

West Michigan Airport Authority

Meeting Agenda

Monday, June 29, 2009

11:30am – 1:00pm

Holland City Hall, 2nd Floor Training Center, 270 S. River Avenue

1. Consideration of the May 11, 2009 Meeting Minutes. (Action Required)
2. Public Comments.
3. Fiscal Year 2010 Insurance Program. (Action Required)
4. Consideration of Various Agreements. (Action Required)
 - A. FBO Agreement.
 - B. Airport Maintenance Agreement.
 - C. Fuel Farm Lease Agreement.
 - D. Airport Manager Agreement.
5. FBO Report.
6. Monthly Budget and Investment Report. (Accept as Information)
7. Other Business.
 - A. Airport Layout Plan.
 - B. Marketing & Information Committee
 - C. Building & Development Committee
 - D. Use of T-Hangars.
8. Adjourn.

Mission Statement: To provide the public with state-of-the-art global air access to strengthen the local economy and improve the area's quality of life.

If you are not able to attend the meeting, please contact Greg Robinson (355-1313) or Carolyn O'Connor (355-1311). We must have at least one (1) of the three representatives of each unit of government present at the meeting to attain a quorum. Thank you.

West Michigan Airport Authority
Meeting Minutes (PROPOSED)
May 11, 2009

The West Michigan Airport Authority met at the Park Township Hall in Holland, Michigan.

Present: Authority Members Price, Wickmann, Toscano, Hoogland, Klunder, Wiersma, Mitchell, Martin and Dykstra

Absent: None.

Others Present: Ottawa County Representative Disselkoen, Allegan County Representative Burns, Assistant City Manager Robinson, FBO Ludema and Executive Assistant O'Connor

After personal introductions of the Authority members were completed, Chairperson Dykstra called the meeting to order at 11:33am.

09.06.01 Consideration of the April 13, 2009 Meeting Minutes.

It was moved by Wickmann and supported by Wiersma to approve the April 13, 2009 meeting minutes as submitted. This motion was adopted.

09.06.02 Public Comments.

There were no public comments.

09.06.03 Extension of FBO Agreement and Status Report.

Mr. Robinson provided an update on the process and negotiations of the new Fixed Base Operator (FBO) agreements. It is anticipated that the agreements will be ready for the review by the Authority in June with a desired start date of July 1st. As such, an additional extension to the existing agreement is needed with an expiration of July 1, 2009.

It was moved by Hoogland and supported by Martin to approve an extension to the current FBO agreement, expiring July 1, 2009. This motion was adopted.

09.06.04 Airport Fueling Rules and Regulations.

At the April 13, 2009 meeting, this item was tabled to allow time for wording and other changes. The fueling rules and regulations govern fueling facilities at Tulip City Airport. Mr. Robinson briefly reviewed the document with the Authority members.

It was moved by Toscano and supported by Wiersma to remove the Airport Fueling Rules and Regulations from the table. It was then moved by Price and supported by Wiersma to adopt the Airport Fueling Rules and Regulations as amended. This motion was adopted with Wickmann abstaining from the vote.

09.06.05 2009/2010 Public Information Strategy Update.

The Marketing Committee has been meeting to discuss a strategy to market the airport and Authority to the public. The Image Group, the airport's marketing firm, is currently developing a marketing strategy that will be presented to the entire Authority at an upcoming meeting.

The Authority also discussed the decrease in media coverage of the Airport and the Authority. Mr. Robinson explained that some of this could be contributed to a decrease in staffing at the various media outlets. The Authority members discussed various methods of increasing the public's exposure to the airport, including parade floats and a booth at the county fair.

09.06.06 Airport Layout Plan Progress.

Mr. Robinson provided a status update on the Airport Layout Plan. A work team has been assembled and is working with Mead & Hunt. The current project involves a user survey regarding airport needs and other issues; it will be targeted to a specific group of people, not the community at-large. The authority discussed various questions that should be asked on the survey as well as possible inclusion in upcoming community surveys.

Any authority member who would like to submit a potential question for the airport user survey was requested to forward to Mr. Robinson within the next week.

09.06.07 FBO Report.

Mr. Ludema presented the monthly FBO report describing fuel sales and miscellaneous airport activities. While there has been an increase in air traffic during the month, fuel sales were down. Mr. Ludema did note that the price of fuel recently went up.

09.06.08 Monthly Budget and Investment Report.

Mr. Robinson presented the monthly budget and investment report. This was accepted as information.

09.06.09 Other Business.

Mr. Robinson informed the Authority that he would be meeting with Michigan Department of Transportation (MDOT) and Federal Aviation Administration (FAA) officials in the next couple weeks to discuss capital projects. Although it is unlikely that funding will be available for capital projects, it is expected that the conversation will focus on job creation opportunities in the community.

Ms. Price inquired if stimulus dollars would be available through MDOT – Aeronautics for airport projects. Mr. Robinson states that dollars were available, but that they were applying the same criteria as they have applied for traditional funding for projects. At this time, nothing has been approved.

Mr. Ludema informed the Authority that there were no plans for a Wings of Mercy “fly-in” event in 2009, due to increased difficulty in bringing people to the airport. At this time, there are no plans to host the event.

09.06.10 Adjournment.

It was moved by Toscano and supported by Wickmann to adjourn the meeting. This motion was unanimously adopted.

The next regularly scheduled meeting of the West Michigan Airport Authority is scheduled for Monday, June 8th, but it is possible that this meeting will be rescheduled to insure all necessary items are ready for presentation.

Respectfully Submitted,

Amanda Price
WMAA Secretary

City of Holland

270 South River Avenue, Holland, MI 49423

(616) 355-1311 * (616) 355-1490 fax

June 29, 2009

To: West Michigan Airport Authority
From: Greg Robinson, Assistant City Manager
Subject: **Consideration of Various Agreements (Item #4).**

The Airport Authority's Operations Committee has been working with Ron Ludema of Tulip City Air Service on various agreements to provide Fixed Base Operator (FBO), airport maintenance, and airport manager services.

Since 1986, Tulip City Air Service (TCAS) has service as the FBO at the airport and has done an outstanding job in this capacity. The current FBO agreement will expire on June 30, 2009, after a series of extensions. This agreement requires the provision of basic FBO services such as fuel sales, aircraft maintenance, charter service, tie downs, and flight training. However, the agreement also requires the FBO to maintain the airport grounds which includes snowplowing, mowing, and routine maintenance such as repair of lights. The FBO has also served as the Airport Manager and has, basically, done whatever is needed to operate the airport on a day to day basis.

All fees generated at the airport except for rentals have gone directly to the FBO to offset the maintenance costs. This includes fuel flowage and landing fees.

Since the Authority has been created, the approach has been to separate the airport operations from FBO operations to avoid the overlap that has been in place since public ownership of the airport. This separation will provide a true picture of the costs to operate the airport which will lead to the appropriate funding structure to offset these costs. Also, TCAS, with Ron Ludema, has always been the one and only FBO at the airport. With a new FBO agreement, there will be new leadership at some point during the term of the agreement as well as the possibility for additional FBOs. As a result, it is important to have an FBO agreement that reflects the true airport vs. FBO costs.

The following four (4) agreements are proposed:

1. FBO Operator Agreement
 - a. This is a 20 agreement with a renewal option.
 - b. The existing terminal is provided with no rental fee. The FBO pays utilities.
 - c. There are regular performance and payment reviews.

- d. The FBO is to provide basic services such as fuel sales, repair and maintenance of aircraft, sale of aviation equipment, and servicing of aircraft.
- e. The FBO is authorized to provide other services such as aircraft sales, charter service, flight training, etc.
- f. The franchise fee begins at \$20,000 and is adjusted annually according to the CPI. The Authority has the ability to waive or reduce the fee at its discretion.
- g. The only airport generated fees that will go to the FBO are those related to aircraft tie-downs. All other airport generated fees such as those for fuel flowage and landing will go to the Authority.

2. Airport Maintenance Agreement.

- a. This is a 10 year agreement with a five (5) year renewal option.
- b. This agreement is with TCAS to provide snow removal, mowing, and general maintenance at the airport.
- c. All costs for these services and parts/equipment will be charge to the Authority according to hourly rates.

3. Fuel Farm Lease Agreement.

- a. This is for the TCAS fueling facilities which relate to the FBO agreement requirement for the provision of fuel.
- b. The term of this agreement is concurrent with the FBO agreement.
- c. A legal description of the premises needs to be prepared.
- d. TCAS must comply with the Airport Fueling Rules and Regulations.
- e. The rental fee is the flowage fee for each gallon of fuel sold. This recognizes that the provision of this lease benefits the public in terms of providing fuel and revenues to offset airport operational expenses.

4. Airport Manager Agreement.

- a. Allows the Authority to enter into an agreement for the provision of Airport Manager services. This agreement is with TCAS.
- b. This agreement has a one (1) year term with automatic one (1) year renewals unless terminated by either party. Either party can terminate with 60 days notice.
- c. The Authority will be charged on an hourly basis for these services.

- d. Specific Airport Manager services are defined in Exhibit A to this agreement. I will have this exhibit for Monday's Board meeting.

These agreements will fundamentally change the means for accounting the cost for airport and FBO operations. This change will provide the Authority with the ability to manage the expenses and revenues for what are considered true airport operations costs.

Therefore, it is recommended that the West Michigan Airport Authority approve the four (4) agreements as described in this report, subject to the provision of the necessary exhibits; and that the Board Chairperson and Secretary be authorized to sign the agreements on behalf of the Authority.

FIXED BASE OPERATOR AGREEMENT

Tulip City Airport, Holland, Michigan

West Michigan Airport Authority / Tulip City Air Service, Inc.

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AGREEMENT

THIS AGREEMENT entered into this ____ day of _____, 2009, by and between the **WEST MICHIGAN AIRPORT AUTHORITY**, a Community Airport Authority formed under Act 206 of the Public Acts of 1957 (hereinafter referred to as the "Authority") and **TULIP CITY AIR SERVICE, INC.**, a Michigan Corporation, with its principal place of business located in Holland, Michigan (hereinafter referred to as the "Operator").

WITNESSETH:

On October 23, 1986, the City of Holland ("City") and the Operator entered into a Fixed Base Operator Agreement ("Agreement") whereby the City and the Operator agreed to permit Operator to provide certain services for the operation of the Tulip Authority Airport (hereinafter referred to as the "Airport"). On November 15, 1995, the City entered into the First Amendment to the Agreement whereby the term of the Agreement was amended. On November 1, 2006, the City and the Operator entered into the Second Amendment to the Agreement whereby the term of the Agreement was amended. The City has assigned the Agreement to the Authority. On December 6, 2008, the Authority and the Operator agreed to extend the term of the Agreement. On _____, 2009, the Authority and the Operator entered into the Fourth Amendment to the Agreement, which extended the term of the Agreement. On _____, 2009, the Authority and the Operator entered in to the Fifth Amendment to the Agreement which extended the term of the Agreement. The Authority and the Operator desire to execute a new Agreement to provide fixed base operator services at the Airport .

The Authority is authorized to operate the Airport located in the City of Holland, County of Allegan, State of Michigan. Fixed base operation services are essential to the proper accommodation of general and commercial aviation at the Airport. The Authority desires to make such services available at the Airport and the Operator is qualified, ready, willing, and able to provide such services.

NOW, THEREFORE, IN CONSIDERATION OF THE PROMISES AND THE MUTUAL COVENANTS OBTAINED IN THIS AGREEMENT, THE PARTIES AGREE AS FOLLOWS:

1. **Term.** The term of this agreement shall be for a period of twenty (20) years, commencing on the _____ day of _____, 2009, and continuing until the _____ day of _____, _____ (the "Termination Date").

1.1 **Option to Renew.** The Authority shall have the option to renew this Agreement prior to the Termination Date. The Authority, not less than one (1) year prior to the Termination Date, shall give notice in writing to the Operator indicating its intent to renew the Agreement. Upon receipt of the notice, the Operator, within thirty (30) days thereafter, shall give notice in writing to the Authority of its desire to negotiate the terms and conditions of the Agreement. The Operator and the Authority shall, with due diligence, commence negotiations regarding the terms and conditions of the Agreement for a renewal term mutually agreeable to the Authority and the Operator. If the Authority and the Operator fail to agree, on the terms and conditions of a new FBO Agreement, within one hundred eighty (180) days of the Termination Date of the Agreement, the Authority shall give notice in writing to the Operator that the Agreement shall not be renewed and shall terminate as of the Termination Date.

2. **Lease of Premises.** The Authority and the Operator acknowledge that the Authority has the full and complete jurisdiction and control of the Airport and the Authority shall operate the Airport in accordance with any and all existing agreements with the City and any federal and state authority relating to the required operation of the Airport. In consideration of the covenants and agreements of the Operator and the Authority as hereinafter set forth, the Authority leases to Operator the following described premises, which shall hereafter be called the "Premises" or "Property", which is depicted on the attached **Exhibit A**, attached hereto and made part of this Agreement by reference. The Premises shall include the existing terminal facility which shall be occupied by the Operator without payment of rent. (However, Operator shall be responsible for the payment of all utilities relating to the existing terminal facility.) In the event the existing terminal is replaced or a new terminal facility is constructed by the Authority, the Authority and the Operator shall negotiate the terms and conditions of a terminal lease for the use and occupation of the terminal by the Operator.

Included on the Property is certain real property on which the Operator has constructed and conducted fueling facilities, storage, and fueling operations. The portion of the Premises on which the fueling operations are conducted are depicted on the attached **Exhibit A**, and shall be subject to a Fuel Farm Lease Agreement between the Authority and the Operator, a copy of which is attached as **Exhibit B**. The Premises shall also include the following:

- A. Improvements delineated on the attached Exhibit A to be utilized in conjunction with the required and authorized services as set forth in paragraph 5(A) and (B);

B. Parking lots, driveways and landscaping used in conjunction with the improvements delineated in Paragraph A above;

C. A non-exclusive right of ingress and egress for vehicles and aircraft on all existing or future roads, taxiways, aprons, or runways to be used in connection with required and authorized services as set forth in Paragraph 5(A) and (B) hereof.

D. The Authority reserves the right to substitute and relocate designated areas of the Airport for FBO operations in accordance with the expansion and development plans for Airport.

3. Performance Review. On or before July 1 of each and every year of this Agreement, the Authority shall evaluate the performance of the Operator in accordance with the following criteria:

A. Whether the Operator has timely made all of its financial payments and obligations to the Authority pursuant to this Agreement, including but not limited to, all rents, charges, and taxes;

B. Whether the Operator has performed to the reasonable satisfaction of the Authority, all of the duties and obligations required of the Operator as set forth in paragraph five (5) and all other covenants, agreements, and understandings as set forth herein;

C. Whether the Operator's financial ability and condition has substantially deteriorated during the term of this Agreement, which shall cause the Authority to deem itself, in good faith, insecure regarding the Operator's ability to perform, and Operator fails to provide assurances and adequate protection, satisfactory to the Authority, regarding its future ability to perform.

D. Whether new products, services, and amenities should be offered by the Operator either independently or through joint agreements with the Authority.

In the event the Authority determines after conducting the annual performance review to terminate this Agreement in accordance with the criteria set forth herein, the Authority shall provide ninety (90) days notice to the Operator of its intent to terminate. Within thirty (30) days thereafter, a public hearing shall be held before the Authority Board to present evidence regarding the determination to terminate this Agreement. The Operator may produce any evidence to rebut the recommendations of the Airport Advisory Committee. The Authority Board shall receive a written report and recommendation from any Committee as shall be designated to consider the termination of this Agreement. The Authority shall, upon conclusion of the public hearing, terminate or affirm the Agreement with the Operator. Findings of fact and conclusions of law shall be approved by the Authority relating to its decision to terminate or affirm.

4. **Payment Review.** On or before July 1 of each and every year of the Agreement, the Authority, in addition to its performance review pursuant to Paragraph 3, shall review any additional amounts to be paid by the Operator to the Authority for the succeeding year. The Authority shall be authorized to consider other fees and revenues from the operation of the Airport, including that the Operator be required to pay a percentage of the adjusted gross receipts from all business conducted and carried on by the Operator at the Airport. The term "adjusted gross receipts" as used in this Agreement shall mean the aggregate amount of all sales made, and

services performed, for cash, on credit, or otherwise, of every kind, name, and nature. Adjusted gross receipts shall also include the aggregate value of all goods, wares and merchandise received for property or services, at the selling price thereof, as if the same had been sold for cash. There shall be excluded from adjusted gross receipts the following: (i) All sales of new and used aircraft; (ii) all sales to federal (including military), state, and municipal government entities; and (iii) federal, state, and municipal sales taxes, or other similar taxes, separately stated and collected from customers; and (iv) bad debts.

Notwithstanding the foregoing, the Authority hereby agrees that the establishment of an "Adjusted Gross Receipts" formula, as computed herein, shall reflect the net profit margin earned by the Operator from his charter operation. The delineation of an adjusted gross receipts formula is not intended to limit or restrict the financial review and scope of negotiations by the Operator and the Authority.

The Authority shall required the Operator to produce such financial documents, including income statements, profit and los statements, and other similar reporting statements, as may be necessary for the Authority to determine the payment review pursuant to this paragraph. It is hereby agreed between the Authority and the Operator, to the extent permitted by law, that the production of the financial documents required by this paragraph shall be in accordance with MCL 15.243(g) specifically providing that the production of these documents shall be exempt from the Freedom of Information Act pursuant to a promise and pledge of confidentiality by the municipality pursuant to Section 13(g) of said Act. The revised amounts to be paid by Operator to the Authority shall commence on July 1 of each and every year of this Agreement.

5. The Rights and Obligations of Operator.

A. **Required Services.** Operator is hereby granted the non-exclusive privilege to engage in and Operator agrees to engage in the required services, hereinafter set forth during hours which are mutually agreeable to the Authority and the Operator to operate and maintain the Airport. In the event the Authority and the Operator cannot agree, the Authority shall establish the hours of operation for the required services. All required and authorized services conducted by the Operator shall be solely offered and performed at the Airport unless the Authority consents to another location. The required services shall be:

1. Sales and intro-plane delivery of aviation fuels, lubricants, and other related aviation products. The Authority shall allow fuel storage facilities by third parties other than Operator during the term of this Agreement; however, all fueling facilities shall comply with the minimum standards of paragraph 5(C)(7). No fuel shall be sold by third parties for consumption by others and the Authority shall restrict such fuel storage facilities to the designated third party.
2. Apron servicing of, and assistance to, aircraft, including itinerant parking, storage and tie-down service, for both based and itinerant aircraft upon or within facilities leased to Operator or aircraft parking areas designated by the Authority.
3. Repair and maintenance of based and transient aircraft. Operator agrees to maintain and operate a repair station for engine, airframe and accessories approved by the Federal Aviation Administration (the "FAA").

Operator acknowledges that no right or privilege has been granted under the terms and conditions of this Agreement which would prevent any person, firm, or corporation operating aircraft on the Airport from performing service on its own aircraft, with its own regular employees, including maintenance and repair services. Notwithstanding the foregoing, no person, firm or corporation shall commence maintenance and repair services at the Airport unless and until a Certificate of Insurance has been filed with the Authority in conformance with the provisions of Exhibits F and J hereof, relating to the levels of insurance required for its operations.

4. Customary accommodations for the convenience of users, including pilot lounge area, informational services, direct telephone service connections to the Flight Service Station and other acceptable weather information services.

5. Equipment and trained personnel to remove disabled aircraft with a gross landing weight of twelve thousand five hundred (12,500) pounds (is this weight amount still applicable?) or less from the Air Operations Area, and Operator shall perform such removal service on request. As used in this Agreement, "Air Operations Area" shall mean those portions of the Airport provided and made available by the Authority for aircraft and related operations, and shall include aircraft runways, taxiways, ramps, aprons and parking spaces, and areas directly associated therewith, which are not leased by Operator or any other tenant on the Airport.

6. Sales of avionic and engine parts and instruments and accessories.

B. **Authorized Services.** In addition to the services required to be provided by Operator pursuant to Paragraph A, above, Operator is authorized, but not required, to provide the following services and to engage in the following activities:

1. Ramp service to a Main Terminal or other Airport locations, loading and unloading of passengers, baggage, mail and freight; and providing of ramp equipment, aircraft cleaning and other services for air carriers and other person or firms.
2. Special flight services, including aerial sight-seeing, aerial advertising and aerial and aerial photography.
3. The sale of new and used aircraft.
4. Flight training, including ground school.
5. Aircraft rental.
6. Aircraft charter operations conducted by Operator.
7. Aircraft ground guidance within the uncontrolled areas adjacent to the premises.
8. Maintenance and operation of an FAA approved repair station for avionics
- Classes I and II
9. Such additional authorized services as the Authority and Operator shall mutually agree. No additional authorized services shall be commenced by the Operator without the mutual agreement of the Authority. Failure to comply with this subsection shall constitute a breach of this Agreement

and all revenue derived from such services by the Operator shall be paid to the Authority.

C. **Operating Standards.** In providing any of the required and/or authorized services or activities specified in this Agreement, Operator shall operate for the use and benefit of the public and shall meet or exceed the following standards:

1. Operator shall furnish service on a fair, reasonable and non-discriminatory basis to all users of the Airport. Operator shall furnish good, prompt and efficient service adequate to meet all reasonable demands for its services at the Airport. Operator shall charge fair, reasonable, and non-discriminatory prices for each unit of sale or service; provide, however, that Lessee may be allowed to make reasonable and non-discriminatory discounts, rebates or other similar types of price reductions to volume purchasers.
2. Operator shall select and appoint a full-time manager of its operations at the Airport who shall be approved by the Authority. The manager shall be qualified and experienced, and vested with full power and authority to act in the name of the Operator with respect to the method, manner and conduct of the operation of the fixed base services to be provided under this Agreement. The manager shall be available at the Airport during regular business hours and during the manager's absence a duly authorized subordinate shall be in charge and available at the Airport. The Authority may review the performance of the Operator's manager pursuant to the annual performance review under paragraph
- 3.

3. Operator shall provide, at its sole expense, a sufficient number of employees to provide effectively and efficiently the services required or authorized in this Agreement.
4. Operator shall meet all expenses and payments in connection with the use of the Premises and the rights and privileges herein granted, including taxes, permit fees, license fees, and assessments lawfully levied or assessed upon the Premises or property at any time situated therein and thereon. Operator may, however, at its sole expense and cost, contest any tax, fee or assessment as long as the contest does not jeopardize the continued airport operation.
5. Operator shall comply with all federal, state and local laws, rules and regulations which may apply to the conduct of the business contemplated, including rules and regulations promulgated by the Authority, and the Operator shall keep in effect and post in a prominent place all necessary and/or required licenses or permits.
6. Operator shall be responsible for the maintenance and repair of the Premises and shall keep and maintain the Premises in good condition, order and repair, and shall surrender the same upon the expiration of this Agreement, in the condition in which they are required to be kept, reasonable wear and tear and damage by the elements not caused by Operator's negligence excepted. It is expressly understood and agreed that, in providing required and authorized services pursuant to this Agreement, Operator shall have the right to choose, in its sole discretion, its vendors and suppliers to the extent not prohibit by the nondiscriminatory provisions of this Agreement.

7. During the term of this Agreement, any person, firm, or corporation, including the Operator, desiring to engage in the following activities, shall be allowed and permitted only if the person, firm, or corporation complies with the following minimum operating standards, which are delineated as follows: (i) aircraft sales (see attached Exhibit E); (ii) air frame, power plant repair (see attached Exhibit F); (iii) air craft rental (see attached Exhibit G); (iv) flight training (see attached Exhibit H); (v) aviation fuels and oil dispensing services (see attached Exhibit I); (vi) avionics, instrument, and propeller repair service (see attached Exhibit J); (vii) air taxi and commuter airline operations (see attached Exhibit K); (viii) multiple services (see attached Exhibit L); (ix) flying clubs (see attached Exhibit M).

D. **Signs.** During the term of this Agreement, Operator shall have the right, at its expense, to place in or on the Premises a sign or signs identifying Lessee. Said sign or signs shall be the size, shape and design, and at a location or locations, approved by the Authority and in conformance with any overall directional graphics or sign program established by the Authority. The Authority's approval shall not be unreasonably withheld. Notwithstanding any other provision of this Agreement, said sign(s) shall remain the property of the Operator. Operator shall remove, at its expense, all lettering, signs and placards so erected on the Premises at the expiration of the terms of this Agreement.

E. **Non-Exclusive Right.** It is not the intent of this Agreement to grant to Operator the exclusive right to provide any or all of the services described in this Agreement. It is specifically understood and agreed that nothing herein contained shall

be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by Section 308(a) of the Federal Aviation Act of 1958, as amended, and the Authority reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature as described herein. Notwithstanding the foregoing, to the extent that the Authority grants additional rights and privileges for operation, the Authority does covenant and agree that:

1. It shall enforce all minimum operating standards or requirements for all aeronautical endeavors and activities conducted at the Airport;
2. Any other Operator or aeronautical endeavors or activities will not be permitted to operate on the Airport under rates, terms of conditions which are more favorable than those set forth in this Agreement;
3. It will not permit the conduct of an aeronautical endeavor or activity at the Airport except under an approved lease and operating agreement and as set forth on Exhibit E-M.
4. In the event the Authority grants to a subsequent Operator, other than the Operator pursuant to this Agreement, the right to conduct required services pursuant to paragraph 5A hereof, the Authority and the Operator, pursuant to this Agreement, shall re-negotiate the duties and responsibilities of the Operator to provide maintenance, landscaping, and other services for and relating to the performance of these responsibilities pursuant to any existing Agreement between the Operator and the Authority.

6. Appurtenant Privileges and Responsibilities.

A. **Use of Airport Facilities.** The Authority and the Operator acknowledge that the Authority has the full and complete jurisdiction, authority, and control of the Airport. Operator shall be entitled, in common with others so authorized, to use of all the facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the Airport, including the use of landing areas, runways, taxiways, navigational aids, terminal facilities and aircraft parking areas designated by the Authority.

C. **Aerial Approaches.** The Authority 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 Operator from erecting or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of the Authority, would limit the usefulness of the Airport or constitute a hazard to aircraft.

7. Leasehold Improvements.

A. Required Improvements - Authority.

1. The Authority shall pay and be responsible for the capital improvements to the Airport as shall be required by State and/or Federal regulations.
2. The Authority hereby reserves the right to contract with the Operator to provide the required capital improvements.

B. Optional Improvements by Operator.

1. In the event Operator desires to construct, erect, or make optional improvements to the Airport or any portion thereof which exceeds \$20,000.00, Operator shall submit detailed plans and specifications to the Authority for all of

the proposed leasehold improvements. The Authority agrees that it shall either approve the plans and specification as submitted, or shall transmit proposed revisions to the Operator, within thirty (30) days of the receipt of the plans and specifications. In the event that the Authority requires revisions to the original plans and specification, the Operator shall have thirty (30) calendar days from the date of receipt of the proposed revisions to re-submit the plans and specifications for the Authority's approval. The Authority's approval of the plans and specification shall not be withheld unreasonably.

2. Upon receiving final Authority approval on the plans and specifications, the Operator shall engage one (1) or more qualified contractors to construct said improvements. Construction shall commence and be completed in accordance with a schedule mutually agreed by Operator and the Authority. Any contractor retained by Operator to erect the improvement shall present to the Authority certificates of insurance in accordance with the customary insurance specifications of the Authority for contractor construction on the date of the commencement of the improvement.

3. Prior to the approval of any Improvement, the Operator shall present to the Authority a statement outlining the costs and the anticipated useful life of the Improvement. In the event this Agreement is not renewed beyond its Termination Date with the Operator, the Authority shall have the right, but not the obligation, to purchase the Improvement based upon the fair market value of the Improvement without any valuation attributable to the land on which the Improvement is located. For purposes of this paragraph, the Authority and the

Operator shall select a mutually agreeable appraiser to determine the fair market value of the Improvement utilizing the three (3) recognized approaches to value (cost, market, and income) if deemed relevant and appropriate. The cost of the appraiser shall be equally divided between the Authority and the Operator. The determination of the fair market value of the Improvement shall be determined without regard to the term of the lease on which the Improvement is located. The determination of fair market value by the agreed appraiser shall be the purchase price for the purchase of the Improvements by the Authority. Within sixty (60) days after determination of the purchase price, the Authority may elect to purchase the Improvement and shall notify the Operator in writing. The purchase price shall be paid in cash or on such terms and conditions as the Authority and the Operator shall agree (including the installment payment for Improvements).

In the event the Authority and the Operator fail to agree on a mutually acceptable appraiser, the Operator and the City shall each obtain its separate and respective appraisals of the Improvements, at its respective cost, utilizing the valuation methodology indicated in the prior paragraph. The purchase price for the Improvements shall be the average of the two (2) appraisals by the Authority and the Operator. The purchase of the Improvements shall be paid in cash or subject to such terms and conditions as the Authority and the Operator shall mutually agree (including the installment payment of the Improvements).

4. Notwithstanding the foregoing, the Authority is granted the sole and complete right to reject any proposed improvement by the Operator. The

Authority may grant its approval of the leasehold improvements conditioned upon the Operator agreeing to demolish and tear down the improvements at the end of the useful life of the proposed improvement, and may require adequate assurances therefore.

C. Third Party Improvements.

1. In the event a person other than the Operator (Third Party) desires to construct, erect, or make improvements to the airport, or any portion thereof, as set forth in paragraph (B)(1), (2), (3), and (4) above, except that the Authority shall notify the Operator of the proposed improvements with the right of the Operator to comment within ten (10) days after the receipt of the notice. The Authority retains the complete and sole right to reject the proposed improvement by a Third Party.

2. Third party improvements and construction shall be permitted only if the Third Party enters into an acceptable land lease with the Authority. The duration of said leases shall be mutually agreed between the Authority and the Third Party, and the income derived from said leases shall be paid to the Authority. All leases shall contain indemnification provisions to the Authority, insurance requirements satisfactory to the Authority, and further provide that all leasehold improvements shall revert to the Authority upon termination of the lease, either by agreement or operation of the law. The Authority may grant its approval of the Third Party improvements conditioned upon the Third Party agreeing to remove, demolish, or tear down the improvements at the end of the useful life of the proposed improvement, and may require adequate assurance therefore.

D. Notice of Improvement and FAA Approval.

Prior to the commencement of any improvement pursuant to Paragraph 7(A), (B), or (c), the Authority, Operator, Third Party, or such designated contractor and representative shall comply with all Federal, State, and local notice requirements and plan reviews of any Federal, State or local agency, including but not limited to the Federal Aviation Administration (FAA) and the Michigan Aeronautical Commission (MAC). To the extent that portions of this Agreement shall govern the duration for plan review and approval, these covenants, conditions, and agreements shall not be binding on any federal, state, or local regulatory authority, including but not limited to the FAA and MAC.

8. Payments to the Authority and Operator.

A. Payments to the Authority.

1. In consideration of the rights and privileges granted by this Agreement, Operator shall pay to the Authority during the first year of this Agreement, an annual operating/franchise fee of Twenty Thousand Dollars (\$20,000.00) payable in monthly installments of One Thousand Six Hundred Sixty-Six and 66/100s Dollars (\$1,666.66) per month. The first installment shall be paid on the date of the execution of this Agreement with the Authority, and subsequent payments shall be made each and every thirty (30) days thereafter.

The Authority may, in its sole and complete discretion, grant a waiver in whole or in part of the annual franchise fee to be paid by the Operator to the

Authority. The granting of such waiver shall not impair the right of the Authority to reinstate the franchise fee in subsequent years in accordance with the terms and conditions of this paragraph. Any waiver of the franchise fee shall be in writing, executed by the duly authorized representative of the Authority and the Operator.

Commencing on July 1, 2010 and each year thereafter, there shall be an adjustment to the franchise fee as hereinafter set forth (Index Adjustment). All index adjustments shall be cumulative, and shall be based upon any increase in the Consumer Price Index as published by the Bureau of Labor Statistics (“Index”). For purposes of this Agreement, the Consumer Price Index means the final index for all items for urban wage earners and clerical workers commodity groups for the United States as determined by the United States Department of Labor, Bureau of Statistics, or any replacement index published by the United States. The adjusted franchise fee for the twelve (12) months succeeding any adjustment and shall be the amount obtained by dividing the franchise fee in effect just prior to adjustment by the Index number for the month of June of the current year; provided, however, that in no case shall such adjustment result in a decrease in the franchise fee. Following each adjustment, the “franchise fee”, as used in this lease, shall mean the franchise fee as most recently adjusted. Until an index adjustment is made to the franchise fee in a calendar year, the Operator shall continue paying the franchise fee previously in effect on a timely basis. Upon notification by the Authority of the adjusted franchise fee, Operator shall immediately pay to the Authority the difference between the franchise fee paid and that which would have been due had the Index adjustment for the fiscal year

been imposed at the beginning of the fiscal year and Operator shall thereafter continue paying the equal monthly installments of the adjusted franchise fee.

Should the United States Government revise its price index at any time, the parties hereto shall follow such suggestions as the government may publish for making an arithmetical change over from one Index to the other. If the Index shall cease to be published, a reasonable substitute index shall replace it for purposes of this Agreement.

2. The Authority shall receive all land lease payments relating to all Improvements and facilities at the Airport except for those facilities leased to the Operator, without charge, as described and delineated on the attached **Exhibit A**.

3. The Authority shall also receive and retain the following fees, payments, and charges:

- (i) Landing Fees;
- (ii) Fuel Flowage Fees pursuant to the terms and conditions of a Fuel Farm Lease Agreement dated _____, 2009 (**Exhibit B**).

B. Payments to the Operator.

1. During the term of this Agreement, Operator shall receive and retain the following fees, payments and charges:

- (i) Hangar rentals for those facilities constructed by Entity Partners, LLC;
- (ii) tie-down fees;

- (iii) gasoline and fuel sales;
- (iv) maintenance fees paid by third parties for services performed by the Operator.; and
- (v) fees generated from sale of new and used aircraft.
- (vi) aircraft handling fees as determined by the Authority.

2. At the commencement of this Agreement, the Operator shall file with the Authority schedules of all fees, charges, and assessments which will be charged at the Airport. The Authority shall approve all fees, charges, and assessments which are initially filed with the Authority. During each 12 months thereafter, the Operator may increase its fees, charges, and assessments for each general item of service or product sold by not more than ten percent (10%) unless approved by the Authority. Any increase in fees, charges, and assessments shall be effective 15 days after filing the amended schedules with the Authority. Notwithstanding the foregoing, the Operator shall charge reasonable and customary prices for similar services as are charged by full service FBO operations in the general market area of the Airport.

3. In the event the Operator requests an increase exceeding ten percent (10%) or commences charges which exceed similar fees, charges, and assessments customarily charged by full service FBO operations in the general market area of the airport, Operator shall file such request in writing with the Authority. The Authority shall refer the request for increase to any such committee as shall be designated by the Authority to administer the request. The Authority, or such

other designated committee or entity, shall accept or reject the request for an increase based upon the following criteria:

- (i) whether the increased costs documents by Operator justify the proposed increase;
- (ii) whether the level of profit disclosed by the Operator for the proposed increase is reasonable and consistent with the operation of the Airport;
- (iii) the effect the increase will have on the public use of the Airport;
- (iv) the effect the increase will have on the private use of the Airport;
- (v) such additional considerations relating to the health, safety, and welfare of the Authority which the Authority deems necessary and proper for the review of the rate increase.

The Authority may demand, and the Operator shall produce, such documentation as shall be necessary in order to review the criteria of this Agreement, which shall include and shall not be limited to, profit and loss statements, pro forma statements, and the income and expense ledgers for the operation of the Airport. The decision of the Authority shall be final.

C. **Records.** The Operator shall provide and maintain accurate records of retail fuel sales and adjusted gross receipts derived under this Agreement, and landing and parking fees collected, for a period of three (3) years from the date the record is made. Such records shall be maintained according to generally accepted accounting principles. In the event the Authority, in its sole discretion, shall determine that Operator is in default of any provision of this Agreement, or in the event the Authority, in good

faith, deems itself insecure regarding Operator's ability to perform this Agreement, the Authority shall have the right, at all reasonable times during the business hours, to inspect the books, records and receipts of Operator, and to verify Operator's fuel sales and adjusted gross receipts, landing and parking fees collected, and other financial statements to determine Operator' ability to perform this Agreement.

D. **Annual Statement.** Within sixty (60) days after the end of each calendar year, Operator shall furnish to the independent auditor of the Authority, a financial statement setting forth the aggregate gross income and expenses generated by the Operator at the Airport, certified by an Officer of the Operator as to its correctness. The Authority reserves the right to audit said statement and Operator's books and records, including examination of the general ledger and all other supporting material, at such reasonable time during business hours, for the purpose for verifying and reported fuel sales and adjusted gross receipts and landing and parking fees collected.

If the audit establishes that the Operator has understated or overstated fuel sales or adjusted gross receipts or landing or parking fees collected by two percent 2% or more, the entire expense of the audit shall be borne by the Operator. Any additional payment due from the Operator shall forthwith be paid to the Authority, with interest thereon at the rate of 1.5% per month from the date such amount originally became payable to the Authority. Any overpayment by Operator shall be credited against further payments due to the Authority. Either party may refer the results of the audit for resolution in accordance with paragraph F, below.

E. **Annual Evaluation Meetings.** The Operator and the Authority shall meet not less than annually to review the scope, extent, planning and direction of the Airport

and its incidental operations. The Authority shall also evaluate Operator's performance regarding the terms of this Agreement for review and input with the Operator.

F. **Disputes.** In the event that any dispute may arise as to fuel sales or adjusted gross receipts, or landing or parking fees collected, the amount claimed due by Authority shall be paid forthwith and the dispute shall be submitted to a certified public accountant, agreeable to both parties, who shall determine the rights of the parties hereunder in accordance with generally accepted accounting principles. The fees due said accountant for such service shall be paid by the unsuccessful party, or in the event the determination is partially in favor of each party, the fee shall be borne equally by the parties.

9. **Utilities and Special Assessments.** The Operator shall have the right to use the Airport utility service facilities (as approved by the Authority) located on the Premises at the commencement of the term of this agreement. In addition, should Operator' operations require additional utility service facilities. the Operator shall, at its own expense, extend such facilities to the premises. Special assessments which shall be levied against the Premises during the term of this Agreement shall be paid by the Authority. The cost of connection to the public improvement shall be paid by the Operator.

The Operator agrees to pay the cost of all utilities in connection with the operation of the Airport. In the event Operator fails to pay any utility bills when due, the Authority, may, at its option, pay the same and collect from the Operator the amount so disbursed, plus interest at the rate of 1.5% per month or a fraction thereof.

10. **Insurance.** During the term of this Agreement, the Operator shall obtain and maintain the following amounts of insurance for its operation:

Bodily Insurance	-	\$5,000,000.00 ea. occurrence
	-	\$5,000,000.00 aggregate
Property Damage	-	\$5,000,000.00 ea. occurrence
	-	\$5,000,000.00 aggregate
Passenger Liability	-	\$3,000,000.00 ea. occurrence
Hangar Keeper's Liability	-	\$1,000,000.00 each aircraft
	-	\$1,000,000.00 ea. occurrence
Products Liability	-	\$5,000,000.00 ea occurrence
Comprehensive Public Liability and Property Damage		
- Bodily Injury	-	\$5,000,000.00 ea. occurrence
- Property Damage	-	\$5,000,000.00 ea. occurrence

The Authority shall obtain and maintain insurance coverage on the real property improvements owned by the Authority or erected subsequent hereto to the extent of their full insurable value. The Operator shall reimburse the Authority the cost of such insurance. Except for insurance coverage relating to the personal property improvements, the Operator shall name the Authority as an additional insured on all policies procured pursuant to this paragraph. The

Certificate of Insurance shall be filed with the Authority prior to commencement of any operations at the Airport by the Operator. The Certificate of Insurance shall further provide that the Authority shall receive 30 days prior written notice before the insurance coverages pursuant to this paragraph shall be amended, altered, or materially changed. Upon demand the Operator shall file copies of all policies with the Authority.

Every five (5) years during the term of this Agreement, either the Authority or the Operator shall have the right, on written notice to the other, to require that an independent insurance consultant, mutually agreeable to the Authority and the Operator, be retained to review the insurance coverages to be provided pursuant to this paragraph to determine, based on the then-current insurance industry standards, whether the coverages are adequate. The Authority and the Operator, upon agreement with the consultant's recommendation, shall promptly implement any changes in coverage recommended by said consultant.

11. Real Estate and Personal Property Taxes. The Operator hereby agrees to pay all taxes, assessments, or other municipal charges levied by the City of Holland or other governmental entity on the due date thereof. Notwithstanding the prior sentence, the Operator shall have the right to contest the assessments in accordance with statute or ordinance.

12. Indemnification. To the extent not covered by insurance carried in favor of Operator and the Authority, Operator shall keep and hold harmless the Authority from and against any and all claims, demands, suits, judgments, costs and expenses asserted by any person or persons, including agents or employees of the Operator or Lessee by reason of death or injury to persons or loss or damage to property, resulting from the Operator's operations, or anything done or omitted by the Operator, under this Agreement except to the extent that such claims, demands, suits, judgments, costs and expenses may be attributed to the acts or omissions of the

Authority or its agents or employees. This covenant of indemnification by Operator shall also include attorney fees and costs incurred by the Authority in connection with the defense of any claim, action, or charge. The items of this paragraph shall not indemnify and hold harmless the Authority for its own negligence.

13. Operator as Independent Contractor. In conducting its business hereunder, Operator acts as an independent contractor and not as an agent of the Authority. The selection, retention, assignment, direction and payment of the operator's employees shall be the sole responsibility of Operator and the Authority shall not attempt to exercise any control over the daily performance of duties by Operator's employees.

14. Assignment. This Agreement, or any part thereof, may be assigned, transferred or conveyed by the Authority to the City or any other operating entity or authority, as the Authority shall determine for purposes of administering the provisions contained therein. Operator is expressly prohibited from assigning or subletting this Agreement or transferring any stock ownership in the corporate entity of Operator without the express written consent of the Authority, which consent shall not be unreasonably or arbitrarily withheld.

15. Non-Discrimination. The Operator for itself, its heirs, personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree that in the event facilities are constructed, maintained, or otherwise operated on the premises as described in the lease for a purpose for which a Department of Transportation program or activity is extended or benefits, the Operator shall maintain and operate such facility and services in compliance with all other requirements imposed pursuant to 49 CFR, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as said regulations may be amended.

The Operator for itself, its personal representatives, successors in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree, as a covenant running with the land, that:

A. No person on the grounds of race, color or national origin shall be excluded from participation in, denied the benefits of, or be otherwise subjected to discrimination in the use of said facilities;

B. That 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;

C. Operator shall use the premises in compliance with all of the requirements imposed by or pursuant to 49 CFR, Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, as said regulations may be amended.

16. Requirements of the United States. This Agreement shall be subject and subordinate to the provisions of any existing or future agreement between the Authority and the United States, or any agency thereof, relative to the operation or maintenance of the Airport, the execution of which has been or may be required as a condition precedent to the expenditure of federal funds for the development or operation of the Airport; provided, however, that the Authority shall, to the extent permitted by law, use its best efforts to cause any such agreements to include provision protecting and preserving the rights of the Operator in and to the Premises, and to compensation for the taking thereof, interference therewith and damage thereto, caused by such agreement or by actions of the Authority of the United States pursuant thereto.

17. Nondiscrimination Under Fees. The Operator agrees to furnish the service as described in this agreement on a fair, equal, and not-unjustly discriminatory basis to all users thereof, and to charge fair, reasonable and no unjustly discriminatory prices for each unit or service; provided, that the Lessee may be allowed to make reasonable and non-discriminatory discounts, rebates, or other similar types or price reductions to volume purchaser.

18. Affirmative Action. The Operator assures that it will undertake an affirmative action program as required by 14 CFR, Part 152, Subparagraph E, to insure that no person shall, on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR, Part 152, Subpart E. The Contractor assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The Operator assures that it will require that its covered suborganizations provide assurances to the Operator that they, similarly, will undertake an affirmative action program, and assurances from their suborganizations, as required by 14 CFR, Part 152, Subpart E, to the same effect.

19. Default and Termination.

A. **Termination by the Operator.** This Agreement shall be subject to termination by the Operator in the event of any one or more of the following events:

1. The abandonment of the Airport as an airport or airfield for any type, class or category of aircraft as classified by the FAA.
2. The default by the Authority in the performance of any of the terms, covenants or conditions of this Agreement, and the failure of the Authority to remedy, or undertake to remedy, to the Operator's

satisfaction, such default for a period of thirty (30) days after receipt of notice from Operator to remedy the same.

3. Damage to or destruction of all or a material part of the Premises or Airport facilities necessary to the operation of Operator's business which the Authority does not commence repair or reconstruction with sixty (60) days of the loss.

4. The lawful assumption by the United States, or any authorized agency thereof, of the operation, control or use of the Airport, or any substantial part or parts thereof, in such a manner as to restrict substantially Operator from conducting business operations for a period in excess of ninety (90) days.

Upon occurrence of any of the above events, the Operator shall terminate this Agreement upon 180 days notice to the Authority.

B. Default by the Operator. This Agreement shall be in default in the event of any one or more of the following events:

1. The default by Operator in the performance of any term, covenant, or condition of this Agreement which jeopardizes the safety and integrity of Airport operations in the sole discretion and determination of the Authority upon 24 hours written notice to the Operator.

2. The default by Operator in the performance of any other term, covenant, or condition of this Agreement, and the failure of Operator to remedy, or undertake to remedy, to the Authority's satisfaction, such

default for a period of thirty (30) days after receipt of notice from the Authority to remedy the same.

3. The occurrence of a default under the terms of any Mortgage or financing by Operator and the failure to cure the same within the applicable period specified in the mortgaging or financing documents.

4. If, after the commencement of the term of this Agreement, the Operator or its successor shall (i) be adjudicated bankrupt or adjudged to be insolvent pursuant to the provisions of any State or Federal insolvency or bankruptcy law, (ii) a receiver or Trustee of the property and affairs of the Lessee shall be appointed, (iii) an assignment shall be made of Operator's property for the benefit of creditors or if a petition shall be filed by or against Operator seeking to have Operator adjudicated insolvent or bankrupt pursuant to the provisions of any State or federal insolvency or bankruptcy law, and such petition shall not be withdrawn and the proceedings dismissed within ninety (90) days after the filing of the Petition, or for any execution or attachment shall be issued against operator or any of Operator's property, whereby the premises (including any improvements thereon) shall be taken or occupied by someone other than the Authority, then and in such event, Authority may terminate this Agreement by written notice to the Operator, provided, however, if the Order of Court creating any of such disability shall not be final by reason of Pendency of such proceedings, or appeal from such order, or if the Petition shall not have been withdrawn or the proceedings dismissed

within ninety (90) days of the filing of the Petition, then Operator shall not have the right to terminate this Agreement as long as Operator performs its obligations hereunder. If, as a matter of law, the Authority has no right in the bankruptcy of the Operator to terminate this lease, then, if Operator, as Debtor, or its Trustee, wishes to assume this Agreement, in addition to curing or adequately assuring the cure of all defaults existing under this Agreement on Operator's part on the date of the filing of the proceedings, Operator, as Debtor, or the Trustee must also furnish adequate assurances of future performance under the lease. In a reorganization under any applicable chapter of the Bankruptcy Code, the Operator or Trustee must assume this Agreement or assign it, in accordance with the provisions hereof within 120 days from the filing of the proceeding or it shall be deemed to have rejected and terminated this Agreement. Any assignment shall be subject to the proposed Assignee demonstrating to the Authority its reasonable ability to comply with each and every requirement to be performed by Operator in this Agreement.

C. **Termination of Agreement Upon Default.** Upon the occurrence of an event of default by Operator:

- a. The Authority may, at its option, give to Operator a notice of election to end the term of this Agreement upon a date specified in said Notice, which date shall be not less than five (5) business days after the date of such notice, and upon the date specified in said Notice, this Agreement shall cease, and any and all other rights, title, and interest of Operator hereunder and in and to any improvements

upon the premises shall likewise cease without further notice or lapse of time, as fully and with like effect as if the entire term of this Agreement had lapsed, but Operator shall continue to be liable to the Authority as provided herein;

b. Upon any such termination of the term of this Lease, or at any time hereafter, the Authority may, in addition to and without prejudice to any other rights and remedies the Authority may have at law or in equity, re-enter the premises, and recover possession thereof and dispossess Operator, its assigns and successors of the premises in the manner prescribed by the statutes. In case of any such default, reentry, expiration and/or dispossession by summary proceedings:

1. The full amount due under this Agreement shall become due thereon, and the Authority may re-let the premises or any part or parts thereof, either in the name of the Authority or otherwise, for a term or terms which may, at the Authority's option, be less than or exceed the period upon which would otherwise have constituted the balance of the term of this Agreement, and may grant concessions or free rent as may be reasonable under the circumstances; or in lieu of re-letting all or any part of the premises, the Authority may operate the same and collect rents from sub-tenants.

c. The Operator or the legal representative of the Operator shall waive all damages for the failure of the Authority to observe and perform Operator's covenants, herein contained, any and all claims to all rental sums paid to the Authority and/or covenants to be paid, plus all other payments and all taxes,

utility expenses, and insurance premiums. Any such unpaid damages shall be paid by the Operator within ten (10) days after demand has been made by the Authority, and any suit brought to collect the amount of the efficiency for such period shall not prejudice in any way the right of the Authority to collect damages for any subsequent period by similar proceeding or other appropriate action. The Authority, at the Authority's option, may make such alterations, repair and/or replacements in the premises as the Authority, in the Authority's sole judgment, considers advisable or necessary for the purpose of re-letting the premises; and the making of such alterations, repairs and/or replacements shall not operate or be construed to release Operator from liability as aforesaid.

d. The Authority may, at its option, institute an action for specific performance in a Court or forum having appropriate jurisdiction to enforce the provisions of this Agreement.

e. No remedy herein conferred upon the Authority shall be exclusive of any other remedy, but the same shall be cumulative and in addition to every other remedy available at law or in equity or provided elsewhere herein.

f. In no event shall the Authority be deemed to have terminated this Agreement, or to have waived Operator's continuing performance of its obligations hereunder unless the Authority terminates this Agreement by written notice to Operator.

D. Removal of Property. All buildings and improvements and fixtures placed upon the premises by the Operator shall be and remain the property of the Operator so long as this lease shall remain in effect. Upon termination of this

Agreement, unless modified by prior provisions of this Agreement, by expiration of time, by agreement, or for default of the Operator, the improvements and fixtures belonging to the Operator and all building equipment, alterations, changes and additions to and upon the Premises shall be left in place, and shall become the property of the Authority, together with all rights therein of the Operator. To make this provisions self-executing, Operator covenants and agrees that upon termination of this Agreement, title to all improvements and fixtures, including all building equipment, alterations, changes and additions to and upon the premises shall pass to the Authority, forthwith and without the necessity of any further conveyance or assignment, if necessary, to complete such transfer, and if requested by the Authority to do so.

E. Causes of Breach; Waiver.

1. Neither party shall be held to be in breach of this Agreement because of any failure to perform any of its obligations hereunder if said failure is due to any cause for which it is not responsible and over which it has no control; provided, however, that the foregoing provision shall not apply to failures by Operator to pay fees, rents or other charges to the Authority.

2. The waiver of any breach, violation or default in or with respect to the performance or observance of the covenants and conditions contained herein shall not be taken to constitute a waiver of any such subsequent breach, violation or default in or with respect to the same or any other covenant or condition hereof.

20. Delegation of Authority. The Authority may delegate its review and supervisory responsibilities of this Agreement to an Authority sub-committee for implementation except those portions of this Agreement specifically requiring Authority review or approval.

21. Arbitration. All claims or disputes arising out of or relating to this Agreement shall be settled by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association then obtaining. Notice of the demand for arbitration shall be filed in writing with the other party to the Agreement and with the American Arbitration Association, and shall be made within a reasonable time after the claim or dispute has arisen. The award rendered by the arbitrators shall be final, and judgment may be entered upon it in accordance with applicable law in any court having jurisdiction thereof.

Except as written by consent of the person or entity sought to be joined, no arbitration arising out of or relating to the Agreement shall include, by consolidation, joinder, or in any other manner, any person or entity not a party to the Agreement, unless it is shown at the time the demand for arbitration is filed that (1) such person or entity is substantially involved in a common question or fact or law; (2) the presence of such person or entity is required if complete relief is to be accorded in the arbitration; and (3) the interest or responsibility of such person or entity in the matter is not insubstantial.

The agreement of the parties to arbitrate claims and disputes shall be specifically enforceable under the prevailing arbitration law.

Pending final decision of the arbitrator or arbitrators, the parties shall proceed diligently with the performance of their obligations under this Agreement.

22. Miscellaneous Provision.

A. **Attorneys Fees.** In the event it is necessary for either party to employ an attorney to enforce the terms of this Agreement or to file an action to enforce any terms, conditions or rights under this Agreement, or defend any action, then the prevailing party in such action shall be entitled to recover from the other, all reasonable attorneys fees, costs and expenses as may be fixed by the Court, and such attorneys fees, costs, and expenses shall be made a part of any award or judgment entered.

B. **Entire Agreement.** This Agreement constitutes the entire understanding between the parties, and as of its effective date supersedes all prior or independent agreements between the parties covering the subject matter hereof. Any change or modification hereof must be in writing signed by both parties.

C. **Severability.** If a provision hereof shall be finally declared void or illegal by any court or administrative agency having jurisdiction, the entire Agreement shall not be void, but the remaining provision shall continue in effect as nearly as possible in accordance with the original intent of the parties.

D. **Notice.** Any notice given by one party to the other in connection with this Agreement shall be in writing and shall be sent by registered mail, return receipt requested, with postage and registration fees prepaid:

1. If to the Operator, addressed to:
Tulip Authority Air Service, Inc.
1581 S. Washington Avenue
Holland, Michigan 49423
2. If to the Authority, addressed to:

West Michigan Airport Authority

ATTENTION: Chairperson

City Hall, 270 S. River Avenue

Holland, Michigan 49423

Notices shall be deemed to have been received on the date of receipt as shown on the return receipt. The parties may change the entity and address to be notified by written notice to the other party.

E. **Headings.** The headings used in this Agreement are intended for convenience of reference only and do not define or limit the scope or meaning of any provision of this Agreement.

F. **Governing Law.** This Agreement is to be construed in accordance with the laws of the State of Michigan.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

WEST MICHIGAN AIRPORT AUTHORITY

BY: _____

TITLE: _____

ATTEST: _____

TITLE: _____

TULIP CITY AIR SERVICES, INC.

BY: _____

TITLE: _____

STATE OF MICHIGAN)
)
COUNTY OF OTTAWA)

On _____, 2009, before me, a Notary Public in and for said County appeared _____ and _____, to me personally known, who being by me duly sworn, did say that they are, respectively, the _____ and _____ of the **West Michigan Airport Authority**, the corporation named in and which executed the within instrument, and that said instrument was signed and sealed on behalf of said Airport Authority by authority of its Board of Directors; and said _____ and _____ acknowledged said instrument to be the free act and deed of said Airport Authority.

Notary Public, _____ County, MI
Acting in _____ County, Michigan
My commission expires: _____

STATE OF MICHIGAN)
)
COUNTY OF OTTAWA)

On _____, 2009, before me, a Notary Public in and for said County appeared _____, to me personally known, who being by me duly sworn, did say that she/he is the _____ of **Tulip City Air Services, Inc.**, the corporation named in and which executed the within instrument, and that said instrument was signed and sealed on behalf of said corporation by authority by its Board of Directors; and said _____ acknowledged said instrument to be the free act and deed of said corporation.

Notary Public, _____ County, MI
Acting in _____ County, Michigan
My commission expires: _____

EXHIBIT A

EXHIBIT B

EXHIBIT C

**AREAS AND BUILDING TO BE
MAINTAINED BY PRINCE CORPORATION**

EXHIBIT E

AIRCRAFT SALES

EXHIBIT F

AIRFRAME - POWER PLANT REPAIR

EXHIBIT G

AIRCRAFT RENTAL

EXHIBIT H
FLIGHT TRAINING

EXHIBIT I

AVIATION FUELS AND OIL DISPENSING SERVICE

EXHIBIT J

AVIONICS, INSTRUMENTS, AND PROPELLER REPAIR SERVICE

EXHIBIT K

AIR TAXI AND COMMUTER AIRLINE OPERATIONS

EXHIBIT L
MULTIPLE SERVICES

EXHIBIT M
FLYING CLUBS

AIRPORT MAINTENANCE AGREEMENT

THIS AGREEMENT is entered into this ____ day of _____, 2009 (the “Agreement”), by and between the **WEST MICHIGAN AIRPORT AUTHORITY**, A Community Airport Authority under Act 206 of the Public Acts of 1957 (hereinafter referred to as the “Authority”) and **TULIP CITY AIR SERVICE, INC.**, a Michigan Corporation of Holland, Michigan (hereinafter referred to as "Tulip City").

WITNESSETH:

On _____, 2009, the Authority and Tulip City have entered into a Fixed Base Operator Agreement (“FBO Agreement”) and a Fuel Farm Lease Agreement relating to Tulip City Airport (“Airport”). The Authority and Tulip City desire to enter into a Airport Maintenance Agreement whereby Tulip City would provide maintenance at the Airport in accordance with the terms and conditions contained herein.

FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, THE AUTHORITY AND TULIP CITY AGREE AS FOLLOWS:

1. TERM OF AGREEMENT.

The Term of this Agreement shall be for an initial term of ten (10) years commencing on the ____ day of _____, 2009, and shall be fully completed and terminated on the ____ day of _____, 2019 (“Term”). The Term of this Agreement shall be subject to early terminated in the event the FBO Agreement between the Authority and Tulip City is terminated.

2. RENEWAL TERM.

The Authority shall have the option of renewing this Agreement for an additional term of five (5) years, provided that notice in writing is given to Tulip City of its intention not less than 90 days prior to the expiration hereinafter set forth, said renewal option to be on terms and conditions as the parties shall reasonably agree upon.

3. MAINTENANCE OF AIRPORT.

A. Snow Removal. Tulip City shall be responsible to snow plow access roads, entrance drives, sidewalks and other pedestrian open spaces, landing areas, runways, taxiways, and parking areas for all vehicles and aircraft, and to keep the above mentioned areas clean and available for the highest level of Airport operations as shall be reasonable under the circumstances. This obligation shall also include those areas leased by the Authority to Brown Transport and West Shore Aviation (including any subsequent lessees with the Authority during the term of this Agreement). The Authority may, from time to time, adopt such specific guidelines in an airport snow removal policy, reviewed by Tulip City and approved by the Authority. Tulip City shall maintain at the Airport, or shall have available reasonably near the Airport, such equipment to perform the obligations of this paragraph.

In the event the Authority shall be required to make available equipment and personnel to perform the provisions of this paragraph, the Authority shall notify Tulip City of the need for such action and may back-charge Tulip City for such costs incurred therewith. Notwithstanding the foregoing provisions of this paragraph, Tulip City shall be allowed and permitted to charge and assess third parties for snow plowing of access

roads, entrance drives, and parking areas for vehicles and aircraft which specifically service third party hangars or improvements at the Airport. The fees and charges for such services shall be filed with the Authority in accordance with the applicable provisions of the FBO Agreement between the Authority and Tulip City.

B. Mowing and Landscaping.

Tulip City shall be responsible to mow all landscaped areas and maintain the necessary landscape plantings for the aesthetic purposes for the Airport. The areas to be mowed are delineated on the attached Exhibit A. Tulip City shall annually submit to the Authority its schedule relating to mowing and other landscaping operations.

4. MAINTENANCE OF AIRPORT FACILITIES

A. Maintenance of Airport Facilities. For purposes of this paragraph, maintenance shall be defined as the repair and/or replacement of materials, parts, accessories, and supplies which neither materially adds to the value of the improvements set forth in this paragraph nor appreciably prolongs their useful life, but keeps the improvements in an ordinarily efficient operating condition. Maintenance shall not be defined to include restoration or replacement resulting from a sudden catastrophic event, one resulting from an act of God, or repair or replacement which substantially arrests deterioration and appreciably prolongs the useful life of the improvement. For purposes of this paragraph, items which are generally required to be capitalized and depreciated in accordance with Section 162 of the Internal Revenue Code shall not be considered maintenance.

The Operator shall maintain all buildings which are leased to the Operator, leased by the Authority to third parties, all roads, taxiways, aprons, or runways, and all public and common or joint use areas of the Airport, including the Air Operations Area, in good condition and repair and shall make such repairs replacements or additions thereto as are required and necessary for the safe and efficient operation of the Airport. The maintenance for the safe and efficient operation of the Airport shall be in accordance with any federal, state, or local standards, guidelines, or certifications.

The Authority shall be responsible to reimburse Tulip City for repair and maintenance costs and expenses. In the event a repair or maintenance cost shall exceed \$500, Tulip City shall obtain prior approval from a duly authorized representative of the Authority.

B. Aerial Approaches. The Authority 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 any person or entity from erecting or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of the Authority, would limit the usefulness of the Airport or constitute a hazard to aircraft.

5. COMPENSATION TO BE PAID BY AUTHORITY TO CITY.

During the Term of this Agreement, Tulip City shall monthly bill the Authority for the provision of services contained herein for the personnel and equipment assigned by Tulip City at the hourly rate schedule which is attached to this Agreement as **Exhibit B**.

Annually, Tulip City shall submit to the Authority the estimated hours for the services rendered under the terms of this Agreement. If the hours for the rendering of such services exceed the estimate, Tulip City shall notify the designated representative of the Authority for additional authorization at the hourly rate for services rendered. All charges by Tulip City to the Authority shall contain a description of services and the time allocated for such services between Tulip City and the Authority. The Authority shall pay for such services within fifteen (15) days of the receipt of the billing. Any undisputed amounts billed by Tulip City to the Authority which is not paid within thirty (30) days of the date of the billing shall accrue interest at the rate of 1.5% per month.

Every two (2) years during the Term of this Agreement, the Authority and Tulip City shall review the fees and charges for the services rendered by Tulip City to determine if an adjustment is required and such adjustment is mutually agreed by the Authority and Tulip City. In the event the hourly rate for personnel and equipment is increased or decreased, the fee schedule shall be adjusted and shall be effective on July 1 thereafter.

6. DEFAULT.

The following events shall be deemed events of default under the terms and conditions of this Agreement:

- A. If an amount required to be paid under the terms of this Agreement shall be unpaid when due;
- B. If any party shall file a Voluntary Petition in Bankruptcy, or make a general assignment for the benefit of creditors, or if any party is adjudicate a bankrupt;
- C. If any party fails to perform the terms and conditions of this Agreement.

In the event of a default, the party asserting the default shall provide a 15 day notice to the defaulting party, which shall specify the terms and conditions of the default. In the event the default is not cured within 15 days thereafter, the agreement shall be terminated and the non-defaulting party may pursue any remedies provided by law or equity, including any damages accruing by reason of the violation of any of the terms, provisions, or covenants contained herein.

In the event the FBO Agreement is terminated between the Authority and Tulip City, this Agreement shall also be terminated unless the Authority and Tulip City agree to an extension to allow for the transition of FBO and maintenance services to a new operator. The terms and conditions of such transition agreement shall be subject to the mutual agreement of the Authority and Tulip City.

7. NON-WAIVER.

If one or more waivers of any covenant or condition by any party shall not be construed as a waiver of a subsequent breach of the same condition or covenant, and the consent or

approval of any party shall not be deemed to waive or render future performance of this Agreement in accordance with the terms and conditions contained therein.

8. ENTIRE AGREEMENT.

This Agreement, together with the Exhibits, sets forth all of the covenants, promises, agreements, conditions, and understandings between the parties hereto, and no covenants, promises, agreements, conditions, or understandings, either written or oral, between them other than as set forth herein, shall be deemed operative. No alteration, amendment, change, or addition to this agreement shall be binding upon any party unless reduced in writing and signed by each party.

9. CAPTIONS.

The captions appearing in this agreement are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this agreement, nor in any way effect the substantive terms of this Agreement.

10. PARTIAL INVALIDITY.

If any term, covenant, or condition of this Agreement shall be deemed to be invalid or unenforceable, the remainder of this Agreement, the application of such term, covenant, or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be effected thereby. The parties to this Agreement acknowledge joint drafting and review of this Agreement and an interpretation of this Agreement shall not be made based upon any party having drafted the Agreement.

IN WITNESS WHEREOF, WE THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT ON THE DATE FIRST NOTED ABOVE.

WEST MICHIGAN AIRPORT AUTHORITY

By: _____

Its: _____

TULIP CITY AIR SERVICES, INC.

By: _____

Its: _____

Draft Date: 6-25-09

FUEL FARM LEASE AGREEMENT

This Fuel Farm Lease Agreement (hereinafter referred to as this “Agreement”), is made and entered into this _____ day of _____, 2009, by and between the **WEST MICHIGAN AIRPORT AUTHORITY**, a Community Airport Authority under Act 206 of the Public Acts of 1957 (hereinafter referred to as the “Grantor” or the “Authority”), and **TULIP CITY AIR SERVICE, INC.**, a Michigan corporation, with its principal place of business located in Holland, Michigan (hereinafter referred to as the “Grantee” and “Operator”).

RECITALS:

The Authority operates the Tulip City Airport located in the City of Holland, County of Allegan, State of Michigan (the “Airport”).

WHEREAS, the parties hereto have entered into a Fixed Base Operator Agreement dated _____, 2009 (“FBO Agreement”), whereby Grantee operates and provides services at certain Premises at the Airport; and

WHEREAS, Grantee desires to occupy and utilize certain space at the Airport upon the terms and conditions set forth in this Agreement to conduct fueling operations at the Airport; and

WHEREAS, Grantee will use the Premises only for the uses and purposes set forth in the Agreement;

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS AND AGREEMENTS BETWEEN THE PARTIES, THE PARTIES AGREE AS FOLLOWS:

1. **TERM.**

A. **EFFECTIVE DATE.**

This Agreement shall be effective on _____, 2009 (the "Effective Date").

B. **DURATION OF TERM.**

The term of this Agreement shall commence on the Effective Date and continue until the expiration date, or earlier termination, of the Grantor's Fixed Base Operator Agreement dated _____, 2009; provided, however, that in the event Grantor decides to move Grantee's fuel storage area to a different location on the Airport, Grantor shall have the right and option upon not less than ninety (90) days notice to Grantee to terminate this Agreement and to offer to Grantee substantially equivalent space in such new location and to move Grantee's facility at Grantor's expense. The Agreement between the parties relative to space at the new location shall be on rental terms and conditions offered to all users thereof.

2. **HOLDING OVER.**

If Grantee should hold over and continue in possession of the Premises after termination of the term of this Agreement or any renewal or extension of the Term of this Agreement, Grantee's continued occupancy of the Premises shall be deemed merely a tenancy from month-to-month and subject to all the terms and conditions of this Agreement. If Grantee shall hold over and fail to surrender the Premises upon the termination of this Agreement without Grantor's consent, then, in addition to any other liabilities to Grantor arising therefrom, Grantee shall and does hereby agree to indemnify, defend, and hold Grantor harmless from loss or liability resulting from such failure

including, but not limited to, claims made by any succeeding tenant or grantee founded on such failure.

3. PREMISES.

Grantor leases to Grantee and Grantee takes from Grantor for its exclusive use as defined herein those certain Premises located at the Airport consisting of a parcel of land approximately _____ square feet of space which is defined and shown on **Exhibit A**, attached to this Agreement and incorporated herein by reference (the “Premises”).

Grantee accepts the Premises “as is” in the condition existing upon the Effective Date of this Agreement. Grantee’s acceptance of the Premises shall be conclusive evidence that its condition is satisfactory to Grantee. Grantor makes no representation or warranty respecting the condition of the Premises.

4. PRIVILEGES GRANTED TO GRANTEE.

Grantor grants to Grantee the following rights and privileges:

1. The right to use the Premises designated on **Exhibit A** for its exclusive use in connection with the storage, sale, and pumping of fuel and lubricants associated with its operation of the Fixed Base Operator (“FBO”) at the Airport and for no other purpose. The use of the Premises for the purposes specified in this paragraph shall meet the minimum standards requirements set forth in the FBO Agreement.

2. The right to use, in common with others authorized to do so, the facilities and improvements owned and constructed by Grantor which are of a public nature and available for public use.
3. The right of ingress and egress from the Premises for Grantee's employees, agents, and customers to the extent reasonably necessary in connection with Grantee's operations under this Agreement.
4. The right to install, operate, maintain, repair, and store, subject to reasonable approval of Grantor in the interest of safety and convenience for all concerned, all equipment necessary for the conduct of Grantee's operations within the Premises.
5. The right to erect signs upon the Premises only with the prior written consent of the Grantor. Such signage shall be limited to promoting Grantee's on-Airport operation. Signs with flashing lights are not permitted. Grantee, its agent or employees, shall not solicit by way of hand-held signs, direction arrows, or vehicle signs for the purpose of soliciting the purchase of an aviation service or other related activity. Any sign or advertising approved by the Grantor shall remain the property of the Grantee and upon termination of this Agreement, or any extension thereof, shall be removed by Grantee at no cost to the Grantor.
6. The use of the Premises and any other rights, privileges, and facilities granted to Grantee herein shall be used, enjoyed, and operated by Grantee only in compliance with all orders, rules, and regulations of Grantor, the Federal Aviation Administration (FAA), Transportation Security Administration (TSA),

Department of Homeland Security (DHS), and the covenants attached as **Exhibit B**.

4.1 STRUCTURAL CONTROLS.

A. All fueling facilities must at all times meet all requirements imposed by any governmental agency having jurisdiction over fueling facilities at the Airport or by any insurer providing insurance coverage to the Airport or with regard to the particular fueling facilities;

B. Aviation fuel storage tanks shall be above ground in a fixed location. Any tank used to store fuel for vehicles other than aircraft shall be aboveground in a fixed location or a vehicle-mounted tank of not more than 250 gallons;

C. All aboveground storage tanks shall have secondary containment to prevent a spill, leak or other release from reaching soil or water and comply in all respects with Federal and State requirements applicable to above-ground storage tanks. Any vehicle with a vehicle-mounted fuel storage tank shall be operated only upon paved surfaces, shall not operate upon a runway or taxiway, and shall otherwise be operated in compliance with the requirements of Section 6 below;

D. Vehicles used to transport aviation fuel within the Airport shall have a maximum capacity of 5,000 gallons of fuel, shall have a radio capable of monitoring or communicating with the FBO at the Airport, and shall have safety locks on sumps;

E. Fixed fuel tanks for aviation fuel shall have a capacity of at least 5,000 gallons;

F. All fuel dispensing areas must be paved and improved with measures to prevent contamination of storm water runoff;

G. Adequate grounding wires or other approved means of reducing static electricity acceptable to the Michigan State Police Fire Marshal Division or the Michigan Department of Environmental Quality, whichever has jurisdiction at a given time, shall be installed, inspected, and maintained;

H. A properly maintained and charged fire extinguisher appropriate for aviation fuel fires and a supply of dry absorbent material shall be kept in each fuel transport vehicle operated at the Airport;

I. Each permit holder shall have sump buckets available in the ramp area and hangar area at all times;

J. Each permit holder shall have and keep safety signage posted in the area of fuel dispensing as required by government regulations;

K. Within ninety (90) days of completion of any new structure at the Airport, the permit holder controlling it shall submit a "significant materials list" to the Storm Water Pollution Prevention Plan (AS.W.P.P.P.@) administrator;

L. The structural controls relating to the fueling facility of the Grantee shall be subject to change, amendment, and modification in accordance with the Fueling Rules & Regulations adopted from time to time by the Authority.

4.2 **OPERATIONAL CONTROLS.**

A. Vehicles used to transport fuel from fixed fuel storage tanks to aircraft shall be properly maintained to prevent leaks, and during operation shall be lighted in accordance with regulations established by federal, state, or local governmental authorities and shall have a radio capable of monitoring or communicating;

B. Over-the-road fuel transport vehicles ("Tankers") may only dispense aviation fuel to fixed fuel storage tanks and shall not directly dispense to fuel transport vehicles used on the Airport or to aircraft;

C.. Aviation fuel shall not be stored at the Airport in any vehicle (other than aircraft), including a Tanker, for more than 24 hours at a time and a fuel transport vehicle for use at the Airport shall not be loaded with more aviation fuel than is reasonably expected to be dispensed into the self-fueler's aircraft within 24 hours of loading. The Authority may grant an operational waiver to this requirement based upon a written procedure submitted by the Operator and approved by the Authority.

D. A vehicle transporting fuel shall not approach or cross a runway if an aircraft is on the runway, taxiing for takeoff, visible in the air, or if radio communication from the FBO indicates that an aircraft is approaching the Airport, and shall not enter into a zone within fifty (50) yards of an operating or idling aircraft or into an area within which any aircraft is operating or idling (unless the operator of the idling aircraft informs the driver of the fuel transport vehicle that

the aircraft will not be moving in the time the fuel transport vehicle would be operating within the same area);

E. All fueling facilities shall be secured when not being used to prevent leaks, spillage, and unauthorized use;

F. All fueling facilities shall be routinely inspected at least monthly, with a comprehensive inspection to be performed at least every six (6) months, with written inspection reports kept on file for a minimum of three years, and maintained in good and workable order and operated in a manner that minimizes the risk of accidental or intentional explosion, fire, or release of fuel or any other regulated substance to the environment, and otherwise kept in compliance with all applicable governmental regulation, including conformance with the SPCC Plan and registration requirements;

G. If a spill or release of fuel or any other regulated substance to the environment occurs at the Airport, the holder of the permit for the fueling facilities from which the spill or release occurred shall immediately stop and contain the spill or release, clean up the fuel or substance released, and notify the Authority of the spill or release and of the steps taken in response. The permit holder shall then proceed to remediate any contaminated soil or water as promptly as reasonably possible. If a theft of fuel occurs at the Airport, the holder of the permit for the fueling facilities from which the theft occurred shall notify the Authority and law enforcement officials immediately upon discovering the theft;

H. No substances other than fuel for aircraft owned by the permit holder or for other vehicles owned by the permit holder and operated solely

within the Airport shall be stored in fueling facilities at the Airport and all regulated substances shall be stored only in containers approved for storage of that substance;

I. No smoking, flames, or sparks shall be permitted within ten (10) yards of any fueling facilities during fueling;

J. All personnel involved in fuel dispensing to fixed storage tanks, fuel transport vehicles or aircraft shall be properly trained to perform their tasks while minimizing the risk of harm to people, property and the environment at the time they commence employment and at least annually thereafter;

K. Oil water separators shall be inspected each six (6) months to assure they remain in good working order and to determine if pumping is appropriate and repaired and/or pumped as appropriate;

L. If any hazardous or regulated substance is spilled or released into a secondary containment structure, the permit holder shall immediately act to stop the spill or release, promptly test the substance in the secondary containment structure for contamination and, if contaminated, dispose of it in accordance with applicable law;

M. S.W.P.P.P. maps will be reviewed and updated every six (6) months and all employees involved in fueling shall have training for the S.W.P.P.P. within ninety (90) days of employment;

N. All self-fueling facilities and areas shall be maintained so as not to present an unsightly appearance or unnecessary danger.

O. Grantee shall be required to apply, obtain, and maintain a fueling permit issued by the Grantor during the Term of this Agreement and shall be subject to the rules and regulations relating to fueling operations at the Airport, as presently existing or as may be amended.

5. LIMITATIONS ON GRANTEE.

Grantee is limited by the following conditions:

1. The Premises are not to be used for any business other than that authorized herein without the written consent of Grantor. Grantee and/or its employees may not provide a safe haven for vendors providing aeronautical and/or commercial services at the Airport as defined by the Grantor's Minimum Standards, as the same may be amended from time to time ("Grantor's Minimum Standards") without said vendor fully meeting the Grantor's Minimum Standards.
2. Grantee shall not do, or permit to be done, anything which may interfere with the effectiveness or accessibility of the utility, mechanical, electrical, drainage and sewer systems, fire protection system, and other systems installed or located on or in the Premises.
3. Grantee shall not commit any nuisance or permit its employees or others on the Premises with its consent to commit or create or continue to tend to create any nuisance on the Premises in or near the Airport.

6. RENTAL.

Grantee shall pay Grantor for the use of the Premises described herein, a fuel flowage fee in the amount of nine and one-half cents (\$.095) per gallon for each gallon of gasoline or other fuel sold by Grantee during the Term without set-off, deduction, abatement, reduction, or counter-claim. The flowage fee shall be paid monthly by the Grantee to the Grantor based upon the fuel sales for the prior month. The Grantee shall produce such documentation as shall be required by the Grantor to determine the fee. The Grantor may inspect the fueling facility of the Grantee, upon reasonable notice, to determine if the fueling facility is operating in good working order and is properly calibrated to measure the fuel pumped from the facility. Grantor shall have the right to audit and inspect the records of the Grantee relating to its fueling operations to ensure compliance with the terms and conditions of this paragraph and this Agreement.

Annually, the Grantor shall review the flowage fee to determine if an increase is required in consultation with the Grantee. The Grantor has the right to increase the flowage fee after review and consultation with the Grantee. In the event the flowage fee is increased, the effective date of such increase shall be on July 1 thereafter.

7. ADDITIONAL FEES, CHARGES, AND RENTALS.

Grantee shall pay to Grantor additional fees, charges, and rentals as follows:

1. If Grantor has paid any sum or sums, or has incurred any obligation or expense, for which Grantee has agreed to pay or reimburse Grantor, or for which Grantee is otherwise responsible;

2. If Grantor is required or elects to pay any sum or sums, or incur any obligation or expense because of the failure, neglect, or refusal of Grantee to perform or fulfill any of the premises, terms, conditions, or covenants required of it;

3. Pursuant to any separate agreement between the parties not contained in this Agreement.

8. TAXES.

Grantee covenants and agrees that it will pay, when due, all taxes which may be lawfully assessed pursuant to law against the Premises, or against the buildings, improvements, and personal property located on the Premises or against any business and activities conducted by Grantee.

9. INDEMNITY AND INSURANCE.

Grantee shall indemnify, protect, defend, and hold Grantor and the City of Holland completely harmless from and against liabilities, losses, suits, claims, judgments, fines, or demands arising by reason of injury or death of any person or damage to any property, including all reasonable costs for investigation and defense thereof (including but not limited to attorneys' fees, court costs, and expert fees), of any nature whatsoever arising out of the use or occupancy of the Premises or the Airport by Grantee, or the acts or omissions of Grantee, its officers, agents, employees, contractors, subcontractors, licensees, or invitees, except to the extent such injury, death, or damage is caused by the act or omission of Grantor, its agents, representatives, contractors, or employees, Grantor

shall give to Grantee reasonable notice of any such claims or actions. The provisions of this section shall survive the expiration or early termination of this Agreement with respect to those liabilities, losses, suits, claims, judgments, fines, or demands that arise by reason of injury or death of any person or damage to any property that occur prior to the expiration or early termination of this Agreement.

Grantee shall procure and maintain the following insurance covering its operations at or upon the Airport including areas assigned exclusively to Grantee and also areas used by Grantee in common with others. Such coverage shall name Grantor as an additional insured to the extent of the contractual liability assumed by Grantee hereunder. Coverage shall be placed with insurance companies licensed to do business in the State of Michigan. Such insurance shall be in at least the following amounts:

1. Comprehensive General Liability covering claims for damages because of bodily injury and personal injury, including death, and damage to property, in the amount of Five Million Dollars (\$5,000,000), combined single limit. Such policy shall include coverage for Premises and Operations, Contractual Liability as applicable to the hold-harmless agreements in this Agreement; Completed Products and Operations; Property Damage; and a Cross Liability Endorsement for Grantor and the City of Holland, its officers, agents, and employees, as additional insureds.
2. Comprehensive Auto Liability - including owned, non-owned, or hired in the amount of One Million Dollars (\$1,000,000) each accident combined single limit.

3. Workers' Compensation - including occupational disease, other states and Voluntary Compensation coverage on all employees to statutory limits.
 4. Employer's Liability - Five Hundred Thousand Dollars (\$500,000) per accident or disease; Five Hundred Thousand Dollars (\$500,000) policy limit on disease.
 5. Environmental Liability - One Million Dollars (\$1,000,000) per occurrence; One Million Dollars (\$1,000,000) limit General Aggregate.
- (Amounts to be included?)

Such policies of insurance shall be in a form and with companies reasonably satisfactory to the Authority or Grantor (provided that AM Best rated insurance company with a rating of B+, VIII or better shall be deemed reasonably satisfactory for the purposes hereof). Grantee shall be fully responsible for the insurance policy deductible for which the required insurance applies.

Certificates shall be deposited with Grantor at least ten (10) business days prior to commencement of Grantee's operations showing such insurance to be in effect and showing Grantor and the City of Holland, its officers, agents, and employees to be named as an additional insured and requiring the issuing company to give thirty (30) days prior written notice to Grantor prior to the cancellation of the insurance or material change in the coverage.

In order to effect a waiver of insurance subrogation rights, to the extent permitted by law, each party, its elected and appointed officials, employees and volunteers and others working on its behalf, does hereby release the other from liability from any loss or damage to the Premises, building, personal property, fixtures, and equipment of the other to the extent that such loss is covered, or would be covered by fire and extended coverage insurance in the full insurable value of such real or personal property, even though such loss may be due to the negligence or fault of such other party, its agents, representatives, or employees. Grantee's policies of insurance shall contain a clause or endorsement that such release shall not adversely affect or impair such policies or prejudice the right of Grantee or Grantor as additional insured, to recover hereunder.

From time to time Grantor may review applicable insurance limits and coverages, and Grantee agrees to provide insurance as shall then comply with current policy requirements of the Grantor. Grantor shall notify Grantee of any such changes in the minimum limits and/or types of coverage required and Grantee shall have thirty (30) days from such notice to provide Grantor with adequate proof of insurance in accordance with this section.

10. FIRE AND EXTENDED COVERAGE INSURANCE.

Grantee must, at all times during the Term, and at Grantee's sole expense, keep all improvements which are now or which may hereafter become a part of the Premises insured with broad form fire and extended coverage insurance with an all-risk endorsement against loss or damage by fire, earthquake, flood, war, and other extended

coverage hazards for not less than the full replacement value of such improvements (excluding foundations and excavation), with loss payable to Grantor and Grantee as their interests may appear. Any loss adjustment will require the written consent of Grantor, Grantee, and the City of Holland.

11. UTILITIES AND SERVICES.

Grantee agrees to provide for its own connections with utilities and to make separate arrangements with the agencies responsible for these utilities. Grantee shall pay for all utility service supplied to the said Premises, and if required by the utility agencies as a condition of continuing said services, Grantee will install and pay for standard metering devices for the measurement of such services. In the event it shall be come necessary to make changes upon the Premises, or within the structures covered by this Agreement, such as any wiring, plumbing, or similar installations, as a condition of the continuance of utility services, and Grantee desires to continue such services, Grantee will promptly make such changes and installations, at its expense, as directed and required by the utility organizations. Grantee shall pay for all utility charges, including natural gas, electricity, sewer, and water used on the Premises during the Term of this Agreement.

It is further agreed that Grantor shall have the right, without cost to Grantee, to install and maintain in, on, or across the Premises, sewer, water, gas, electric, and telephone lines, electric substations, street widening or other installations necessary to the operation of the Airport, or to service other tenants of Grantor. It is provided, however, that Grantor shall

carry out such work and locate any above-ground structures in a manner so as not to unreasonably interfere with Grantee's use of the Premises.

Grantor, without expense to Grantee, shall provide any necessary license or easement for telephone service or other utility service to the take-off points upon the Premises. Except as otherwise provided in this agreement, Grantee shall contract for its own utilities and shall pay all billings therefore promptly when due.

Notwithstanding the above, Grantor agrees that it shall take such action as may be reasonably required from time to time to assure Grantee that the Premises receive an uninterrupted source of gas, water, sewage, telephone, and electrical service.

12. MAINTENANCE, REPAIR, AND OPERATION BY GRANTEE.

Grantee shall keep and maintain the Premises and all improvements thereon in good condition, reasonable wear and use accepted, and shall keep the Premises in a sanitary and sightly condition. Grantee shall provide for the removal of snow from its Premises. Grantee shall not place snow from its Premises on any other area of the Airport without prior written authorization.

In the event that Grantee fails to keep and maintain the Premises and improvements in good condition and repair, reasonable wear and use excepted, and in a sanitary and sightly condition for a period of thirty (30) days after written notice from Grantor to do so, Grantor, upon the expiration of such thirty (30) day period, may, but shall not be

obligated to, enter upon the Premises involved and perform the obligation of Grantee, charging Grantee the reasonable cost and expense thereof, and Grantee agrees to pay Grantor such charge in addition to any other amounts payable by Grantee; provided, however, that if Grantee's failure to perform any such obligation adversely affects or endangers the health or safety of the public or of employees of Grantor in the reasonable judgment of Grantor, and if Grantor so states in its notice to Grantee, Grantor may, but shall not be obligated to, perform such obligation of Grantee at any time after the giving of such notice and without awaiting the expiration of the thirty (30) day period, and charge to Grantee, and Grantee shall pay, the reasonable cost and expense plus reasonable administrative costs of such performance.

It is further agreed that if Grantor shall perform any of Grantee's obligations in accordance with the provisions of this Section, Grantor shall not be liable to Grantee for any loss of revenue to Grantee resulting from such performance.

Upon termination of this Agreement, Grantee's rights herein shall cease, and Grantee shall immediately surrender the same. Grantee shall thereupon restore the Premises to their condition at the initiation of this Agreement, except ordinary wear and tear. This section applies to all aspects of the Premises.

13. NOTICES.

Any notice, demand, request, consent, or approval that either party may or is required to give the other shall be in writing, and shall be either personally delivered or sent by first class mail, postage prepaid, addressed as follows:

TO GRANTOR:

West Michigan Airport Authority
ATTN: Chairperson
City Hall, 270 S. River Avenue
Holland, MI 49423

TO GRANTEE:

Tulip City Air Service, Inc.
1581 South Washington Avenue
Holland, MI 49423

Either party shall have the right by giving fifteen (15) days advance written notice to the other to change the address at which it will receive such communications. Such communications shall be deemed received upon delivery, if personally delivered, or within four (4) days following deposit in the mail if sent by mail.

14. IMPROVEMENTS OR ALTERATIONS.

Grantee agrees that all installations and equipment used in connection with the receipt, storage, and dispensing of all fuels and lubricants shall be approved in writing in advance by Grantor:

Grantee shall have the right to make additions, improvements, modifications, revisions, or other alterations to facilitate business operations hereunder, subject to the prior written approval by Grantor of plans, specifications, location, type, and construction. All costs of any such addition, improvement, modification, revision, or other alterations shall be borne by Grantee.

Within thirty (30) days following completion of the addition, improvement, modification, revision, or other alteration Grantee shall present to Grantor a complete set of reproducible “record” drawings including all amendments and changes issued during construction and including, but not limited to, specifications and shop drawings as applicable. Grantor may, in its sole discretion, require the removal of any alterations and restoration of the Premises at Grantee’s cost, upon termination of this Agreement. If removal and restoration is required, Grantor shall notify Grantee as a condition of approval.

If any construction, improvement, alteration, modification, addition, repair, or replacement (collectively, an “Alteration”) is made without the Grantor’s prior written approval, then the Grantor may, in its sole and unfettered discretion, elect to take any one or more of the following actions:

- A. Terminate this Agreement and retain any security deposit;
- B. Refrain from any maintenance which would otherwise be the obligation of Grantor until such time as the Premises is returned to its condition prior to the Alteration;
- C. Require the Grantee to remove the Alteration and restore the Premises to its original condition; and/or
- D. Require the Grantee to change or modify the Alteration to the sole satisfaction of the Grantor;
- E. Pursue any other remedy available at law or equity.

Grantee's use of outside contractors or its employees for such work will be immediately discontinued if such work results in work stoppage, picketing, or other disruption of passenger, airport, or tenant business.

Grantee shall cause all improvements or alterations authorized to be constructed only by a contractor properly licensed by the State of Michigan to perform the proposed work.

Grantee shall be solely responsible for payment to such contractor for all elements of such construction, and shall keep the Premises free and clear of all mechanics liens resulting from any construction by or on behalf of Grantee. Notwithstanding the foregoing, Grantee shall have the right to contest, in good faith and with reasonable diligence, the validity of any lien or claimed lien, if Grantee shall give to Grantor such security as may be reasonably satisfactory to Grantor and Grantor's title insurance company to assure payment thereof and any interest thereon and to prevent any foreclosure of the lien or sale of the Premises or the Airport by reason of non-payment thereof; provided, further, however, that on final determination of the lien or claim for lien, Grantee shall immediately pay any judgment rendered with all proper costs and charges and shall have the lien released and any judgment satisfied.

A. GENERAL PROCEDURES FOR IMPROVEMENT.

No alterations or improvements of any kind shall be erected, placed, assembled, constructed, or permitted on the Premises until preliminary and final plans showing the type of use, location, size, and design are prepared by an architect and/or engineer licensed to practice in the State of Michigan and the plans have been approved by Grantor under procedures set out in the remainder of this section. Prior to the preparation

of preliminary plans, Grantee shall contact the Grantor to schedule a meeting to brief Grantor's staff on the proposed improvement.

Any review or approval by Grantor of Grantee's plans or any inspection by Grantor of Grantee's work or materials shall not be deemed to constitute a waiver or release by Grantor of any obligation or responsibility of Grantee under this Agreement, or any assumption of any risk or liability by Grantor, and Grantee shall make no claim against Grantor on account of such review, approval, or inspection.

B. PRELIMINARY PLANS.

Preliminary plans shall show the full extent of the improvements to be constructed including grading, drainage, landscaping, paving, architectural, structural, electrical, mechanical, and communications details; and utility locations showing the relationship of the proposed improvements to all adjacent Airport parcels, public roadways, service roadways, taxiways and aircraft parking aprons. A minimum of three (3) complete sets of preliminary plans shall be submitted for approval. Civil engineering plans shall include plan drawings submitted on a scale not smaller than one (1) inch equals fifty (50) feet. Architectural plans shall include plan drawings at a suitable scale, but in no case shall the scale be smaller than 1/16th inch equals one (1) foot. Plans shall include specifications in sufficient detail for Grantor to determine compatibility with Grantor's objectives for the overall aesthetic character and quality of the improvements. At Grantor's request, architectural projects shall include an accurate architectural

perspective color rendering including the proposed exterior color, scheme, style, materials, wording, and placement of all signs.

C. REVIEW OF AND COMMENTS ON PRELIMINARY PLANS.

Within thirty (30) days of the date of receipt of the preliminary plans, Grantor will return a set of plans with comments. Grantor review and comment on the preliminary plans does not mean or infer that Grantor has approved the proposed improvement. Additional plans, specifications, or design features beyond those submitted with the preliminary plans may be required and shall be prepared by Grantee at the request of Grantor.

D. FINAL PLANS.

A minimum of three (3) complete sets of final plans and specifications showing responses to comments receive, if any, and setting forth in all necessary detail the requirements for construction of the project shall be submitted to Grantor for approval prior to submitting plans to other applicable agencies so that Grantor may check them for design conformance with the preliminary plans. Final plans shall be sealed by a licensed engineer and/or architect. Grantee shall submit a completed airport Construction Permit Application with final plans.

E. APPROVAL OF FINAL PLANS.

Within fifteen (15) days of the date of receipt of the final plans, if final plans are approved, Grantor will return final plans to Grantee with an authorized Airport Construction Permit Application. In the event the final plans are not approved, Grantor shall provide its written comments as to that portion of the final plans, which are not approved, and the reasons therefore. Grantor will retain one (1) full set of final plans. Grantor approval of the final plans shall only mean that the proposed improvement is

consistent with Grantor's goals and objectives for Airport development projects and does not infer that the proposed improvement is approved by any required federal, state, and local government agency. After approval of the final plans by Grantor, Grantee has full responsibility for obtaining all required federal, state, and local approvals and permits. Grantor will submit to the Federal Aviation Administration for airspace approval (FAA Form 7060). Grantee will provide ten (10) sets of final plans for airspace approval submittal.

F. MODIFICATION OF FINAL PLANS.

Any modifications to the approved final plans including environmental mitigation measures, modifications imposed by other governmental agencies, or construction change orders shall be submitted to Grantor for approval prior to construction.

G. ADDITIONAL REQUIREMENTS.

After receiving the Grantor's approval of final construction plans and prior to beginning construction on the Premises, Grantee shall satisfy all of the following requirements:

1. Grantee, at its expense, shall have filed with the appropriate governmental body, having jurisdiction with respect to the demolition of existing improvements and the erection of new improvements, complete plans, specifications, certificates, and any other documents required for the Grantee's construction of the new improvements and obtained all required permits and approvals (copies of which shall be delivered to Grantor). Grantee's plans and specifications shall be the ones approved by Grantor as required in this section.
2. Grantee shall deliver to Grantor for review and approval certificates of insurance required in addition to those already required herein.

3. Grantee shall deliver to Grantor a performance bond and a labor and material payment bond (“bonds”) to be kept in force throughout the period of construction and for ninety (90) days thereafter. The bonds shall be in the amount of the construction cost covering faithful performance of the Grantee’s obligations hereunder and the payment of all obligations arising in connection with the construction, free of liens upon the Leased premises. The bonds shall name Grantor as obligee, and shall be written by surety companies qualified to do business in the state of Michigan, under proper certificate of authority, and in such form and with such sureties as Grantor may approve. The bonds may also include as obligee, as its interest may appear, the Leasehold Mortgagee acting as construction lender for the financing of the cost of constructing the building and any Fee Mortgagee.

All of the documents required herein must be submitted in detail satisfactory to Grantor.

H. NOTICE OF COMPLETION.

Within ten (10) business days of construction completion, Grantee shall submit a written Notice of Completion to Grantor. Within ten (10) days of receipt of Notice of Completion, Grantor may schedule an inspection of the improvements to be accompanied by Grantee for purposes of confirming compliance with the final plans and any subsequent modifications to the final plans. This inspection tour may be scheduled at the same time Grantee schedules a final inspection in accordance with any requirements imposed by other governmental agencies. Failure of Grantor to complete such inspection shall not prevent Grantor from its rights to require Grantee to correct, modify, and remove any non-conforming improvements.

I. AS-CONSTRUCTED/RECORD DRAWINGS.

Within forty-five (45) days after filing the Notice of Completion, Grantee shall furnish to Grantor one (1) set of reproducible Mylar Record Drawings showing the “as constructed” improvements and a diskette (C D/DVD acceptable) containing the drawings in the CAD version currently used by Grantor. Record Drawings shall be dated and stamped by the engineer or architect of record.

J. TITLE TO IMPROVEMENTS AND ALTERATIONS.

All the improvements and alterations made by Grantee shall remain on the Premises throughout the Term. Title to these improvements and alterations shall be surrendered to Grantor upon expiration of the Term or sooner termination of this Agreement.

Alternatively, Grantor may require the removal of any alterations by Grantee upon the termination of this Agreement and restoration of the Premises to its prior condition, provided Grantor provides Grantee notice of such intention to require removal and restoration on or before the time of final plan approval.

K. REMOVAL OF UNAPPROVED IMPROVEMENTS.

Improvements made on Premises without Grantor’s approval as outlined in this Agreement are determined to be unapproved improvements constructed or installed in violation of the conditions, restrictions, and requirements of this Agreement.

Unapproved improvements shall be immediately removed at Grantee’s sole expense.

Portions of improvements that are not constructed as indicated and specified on approved plans are also determined to be unapproved improvements and shall be immediately removed or corrected at Grantee’s sole expense.

15. TITLE OF PROPERTY AT EXPIRATION OF AGREEMENT.

At the expiration of this Agreement, or upon the Agreement being terminated due to the default of Grantee or for any other reason, any and all property, except trade fixtures or equipment of the Grantee, its guests, business invitees, employees, agents, contractors, assigns, subtenants or other person claiming under Grantee, shall become the sole property of the Grantor. Any trade fixtures or equipment not removed within seven (7) business days of expiration or termination shall become the property of the Grantor.

Notwithstanding the foregoing, nothing herein shall be construed to deprive the Grantor of the right to demand that Grantee remove, at Grantee's sole expense, all or any part of any property left behind and to restore the Premises to their original condition as of the date of this Agreement. Grantor expressly reserves such right. In that event, Grantor reserves the right to charge Grantee for the removal of any property not removed plus reasonable administrative costs.

16. REMOVAL OF GRANTEE'S EFFECTS ON CANCELLATION.

Whenever a right of cancellation is provided to Grantor herein, Grantor may take immediate possession of the Premises and remove Grantee's effects, using such force as Grantor deems necessary, without being deemed guilty of trespass or other violation of Grantee's rights under law. Upon such entry this Agreement shall terminate.

17. GRANTOR'S RIGHT OF CANCELLATION NOT WAIVED.

The failure of Grantor to declare this Agreement terminated upon the default of Grantee, or for any other reason set forth herein, shall not operate to bar or destroy the right of Grantor to cancel this Agreement by reason of any subsequent violation of the terms of this Agreement. Further, the acceptance of any rental, in whole or in part, by Grantor for or during any period of default or other violation of the terms, covenants, and conditions of this Agreement, or any period thereafter, by Grantee shall not be deemed a waiver of any right on the part of Grantor to cancel this Agreement.

18. RIGHT OF ENTRY.

Grantor may enter upon the Premises now or hereafter leased exclusively to Grantee at any reasonable time for any purpose necessary, incidental to or connected with the performance of its obligations under this Agreement, in the exercise of its governmental functions or in the event of any emergency.

19. SOIL CONDITION.

Grantee agrees to defend, indemnify, protect, and hold Grantor harmless from any or all claims, causes of action, regulatory demands, liabilities, fines, penalties, losses, claims, and expenses including without limitation cleanup or other remedial costs (including attorney fees, costs, and all other reasonable litigation expenses when incurred and whether incurred in defense of actual litigation or in reasonable anticipation of litigation), arising from the existence or discovery of any hazardous substance on the Premises since

the Grantee's operation at the Airport, including the migration of such substance onto or from the Premises, or the violation of any environmental requirement by Grantee.

20. RULES AND REGULATIONS.

Grantee agrees to observe and obey all rules and regulations promulgated from time to time by the Authority, the Department of Transportation, the FAA, the TSA, the DHS, the Michigan Department of Transportation, the Michigan Aeronautics Commission, and the City of Holland, governing the conduct and operation of the Airport and its facilities.

Grantor agrees that any rules and regulations promulgated by the City of Holland or Grantor shall not be inconsistent with any legally authorized rule or regulation of the Department of Transportation or of the FAA. Grantee shall be advised of and provided copies of any rules and regulations adopted by Grantor affecting Grantee's operation at the Airport. In the event the Grantor is assessed and pays a fine because of an act or omission of Grantee, its employees, agents, and invitees, in violation of this section, Grantee shall reimburse the Grantor for such payment within 30 days of the Grantor providing notification of such payment.

21. ASSIGNMENT AND SUBLETTING.

Grantee may not assign or sublet this Agreement nor may it transfer the management and operation of the premises without the prior written consent of Grantor. Grantor may refuse to grant such consent in its sole and unfettered discretion.

Any assignment, sublease, or transfer of ownership made in violation of the provisions hereof shall be void, and, at the option of Grantor, shall be the basis for termination of this Agreement.

For purposes of this Agreement, an assignment or transfer of this Agreement includes, without limitation (a) a transfer of a majority in interest of the ownership of Grantee, or (b) transfer of the operational control of Grantee, even if no ownership interest has been transferred, or (c) any transfer of the Agreement or the Premises or any part or interest in either, whether by voluntary action of Grantee or any other party, or by operation of law.

22. GRANTEE COVENANTS.

Grantee agrees that all installations and equipment used in connection with the receipt, storage, and dispensing of all fuels and lubricants shall be approved in writing in advance by Grantor and that Grantor's use of the leased premises Grantee will comply with all regulations from time to time adopted by the Grantor and with all rules and regulations promulgated by the United States of America, State of Michigan, or County of Allegan.

23. SUCCESSORS AND ASSIGNS BOUND BY COVENANTS.

All the covenants, conditions, and provisions in this Agreement shall extend to and bind the legal representatives, successors, and assigns of the respective parties. This section shall not be construed to enlarge Grantee's rights to assign this Agreement which rights are covered elsewhere in this Agreement.

24. CONDEMNATION.

If the whole or any part of the Premises is taken by any public authority under the power of eminent domain, including any conveyances or grants made in anticipation or, or in lieu of such taking, then the term of this Agreement shall cease on that part to be taken from the day the possession of that part shall be acquired by such public authority, and the rent shall be paid up to that date. If such portion of the Premises is so taken as to substantially impair the usefulness of the Premises for the purpose for which the Premises were leased, Grantee may either terminate this Lease or continue in possession of the remainder of the Premises under the terms and conditions hereof except that the rentals shall be reduced in proportion to the amount of the Premises taken, and in the latter event, Grantor shall promptly restore such remainder to a reasonably tenantable condition.

Upon the acquisition by condemnation or the exercise of the power of eminent domain by the Federal government, the State of Michigan, or any federal or state agency or any other persons vested with such power, of a temporary or permanent interest in all or any part of the Airport, including, without limitation, the premises and improvements, Grantor and Grantee each shall have the right to appear and file claim for damages, to the extent of its respective interest, in the condemnation or eminent domain proceeding to participate in any and all hearings, trials, and appeals therein, and to receive and retain such amount as each may lawfully be entitled to receive as damages or payment as a result of such acquisition.

25. STANDARD COVENANTS.

The provisions of **Exhibit B** attached hereto and as amended from time to time by the FAA or Grantor are incorporated herein and made a part of this Agreement.

26. AVIGATIONAL EASEMENT

Grantor hereby reserves for the use and benefit of the public, the right of aircraft to fly in the airspace lying over the land herein leased, together with the right of said aircraft to cause such noise as may be inherent in the operation of aircraft landing at, taking off from, or operating on or in the vicinity of the Airport, and the right to pursue all operations of the Airport.

Grantee shall not erect any structure or allow the grown of any plant or natural object that would constitute an obstruction to air navigation as defined in 14 CFR Part 77; nor shall Grantee conduct any activity on the Premises that would interfere with or be a hazard to the flight of aircraft over the land or to and from the Airport or interfere with air navigation and communication facilities serving the Airport. Grantor shall have the continuing right and easement to take any action necessary to prevent the erection or growth of any structure, tree, or other object into the air space, or development of any hazard to air navigation or communication, and to remove or abate from such air space, or mark and light as obstructions, any such structure, tree, object, or hazard. Grantor shall have the right of ingress and egress over the Premises for such purposes.

27. PROTECTION OF AERONAUTICAL APPROACHES.

Grantor 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 Grantee from erecting, or permitting to be erected, any building or other structure on the Airport, which, in the opinion of the Grantor, would limit the usefulness of the Airport, or constitute a hazard to aircraft.

28. INVALID PROVISIONS.

In the event any covenant, condition, or provision herein contained is held to be invalid by any court of competent jurisdiction, or to be invalid as in conflict with any rule, order, or regulation of the FAA, the invalidity of any such covenant, condition, or provision shall in no way affect any other covenant, condition, or provision herein contained.

29. HEADINGS.

The headings of the sections and paragraphs of this Agreement are inserted only as a matter of convenience and for reference, and do not define or limit the scope or intent of any provisions of this Agreement and shall not be construed to affect in any manner the terms and provisions hereof or in the interpretation or construction thereof.

30. REMEDIES AND DEFAULT.

Each of the following constitutes a default by Grantee under this Lease: (1) Grantee's failure to pay Fuel Flowage Fee when due; (2) Grantee's failure to perform or observe any other of Grantee's obligations under this Lease or the FBO Agreement for a period of

thirty (30) days after Grantee receives notice from Grantor setting forth the failure in question; (3) Failure to complete improvements by Grantee under this Agreement; (4) the filing by Grantee of a voluntary petition in bankruptcy; (5) the institution of proceedings in bankruptcy against Grantee and the adjudication of Grantee as a bankruptcy pursuant to such proceedings if such adjudication shall remain un-vacated or un-stayed for a period of at least thirty (30) days; (6) the taking by a Court of Grantee and its assets pursuant to proceedings brought under the provisions of any state or federal reorganization act if the judgment of the court shall remain un-vacated or un-stayed for a period of at least thirty (30) days; (7) the appointment of a receiver of Grantee's assets if such appointment by a court shall remain un-vacated or un-stayed for a period of at least thirty (30) days.

In the event of any default, Grantor, in addition to the remedies given in this Lease or under applicable law, may do any one or more of the following: (a) accelerate the full balance of the rental payable for the remainder of the Term and sue for such sums; (b) terminate this lease, upon which Grantee must surrender the Premises to Grantor; (c) enter and take possession of the Premises; either with or without process of law, and remove Grantee with or without having terminated this Lease; (d) enforce specific performance of Grantee's obligations; (e) cure the default and recover the cost of curing, including attorneys' fees and costs, as additional cost due on demand.

Grantee waives claims of damages by reason of Grantor's reentry or repossession of the Premises. Grantor's exercise of any of its remedies or its receipt of Grantee's keys or

other access to the Premises does not constitute an acceptance or surrender of the Premises by Grantee. A surrender must be agreed to in a writing signed by both parties. If Grantor terminates this Lease or terminates Grantee's right to possess the premises because of a default, Grantor may hold Grantee liable for amounts due under the Lease accrued to the date the Lease terminates.

Grantee is also liable to Grantor for that part of the following sums paid by Grantor, and must pay the sums due under this paragraph promptly upon receiving Grantor's invoice for such amounts: (a) the cost of removing and storing Grantee's property; (b) the cost of minor repairs, alterations, and remodeling necessary to put the Premises in a condition reasonably acceptable to a new tenant; and (c) other reasonable expenses incurred by Grantor in enforcing its remedies.

In case suit is brought to recover possession of the Premises for the recovery of any other amount due under the provisions of this lease, or because of the breach of any other covenant herein contained on the part of Grantee to be kept or performed, Grantee must pay to Grantor all expenses incurred therefore, including reasonable attorney fees, which shall be deemed to have been incurred by Grantor from the default date until judgment and collection and shall be enforceable whether or not such action is prosecuted to judgment.

All remedies under this Agreement, at law or in equity, are cumulative.

31. SURVIVAL OF AGREEMENT.

In the event this Agreement is terminated by Agreement or default, the terms and conditions of paragraphs 9, 16, 17, 18, and 19 of this Agreement and paragraph III.B of the Covenants shall survive.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized officers on the day and year first above written.

WEST MICHIGAN AIRPORT AUTHORITY

By: _____

Its: _____

TULIP CITY AIR SERVICE, INC.

By: _____

Its: _____

EXHIBIT A

PREMISES

EXHIBIT B
COVENANTS

The following covenants are incorporated into all leases and agreements at the Tulip City Airport and may be amended from time to time. A material breach of any of the following covenants shall constitute a material breach of Grantee's underlying agreement.

I. Covenants Against Discrimination.

Grantee agrees to the following covenants and assurances required or recommended by the Federal Aviation Administration ("FAA"), the Transportation Security Administration ("TSA"), the Michigan Department of Transportation ("MDOT"), or by Federal or Michigan statute:

- A. It is hereby specifically understood and agreed that nothing herein contained shall be construed to grant or authorize the granting of an exclusive right to provide aeronautical services to the public as prohibited by Section 308(a) of the Federal Aviation Act of 1958, as amended, and the West Michigan Airport Authority (the "Authority") reserves the right to grant to others the privilege and right of conducting any one or all activities of an aeronautical nature.
- B. Grantee, for itself, its personal representatives, successor in interest, and assigns, as part of the consideration hereof, does hereby covenant and agree as covenant running with the land (1) that no person on the grounds of race, color, creed, sex, age, or national origin or handicap shall be excluded from participation, denied

the benefits of, or be otherwise subjected to discrimination in the use of said facilities; (2) that, in the construction of any improvements on, over, or under such land and the furnishing of services thereon, no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, creed, color, sex, age, national origin, or handicap; (3) that Grantee shall use the Premises in compliance with all other requirements imposed by or pursuant to 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, and as said regulations may be amended; (4) and that in the event facilities are constructed, maintained, or otherwise operated on the said property described in this agreement for a purpose for which a DOT program or activity is extended or for another purpose involving the provision of similar services or benefits, Grantee shall maintain and operate such facilities and services in compliance with all other requirements imposed pursuant to 49 CFR Part 21, Nondiscrimination in Federally Assisted Programs of the Department of Transportation, and as said Regulations may be amended.

- C. Grantee agrees to furnish its services on a fair, equal, and not unjustly discriminatory basis to all users thereof and to charge fair, reasonable, and no unjustly discriminatory prices for each unit or service; provided that Grantee may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.

- D. Grantee assures that it will undertake an affirmative action program as required by 14 CFR Part 152, Subpart E (“Subpart E”) to ensure that no person shall, on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in Subpart E. Grantee assures that no person shall be excluded on these grounds from participating or receiving the services or benefits of any programs or activity covered by Subpart E. Further, Grantee agrees that it will require that its covered sub-organizations provide assurance to the Authority that they similarly will undertake affirmative action programs and that they will require assurances from their sub-organizations, as required by Subpart E, as to the same effect.
- E. Grantee agrees for itself and its subcontractors not to discriminate against any employee or applicant for employment, with respect to hire, tenure, terms, conditions, or privileges of employment, or a matter directly or indirectly related to employment, because of race, color, religion, national origin, age, sex, height, weight, or marital status or because of a handicap that is unrelated to the individual’s ability to perform the duties of a particular job or position. A breach of this covenant shall be regarded as a material breach of this agreement (MCL 37.1209, 37.2209).
- F. Grantee agrees that it will comply with all applicable provisions of the Americans With Disabilities Act, 42 U.S.C. § 12101, *et seq.*, and with all regulations and orders promulgated thereunder.

- G. If Grantee is covered by 49 CFR Part 23, then Grantee agrees that this Agreement is subject to the requirements of the U.S. Department of Transportation's regulations, 49 CFR Part 23, subpart F. Grantee agrees that it will not discriminate against any business owner because of the owner's race, color, national origin, or sex in connection with the award or performance of any concession agreement covered by 49 CFR Part 23, Subpart F. Grantee agrees to include the above statements in any subsequent concession agreements that it enters and cause those businesses to similarly include the statements in further agreements.
- H. Grantee agrees that it shall insert the above covenants and assurances in any agreement by which Grantee grants a right or privilege to any person, firm, or corporation to render accommodations or service to the public on the Premises leased or occupied by Grantee.

In the event of breach of any of the above covenants, the Authority shall have the right to terminate the Agreement and to reenter and repossess said land and the facilities thereon, and hold the same as if said Agreement had never been made or issued. It is further understood and agreed that the Authority shall have the right to take such action as the Federal Government may lawfully direct to enforce this obligation. In the event further covenants and/or assurances are required of the Authority by the Department of Transportation or FAA which are applicable to this Agreement, Grantee agrees that it will conform with the provisions thereof so long as this Agreement is in effect.

II. Safety & Security Procedures.

Grantee acknowledges that the operation of Tulip City Airport by the Authority is subject to safety and security requirements (law, orders, and regulations) now and hereafter mandated by the FAA, the TSA, and other federal, state, and local agencies, including without limitation 14 CFR Part 139, 49 CFR Parts 1540 and 1542, and Grantee agrees that it and its employees will comply with all requirements of the FAA, TSA, or other agency and all provisions of the Authority' Safety and Security Program adopted for the purpose of implementing the safety and security requirements of the FAA, TSA, or other federal, state, or local agency.

In the event the Authority is notified by the FAA, TSA, or other federal, state, or local agency, of a violation of safety or security regulations by an employee or agent of Grantee, the Authority shall provide Grantee with a copy of such notice as it affects Grantee. If the Authority is assigned a penalty or fine because of such violation, Grantee agrees that payment of such fine shall be the responsibility of Grantee and that such fine shall be paid by Grantees as an additional fee, and that if such fine is paid by the Authority, Grantee will reimburse the Authority on demand for the amount paid by it.

In the event that further safety and security procedures are mandated by the Department of Transportation, the FAA, the TSA, or other federal, state, or local agency which are applicable to this Agreement, Grantee agrees that it will conform with the provisions thereof so long as this Agreement is in effect.

III. Environmental Regulations.

A. Grantee shall comply with the following environmental regulations:

1. Authority's Consent Required. Grantee shall not cause or permit any Hazardous Materials, as defined below, to be stored or used on or about the Premises by Grantee, its agents or employees, except in compliance with Environmental laws as described below and as permitted by the Authority.
2. Compliance with Environmental Laws. Grantee shall at all times and in all respects comply with all local, state, and federal laws, ordinances, regulations, and orders relating to industrial hygiene, environmental protection, or the use, generation, manufacture, storage, disposal or transportation of Hazardous Materials on, about, or from the premises (collectively "Environmental Laws");
3. Hazardous Materials Handling. Grantee shall, at its expense, procure, maintain in effect, and comply with all conditions of any permits, licenses, and other governmental and regulatory approvals required for Grantee's use of the Premises, including, without limitation, discharge of materials or wastes into or through any storm or sanitary sewer serving the Premises. Except for discharges into the sanitary sewer, Grantee shall cause any and all Hazardous materials removed from the Premises to be removed and transported solely by duly licensed haulers to duly license facilities for disposal. Grantee shall in all respects handle, treat, and

manage any and all Hazardous Materials on or about the Premises in conformity with all applicable Environmental Laws and prudent industry practices regarding the management of such Hazardous Materials. Upon the expiration or earlier termination of the term of the lease, Grantee shall cause all Hazardous Materials to be removed from the Premises and to be transported for use, storage, disposal, or recycling in accordance and compliance with all applicable Environmental laws; provided, however, that Grantee shall not take any remedial action in response to the presence of any Hazardous Materials in or about the Premises, nor enter into any settlement agreement, consent decree, or other compromise with respect to any claims relating to any Hazardous Materials in any way connected with the Premises without first notifying the Authority of Grantee's intention to do so and affording the Authority ample opportunity to appear, intervene,, or otherwise appropriately assert and protect the Authority's interest with respect thereto.

4. Notices. If at any time Grantee shall become aware, or have reasonable cause to believe, that any Hazardous Material has come to be located on or about the Premises in violation or potential violation of Environmental Laws, Grantee shall, immediately upon discovering such presence or suspected presence of the Hazardous Material, provide Authority with written notice of that condition. In addition, Grantee shall immediately notify Authority in writing of (1) any enforcement, cleanup, removal, or other governmental or regulatory action instituted or threatened pursuant

to any Environmental Laws, (2) any claim made or threatened by any person against Grantee or the Premises relating to damage, contribution, cost recovery, compensation, loss, or injury resulting from or claimed to result from any Hazardous Materials, and (3) any reports made to any local, state, or federal environmental agency arising out of or in connection with any Hazardous Materials on or removed from the Premises, including any complaints, notices, warnings, or asserted violations in connection therewith. Grantee shall also supply to Authority as promptly as possible, and in any event within five (5) business days after Grantee first receives or sends the same, copies of all claims, reports, complaints, notices, warnings, or asserted violations relating in any way to the premises or Grantee's use thereof. Grantee shall promptly deliver to Authority copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises.

5. Definition of Hazardous Materials. As used in this lease, "Hazardous Material or Materials" means any hazardous or toxic substances, materials, or wastes, including but not limited to those substances, materials, and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and amendments thereto, or such substances, materials, and wastes which are or become regulated under any applicable local, state, or federal

law including, without limitation, any materials, waste, or substance which is petroleum or a petroleum distillate, asbestos, polychlorinated biphenyls, (iv) defined as a “hazardous waste” pursuant to the Resource Conservation and Recovery Act, 42 U.S.C. § 6901, *et seq.*, or defined as a “hazardous substance” pursuant to the Comprehensive Environmental Response, compensation, and Liability Act, 42 U.S.C. § 9601, *et seq.*

B. Grantee shall indemnify, defend, and hold harmless the Authority and the City of Holland, including their officers, employees, successors, and assigns, from and against any and all claims, liabilities, penalties, fines, judgments, forfeitures, losses, damages (including attorneys’ fees, consultant fees, and expert fees) for the death of or injury to any person or damage to the Premises or any property whatsoever, arising from or caused by the Grantee’s failure to comply with any Environmental Laws or any covenants, terms, or conditions relating to environmental matters in this lease. Grantee’s obligations under this Paragraph B shall include, without limitation, and whether foreseeable or unforeseeable, any and all costs incurred in connection with any investigation of the condition of the premises, and any and all costs of any required or necessary repair, cleanup, decontamination or remediation of the Premises and the preparation and implementation of any closure, remedial action, or other required plans in connection therewith should Authority have a reasonable basis to believe that Grantee has caused the presence of Hazardous Materials in violation of Environmental Laws and Grantee fails to first conduct its own environmental investigation, and any and all costs of any required or necessary repair, cleanup, decontamination or remediation of the Premises and the preparation and implementation of any closure, remedial action, or other required plans in

connection therewith and resulting from Grantee's violation of Environmental Laws. Grantee's obligations under this Paragraph B shall survive the expiration or earlier termination of the term of the lease.

C. Notwithstanding any provisions of this lease to the contrary, the Authority, at its sole discretion, shall have the right to enter and inspect the premises, including Grantee's business operations thereon, upon reasonable notice and in a manner so as not to unreasonably interfere with the conduct of Grantee's business, to investigate the presence of potential presence of Hazardous Materials on the Premises in violation of Environmental Laws. During such inspection, the Authority shall have the right to visually inspect the Premises and to take such soil, sludge, or groundwater samples and conduct such tests as it may determine, in its sole discretion, to be necessary or advisable. The Authority shall pay for the costs of such investigation; provided, however, that if the results of such investigation indicate the presence of Hazardous Materials on or about the Premises is in violation of Environmental laws and such violation was caused by Grantee then Grantee shall fully reimburse Authority for such expenses within ten (10) days of receiving Authority's written request for reimbursement.

IV. Future Airport Use and Development.

A. The Grantor reserves the right to further develop or improve the landing areas of the Airport as it sees fit, regardless of the desires or view of the Grantee, and without interference or hindrance.

B. The Grantor reserves the right, but shall not be obligated to the Grantee, to maintain and keep in repair the landing areas of the Airport and all publicly owned

facilities of the Airport, together with the right to direct and control all activities of the Grantee in this regard.

C. This Agreement shall be subordinate to the provisions of and requirements of any existing or future agreement between the Grantor and the United States, relative to the development, operation, or maintenance of the Airport.

D. The Grantee agrees to comply with the notification and review requirements covered in Part 77 of the Federal Aviation Regulations in the event any future structure or building is planned for the Premises, or in the event of any planned modification or alteration of any present or future building or structure situated on the Premises leased or occupied by Grantee.

AIRPORT MANAGER AGREEMENT

THIS AGREEMENT entered into this _____ day of _____, 2009 (the “Agreement”), by and between the **WEST MICHIGAN AIRPORT AUTHORITY**, A Community Airport Authority under Act 206 of the Public Acts of 1957 (hereinafter referred to as the “Authority”) and **TULIP CITY AIR SERVICE, INC.**, a Michigan corporation with its principal place of business located in Holland, Michigan (hereinafter referred to as "Tulip City").

WITNESSETH:

The Authority was formed to operate Tulip City Airport (“Airport”). The Authority desires to enter into a management agreement with Tulip City to provide services to the Authority for the efficient operation and management of the Airport.

FOR AND IN CONSIDERATION OF THE MUTUAL PROMISES CONTAINED HEREIN, THE AUTHORITY AND TULIP CITY AGREE AS FOLLOWS:

1. TERM OF AGREEMENT.

This Agreement shall commence on the _____ day of _____, 2009, and shall continue until the _____ day of _____, 2010 (“Term”). The Term of this Agreement shall be renewed for an additional one year extensions unless the Authority or Tulip City shall provide written notice of termination within sixty (60) days of the Term or any renewal term hereof. This Agreement may also be terminated upon 60 days notice by either party.

2. SERVICES PROVIDED BY CITY.

During the Term of this Agreement, Tulip City shall assign such personnel as agreed and approved by the Authority in order to perform and carry out the terms and conditions of this Agreement. The personnel assigned by Tulip City shall be responsible to perform the following services and conditions as delineated on the attached **Exhibit A**.

3. COMPENSATION TO BE PAID BY AUTHORITY TO CITY.

During the Term of this Agreement, Tulip City shall bill the Authority for the provision of services contained herein for the personnel assigned by Tulip City at the hourly rate schedule which is attached to this Agreement as **Exhibit B**. All charges by Tulip City to the Authority shall contain a description of services and the time allocated for such services between Tulip City and the Authority. The Authority shall pay for such services within fifteen (15) days of the receipt of the billing. Any undisputed amounts billed by Tulip City to the Authority which is not paid within thirty (30) days of the date of the billing shall accrue interest at the rate of 1.5% per month. In the event any collection action is instituted by Tulip City to collect the amount billed to the Authority, Tulip City shall be permitted to collect its reasonable costs and attorneys fees incurred in the collection of such action.

4. DEFAULT.

The following events shall be deemed events of default under the terms and conditions of this Agreement:

- A. If an amount required to be paid under the terms of this Agreement shall be unpaid when due;
- B. If any party shall file a Voluntary Petition in Bankruptcy, or make a general assignment for the benefit of creditors, or if any party is adjudicated a bankrupt;
- C. If any party fails to perform the terms and conditions of this Agreement.

In the event of a default, the party asserting the default shall provide a 15 day notice to the defaulting party, which shall specify the terms and conditions of the default. In the event the default is not cured within 15 days thereafter, the agreement shall be terminated and the non-defaulting party may pursue any remedies provided by law or equity, including any damages accruing by reason of the violation of any of the terms, provisions, or covenants contained herein.

5. NON-WAIVER.

If one or more waivers of any covenant or condition by any party shall not be construed as a waiver of a subsequent breach of the same condition or covenant, and the consent or approval of any party shall not be deemed to waive or render future performance of this Agreement in accordance with the terms and conditions contained therein.

6. ENTIRE AGREEMENT.

This Agreement, together with the Exhibits, sets forth all of the covenants, promises, agreements, conditions, and understandings between the parties hereto, and no covenants,

promises, agreements, conditions, or understandings, either written or oral, between them other than as set forth herein, shall be deemed operative. No alteration, amendment, change, or addition to this agreement shall be binding upon any party unless reduced in writing and signed by each party.

7. CAPTIONS.

The captions appearing in this agreement are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such sections or articles of this agreement, nor in any way effect the substantive terms of this Agreement.

8. PARTIAL INVALIDITY.

If any term, covenant, or condition of this Agreement shall be deemed to be invalid or unenforceable, the remainder of this Agreement, the application of such term, covenant, or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be effected thereby. The parties to this Agreement acknowledge joint drafting and review of this Agreement and an interpretation of this Agreement shall not be made based upon any party having drafted the Agreement.

IN WITNESS WHEREOF, WE THE PARTIES HERETO HAVE EXECUTED THIS AGREEMENT ON THE DATE FIRST NOTED ABOVE.

WEST MICHIGAN AIRPORT AUTHORITY

By: _____

Its: _____

TULIP CITY AIR SERVICE, INC.

By: _____

Its: _____

MONTHLY AIRPORT ACTIVITY REPORT

Total Fuel Gallons Delivered	Current Month May-09	One Year ago May-08	Fiscal Year To Date From 10/08	F/Y to Date Compared to one year Ago
	54,918	85,261	381,348	-196,882

(Rounded to whole units.)

Transplant Flights 0

Wings Of Mercy Flights 3

Freight Flights From/To Holland 1

Notable Activities

Request from ITT corp to locate FAA antenna on airport for ADS-B, (Navigation), TIS-B Traffic (information), FIS-B (Flight information) at no cost to WMAA

Fund Fm Dept	Account	Description	2009 Budget Annual	2009 Actuals Annual	2009 Unrecognized Variance	2009 Percent Budget
04 03 000	450582B	City Holl Contribution-Ref Brownfie	0.00	50.68	<50.68>	0.00
04 03 000	450582C	City of Holland Contribution	121,650.00	117,793.54	3,856.46	96.83
04 03 000	450582P	Park Township Contribution	90,150.00	89,849.20	300.80	99.67
04 03 000	450582Z	City of Zeeland Contribution	42,891.00	47,597.46	<4,706.46>	110.97
04 03 000	4606541	FBO Franchise Fees	20,000.00	19,999.92	0.08	100.00
04 03 000	4606545	Fuel Flowage Fee	2,500.00	1,824.64	675.36	72.99
04 03 000	480665	Investment Income	15,000.00	9,945.04	5,054.96	66.30
04 03 000	4906851	Recoveries-Insurance	0.00	1,190.00	<1,190.00>	0.00
04 03 000	5405360023	Fed Grant FAA Entitl-Capital	150,000.00	0.00	150,000.00	0.00
04 03 000	5405360024	Federal Grant-FAA Capital	3,659,500.00	0.00	3,659,500.00	0.00
04 03 000	5505700024	State Grant-MDOT Capital	100,250.00	0.00	100,250.00	0.00
04 03 000	560582A	Contrib-Holland City-Startup	0.00	341,943.60	<341,943.60>	0.00
04 03 000	5606692	Rental-Hangar Land Lease	73,000.00	76,007.47	<3,007.47>	104.12
04 03 000	5606698	Rental-Agricultural Land Lease	7,200.00	7,380.00	<180.00>	102.50
04 03 000	560669T	Rental - T-Hangars	55,000.00	48,040.00	6,960.00	87.35
04 000		- General Government	4,337,141.00	761,621.55	3,575,519.45	17.56
04		-General Fund-Airport Authority	4,337,141.00	761,621.55	3,575,519.45	17.56

Fund	Fn Dept	Account	Description	2009 Budget Annual	2009 Actuals Annual	Unrecognized Variance	2009 Percent Budget
30	03 540	480665	Investment Income	0.00	3.57	<3.57>	0.00
30	03 540	560582A	Contrib-Holland City-Startup	0.00	231.44	<231.44>	0.00
30	540		-Airport Operations	0.00	235.01	<235.01>	0.00
30			-Airport Donations	0.00	235.01	<235.01>	0.00

fund Fn Dept	Account	Description	2009 Budget Annual	2009 Actuals Annual	2009 Unrecognized Variance	2009 Percent Budget
rand Totals			4,337,141.00	761,856.56	3,575,284.44	17.57

und	Fn Dept	Account	Project	Description	2009 Budget Annual	2009 Actuals Annual	2009 Encumb Annual	2009 Unexp Balance	2009 Percent Expended
04	03 540	710701		Payroll-Regular	32,900.00	14,925.74	0.00	17,974.26	45.37
04	03 540	710707		Payroll-Temporary Help	11,300.00	0.00	0.00	11,300.00	0.00
04	03 540	711702		Payroll-Vacation/Personal	0.00	945.02	0.00	<945.02>	0.00
04	03 540	711703		Payroll-Holidays	0.00	493.40	0.00	<493.40>	0.00
04	03 540	711704		Payroll-Sick Time	0.00	168.51	0.00	<168.51>	0.00
04	03 540	711712		Special Pay-Longevity	0.00	190.20	0.00	<190.20>	0.00
04	03 540	711713		Special Pay-Unused Sick Time	0.00	420.00	0.00	<420.00>	0.00
04	03 540	7117160001		Insurance-Health	4,900.00	1,337.20	0.00	3,562.80	27.29
04	03 540	7117160002		Insurance-Dental	400.00	110.87	0.00	289.13	27.72
04	03 540	711717		Insurance-Life & AD&D	100.00	17.36	0.00	82.64	17.36
04	03 540	711718		Retirement Contrib-MERS	2,600.00	2,141.20	0.00	458.80	82.35
04	03 540	711720		Insurance-Income Protection	200.00	64.71	0.00	135.29	32.36
04	03 540	712715		Employer FICA Contribution	3,400.00	986.48	0.00	2,413.52	29.01
04	03 540	712723		Insurance-Unempl Comp	200.00	27.15	0.00	172.85	13.58
04	03 540	712724		Insurance-Workers Comp	200.00	15.67	0.00	184.33	7.84
04	540			+Personal Services	56,200.00	21,843.51	0.00	34,356.49	38.87
04	03 540	721730		Postage	1,000.00	97.30	0.00	902.70	9.73
04	03 540	721905		Photocopies/In-House Printing	300.00	92.30	0.00	207.70	30.77
04	03 540	721931		Building & Grnds Maintenance	15,000.00	12,775.64	0.00	2,224.36	85.17
04	03 540	721933		Equipment Maintenance	20,000.00	16,665.93	0.00	3,334.07	83.33
04	03 540	7228019000		Printing	0.00	591.39	0.00	<591.39>	0.00
04	03 540	7228019010		Advertising/Promotional	20,000.00	2,862.91	0.00	17,137.09	14.31
04	03 540	722804		Contractual-Legal	10,000.00	13,311.20	0.00	<3,311.20>	133.11
04	03 540	7228050001		Contract-Indpdt Audit	0.00	1,351.54	0.00	<1,351.54>	0.00
04	03 540	7228050004		Contr-Financial Svc Fee	0.00	99.00	0.00	<99.00>	0.00
04	03 540	7228050011		Contr-Asset Appraisal	0.00	216.00	0.00	<216.00>	0.00
04	03 540	7228070002		Contr-Plan Development	2,000.00	3,125.00	0.00	<1,125.00>	156.25
04	03 540	7228070005		Contractual-Engineering	2,000.00	0.00	0.00	2,000.00	0.00
04	03 540	7228090045		Contr-Mtce/FBO Fuel Flowage	2,500.00	1,824.64	0.00	675.36	72.99
04	03 540	7228090061		Contract-Management Services	50,000.00	26,085.02	0.00	23,914.98	52.17
04	03 540	723850		Communications-Telephone	500.00	281.18	0.00	218.82	56.24
04	03 540	723860		Travel, Conf, Seminars	2,500.00	685.71	0.00	1,814.29	27.43
04	03 540	723910		Commercial Insurance Premiums	25,000.00	22,562.00	0.00	2,438.00	90.25
04	03 540	723920		Public Utilities	2,200.00	2,140.38	0.00	59.62	97.29
04	03 540	723940		Reimb City-Debt Obligation T Hangar	17,400.00	18,873.75	0.00	<1,473.75>	108.47
04	03 540	723949		Reimb City-Local Share Capital Proj	0.00	5,364.91	0.00	<5,364.91>	0.00
04	03 540	723955		Miscellaneous	3,000.00	1,435.02	0.00	1,564.98	47.83
04	540			+Other Current Expenditures	173,400.00	130,440.82	0.00	42,959.18	75.23
04	03 540	730971		Land	65,000.00	0.00	0.00	65,000.00	0.00
04	03 540	730974		Land Improvements	3,810,000.00	0.00	0.00	3,810,000.00	0.00
04	03 540	730975		Buildings & Structures	200,000.00	0.00	0.00	200,000.00	0.00
04	540			+Capital Outlay	4,075,000.00	0.00	0.00	4,075,000.00	0.00
04	03 540	770956		Contingency	10,000.00	0.00	0.00	10,000.00	0.00
04	540			+Contingencies	10,000.00	0.00	0.00	10,000.00	0.00

By Laura Judge (JUDGE)

und	Fn Dept	Account	Project	Description	2009 Budget Annual	2009 Actuals Annual	2009 Encumb Annual	2009 Unexp Balance	2009 Percent Expended
04	05 540	723955		Miscellaneous	0.00	118.70	0.00	<118.70>	0.00
04	540			+Other Current Expenditures	0.00	118.70	0.00	<118.70>	0.00
04	540			+Airport Operations	4,314,600.00	152,403.03	0.00	4,162,196.97	3.53
04	540			+Airport Operations	4,314,600.00	152,403.03	0.00	4,162,196.97	3.53
04				+General Fund-Airport Authority	4,314,600.00	152,403.03	0.00	4,162,196.97	3.53

und	und Fn Dept	Account	Project	Description	2009 Budget Annual	2009 Actuals Annual	2009 Encumb Annual	2009 Unexp Balance	2009 Percent Expended
					4,314,600.00	152,403.03	0.00	4,162,196.97	3.53
rand Totals									

GROUP/FUND	WORKING CAPITAL		ACTUAL REVENUE	EXPENSES CURRENT YEAR	ENCUMBRANCES	OTHER	
	BEGIN YEAR	END YEAR				APPLICATIONS OR SOURCES	WORKING CAPITAL ENDING
General Fund-Airport Authority Reserves-Restricted	0.00	0.00	761,621.55	152,403.03	0.00	0.00	584,218.52
	0.00	0.00	0.00	0.00	0.00	25,000.00	25,000.00
TOTAL: General Funds	0.00	0.00	761,621.55	152,403.03	0.00	0.00	609,218.52
Report Donations	0.00	0.00	235.01	0.00	0.00	0.00	235.01
TOTAL: Special Revenue Funds	0.00	0.00	235.01	0.00	0.00	0.00	235.01
Cash/Investments Pool	0.00	0.00	0.00	0.00	0.00	0.00	0.00
TOTAL: Internal Service Funds	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Grand Totals:	0.00	0.00	761,856.56	152,403.03	0.00	0.00	609,453.53

By Laura Judge (JUDGE)



JENNIFER M. GRANHOLM
GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF TRANSPORTATION
LANSING

KIRK T. STEUDLE
DIRECTOR

June 18, 2009

Mr. Ronald Ludema
West Michigan Airport Authority
1581 S. Washington Ave
Holland, MI 49423

Dear Mr. Ludema:

Subject: Interim use of hangar space request

Based on the information submitted by your letter dated April 9, 2009, we approve the non-aeronautical interim use of the unoccupied hangars at the Tulip City Airport provided that you comply with all of the following criteria when renting the space to non-aeronautical users:

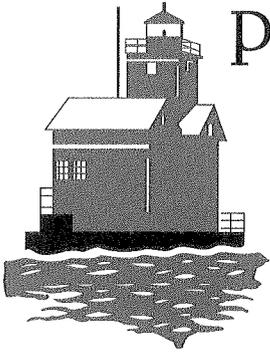
1. Any time an aeronautical user becomes available and requests a lease, the space being used for non-aeronautical uses needs to be made available.
2. A written rental agreement needs to be in place for each space rented for non-aeronautical uses. At a minimum, the rental agreement needs to include default and termination provisions as well as insurance provisions.
3. The rental agreement needs to prohibit any modifications to the space.
4. FMV is to be charged for the use of the space and 100% of the revenue is to go towards airport revenue.
5. The termination provision on the rental agreement shall include a time limitation, not to exceed seventy-two hours, to vacate the premises.
6. The Authority needs to have security guidelines in place that will limit or prohibit access to aircraft operating areas by non-aeronautical users.
7. The interim use is valid for a period not to exceed thirty-six months from today's date.

This approval does not release the property from any term, condition, reservation, restriction or covenant of the applicable compliance agreements. If you have any questions regarding this approval please feel free to contact me by phone at 517-335-9679 or by e-mail at zapataj@michigan.gov.

Sincerely,


Juan C. Zapata, Compliance Officer
Airports Division

Bureau of Aeronautics and Freight Services



Park Township

Fifty-Two One Hundred Fifty Second Avenue, Holland, Michigan 49424-6201

Phone (616) 399-4520 • FAX: (616) 399-8540

Website: www.parktownship.org • E-mail: info@parktownship.org

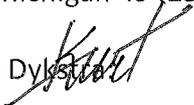
June 19, 2009

West Michigan Airport Authority

Kurt Dykstra, Chairperson

270 South River Avenue

Holland, Michigan 49423

Dear Kurt Dykstra 

I am pleased to inform you that during the June 11, 2009 regular board meeting, the Park Township Board unanimously appointed Jerry Felix as the alternate to the West Michigan Airport Authority.

Sincerely Yours,



Amanda Price

Park Township Supervisor

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