishing of the required insurance shall not be deemed to limit Tenant's obligations under this Section.

The Tenant shall defend, indemnify and hold the City of Owatonna harmless from any claims or liabilities as a result of Tenant's failure to procure and to keep in force the insurance required in the Lease.

9. **ATTORNEY FEES.** Lessee shall pay and discharge all costs, attorney fees, and expenses arising from enforcing any covenants or forfeiture hereof.

10. **TERMINATION.** In case Lessee shall fail to make any of the above-mentioned payments as specified or fail to keep and perform any of the covenants and agreements herein contained, Lessor may immediately and without notice terminate this lease and re-enter and repossess said premises, without prejudice, to its claims for earned cash rent. The following by way of illustration but not by limitation shall constitute a default under this lease:

(1) Tenant fails to pay money owed to the City of Owatonna under this Lease when due, and such failure continues for ten (10) days after written notice from the City of Owatonna.

(2) Tenant uses the Premises for any purpose not expressly authorized by this Lease and such default continues for ten (10) days following written notice from the City of Owatonna.

(3) Tenant assigns, subleases or transfers this Lease except as otherwise permitted, and such default continues for ten (10) days following written notice from the City of Owatonna.

(4) Tenant fails to carry the insurance required under this Lease; any insurance required under this Lease is cancelled, terminated, expires, or is reduced or materially changed so as not to comply with this Lease; or the City of Owatonna receives such notice of any such conditions pursuant to Section 7., and such failure continues for a period of ten (10) days following written notice from the City of Owatonna to Tenant.

(5) Tenant vacates or abandons the Premises, and such default continues for ten (10) days following written notice from the City of Owatonna to Tenant.

(6) Tenant fails to abide by any applicable federal, state, or municipal statutes, regulation, ordinance, rule, or airport policy

(7) Any other action or inaction on the tenant's part which the City determines is in breach of the lease.

IN WITNESS HEREOF, the parties hereto have executed this lease this _____ day of _____, 20____.

Lessee

CITY OF OWATONNA, MINNESOTA

By: _____
Its Mayor

By: _____
Its City Administrator

STATE OF MINNESOTA)
) ss.
COUNTY OF STEELE)

The foregoing was acknowledged before me this _____ day of _____, 20____,
by _____ and _____,
the Mayor and City Administrator of the City of Owatonna, a municipal corporation
under the laws of the State of Minnesota, on behalf of the City of Owatonna,
Minnesota.

Notary Public

STATE OF MINNESOTA)
) ss.
COUNTY OF STEELE)

The foregoing was acknowledged before me this _____ day of _____, 20____,
by _____ .

Notary Public

EXHIBIT "B"

- _____ 1. Aircraft Type _____
- _____ 2. Serial Number _____
- _____ 3. Registration Number _____
- _____ 4. Present Condition of Aircraft _____
- _____ 5. Present Market Value _____
- _____ 6. Insurance Carrier _____

Attach Copy of Insurance Certificate