



AIRPORT FIXED BASE OPERATOR'S LEASE AND OPERATING AGREEMENT

La Crosse Regional Airport
La Crosse, Wisconsin

between

La Crosse Regional Airport
City of La Crosse, Wisconsin

and

TDM, Inc.
D/B/A Colgan Air Services

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AIRPORT FIXED BASE OPERATOR'S LEASE AND OPERATING AGREEMENT

This Lease Agreement (the "Lease" and sometimes referred to as "Agreement") entered into this day of , 2015, is by and between the CITY OF LA CROSSE a municipal corporation and existing pursuant to the laws of the State of Wisconsin, whose address is 400 La Crosse Street, La Crosse, Wisconsin 54601, (the "LESSOR") and TDM, INC., D/B/A COLGAN AIR SERVICES, a domestic corporation, incorporating address at 2709 Fanta Reed Road, La Crosse, Wisconsin 54603 (the "LESSEE") (LESSEE and LESSOR, collectively the "Parties").

WITNESSETH:

WHEREAS, the LESSOR controls, owns, operates and maintains an airport in the City of La Crosse, County of La Crosse, State of Wisconsin known as the La Crosse Regional Airport (the "Airport") and has the power to grant rights and privileges with respect thereto; and

WHEREAS, fixed base operation ("FBO") services are essential to the proper accommodation of general and commercial aviation at the Airport; and

WHEREAS, the LESSEE desires to lease and purchase certain premises and facilities on the Airport and to obtain certain rights in collection with, and on, said Airport, as more fully described hereinafter; and

WHEREAS, LESSOR desires to make such fixed base operator services available at the Airport in keeping with the terms of this Agreement and LESSEE is qualified, ready, willing and able to provide such services; and

WHEREAS, the LESSOR has the authority to control, lease and sell an area and facility within the Airport for the conduct of a fixed base operation.

NOW, THEREFORE, LESSOR does hereby:

ARTICLE 1. SELL/LEASE.

1.1 Sell. Sell to the LESSEE the structures only of:

- A. Hangar 1 A located at 2717 Fanta Reed Road;
- B. Hangar 2 located at 2733 Fanta Reed Road; and

1.2 Lease. Lease to the LESSEE for a term of 25 years the real estate upon which the following Hangers are located:

- A. Hangar I located at 2709 Fanta Reed Road;
- B. Hangar 3 located at 2763 Fanta Reed Road;
- C. Hangar 4 located at 2825 Fanta Reed Road;
- D. Hanger 1A located at 2717 Fanta Reed Road;
- E. Hanger 2 located at 2733 Fanta Reed Road.

1.3 Leased Premises. The lease and sale to the LESSEE is subject to all stipulations, restrictions, specifications and covenants herein contained. For purposes of this Agreement, regardless of whether the hangar is leased or sold, the facility and parcel of land together with the improvements and appurtenances thereto, located on the Airport, said land and said improvements thereon and appurtenances thereto, is hereby designated as the "Leased Premises" or "Premises" in this Agreement.

1.4 Description of Leased Premises. The Leased Premises are located within part of the area described in the legal descriptions provided in EXHIBIT A, which is attached hereto and hereby incorporated into this Agreement. Further, the Leased Premises identified above are also more specifically depicted in the drawing provided in EXHIBIT B, which is attached hereto and hereby incorporated into this Agreement.

ARTICLE 2. TERM

2.1 Term. The term of this Lease shall commence on January 1, 2016, ("Commencement Date") and shall terminate on December 31, 2040 (a twenty-five year period). Any and all extensions to the term of the Lease will be at the sole discretion of the LESSOR, subject to mutually agreeable terms between the LESSOR and LESSEE. If no extension is granted, then the Lease terminates on December 31, 2040

ARTICLE 3. RENT

3.1 Rent. The LESSEE covenants and agrees to pay to the LESSOR for the Leased Premises, without offset or deduction except as hereinafter set forth, and without previous demand therefore, as rent: the monthly rent payments referred to in EXHIBIT C, Paragraph 1, Annual Rent; and, the fees referred to in EXHIBIT C, Paragraphs 2 through 4; attached hereto and made part of this Lease. It is the intention of the parties that the rental payments shall be net to

The LESSOR and that all costs, expenses and obligations of every kind and nature whatsoever relating to the Leased Premises, except as otherwise provided in this Lease, shall be paid by the LESSEE during the term of the Lease.

ARTICLE 4. PURCHASE OF HANGARS

4.1 Purchase of Hangars. LESSOR shall sell to LESSEE Hangars 1A and 2 for the purchase price of Three Hundred Thousand Dollars (\$300,000.00). LESSEE shall pay the purchase price to the LESSOR upon the Commencement Date of the Lease. LESSOR shall provide LESSEE with a Quit-Claim Deed evidencing transfer of ownership of such hangars to LESSEE.

ARTICLE 5. RENT PAYMENTS

5.1 Place of Payments. Unless notified in writing of another address, the LESSEE shall make all monthly payments to the LESSOR by check, payable to:

City of La Crosse
c/o La Crosse Regional Airport
Attn: Airport Director
2850 Airport Road
La Crosse, WI 54603

5.2 Amount/Dates of Payments. Payments shall be due in the amounts, on the dates and in the manner set forth in EXHIBIT C.

5.3 Late Payments. If any monthly payments due the LESSOR remain unpaid thirty (30) days from the due date, interest shall be due and billed at the rate of 1.5% per month. Any amounts of a monthly payment owed to the LESSOR that are discovered through an audit shall include interest, which will be payable and billed at 1.5% per month, accruing from the date the original amounts were due, provided any variance exceeds Ten Percent (10%) of the amount paid to the LESSOR prior to an audit. LESSOR shall reimburse LESSEE for any overpayments made by LESSEE as shown by such audit.

5.4 Partial Payments. Any partial rent payments received processed and accepted by the LESSOR shall not be construed as a waiving of any amount due, unless the Parties agree otherwise.

ARTICLE 6. ANNUAL RENT IMMEDIATELY VESTED IN THE AIRPORT

6.1 Vesting. Immediately upon receipt by the LESSEE of amounts classified as Gross Receipts, whether in cash or in credit, the percentages thereof to be paid to the LESSOR (as a part of monthly payments) under the terms of this Lease shall immediately be vested in and become the property of the LESSOR, and the

LESSEE shall be responsible for these amounts until they are delivered to the LESSOR.

ARTICLE 7. IMPROVEMENTS

7.1 Initial Investment. The LESSEE agrees to make an initial minimum investment of Six-Hundred Fifty Thousand Dollars (\$650,000.00) by remodeling the hangers located on the Leased Premises and by relocating its fuel farm, all of which to be substantially completed by December 31, 2020. Documentation establishing the amount of the investment must be provided to the LESSOR upon completion, showing an initial minimum investment of at least \$650,000.00. To the extent that the LESSEE'S initial minimum investment is less than \$650,000.00, the difference shall be immediately be due to the Airport in the form of a cash payment.

7.2 Relocation of Fuel Farm. The LESSEE agrees to relocate its fuel farm, at LESSEE'S sole expense, to the new joint use fuel farm no later than five years from the date LESSOR notifies LESSEE, in writing, that LESSOR can provide LESSEE with adequate space to relocate LESSEE'S fuel farm in the Airport.

7.3 Improvements; Repair. LESSEE has the right, within its sole discretion, as to which hanger(s) LESSEE makes improvements to pursuant to this Lease, provided LESSEE agrees to continue to maintain all hangars located within the Leased Premises in a presentable and useable condition. Should the aforementioned buildings fall out of repair and not exist in presentable and useable condition, the LESSEE bears fully responsibility for the costs of repairing or demolishing those premises within LESSEE'S discretion.

7.4 Approval. Any improvements to be made to or upon the Leased Premises by LESSEE, and any subsequent alteration of additions to such improvements, shall be subject to the prior written approval of the Airport Director. Full and complete plans and specifications for all work, facilities, improvements and finishes, and the time required to complete the same shall be submitted to and receive the written approval of the Airport Director before any work or construction is commenced, which shall not be unreasonably withheld or delayed.

ARTICLE 8. MAINTENANCE OF AIRPORT

8.1 Maintenance. Throughout the Term of this Agreement, the LESSOR shall maintain the Airport as an airport capable of accommodating aircraft at least of a size, type, and variety which it accommodates as of the date of this Agreement. LESSOR shall also cause the Airport to possess, hold and keep current all necessary certificates or authorizations issued by the Federal Aviation Administration or any other governmental body or other entity necessary to be possessed by the Airport in order for the Airport to accommodate aircraft at least of a size, type and variety which it accommodates as of the date of this Agreement.

ARTICLE 9. RIGHTS AND OBLIGATIONS OF LESSEE

9.1 Rights and Obligations of Lessee. By ordinance, the City of La Crosse adopts and maintains Minimum Standards for Commercial Aeronautical Service Providers. Said ordinance, as may be modified from time to time, is hereby incorporated by reference into this Agreement and, for all matters articulated within the ordinance, it shall constitute the minimum requirements of the LESSEE.

9.2 Services. In addition to the standards required by the City's Minimum Standards for Commercial Aeronautical Service Providers ordinance and in accordance with the provisions of this Agreement, LESSEE is hereby granted the privilege to engage in, and LESSEE agrees to engage in, the business of providing full and complete fixed base operation services at the Airport, twenty-four (24) hours per day, every day, as follows:

A. Ramp service, including sale and into-plane delivery of aviation fuels, lubricants, and other related aviation products.

B. Apron servicing of, and assistance to, aircraft to include parking, hangaring, rental, and tie-down service for both based and transient aircraft upon, or within, facilities leased to LESSEE or aircraft parking areas designated by LESSOR.

C. Sales of avionics, aircraft parts, aircraft engine parts, instruments, and accessories.

D. Customary accommodations for the convenience of airport users, including pilot lounge area, information services, direct telephone service connections to the FAA Automated Flight Service Station (AFSS),

and courtesy vehicle ground transportation to and from other points at the Airport.

E. Arrangements for the expeditious removal of any disabled aircraft from active runways or taxiways at the request of the LESSOR and with the approval, if necessary, of the aircraft operator, the FAA, and the National Transportation Safety Board.

F. On behalf of LESSOR, LESSEE shall collect or cause to be collected all prescribed landing fees, parking charges, tie-down charges, and any other Airport related fees or charges imposed by users of the Airport handled by LESSEE, LESSOR shall retain full right and power to establish Airport landing, parking, tie-down, and Airport operated storage hangar space rental fees and will promptly provide LESSEE with the Airport fee schedule, as it may from time to time be amended by the Airport Director. However, LESSOR shall from time to time consult and coordinate with LESSEE regarding adjustments to fees noted herein. LESSEE shall not be required to guarantee collection but make reasonable attempts to try to effect collection of such fees from the Airport users. LESSEE shall provide the Airport, on a quarterly basis, a list of FBO fees (i.e. fuel, tie-down, hangaring, parking) as posted in the FBO facility. LESSOR and LESSEE shall put in writing any waiving of fees.

G. LESSEE, or majority-owned subsidiary of LESSEE, will provide standard general aviation flight services to include student flight instruction. Aircraft used to provide these services shall be agreed upon by both LESSEE and LESSOR.

H. LESSEE will provide sufficient pilots to properly serve the demands under this Lease. Pilots providing service will have all FAA certification necessary or appropriate to provide the particular service.

I. LESSEE will operate and maintain their fuel storage facility. LESSEE shall assume full and total responsibility for compliance with all Federal, State, and local laws, rules and regulations which may apply to the operation of the fuel facility; including those rules and regulations promulgated by LESSOR and any or all governmental agencies or regulatory bodies. Further, LESSEE shall maintain in effect and, if required, to post in a prominent place, all necessary and/or required licenses and/or permits. LESSEE will ensure that all personnel engaged in the operation of fueling systems are properly trained and that documentation of such training is complete and available to the Airport for inspection. Training will include fuel system emergency response procedures. LESSEE will comply with fueling operations as detailed in the Airport ACM.

J. LESSEE will provide a weather computer for use by pilots and other aviation users that provides access to DUA TS, SITA, or other specialized aviation weather service appropriate for flight planning purposes. LESSEE shall provide all electricity, backup power, and servicing of the equipment to maintain at least a 95% uptime.

K. LESSEE will operate Airport aircraft storage hangars (Hangars #1, IA 2, 3, 4 and 5 as shown on EXHIBIT B) to include hangar security, cleanliness of interior and immediate exterior areas, debris and trash removal, and the removal of snow and ice from immediate area of hangar doors/entry way and vehicle security gates in the FBO ramp area, and the movement and repositioning of aircraft to/from and within hangars. LESSEE may, at its sole option, ask LESSOR to operate other additional hangars in a similar manner in the future; however, LESSOR will not require LESSEE to operate any additional hangars.

L. LESSEE agrees to provide uniformed personnel for maintenance type services agreed to herein. Maintenance type personnel work clothes will have identification patch or, insignia clearly visible on chest, shoulder, or back of shirt.

M. The LESSEE, will provide appropriately certified personnel and personnel will have an operational capacity for major and minor repairs and alterations, top engine overhaul, engine changes, electrical repairs and aircraft modifications. LESSEE will provide qualified/certified personnel to handle air carrier maintenance/on-call service 24 hours per day.

N. The LESSEE will post, at its facility, a published list of fees, rates, and charges for its services. It is intended by both parties that all rates, fees, or charges charged by LESSEE are generally competitive, fair, and generally in line with rates, fees, or charges found to be generally acceptable in airports of a similar size providing similar facilities and services as the Airport.

O. If requested by an Air Carrier or other Airport user or firm, ramp service at all on Airport locations, including but not limited to into-plane delivery of aircraft fuel, lubricants, and other related aviation products; loading and unloading of passengers, baggage, mail and freight services;

and providing of ramp equipment, aircraft/equipment cleaning and other aircraft/equipment related services.

P. Any other aviation services not specifically provided for herein which are approved in advance by LESSOR, which approval shall not be unreasonably withheld.

9.3 User Services. LESSEE acknowledges that no right or privilege has been granted by LESSOR pursuant to **ARTICLE 9.** of this Agreement which would operate to prevent any person, firm, or corporation operating aircraft on the Airport from performing services on its own aircraft, with its own employees, including, but not limited to, maintenance and repair services. Aircraft owners/pilots may perform such basic services on their aircraft as is permitted by the FAA, airport hangar contracts, OSHA standards, and any other applicable laws or regulations. LESSOR acknowledges and agrees that LESSEE is in no way liable for services performed by any person, firm, corporation, owner or pilot on its own aircraft.

9.4 Operating Standards. By ordinance, the City of La Crosse adopts and maintains Minimum Standards for Commercial Aeronautical Service Providers. Said ordinance, as may be modified from time to time, is hereby incorporated by reference into this Agreement and it shall serve as the minimum operating standard. Provided, however, in the event any modification of said ordinance which substantively changes the terms of this Lease so as to not permit LESSEE to make a reasonable profit on such fixed based operation as determined by LESSEE, LESSEE shall have the right to terminate said Lease and be paid for LESSEE'S unamortized costs in the Hangars. In addition to the standards required by the City's Minimum Standards for Commercial Aeronautical Service Providers ordinance, in providing any of the services or activities pursuant to this Agreement, LESSEE shall operate for the use and benefit of the public and shall also meet or exceed the following operating standards:

A. LESSEE shall comply with the minimum operating standards or requirements promulgated by LESSOR, applicable to each of LESSEE'S activities on the Airport, and with such standards or requirements promulgated by any airline or government agency utilizing the Airport.

B. LESSEE shall furnish service on a fair, reasonable, and nondiscriminatory basis to all users of the Airport requesting the services of LESSEE. LESSEE shall furnish service adequate to meet all reasonable demands at the Airport. LESSEE shall charge fair, reasonable, and nondiscriminatory prices for each unit of sale or service; provided, however, that LESSEE shall be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers and air carriers. It is

understood and agreed that nothing contained herein shall be construed to grant or authorize the granting of an exclusive right within the meaning of Section 308(a) of the Federal Aviation Act.

C. LESSEE shall select and appoint a full-time general manager of its operations at the Airport. The general manager shall be qualified and experienced, and vested with full power and authority to act in the name of LESSEE with respect to the method, manner, and conduct of the operation of the fixed based services to be provided under this Agreement. The general 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. Normal and emergency telephone numbers shall be provided to the Airport Director's office and kept current.

D. LESSEE shall provide, at its sole expense, a sufficient number of employees necessary to provide the services required or authorized by this Agreement. Said employees shall be the sole and exclusive employees of the LESSEE and not the LESSOR.

E. LESSEE shall control the conduct, demeanor, and appearance of its employees, who shall be trained by LESSEE and who shall possess such technical qualification and hold such certificates or qualifications as may be required by any governmental authority in carrying out their assigned duties.

F. LESSEE shall be responsible for the payment of all expenses and payments in connection with the use of the Premises, including all Federal, State, or Local taxes, permit fees, license fees, assessment fees, approved fees, or other fees lawfully levied or assessed upon the Premises or property at any time situated therein and thereon except property of the LESSOR. LESSEE may, at its sole expense and cost, contest any tax, fee, or assessment. Provided, however, LESSOR shall not initiate or increase any existing fees to LESSEE, except for fees which are not specific to LESSEE'S business operations at the Airport.

G. LESSEE shall comply with all Federal, State, and local laws, rules, and regulations which may apply to the conduct of the LESSEE'S business pursuant to this Agreement, including the rules and regulations promulgated by LESSOR. The LESSEE shall maintain in effect and, if required, to post in a prominent place all necessary and/or required licenses or permits.

H. LESSEE agrees no fuel or hazardous material shall be stored in any hanger located on the Leased Premises except as may be confined to the tanks of the aircraft stored in any such hanger or as approved in the applicable Federal, State or local regulations and statutes.

ARTICLE 10. PREMISES MAINTENANCE

10.1 Maintenance. The LESSEE shall, at its sole cost and expense, maintain and repair the Leased Premises throughout the term of this Lease as set forth in EXHIBIT D of the Lease. The LESSEE shall also be liable for all damages to the Premises caused by its agents, employees and guests.

10.2 Alterations. LESSEE shall maintain and keep the interior of the Premises in good repair and the interior and exterior free of refuse or rubbish and shall return the same at the expiration or termination of this Lease in as good condition as received by LESSEE, ordinary wear and tear excepted; provided, however, that if alterations, additions and/or improvements shall have been made by LESSEE as provided for in this Lease, LESSEE shall not restore the Premises to the condition in which they were prior to such alterations, additions and/or installations except as hereunder provided.

ARTICLE 11. TENANT IMPROVEMENTS

11.1 Tenant Improvements. With LESSOR'S prior written consent, which shall not be unreasonably withheld, LESSEE may make improvements, alterations, and additions to the Premises at LESSEE'S expense consistent with LESSEE'S intended use of the Premises, provided the improvements, alterations, and/or additions to the Premises do not unreasonably interfere with LESSOR'S business or operations on the Premises. Any equipment installed upon or improvements made to the Premises by LESSEE shall be deemed the sole property of LESSEE and not fixtures appurtenant to the Premises, notwithstanding that such improvements may be affixed or attached to realty.

11.2 Removal. At the expiration of this Agreement or any other termination of this Agreement, all structures and any and all improvements of any character whatever installed on the Leased Premises shall be and become the property of the LESSOR and title thereto shall pass and revert to LESSOR at such expiration or other termination, and none of the improvements now or hereafter placed on the Leased Premises shall be removed there from, without LESSOR'S express written consent. The LESSOR shall have the alternative, at its option, to require LESSEE to remove any and all improvements and structure from the Leased Premises and repair any damage caused thereby, at LESSEE'S sole expense.

ARTICLE 12. EXCLUSIONS

12.1 Notwithstanding the above, the following operations and businesses shall not be permitted on the Leased Premises unless otherwise agreed to in writing by the LESSOR:

- A.** Any and all types of restaurant (such as Subway, McDonalds or similar commercial food service activity); However, providing catering and snacks to customers and/or employees does not constitute a violation of this Agreement;
- B.** Travel agencies;
- C.** Automobile rentals;
- D.** Vehicle parking, except customer parking; and
- E.** Airport Taxi-Limousine service, Package Pickup-Delivery services.

12.2 Off-site Rentals of Vehicles. Notwithstanding Section 12.1.C. above, the LESSEE shall be permitted to operate and maintain off-site automobile rentals; however, any such operations shall be subject to the Airport's off-site rental car provisions.

12.3 Telephone Line. The LESSEE shall be permitted to maintain, within the FBO, a direct telephone line to all businesses located on the Airport property.

ARTICLE 13. RIGHTS OF LESSEE

13.1 Rights of LESSEE. It is expressly understood and agreed that nothing in this Agreement shall prohibit the LESSOR from granting similar rights and privileges to any other person(s) or entity within areas of the Airport but outside of the Leased Premises and that the LESSEE shall have no exclusive right or privilege hereunder. In the event such other rights and privileges are granted to any other person(s) or entity, LESSOR does covenant and expressly agree that with respect to any other authorized fixed base operator that:

- A.** LESSOR shall enforce identical minimum operating standards or requirements for all aeronautical endeavors and activities conducted at the Airport;

B. LESSOR will not permit any other operator of aeronautical endeavors or activities to operate on the Airport under rates, terms, or conditions which are more favorable to any other operator than those set forth in this Agreement; and

C. LESSOR will not permit the conduct of any fixed base operation at the Airport except under an approved written lease and operating agreement equal in scope to this Agreement.

ARTICLE 14. APPURTENANT PRIVILEGES

14.1 Non-exclusive Use of Airport Facilities. During the Term of this Agreement, LESSEE shall be entitled, in common with others so authorized, to the non-exclusive use of facilities and improvements of a public nature which now are or may hereafter be connected with or appurtenant to the Airport, including but not limited to, the use of landing areas, runways, taxiways, navigational aids, terminal facilities and aircraft parking areas.

14.2 Maintenance of Airport Facilities. During the Term of this Agreement, LESSOR shall maintain all public and common or joint use areas of the Airport, including, but not limited to, the Air Operations Area and facility road, vehicle parking areas, and walkways, in good repair, and shall make such repairs, replacements or additions thereto as it considers, in its sole discretion, necessary for the safe and efficient operation of the Airport.

14.3 Aerial Approaches. LESSOR 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 LESSEE from erecting or permitting to be erected, any building or other structure on or adjacent to the Airport which, in the opinion of LESSOR, would limit the usefulness of the Airport or constitute a hazard to an aircraft.

ARTICLE 15. VEHICULAR ACCESS

15.1 Vehicular Access. The LESSOR agrees that throughout the term of this Lease, it shall provide the LESSEE with direct vehicular access to and from the Airport road network and the Leased Premises by the LESSEE. The LESSOR further agrees that it will operate, maintain and keep free from obstruction of any kind whatsoever, except for emergency situations involving public safety, an adequate, well lighted, vehicle roadway during the term of this Lease.

ARTICLE 16. BOOKS ON ACCOUNT AND AUDITING

16.1 Annual Financial Statements. The LESSEE agrees to prepare or cause to be prepared, at its own expense, true and accurate (1) annual financial statements reflecting the results of all the operations of the Leased Premises (not consolidated or combined with the results of any other enterprise) including a Balance Sheet, Statement of Income, Statement of Changes in Financial Position and Statement of Changes in Partners' Equity, with all supporting schedules and notes applicable thereto, (collectively "Financial Statements"); and (2) computations of Annual Rents and Percentage Fees ("annual statements") in form and content satisfactory to the LESSOR , supported by detailed schedules of Gross Receipts, Operating Expenses, and Operating Profits as such terms are defined in EXHIBIT C of this Lease.

16.2 Reconciliation. The annual statements shall include a reconciliation to explain any differences between the said terms defined in EXHIBIT C and comparable classifications contained in the Financial Statements.

16.3 Delivery of Financial Statements to Lessor. The LESSEE'S Financial Statements and its annual statements shall be made available for LESSOR'S review within three and one-half months following the end of each calendar year of the Lease term. The LESSEE shall be obligated to prepare such Financial Statements and annual statements at the end of each calendar year of the Lease, including each year of any extension of the original term of the Lease.

16.4 CPA Review. The LESSEE'S annual statements shall be reviewed by an independent Certified Public Accountant (CPA) and shall contain the CPA's unqualified professional opinion relative to each of the following:

A. The accuracy of the annual statements and the computations of Percentage Fees, including all information necessary to compute Gross Receipts, Operating Expenses, and Operating Profits under this Lease;

B. The Financial Statements of the LESSEE have been prepared in accordance with generally accepted accounting principles consistently applied;

C. The annual statements and the payments due the LESSOR are computed correctly and in accord with the terms of this Lease and with the laws of the State of Wisconsin; and

16.5 Lessor Inspection of Tax Returns. The LESSEE agrees that the LESSOR may inspect any state and Federal income tax returns and sales tax returns or reports, including accompanying schedules and data, which the LESSEE may file with any governmental agency pursuant to its Retail Sales Tax Licenses, and the LESSEE

waives any claim of confidentiality which it may have in connection with such information.

16.6 Records. The LESSEE shall keep at a location within the State of Wisconsin acceptable to the LESSOR, true and complete books of accounts and records of all items and transactions necessary to prepare and verify the accuracy of the Financial Statements of the LESSEE and the annual statements ("LESSEE'S Records"). The LESSEE'S Records shall include, without limitation, daily bank deposits, customer service and user receipts, bank statements, canceled checks, cash receipts and disbursement journals, invoices, general ledger, interim financial statements, vouchers, hangar occupancy records, landing and parking receipt and validation records, and records for all activities conducted on the Leased Premises. The LESSEE'S Records shall be maintained in an appropriate business-like manner, and the LESSEE'S system of bookkeeping shall be reasonably satisfactory to the LESSOR, consistent with practices applicable to the FBO industry and shall be sufficient to enable the CPA to certify to the annual statements, including requirements for adequate internal control. The LESSOR'S authorized representatives shall be given access by the LESSEE during reasonable business hours to inspect the LESSEE'S Records. The LESSEE agrees that it will keep and preserve, or cause to be kept and preserved, for at least three years after each year of this Lease or for one full year after the LESSOR conducts an audit for a particular year of the Lease, whichever occurs first, all operations receipts and all other LESSEE'S Records for each such year.

16.7 Audit. The LESSOR shall have the right at any time and from time to time, provided it has given reasonable notice to the LESSEE, to audit all the LESSEE'S Records, including the work papers of LESSEE'S CPA. The LESSEE, upon request by the LESSOR, shall make LESSEE'S Records available for such examination either at the Airport or at the place of business of the LESSEE where such matters generally are kept. If the LESSOR shall make or have such an audit made for any year of the Lease and the actual audited amount of Gross Receipts, or the actual audited amount of Operating Profits, is more than three percent (3%) than the amount contained in the LESSEE'S annual statements for such year, the LESSEE shall pay to the LESSOR the reasonable cost of the audit. LESSOR'S right to have such an audit made with respect to any year of the Lease shall expire two (2) years after the LESSEE'S annual statements for any year shall have been delivered to the LESSOR.

ARTICLE 17. INSURANCE

17.1 Required Insurance. By ordinance, the City of La Crosse adopts and maintains Minimum Standards for Commercial Aeronautical Service Providers. Said ordinance, as may be modified from time to time, is hereby incorporated by reference into this Agreement and, notwithstanding the requirements outlines below, in all matters articulated within the ordinance, it shall constitute the minimum insurance requirements of the LESSEE. Unless additional insurance is required by the Minimum Standards for Commercial Aeronautical Service Providers ordinance, LESSEE shall obtain and

maintain continuously in effect at all times during the Term of this Agreement, at LESSEE'S sole expense, the following insurance:

A. Comprehensive commercial general and aircraft liability insurance protecting LESSOR against any and all liability arising by reason of LESSEE'S conduct or the conduct of its officers, directors, employees or agents incidental to the use of the Premises, or resulting from any accident occurring on or about the roads, driveways or other public places, including runways and taxi ways, used by LESSEE at the Airport, caused by or arising out of any wrongful act or omission of LESSEE, in the minimum amount of \$1,000,000 combined single limit for each occurrence for all personal and bodily injury (including passengers), death and/or property damage.

B. Hangar keeper's liability insurance in the minimum amount of \$1,000,000 for any one aircraft and in the amount of \$1,000,000 for any one occurrence, subject to deductible of not more than \$25,000 for any one occurrence. Such coverage shall be extended to cover LESSEE'S operation of any and all hangars, to include those facilities identified in Section 9.1.N. in addition to the FBO premises.

C. Automobile comprehensive liability insurance at a combined single limit coverage of not less than \$2,000,000 (bodily injury and property damage) per occurrence. Coverage shall be extended to include non-owned/hired vehicles, as well as LESSEE-owned vehicles.

D. Product liability insurance is to be included in the \$2,000,000 combined single limit applying to premises operations.

E. Workers' compensation insurance or qualified self-insurance as approved and as required by the State of Wisconsin.

F. Such additional coverage or other insurance in amounts as LESSOR reasonably deems advisable for protection against claims, liabilities and losses arising out of or connected with the operation of the Premises.

G. All insurances shall carry all of the following endorsements on each policy:

(1) "The City of La Crosse d/b/a La Crosse Regional Airport and its Airport Board are hereby added as additional insureds."

(2) "This policy shall be considered primary insurance as with respect to any other valid and collectable

insurance the City of La Crosse or Airport may have, and any other insurance the City of La Crosse or Airport may possess shall be considered excess insurance only."

(3) "This insurance shall act for each insured, and additional insured as through a separate policy had been written for each. This, however, will not act to increase the limit of liability of the insuring company."

(4) "Thirty (30) days prior written notice of cancelled shall be given to the City of La Crosse in writing by certified mail, return receipt requested, in the event of a cancellation and/or reduction on coverage of any nature."

H. Language on a certificate stating the insurance company will "endeavor to provide 30 days written notice" is unacceptable.

I. LESSEE is to provide certificates of insurance, as evidence of the foregoing, carried with an insurance company properly licensed in the State of Wisconsin and acceptable to the LESSOR.

17.2 Notice. LESSEE and LESSOR agree to notify each other in writing as soon as practical of any claim, demand, or action arising out of an occurrence covered hereunder of which LESSEE or LESSOR has knowledge.

ARTICLE 18. LIABILITY AND INDEMNITY

18.1 Liability and Indemnity. The LESSEE agrees to indemnify and save harmless the LESSOR, the Airport Board, the Commissioners and Council Members of the City of La Crosse, and its respective employees and agents against any loss, liability, or damages which arise as a result of activities by the LESSEE on the Airport; provided LESSEE shall have no obligation to indemnify and hold harmless pursuant to this Section 18.1 to the extent such liability arises from LESSOR'S negligence or omission to act. The LESSEE shall defend any lawsuits with regard to claims for loss, liability, or damages, and shall pay any judgments which result from the lawsuits, provided the LESSOR provides the LESSEE with adequate notice to enable the LESSEE to defend any lawsuits. "Lawsuits" include arbitration proceedings, administrative proceedings, and all other governmental or quasi governmental proceedings. "Liability" includes the fees and disbursements of attorneys and witnesses. Indemnity shall not be limited by reason of any insurance coverage.

ARTICLE 19. UTILITIES

19.1 Utilities. The LESSEE'S obligations under this Lease are conditioned upon the LESSOR providing and maintaining the utility systems to the property line of the

Premises. The LESSEE shall have the right, at its sole expense, to connect to all common utilities. However, no common sewer shall be used for the disposal of industrial waste and the LESSEE shall not discharge waste material that exceeds the limits or character permitted by permit, law or regulation. The LESSEE shall pay the costs of all utilities that it uses and, at its own expense, shall arrange for the installation of separate meters, whenever feasible, and shall arrange for direct billing for such use and consumption where applicable. LESSEE agrees to accept and allow any and all existing utility easements on the property and that protrude into or onto the Leased Premises. The LESSEE shall coordinate with LESSOR regarding all utility installations, including telephone and internet service. This is to avoid new conduits and utility lines being installed in locations that could cause a hazard or otherwise do not meet utility plan requirements of the Airport. LESSEE can view current utility easements in the Airport's Administrative Office by appointment and three (3) day advance notice.

ARTICLE 20. SIGNS

20.1 Signs. The LESSEE shall have the right to erect advertising and identification signs on the Leased Premises, subject to the approval of the LESSOR which shall not be unreasonably withheld.

ARTICLE 21. COMPLIANCE BY LESSEE WITH AIRPORT REGULATIONS

21.1 Compliance. The LESSEE shall comply with all written directives of the Airport Director that are intended to promote safety and public order on the Airport and on the Leased Premises.

21.2 Hazardous Materials Control. LESSEE agrees no hazardous materials or substances shall be stored on the Premises except as approved in the applicable Federal, State or Local regulations and statues. LESSEE agrees no hazardous materials or substances shall be discharged into the Airport sewer system, drainage lines or on Airport property except as permitted and approved in applicable Federal, State or Local regulations and statues. LESSEE warrants that as of Commencement Date of the lease there are no hazardous materials or substances on the Leased Premises or any current violations of Federal, State or Local regulations or statues regarding hazardous materials or substances on the Leased Premises.

21.3 Noise Abatement. The LESSEE will adhere to Airport noise abatement policy and procedures as established by the LESSOR'S Airport Director. Aircraft engine runs during the hours of darkness will be held to an absolute minimum and will be conducted only in areas designated by the LESSOR'S Airport Director.

21.4 Security. Both parties recognize the critical role and responsibilities of the LESSEE in Airport/Aviation Security. The LESSEE shall strictly comply with the Airport Security requirements as stated in Title 14, Code of Federal Regulations (CFR), Department of Transportation, Part 1542 ("Airport Security") and the La Crosse Regional Airport Security Plan (ASP)" and any amendments thereto. Further, the LESSEE

may be required to enter into an Airport/Tenant Security Agreement which details additional LESSEE security procedures and guidance. Additionally, the LESSEE will provide twenty four (24) hour control of access to the general aviation area at those FBO doors/gates as designated in the Airport Security Plan (ASP). LESSEE is required to provide physical access control and video surveillance of the Leased Premises and that the LESSEE'S physical access control and surveillance may be integrated with Airport-provided software. LESSOR shall have the right to review such video surveillance of the Leased Premises. LESSEE will ensure that personnel responsible for granting such access to Airport facilities are thoroughly trained in, and knowledgeable of, the ASP and Airport Security procedures for granting of such access.

21.5 Vehicle Control. The LESSEE shall comply with Airport vehicle policy and procedures as established in Airport Certification Manual (applicable sections) and as posted on the Airport. The LESSOR may provide additional designated LESSEE parking at rental rates and terms to be negotiated.

21.6 Taxes and Fees. LESSEE shall be responsible for the payment of all taxes, permit fees, license fees, approved fees, or other fees lawfully levied or assessed upon the Premises or Improvements relative to LESSEE'S businesses.

ARTICLE 22. STORM WATER COMPLIANCE

22.1 Acknowledgments.

A. Notwithstanding any other provisions or terms of the Lease, LESSEE acknowledges that the Airport is subject to federal storm water regulations, 40 C.F.R. Part 122, for "vehicle maintenance shops" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing operations that occur at the Airport as defined in these regulations and Title 25 Chapter 92 National Pollutant Discharge Elimination System (NPDES) and all other applicable state laws or regulations. LESSEE further acknowledges that it is familiar with these storm water regulations; that it conducts or operates "vehicle maintenance" (including vehicle rehabilitation, mechanical repairs, painting, fueling and lubrication), equipment cleaning operations and/or deicing activities as defined in the federal and state storm water regulations; and that it is aware that there are significant penalties for submitting false information, including fines and imprisonment for knowing violations.

B. Notwithstanding any other provisions or terms of the Lease, LESSOR acknowledges that it has taken steps necessary to apply for or obtain a storm water discharge permit as required by the applicable regulations for the Airport, including the Property occupied or operated by the LESSEE. LESSEE acknowledges that the storm water discharge permit issued to the LESSOR may name the LESSEE as a co-permittee in lieu of

LESSEE obtaining a separate permit.

C. Notwithstanding any other provisions or terms of this Lease, including the LESSEE'S right to quiet enjoyment, LESSOR and LESSEE both acknowledge that close cooperation is necessary to ensure compliance with any storm water discharge permit terms and conditions; as well as to ensure safety and to minimize costs. LESSEE acknowledges that, as discussed more fully below, it may have to undertake to minimize the exposure of storm water (and snow melt) to "significant materials" generated, stored, handled or otherwise used by the LESSEE, as defined in the federal and state storm water regulations, by implementing and maintaining "Best Management Practices."

D. LESSEE acknowledges that the Airport's storm water discharge permit is incorporated by reference into this Lease and any subsequent renewals.

22.2 Permit Compliance.

A. LESSOR will provide LESSEE with written notice of those storm water discharge permit requirements, that are in the Airport's storm water permit, that LESSEE will be obligated to perform from time to time, including, but not limited to: certification of non-storm water discharges; collection of storm water samples; preparation of storm water pollution prevention or similar plans; implementation of "good housekeeping" measures or Best Management Practices; and maintenance of necessary records. Such written notice shall include applicable deadlines. LESSEE, within seven (7) days of receipt of such written notice, shall notify LESSOR in writing if it disputes any of the storm water discharge permit requirements it is being directed to undertake. If LESSEE does not provide such timely notice, it is deemed to assent to undertake such requirements. If LESSEE provides LESSOR with timely written notice that it disputes such storm water discharge permit requirements, LESSOR and LESSEE agree to negotiate a prompt resolution of their differences. LESSEE warrants that it will not object to written notice from the LESSOR for purposes of delay or avoiding compliance.

B. LESSEE agrees to undertake, at its sole expense unless otherwise agreed to in writing between LESSOR and LESSEE, those storm water discharge permit requirements for which it has received written notice from the LESSOR. LESSEE warrants that it shall meet any and all deadlines that may be imposed on or agreed to by LESSOR and LESSEE. LESSEE acknowledges that time is of the essence.

C. LESSOR agrees to provide LESSEE, at its request, with any

non-privileged information collected and submitted to any governmental entity(ies) pursuant to applicable storm water regulations.

D. LESSEE agrees that the terms and conditions of the Airport's storm water discharge permit may change from time to time and hereby appoints LESSOR as its agent to negotiate with the appropriate governmental entity(ies) any such permit modifications.

E. LESSOR will give LESSEE written notice of any breach by LESSEE of the Airport's storm water discharge permit or the provisions of this section. Such a breach is material, and, if of a continuing nature, LESSOR may seek to terminate this Lease pursuant to the terms of this Lease. LESSEE agrees to cure promptly any breach.

F. LESSEE agrees to participate in any Airport-organized task force or other committee or work group established to investigate, coordinate or modify storm water activities and procedures at the Airport.

22.3 Indemnification. Notwithstanding any other provisions of this Lease, LESSEE agrees to indemnify and hold harmless LESSOR and other tenants for any and all claims, demands, costs (including attorney's fees), fees, fines, penalties, charges and demands by and liability directly or indirectly arising from LESSEE'S actions or omissions, relating to LESSEE'S failure to comply with LESSEE'S obligations under this Section, the applicable storm water regulations, and storm water discharge permit, except to the extent such liability arises from LESSOR'S negligence or omission to act. This indemnification shall survive any termination or non-renewal of this Lease.

ARTICLE 23. COVENANTS OF QUIET ENJOYMENT

23.1 Quiet Enjoyment. The LESSEE, upon paying Annual Rent, Percentage Fees and all other sums and charges to be paid by it as provided in this Lease, and upon performing and complying with all of the terms and provisions contained in this Lease to be performed or kept by the LESSEE, shall quietly have and enjoy the Leased Premises during the term of this Lease, without hindrance or interference by anyone acting or purporting to be acting under the jurisdictional authority of the LESSOR.

23.2 Lessor Representations. The LESSOR represents and warrants to the LESSEE that it has fee simple title to the Leased Premises and has the power and authority to execute and deliver this Lease and to carry out and perform all covenants to be performed by it under the Lease. The LESSOR further represents and warrants to the LESSEE that:

A. Except for the applicable terms and conditions in this Lease, sole and undisturbed physical possession of the Leased Premises will be delivered free and clear of all encumbrances, liens, defects in title, violations

of law, leases, tenancies, easements, restrictions and agreements;

B. The LESSEE, at all times other than during temporary periods of construction or other remedial activities, shall have unobstructed and adequate means of ingress and egress to the Leased Premises from all abutting streets, roads and highways; and

C. Except as provided in this Lease, no municipal zoning approvals or consents are required and there are no legal restrictions or impediments that prevent the operation of the FBO on the Leased Premises.

23.3 Breach. If any of the covenants, representations or warranties contained in this ARTICLE 23 shall not be kept or performed by the LESSOR, the LESSEE shall so notify the LESSOR in writing. After receiving such notification, the LESSOR then shall have thirty (30) days in which to cure, unless: (a) the nature of the LESSOR'S failure is such that the LESSEE no longer is able to operate the FBO, or (b) a cure cannot with due diligence be effected within a period of thirty (30) days, and the LESSOR promptly advises the LESSEE of the LESSOR'S intention to institute all steps necessary to remedy the situation and thereafter diligently prosecutes the same to completion. If the LESSOR fails to cure as provided in Section 23.3, or if the failure is of such magnitude as to prevent the LESSEE from operating the FBO, the LESSEE, in addition to any and all remedies it may have at law or in equity, may terminate this Lease upon written notice to the LESSOR.

ARTICLE 24. ADDITIONAL RIGHTS, OBLIGATIONS, AND COVENANTS BETWEEN THE PARTIES

24.1 Operation of FBO. The LESSEE agrees and covenants to keep the FBO open and operational during the full term of this Lease, except for closings necessitated by emergencies or other circumstances beyond the reasonable control of the Parties.

24.2 Access for Maintenance. The LESSEE shall have the right to enter onto property of the Airport outside of and adjacent to the boundaries of the Leased Premises for the purpose of maintaining the improvements, and may temporarily place equipment thereon in connection with such maintenance. In such event, the LESSEE shall first give notice, if practicable, of its intent to the Airport Director and shall comply with the Airport Director's instructions pertaining to the maintenance activities.

24.3 Compliance. The LESSEE agrees to comply with all applicable federal, state, and local statutes and regulations, including Airport regulations concerning the operations, activities, and uses of the Leased Premises as the same may be applicable to other properties on the Airport and including all requirements of the Federal Aviation Administration. The LESSEE shall be responsible for obtaining, at its own expense, all licenses and permits that are legally required for the operations, activities, and uses of the Leased Premises. The LESSOR shall cooperate with, and assist, the LESSEE in obtaining all necessary licenses or permits. Any and all expenses incurred by the LESSEE

in obtaining the licenses or permits shall be borne strictly by the LESSEE.

24.4 Modifications. There shall be no oral modifications to this Lease. This Lease contains all the terms and conditions between the parties with respect to the Leased Premises, and shall not be modified, waived, or terminated in any manner other than by an agreement, in writing, signed by the parties or by their respective successors in interest. All terms, provisions, conditions, covenants, warranties and agreements contained in this Lease shall be binding upon the successors and assigns of the LESSOR and of the LESSEE.

24.5 Waiver. The receipt of any payment by the LESSOR, with knowledge of any breach of this Lease by the LESSEE or of any default on the part of the LESSEE under this Lease, shall not be deemed to be a waiver by the LESSOR of any provision of this Lease. If the LESSEE makes any payment which is less than the amount due, the LESSOR, without notice, may accept the same as a payment on account, and the LESSOR shall not be bound either by any notation on any check involving such payment or by any statement in any accompanying letter. A failure on the part of either the LESSOR or the LESSEE to enforce any covenant or provision of this Lease, or any waiver of any right by either party, unless in writing, shall not discharge or invalidate such covenant or provision or affect the right of either party to enforce the same in the event of any subsequent breach or default. The receipt and acceptance by the LESSOR of any rental payments or of any other sum of money or of any other consideration paid by the LESSEE after the termination, in any manner, of this Lease, or after the LESSOR has given notice to effect a termination, shall not reinstate, continue, or extend the term of this lease or destroy or in any manner impair the effectiveness of any such notice of termination that is given by the LESSOR to the LESSEE prior to the receipt of such sum of money or of other consideration, unless otherwise agreed to in writing and signed by the LESSOR. Neither acceptance of the keys nor any other act on the part of the Airport or on the part of any agent or employee of the LESSOR during the term of the Lease shall be deemed to be an acceptance of a surrender of the premises of the Leased Parties, excepting only an agreement in writing signed by the LESSOR accepting or agreeing to accept such a surrender.

24.6 Assignment; subletting. The LESSEE agrees that it shall neither sublet nor assign the Leased Premises or any part thereof without receipt of prior written approval from the LESSOR, which approval shall not be unreasonably withheld or delayed, time being of the essence. All amendments to subleases and all arrangements with concessionaires, franchises, assignees, and representatives shall be submitted to the LESSOR for prior written approval, which approval shall not be unreasonably withheld or delayed, time being of the essence.

24.7 No Exclusive Rights. Nothing contained in this Lease shall be construed as granting the LESSEE any exclusive rights at the Airport.

24.8 Surrender of Leased Premises. On the last day of the Lease, the LESSEE shall peaceably and quietly leave, surrender and yield unto the LESSOR the Leased Premises, including all real estate fixtures and other real property, in good order, repair and condition, ordinary wear and tear excepted. Subject to the terms of this Lease, LESSEE shall not remove any items from the Leased Premises other than personal property. Provided, however, in the event that the Lease is terminated prior to the end of the Term of this Lease, for any reason, LESSEE shall receive from the LESSOR, the unamortized value of the Hangars, including any improvements made by LESSEE to such Hangars as of the time of said Lease termination.

24.9 Lessee's Business Entities. LESSOR understands that LESSEE may operate two or more separate business entities to encompass the full FBO requirements. However, these separate businesses shall be wholly or majority owned by TDM, Inc. d/b/a Colgan Air Services, or its successor, as the parent company.

ARTICLE 25. LESSOR'S RIGHT TO ENTER AND MAINTAIN OR REPAIR LEASED PREMISES

25.1 Damage or Destruction. It is understood and agreed by the Parties that as the owner of the real estate, the LESSOR has the right to protect the Leased Premises from damage and deterioration due to lack of diligence by the LESSEE. If the LESSEE fails to perform or comply with any of the terms or provisions contained in this Lease to be kept or performed by the LESSEE, other than a failure to pay rent or an event of bankruptcy, and after written notification from the LESSOR fails to cure such default within the permitted period, the LESSOR may at its option, and in addition to any other remedies which may be available to it, enter the Leased Premises, and effect the cure. Such entering shall not cause or constitute a cancellation of this Lease or an interference with the LESSEE'S possession of the Leased Premises. The LESSOR shall have the right to do all things reasonably necessary to accomplish the work required. The reasonable cost and expense of such work shall be payable to the Airport by the LESSEE on demand.

25.2 Repair. If, in the opinion of the LESSOR, the LESSEE'S failure to perform or comply with any of the terms or provision contained in the Lease to be kept or performed by the LESSEE endangers the safety of either (i) the public, (ii) the employees of the Airport, (iii) the property of the Airport, or (iv) other tenants at the Airport, and the LESSOR so states in its notice to the LESSEE and, if the LESSEE is not, in fact, remedying the situation, the LESSOR may perform such maintenance at any time after giving of such notice, and the LESSEE agrees to pay to the LESSOR the LESSOR'S actual cost at then current fully-loaded labor rates (or that of an appropriate contractor, if used) and expense plus a 15% markup of such performance on demand. Furthermore, should the LESSOR, its officers, employees, agents, or contractors undertake any work hereunder, the LESSEE hereby waives any claim for damages, consequential or otherwise, as a result of such work, unless the damages are caused

by the negligence of the LESSOR or any of its representatives. The foregoing shall in no way affect or alter the primary obligations of the LESSEE as set forth in this Lease and shall not impose or be construed to impose upon the LESSOR any obligation to maintain the Leased Premises, unless specifically stated otherwise in this Lease.

25.3 Right to Enter. The LESSEE also agrees that the LESSOR shall have the right to enter the Leased Premises at any time during emergency or crises situations, and at other reasonable times after due notice to the LESSEE, for inspection and maintenance and for any other legal reason within its jurisdictional authority.

ARTICLE 26. DEFAULT OF LESSEE AND TERMINATION BY THE LESSOR

26.1 Default. If any of the following occurs, the LESSEE shall be in default under the terms and provisions of this Lease, and the LESSOR may terminate the Lease and require the LESSEE to vacate and surrender possession of the Leased Premises thirty (30) days after receipt by the LESSEE of written notification of termination of the Lease:

A. Failure of the LESSEE to pay Rent when due, and such failure continues for fifteen (15) days after receipt of notice by the LESSEE from the LESSOR that such rental payment has not been paid when due;

B. Filing by the LESSEE of a voluntary petition in bankruptcy or insolvency or adjudication of bankruptcy or insolvency of the LESSEE, or filing by the LESSEE of any petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under the present or any future Federal bankruptcy act or any other present or future applicable Federal, state or other statute or law, or an assignment by the LESSEE for the benefit of creditors, or appointment of a Trustee, receiver, or liquidator of all or any part of the assets of the LESSEE; and

C. If, sixty (60) days after the commencement of any such proceeding against the LESSEE, such proceeding shall not have been dismissed, or if, within forty-five (45) days after the appointment of any trustee, receiver or liquidator of the LESSEE or of all or any part of the LESSEE'S property, without the consent or acquiescence of the LESSEE, such appointment shall not have been vacated or otherwise discharged, or if any execution or attachment shall be issued against the LESSEE or any of the LESSEE'S property pursuant to which the Leased Premises shall be taken or occupied, or

D. Failure of the LESSEE to perform or comply with any of the other terms or provisions contained in this Lease, to be kept or performed by the LESSEE.

26.2 Remedy. Notwithstanding the provisions contained in Section 26.1 above, the LESSOR shall not have the right to terminate the Lease in an event of default under Section 26.1.A. above, if the LESSEE cures such default within thirty (30) days after the LESSOR shall have given written notification to the LESSEE of the default, or, in the case of a default which cannot with due diligence be cured within a period of thirty (30) days, the LESSEE shall (i) promptly advise the LESSOR of the LESSEE'S intention to institute all steps necessary to remedy such situation, (ii) duly institute within such thirty (30) day period all steps necessary to remedy the default and thereafter diligently prosecutes the same to completion, and (iii) complete such remedy within such time after the notice of default as shall be reasonably necessary. Failure of the LESSOR to utilize any remedy described herein does not preclude the LESSOR from utilizing such remedy at any other time, in the event of a further default by Lessee for cause.

ARTICLE 27. TERMINATION OF THE LEASE BY THE LESSEE

27.1 Termination by Lessee. In the event that the Airport either ceases to function as an Airport for general commercial traffic for a period of Ninety (90) consecutive days or more, or closes for a period of sixty (60) consecutive days or more during which commercial aircraft are prevented from landing at the Airport, the LESSEE may terminate the Lease with no further obligations owed by LESSEE to LESSOR. If the Airport is directly responsible for such occurrence, and if the LESSEE elects to terminate the Lease, such action by the Airport shall be deemed a total condemnation under the power of eminent domain and the provisions of ARTICLE 28. shall control. In order to terminate the Lease pursuant to this Section, the LESSEE must notify the Airport in writing of its intent to terminate at any time after such ninety (90) day period, but in no event later than three (3) days after the Airport is reopened for general commercial traffic or after commercial aircraft resume landing at the Airport, whichever the case may be. If the LESSEE does not elect to terminate the Lease, Rent shall be abated the days of such closing, and the original term of the Lease shall be extended for a period of time equal to that period during which the Airport did not function as an Airport for general commercial traffic or during which the Airport was closed, whichever the case may be. If either of the events as set forth above occurs as a result of the action of any public authority, other than the Airport or its duly authorized agencies, the LESSEE shall be entitled to all its rights and remedies at law.

ARTICLE 28. EMINENT DOMAIN

28.1 Eminent Domain. If all of the Leased Premises are taken by any condemning authority under the power of eminent domain, the Lease shall terminate as of the date when title to the Leased Premises or LESSEE'S interest under this Lease, as

the case may be, is acquired by the condemning authority, subject to the provisions hereinafter set forth with no further obligations owed by Lessee to LESSOR.

28.2 Condemnation. If only part of the Leased Premises is taken by any condemning authority, including the Airport, under the power of eminent domain and if such taking results, in the reasonable opinion of the LESSEE, in a substantial interference with the business which the LESSEE is conducting on the Leased Premises and, in addition, in the reasonable opinion of the LESSEE has a materially adverse impact upon the financial position of the LESSEE, the LESSEE shall have the right to terminate the Lease by giving written notice to the LESSOR (in which event the Lease shall terminate as of the date when title to the Leased Premises or the LESSEE'S interest under this Lease, as the case may be, is acquired by the condemning authority) with no further obligations owed by Lessee to LESSOR.

28.3 Apportionment of Rent-Condemnation. If the Lease is terminated in accordance with Section 28.2 above, all rent and any other monies payable by the LESSEE under this Lease shall be apportioned to the date title to the Leased Premises or the LESSEE'S interest therein, as the case may be, passes to the condemning authority whose taking occasioned such termination. If the Lease is terminated in accordance with Section 28.2 above, all rent and any other monies payable by the LESSEE under this Lease shall be apportioned to the time of termination of the Lease.

28.4 Condemnation proceeds. If a condemnation occurs under either Sections 28.1 or 28.2 above, which results in a termination of the Lease, the condemnation award shall be distributed as follows: first, to the LESSEE for its unamortized investment in the leasehold improvements, and second, to the LESSOR for its ownership interest in the Leased Premises.

28.5 Rent Changes-Condemnation. In the event a portion of the Leased Premises is taken by eminent domain, or is purchased or acquired in lieu thereof, and the Lease is not terminated pursuant to the provisions of this Section 28.5, the Lease shall continue and the proceeds of the condemnation award or purchase price shall be used to restore or repair the Leased Premises so that it is in the condition it was prior to the taking, to the extent practicable. If the partial taking directly results in a diminution of the value of the LESSEE'S leasehold estate, Annual Rent shall be reduced to reflect such diminished value. For purposes of this Section 28.5 "diminution of the value of the LESSEE'S leasehold estate" shall mean an adverse economic impact upon the LESSEE'S operation. If there is a dispute concerning (i) whether the taking directly resulted in a diminution of the value of the LESSEE'S leasehold estate, and/or (ii) how much the Annual Rent payments should be reduced, the parties agree to resolve such dispute by arbitration. Each party shall promptly select one arbitrator, each of whom must have proven experience in the fixed base operator and Airport industries. Each party shall pay the costs of the arbitrator it has selected. The arbitrators shall promptly attempt to settle the dispute. A decision reached by the two arbitrators shall

be binding upon the parties.

28.6 Arbitration. If the two arbitrators are unable to resolve the dispute, within thirty days of the matter being submitted, they shall designate a third individual as an arbitrator, as promptly as practicable. The third arbitrator must have proven experience in the fixed base operator and Airport industries. If the two arbitrators are unable to agree upon the selection of a third arbitrator, either party may apply to the then Chief Judge of La Crosse County for the independent selection of a third arbitrator, who must be duly qualified. The costs of the third arbitrator shall be equally divided by the parties. The three arbitrators shall thereafter promptly consider the matter. If the dispute concerns whether the taking directly resulted in a diminution of the value of the LESSEE'S leasehold estate, the decision of a majority of the arbitrators shall be binding upon the parties. If the dispute concerns how much the Annual Rent payments should be reduced, the average amount of the closest two arbitrators shall be the arbitrators' decision, which decision shall be binding upon the Parties.

ARTICLE 29. EXERCISE OF REMEDIES

29.1 Exercise of Remedies. In addition to any remedies specifically granted in this Lease, the Parties shall have any and all remedies at law and in equity. A party may exercise its rights and remedies without regard to whether the exercise of one right or remedy precedes, concurs with, or succeeds, the exercise of another. No delay or omission in exercising a right or remedy shall exhaust or impair the right or remedy or constitute a waiver of, or acquiescence to, a breach or default under this Lease.

ARTICLE 30. NONDISCRIMINATION

30.1 Nondiscrimination. LESSEE its successors in interest and assigns as a part of the consideration hereof, does hereby covenant and agree as a covenant running with the land, that (1) no person on the grounds of race, religion, color, or national origin or sex shall be excluded from participation in denied the benefits, (2) that in the construction of any improvements on, over or under such Leased Premises and the furnishings of services thereon, no person on the grounds of race, color or national origin or sex shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination, (3) that the LESSEE 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, Non-discrimination 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.

ARTICLE 31. AMERICANS WITH DISABILITIES ACT

31.1 Americans with Disabilities Act. During the term of this contract, pursuant to federal regulations promulgated under the authority of The Americans With Disabilities

Act, 28 C.F.R. 35.101 et seq. the LESSEE understands and agrees that no individual with a disability shall, on the basis of the disability, be excluded from participation in this contract or from activities provided for under this contract. As a condition of accepting and executing this contract, the LESSEE agrees to comply with the "General Prohibitions Against Discrimination," 28 C.F.R. 35.130, and all other regulations promulgated under Title II of The Americans With Disabilities Act which are applicable to the benefits, services, programs, and activities provided by the State of Wisconsin through contracts with outside LESSEE'S.

ARTICLE 32. FORCE MAJEURE

32.1 Force Majeure. In the event that the Airport or the LESSEE shall be delayed, hindered in or prevented from the performance of any act required under this Lease by reason of strikes; shortages of labor, material or equipment; fire; war; flood; accident; governmental regulations; or other contingencies beyond the reasonable control of the Parties, then performance of such act shall be excused for the period of the delay and the period of the performance of any such act shall be extended for a period equivalent to the period of such delay.

ARTICLE 33. MISCELLANEOUS

33.1 Entire Agreement. The terms and provisions contained in this Lease constitute the entire agreement between the parties and shall supersede all previous communications, representations, or agreements, either oral or written, between the parties with respect to the subject matter of this Lease. Any and all prior agreements between the parties with respect to the subject matter of this Agreement are hereby declared null and void as of the date of this Agreement. No agreement or understanding varying or extending the same shall be binding upon either party unless in writing signed by both Parties, and nothing contained in the terms or provisions of this Lease shall be construed as waiving any of the rights of the Parties under the laws of the State of Wisconsin.

33.2 Right of First Refusal. During the term of this Agreement, before LESSEE may sell, transfer and/or assign its interest in this Agreement, LESSEE shall first offer to sell, transfer and/or assign its interests in the real property described as the Leased Premises as defined by this Agreement to the LESSOR upon the terms and conditions contained in a written accepted offer between LESSEE and a third party. Should the LESSOR choose to not exercise its right of first refusal within 90 days of such an offer, then LESSEE shall have the right to sell, transfer, and/or assign its interest in this Agreement to a bona fide third party and for valuable consideration. In the event that LESSEE seeks to sell, transfer and/or assign other, non-real property, interests in this Agreement, LESSEE shall first offer to sell, transfer and/or assign said non-real property interests in this Agreement to the LESSOR on the same terms and conditions that are offered to the third-party, provided that the LESSOR shall be provided no less than 90 days to accept such an offer.

33.3 Arbitration. Should any dispute arise between the parties to this Lease as to the interpretation or application of any of its provisions, and said dispute is not resolved between the Parties within sixty (60) days of its submission, then such dispute shall be resolved under the procedure of the American Arbitration Association.

33.4 Interpretation. LESSEE and LESSOR agree that any term, condition, phrase, or any other portion of this document that is found to be illegal or otherwise in violation of any applicable present or future law, ordinance, rule, or regulation of any governmental authority, agency, or department having appropriate jurisdiction over the Airport, this Agreement, the operations of the Airport, or the FBO, shall be considered null and void but shall not cause the entire Agreement to be null or void and such finding(s) shall not affect any other portions of this Agreement.

33.5 Permitted Use. LESSEE shall not use nor permit the Leased Premises to be used for any purpose other than as herein set forth except with the prior written consent of LESSOR, nor for any use in violation of any applicable present or future law, ordinance, rule, or regulation of any governmental authority, agency, or department.

33.6 Governmental Regulations. LESSEE shall comply with all Governmental Requirements applicable to LESSEE'S use and operation of the Leased Premises. Without limiting the generality of the foregoing, LESSEE shall at all times use and occupy the Airport at the Leased Premises in strict accordance with all rules, regulations, and security plans existing or that may be imposed by the TSA, FAA, or LESSOR with respect to the Airport, the Leased Premises and the operations thereof. This Agreement is subject and subordinate to the provisions of any Agreement heretofore or hereafter made between LESSOR and the United States Government, for any reason whatsoever.

33.7 FAA Modifications. In the event that the Federal Aviation Administration, or its successor agency, requires modifications or changes to this Agreement as a condition precedent to the granting of funds for airport improvement, due to regulatory changes, or other official mandate or order, LESSEE agrees to consent (without further consideration) to such amendments, modifications, revisions, supplements, or deletions of any of the terms, conditions or requirements of this Agreement as may be reasonably required to satisfy the Federal Aviation Administration requirements.

33.8 Governing Law. Any claim related to this Lease will be governed by the laws of the State of Wisconsin, subject to herein contained provision for dispute resolution through the American Arbitration Association.

33.9 Airport Representative. For all necessary purposes, the Airport Director is designated as the official representative of the LESSOR.

ARTICLE 34. NOTICES

34.1 Notices. Notices given shall be valid only if:

A. In writing addressed to:

(1) when the (LESSOR) is to receive such notice:

La Crosse Regional Airport
Attn: Airport Director
2850 Airport Road
La Crosse, WI 54603

COPY ALSO TO:
City of La Crosse City Attorney
400 La Crosse Street
La Crosse, WI 54601

(2) when the LESSEE is to receive such notice:

TDM, Inc. d/b/a Colgan Air Services
Attn: Timothy Colgan, President
2709 Fanta Reed Road
La Crosse, WI 54603

COPY ALSO TO:
Attorney Thomas J, Kieffer
Hale, Skemp, Hanson, Skemp & Sleik
P.O. Box 1927
La Crosse, WI 54602-1927

B. Mailed United States Postal Service – "Registered or Certified Mail – Return Receipt Requested";

C. Any notice sent by registered or certified mail, return receipt requested, shall be deemed given on the date of delivery shown on the receipt card, or if no delivery date is shown, the postmark thereon; and

D. Such notice contains complete and accurate information in sufficient detail to properly and adequately identify and describe the subject matter. The term "official notice" as used in this Lease shall be construed to include but not be limited to any request, demand, authorization, direction, waiver, and consent of the parties as well as to any documents provided, permitted, or required for the making or ratification of any change, revision, addition to or deletion from the document, contract, or agreement in which this "official notice" specification is contained. Further, it is understood and agreed that nothing contained in this Lease shall preclude the parties from subsequently agreeing, in writing, to designate alternate persons (by name, title, and affiliation) to which such notices are to be addressed, alternate means of conveying such notices to the particular parties, and alternate locations to which the delivery of such notices are to be made, provided such subsequent agreements are concluded pursuant to the terms of this Section.

ARTICLE 35. TAXES AND LICENSES

35.1 Licenses; permits. LESSEE shall obtain and pay for all licenses or permits necessary or required by law for the construction of improvements, the installation of equipment and furnishings, and any other licenses necessary for the conduct of its operations hereunder. LESSOR shall assist LESSEE where necessary in obtaining said permits.

35.2 Taxes. LESSEE shall be responsible for any and all real estate taxes due and owing relative to the Leased Premises during the term of this Lease. Lessee shall, during the term of this Lease, pay and discharge as they become due, promptly and before delinquency, all personal property taxes, assessments, rates, license fees, municipal liens, levies, excises or imports of every nature and kind levied, assessed, charged, or imposed on or against the Leased Premises, LESSEE'S leasehold interest in the Premises or personal property of any kind owned or placed on the Leased Premises by LESSEE. LESSEE'S responsibility shall include any lease taxes imposed regardless of who the governing body assessing the tax shall deem responsible for payment. LESSEE shall only be obligated to pay installments of special assessments (using the longest amortization schedule available) coming due during the term, or extensions thereof, of this Agreement.

ARTICLE 36. LEASE SUBORDINATE TO AGREEMENTS WITH THE UNITED STATES

36.1 Subordination of Lease. This Lease is subject and subordinate to the terms, reservations, restrictions, and conditions of any existing or future agreements between the LESSOR and the United States, the execution of which has been or may be required as a condition precedent to the transfer of federal rights or property to the LESSOR for Airport purposes, and the expenditure of federal funds for the extension, expansion, or development of the La Crosse Regional Airport.

ARTICLE 37. NO PERSONAL LIABILITY

37.1 No Personal Liability. Under no circumstances shall any trustee, officer, official, commissioner, Manager, member, partner or employee of LESSOR have any personal liability arising out of this Lease, and LESSEE shall not seek or claim any such personal liability.

ARTICLE 38. SEVERABILITY

38.1 Severability. The provisions of this Agreement are severable. If any provision or part of this Agreement or the application thereof to any person or circumstance shall be held by a court of competent jurisdiction to be invalid or unconstitutional for any reason, the remainder of this Agreement and the application of such provision or part thereof to other persons or circumstances shall not be affected thereby.

ARTICLE 39. POLITICAL ACTIVITIES

39.1 Political Activities. LESSEE shall not engage in any political activities while in performance of any and all services and work under this Agreement, provided LESSEE may provide FBO services to political candidates and may make political contributions.

ARTICLE 40. ENTIRE AND SUPERSEDING AGREEMENT

40.1 Entire and Superseding Agreement. This writing, all Exhibits hereto, and the other documents and agreements referenced herein, constitute the entire Agreement between the parties with respect to the subject matter hereof, and all prior agreements, correspondences, discussions and understandings of the parties (whether written or oral) are merged herein and made a part hereof. This Agreement, however, shall be deemed and read to include and incorporate such minutes, approvals, plans, and specifications, as referenced in this Agreement, and in the event of a conflict between this Agreement and any action of City, granting approvals or conditions attendant with such approval, the specific action of City shall be deemed controlling.

ARTICLE 41. AMENDMENT

41.1 Amendment. This Agreement shall be amended only by formal written supplementary amendment. No oral amendment of this Agreement shall be given any effect. All amendments to this Agreement shall be in writing executed by both parties.

ARTICLE 42. TIME COMPUTATION

42.1 Time Computation. Any period of time described in this Lease by reference to a number of days includes Saturdays, Sundays, and any state or national holidays. Any period of time described in this Lease by reference to a number of business days does not include Saturdays, Sundays or any state or national holidays. If the date or last date to perform any act or to give any notices is a Saturday, Sunday or state or national holiday, that act or notice may be timely performed or given on the next succeeding day which is not a Saturday, Sunday or state or national holiday.

ARTICLE 43. PUBLIC RECORDS LAW

43.1 Public Records Law. LESSEE understands and acknowledges that LESSOR may be subject to the Public Records Law of the State of Wisconsin. As such, LESSEE agrees to retain all records as defined by Wisconsin Statute § 19.32(2) applicable to this Agreement for a period of not less than seven (7) years after the termination or expiration of this Agreement. LESSEE agrees to assist LESSOR in complying with any public records request that LESSOR receives pertaining to this Agreement. In the event that LESSEE decides not to retain its records for a period of seven (7) years, then it shall provide written notice to LESSOR whereupon the City of La Crosse shall take custody of said records assuming such records are not already maintained by City. This provision shall survive the termination of this Lease.

ARTICLE 44. CONSTRUCTION AND SHARING IN DRAFTING COSTS

44.1 Construction. This Agreement shall be construed without regard to any presumption or rule requiring construction against the party causing such instrument to be drafted. This Lease shall be deemed to have been drafted by the parties of equal bargaining strength. The captions appearing at the first of each numbered section of this Lease are inserted and included solely for convenience but shall never be considered or given any effect in construing this Lease with the duties, obligations, or liabilities of the respective parties hereto or in ascertaining intent, if any questions of intent should arise. All terms and words used in this Lease, whether singular or plural and regardless of the gender thereof, shall be deemed to include any other number and any other gender as the context may require.

44.2 Sharing of Drafting Costs. The Parties agree to equally share in the costs and fees associated with drafting and preparing this Agreement and related agreements, provided that the LESSEE's share shall not exceed \$5,000.00.

ARTICLE 45. NO THIRD PARTY BENEFICIARY

45.1 No Third Party Beneficiary. Nothing contained in this Lease, nor the performance of the parties hereunder, is intended to benefit, nor shall inure to the benefit of, any third party.

ARTICLE 46. GOVERNMENT APPROVALS

46.1 Government Approvals. LESSEE acknowledges that various of the specific undertakings described in this Agreement may require approvals from the City of La Crosse Council, City of La Crosse bodies, and/or other public bodies, some of which may require public hearings and other legal proceedings as conditions precedent thereto. LESSEE further acknowledges that this Agreement is subject to approval by the La Crosse Common Council. LESSOR'S obligation to perform under this Agreement is conditioned upon obtaining all such approvals in the manner required by law. LESSOR cannot assure that all such approvals will be obtained, however, it agrees to use good faith efforts to obtain such approvals on a timely basis.

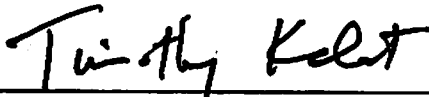
ARTICLE 47. GOVERNMENT APPROVALS

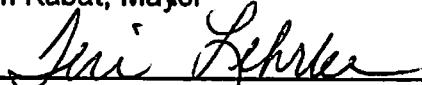
47.1 Unilateral Change. Provided, however, in the event any modification of LESSOR'S municipal ordinances which substantively changes the terms of this LEASE as to not permit LESSEE to make a reasonable profit on such fixed based operation as determined by LESSEE, LESSEE shall have the right to terminate said LEASE and be paid for LESSEE'S unamortized costs in the Hangars.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto do hereby set their hands and seals on the day and year first above written.

LESSOR:
CITY OF LA CROSSE

By: 
Tim Kabat, Mayor

By: 
Teri Lehrke, City Clerk

LESSEE:
TDM, INC. d/b/a COLGAN AIR

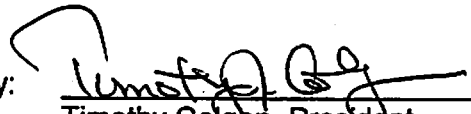
By: 
Timothy Colgan, President

EXHIBIT A
LEGAL DESCRIPTION

ALL OF SEC 7-16-7 EX PRT LYG W OF FOLL DESC LN COM NW COR SEC 7-16-7 E 33FT E 790FT MIL TO POB S45D39M40SE 130 FT MIL N89D20M20SE 212.13 FT S45D39M40SE 898.71 FT SLY 4490FT MIL TO SLY LN SEC 7-16-7 & TERM LN & EX S 33FT OF E 500FT OF SE-SE SEC 7-16-7 BUT INCL THE FOLL DESC PRT NW 1/4 & PRT N 1/2-SW & PRT SE-SW BEG SW CORSE-SW E 440FT MIL NOD34M18SW 4490 FT MIL N45D39M40SW 898.71FT S89D20M20SW 212.13 FT N45D39M40SW 130 FT MILTON LN SEC 7-16-7 W ALG N LN TO SE COR LOT 7 AIRPORT IND PARK S45D38M38SE 1024.77 FT S TO S LN NW-SW E TO SE COR NW-SW S TO SW COR SE-SW TO POB EX PRT TAKEN FOR AIRPORT RD AS IN V803 P44 & V792 P566 & EX PRT TAKEN FOR MUTH RD AS IN V356 P481 & EX PRT TAKEN FOR FISHERMANS RD AS IN V346 P47 & DOC NO. 1605827 & EX PRT TAKEN FOR FANTA REED RD AS IN V356 P481.

EXHIBIT B

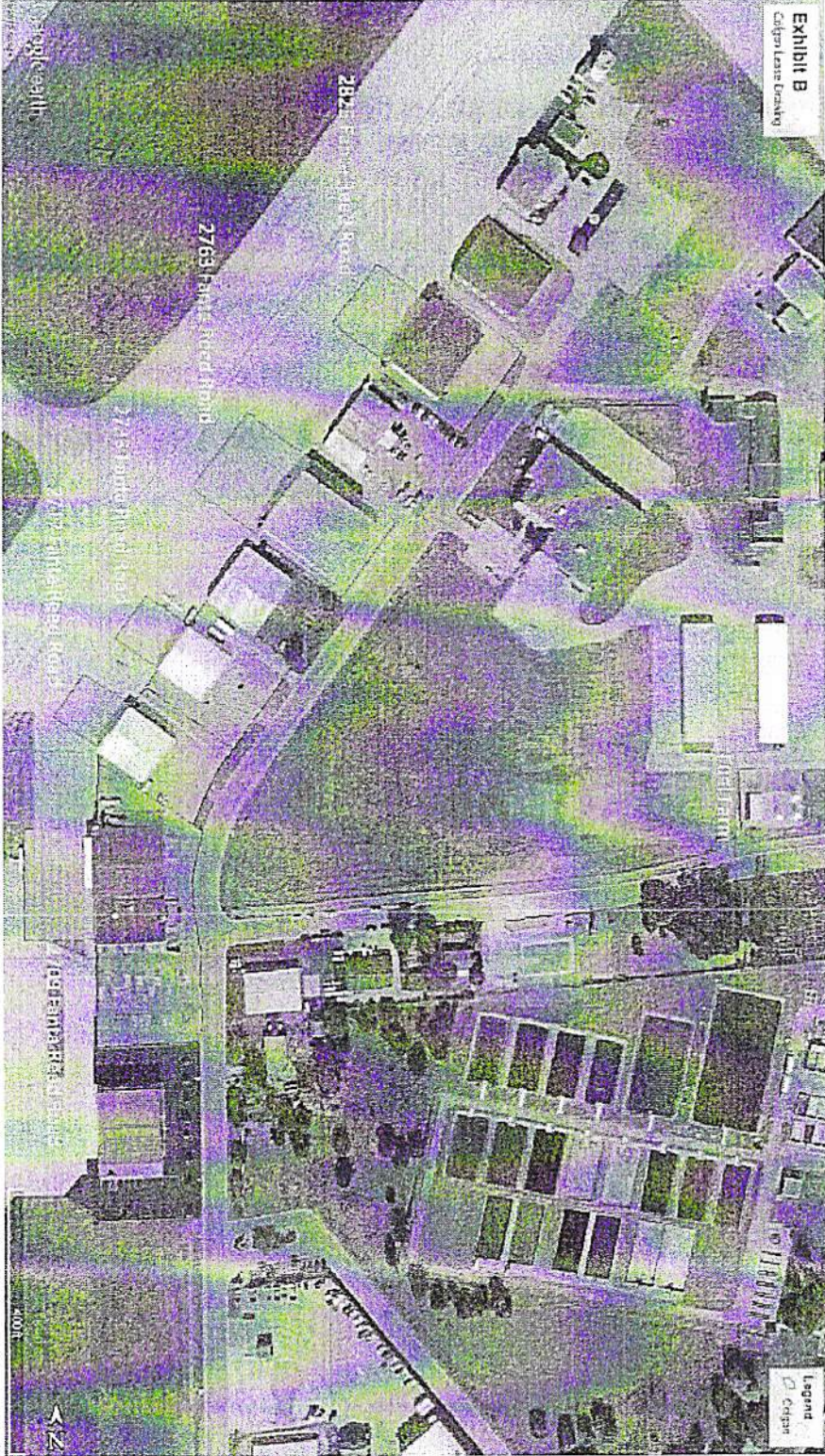


EXHIBIT C

FIXED BASE OPERATOR'S LEASE AND OPERATING AGREEMENT RENT ATTRIBUTABLE TO FBO LEASE AND OPERATING AGREEMENT

In consideration of the rights and privileges granted by this Agreement, and in addition to the upfront payment of Three-Hundred Thousand Dollars (\$300,000.00) as described in Article 4 of the Agreement, LESSEE agrees to pay to LESSOR during the Term of this Agreement the following RENTS:

1. ANNUAL RENT.

A. LESSEE agrees to pay to the LESSOR, without demand, on the twentieth (20th) day of each month (one-twelfth (1/12th) of) for the following month, the amounts for the rental of land and ramp herein leased as set forth below:

ADDRESS	LAND	RAMP	LAND RATE \$0.30	RAMP RATE \$0.45
2709 FANTA REED ROAD	56,773	18,365	\$17,031.90	\$8,264.25
2733 FANTA REED ROAD	26,449	6400	\$7,934.70	\$2,880.00
2825 FANTA REED ROAD	26,231	12,000	\$7,869.30	\$5,400.00
2763 FANTA REED ROAD	23,927	18,006	\$7,178.10	\$8,102.70
2717 FANTA REED ROAD	22,157	6,400	\$6,647.10	\$2,880.00
Fuel Farm	10,014		\$3,004.20	\$0.00
	165,551	61,171	\$49,665.30	\$27,526.95

B. Land and ramp rates are subject to fee adjustments every five years based on current Airport Rates and Charges, as amended from time to time. Land rate adjustments shall be provided to LESSEE in writing thirty (30) days prior to the conclusion of the five year adjustment period. Land and Ramp Rates cannot increase more than Fifteen Percent (15%) from the rate level that exists at each five (5) year period of adjustment and such increase must be the same for tenants of the airport subject to such Land and Ramp Rate adjustment clause.

C. CPI Index. On January 1 of each year for the period of this Agreement, commencing January 1, 2017, the rental amounts for the Leased Premises, shall be adjusted in accordance with the Consumer Price Index

- National Index for All Urban Consumers for the previous calendar year.
Said adjustment shall be computed as follows:

New Rate= Most recent year's rate x (CPI for September of most recent year/CPI for the September of the previous year)

D. The Parties to this Agreement understand and agree that the CPI adjustment will be effective on January 1, 2017 and each successive January 1st during the term of the lease.

2. FUEL SALES/FEEES:

A. A per gallon flowage fee on fuel sold, as determined by the LESSOR'S Aviation Board. For purposes of reference, the current fee is the sum of \$0.07 per gallon flowage fee on fuel sold.

B. The LESSEE agrees to cap net revenue on the sale of general aviation 100 LL fuel at \$0.73 per gallon. Net revenue shall be determined based on revenue above direct and indirect expenses. However, the Airport reserves the right to inspect direct and indirect expenses at any time to ensure that they are reasonable and the LESSEE agrees to cooperate with any said inspections.

C. A 5% escalator of the cap referenced in (b) may be invoked for each successive five year period, solely at the LESSEE's option.

3. GENERAL AVIATION LANDING, PARKING, TIE-DOWN, USER FEE FEES.
The LESSEE'S responsibility as manager of the General Aviation ramp includes responsibility to collect all General Aviation fees as follows. LESSEE shall pay LESSOR the sum of ninety-five percent (95%) of gross fees from collection of landing fees, parking fees, tiedown fees and user fees due to LESSOR as notified to LESSEE by LESSOR. LESSEE shall retain five percent (5%) of monthly collection of these fees.

LESSEE shall provide LESSOR monthly with names and aircraft numbers of those persons or companies with whom LESSEE has parking, tie-down, and user fee agreements. LESSEE shall forward to LESSOR within twenty (20) days after end of month, LESSOR'S share of fees. LESSEE shall also forward to LESSOR the names of persons/companies who refuse to pay the prescribed fees on a monthly basis. LESSEE has the responsibility for collection of all fees (and any costs associated with those collections).

4. OTHER OPERATING REVENUE PAYMENTS: LESSEE shall pay to LESSOR the following sums on LESSEE's Gross Receipts (before taxes):

- 2.0% of gross receipts for years 0-9 of the Agreement
- 2.5% of gross receipts for years 10-19 of the Agreement
- 3.0% of gross receipts for years 20-25 of the Agreement

5. **DEFINITIONS: GROSS RECEIPTS:** The term "gross receipts" as used herein shall include all collected cash, credit, and charges for sales and services (after such discount as may be the LESSEE'S policy to allow) less Federal, State, or Municipal sales, use, or other similar taxes separately stated and collected from customers of the LESSEE and less fuel sales and user fees both of which are described in Sections 2 and 3 of EXHIBIT C.

6. **ACCOUNTING OF MONTHLY PAYMENTS:** LESSEE agrees to provide the LESSOR with monthly reports by the twentieth (20th) day of the month, accompanying payment, accounting for sales, fuel flowage, landing fees, parking fees, tie-down fees and other user fees for the previous month.

EXHIBIT D
OPERATION AND MAINTENANCE RESPONSIBILITIES
FOR HANGARS 1, 1A, 2, 3 AND 4
FBO FACILITY PREMISES LA CROSSE REGIONAL AIRPORT

FBO = Fixed Base Operator
LSE = La Crosse Regional Airport

- | | | |
|----|---|------|
| 1. | Interior Maintenance | |
| | A. Custodial service. | FBO |
| | B. Cleaning, painting interior walls, floors, ceilings, windows, doors. | FBO |
| | C. Trash removal from airport grounds. | FBO |
| | D. Locks. | FBO |
| | E. Lighting fixture upkeep, relamping. | FBO |
| 2. | Electrical: | |
| | A. Internal distribution system. | FBO |
| | B. Fixtures and outlets. | FBO |
| | C. Provision of additional power capabilities. | FBO |
| 3. | Air Conditioning/Heating | |
| | A. Internal distribution system. | FBO |
| | B. Heating unit upkeep. | FBO |
| 4. | Water and Sewage | |
| | A. Internal distribution system. | FBO |
| | B. Fixtures and drains within facility. | FBO |
| | C. Fixtures and drains on facility exterior. | FBO |
| | D. Sewage system external to facility. | FBO |
| 5. | Structural and Exterior Maintenance | |
| | A. Roof. | FBO |
| | B. Exterior wall. | FBO |
| | C. Foundation, floors, and slats. | FBO |
| | D. Powered doors. | FBO |
| | E. Exterior lighting. | FBO |
| | F. Lighting Relamp. | FBO |
| 6. | Grounds Maintenance (Leased Premises) | |
| | A. Trash/debris pick-up. | FBO |
| | B. Snow removal. | FBO* |
| | C. Weed/grass control. | FBO |

- 7. Ramp Maintenance and Repair
 - A. Maintenance (Paved Surface). LSE
 - B. Snow removal. LSE*
 - C. Ramp Lighting FBO
 - D. Grounding Points (Repair) LSE
 - E. Grounding Points (Certification/Testing). FBO

- 8. Parking Lot/Parking Areas
 - A. Maintenance (Paved Surface/Curbing). FBO
 - B. Trash/Debris Control FBO

* Snow removal is LSE's responsibility up to five feet from the hangars, snow removal is the FBO's responsibility from five feet in.