

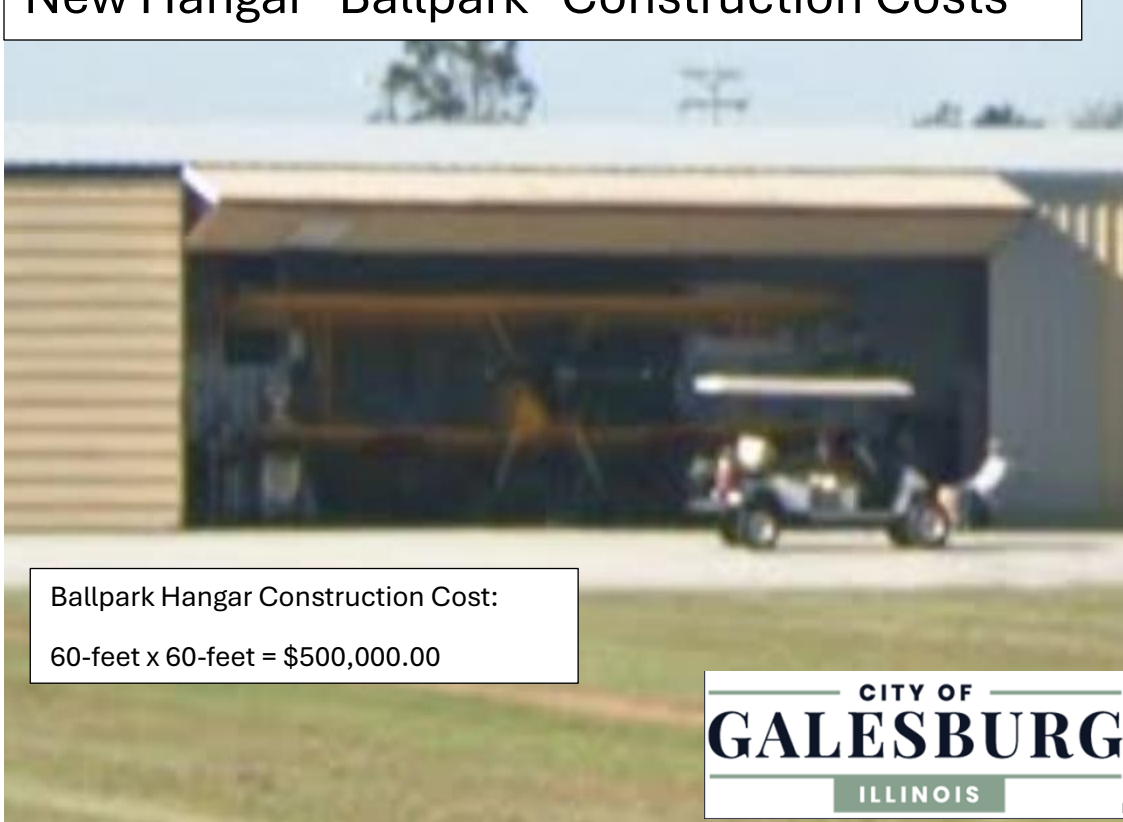


**Hangar Construction
& Rental Pamphlet**

Galesburg Airport History:
Proud past, unlimited potential



New Hangar “Ballpark” Construction Costs



Ballpark Hangar Construction Cost:

60-feet x 60-feet = \$500,000.00

CITY OF
GALESBURG
ILLINOIS



Private Hangar Pavement (Apron) Costs

*FAA/IDOT no longer pay any portion of costs

6 inch Concrete over 6 inch compacted base

	Cost/s.y.	Cost/s.f.	Width (l.f.)	Cost/l.f.
	\$125.00	\$13.89	50	\$694.44
Examples				
For a 50' long hangar:				
Length		Cost/l.f.	Total Cost	
50		\$694.44	\$34,722.22	
For a 75' long hangar				
Length		Cost/l.f.	Total Cost	
75		\$694.44	\$52,083.33	
For a 100' long trailer				
Length		Cost/l.f.	Total Cost	
100		\$694.44	\$69,444.44	

4-inch Asphalt over 8-inch compacted base

	Cost/s.y.	Cost/s.f.	Width (l.f.)	Cost/l.f.
	\$120.00	\$13.33	50	\$666.67
Examples				
For a 50' long hangar:				
Length		Cost/l.f.	Total Cost	
50		\$666.67	\$33,333.33	
For a 75' long hangar				
Length		Cost/l.f.	Total Cost	
75		\$666.67	\$50,000.00	
For a 100' long trailer				
Length		Cost/l.f.	Total Cost	
100		\$666.67	\$66,666.67	



*Note: the materials and thickness noted are minimum standards. For long term pavement stability, the city may increase the pavement thicknesses upon evaluation of vehicle and equipment loading estimates. Last update June 2024.

Utility Costs



Most Recent Hangar Construction

Utilities	Details	Original Estimate	Cost in 2021	Add 20%
Sanitary Sewer		\$15,000.00	\$25,740.00	\$30,888.00
Water Service		\$10,000.00	\$8,500.00	\$10,200.00
Natural Gas		\$5,000.00	\$55,000.00	\$66,000.00
Storm Sewer				\$0.00
Electric	Ameren (set pedestal)	2500	\$27,123.00	\$32,547.60
	Contractor	24623		
TOTAL		\$57,123.00	\$116,363.00	\$139,635.60

Leases & Taxes



Leases: current maximum lease = \$135.00/month

Taxes: current maximum tax = \$62.38

(Last revised June 2024)

Hangar Location:

- The hangar should go in a place already on the last-approved airport layout plan. The preferred location is on the northwest corner of airport by the rows of hangars, which puts it on the west side of the existing hangar.

Lease Term:

- The attached DRAFT lease includes a 40-year lease term. At the 9/19/2024 Airport Advisory Commission meeting, it was recommended that the term be increased to a 60-year term.

Land Lease

- The attached DRAFT lease includes the land lease is \$1.00 per year.
*mkd: This may have been meant for the Stearman building only, which is the only privately constructed hangar in recent history. For private hangars, this would mean that the tenant would have no responsibility for any costs with the airport, including maintenance of the road and parking lot, utilities including hangar electric, parking lot lights, snow removal, lawncare, pavement maintenance costs outside the hangar, as well as other costs. The city would receive the hangar at the end of the lease period, but it will have aged 60 years.
- Other airports charge. For example, a lease agreement with the city of Peru, Illinois charged a rate of \$0.3091 per square foot per year.
 - For a 50 x 50 hangar, the rate would be \$772.00/year or \$64.33/month
 - For a 60 x 60 hangar, the rate would be \$1,112.76/year or \$92.73/month

Taxes

- See DRAFT Lease for requirement of tenant to pay taxes.
- Amount: More likely than not, a tenant would be taxed at the same amount of assessed value as the tenant would if it were a building the tenant were putting on the tenant's own property. Illinois law provides that when the city leases exempt property, the taxes on the property are collected in the same manner as on property that is not exempt. Therefore, the tenant would likely be an assessed 1/3 of the FMV [Fair Market Value] for EAV [Equalized Assessed Value] and taxed on that amount.

*mkd: for future reference, the city is considering including the taxes in the lease agreement/payment

Insurance

- Included in DRAFT Lease.

Hangar structure

- The city's consultant recommends that all private hangars be constructed as metal-framed buildings.
- The Airport Advisory Commission at the 9/19/2024 regular meeting, voted to recommend allowing timber-framed buildings/hangars

Hangar Contractor

- The tenant shall be responsible to hire their own contractor, who shall be responsible for obtaining a contractor's license and all permits required to complete the project.

Prevailing Wage

- A "public works" project, which would require paying prevailing wage, includes:
 1. All fixed works constructed by any public body;
 2. Work financed in whole OR part with public funds, including but not limited to general revenue funds, capital funds, bonds, grants, and loans;
 3. Renewable energy projects required to pay prevailing wage pursuant to the Illinois Power Agency Act; and
 4. Construction projects performed by a third-party contracted by any public utility.

Here, the city is leasing ground. A private individual is constructing a fixture to the ground. It becomes the city's when the lease expires by ordinary landlord-tenant law, just like if a tenant builds a wall in their apartment. The city is not funding it, nor contracting for it to be built; therefore, paying prevailing wage is not required.

Construction Insurance

- While a \$1 million per occurrence and \$2 million aggregate policy is standard, it is likely not enough anymore. However, pushing for higher is often cost prohibitive. The best answer is to require an umbrella, which in the construction context should be \$5 million minimum. Umbrellas are cost effective and provide a backstop for high exposure claims.

Pavements outside hangar

- If there is an approach pavement, the first 50 feet used to be eligible for federal funds, but now is ineligible for federal funds. There are two options:
 - The city increases the lease rate to capture any maintenance needs for the portion of the runway ineligible for federal funds
 - The ground lease shall include verbiage that the land for the pavement is the responsibility of the tenant and shall be maintained in good condition (matching a pavement condition index of 90 or above) throughout the term of the lease.

Subleasing

- See DRAFT lease

*Potential Options

- Create an LLC is an option wherein the owner could include others, such as family members, which would allow for an easy transition if the owner decides to relinquish control.
- Create a trust.

Total Cost

*See approximate costs listed in New Hangar Construction Pamphlet

Approval Process

- Permits Required
 - Dependent on amenities (water, electric, bathrooms, etc.)
- Time frame for approval of the permits?
 - Once the plans have been approved, it is estimated that the approval process should be completed within 60 days, which includes the council approval of the lease. *note: no one currently employed by the city has been involved in a private hangar construction project.

General Fire Code Considerations (may vary depending on design and other factors)

NFPA 409 for Size: 2,500 s.f. and 3,600 s.f.

- Group I Hangar - shall have one of the following features and operating conditions (1) An aircraft access door height over 28 ft (2) A single fire area in excess of 40,000 ft² (3) Provisions for housing an aircraft with a tail over 28ft
- Group II Hangar - shall have both of the following features (1) An aircraft access door height of 28 ft or less (2) A single fire area for specific types of construction in Table 4.1.2

Table 4.1.2 Fire Areas for Group II Aircraft Hangars

Type of Construction	Single Fire Area (Inclusive)	
	m ²	ft ²
Type I (443) and (332)	2,787–3,716	30,001–40,000
Type II (222)	1,858–3,716	20,001–40,000
Type II (111), Type III (211), and Type IV (2HH)	1,394–3,716	15,001–40,000
Type II (000)	1,115–3,716	12,001–40,000
Type III (200)	1,115–3,716	12,001–40,000
Type V (111)	743–3,716	8,001–40,000
Type V (000)	465–3,716	5,001–40,000

- Group III Hanger - shall have both of the following features (1) An aircraft access door height of 28 ft or less (2) A single fire area that measures up to the maximum square footage permitted for specific types of construction in accordance with Table 4.1.3

Table 4.1.3 Maximum Fire Areas for Group III Aircraft Hangars

Type of Construction	Maximum Single Fire Area	
	m ²	ft ²
Type I (443) and (332)	2,787	30,000
Type II (222)	1,858	20,000
Type II (111), Type III (211), and Type IV (2HH)	1,394	15,000
Type II (000)	1,115	12,000
Type III (200)	1,115	12,000
Type V (111)	743	8,000
Type V (000)	465	5,000

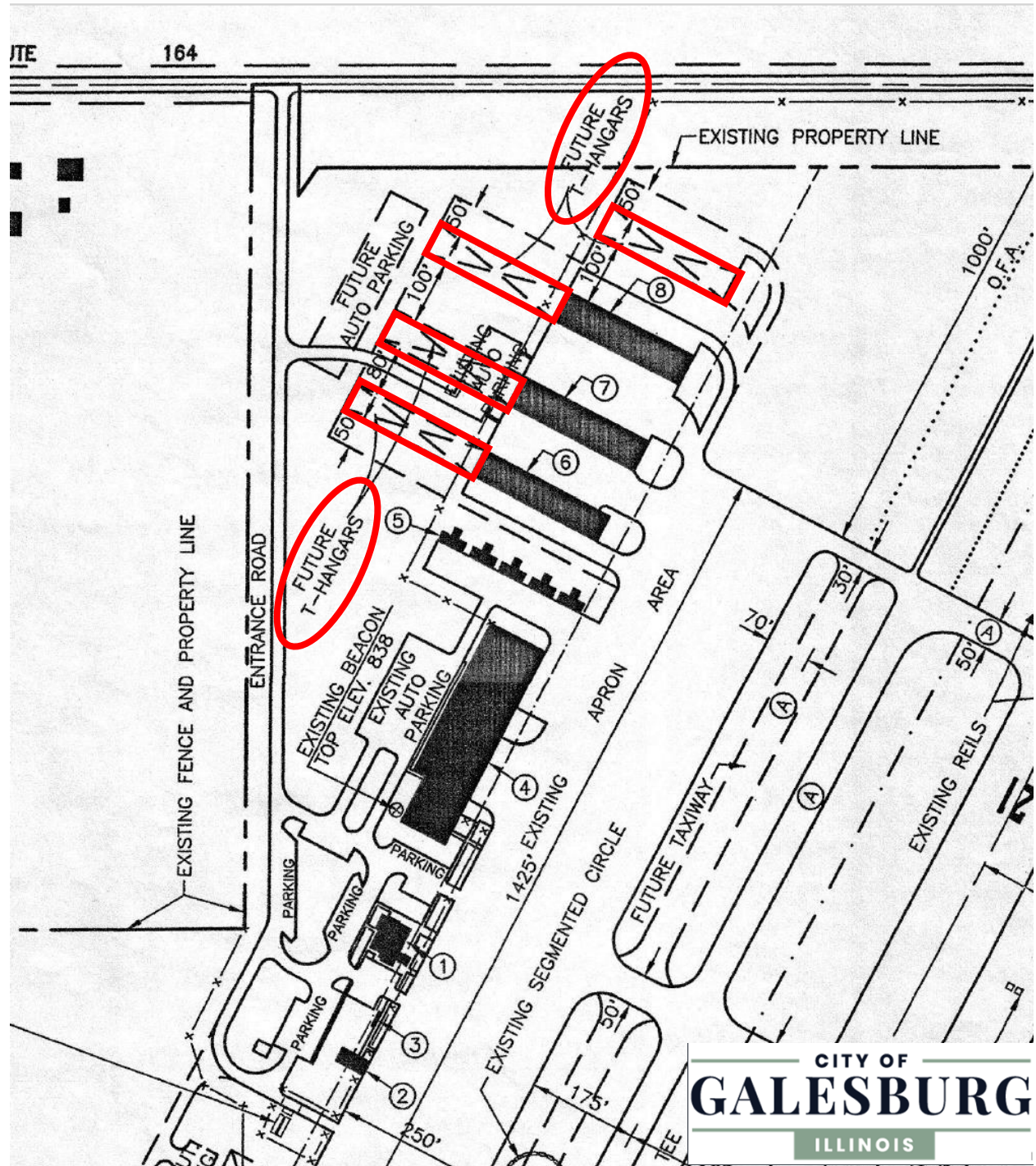
So it will be either Group II or Group III. It will probably depend on the aircraft access door height. As a Group III, it will be required to have a fire suppression system where hazardous operations are performed:

8.8.1.2 In addition to the requirement of 8.8.1.1, where hazardous operations, including fuel transfer, welding, torch cutting, torch soldering, doping, and spray painting, are performed in any Group III hanger, the Group III hanger shall be protected with the fire protection specified in Chapter 7 and shall also meet the requirements specified in 5.4.2.

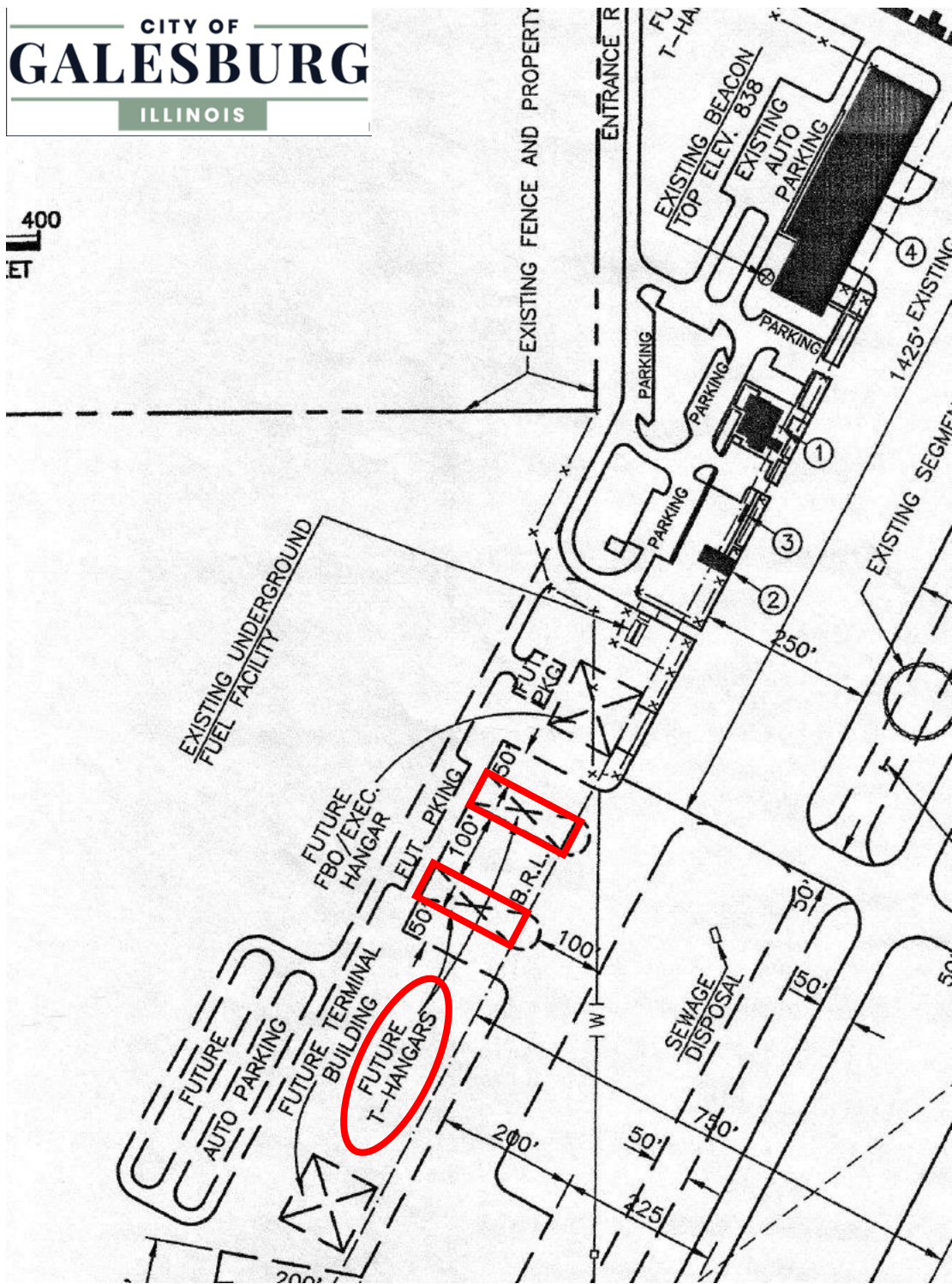
Potential Private Hangar Locations – Galesburg Airport



Potential Hangar Locations (Casler, Houser & Hutchison, Inc., 1996)



400
ET



(Recommended commercial only)
(Last update 10/2/2024)

**LAND LEASE AGREEMENT
Between**

CITY of GALESBURG

And

“John Doe”

THIS LAND LEASE AGREEMENT (“Lease”) is entered into as of this ____ day of _____, 2024 by and between City of Galesburg (“CITY”) and _____ (“LESSEE”).

Whereas, LESSEE desires to lease the land described on Exhibit “A” and Exhibit “B” attached hereto and made a part hereof, which is presently vacant and unimproved (the “Land”) and located at GALESBURG MUNICIPAL AIRPORT in Galesburg, Illinois (the “AIRPORT”);

Whereas, LESSEE desires to construct a hangar facility, as shown in Exhibit “C”; and

Whereas, CITY is willing to enter into such a Lease with LESSEE on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. **Demise**. CITY hereby leases to LESSEE, and LESSEE hereby accepts, the Land described in Exhibit “A” and shown in Exhibit “B” during the Term (as hereinafter defined) on the terms and conditions contained herein.

2. **Term**. The term of this Lease shall begin on _____, 2024 and shall continue for a period of forty (40) years (Airport Advisory Commission recommended sixty (60) year term at the 9/19/2024 regularly scheduled meeting) expiring on _____, 20xx. The LESSEE shall have the option to extend the lease for one (1) term of ten (10) years unless LESSEE advises the CITY it does not want to extend the Lease. Should LESSEE not want to extend the Lease, LESSEE must inform the CITY in writing no more than one (1) year, nor less than six (6) months prior to the expiration of the then current Lease term.

Should the LESSEE fail to begin construction of the building within twelve (12) months of the beginning of the Lease Term, this lease shall terminate with no penalty and the Land will revert to the CITY.

3. **Rent.** Commencing as the first day of the Lease Term, and throughout the remainder of the Term of this Lease, LESSEE shall pay upon commencement of the Lease Term and on or before January 1st of each successive year of the Lease Term to CITY annual ground rent, defined as the building footprint, at the rate of \$xx.xx (recoomended rate equal to smallest hangar monthly rent to cover items such as parking lot and road maintenance, mowing, parking lot lights and other related costs for the length of the Lease Term. After the initial forty (40) year (Airport Advisory Commission recommended sixty (60) year term at the 9/19/2024 regularly scheduled meeting) Term Lease, and any extensions, the building will become the property of the CITY.

4. **Improvements.** LESSEE shall, at its sole cost and expense, construct on the Land a hangar building used for storage of aircraft with related infrastructure improvements only in accordance with the plans and specifications prepared by an independent third party and otherwise only as approved in writing by CITY, which approval may be withheld in its reasonable discretion collectively (the Improvements"). If the CITY fails to approve the plans and specifications as submitted within twenty-one (21) days LESSEE shall have the option to immediately terminate this Lease.

LESSEE represents and warrants to CITY that the Improvements will be designed by a licensed architect or engineer in accordance with all applicable laws, codes, ordinances, rules and regulations. LESSEE shall cause the Improvements to be constructed in accordance with all applicable laws, codes, ordinances, rules and regulations.

LESSEE shall be solely responsible for obtaining, at its expense, any and all construction and building permits, and CITY shall cooperate with LESSEE with respect to such items. LESSEE shall be responsible for installation of utilities to the building and relocating any existing utilities that are in conflict with the proposed hangar. LESSEE shall also be responsible for construction of the required pavement in order to utilize the proposed hangar and connect to the existing T-Hangar pavement. The proposed pavement shall be concrete of the proper designed thickness with minimum thickness of 8 inches.

LESSEE shall comply with all federal, state, and local laws, rules and regulations in the construction of all Improvements. LESSEE shall indemnify and hold harmless the CITY, and all CITY elected or appointed officials, officers, employees, agents, representatives, engineers, consultants and attorneys (collectively, the "City Indemnified Parties", from any and all claims that may be asserted against the City Indemnified Parties or one or more of them, in direct connection with the non-compliance of any State, Local, or Federal law or administrative rule or regulation relating to the construction of Improvements. This obligation to indemnify and hold harmless obligates LESSEE to defend any such claim and/or actions, pay any liabilities and/or penalties imposed, and pay all defense costs of CITY, including but not limited to the reasonable attorney fees of CITY.

At the end of the Lease Term, when the CITY owns the building, all Improvements will be the responsibility of the CITY.

5. **Use.** LESSEE shall comply with all Rules and Regulations made and adopted by the CITY from time to time relating to its tenants at the airport, provided that any such future Rules and Regulations do not materially interfere with, or infringe upon, LESSEE's right's to use, possess and enjoy the Land and Improvements as otherwise provided herein. LESSEE may use the premises for any legal properly zoned purposes described in Exhibit "C."

LESSEE shall procure and maintain all licenses and permits legally necessary for the operation of LESSEE's business and send a copy of each said licenses and permits to CITY upon written request by CITY.

LESSEE shall be entitled to the non-exclusive use in common with CITY and other parties of automobile parking spaces at the Airport. Vehicles shall be parked only in designated parking areas.

6. **Ownership.** During the Term of this Lease, and any Lease extensions, the Improvements shall be the property of LESSEE, subject, however, to ownership of the Land by CITY. LESSEE shall have the right to the nonexclusive use of land, subject to the provisions of this Lease. Any other improvements installed on the Land, which are funded by federal, state or CITY funds, shall also be the property of CITY.

At the end of this Lease Term, and any Lease extensions, the Improvements becomes the property of the CITY. LESSEE will co-operate with the CITY in transferring ownership of the Improvements through a bill of sale.

7. **Taxes.** LESSEE shall pay, when due, all Taxes (as hereinafter defined) during the Term of this Lease. The term "Taxes" as used herein shall mean all real estate taxes and assessments, whether they be general or special (but not including income or franchise taxes or any other taxes imposed upon or measured by CITY's income or profits, except as provided herein), and utility taxes levied or assessed upon or with respect to any part of the Land and Improvements.

Should the State of Illinois, or any political subdivision thereof, or any other governmental authority having jurisdiction over any part of the Land or the Improvements: (a) impose a tax, assessment, charge or fee in place or partly in place of any Taxes, or by way of substitution for any of the foregoing described Taxes, all such taxes, assessments, charges or fees shall be deemed to constitute Taxes hereunder.

Notwithstanding the foregoing, Taxes shall not include any inheritance, estate, succession, transfer, gift or capital stock tax or franchise or net income tax applicable to businesses generally. LESSEE shall have the right to contest or appeal the Taxes in good faith and with due diligence, at its sole expense, at no expense to CITY and without any prejudice to CITY's rights, title or interest in the Land or the Improvements. If applicable,

at the end of the Term, Taxes shall be prorated as reasonable determined by CITY. LESSEE shall, at its expense, promptly pay all fees and licenses due in connection with the Land and Improvements.

8. **Sublease and Assignment.**

a) **CITY Consent Requirements** LESSEE shall not, without the prior written consent of City, which may be withheld at City's sole discretion, voluntarily or involuntarily assign, mortgage, encumber or hypothecate this Lease or any interest herein or sublet the Premises or any part thereof.

b) **Lease Assumption.** Sublessee Attornment. If LESSEE shall assign this Lease, the assignee shall expressly assume all of the obligations of LESSEE hereunder in a written instrument provided by CITY and delivered to CITY not later than ten (10) days prior to the effective date of the assignment. If LESSEE shall Lease any part of the Improvements or sublease any part of the Land, LESSEE shall obtain and furnish to CITY, not later than ten (10) days prior to the effective date of such Lease or sublease, as the case may be, and in form reasonably satisfactory to CITY, the written agreement of such LESSEE or Sublessee, as the case may be, to the effect that the LESSEE or Sublessee, as the case may be, shall attorn to CITY, at CITY's option and written request.

9. **Default.** LESSEE shall be in default under this Lease (Default") under the following circumstances:

a) Failure by LESSEE to pay any rent when due, if such failure continues for thirty (30) days after written notice to LESSEE of such failure; or

b) LESSEE fails to fulfill any other obligation hereunder and such failure continues for thirty (30) days after written notice thereof by CITY to LESSEE; or

c) Any lender of LESSEE shall have the right to cure any default of LESSEE hereunder as provided herein.

10. **Remedies.** In the event of a Default, CITY shall have the right to pursue any and all legal and equitable remedies against LESSEE available under applicable law without any additional notice to LESEE, except for termination of this Lease.

CITY shall have the right to terminate this Lease in the event of a Default if CITY gives LESSEE a second (2nd) written notice of such Default (the first written notice being the one given under Section 9 above) and LESSEE fails to cure such Default within an additional thirty (30) day period. LESSEE shall have no additional rights to cure its Default after the expiration of such additional thirty (30) day period.

In the event that LESSEE fails to cure such Default within such additional thirty (30) day period, CITY may exercise its right to terminate this Lease by giving a third (3rd) written notice to LESSEE at any time within ninety (90) days after the expiration of such

additional thirty (30) day period and such termination of this Lease shall be deemed effective immediately upon such third (3rd) written notice.

Upon such termination of this Lease, the Term shall be deemed expired, with the building becoming property of the CITY. CITY shall have ownership of, and all right, title and interest in and to, the Improvements and the Land free and clear of all security interests, mortgages, liens and encumbrances and LESSEE shall have no ownership of, or any other right, title or interest in or to, the Improvements or the Land. In the event of such termination of this Lease, CITY shall remain entitled to pursue any and all legal and equitable remedies against LESSEE available under applicable law.

11. **Interest and Late Charge.** Except as otherwise specifically provided in this Lease, all amounts owed by LESSEE to CITY pursuant to any provision of this Lease shall be paid by LESSEE within thirty (30) days after CITY's written demand, and all such amounts (including, without limitation, all rent) shall bear interest from the date due until paid at the annual rate equal to five (5) percentage points in excess of the rate of interest announced from time to time by F&M Bank, or its successor, as its "prime rate" or "corporate base rate," changing as and when such rates changes, unless a lesser rate shall then be the maximum rate permissible by law with respect thereto, in which event such lesser rate shall be charged.

In the event of a failure to pay rent when due hereunder and the continuation of such failure for thirty (30) days after written notice thereof from the CITY, LESSEE shall pay a late charge to CITY together with such payment of rent in an amount equal to five percent (5.00%) of the amount of the rent payment. Such late charge shall be in addition to the interest charge provided above any remedies of the CITY provided hereunder or under applicable law and shall not constitute liquidated damages.

12. **Maintenance and Repairs.** For the length of this Lease Term, and any Lease extensions, LESSEE shall keep and maintain all Improvements of any kind, which may be erected, installed or made thereon by LESSEE in good and substantial repair and condition, including the exterior condition thereof, and shall make all necessary repairs and alterations thereto. LESSEE shall assume all responsibility for the installation and maintenance of any fuel or oil (or any other material deemed hazardous by the Environmental Protection Agency) storage facility on the airport that is for the sole use of the LESSEE. Maintenance includes, but is not limited to, any and all environmental clean-ups of the site and/or removal of the facility. LESSEE agrees to hold harmless from any responsibility or expense, the CITY for any maintenance of the facilities during the Lease (except as provided in Section 35). LESSEE shall provide proper containers for trash and garbage and shall keep the Land free and clear of rubbish, debris and litter at all times. LESSEE shall also maintain all aprons, ramps and taxiways that are constructed by LESSEE and are for the exclusive use of LESSEE, its sublessees, guest and invitees. LESSEE shall keep mowed and in a sightly condition all landscaping and grass areas within the leased Land. LESSEE shall be responsible for payment of all electric, telephone, water, natural gas and other public utility services used on the Land during the Lease.

13. **Surrender.** Upon the cancellation or termination of this Lease or any extension or renewal thereof for any reason, LESSEE shall transfer ownership of building to the CITY. LESSEE shall also remove all trash and debris from the Land.

14. **Holding Over.** If LESSEE retains possession of the Improvements or any part thereof after the termination of the Lease by lapse of time or otherwise or after the earlier termination of LESSEE's right of possession, LESSEE shall be deemed to be a tenant at sufferance, LESSEE shall pay CITY rent of \$.30 per square foot per month of the Improvements for each portion of any month during which LESSEE shall retain possession of the Improvements or any portion thereof after such termination.

In addition to and without limiting any other rights and remedies which CITY may have on account of such holding over by LESSEE, LESSEE shall pay to CITY all direct damages suffered by CITY on account of such holding over by LESSEE. The provisions of this Section 14 shall not be deemed to limit or constitute a waiver of the right of CITY to evict LESSEE as provided herein or at law.

15. **Insurance.**

a) LESSEE's Insurance. LESSEE shall carry insurance during the entire Lease Term (and prior thereto, to the extent hereinafter provided), and any Lease extensions, insuring LESSEE and CITY as additional named insured. LESSEE shall maintain the following coverages in the following amounts, provided that any changes required by CITY in the following coverages or amounts shall be consistent with the coverages and/or amounts of insurance required of LESSEES of other similar Improvements in Galesburg, Illinois. Said insurance shall be with a company or companies satisfactory to CITY and shall include CITY's officers, agents, employees, invitees, licensees, from loss on account of each and every claim or demand arising out of alleged wrongful or negligent acts or omissions on the part of LESSEE, its agents, employees, invitees, contractors, or licensees.

b) During the Lease Term, and any Lease extensions, and at any time prior to the Lease Term when LESSEE is causing any work to be done on the building, public liability insurance with the broad form comprehensive liability endorsement, and comprehensive automobile liability insurance covering all owned, non-owned and hired automobiles of LESSEE, including the loading and unloading of any automobile, each in an amount not less than Three Million Dollars (\$3,000,000) combined single limit per occurrence;

LESSEE shall, prior to the commencement of the Lease Term and from time-to-time during the Lease Term (and in the case of the aforesaid public liability insurance and "all risk" physical damage insurance, prior to commencement of construction of the subject work), and any Lease extensions, furnish the CITY, copies of policies or certificates evidencing the foregoing insurance coverages.

c) CITY's Insurance. CITY shall not be required to maintain any insurance with respect to the Land or the Improvements hereunder.

16. **Waiver and Indemnity.**

a) LESSEE agrees for itself, its successors and assigns, to defend and indemnify and save the City and its officers and employees harmless against claims by or on behalf of any person, firm or corporation arising from the conduct or management of, or from any work or thing done on the Improvements and against and from all claims arising from (i) any condition of the Improvements (ii) any breach or default on the part of the LESSEE or its successors and assigns in the performance of any of its obligations under this Agreement (iii) any act of negligence of any assignee or lessee of the LESSEE, or any agents, contractors, servants, employees or licensees (iv) any act of negligence of any assignee or lessee of the LESSEE, or of any agents, contractors, servants, employees or licensees of any assignee or lessee of the LESSEE, or (v) any performance by the CITY of any act required under this Agreement or requested by the LESSEE or its successors and assigns other than negligent or willful misconduct of the City. The LESSEE agrees to defend, indemnify and save the CITY harmless from and against all costs and expenses incurred in or in connection with any such claim arising as foresaid or in connection with any action or proceeding brought thereon. In case any such claim is made or action brought based upon any such claim in respect of which indemnity may be sought against the LESSEE, upon receipt of notice in writing from the CITY setting forth the particulars of such claim or action, the LESSEE shall assume the defense thereof including the employment of counsel and the payment of all costs and expenses. The CITY shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall be at the expense of the CITY unless the employment of such counsel has been specifically authorized by the LESSEE.

LESSEE acknowledges and agrees that the terms and conditions of this Lease are fair and reasonable, that this Lease represents an arm's length transaction between CITY and LESSEE, that CITY has not favored LESSEE over other tenants of Galesburg Municipal Airport and that LESSEE has been represented by competent legal counsel in connection with this Lease. LESSEE hereby waives and forever releases and discharges CITY from and against any and all of its claims, actions, liabilities, damages, losses and expenses arising or accruing prior to the date hereof with respect to this Lease.

17. **Damage and Destruction.** In the event that the Land or the Improvements are damaged or destroyed by fire or other casualty, LESSEE shall, in its sole discretion, at its sole expense, either:

a) promptly repair, restore and rebuild the Land and the Improvements to their original condition, except for modifications required to comply with the applicable laws, codes and ordinances then in effect, as shall be reasonably determined by CITY or

b) Terminate this Lease. The Term shall be deemed expired and CITY shall have ownership of, and all right, title and interest in and to the Land free and clear of all security interests, mortgages, liens and encumbrances and LESSEE shall have no ownership of, or any other right, title or interest in or to the Land.

18 **Subordination.** This Lease is subject to all applicable State and Federal laws as well as all articles and conditions of grant agreements entered into between the CITY and the Federal Aviation Administration and the Division of Aeronautics, Department of Transportation of the State of Illinois and nothing contained herein shall be construed to prevent the CITY from making such further commitments as it desires to make to the Federal Government or to the State of Illinois so as to qualify for further expenditure of federal and/or state funds at the Galesburg Municipal Airport, provided that any such further commitments do not materially interfere with, or infringe upon, LESSEE's right's to use, possess and enjoy the Land and Improvements as otherwise provided herein. This Lease shall also be subject and subordinate to all ordinances of the CITY and the Rules and Regulations of the Galesburg Municipal Airport as the same may be in effect and amended from time to time, provided that any such future amendments do not materially interfere with, or infringe upon, LESSEE's right's to use, possess and enjoy the Land and Improvements as otherwise provided herein.

19. **Miscellaneous.**

a) Condemnation. In accordance with the statutes of the State of Illinois relative to eminent domain, the CITY shall have the power to condemn this leasehold, or any portion thereof, even though the CITY is, itself, a party hereto.

b) Nondiscrimination. The LESSEE for itself, its personal representatives, successors in interest and assigns, as part of the consideration hereof, does hereby covenant and agree that:

For all aeronautical leases involving service to the public; each lease must be in conformance with Section 47107 of Title 49, USC, Subtitle VII, as amended, as follows:

"It is hereby agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right prohibited by Section 47107 of Title 49, USC, Subtitle VII, as amended, and the lessor reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature."

All leases involving services to the public must contain the assurances required by Title VI of the Civil Rights Act of 1964, and by Part 21 of the regulations of the Office of the Secretary of Transportation, as follows:

"The LESSEE for themselves, their personal representatives, successors in interest and assigns, as part of the consideration hereof, does hereby covenant and agree that:

1) no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination in the

use of said facilities; 2) in the construction of any improvements on, over or under such land and the furnishing of services thereon, no person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of or otherwise be subjected to discrimination; 3) the LESSEE shall use the premises in compliance with all the other requirements imposed by Title 49, Code of Federal Regulations, Department of Transportation, Subtitle A, Office of the Secretary, Part 21, nondiscrimination in Federally-assisted programs of the Department of Transportation Effectuation of Title VI of the Civil Rights Act of 1964, as amended."

c) **Disclaimer of Exclusive Airport Use.** This Lease shall in no way convey the exclusive use of any part of the Airport, except with respect to the Land and the Improvements as described herein and shall not be construed as providing any special privilege for any public portion of the Airport. CITY reserved the rights to Lease to other parties any portion of the Airport not described herein for any purpose deemed suitable for the Airport by CITY.

d) **Lights.** LESSEE shall not post, install, erect or operate any light on any part of the Land and the Improvements without the express written consent of CITY in CITY's absolute discretion. Such lighting shall not be confusing, blinding or inhibiting to aircraft landing at the Airport as determined by the FAA and CITY in their sole discretion. If after installing such lighting, either the FAA or CITY determines that such lights are confusing, blinding or inhibiting to aircraft landing at the Airport, then LESSEE shall take such actions as are necessary to correct such problem, including redesigning, replacing or removing of such lighting, at LESSEE's sole cost.

e) **Covenant Not to Erect.** LESSEE shall not hereafter cause or permit the erection or location of any structure or object upon the Land and the Improvements to a height, which would penetrate the imaginary surfaces, described in 14CFR Part 77 of the Federal Aviation Regulations.

f) **Grant of Easement and Rights to Public.** LESSEE further grants unto CITY, its successors, and assigns, for the benefit of the general public at large, an easement and a continuing right of way for the free and unobstructed passage of aircraft, by whomsoever owned or operated, in and through the air space over and across the Land and the Improvements.

g) **Covenant to Prevent Electronic Interference.** LESSEE shall not hereafter use or permit or suffer use of the Land and the Improvements in such manner as to create electrical or electronic interference with radio transmission and reception between radio-communications and air-navigation installations on or in the Airport and aircraft, or as to make it difficult for flyers to distinguish between Airport lights and others, or as to result in the glare in the eyes of flyers using the Airport, or as to impair the visibility in the vicinity or the Airport (e.g., by discharge of particular matter), or as otherwise to endanger and landing, takeoff or maneuvering of aircraft.

h) Aerial Approach. CITY reserves the right to take any action it considers necessary to protect the aerial approaches of the Airport against obstruction, together with the right to prevent the LESSEE from erecting or permitting to be erected any building or other structure on the Land which, in the opinion of the FAA, would limit the usefulness of the Airport or constitute a hazard to aircraft.

i) Airport Rules. Regulations and Standards. LESSEE agrees not to operate in any manner that would interfere with the operation of the Airport and to comply with and by subject to each of the following:

i) The Airport Rules and Regulations adopted by the Galesburg City Council, which are now in effect or adopted in the future and which may be reasonably amended from time to time regarding the management, use and operation of the Airport, provided that any such Rules and Regulations adopted in the future do not materially interfere with, or infringe upon, LESSEE's right's to use, possess and enjoy the Land and Improvements as otherwise provided herein.

ii) The minimum requirements for land, buildings, facilities and parking which are now in effect and which may be reasonably adopted by CITY from time to time for the types of operations conducted on the Land and the Improvements, provided that any such requirements adopted in the future do not materially interfere with, or infringe upon, LESSEE's right's to use, possess and enjoy the Land and Improvements as otherwise provided herein.

iii) All ordinances, rules, regulations and executive and administrative orders and directives, promulgated by CITY, or by any authorized federal, state or local government agency or official which relate to abatement, control or regulation of noise emissions by aircraft using the Airport, as such apply to aircraft owned by, operated by, under the control of and/or doing business with LESSEE.

iv) The airport minimum standards for commercial operations. Provided that any such standards do not violate the FAA policy on exclusive rights, and that any such standards adopted in the future do not materially interfere with, or infringe upon, LESSEE's right's to use, possess and enjoy the Land and Improvements as otherwise provided herein.

20. **Governmental Interference**. Notwithstanding anything to the contrary in this Lease, in the event that any future law, rule, regulation or other governmental requirement which is beyond the control of CITY materially interfere with LESSEE's right's to use, possess and enjoy the Land and Improvements as provided herein, then LESSEE shall have the right to terminate this Lease. If Lease is terminated, Land and Improvements become property of the CITY.

21. **Binding on Successors**. This Lease shall be binding on and inure to the benefit of the lawful assigns, the successors, heirs, legatees and personal representatives of the respective parties.

22. **Severability**. It is the intention of both of the parties hereto that the provisions of this Lease shall be severable in respect to a declaration of invalidity of any provision hereof. If any provision hereof is declared invalid, then this Lease shall be construed by the parties to provide for the intent of such provision in a form, which shall be valid.

23. **Waiver of Terms**. The waiver by the CITY of any breach of the terms, covenants or conditions herein shall not be deemed a waiver of any subsequent breach.

24. **Recording**. This Lease may be recorded with the Recorder of Deeds of Knox County by CITY or LESSEE.

25. **Survival**. Without limitation on any other obligations of LESSEE or CITY, which shall survive the expiration or termination of this Lease, the parties' respective obligations to indemnify, defend and hold harmless the other party and others pursuant to any provisions of this Lease shall survive the expiration or termination of this Lease.

26. **Cumulative Remedies: Illinois Law**. The rights and remedies of CITY under this Lease are cumulative and none shall exclude any other rights or remedies allowed by law or equity. This Lease is declared to be an Illinois contract, and all of its terms shall be construed according to the internal laws of the State of Illinois.

27. **Venue**. Any litigation related to the terms of this Agreement shall be conducted in the Ninth Judicial Circuit, Knox County, Illinois, which shall be the only appropriate forum for the resolution of disputes hereunder.

28. **Relationship**. CITY and LESSEE disclaim any intention to create a joint venture, partnership, agency or lender/borrower relationship.

29. **Estoppel Certificate**. LESSEE agrees that from time to time upon not less than ten (10) days' prior written request by CITY, and LESSEE agrees to use commercially reasonable efforts to cause any Sublessee, licensee, concessionaire or other occupant of the Land and the Improvements claiming by, through or under LESSEE, to compete, execute and deliver to CITY or CITY's designee a written Estoppel certificate certifying (a) that this Lease is unmodified and is in full force and effect (or if there have been modification, that this Lease, as modified, is in full force and effect and setting forth the modification); (b) the amounts of this monthly installments of Rent then required to be paid under this Lease; (c) the date to which Rent has been paid; (d) that to the best of LESSEE's knowledge, CITY is not in default under any of the provision of this Lease, or if in default, the nature thereof in detail and what is required to cure same; and € such other information concerning the status of this Lease or the parties' performance hereunder reasonably requested by CITY or the party to whom such Estoppel certificate is to be addressed.

30. **LESSEE Authorization**. LESSEE represents and warrants that this Lease has been duly authorized, executed and delivered by and on behalf of LESSEE and

constitutes the valid and binding agreement of LESSEE in accordance with the terms hereof.

31. **Covenant of Quiet Enjoyment.** LESSEE's quiet and peaceful enjoyment of the Land and the Improvements shall not be disturbed or interfered with by CITY during the Term as long as LESSEE is not in default hereunder, subject to the use of the Airport as permitted by applicable law and CITY's other rights hereunder and under applicable law.

32. **Storage of Damaged Aircraft.** No damaged aircraft shall be stored in view of the general public.

33. **Lessee's Personnel.** All personnel employed by LESSEE on the Land shall be schooled, trained and competent for their assigned duties and shall be of good moral character.

34. **Utility Lines, Roads.** CITY shall, at no cost to the LESSEE, maintain the utility lines to the described Land, including water, sanitary sewer lines, electric and natural gas.

CITY shall also maintain at no cost to LESSEE the roads to the described Land. The maintenance an/or installation of all utilities and roadway upon the described Land is the responsibility of the LESSEE.

35. **Notices.** All notices, waivers, demands, requests or other communications required or permitted hereunder shall, unless otherwise expressly provided, be in writing and be deemed to have been properly given, served and received (a) if delivered by messenger, when delivered, (b) if mailed, on the fifth (5th) business day after deposit in the United States Mail, certified or registered, postage prepaid, return receipt requested, (c) if delivered by reputable overnight express courier, freight prepaid, the next business day after delivered to such courier, or (d) hand delivered, in every case addressed to the party to be notified as follows:

If to CITY:

City of Galesburg Mayor
City of Galesburg
P.O. Box 1387
Galesburg, IL 61402

If to LESSEE

XXXX
XXXX
XXXX
XXXX

With a copy to LESSEE's lender, if the name and address of such lender have been previously furnished to CITY in writing in the manner require hereunder; or to such other address(es) or addressee(s) as any party entitled to receive notice hereunder shall designate to the others in the manner provided herein for the service of notices. Rejection, refusal to accept or inability to deliver because of changed address or because no notice of changed address was given, shall be deemed receipt.

IN WITNESS WHEREOF, the parties hereto have executed this *Lease* and caused their respective seals to be affixed and attested thereto as of the date first written above in this *Lease*.

CITY OF GALESBURG, ILLINOIS
A Municipal Corporation

LESSEE: XXXXX

By: _____
Peter Schwartzman, Mayor

By: _____
President

Attest:

Kelli R. Bennewitz, City Clerk

Attest:

Secretary

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EXHIBIT "A"
LAND DESCRIPTION

The land identified in this lease is located at the Galesburg Municipal Airport located at _____, Galesburg, IL 61401.

The center of the land is at _____. The land is _____ of the main large hangars and _____ of the boxed row of hangars identified as Hangars _____.

The dimension of land in this lease is no more than _____.

The hangar in this lease will be built over some existing concrete apron and grass.

EXHIBIT "B"
DIAGRAM OF THE LAND

<<<SITE MAP>>>

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EXHIBIT "C"
DESCRIPTION OF IMPROVEMENTS

<<DESCRIPTION OF IMPROVEMENTS>>

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