

**AGREEMENT TO FORM
THE WEST MICHIGAN AIRPORT AUTHORITY**

This Agreement to Form the West Michigan Airport Authority ("Formation Agreement") is between the City of Holland, a municipal corporation of Ottawa and Allegan Counties ("Holland"), the City of Zeeland, a municipal corporation of Ottawa County ("Zeeland"), and Park Township, a municipal general law township of Ottawa County ("Park Township") (collectively referred to as the "Members"). The effective date of this Agreement shall be February 1, 2007.

Background

Since 1986, Holland has owned and operated Tulip City Airport ("Airport"). The Airport is legally described on the attached **Exhibit 1** ("Airport Real Property") and depicted on the attached **Exhibit 1-A**. The buildings, equipment, fixtures, and improvements of the Airport are described on the attached **Exhibit 2** ("Airport Improvements"). The Airport has grown steadily since 1986 as Holland/Zeeland area industrial employers have expanded operations locally, nationally, and internationally. The Area Airport Authority Exploratory Committee, formed by the Macatawa Area Coordinating Council ("MACC"), has submitted a report dated October 28, 2005 ("Report"). The Report concludes that it is in the best interests of the Holland/Zeeland area to form a regional airport authority to operate the Airport as a vital, community transportation asset. The formation of an Authority is deemed to be necessary and desirable to achieve the following purposes:

1. Provide a stable, long-term funding mechanism for airport operations sufficient to cover local operating support and augment federal/state funds for major capital outlays;

2. Insure the establishment of an efficient, stable, and effective airport transportation system which will meet the needs of the residents of Holland, Zeeland, and Park Township and any other entity which may subsequently join the Authority.

3. Preserve the economic infrastructure of the Holland/Zeeland area by an effective air transportation system which will permit industry and business operations to continue to operate and expand.

The Members find that it is in their best interests to provide, maintain, and support a community based airport. The Members desire to form a community airport authority under the Community Airports Act, Act 206 of the Public Acts of 1957 as amended, MCL 259.621, et seq., (the "Act"). The Members therefore agree as follows:

Terms

1. Formation. The Members form a community airport authority ("Authority") for the purpose of planning, promoting, acquiring, constructing, improving, enlarging, extending, owning, maintaining, and operating the landing, navigational, and building facilities necessary thereto for the Airport and all other powers and authorities, pursuant to the Act. The date of incorporation of the Authority shall be February 1, 2007.

2. Name. The name of the Authority shall be the West Michigan Airport Authority.

3. Purposes. The purposes of the Authority are:

- (a) To provide public transportation services as provided for in the Act;
- (b) To preserve, grow, attract, and promote jobs and industry;
- (c) To exercise all other powers, incidental, necessary, or convenient for purposes of providing airport services pursuant to the Act.

4. Powers. The Authority shall have the power to do anything that is authorized by the Act and to do any other lawful act reasonably necessary for the accomplishment of the purposes described in paragraph 3.

4.1 Offering of Services. The Authority shall furnish service on a fair, equal, and not unjustly discriminatory basis to all users thereof, and shall charge fair, reasonable, and not unjustly discriminatory prices for each such unit of service, PROVIDED that the Authority may make reasonable and non-discriminatory discounts, rebates, and other similar types of price reductions to volume purchasers.

5. Condemnation. The Authority shall have the power to condemn real and personal property as provided by law in accordance with the Act and to the extent that such power may be restricted or limited by any agreement of the Authority.

6. Property Tax Levy. Each Member of the Authority shall have the authority to levy a tax for a sum not to exceed .10 mill of its taxable value on all non-exempt real and personal property within their respective governing jurisdiction as permitted by the Act ("Millage"). The initial duration of the Millage of the Authority shall not exceed five (5) years. Thereafter, any renewal of the Millage shall be of a duration as determined by the Authority and authorized by the Act. The Millage, or any renewal thereof, shall not be levied except upon the approval of the majority of the qualified and registered electors residing in the Members' unit of government and voting on the proposition as authorized by the Act. The purpose of the Millage shall be for all express and incidental purposes set forth in the Act, including but not limited to the planning, promoting, acquiring, constructing, improving, enlarging, extending, owning, leasing, maintaining, and operating the necessary facilities of the Airport.

A Member (with the exception of Holland unless Holland amends Section 2.1(14) of its City Charter) may elect, in lieu of the Millage, to pay and contribute revenues to the Authority, in an amount equal to the Millage, from the general fund of the Member for the duration of the Millage or any renewal thereof.

7. Millage Election. The Members agree that the proposed initial Millage shall be submitted to the qualified and registered electors of their respective units of government at an election to be held on May 8, 2007, or such date as shall be determined by the Authority Board and the Members which shall not be later than November 11, 2008. The Members agree that the Authority shall not continue to operate under the terms and conditions of this Agreement, any other agreement, or under the Act, unless the Millage is passed by the qualified and registered electors residing in Holland City and the other participating Members voting on the Millage, which have a combined taxable value equal to or more than Holland City unless a Member agrees to contribute the amount of the Millage applicable to the taxable value of the Member for the term of the Millage as permitted under paragraph 6. For purposes of calculating the taxable value formula pursuant to this paragraph, the aggregate taxable value of the Member participants shall be calculated on December 31 of the year prior to the Millage vote.

8. Election Expenses. The Members shall pay for all election expenses related to any millage that occurs at a general or special election if required by the Act.

9. Bylaws. The Members agree that the Authority shall be governed by bylaws, which are attached as **Exhibit A** (the "Bylaws").

10. Operations During Interim Period. The Members agree that the Millage shall be submitted to its qualified and registered electors as provided in paragraph 7. If the Millage is approved as required in paragraph 7 hereof, the Authority shall determine the first tax roll of the Members that the Millage may be first levied which shall comply with the Act and law. Between the formation of the Authority and the levy and collection date of the Millage ("Interim Period"), Holland shall operate the Airport under a Management Agreement with the Authority (the "Management Agreement"). A copy of the Management Agreement is attached as **Exhibit B**. The Members hereby acknowledge that in the event the Millage is not approved in accordance with this Agreement (and related agreements), that Holland shall operate the Airport free and clear of the terms and conditions of this Agreement (and related agreements) and any and all

powers of the Authority relating to the operation of the Airport shall cease and shall be of no force and effect. The terms and conditions of this Formation Agreement should be void and of no force and effect.

11. Operations.

(a) Holland shall lease the Airport Real Property and the Airport Improvements to the Authority. A copy of the Lease between Holland City and the Authority is attached hereto as **Exhibit C**. The legal description of the Property described in the lease shall be surveyed after the requisite approval of the Millage and prior to the expiration of the Interim Period. The Authority shall pay the cost of such survey. The Authority shall name Holland, Zeeland City, and Park Township, its officers, directors, employees, and agents as additional insureds on all automotive, general, and excess liability insurance in amounts as currently exist for the operation of the Airport, or such higher levels or amounts as shall be mutually agreed by the Authority and the Members.

(b) After the Interim Period, Holland shall transfer all grants that it has received or any awards of grants subsequent to the formation of the Authority from the Federal Aviation Administration or the Michigan Aeronautics Commission (collectively referred to as the "Agencies") to the Authority, subject to the release of Holland and the assumption of all terms and conditions by the Authority and the consent of the Agencies. In the event the Agencies refuse to release Holland City from any and all future liability associated with the grants, the Authority shall save, defend, and hold harmless Holland, its officials, directors, employees, and agents from any and all liabilities, including reasonable attorneys fees and costs associated with the assigned grants after the date of such assignment.

(c). After the Interim Period, the City shall assign and transfer to the Authority the Fixed Base Operating Agreement entered into between Holland and its existing Fixed Base Operator of the Airport. The Authority shall save, indemnify, defend, and hold harmless Holland, its officials, directors, employees, and agents from any and all liabilities, including reasonable attorneys fees and costs associated with the FBO Agreement after the date of such assignment.

(d) After the Interim Period, the Authority may continue to have Holland perform administrative and management functions under the terms of the Management Agreement (**Exhibit B**).

(e) After the Interim Period, Holland may provide employees/staffing who are involved with the operation of the Airport under the terms and conditions of the Management Agreement (**Exhibit B**).

12. Board of Directors. The Authority shall be governed by a board of directors (the "Board of Directors"). The Board of Directors shall initially consist of six (6) voting members and shall be no less than four (4) members. The City Council for Holland shall appoint two (2) members, who shall be residents of Holland City. The City Council for Zeeland Council shall appoint two (2) members, who shall be residents of Zeeland City. The Board of Trustees for Park Township shall appoint two (2) members, who shall be residents of Park Township. One member of the Board of Directors from each Member Participant shall be an elected official of the Member. The Members of the Authority shall be permitted to appoint alternate directors. Alternate Directors shall have the same qualifications of the Directors whom they may represent. The Board of Directors of the Authority shall be governed by the Bylaws and the procedure for selecting the initial Board shall comply with the terms of the Bylaws.

In the event any Member of the Authority shall fail to approve the initial Millage by a majority of the qualified and registered electors residing in the Member, and shall fail to contribute an amount equal to the Millage within ninety (90) days as permitted by paragraph 6, such Member shall cease participation in the Board of Directors of the Authority, and shall be released from the Authority with no further obligation or duty to the other Members or to the Authority. The Members approving the Millage or providing a general fund contribution equal to the Millage shall be permitted to appoint or continue the membership of its directors to the Board of Directors of the Authority. The Authority shall continue to operate the Airport after the initial Millage if the terms and conditions of paragraph 7 of this Agreement are met.

In the event any Member of the Authority shall fail to approve a renewal or subsequent Millage by a majority of the qualified and registered electors residing in the Member and voting thereon, and shall fail to contribute an amount equal to the Millage within ninety (90) days after

the vote on the Millage ("Defaulting Member"), such Member shall cease its membership on the Board of Directors of the Authority, and the Members approving the renewal or subsequent Millage or providing a general fund contribution equal to the Millage shall be permitted to appoint the directors of the Defaulting Member. The Defaulting Member shall not be released from the Authority, and the Directors appointed for the defaulting Member may be from the governing jurisdictions of the non-defaulting Members. The Authority may enforce the terms and conditions of this Agreement against the Defaulting Member by applicable remedies in law or in equity.

The Board of Directors of the Authority may also include one (1) ex-officio non-voting member each from Ottawa County and Allegan County. The governing body of Ottawa County and/or Allegan County shall be permitted to appoint two (2) voting members and become Additional Members under paragraph 15 in the event the respective County provides fiscal funding equal to and for the term of the average contribution of the then Member participants of the Authority. Any director of the Board of Directors may be removed for cause by the Member who appointed the Director.

13. Finances.

(a) The Authority shall satisfy all of the provisions of the Act including, but not limited to audits, budgeting, and appropriations.

(b) The fiscal year of the Authority shall be from July 1 to June 30 of each year.

(c) The Authority shall prepare a preliminary budget that shall be submitted to the Members by the first meeting in March of each year, with the final proposed budget to be submitted on or before April 1 of each year. In addition, the Authority shall provide annual financial statements and a status report on the operations of the Airport to the Members not later than sixty (60) days after the close of its fiscal year.

14. Withdrawal. Except as provided in paragraph 12 relating to the initial Millage, Members of the Authority shall have the right to withdraw only as provided for in the Act.

15. Additional Members. The Authority may admit additional members as provided in the Act, except that no additional member shall be admitted without a two-thirds (2/3) affirmative vote of the Board of Directors. In the event that a municipality (other than Ottawa and Allegan Counties) shall join the Authority without passing an ad valorem property tax for the Authority, then that new Member's liability to the Authority shall be the amount of the Millage applied against the taxable value of the Member for the remaining term of the Millage. In no event shall a Member's annual liability exceed the amount of the Millage or its general fund contribution in lieu thereof.

16. Remedies. The Members agree that if either party fails to fulfill its obligations under this agreement, the other parties shall be entitled to pursue any and all remedies including equitable relief for mandamus, specific performance, or injunctive action to effectuate the intent and purposes of this Agreement and the Act.

17. Complete Agreement. This agreement, including all exhibits, represents the complete agreement between the parties and no term, condition, or agreement has been agreed to by the parties, except as set forth herein.

18. Assignment. The Members shall not transfer or assign its rights or obligations under this agreement without the written consent of other parties to the agreement.

19. Binding Effect. This agreement shall be binding on the parties hereto and their successors, personal representatives, and assigns.

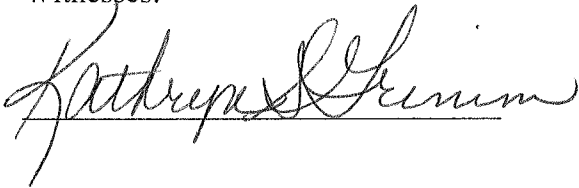
20. Severability. If any term or condition of this agreement is found to be void, invalid, or unenforceable, the validity or enforceability of the remaining terms and conditions shall not be affected or impaired and will continue in full force and effect.

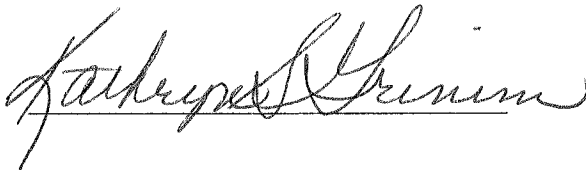
21. Construction. The parties acknowledge that they and their counsel have reviewed this agreement and any rule of construction to the effect that any ambiguities are to be resolved

against the drafting party shall not be employed in the interpretation of this agreement or any exhibits or amendments hereto. The parties acknowledge joint draftsmanship and review of this agreement.

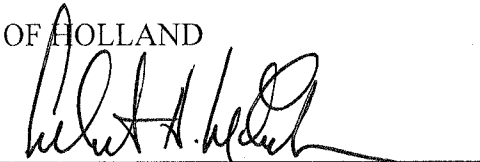
The parties have executed the Agreement to Form the West Michigan Airport Authority on the day and year first above written.

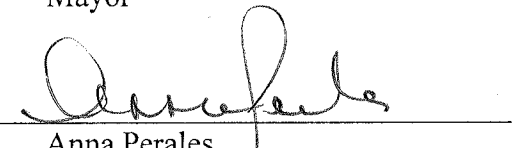
Witnesses:






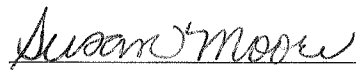
CITY OF HOLLAND

By 
Albert H. McGeehan
Mayor

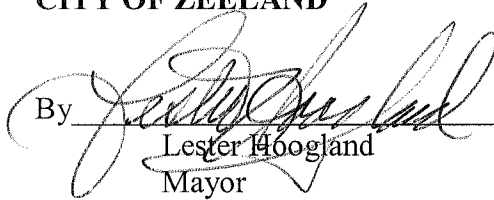
By 
Anna Perales
Acting Deputy City Clerk

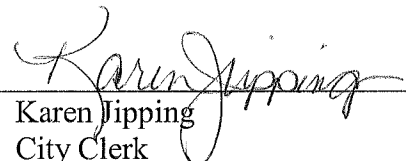
Witnesses:


James A. Donkersloot


Susan Moore

CITY OF ZEELAND

By 
Lester Hoogland
Mayor

By 
Karen Jipping
City Clerk

Witnesses:

Jackie Northing

Jackie Northing

TOWNSHIP OF PARK

By Amanda Price
Amanda Price
Supervisor

By Skip Keeter
Skip Keeter
Clerk

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EXHIBIT A TO FORMATION AGREEMENT

Bylaws

WEST MICHIGAN AIRPORT AUTHORITY BYLAWS

PREAMBLE

The West Michigan Airport Authority (the "Authority") is created pursuant to the Community Airports Act, Act 206 of the Public Acts of 1957, as amended, MCL 259.621 et. seq. (the "Act"). Pursuant to the Act, the Authority is permitted to adopt bylaws to govern the Authority (the "Bylaws"). The Bylaws of the Authority are as follows:

ARTICLE I

Board of Directors

Section 1. Powers. The Board of Directors shall have the authority to carry out the business of the Authority and has all of the powers provided by the Act.

Section 2. Board of Directors. The Authority shall be governed by a board of directors (the "Board of Directors"). The Board of Directors shall initially consist of six (6) voting members and shall be no less than four (4) members. The City Council for Holland shall appoint two (2) members, who shall be residents of Holland. The Council of the City of Zeeland shall appoint two (2) members, who shall be residents of Zeeland. The Board of Trustees for Park Township shall appoint two (2) members, who shall be residents of Park Township. One member of the Board of Directors from each Member Participant shall be an elected official of the Member. The Members of the Authority shall be permitted to appoint alternate directors. Alternate Directors shall have the same qualifications of the Directors whom they may represent. The Board of Directors of the Authority shall be governed by the Bylaws and the procedure for selecting the initial Board shall comply with the terms of the Bylaws.

In the event any Member of the Authority shall fail to approve the initial Millage by a majority of the qualified and registered electors residing in the Member, and shall fail to contribute an amount equal to the Millage within ninety (90) days as permitted by paragraph 6, such Member shall cease participation in the Board of Directors of the Authority, and shall be released from the Authority with no further obligation or duty to the other Members or to the

Authority. The Members approving the Millage or providing a general fund contribution equal to the Millage shall be permitted to appoint or continue the membership of its directors to the Board of Directors of the Authority. The Authority shall continue to operate the Airport after the initial Millage if the terms and conditions of paragraph 7 of this Agreement are met.

In the event any member of the Authority shall fail to approve a renewal or subsequent millage by a majority of the qualified and registered electors residing in the Member and voting thereon, and shall fail to contribute an amount equal to the Millage within ninety (90) days after the vote on the Millage ("Defaulting Member"), such Member shall cease membership in the Board of Directors of the Authority, and the Members approving the renewal or subsequent millage or providing a general fund contribution equal to the millage shall be permitted to appoint the directors of the Defaulting Member. The defaulting Member shall not be released from the Authority, and the Directors appointed for the defaulted Member may be from the governing jurisdictions of the non-defaulting Members. The Authority may enforce the terms and conditions of this Agreement by applicable remedies in law or in equity.

The Board of Directors of the Authority may also include one (1) ex-officio non-voting member each from Ottawa County and Allegan County. The governing body of Ottawa County and/or Allegan County shall be permitted to appoint two (2) voting members and become Additional Members under paragraph 15 of the Formation Agreement in the event the respective County provides fiscal funding equal to and for the term of the average contribution of the then Member participants of the Authority. Any director of the Board of Directors may be removed for cause by the Member who appointed the Director.

Section 3. Terms. Each member of the Board of Directors shall serve for a term of four (4) years. The initial terms of each member of the Board of Directors shall be tiered so that one member serves one (1) year, another member serves two (2) years, a third member serves three (3) years, and a fourth member serves four (4) years. This tiered structure shall be applicable to the initial members of the Board of Directors respectively appointed by the members. The terms of the initial directors of the Board of Directors shall be determined by "drawing lots" with each Member determining if its initial directors shall be appointed for a term

of one, two, three, or four years. Thereafter, each director shall be appointed for a term of four (4) years as provided herein.

Any ex officio non-voting member appointed by Ottawa or Allegan County shall be for an initial four (4) year term. No member of the Board of Directors shall serve for more than two (2) successive four (4) year terms (not including partial terms). No member shall be eligible for re-appointment until twelve (12) months have lapsed since the prior service of the member on the Board of Directors.

Section 4. Removal. Any member of the Board of Directors may be removed for cause by the Member who appointed the Director. The removal of a director shall create a vacancy in office and a new member to the Board of Directors shall be appointed by the Member participant who originally appointed the director within forty-five (45) days of the removal.

Section 5. Resignations. A member of the Board of Directors who desires to resign shall submit such resignation in writing to the Chairperson as well as to the Member which appointed such member. Such resignation shall take effect upon receipt of the resignation by the Chairperson of the Authority. The municipality that had appointed the resigning member shall appoint a new member to the Board of Directors within forty-five (45) days of the resignation.

Section 6. Meetings. The Board of Directors shall hold regular meetings as often as it deems necessary, but not less than quarterly. Written or printed notice stating the place, day, and hour of the regular meetings, and the purpose or purposes for which the meeting is called, shall be provided seven days before the date of the meeting either personally or by ordinary mail to each member of the Board of Directors. An agenda shall be established for each Board of Directors meeting by the Chairperson of the Authority. Directors of the Board of Directors shall give items to be placed on the agenda to the Chairperson seven (7) days before the date of the meeting. Additional agenda items shall be considered by the Board of Directors if approved by a 2/3rds vote at a meeting of the Directors. All meetings of the Board of Directors shall comply with the Open Meetings Act, MCL 15.261, et. seq.

Section 7. Special Meetings. Special meetings of the Board of Directors, for any purpose or purposes, may be called by the Chairperson, or when requested in writing by any three (3) members of the Board of Directors. Written notice or special meetings of the Board of Directors shall be either:

(a) served personally on each member of the Board of Directors or left at his or her usual place of employment or residence not less than twenty-four (24) hours prior to the time of the special meeting;

(b) given personally by telephonic communication to each member of the Board of Directors not less than twenty-four (24) hours prior to the time of the special meeting;

(c) given by first class mail to each member of the Board of Directors not less than seventy-two (72) hours prior to the time of the special meeting; or

(d) posted eighteen (18) hours before such meeting and made in accordance with MCL 15.265 of the Open Meetings Act.

Section 8. Place of Meeting. The Board of Directors may designate any place within Holland, Zeeland, or Park Township, which complies with the Open Meetings Act or other provisions of law, as the place of regular meetings or for any special meeting called by the Chairperson. If no designation is made, the place of meeting shall alternate between the Holland City Hall, 270 River Avenue, Holland, Michigan, 49423, Zeeland City Hall, 21 South Elm Street, Zeeland, MI 49464, and Park Township Hall, 52 152nd Avenue, Holland, MI 49424.

Section 9. Quorum. A quorum for any meeting of the Authority shall consist of a majority of the entire Board of Directors of the Authority, with at least one (1) director each from Holland, Zeeland, and Park Township. If less than a quorum is represented at a meeting, a majority of the Board of Directors so represented may adjourn the meeting until further notice.

Section 10. Vote. Except as otherwise provided by the Act or law, a majority of the entire Board of Directors shall decide matters before the Board of Directors. In addition, all actions of the Authority must be approved by at least one (1) member of the Board of Directors

who has been appointed by each participating Member.

Section 11. Motions. Motions are directions and actions affecting the Board of Directors and those involved in its operation. Motions may be paraphrased, provided the intent and meaning has not been changed, in the official minutes of the meetings.

Section 12. Attendance. The Authority acknowledges that attendance of members at meetings of the Board of Directors is imperative. A member of the Board of Directors may be removed for failing to attend meetings by the Member who appointed the Director. The removal of the Director shall create a vacancy in office and a new member to the Board of Directors shall be appointed by the Member Participant who originally appointed the director within forty-five (45) days of the removal.

Section 13. Committees. The Board of Directors may appoint sub-committees which shall include but shall not be limited to an Executive Committee, consisting of the Chairperson and two (2) members, to carry on the active administrative duties of the Authority, which Executive Committee shall hold office during the pleasure of the Board of Directors and an Airport Technical Advisory Committee, whose duties shall be to advise the Authority in regard to technical problems of Airport operation and in regard to state and federal policies.

During the Interim Period, the City of Holland Airport Advisory Board shall meet concurrently with the Board of Directors on an "ex officio" basis (without a vote) to advise and assist the Airport Authority Board. The City of Holland may appoint a member of its Airport Advisory Board as a director on the Airport Authority Board.

Section 14. Reimbursement of Expenses. No salaries shall be paid to members of the Board of Directors. Members of the Board of Directors may be entitled to reimbursement by the Authority for actual expenses incurred in the discharge of their duties. In its discretion, the Board of Directors shall determine what expenses may be reimbursed.

ARTICLE II

Officers

Section 1. Number. The officers of the Board of Directors shall be elected annually and shall consist of a Chairperson, Vice-Chairperson, Treasurer, and a Secretary. The Treasurer and the Secretary may be a combined position as determined by the Board of Directors.

Section 2. Election and Term of Office. All of the officers shall be elected by the Board of Directors. Each officer shall hold office until his or her successor shall have been duly elected or until he or she shall resign.

Section 3. Vacancies. A vacancy in any office because of death, resignation, or otherwise shall be filled by the Member which appointed such director within forty-five (45) days of the event creating the vacancy in office.

Section 4. Chairperson. The Chairperson shall be the principal officer of the Board of Directors and shall, in general, supervise and control all of the business and affairs of the Board of Directors. He or she shall, when present, preside at all meetings of the members and, in general, shall perform all duties incidental the office of Chairperson and such other duties, as may be prescribed by the Board of Directors from time to time.

Section 5. Vice-Chairperson. In the absence of the Chairperson, the Vice-Chairperson will be subject to Article II, Section 4.

Section 6. Treasurer. The Treasurer shall have such powers and perform such duties regarding the financial operation of the Authority as shall be determined from time to time by the Board of Directors.

Section 7. Secretary. The Secretary or the Clerk, if so designated by the Board of Directors, shall have such duties regarding the operation of the Authority and its meetings as

ARTICLE III

Fiscal Year

Section 1. Fiscal Year. The fiscal year of the Authority shall be from July 1 to June 30 of each year.

ARTICLE IV

Indemnification

Section 1. Indemnification. The Authority shall save, defend, indemnify, and hold harmless any member of the Board of Directors, officer, and their heirs and legal representatives who have made or threatened to be made a party to an action, suit or proceeding (whether civil, criminal, administrative or investigative), for any and all acts within the scope of their service as an officer or member of the Board of Directors. This covenant of indemnification shall include reasonable attorneys fees and costs incurred in defense of such claim, action, or liability. The Authority shall purchase insurance, in the amounts it deems reasonable and necessary to fulfill the requirements of this article. Nothing contained herein shall constitute the waiver of any defense or immunity which could be raised or asserted by the Authority in defense of any claim, action, or liability.

ARTICLE V

Amendments

Section 1. Amendments. These bylaws shall only be amended by a two-thirds (2/3rd) vote of the directors of the Authority and the unanimous approval of the respective members of the governing bodies of Holland, Zeeland, and Park Township, or other and additional non-ex officio units participating in the Authority.

EXHIBIT B TO FORMATION AGREEMENT

Management Agreement

MANAGEMENT AGREEMENT

This Management Agreement dated _____, 2008, is between the West Michigan Airport Authority, a community airport authority under Act 206 of 1957 (the "Authority") and the City of Holland, a Michigan municipal corporation of Ottawa and Allegan Counties ("Holland").

Background

Since 1986, Holland has owned and operated Tulip City Airport ("Airport"), a community-based regional airport. Holland, Zeeland, and Park Township have determined that it is in the best interest of their residents to form the Authority to provide airport services pursuant to Act 206 of the Public Acts of 1957 ("Act"). Due to the economies of scale and Holland's historic operation of the existing Airport, the Authority and Holland desire to enter into a management agreement for Holland to manage the Airport. For purposes of this Agreement, the Airport is defined, and its operations are described in the Agreement to Form the West Michigan Airport Authority dated February 1, 2007 ("Formation Agreement").

Holland and the Authority therefore agree as follows:

Terms

1. **Airport Operation.** During the Interim Period of the Authority as defined in paragraph 10 of the Formation Agreement, Holland agrees that it will provide, manage, operate, and administer the Airport on behalf of the Authority. The Authority acknowledges that Holland will separately contract with a Fixed Base Operator to provide the necessary airport services related to the operation of the Airport. After the Interim Period, Holland shall assign the Fixed Base Operator Agreement dated October 23, 1986, as amended on November 15, 1995, and on October 18, 2006 (collectively the "FBO Agreement"), to the Authority and the Authority shall contract with the existing Fixed Base Operator for the remainder of the term of its assigned contract to provide the airport services related to the operation of the Airport in accordance with

the FBO Agreement or as subsequently amended or approved. Holland will manage and administer the Airport in accordance with the terms hereof and in accordance with those operations and functions independently managed and administered by Holland prior to the date thereof. After the existing FBO Agreement expires or is otherwise terminated, the Authority may contract for airport services in accordance with competitive bid requirements applicable to the Authority or as otherwise required by law.

2. Term. This agreement shall commence on the date of incorporation of the Authority and terminate five (5) years from the end of the Interim Period as such term is defined in the Formation Agreement. The term of this agreement is subject to earlier termination provided for in paragraph 22. Partial termination of this contract shall be permitted upon mutual agreement of the City and the Authority.

3. Airport Services to be Performed. Holland shall provide those services which are delineated on the attached **Exhibit A-1**. The Authority acknowledges that these services, or a portion thereof, shall or may be performed in accordance with FBO Agreement.

4. Interim Period Defined. The Members of the Authority, jointly, shall request a millage to be voted on by the qualified and registered electors in the respective Members on the date specified in paragraph 7 of the Formation Agreement. If such millage is approved in accordance with the terms and conditions of the Formation Agreement (the "Millage"), the Authority and its respective Members, Holland, Zeeland and Park Township, recognize that the Millage will not be immediately levied. Between the formation of the Authority and the levy and collection of the Millage (the "Interim Period"), Holland will continue to provide the services to the Airport as described and delineated in paragraph 1 and **Exhibit A-1** in accordance with the terms of this Agreement.

5. Insurance During Interim Period.

(a) During the Interim Period, Holland shall maintain insurance in amounts as currently exist for the operation of the Airport against such risks as are customarily insured against for the operation of Airport operations as follows:

(1) Holland shall continuously carry general liability, and property and casualty insurance with respect to the Airport, in such amounts as shall be determined by Holland and annually reviewed by the Authority for bodily injury or death and for property damage.

(2) The Authority, Zeeland, and Park Township, its respective boards, officers, employees, and agents shall be named as additional insureds under such general liability and automotive liability insurance. All insurance policies required by this paragraph shall be with insurance companies qualified under the laws of the State of Michigan to assume the risks undertaken and may be written with deductible amounts, co-insurance features and exceptions and exclusions comparable to those in similar policies for the operation of the Airport.

(3) Holland may implement and continue a program of self-insurance for the insuring of risks incurred in connection with the Airport.

(4) On request, Holland shall obtain and provide a party requesting a certificate of insurance to the effect that it is in full force and effect. Holland shall, upon request of any party, furnish copies of the original insurance policies to the requesting party. All insurance policies shall contain a provision that they are non-cancelable and not subject to material modifications by the insurer except upon thirty (30) day's written notice to all parties. At least ten (10) days prior to the expiration or cancellation of any policy required hereunder, Holland shall furnish to all parties evidence satisfactory that such policy has been renewed or replaced by another policy.

(5) In lieu of separate insurance policies, Holland may provide a blanket insurance policy or policies which cover not only the Airport, but other operations of Holland, which policies may contain other named insureds.

6. Insurance After Interim Period.

(a) After the Interim Period, this paragraph shall govern the rights and obligations of the parties regarding insurance under this agreement.

(b) The Authority shall obtain insurance in amounts not less than existed prior to the Interim Period under paragraph 5 against such risks as are customarily insured

against for the operation of similar airport operations as follows:

(1) The Authority shall continuously carry general liability, and property and casualty insurance with respect to the Airport, in such amounts as shall be determined by the Authority and annually reviewed by the Authority for bodily injury or death and for property damage.

(2) Holland, Zeeland, and Park Township, its respective councils, boards, officers, employees, and agents shall be named as additional insureds under such general liability and automotive liability insurance. All liability insurance shall be written on an occurrence basis, and not a claim basis. All insurance policies required by this paragraph shall be with insurance companies qualified under the laws of the State of Michigan to assume the risks undertaken and may be written with deductible amounts, co-insurance features and exceptions and exclusions comparable to those in similar policies for the operation of the Airport.

(3) On request, the Authority shall obtain and provide a party requesting a certificate of insurance to the effect that it is in full force and effect. Holland shall, upon request of any party, furnish copies of the original insurance policies to the requesting party. All insurance policies shall contain a provision that they are non-cancelable and not subject to material modifications by the insurer except upon thirty (30) day's written notice to all parties. At least ten (10) days prior to the expiration or cancellation of any policy required hereunder, the Authority shall furnish to all parties evidence satisfactory that such policy has been renewed or replaced by another policy.

(4) All insurance maintained by Tulip City Air Service, Inc. or any other subcontractor for the operation of the Airport shall name Holland, Zeeland, and Park Township, and the Authority and their respective councils, boards, officers, employees, and agents as additional insureds.

7. Grants. Holland and the Authority acknowledge that during the Interim Period, the Authority will not be able to fund the operations of the Airport through an Authority tax levy. During the Interim Period, Holland shall continue to receive all grants from the Federal

Aeronautics Administration and any state agency (collectively referred to as the "Agencies") to cover those items related to the Airport. After the Interim Period, Holland shall file and implement such documents as shall be required by the Agencies to receive monies on behalf of the Authority, and the grant monies shall be deposited in account(s) under the name of the West Michigan Airport Authority and the Board of Directors of the Authority shall have control over the expenditure of such funds, as provided in this Agreement. The accounts of the Authority shall be segregated and shall comply with all federal and state requirements for the required allocation of accounts and financial reporting. The grant monies held in the account(s) entitled the West Michigan Airport Authority Fund shall be retained, managed, invested, and disbursed by Holland in accordance with applicable legal requirements. To the extent that the Authority pays grant monies to Holland for investment, such monies shall be invested by Holland, and any investment earnings shall inure to the benefit of the Authority. After the Interim Period, the Authority shall be responsible for applying for and receiving grants from the Agencies. Holland shall maintain the accounts for the Authority consistent with applicable federal and state requirements.

8. Budget. During the Interim Period, Holland shall submit a proposed budget to the Authority in accordance with its Charter budget cycle of each year that contains an itemized list of all charges and cash and expenses which Holland anticipates incurring with respect to its obligations under this Agreement. Holland shall cooperate with the Authority as it relates to presentation of the budget to the Board of Directors of the Authority and finalizing such budget. After the Interim Period, the Authority shall submit its preliminary budget to the member municipalities on or before March of each fiscal year with the final proposed budget to be submitted on or before April of each year.

9. Capital Expenditures. Holland shall proceed with such capital expenditures and improvements for the Airport as are reasonably necessary to maintain the Airport in a safe condition, provided the total cost of any non-budgeted single expenditure or improvement does not exceed ten thousand dollars (\$10,000.00). No non-budgeted capital improvement expenditure in excess of ten thousand dollars (\$10,000.00) shall be undertaken by Holland unless and until it is approved by the Authority. In the event of an emergency, Holland shall be

permitted to proceed with necessary capital expenditures upon reporting to the Chairperson of the Authority.

10. Reports and Records. Holland shall provide the Authority with a monthly report of the operations of the Airport and the status of the budget for the current fiscal year. Holland shall make its books and records pertaining to the Airport available for the Authority's and the Member's inspection and audit, from time to time during reasonable business hours, as may be reasonably necessary to enable the Authority and the Members to verify the management, operation, and maintenance costs and charges billed to the Authority under this Agreement and to conduct a proper independent annual audit of the books. In the event the Authority or the Member(s) shall exercise its right to audit and inspect the books and records of Holland, all costs, expenses, and charges incurred for such audit and inspection shall be paid by the Authority or the Member(s) which shall include but not be limited to any and all administrative or staff time and expense incurred by Holland to comply with the audit and inspection request. The right to audit or inspect the books and records shall not be exercised more than once in any calendar year; however, the conduct of the audit may be extended beyond the calendar year if necessary to permit a comprehensive audit.

11. Working Capital. The Authority shall advance to Holland a deposit for the management and maintenance of the Airport equal to the approximate amount of Holland's charge for the management of the Airport for a two (2) month period. The amount of this advance shall be adjusted from time to time as necessary to approximate the total cost to Holland for the management of the Airport for the next ensuing two month period. Upon termination of this agreement, any remaining funds having been advanced by the Authority to Holland shall be applied against any charges then outstanding to Holland and against any costs incurred to or to be incurred by Holland under this agreement. The balance of the deposit shall be remitted to the Authority.

12. Billable Charges. Holland shall bill the Authority on a monthly basis for all of its costs and expenses incurred in managing, operating, and maintaining the Airport. Holland's monthly statement of billable charges shall be sufficiently itemized to allow the Authority to

reasonably review the billable charges of Holland. It is the intent of the parties that the Authority shall fully reimburse Holland for any and all costs, expenses, or charges incurred by Holland in managing, operating, and maintaining the Airport under this agreement, but that Holland shall receive no profit or gain on account of doing so. By way of illustration but not limitation, Holland's billable charges under this agreement shall include:

(a) All direct and indirect costs resulting from or pertaining to Holland's employment of sufficient personnel assigned to perform services required under this agreement subject to approval of appropriate state and federal authority;

(b) An administrative fee which is intended by the parties as a reasonable allocation of the costs incurred or to be incurred by Holland for the time expended and services performed pursuant to this agreement by its administrative, human resource, purchasing, and business/accounting staff;

(c) Any and all insurance and related costs incurred by Holland pursuant to the requirements of this agreement, but only to the extent such costs would not otherwise be incurred by Holland for its other municipal operations;

(d) Reasonable and proportionate share of Holland's audit expenses to the extent that they involve Holland's performance under this agreement; and

(e) Any and all other costs, expenses, or charges incurred by Holland, from independent contractors, for fuels, materials, equipment, supplies, utilities, capital improvements, and for all other purposes resulting from the management, operation, and maintenance of the Airport.

(f) Any and all rental costs and expenses charged to the Authority by Holland pursuant to a Lease Agreement attached as **Exhibit C**.

Annually, Holland and the Authority shall review the terms and conditions of this Agreement regarding the allocation of billable charges pursuant to paragraph 12 hereof. In the event the terms of this paragraph fail to reimburse to Holland all of its costs, expenses, or charges incurred by Holland in managing and administering the Airport, Holland and the Authority shall amend and modify this paragraph to permit such reimbursement by the Authority to Holland. Such amendment shall be submitted to the Authority for the adoption of its annual budget pursuant to the terms and conditions of its Bylaws and the Act.

13. Personnel During Interim Period. During the Interim Period, Holland shall provide sufficient personnel to manage the Airport (the “Employees”). Holland shall be responsible for the cost of wages, salaries, fringe benefit costs, including workers compensation, unemployment compensation, medical and life insurance premiums, retirement benefit deposits, and any related costs for the Employees. Holland shall make such tax deposits, fringe benefit payments, and all other payments or contributions as are legally required with respect to all persons employed by Holland in the performance of its obligations under this agreement.

14. Personnel After the Interim Period. After the Interim Period, Holland shall provide the services of the Employees to the Authority, subject to reimbursement by the Authority to Holland. Holland shall be responsible for the cost of wages, salaries, fringe benefit costs, including workers compensation, unemployment compensation, medical and life insurance premiums, retirement benefit deposits, and any related costs for the Employees. The Authority shall reimburse Holland for the cost of wages, salaries, fringe benefit costs, including workers compensation, unemployment compensation, medical and life insurance premiums, retirement benefit deposits, and any related costs under the provisions of paragraph 12.

15. Audit of Authority Operations. Holland shall contract and provide for the Authority the audit as required by the Act, the Governmental Accounting Standards Board (the “GASB”), and all other applicable federal and state requirements. To the extent permitted by law and regulation, Holland shall provide the annual audit services to the Authority through the auditor selected by Holland for its municipal operations. In the event any statute or regulation shall prohibit the use of the same auditing firm as used by Holland, Holland shall be fully reimbursed for its administrative costs, expenses, or charges incurred by Holland in the annual audit process for the Authority, except that Holland shall receive no profit or gain on account of doing so.

16. Indemnification.

(a) The Authority and Holland agree to indemnify, defend, and hold harmless each other, their officials, officers, board members, employees, and agents from and against any

liability, claim, or cause of action (the "Claims") relating to this agreement. Notwithstanding, this indemnification shall not extend to Claims relating to the sole negligence of any party, their officials, directors, employees, and agents. If a joint judgment is entered by any court or tribunal against Holland, its officials, directors, employees, and agents (collectively referred to as the "City Indemnified Parties") and the Authority, its officials, directors, employees, and agents (collectively referred to as the "Authority Indemnified Parties"), allocation of the loss under such judgment to the City Indemnified Parties and the Authority Indemnified Parties shall be limited to the percentage of negligence or fault of one-party (or its officials, officers, board members, employees, or agents) and to the percentage of negligence or fault of the other party (or its officials, directors, employees, and agents) in causing the injuries or damage for which the judgment was entered. The indemnification shall apply to the portion of such judgment attributable on a comparative basis to the negligence or fault of the City Indemnified Parties or the negligence or fault of the Authority's Indemnified Parties in causing such injuries or damage, but shall not apply to attorney fees or other costs of defense incurred by the parties.

(b) This paragraph shall not be deemed to constitute a waiver of governmental immunity or any other defense or immunity which may be available to Holland or the Authority in defense of such claim, action, or liability.

17. Independent Contractor. Holland and the Authority acknowledge that Holland is acting as an independent contractor pursuant to this agreement. This contract shall not be construed as a joint venture between Holland and the Authority.

18. Default and Remedies. In the event of failure by any party to this agreement to perform its obligations under this agreement, the other parties shall have the power to seek such remedies as shall be available to them at law or in equity, including an action for mandamus. Prior to any party seeking to enforce the terms of this agreement, thirty (30) days notice of any default shall be given to the defaulting party with the opportunity to cure such default during the notice period. The prevailing party or parties shall be entitled to all reasonable costs and expenses, including attorney fees, incurred in enforcing the obligation of any other party under this agreement. A "prevailing party" is defined according to Michigan Court Rule 2.625(B) as amended.

19. Inspection of Holland's Books and Records. Subject to the provisions of paragraph 10 hereof, the Authority or any Member shall have the right upon prior reasonable notice, and their sole expense from time to time during reasonable business hours, to make inspection, photocopies, or audit of the records and books of the Airport. In the event the books and record of the Airport are maintained and stored in an electronic form by Holland and to the extent that production of such documents would not violate existing software licenses, Holland will produce the requested books and records in the electronic format at the Authority's expense.

20. Necessity of Mutual Cooperation. Holland and the Authority agree to pledge their cooperation and assistance in supporting the objectives of the Airport, and the principles of operation and management as set forth in this agreement.

21. Force Majeure. In no event shall Holland be liable to the Authority for failure by Holland to perform any of its obligations under this agreement because of force majeure. As used in the preceding sentence, the term "force majeure" means any cause beyond the reasonable control of Holland, and which by reasonable efforts Holland is unable to overcome, including, without limitation: the acts of God; strikes; lockouts or other industrial disturbances; lack of funding for transportation services by Federal or State authorities; acts of public enemies; orders or the absence of necessary orders and permits of any kind, from the government of the United States or from the State of Michigan or any of their departments, agencies, or officials or from any civil or military authority; insurrections; riots; terrorist attacks; delays in transportation, equipment, material, supplies, labor or machinery shortages; epidemics; landslides; lightning; earthquakes; fires; hurricanes; tornadoes; storms; floods; washouts; drought; unrest; war; civil disturbances; explosions; breakage or accident to machinery, equipment; breach of contract by any supplier, contractor, subcontractor, laborer or materialmen; or any other similar or dissimilar cause or event not reasonably within the control of Holland. In the event of any such force majeure, Holland shall exercise reasonable efforts to remove such force majeure with reasonable dispatch and resume services for the Airport.

22. Termination of Agreement.

(a) In addition to the provisions of paragraph 2 hereof, unless the parties agree otherwise, this agreement shall be terminated upon any of the following events:

(1) In the event the Authority or Holland adopts a resolution evidencing its intent to terminate this agreement, which resolution shall provide not less one hundred and eighty (180) days notice to the other party to this agreement to be effective; or

(2) 180 days from the date the qualified and registered electors do not pass the Millage as provided for in the Formation Agreement, and the requisite Member Units (other than Holland) do not provide revenue equal to and for the term of the Millage in their respective jurisdiction.

(b) Upon the occurrence of an event of termination, each of the parties to this agreement shall continue their respective duties and obligations until the effective date of termination. Holland shall continue to operate the Airport in the ordinary course of business until the effective date of termination. Holland may charge reasonable demobilization costs and expenses to the Authority incurred by Holland in the termination of this Agreement. "Demobilization expenses" are defined as those expenses incurred by Holland to reduce or transfer services for the Airport, upon an event of termination, and shall include but shall not be limited to: public notification and awareness expenses, contract modification costs, including any cancellation fees with any subcontractor of Holland, computer modification costs, professional fees, and other incidental and necessary costs.

23. Amendment. During the Interim Period, Holland and the Authority hereby acknowledge that the Airport shall be administered, operated, and maintained by Holland in accordance with the terms of this agreement and with the advice and recommendation of the Authority. After the Interim Period, the Authority shall have full discretion and authority in its operation and maintenance of the Airport. No required alteration, amendment, change, or addition to this agreement shall be binding on the parties unless reduced to writing and signed by all of the parties.

24. Complete Agreement. This agreement represents the complete agreement

between the parties relating to the terms and conditions contained herein.

25. Assignment. Neither the Authority nor Holland shall transfer or assign its rights or obligations under this agreement without the written consent of the other party.

26. Binding Effect. This agreement shall be binding on the parties hereto and their successors, personal representatives, and assigns.

27. Severability. If any term or condition of this agreement is found to be void, invalid, or unenforceable, the validity or enforceability of the remaining terms and conditions shall not be affected or impaired and will continue in full force and effect.

28. Construction. The parties acknowledge that they and their counsel have reviewed this agreement and that any rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this agreement or any exhibits or amendments hereto.

The parties have executed this Management Agreement on the day and year first above written.

Witnesses:

THE AIRPORT AUTHORITY

BY: _____

ITS: _____

“Authority”

Witnesses:

Kathryn S. Grunewald

Kathryn S. Grunewald

CITY OF HOLLAND

BY: Albert H. McGeehan
Albert H. McGeehan

ITS: Mayor

BY: Anna Perales
Anna Perales

ITS: Acting Deputy City Clerk

"Holland"

APPROVED AS TO FORM:
CITY OF HOLLAND

By Andrew J. Mulder, City Attorney

Dated: _____, 2008

EXHIBIT C TO FORMATION AGREEMENT

**Ground and Improvements Lease
West Michigan Airport Authority
(Tulip City Airport)**