

## LEASE AGREEMENT

THIS LEASE AGREEMENT is made this \_\_\_\_ day of \_\_\_\_\_, 2025, between the Sioux Falls Regional Airport Authority, (hereinafter referred to as “Lessor”), and William Fry & Cody Miller, with its principle address at 5515 E. Eastbridge Place, Sioux Falls, SD 57110 (hereinafter referred to as “Lessee”).

### WITNESSETH

WHEREAS, Lessor is the governmental entity that owns and operates Joe Foss Field (the “Airport”) in Sioux Falls, South Dakota; and

WHEREAS, Lessor wishes to lease to Lessee that certain parcel of land described herein, together with certain privileges, rights, and uses as set forth herein; and

WHEREAS, Lessee wishes to lease from Lessor that certain parcel of land described herein, together with certain privileges, rights and uses as set forth herein;

NOW THEREFORE, it is agreed as follows:

### ARTICLE I

#### PREMISES AND PRIVILEGES

Lessee hereby rents and hires from Lessor certain real property (hereinafter called “Leased Premises”), together with the attendant privileges and uses hereinafter set forth, located on the Airport.

A. DESCRIPTION OF LEASED PREMISES. The Leased Premises are described on Exhibit “A” which is attached hereto and incorporated herein by this reference. The Leased Premises consists of one parcel totaling 11,370 square feet (the “Leased Premises”) with an existing hangar (the “Hangar Premises.” Occasionally the Leased Premises and/or Hangar Premises are referred to herein as the “Improvements.”) The Improvements shall owned by Lessee, subject to the terms hereof.

B. RIGHT OF INGRESS AND EGRESS. Lessor hereby grants to Lessee a limited right of ingress to and egress from the Leased Premises over and across the Airport taxiways and roads (the “Public Airport Facilities”). The right of ingress and egress is subject to all present and/or future laws, statutes, ordinances, rules and regulations that have application at the Airport.

C. CONDITIONS OF GRANTING LEASE. This Lease is subject to the following restrictions:

(1) The Lessee's use of the Public Airport Facilities is in common with all other airport users and may be exercised subject to and in accordance with all current and future laws of the United States of America, the state of South Dakota, the ordinances of the City of Sioux Falls, the rules and regulations promulgated by the foregoing, and all applicable rules, regulations and ordinances of Lessor.

(2) The Leased Premises may be used solely for the operation of Lessee's, its affiliates' and third parties' private airplane storage. Lessee may not engage in any other commercial activity on the Leased Premises or the Airport, unless first authorized by the Federal Aviation Administration and Lessor. Lessor's approval must be in writing.

(3) Lessee may not build or construct on the Leased Premises a fuel farm or fuel storage facility. Aircraft fueling within the hangar located upon the Leased Premises is expressly prohibited.

(4) Lessee may not conduct on the Leased Premises aviation maintenance, flight instruction, aircraft management services, or aircraft sales, in any aircraft other than aircraft owned, leased, and used by Lessee, its affiliates, or principal owner. Further, all such aircraft must be hangered within such Leased Premises.

Compliance with this paragraph C is a condition precedent to Tenant's continued lease, use and occupancy of the Leased Premises. Violation of any of the provisions of this paragraph C is grounds for Lessor's cancellation of this Lease as set forth in Articles VII and VIII.

## ARTICLE II

### OBLIGATIONS OF LESSOR

A. QUIET POSSESSION. Lessor warrants it has full right and authority to enter into this Lease, and Lessee will have peaceful possession and quiet enjoyment of the Leased Premises during the term hereof, upon performance of Lessee's obligations as provided herein.

B. OPERATION AS PUBLIC AIRPORT. Lessor warrants during the term hereof it will operate and maintain the Airport as a public airport consistent with and pursuant to the Sponsor's Assurances given by Lessor to the United States Government under the Federal

Airport Act of 1946, codified under 49 U.S.C. § 47101, et seq., as it has been or may be amended from time to time (the “Federal Airport Act”).

C. ACCESS. Except as set forth in Article III Section K, and Article IV, Section B, Lessor warrants, during the term hereof, Lessor will provide to Lessee unrestricted access to the Leased Premises across the Public Airport Facilities.

D. LESSOR’S SNOW/ICE REMOVAL. Lessor will be responsible for snow and ice removal on the Public Airport Facilities.

E. UTILITIES. Lessor will deliver to Lessee, at the locations identified in Exhibit B, the internet, electric, gas, water, sanitary sewer, and storm sewer services (the “Utility Services Locations”).

F. LEASE AREA IMPROVEMENTS. Lessee will, at its cost and expense, construct and maintain the apron and ramp pavement from the Improvements to the adjoining taxi-lane.

### ARTICLE III

#### OBLIGATIONS OF LESSEE

A. NET LEASE. Lessee must, at its sole cost and expense, construct a hangar on the Leased Premises, and during the term of this Lease, keep, maintain, and repair the hangar and the Leased Premises and all other improvements and facilities placed thereon. Lessee must pay when due all real property taxes, charges and assessments imposed on the Leased Premises, and/or the improvements constructed thereon.

B. USE OF PREMISES. Lessee may use the Leased Premises for the construction of an airplane hangar and related aprons and taxiways, and once the hangar is constructed, for the inside parking and storage of its, its affiliates’ and third parties’ aircraft, and the storage of tools, parts, supplies, and materials associated therewith in compliance with Federal, State and local regulations associated with fire codes and environmental laws. No aircraft may be stored, tied down, or kept on the Leased Premises, except inside the hangar to be constructed thereon or on Lessee’s apron area(s).

C. CONDITION OF PREMISES. Lessee warrants it has inspected the Leased Premises to the extent it deems appropriate and necessary, reviewed the statutes and ordinances

governing use of the Leased Premises and the Airport, and accepts the Leased Premises in its present condition, as is, where is, and with all faults.

D.     **RIGHT TO IMPROVE.** Lessee will promptly undertake, at its sole expense, the construction of a hangar and apron on the Leased Premises. All plans and specifications for improvements, including landscaping and drainage, must be submitted to Lessor for approval prior to the commencement of construction. No construction may be undertaken until Lessor approves, in writing, the plans and specifications, which approval may not be unreasonably withheld, and Lessee has obtained all approvals required by the City of Sioux Falls, including a building permit issued by the City of Sioux Falls Building Services Department. All construction must be accomplished in accordance with the approved plans and specifications. Once undertaken, construction must be completed promptly, without interruption or delay. During the period of hangar construction, Lessee's contractor and material suppliers will be afforded to the Leased Premises reasonable access, but only on such Public Airport Facilities as approved by Lessor, in strict compliance with the terms of this Lease and any further reasonable conditions imposed by Lessor.

E.     **MAINTENANCE.** Lessee must, at its sole cost and expense, maintain the Leased Premises and the building, improvements and appurtenances thereto in good and presentable condition, consistent with good business practice and equal in appearance and character to other similar improvements on the Airport. Lessee must promptly repair all damages to the Leased Premises, drainage installations, paving, curbs, islands, buildings, and improvements thereon.

Lessor, in its reasonable discretion, will be the sole judge of the quality of maintenance. On Lessor's written notice to Lessee, Lessee will promptly perform all reasonable maintenance Lessor deems necessary. If said maintenance is not undertaken by Lessee within a reasonable time after the receipt of written notice, Lessor will have the right to enter the Leased Premises and perform the necessary maintenance, the cost of which will be borne by Lessee.

Lessee will be responsible for snow and ice removal on the Leased Premises. Lessor will not have any obligation to remove snow and ice from the aprons or taxiways constructed by Lessee on the Leased Premises.

F.     **UTILITIES.** Lessee must assume and pay for all costs and charges for utility services furnished to Lessee during the term hereof. Lessee may connect to the storm and

sanitary sewers, water and utility services on the Airport, but must pay any connection charges imposed by the utility owner. Lessee will be responsible for all costs and charges for bringing to the Leased Premises the utility services from the Utility Services Locations. Lessor grants to Lessee an easement under the Public Airport Facilities to construct, maintain, repair and replace the utility services from the Utility Services Locations to the Leased Premises.

G. TRASH AND GARBAGE. Lessee must arrange for appropriate and adequate sanitary handling and disposal of all trash, garbage and other refuse generated by its use of the Leased Premises. Lessee must provide and use suitable covered metal receptacles for all garbage, trash and refuse. Outside storage on the Leased Premises of boxes, cartons, barrels, machinery, equipment or other similar items is prohibited.

H. SIGNS. Lessee may not post on the Leased Premises any billboards or advertising signs. Lessee may maintain a sign bearing its name on the outside of the hangar it constructs on the Leased Premises, the size, location and design of which will be subject to the prior written approval of Lessor.

I. FIELD USE CHARGES. Nothing herein may be deemed to relieve Lessee and its tenants, employees, patrons, and subleasees from field use charges, including fuel flowage fees, as are levied generally by Lessor upon all similarly situated lessees, tenants, employees, patrons and sublessees.

J. ENVIRONMENTAL MATTERS.

(1) As terms used in this paragraph, "Environmental Laws" means any and all federal, state and local laws, regulations, ordinances, codes, standards or criteria, orders or decrees of any jurisdiction where the Leased Premises is located pertaining to the pollution of or protection of the environment including, but not limited to, those related to the air, water, noise, odor, pesticide, land, soil, petroleum hydrocarbons, hazardous and toxic substances, and solid wastes, and the storage, production, transportation or disposal of any regulated substance. "Regulated Substance" is defined as a toxic, radioactive or hazardous substance or waste, pollutant or contaminant including, but not limited to, the following: asbestos, urea formaldehyde; the group of organic compounds known as polychlorinated biphenyls; petroleum products including gasoline, fuel oil, crude oil and the various constituents of such products; and any substance or material whose

generation, storage, treatment, handling, release or disposal is regulated by Environmental Laws.

(2) Lessee may not undertake or permit to be undertaken on the Leased Premises any activity that requires a permit under, or constitutes a violation of, any Environmental Laws.

(3) Lessee will indemnify Lessor against, and hold Lessor harmless from, any costs, charges, claims, actions, and causes of action, including environmental investigation expenses, remediation expenses, clean-up costs, attorneys' fees and consequential damages resulting from or as a consequence of the violation of Environmental Laws in conjunction with its use and/or occupancy of the Leased Premises.

K. RIGHT TO INVESTIGATE ENVIRONMENTAL MATTERS. In addition to Lessor's right to inspect the Leased Premises as set forth in Article III Subparagraph N. (Right to Inspection), Lessor has the right, but not the obligation or duty, anytime from and after the date of this Lease, to investigate, study and test the Leased Premises (at Lessor's own expense, unless otherwise provided herein), and without unreasonably interfering with Tenant's operation or use of the Lease Premises, during normal business hours, except under emergency circumstances, to determine whether any Regulated Substance(s) are located in, on or under the Leased Premises and Airport, or were emitted or released therefrom, which are not kept or stored in compliance with Environmental Laws. Upon the reasonable request of Lessor, Lessee shall provide a list of any and all Regulated Substances used in, on or under the Leased Premises and Airport by Lessee, certified as true and correct, and specifying how such Regulated Substances are used, stored, treated, or disposed.

L. SECURITY. Lessee and its invitees will abide by all federal and state laws and regulations, including regulations of and directives by the Transportation Security Administration, dealing with or pertaining to airport and/or national security, even if the same limit or prevent Lessee from using the Leased Premises. Lessee will hold Lessor harmless from any claims, including attorneys' fees, fines or penalties assessed by TSA or other governmental authorities for violations of security or other regulations arising or resulting from, or caused by, its use and/or occupancy of the Leased Premises or any other part or portion of the Airport.

M. INSIDE FUELING. Fueling of aircraft is prohibited inside a building or hangar.

N. RIGHT OF INSPECTION. Lessee will supply Lessor with a set of keys and security system access codes, if any, to the hangar constructed on the Leased Premises. Lessor will have the right to enter the Leased Premises and any improvements constructed thereon to inspect the property for compliance with the terms of this Lease. Said inspection will be on reasonable advance notice to Lessee. In the case of an emergency, or if Airport security requirements dictate, Lessor may enter the Leased Premises and the improvements thereon without advance notice, but will be responsible to Lessee for any damages to Lessee's property resulting therefrom.

#### ARTICLE IV

##### TERM OF LEASEHOLD

A. TERM. The term of this Lease will be for a period of thirty (30) years commencing on the 1st day of October, 2025, and ending on the 30th day of September, 2055, (the "Term").

B. LESSOR'S RIGHT TO PURCHASE, LESSEE'S RENEWAL, & RIGHT OF FIRST REFUSAL.

(1) LESSOR'S RIGHT TO PURCHASE. Six (6) months prior to the expiration of the initial Term, Lessor shall inform Lessee in writing whether Lessor will purchase the Improvements from Lessee. In the event Lessor intends to purchase the Improvements, the parties hereto shall utilize the process and valuation methodology of Article VIII Section B(1) herein.

(2) LESSEE'S RENEWAL. In the event Lessor does not purchase the Improvements at the conclusion of the initial Term, and provided that Lessee is not in default of this Lease, Lessor shall inform Lessee of the proposed rent, terms and conditions for renewal of this lease ("Renewal Lease") for a period of ten additional (10) years, provided the conditions listed below have been met:

a. Lessee has not defaulted in payment of rents or in material performance of the requirements of this Lease more than two (2) times in the prior twenty-four (24) months.

- b. Lessee is not then in default;
  - c. Lessor has had reasonable opportunity to conduct an inspection of the Leased Premises, and an environmental investigation, pursuant to Article III Subparagraph M (Right of Inspection) and Article III Subparagraph K (Right to Investigate Environmental Matters);
  - d. Lessee is otherwise in compliance with Lessor's rules, regulations, and policies; and
  - e. Lessor has not determined that it requires the Leased Premises, before the end of the Renewal Lease, pursuant to Lessor's then extant long range plan.
- Lessor and Lessee shall negotiate in good faith to make necessary changes to this Lease to provide for Lessor's then extant standard terms and conditions, including adjustments to rents.

If Lessee does not renew the Lease Agreement, Lessor may, subject to Lessee's rights pursuant to Article IX Subparagraph (1) (Fixed Improvements) herein, offer to lease the Leased Premises to another lessee at substantially the same rent on the same terms and conditions as offered to Lessee; provided, however, that if Lessor materially alters the terms of its offer to lease the Premises to make such offer more favorable to a potential lessee, Lessor shall first offer Lessee the opportunity to lease the Leased Premises at the more favorable terms, in which case Lessee shall notify Lessor within twenty-one (21) days after it receives notice of the proposed rent, terms and conditions whether or not Lessee elects to renew the Lease Agreement at the specified rent, terms and conditions.

C. LESSOR'S RIGHT OF FIRST REFUSAL. Subject to Lessee's option in the last paragraph of Article IV Subsection B, if at any time during the Term and any Renewal Lease the Lessee proposes to sell, exchange, or otherwise dispose of the Hangar Improvements to any unaffiliated person or entity, (the "Proposed Transaction") Lessee shall provide notice of same to Lessor and Lessor shall have Sixty (60) days to purchase the Hangar Improvements under the terms and conditions set forth in the Proposed Transaction.

D. NATIONAL EMERGENCY. In the event the Lessee's rights and privileges hereunder are suspended by reason of war or other national emergency, the term of this Lease



will be extended by a term equal to the period of such suspension. During the period of any such suspension, the rent will abate.

## ARTICLE V

### RENTALS

A. GROUND RENT. For the gross land area of this Lease shown on Exhibit A, containing 11,370 square feet per Article 1, Paragraph A, Lessee will pay to Lessor a ground rental of \$0.40 per square foot per annum, or an annual ground rental of Four Thousand, Five hundred and Forty-eight Dollars (\$4,548.00) The ground rental will be payable annually in advance on the first day of each lease year during the term of the Lease.

B. ANNUAL READJUSTMENT OF RENT. The rent will be adjusted annually, effective January first of each year. When the information becomes available, Lessor will calculate the percentage of the previous year's increase or decrease in the Consumer Price Index for All Urban Consumers (CPI-U) published by the Bureau of Labor Statistics of the United States Department of Labor, or if such index is no longer published a similar index selected by Lessor. The then prevailing rent will be adjusted by applying the percentage to the prevailing rent, and adding or subtracting, accordingly. Lessor will advise tenant of the new rental amount. If the rent increased, Lessee will promptly pay the sum due. If the rent decreased, Lessor will credit Lessee's upcoming rental obligations.

## ARTICLE VI

### INSURANCE AND INDEMNIFICATION

A. INDEMNIFICATION. It is expressly understood and agreed Lessee is an independent contractor responsible to all persons for its negligent acts or omissions, and Lessor will not be responsible therefore. Lessee will defend, indemnify and save harmless Lessor from any and all losses, claims, actions, and causes of action in the form of bodily injury to or death of persons and damage to property arising from the negligent acts and omissions of Lessee and Lessee's officers, directors, and employees. Lessor will defend, indemnify and save harmless Lessee from any and all losses, claims, actions, and causes of action in the form of bodily injury

to or death of persons and damage to property arising from the negligent acts and omissions of Lessor and Lessor's officers, directors, employees, agents and contractors. Lessee will also indemnify Lessor against any and all mechanics' and material-mans' liens and taxes imposed upon the Leased Premises as a consequence of Lessee's use or occupancy thereof.

Lessee shall provide commercial general liability insurance for bodily injuries and/or death arising out of any one accident or any other cause with limits of at least \$5,000,000 per person and per occurrence, and for property damage arising out of any one accident or other cause with limits of at least \$5,000,000.00 per occurrence.

Lessee will maintain, satisfactory to Lessor, such insurance on forms and with companies authorized to do business in South Dakota. All policies must name Lessor as additional insureds. Lessee will annually furnish Lessor with a certificate of insurance from the insurer showing such insurance to be in full force and effect, or will deposit with Lessor copies of the policies.

The policies will contain a provision the insurer will endeavor to provide to Lessor written notice of cancellation or non-renewal 30 days in advance of the effective date thereof. Lessor may periodically change the insurance requirements to conform to its then requirements for all Lessees.

B. PROPERTY INSURANCE. Lessee will obtain and keep in force property insurance upon the building pursuant to CP 1030 Causes of Loss – Special Form or its equivalent. Lessee will also obtain and keep in force property insurance upon its furnishings, fixtures and equipment. Lessee will maintain insurance on forms and with companies authorized to do business in South Dakota. The property policy ensuring the building will name Lessor as an additional insured. Lessee will annually furnish Lessor with a certificate of insurance from the insurers showing such insurance to be in full force and effect, or will deposit with Lessor copies of the policies.

The policies will contain a provision the insurer will endeavor to provide to Lessor written notice of cancellation or non-renewal 30 days in advance of the effective date thereof.

ARTICLE VII  
ENCUMBRANCES

A. ENCUMBRANCE. Lessee may encumber its leasehold estate and its interest in the buildings and improvements on the Leased Premises by mortgage and/or security agreement. In such event, the mortgagee or the secured party in the note or other obligation secured by such instrument may deliver to Lessor written notice showing (a) the amount of the obligation secured by such instrument and date of the maturity or maturities thereof, and (b) name and post office address of the mortgagee or secured party. In the event such notice is given, then, thereafter, Lessor will serve on such mortgagee or secured party by certified mail at the address given, or to any subsequent address thereafter given, a copy of every notice thereafter served by Lessor upon Lessee under the terms of this Lease, during the effectiveness of such mortgage or security agreement. Such copy will be mailed not later than one day after service upon Lessee of the original.

B. MORTGAGEE'S OR SECURED PARTY'S RIGHTS. In the event of the nonperformance or default in the performance of any covenant or provision hereof to be kept and performed by Lessee during the term of any such mortgage or security agreement which Lessee may place upon the leasehold estate or Lessee's interest in the improvements thereon, the mortgagee or secured party named in any such mortgage or security agreement will have the right, within the time hereinafter provided to perform and comply with all covenants and provisions of this Lease to be kept and performed by Lessee and to make all payments required of Lessee by this Lease, and by so doing, thus cure and remove any such default or nonperformance of the terms hereof as if the same had been done and performed by Lessee, provided such mortgagee or secured party so named in any such mortgage or security agreement has first served on Lessor notice of the effectiveness of such mortgage or security agreement as herein provided. Any such mortgagee named in any mortgage or secured party named in any security agreement upon whom notice has been served by Lessor that Lessee is in default, may have 30 days to cure such default. Such mortgagee or secured party will be deemed to have cured such default if it, within such 30-day period, commenced performance and thereafter diligently prosecuted the same to completion. In all circumstances constituting a default by Lessee under the terms of this Lease, before Lessor terminates or cancels this Lease, takes

possession of the Leased Premises, and removes Lessee's personal property therefrom, Lessor will give to Lessee's mortgagees and secured parties the right to assume this Lease even under events occurring where Lessee has no right to cure the defaults.

#### ARTICLE VIII

##### DEFAULT, TERMINATION, CANCELLATION, ASSIGNMENT AND TRANSFER

A. DEFAULT IN PAYMENT. Subject to the provisions of Article VII, Lessor may terminate this Lease in the event Lessee:

- (1) Becomes in arrears in the payment of the whole or any part of the rent provided for herein for a period of ten days after receipt from Lessor of written notice of said arrearage.
- (2) Seeks relief voluntarily or involuntarily under any bankruptcy laws, and the petition in bankruptcy has not been dismissed within 180 days of the date of its filing.
- (3) Makes a general assignment of its assets for the benefit of creditors.
- (4) Abandons the Leased Premises for a period of 180 consecutive days or declares the Leased Premises as abandoned.
- (5) Fails to replace any improvements which have been destroyed within six months from the date of such destruction.
- (6) Default in the performance of any of the other covenants and conditions required herein to be kept and performed by Lessee, and such default continues for a period of thirty days after receipt from Lessor of written notice of said default, or such longer period as may be required to cure the default so long as Lessee diligently prosecutes the cure.

Subject to the provisions of Article VII, in the case of any default and, where cure is permitted, failure to timely cure, Lessor may terminate the Lease, take immediate possession of the Leased Premises and remove forcibly Lessee's personal property without being deemed guilty of trespassing. Upon such entry, this Lease will terminate.

Failure of Lessor to declare this Lease terminated upon the default of Lessee will not operate to bar the right of Lessor to cancel this Lease by reason of any subsequent violation of the terms hereof.

B. TERMINATION & CANCELLATION. If Lessor terminates this Lease for reasons other than Lessee's default, unilaterally amends this Lease to exclude a portion of the Leased Premises, or limits, changes or eliminates reasonable taxiway access to the Leased Premises, Lessor will pay Lessee Compensation (as further defined below) for Improvements affected and not removed from the Leased Premises by Lessee. Lessor will not pay any compensation for (i) Improvements made in violation of this Lease; or (ii) trade fixtures (which shall not mean or include the hangar constructed by Lessee); or (iii) personal property (which shall not mean a hangar or any other improvements).

(1) Compensation. "Compensation" shall mean the fair market value of the Improvements, as of the termination date, assuming that, the Leased Premises were subject to a lease for a term and in the form of Lease Agreement in use by Lessor for new leases of similar facilities at the Airport entered into as of the termination date. Compensation shall be as negotiated between Lessor and Lessee. If Lessor and Lessee are unable to agree on Compensation, then fair market value shall be determined employing the appraisal procedures set forth in Article VIII B(2) (Process) and B(3) (Appraisal Reconciliation).

Compensation shall not include any component of market value attributable to the location of the Leased Premises within the Airport but may reflect value derived from the fact that the Leased Premises is accessible directly from public street(s); the difference between the rent paid pursuant to this Lease and that paid for any other lease entered into by Lessee; loss of going concern; loss of rental income or loss of business opportunity arising out of the termination of this Lease; or value of any interest in any property or property rights other than the Improvements. Compensation may be reduced by any unpaid amounts owed by Lessee to Lessor under this Lease.

Lessor will pay to Lessee actual, reasonable relocation expenses incurred by Lessee for relocation of aircraft, other aeronautical personal property, and other personal property and trade fixtures used in connection with permitted aviation uses as allowed by this Lease, up to a maximum of ten percent (10%) of the amount of Compensation paid for the Improvements, but only to the extent Lessee does not receive other relocation assistance under Federal law and policy to cover these expenses.

If all or any part of the Improvements located on the Leased Premises are damaged or destroyed between the date of the Notice of Termination and the date Lessee surrenders possession of the Leased Premises to Lessor and the cost of repairing the damage is less than or equal to 10% of the market value of the Improvements as set forth on the most recently issued Real Estate Assessment Notice under SDCL §10-6-154, Lessee must repair the damage prior to the termination date, unless Lessor agrees otherwise in writing. Lessor will not require repair if the Improvements will be razed. If the cost or repair is greater than 10% of the market value or if the cost or repair is less than 10% of the market value but Lessee does not repair the Improvements prior to the termination date and Lessor does not agree that the Improvements need not be repaired, the Compensation that Lessor must pay to Lessee will be reduced by an amount equal to the sum of (i) the greater of the insurance proceeds Lessee is entitled to receive on account of the damage under any insurance policies insuring such Improvements, or the insurance proceeds Lessee would have been entitled to receive had Lessee maintained the insurance this Lease requires; and (ii) the amount of the deductible under Lessee's property insurance policy or policies.

Lessor will pay Compensation to Lessee by the termination date; or by the later of (i) the date Lessee actually surrenders possession of the Leased Premises to Lessor, if Lessee fails to surrender possession to Lessor on or before the termination date, or (ii) the completion of the appraisal process as set forth in Article VIII B(2) (Process) and B(3) (Appraisal Reconciliation) below.

(2) Process. If Lessor terminates this Lease according to Article VIII Subparagraph B the following process and the provisions in Section B(1) (Compensation) will be followed to determine the amount of Compensation to be paid to Lessee. All appraisals must be done in person by a Qualified Appraiser, as defined in Article VIII Subparagraph B(5) (Qualified Appraiser) below. In making the appraisal, the Qualified Appraiser must confer with Lessee, if reasonably possible.

Lessor and Lessee will have a forty-five (45) day period, from the date of the Termination Notice, to make a good faith attempt to agree upon the Compensation to be paid for the Improvements.

If the parties are unable to agree on Compensation, Lessor will, within thirty (30) days thereafter, have the Improvements appraised by a Qualified Appraiser within sixty (60) days. Lessor shall provide a copy of the appraisal with Lessee. If Lessee disagrees with Lessor's appraisal, Lessee may, at its sole cost and expense, have the Improvements appraised by a Qualified Appraiser, which appraisal must be provided to Lessor within sixty (60) days after Lessee's receipt of Lessee's appraisal. In the event that Lessor does not receive Lessee's appraisal within such sixty (60) day period, then Lessor's appraisal will be the amount of Compensation that Lessor must pay for the Improvements. In the event Lessee provides Lessor with Lessee's appraisal within such sixty (60) day period, then Lessor may either accept the value set forth in Lessee's appraisal, negotiate with Lessee in attempt to resolve the discrepancy between Lessor's appraisal and Lessee's appraisal, or commence the appraisal reconciliation procedure set forth in Article VIII Subparagraph B(3) (Appraisal Reconciliation) below. If Lessee's appraisal and Lessor's appraisal are less than or equal to ten percent (10%) apart, the average of the two appraisals will be the amount of Compensation to be paid by Lessee with respect to the Improvements.

Notwithstanding anything to the contrary contained herein, in the event that either Lessor or Lessee require an extension of the time periods set forth above to obtain their respective appraisal, the party requiring the extension shall receive one (1) extension of thirty (30) days by notifying the other party in writing at least ten (10) days prior to the end of the party's respective time period.

(3) Appraisal Reconciliation. In the event that Lessor's appraisal and Lessee's appraisal are more than ten percent (10%) apart and Lessor and Lessee cannot mutually agree to a reconciliation of the two appraisals, Lessor shall commence this appraisal reconciliation procedure. Lessor's Qualified Appraiser and Lessee's Qualified Appraiser shall appoint a mutually agreed on third Qualified Appraiser, within twenty-one (21) days of the commencement of this appraisal reconciliation procedure. If Lessor's Qualified Appraiser and Lessee's Qualified Appraiser cannot mutually agree on a third (3rd) Qualified Appraiser within the twenty-one (21) day period, then Lessor and Lessee will ask the Presiding Circuit Court judge of Second Judicial Circuit to identify

and appoint the third (3rd) Qualified Appraiser. The third (3rd) appraisal should be provided to Lessee within sixty (60) days of the appointment. The average of the two closest appraisals will be deemed the amount of Compensation to be paid with respect to the Improvements (the “Final Appraisal”) and the remaining appraisal will be disregarded. The Final Appraisal will be the amount of Compensation that Lessor must pay with respect to the improvements. If either Lessor or Lessee believes that the other party or the Qualified Appraisers failed to properly apply the provisions of this Article VIII either Lessor or Lessee may seek judicial review. The scope of judicial review will be limited to the question of whether the parties and the Qualified Appraisers complied with the provisions of this Article VIII, and Lessor and Lessee waive any further right to judicial or administrative review.

(4) Cost of Appraisals. Lessor will pay the fees, costs and expenses of its Qualified Appraiser, Lessee will pay the fees, costs and expenses of its Qualified Appraiser, and the parties will share equally the fees, costs and expenses of the third Qualified Appraiser, if any.

(5) Qualified Appraiser. “Qualified Appraiser” means an appraiser who is: a) not an employee of either the Lessor or Lessee, b) a member of the Appraisal Institute (MAI) or Certified by the American Society of Real Estate Counselors, (c) licensed by the State of South Dakota, and d) has at least ten (10) years of experience conducting commercial appraisals. The Qualified Appraisers will, in determining the Compensation to be paid by Lessee with respect to the Improvements, take into account all of the factors set forth in this Article VIII. At a minimum, the Qualified Appraiser must provide a written appraisal report detailing those matters considered in arriving at his opinion.

C. ASSIGNMENT AND TRANSFER. Lessee may assign this Lease, but only upon the advance written approval of Lessor, which shall not be unreasonably refused. If Lessee wishes to assign this Lease, Lessee must give to Lessor written notice of its desire to assign this Lease, which notice must include the name and address of the proposed assignee. If Lessor determines the proposed assignee is not acceptable, Lessor must advise Lessee in writing within 20 days following receipt of the notice. If no written objection to the sale or transfer is provided by Lessor within the 20 day period, the assignment may proceed as proposed. Notwithstanding



the foregoing, Lessee may, without prior notice to or approval of Lessor, assign the lease as collateral security for one or more loans this Lease.

D. SUBLEASING. Lessee will have the right to sublease all or any part of the Leased Premises, but only upon the advance written approval of Lessor. Any sublease will be subject to the same conditions, obligations and terms as set forth herein, and Lessee will be responsible for the observance by its sublessees of the terms and covenants of this Lease.

E. LESSEE'S REMEDIES. In the event Lessor breaches the terms of this Lease, and such breach remains uncured for 60 days from the date of Lessee's written notice to Lessor of such breach, or in the case where such breach cannot be cured within 60 days, Lessor fails to commence performance and thereafter diligently prosecute the same to completion, Lessee will be entitled to all rights and remedies under applicable law.

## ARTICLE IX

### RIGHTS UPON EXPIRATION

A. FIXED IMPROVEMENTS. Subject to the conditions of Article IV Subparagraph B(1), and Article VIII Subparagraph B, at the end of the term of this Lease, Lessee will return to Lessor the Leased Premises free of all improvements which have been constructed by Lessee, Provided, however, Lessee may have 90 days after termination in which to remove its improvements, subject to payment of the then prevailing rent for the period of time until the improvements have been removed.

B. PERSONAL PROPERTY. Title to personal property will at all times during the term of this Lease remain in Lessee. Upon expiration of this Lease, Lessee must remove all personal property from the Leased Premises. Subject to the requirements of Article VIII Subparagraph B, if Lessee fails to remove its personal property, it may thereafter be removed by Lessor at Lessee's expense.

## ARTICLE X

### AGREEMENTS WITH THE UNITED STATES

This Agreement and Lease is subject and subordinate to the provisions of any agreements between Lessor and the United States of America 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 transfer to Lessor of federal rights and property for airport purposes, or to the expenditure of federal funds for the extension, expansion or development of the Airport in accordance with the provisions of the Federal Airport Act, as it has been or may be amended from time-to-time.

A. Lessee, its agents and employees, may not discriminate against any person or class of persons by reason of race, color, or national origin in providing any services or in the use of any of its facilities provided for the public in a manner prohibited by Part 21 of the Federal Aviation Regulations. Lessee further agrees to comply with such enforcement procedures as the United States of America might demand Lessor take in order to comply with the Sponsor's Assurances.

B. It is clearly understood by Lessee no right of privilege has been granted which would operate to prevent any person, firm or corporation operating aircraft on the Airport from performing any services on its own aircraft with its regular employees including, but not limited to, maintenance and repair it may choose to perform.

C. It is understood and agreed nothing herein contained may be construed to grant or authorize the granting of an exclusive right.

D. Lessee assures Lessor it will undertake an affirmative action program if required by 14 CFR Part 152, Subpart E, promulgated under the Airport and Airway Development Act of 1970 to insure no person, on the grounds of race, creed, color, national origin or sex, will be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. Lessee assures no person will be excluded on these grounds from participating in or receiving services or benefits of any program or activity covered by this Subpart. Lessee assures it will require its covered sub-organizations provide to Lessee assurances the sub-organizations will undertake similarly affirmative action programs and will require assurances from their sub-organizations as required by 14 CFR Part 152, Subpart E, to the same effect.

E. Lessee, for itself and its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land, in the event facilities are constructed, maintained, or otherwise operated on the Leased Premises for a purpose for which a Department of Transportation program or activity is extended or for another purpose involving the provision of similar services or benefits, Lessee will maintain and operate

such facilities and services in compliance with all other requirements imposed pursuant to the Federal Airport Act and Nondiscrimination in Federally assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1984, and as said regulations may be amended. Subject to the provisions of Article VII, in the event of breach of any of the above nondiscrimination covenants, and a judgment or order of a governmental authority confirming the breach, Lessor will have the right to terminate the Lease and to re-enter and repossess the Leased Premises and the facilities thereon. However, Lessee may have 90 days after termination in which to remove fixed improvements and provided such occupancy for purposes of removal will be subject to rentals due hereunder.

F. Lessee, for itself and its successors in interest and assigns, as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land (1) no person on the grounds of race, color, or national origin may be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities constructed on the Leased Premises, (2) in the construction of any improvements on, over or under the Leased Premises and the furnishing of services thereon, no person on the grounds of race, color, or national origin will be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) Lessee will use the Leased Premises in compliance with all other requirements imposed by or pursuant to the Federal Airport Act and Nondiscrimination in Federally assisted programs of the Department of Transportation-Effectuation of Title VI of the Civil Rights Act of 1964, and as said Regulations may be amended. Subject to the provisions of Article VII, the event of breach of any of the above nondiscrimination covenants and a judgment or order of a governmental authority confirming the breach, Lessor will have the right to terminate the Lease and to re-enter and repossess the Leased Premises and the facilities thereon. However, Lessee may have 90 days after termination in which to remove fixed improvements and provided such occupancy for purposes of removal will be subject to rentals due hereunder.

## ARTICLE XI

### GENERAL PROVISIONS

A.     RIGHT OF FLIGHT. Lessor reserves the right of flight for the passage of aircraft above the surface of the Leased Premises, the right to cause in such airspace such noise as may be inherent to the operation of aircraft now known or hereafter used for navigation of or flight in the air, and using said airspace for landing at, taking off from, or operating aircraft on the Airport.

B.     TITLE VI COMPLIANCE. Lessee, for itself, its agents, employees, and successors, agrees to abide by and comply with all provisions and regulations of Title VI of the Civil Rights Act of 1964, and as said regulations and law may be amended. No person on the grounds of race, color, or national origin may be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination by Lessee, its agents, employees, and successors. In the event of noncompliance with this nondiscrimination provision, the Sioux Falls Airport Authority has the right to terminate this agreement.

C.     ATTORNEY'S FEES. In any action brought by either party for the enforcement of the obligations of the other party, the prevailing party will be entitled to recover reasonable attorneys' fees.

D.     PARAGRAPH HEADINGS. The paragraph headings contained herein are for convenience in reference and are not intended to define or limit the scope of any provision of this Lease.

E.     NOTICES. Notices to Lessor provided for herein must be sent by registered mail (or other traceable delivery), postage prepaid, addressed to: Executive Director, Joe Foss Field, 2801 Jaycee Lane, Sioux Falls, South Dakota 57104, and notices to Lessee, if sent by registered mail (or other traceable delivery), postage prepaid, addressed to: J & R Aviation, Inc., Attention: Ray Allen, 2701 Duchess Ave., Sioux Falls, SD 57103-4844, or to any other addressees as the parties may designate to each other in writing from time to time.

F.     SUCCESSORS AND ASSIGNS. All of the terms, covenants, indemnities and agreements herein contained are binding upon and will inure to the benefit of the successors and assigns of the respective parties.

LESSOR: SIOUX FALLS REGIONAL  
AIRPORT AUTHORITY

By \_\_\_\_\_

\_\_\_\_\_  
Its: Chairman

ATTEST:

\_\_\_\_\_  
Secretary/Executive Director

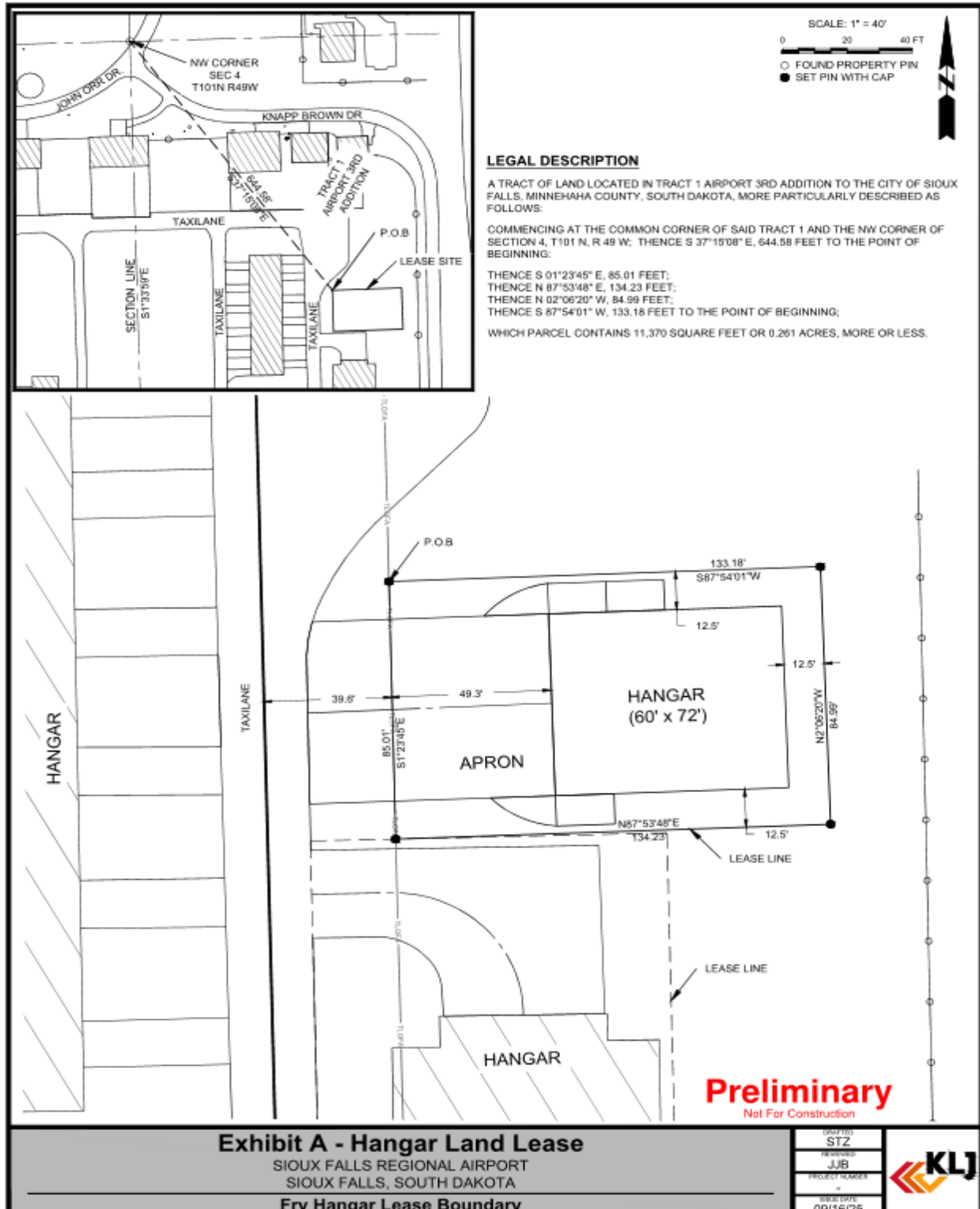
LESSEE: William Fry and Cody Miller

By \_\_\_\_\_

Its: \_\_\_\_\_

# EXHIBIT A

## Hangar Premises



## **LEGAL DESCRIPTION**

A TRACT OF LAND LOCATED IN TRACT 1 AIRPORT 3RD ADDITION TO THE CITY OF SIOUX FALLS, MINNEHAHA COUNTY, SOUTH DAKOTA, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

COMMENCING AT THE COMMON CORNER OF SAID TRACT 1 AND THE NW CORNER OF SECTION 4, T101 N, R 49 W; THENCE S 37°15'08" E, 644.58 FEET TO THE POINT OF BEGINNING;

THENCE S 01°23'45" E, 85.01 FEET;  
THENCE N 87°53'40" E, 137.24 FEET;  
THENCE N 02°06'20" W, 85.00 FEET;  
THENCE S 87°53'40" W, 136.18 FEET TO THE POINT OF BEGINNING;

WHICH PARCEL CONTAINS 11,620 SQUARE FEET OR 0.267 ACRES, MORE OR LESS.